A study of the choice of owner-accountants to practice in regional and remote areas

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Table of contents

List of Figures

List of Tables

x

Glossary

ABS Australian Bureau of Statistics.

Accessibility/Remoteness Index of Australia An index which measures the accessibility and remoteness of Australian geography. It has six designations: major city, inner regional, outer regional, remote, very remote, and migratory. For the purposes of this research migratory is not used as it primarily refers to shipping channels, inner and outer regional have been merged into a single designation (i.e. regional), as has remote and very remote (i.e. remote).

Accountancy The accounting profession.

Accountant An individual who practices the profession of accountancy. It is assumed that an accountant is a member of at least one of three professional accountancy associations.

Accounting firms Business entities generally owned and managed by qualified accountants for the purpose of delivering accounting services.

Accounting services A generic term used to describe tasks associated with accounting such as business advice which may be offered by professionals including, but not restricted to, accountants.

ASGC Australian Standard Geographical Classification.

CPA Australia One of three professional accountancy associations representing the accountancy profession.

Demand-side visiting mode One of four modes for delivering professional services. Clients visit the provider. Also known as consumption abroad.

Developer The pseudonym given to participants employed by regional development boards or local government.

Fly-in-fly-out accountant See visiting accountants.

GATS General Agreement on Trade in Services.

Institute of Chartered Accountants in Australia One of three professional accountancy associations representing the accountancy profession.

Local residents Residents of a particular communities or region.

National Institute of Accountants One of three professional accountancy associations representing the accountancy profession.

Owner The pseudonym given to participants who are owner-accountants.

Owner-accountant Owner-accountants are qualified, practicing accountants who own and operate their own firm.

Professional accountancy associations	Organisations which represent the interests of its members and impose codes of ethics and professional development obligations.
Regional	A geographical classification for areas which lie outside the Adelaide metropolitan area comprising of those areas designated inner regional and outer regional under the Accessibility-remoteness index of Australia.
Regional and remote	Geographical classification of all areas of South Australia which are located outside the Adelaide metropolitan area. May also be referred to an non-metropolitan.
Regional development	Activities relating to the growth, expansion, or development of a defined geographical area which is located outside major cities and associated metropolitan areas.
Remote	A geographical classification for areas which lie outside the Adelaide metropolitan area comprising those areas designated remote and very remote under the Accessibility-remoteness index of Australia.
Remote mode	One of four modes for delivering professional services. Clients and providers do not meet and interactions are restricted to telephone or computer-mediated channels. Also known as cross border mode.
Resident accountant	An accountant who resides in a regional or remote community and practice in the same or a neighbouring community.
Resident accounting services	An accounting business which has a permanent primary office in a regional or remote community.
Resident mode	One of four modes for delivering professional services. Clients and providers may be co-located, with providers establishing physical locations from which the majority of their professional services are produced. Also known as commercial presence.
SMEs	Small and medium sized enterprises include micro businesses. Using Australian Bureau of Statistics measure of employees: micro business employ 4 people or less, small businesses 5 to 19 people, medium businesses 20 to 200 people (Australian Bureau of Statistics, 2009).
Supply side visiting mode	One of four modes for delivering professional services. Provider visits client. Also known as movement of natural persons.
Visiting accountants	Accountants who practice from a location outside a community or region. Most often visiting accountants have their permanent office in a main city.

Abstract

Regional and remote Australia are those areas outside major cities and the metropolitan areas, encompassing important resources including agriculture, pastoralism, mineral exploration, mining, and tourism. Despite their significance to the Australian economy, these areas struggle to maintain population and services. Regional development efforts generally focus on stimulating local economies. Small business is the backbone of such economies providing access to goods and services for residents and livelihoods for owners and employees. However, small businesses globally have high failure rates attributed to deficiencies of the business owner's knowledge and skills. To overcome these deficiencies expertise is available from professionals, such as accountants, who provide accounting services.

Delivering professional services via resident mode, where service providers establish a physical presence in the location of the consumers, provides consumers in regional and remote areas a greater opportunity to engage with providers of accounting services face-to-face. The presence of accountants improves the calibre of businesses in regional and remote areas and brings skills to the general community. However, resident accountants in regional and remote communities face important additional considerations which have an impact on their practice of accounting, including reduced access to goods and services, smaller markets and potentially harsh environments. Because of these considerations few accountants are prepared to take the higher risks associated with locating their own business(es) in regional and remote communities.

Hence, the main research problem to be addressed is the need for continuation of, and in some areas establishment of, resident accounting firms in regional and remote areas. Consideration of the need for continuation and establishment of resident accounting firms in regional and remote areas to ensure the sustainability of these communities in the face of population decline, is the main aim of the research.

The research focuses on three aspects of resident mode delivery of accounting services in regional and remote areas: (i) establishing the importance of delivering accounting services and firms in resident mode for regional and remote communities; (ii) exploring the reasons why some owner-accountants choose to operate their businesses in regional and remote areas and what can be learnt to encourage more accountants to follow suit; and (iii) identifying the additional considerations which influence the practice of accounting in such areas.

Traditionally accounting research has tended to separate the individual from the technical aspects of accounting, looking at accountancy as an economic activity separately from social context. However, there is a growing acceptance that accounting is a social practice where people and context influence practice.

Maslow's theory of needs, which incorporates individuals' social and economic considerations, was used to explore reasons for choice of practice location and the related considerations identified by the participants. The theory of needs bring various strands of human activity together, which combine and interact. Maslow's theory of needs, unlike most location-related theories, provides the

capacity to consider the owner-accountant holistically; as the owner-accountant who chooses a regional or remote community in which to practice their profession and as a place of residence.

This is an exploratory study using an interpretive qualitative study design. The design was developed as it provided an opportunity to explore commercial, professional and personal aspects of location in-depth through the lived experiences of the owner-accountants who reside in regional and remote communities and regional developers. Data was collected using semi-structured interviews focussing on accountants who own and operate their own businesses in regional and remote communities. In addition, regional development workers, staff of regional development boards and local government, were included to obtain perspectives about regional development.

The context of this research is regional and remote South Australia, chosen as it contains all relevant classifications under the *Accessibility/Remoteness Index of Australia*, has diverse industries represented in regional and remote areas, and avoided possible jurisdictional issues which may arise from a cross-state sample. Thirty five interviews were conducted over a 12 month period during 2008 and 2009, although only 24 interviews were used in the preparation of this thesis. Interview recordings were transcribed and analysed using the constant comparison method,

Results indicate that regional developers placed a high value on local business owners having access to accounting services. It was evident that access is limited by the perceptions of accountancy by business owners, their

understanding of the profession and the range of assistance accountants are able to provide. Whilst resident mode is preferred by regional developers for its convenience, privacy concerns are sometimes seen to override convenience of *in situ* practice.

Regional developers identified new roles for accounting services, firms and individuals which extends beyond the traditional scope of accounting into morale and mental health. The expanding scope of accountancy potentially leads to a reconsideration of the public interest role of professional accountants.

Eight key reasons were identified as influencing the choice of practice location by owner-accountants. Family and friends (including spouse and children) dominate choice of practice location. Income-producing opportunities (business or employment) follow closely, then lifestyle factors, home, escape, education, reversibility of choice, and finally intellectual challenge. It was also found that the choice of practice location is not the result of a single decision but of a process which occurs over the adult life of the participants.

Several important additional considerations were found to have an impact on accountancy in regional and remote communities. The behaviour of accountants is scrutinised by other community members and the owner-accountants generally felt they need to demonstrate trustworthy behaviours at all times. Regional and remote owner-accountants highlight a high degree of commitment to client well-being by becoming counsellors and confidants. Such commitment may involve active engagement in the mental health of clients and a high emotional content during communications. In addition, accountants as

professionals and members of the community are requested and expected by community members to take on governance roles within communities, providing low-cost or *pro bono* auditing for local sport and leisure associations and being actively involved in community activities.

Understanding the reasons for choice of practice location and choice processes involved, can be exploited by regional development boards and government to develop programs to attract and retain accountants to regional and remote communities. It is critical to understand the dynamic and complex choice processes for individuals as the reasons may act in a push and/or pull manner depending on the background of the individual and the locations involved.

Identification of the role of accountants in regional and remote communities has implications for the professional accountancy associations and accounting educators to ensure the continuation of accounting services and firms in non-metropolitan areas and the education and professional development of accountants. This includes preparation and support for cultural differences between non-metropolitan and urban communities, methods for dealing with community expectations, ongoing training and resources for any mental health roles which may develop, including provision of counselling to mitigate the potential risks of psychological injury amongst accountants.

Declaration

I declare that:

- this thesis presents work carried out by myself and does not incorporate without acknowledgement any materials previously submitted for a degree or diploma in any university and;

- to the best of my knowledge it does not contain any materials previously published or written by another person except where due reference is made in the text; and all substantive contributions by others to the work presented, including jointly authored publications, is clearly acknowledged.

Signed: ……………………………………………..

Amanda Jane CARTER

Date: ....

Acknowledgements

It is tradition which dictates that my name alone appears on this thesis but any PhD scholar will tell you it is not a work completed in isolation although it may feel that way at times. I would like to thank many people but it is impossible to name them all or outline the detail of their contributions but a few need special thanks.

Professor Roger Burritt and Dr John Pisaniello, my supervisors. Roger first put the idea of a PhD to me when not quite having completed my honours thesis. I have never regretted my good fortune of meeting him at a time we were both new to the University and his faith in my scholarly abilities. He has been my principal supervisor through the entire PhD, three and a half years, and had to cope with my deficiencies, crises of confidence, illnesses, and showed great forbearance when my data collection needs played havoc with work schedules. John came into a supervisory position relatively late in the process but his contributions have been critical in getting me to the finish line. His thinking is something to behold and at times I feel I could see the machinations of his mind as he worked through the arguments I presented.

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on issues which affect so many Australians. The program offered annual student forums during which we, as students, were exposed to other researchers and learned to understand the opportunities available in some of the remotest areas in the world.

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were right when you kept asking me 'how is our thesis going today?' Judy, you never failed to ask about my progress and understood why I needed to do this in the face of a great trial. My only concern is that, even with the delays, I finished my thesis before you finished your house even though I started after you. David, it's nice to have someone who's been there and done that. You above all others understand the meaning of a PhD and the effort needed. Helen, your generosity and understanding have been a blessing. I wish that Matt could be here too. To my father, Frank, you wanted to clap when I graduated with honours and swore that nothing would stop you doing so when I graduated with my PhD. It will be to my everlasting sorrow that you will not be present. I look back at photos of dinner following that graduation and know that two people whom I loved and respected will not be in the next one. I never say this enough but Robyn, Judy, David, Helen, and Dad, I love you all.

Chapter 1: Research problem and introduction

1.1 Purpose of the study and research problem

The purpose of this study is to explore the *lived experience* (Ellis *et al.*, 1992; Lindseth and Norberg, 2004) of owner-accountants based in regional and remote areas. In particular, this study will examine the reasons for owner-accountants' choice of practice location and additional considerations which influence the practice of accountancy in regional and remote areas. The study will also consider the views of regional developers on the contribution of accounting services and accounting firms to regional development.

During European settlement, Australia's regional and remote areas have served important strategic and operational objectives including a demonstration of a commitment to nation building. However, despite efforts by successive state and federal governments, Australia's population has been and remains urbanised to a degree largely unmatched in other developed nations (Botterill 2006, p. 26). The twentieth century saw the demographic disparities increase and changes in government policy towards regional and remote areas including deregulation and restructuring of agriculture and other industries, combined with the effects of globalisation, have jeopardised the continuing existence of many towns and livelihoods (Tonts 2000, p. 52). Hence, the broad problem that this research focuses upon is that current regional development policy does not support the creation of sustainable regional and remote communities. The policy is in need of transformation. The research therefore broadly aims to help address this problem by contributing key knowledge towards transformation of regional development policy to support the creation of regional and remote

communities: ones which can provide livelihoods to its residents and continue to contribute to local, state and national economies and identities.

The key characteristics of sustainable regional and remote communities are numerous and have been summarised in Table 1.1.

Table 1.1: Key requirements of a sustainable community

Feature	Citation
A flourishing economy to provide jobs and wealth	Raco (2005), Hughes *et al.* (2007), Bristow 2010, Christopherson *et al.* (2010), Pike *et al.*(2010)
Strong leaderships to respond positively to change	Raco (2005), Hughes *et al.* (2007), Bristow (2010), Pike *et al.*(2010)
Effective engagement and participation by local people, groups and business in planning, design and long-term stewardship of their community	Raco (2005), Hughes *et al.* (2007)
An active voluntary and community sector	Raco (2005), Hughes *et al.* (2007), Raco (2007)
A safe and healthy local environment with well-designed public and green space	Raco (2005), Raco (2007)
Sufficient size, scale and density and the right layout to support basic amenities in the neighbourhood and minimise use of resources	Raco (2005), Hughes *et al.* (2007)
Good public transport and other transport infrastructure both within the community and linking it to urban, rural and regional centres	Raco (2005), Raco (2007)
Building – both individually and collectively – that meet different needs over time and minimise the use of resources	Raco (2005), Hughes *et al.* (2007)
Good quality local public services including education and training opportunities, health care and community facilities, especially for leisure	Raco (2005), Raco (2007)
A diverse, vibrant and creative local culture, encouraging pride in the community and cohesion within it	Raco (2005), Raco (2007)
A sense of "place"	Raco (2005), Hughes *et al.* (2007), Dale *et al.* (2008)
The right links with the wider regional, national and international economy	Raco (2005), Bristow (2010), Christopherson *et al.* (2010), Pike *et al.*(2010)

With this range of requirements, the scale of the problem – creation of sustainable regional and remote communities – is too broad to address in this research. While all of the points included in Table 1.1 are key requirements, the

first requirement, a flourishing economy, provides the basis for this research. The role of businesses in building sustainable communities (Hughes *et al.,* 2007) and resilient regions (Christopherson *et al.,* 2010) is increasingly acknowledged. Local economies cannot be reliant on a single main employer, as is often found in remote mining communities (Bridger and Luloff, 1999; Raco, 2005; Feenstra, 2009). Rather, a diversified economic base should be developed (Christopherson *et al.,* 2010). There also needs to be recognition on the part of business owners of their role in building sustainable communities, by being involved in their communities motivated by (at least) enlightened self-interest (Hughes *et al.,* 2007).

A number of strategies are available for developing and stimulating local economies including the development of industry clusters (Stephens and Laughton, 2003; Kelly *et al.*, 2009). Small businesses are the backbone of local economies. In 2006-2007 1.9 million people in Australia operated small businesses[1], with 55% employing between one and 19 staff (Australian Bureau of Statistics, 2008). Such businesses provide goods and services for consumption by local residents as well as livelihoods for owners and employees (Gleeson and Low, 2000; Vanclay, 2003; Stephens and Laughton, 2003; Beer *et al.*, 2005; Cheshire and Lawrence, 2005). However, small businesses globally are considered to have high failure rates (Paige, 2002; Gooderham *et al.,* 2004; Beresford and Saunders, 2005). One study (Watson & Everett, 1996) showed that the view that small businesses have significantly high failure rates is rather folkloric with actual failure rates around 9% per annum, but is dependent on industry and local economic conditions. Distinction also needs to be made

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[1] Defined as employing 1-19 people with micro businesses (those employing 1-4 people) as a subset (Australian Bureau of Statistics, 2008)

between failure and closure, which may have skewed the common position on small business failure rates (Beaver, 2003; Headd, 2003; Ritchie & Richardson, 2004).

Regardless of the actual failure rates amongst small businesses, evidence supports the conclusion that the failure of many small businesses is the result of inexperience and a lack of skills and knowledge on the part of the business owners (Bennett and Robson, 2000; Breen and Bergin-Seers, 2002; Beaver, 2003; Van Praag, 2003; Ritchie and Richardson, 2004; Van Gelderen *et al.*, 2006; Dyer and Ross, 2007). To overcome these problems associated with poor skills and knowledge and lack of experience, expertise must be accessed from professionals such as accountants (Paige, 2002; Gooderham *et al.*, 2004; Beresford and Saunders, 2005).

Accountants have been shown to improve the performance of businesses through a positive impact by filling gaps in the skills, experience and knowledge of business owners (Jennings and Beaver, 1997; Bennett and Robson, 1999; Larsson *et al,* 2003; Robson and Bennett, 2005; Berry *et al.,* 2006; Dyer and Ross, 2008). For example, Berry *et al.*(2006) looked at the responses to a questionnaire from 140 small to medium enterprise managers located in the Manchester city area of the United Kingdom. Eighty-five percent of the respondents used an accountant, either occasionally, regularly or frequently. Berry *et al.* (2006) concluded that there was a positive link between the degree of external advisor use and the growth of small to medium enterprises.

For regional and remote business owners, accessing accounting expertise is a challenge with the majority of accounting firms agglomerating in large central cities (Nelson, 2005; Wernerheim, 2010). Distance has a significant influence on the sourcing of external advice. Whilst this literature will be discussed in more detail in Section 2.2.4.1, Table 1.2 provides a summary of findings regarding the influence of distance on business advice. It is evident that a high percentage of advisors are located within the same town or city, or within the same region or county.

Table 1.2: Summary of findings: the influence of distance on sourcing of advice

Article	Area	Country	% of businesses
Bennett *et al.* 2000	Advice	UK	15% - up to 15 kms 81.5% - up to 25 kms
Daniels 1984	Advice	UK	40-80% in same city
Marshall 1983	Advice	UK	77-81% in same region
Hitchens *et al.* 1994	Advice	UK	33% in local area (same town)
O'Farrell *et al.* 1992	Advice	UK	61-70% in same region
Bennett and Smith 2003	Advice	UK	35% source at least 50% of purchase within 10 miles
Oakey and Cooper 1989	High-tech	UK	Local purchasing
Curran and Blackburn 1994	Manufacturing	UK	35% source at least 50% of purchase within 10 kms
Coe 1998	Sales	UK	22% of sales in same county 59% of sales in same county or region
Illeris 1989; 1994	Advice	International	60-80% in home region
Van Dintern 1987	Advice	Netherlands	58% in same city or up to 20 kms 73% for accounting services
Tordoir 1994	Advice	Netherlands/US	40-96% in same region

For small business owners in regional and remote areas, there may not be an accountant located in the same town or region. Indeed, in some areas there may not be an advisor located within several hundred kilometres. A small proportion of accounting firms are located in regional and remote communities. Those accountants prepared to practice in regional and remote communities must accept greater risks associated with business ownership than their metropolitan

counterparts: there is often reduced access to goods and services (see Section 1.4.1.1), smaller markets, potentially harsh environments, and staffing remains a constant challenge (Carr *et al.,* 2010) with no guarantee that firms will continue after the retirement of owners or the ability to sell. Evidence from other professions including medicine and allied health disciplines, education, and law, suggest the practice of professions in regional and remote communities is qualitatively different from urban environments (Inverarity, 1984; Carlson, 1990; Landon, 1992). For local economies, guaranteeing access to accounting services through regional- and remote-based accounting firms is difficult given the non-continuation and non-existence of resident accounting firms in these areas represents a significant problem, which is the refined research problem to be addressed by this thesis. The broader and refined research problems outlined in this Section can be represented in diagrammatic form. In Figure 1.1 the broad and refined research problems are outlined with the main concepts and their relationships to the problems.
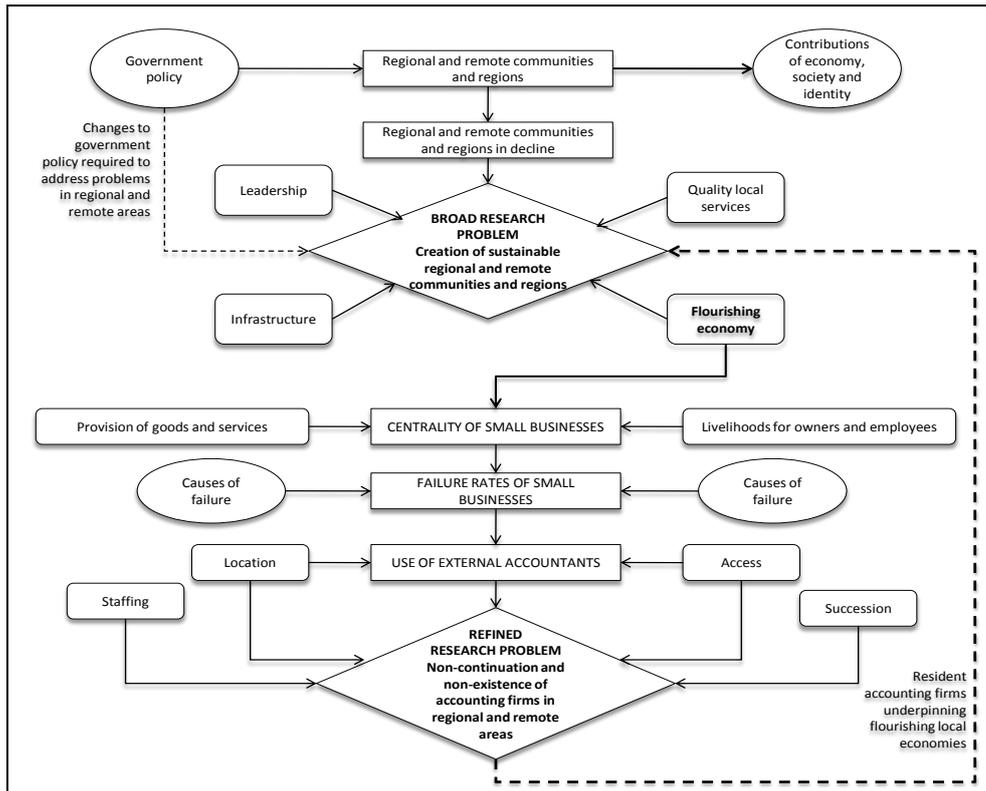
Figure 1.1: Research problems and conceptual framework

1.2 Motivations for study

As noted in the previous Section, regional and remote areas have made and continue to make contributions to the national, state and local economies and are indelibly stamped on the Australian psyche via the incorporation of agrarian values in national identity (Aitkin, 1988; Botterill, 2006; Brett, 2007). While there are significant and ongoing challenges involved with the settlement of regional and remote areas, not least of which is a harsh and barely habitable environment, these areas which represent the vast majority of the Australian landmass, are the home of significant economic and social activity.

Regional and remote areas provide a significant economic contribution to federal and state economies. As a snapshot of this contribution the Department of Foreign Affairs and Trade (2009) notes that 67% of Australian export

revenue is sourced from regional and remote areas – equating to AU$65 billion per annum. Regional and remote areas are sites for major sectors of the Australian economy including mining resources, energy production, and various primary industries including forestry and agriculture. In 2005-2006 agricultural production was worth AU$67.5 billion, forestry AU$18 billion to the national economy and mining accounted for 37% of all exports (Department of Foreign Affairs and Trade, 2009).

Most mines are located in remote areas of Australia. Mining activity in Australia is dominated by coal and metal ores such as iron, gold, silver, and copper (Department of Foreign Affairs and Trade, 2009). Large mines are located in northern South Australia at Roxby Downs, Leigh Creek and Coober Pedy, in Western Australia at Kalgoorlie, Queensland at Mount Isa, and at other key sites around Australia. Mining is a significant contributor to the South Australian and national economies (Maude, 2004) and remains so even during the global economic downturn of 2008-2009. Some of the largest deposits of natural resources are located in the northern remote areas including natural gas from Moomba, uranium and copper from Olympic Dam (serviced by Roxby Downs), and opals in Coober Pedy and Innamincka. Creating and maintaining sustainable communities is vital to ensure the continuation of mining and its contribution to the Australian economy.

Agriculture remains the dominant activity for most regional areas. Remote areas tend to be dominated by arid and semi-arid environments which are not conducive to agricultural activity however, pastoralism is practiced in such locations. Whilst deregulation and restructuring (Pritchard, 1999; Vanclay,

2003) and increased productivity improvements have changed many country towns, agriculture remains the central focus for many. Agriculture is an activity which is more than growing food for consumption or providing inputs to other processes such as winemaking; it is now acknowledged widely that agriculture serves a number of non-market functions: providing increased food security, enhancing environmental protection, increasing the viability of local communities, and preserving heritage values such as traditional farming practices (Anderson, 2000; Bennett *et al.*, 2004). With such multifunctionality the need for sufficient permanent and seasonal labour in agricultural and pastoral production, maintenance of service centres for local and transient residents, and therefore sustainable regional and remote communities, becomes increasingly important. For example, the *Desert Knowledge Cooperative Research Centre* is undertaking a number of projects designed to commercialise the intellectual property of indigenous peoples living in desert communities with respect to local bush foods including bush tomatoes (Stebhens, 2005; Bryceson, 2008; Desert Knowledge Cooperative Research Centre, 2009; Centralian Advocate, 2010). Creation of sustainable communities with a focus on improving livelihoods for indigenous Australians is vital for maintenance of wellbeing and reconciliation processes.

Regional and remote communities provide a focal point for provision of goods and services to residents via hubs of commercial activities including professional services such as banking, health and accounting, trades, entertainment, education and general provisions. Whilst many such services support agricultural enterprises, a number, especially those inland, also service mining communities (Freestone *et al.*, 2003). Such towns provide access to

basic service standards (Collitts and Gastin, 1997; Tonts and Jones, 1997; Gray and Lawrence, 2001; Beer *et al.*, 2005; Tonts and Halsam-McKenzie, 2005). Maintenance of services is critical for the creation of sustainable communities. Without services, local residents are forced to seek goods and services in other locations undermining the local economy.

The importance for regional and remote communities through the contributions to the Australian economy and society is clear. The problem is that many regional and remote communities are diminishing under current policies which do not promote sustainability. Regional and remote communities, in particular cities such as Mount Gambier, Port Augusta, Whyalla, or Port Lincoln, serve vital roles in supporting the residents of regional and remote cities and surrounding areas (Beer *et al.*, 1994; Beer, 1999; Beer and Clower, 2009).

1.3   Research questions/issues

Two primary research questions will be used in this study to explore the problem of non-continuation and non-existence of resident accounting firms in regional and remote areas. The first question focuses on the regional development perspective on accountancy and serves as background information emerging from the setting. The second focuses directly on the lived experiences of owner-accountants.

1.3.1   Accounting firms and community sustainability (RQ1)

The first research question provides vital contextual background for this study. As will be shown progressively throughout this thesis, the majority of professional   services   including   accountancy   are   provided   via   a

"resident" mode of delivery, that is the provider has a commercial presence from which the services are produced. The research question (identifiable in headings and figures as RQ1) brings this background into focus by examining the links between accountancy, accounting firms, mode of delivery and community sustainability by asking:

How, and in what ways, are resident accounting firms important for the sustainability of regional and remote communities?

A distinction needs to be made between accounting services and accounting firms. The former is a generic term used to describe tasks associated with accounting and accounting-related tasks such as business advice which may be offered by professionals including, but not restricted to, accountants. The latter refers to business entities generally owned and managed by qualified accountants for the purpose of delivering accounting services. To understand the distinction between the services being offered and the firms providing those services, two secondary research questions were developed. The first (identifiable in headings and figures as RQ1.1) focuses on accounting services and asks:

Why is access to accounting services necessary for regional and remote areas?

The second (identifiable in headings and figures as RQ1.2) considers accounting firms and asks:

Why, if at all, is it important to have accounting firms located in regional and remote areas?

1.3.2 Lessons from regional and remote owner-accountants (RQ2)

The second research question addresses directly the professional and personal experiences of owner-accountants operating practices from regional and remote areas, that is in resident mode. With accountancy literature indicating that accounting services are usually routine and could be offered from any location and accounting firms tending to agglomerate in large urban centres and cities, this invites an exploration of the owner-accountants' choice of practice location and their "lived experience" of professional practice in regional and remote areas. Research question two (identifiable in headings and figures as RQ2) asks:

> *What lessons can be learnt from owner-accountants who choose to operate their*
> *firms in regional and remote areas?*

There are many aspects of professional practice which could be explored within the context of this question. Two secondary research questions were developed. The first (identifiable in headings and figures as RQ2.1) focuses on reasons for the choice of practice location and asks:

> *Why do owner-accountants choose to operate their businesses in regional and*
> *remote areas?*

The second (identifiable in headings and figures as RQ2.2) seeks to identify the unique issues which may influence the practice of accountancy in regional and remote areas by asking:

> *What additional considerations do owner-accountants identify as having an impact*
> *on their practice of accountancy in regional and remote areas?*

1.3.3 Key concepts and relationship to research problem and questions

The introduction of the research problem and questions can be represented diagrammatically. Building on the conceptual framework introduced in Figure 1.1, Figure 1.2 shows the progression from research problems to research questions.
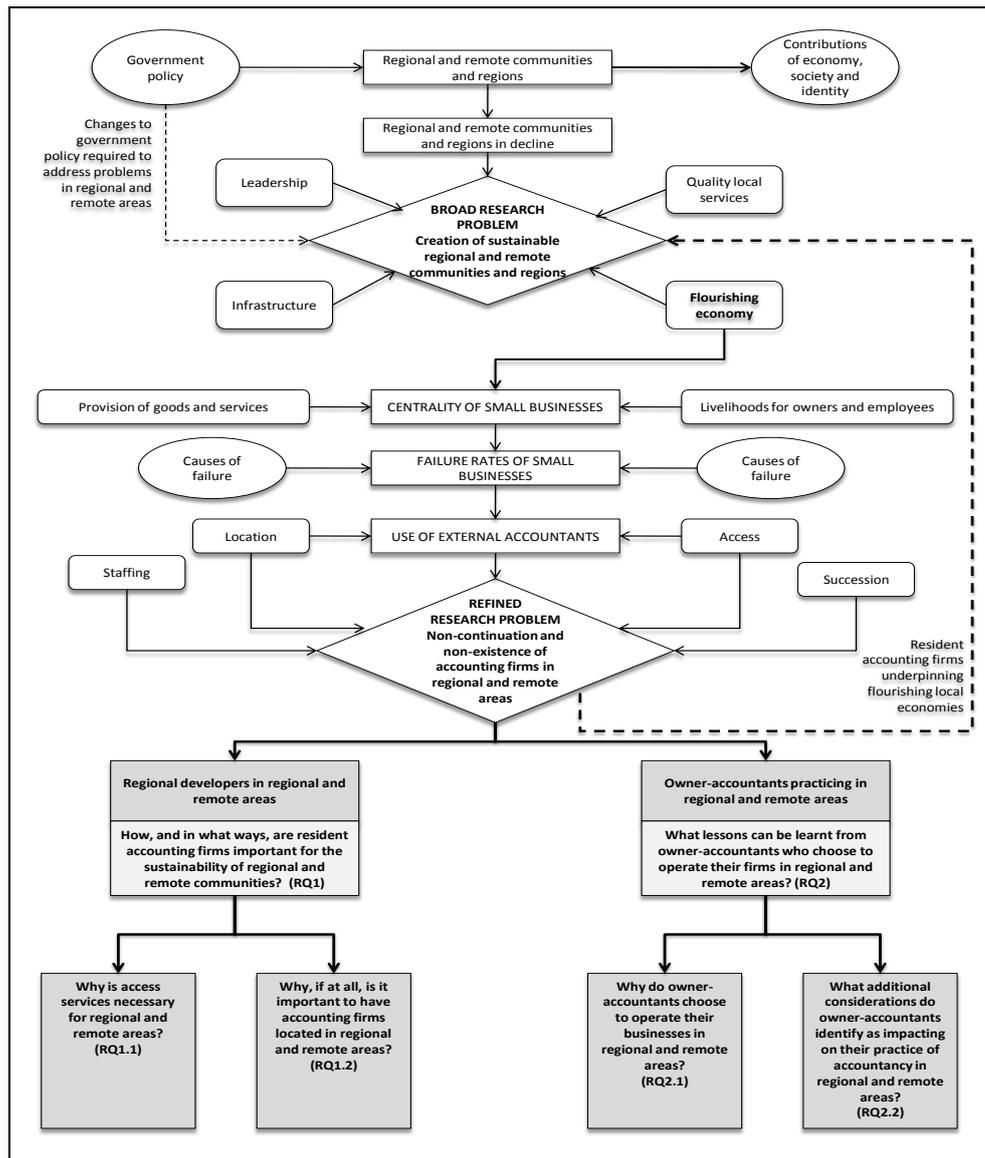
Figure 1.2: Core concepts and relationship to research questions

This figure shows the research questions as they relate to the two participant groups of this research: regional developers and owner-accountants with

practices in regional and remote areas. Details regarding the participant groups and their selection will be provided in Chapter 3 (Section 3.3) and profiles of the participants in Chapter 4 (Section 4.2) and Chapter 5 (Section 5.2).

1.4   Context of the research

The purpose of this Section is to provide an outline of the context for this research: regional and remote areas. While the specific site of the research is South Australia, the features which characterise regional and remote areas are consistent in other States. This Section will first consider remoteness before exploring regional development and government policy.

1.4.1   Remoteness

Remoteness is a core issue in regional and remote areas. Remoteness is related to distance, in as much that there is a qualitative impact on living standards with increasing distance from major cities. Remoteness has been quantified through the development of the *Accessibility/remoteness index of Australia.*

1.4.1.1   Remoteness: Accessibility/remoteness index of Australia

Remoteness and its affect on residents in areas outside of the large metropolitan cities assumed greater recognition in 2001 when the Australian Bureau of Statistics (ABS) in response to calls for a more accurate classification of Australian communities considered changes to the Australian Standard Geographical Classification (ASGC) (Australian Bureau of Statistics, 2003). The ASGC is used by the ABS for 'the collection and dissemination of geographically classified statistics' (Australian Bureau of Statistics, 2001, p. v).

Prior to these 2001 changes, the concept of remoteness had not been incorporated into the classification system, despite its being a significant issue in the Australian landscape. Changes to the ASGC were not only an attempt to incorporate the effects of remoteness but to address the problem associated with terminology (Australian Bureau of Statistics, 2001, p. 5). Defining commonly used terms including city, country, regional, rural and remote, were acknowledged despite the demand for statistics which could be dichotomised between city and country (Australian Bureau of Statistics, 2001, p. 5). The Australia Bureau of Statistics considered the ASGC was inadequate to deal with the demands for statistics and that the needs of both internal and external users were not being met (Australian Bureau of Statistics, 2001, p. 5).

The influence of the Australian Department of Health and Aged Care was instrumental in the development of the *Accessibility/Remoteness Index of Australia* which was ultimately incorporated into the ASGC (Australian Bureau of Statistics, 2003, p. 2). The Department of Health and Aged Care has operated independently from the ABS to define remoteness and create a tool which could aid their allocation of resources under their jurisdiction on the basis that the ASGC did not adequately define city-country differences (Department of Health and Aged Care, 2001; Australian Bureau of Statistics, 2003, p. 2).

The resulting *Accessibility/Remoteness Index of Australia* and its incorporation in the ASGC brought remoteness into statistical collection as a readily definable condition. The *Accessibility/Remoteness Index of Australia* was acknowledged as having some limitations: the use of road distances and proximity to

population centres with a population in excess of 250,000. The ABS acknowledges the results:

> *Accessibility/remoteness index of Australia's* generalised approach to the quantum of services mean that, for example, Darwin, which is well supplied with many services, has a higher *Accessibility/Remoteness Index of Australia* score than Geraldton because of the distance which one must travel from Darwin to a centre of 250,000 population (Australian Bureau of Statistics, 2001, p. 9).

The use of road distances also fails to consider other methods of transport. In South Australia, Port Lincoln is a town located some 649 kilometres by road from Adelaide, the nearest population centre in excess of 250,000. However, Port Lincoln is approximately 250 kilometres by air, less than 40 minutes by commuter plane and well serviced by commercial airlines.

The 2001 edition of the *Accessibility/Remoteness Index of Australia* was refined through the *Accessibility/Remoteness Index of Australia plus* (Glover and Tennant, 2003). Through the *Accessibility/Remoteness Index of Australia*, Australian territories are assigned a remoteness score on a square-kilometre basis. (Appendix 1 provides greater detail on the calculation of the remoteness scores). The *Accessibility/Remoteness Index of Australia* has six remoteness classifications (see Table 1.3): major cities, inner regional, outer regional, remote, very remote, and migratory[2] (Department of Health and Aged Care, 2001).

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[2] For the purposes of this research, the migratory classification is not relevant and will not be discussed.

Table 1.3: Accessibility/Remoteness Index of Australia (plus) values

Census Collection Districts (CCD) Average ARIA+ value ranges	Remoteness Area Name
0 to 0.2 Highly Accessible (ARIA score 0 to <0.20)—relatively unrestricted accessibility to a wide range of goods and services and opportunities for social interaction.	**Major Cities of Australia**
Greater than 0.2 and less than or equal to 2.4 Accessible (ARIA score 0.20 to <2.40)—some restrictions to accessibility of some goods, services and opportunities for social interaction.	**Inner Regional Australia**
Greater than 2.4 and less than or equal to 5.92 Moderately Accessible (ARIA score 2.40 to <5.95)—significantly restricted accessibility of goods, services and opportunities for social interaction.	**Outer Regional Australia**
Greater than 5.92 and less than or equal to 10.53 Remote (ARIA score 5.95 to <10.5)—very restricted accessibility of goods, services and opportunities for social interaction.	**Remote Australia**
Greater than 10.53 Very Remote (ARIA score 10.5 to <15)—very little accessibility of goods, services and opportunities for social interaction.	**Very Remote Australia**
Off-shore, migratory and shipping CCDs Not applicable to this research.	**Migratory**

Sources: Australian Bureau of Statistics (2001), Department of Health and Aged Care (2001)

The application of the *Accessibility/Remoteness Index of Australia* is evident once remoteness classifications are mapped. Figure 1.3 shows the Australian landmass divided into the five main remoteness classes. What is clear from this figure is the concentration of communities around the major cities (those in excess of 250,000 people) along the eastern, south-eastern and south-western coasts, where the arable lands are located. It is also evident that the majority of the Australian mainland is remote and very remote in terms of the *Accessibility/Remoteness Index of Australia* and where an under-endowed arid land exists (Holmes, 1994).
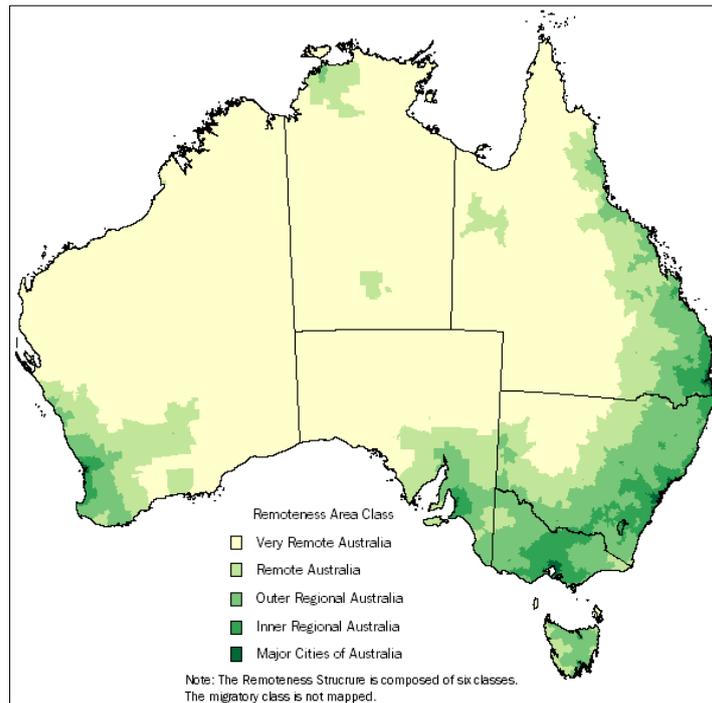
Figure 1.3: Australia's regions by remoteness
Source: Australian Bureau of Statistics (2010)

In June 2008 around 68% of Australia's population was based in its major cities; only 11.7% of the population resided outside of a major city or inner regional area (Australian Bureau of Statistics, 2009) (see Table 1.4).

Table 1.4: Estimates of resident population in Australia

Australia	2009	
	no.	**%**
Major Cities of Australia	15,068,655	68.6
Inner Regional Australia	4,325,467	19.7
Outer Regional Australia	2,062,966	9.4
Remote Australia	324,301	1.5
Very Remote Australia	174,137	0.8
Total	**21,955,526**	**100.0**

Source: extracted from Australian Bureau of Statistics (2009)

In the case of South Australia the capital Adelaide including its suburbs, is classified as a major city under the *Accessibility/Remoteness Index of Australia*.

The Adelaide metropolitan area covers an extremely small geographical area but, like nearly all major cities in Australia, incorporates the bulk of the South Australian population. In South Australia almost 73% of people are located in Adelaide (Australian Bureau of Statistics, 2009) (see Table 1.5).

Table 1.5: Estimates of resident population in South Australia

South Australia	2009	
	no.	**%**
Major Cities of Australia	1,181,119	72.7
Inner Regional Australia	198,510	12.2
Outer Regional Australia	183,812	11.3
Remote Australia	46,176	2.9
Very Remote Australia	13,973	0.9
Total	**1,623,590**	**100.0**

Source: extracted from Australian Bureau of Statistics (2009)

Owing to the inconsistencies noted in the *Accessibility/Remoteness Index of Australia* designations for the purposes of this research, inner and outer regional zones have been combined into a single category called *regional,* and remote and very remote zones have also been combined in a single category called *remote*.

1.4.1.2   *The experience of remoteness*

What the *Accessibility/Remoteness Index of Australia* fails to do in its calculations is define the qualitative aspects of remoteness. The definition of very remote as 'very little accessibility of [sic] goods, services and opportunities for social interaction' (Department of Health and Aged Care, 2000, p. 3) does little to explain the experience of living in remote areas.

Nadkarni and Stening (1989, p. 42) provide a list of distinguishing features of remote mining communities:

- nature of the physical environment: difficult and unattractive, discouraging of economic activity and human habitation;

- high economic and social costs associated with exploitation of natural resources: few local multipliers with a mono-functional and unstable economy;

- expensiveness of basic services: special government assistance or subsidisation will be required to provide even basic services;

- nature of the populations: highly mobile and gender unbalanced; and

- residents' feelings of deprivation: owing to isolation from large service centres and the time barriers associated with distance.

While the picture painted by Nadkarni and Stenning (1989) of remote mining communities is somewhat bleak, other equally remote communities may have the mitigating effects of coastal location and by inference a less harsh environment. Nadkarni and Stenning (1989) emphasize isolation as a persistent theme throughout their assessment of remote mining communities. Before exploring this concept, another point to consider is the lack of privacy in such communities.

Human beings seek social interactions; equally there is a need for privacy (Rachels, 1975; McCloskey, 1980; Kasper, 2007; Moore, 2003). Small communities, especially those isolated from other towns by great distance, find the dual needs for privacy and social interaction create tension in local residents (Nadkarni and Stening, 1989, p. 48). The result of this tension is often a

withdrawal from other residents, intellectually, socially, and professionally. Constant interaction with the same group of people, the inability to escape the geographical confines of the community, and a lack of privacy, may cause stress, mental illness, and ultimately, drive the person, and their immediate families, away from the community.

A key characteristic of many regional and remote communities is isolation. Inverarity (1984), in highlighting the difficulties faced by teachers in regional and remote areas, outlines five dimensions to isolation: (i) geographical or spatial, (ii) interpersonal (also known as social), (iii) cultural, (iv) intellectual, and (v) personal. Boylan and McSwan (1998) identify a sixth dimension − informational isolation. Each dimension is considered below.

Physical or geographical isolation is perhaps the most obvious dimension of remoteness. Physical isolation may be intentional but in terms of regional Australia, it is often the result of geography, climatic conditions or both. Physical isolation may be transient or seasonal, with weather, particularly rainfall, isolating communities. Physical isolation also works on two levels: (i) towns may be isolated from other towns but the individuals within them are free to interact, and (ii) individuals or family groups may be isolated from towns, particularly in more remote pastoral areas, isolated either naturally or as the result of physical conditions. Physical isolation affects both the ability to access goods and services as well as reduce the opportunities for social interaction. While technology has assisted in mitigating the effects of physical isolation by increasing the ability and frequency of communication, physical isolation

continues to reduce the opportunities for face-to-face communication and physical connection to others.

The interpersonal dimension of isolation focuses on family and friends – specifically the ability to communicate and interact. The literature (van Noort and Reijmer, 1999; Figueiredo *et al.*, 2002; Salvesan and Renski, 2002; Conway and Sheridan, 2005; Shields, 2005; Stam, 2006) identifies family and friends as a major influence in both choice of practice location and success. For many, the ability to work at home and be with their children is a major consideration for the choice of practice location and an understanding of business success (Geno, 2002; Hughes, 2003; Bird and Sapp, 2004; Verhaul *et al.*, 2005). Likewise a movement away from an area and family and friends may be too great a sacrifice to make, thus the choice is to stay in a given location or close to it.

Cultural isolation encompasses two broad areas: (i) community expectations and values, and (ii) access to structured social interactions such as theatre, art, craft, and museums. Shields (2005) notes distinct socio-cultural values in different regions, particularly remote and rural areas. These values may include gender roles, communication norms, co-operation and collaboration, and the composition of networks. Cultural isolation can therefore result from non-conformance with local culture, exacerbated by ethnicity (Boylan and McSwan, 1998).

Intellectual isolation could also be called professional isolation. This dimension focuses on occupation-specific preparation, professional leadership and ongoing professional development requirements of various associations. Accountants,

for example, are generally a member of one of the three industry associations – Institute of Chartered Accountants in Australia, CPA Australia, or the National Institute of Accountants – all of which have professional development requirements. Geographically isolated accounting practitioners may also be intellectually isolated, as attending professional development activities often involves significant economic and temporal costs. Boylan and McSwan (1998) cite intellectual isolation as the leading cause for teacher turnover in regional Australia.

Personal isolation results from a lack of contact with people holding similar interests, particularly non-work pursuits (Inverarity, 1984). In this regard it may overlap with interpersonal and cultural isolation, as friends and family are obvious sources of people with similar non-work pursuits.

The final dimension of isolation is informational. This refers to the degree of access to information services, a critical factor in accounting services (Boylan and McSwan, 1998). Technology has assisted in addressing such isolation, however, telecommunications infrastructure may have varying capacity around Australia. The above six dimensions are summarised in Table 1.6.

Table 1.6: Dimensions of isolation

Dimension of isolation	Description	References
Geographical	The physical distance between people and/or communities	Inverarity (1984); Boylan and McSwan (1998)
Interpersonal	The ability to communicate and interact with family and friends	Inverarity (1984); van Noort and Reijmer, (1999); Pappano (2001); Figueiredo *et al.* (2002); Salvesan and Renski, (2002); Hughes, (2003); Bird and Sapp, (2004); Conway and Sheridan, (2005); Shields, (2005); Verhaul *et al.* (2005); Hortulanus *et al.* (2006); Stam, (2006)
Cultural	Two levels: (i) community expectations and values, and (ii) access to structured social interactions such as theatre, art, craft, museums	Inverarity (1984); Boylan and McSwan (1998); Shields (2005)
Intellectual	Occupation-specific preparation, professional leadership and ongoing professional development requirements of various associations	Inverarity (1984)
Personal	Contact with people holding similar interests, particularly non-work pursuits	Inverarity (1984); House (2001); Pappano (2001)
Informational	The degree of access to information services	Boylan and McSwan (1998); Pappano (2001)

The effect of isolation on people depends on their personalities and preferences (Inverarity, 1984; Nadkarni and Stening, 1989; Boylan and McSwan, 1998; Fafchamps and Shilpi, 2008). Some people enjoy isolation whilst others abhor it. A person may have either positive or negative feelings about the various dimensions of isolation. As a result of isolation and low population, practicing a profession in a small town is different from what might be expected in an urban setting (Denz-Penhey and Murdoch, 2007, p. 642). Denz-Penhey and Murdoch (2007, p. 642) nominate five ways in which rural medical practice differs from urban practice: (i) clinical knowledge needs to be broader and deeper, as the absence of accessible specialists sees greater responsibility for advanced diagnosis; (ii) the necessity to develop a new way of thinking and organising knowledge beyond that which marks the education and training provided, as the practitioner needs greater independence and less resources; (iii) patient care is

more socially orientated with a requirement to understand the nuances of sub-groups within broader demographic classes; (iv) community expectations of social roles are greater; and, (v) there is a high personal cost of being a general practitioner in regional or remote areas associated with the additional workload.

1.4.2   Regional development and government policy

Regional development is defined in this research as activities relating to the growth, expansion, or development of a defined geographical area which is located outside of major cities and associated metropolitan areas. Government policy has a major influence on regional[3] development.

1.4.2.1   Demography and historical trends in rural-urban balances

A distinctive characteristic of Australian geography is urban agglomeration with around 70% of the population residing in major cities and State or territory capitals (Australian Bureau of Statistics, 2009). Population density outside Australia's metropolitan areas is one of the lowest in the world (Maude, 2004, p. 4). South Australia, for example, has less than one person per square kilometre in 92% of its area (Australian Bureau of Statistics, 2009).

However, while urban agglomeration has been a significant feature of Australian European settlement, the population was not always so concentrated in urban areas. In 1901 for example, the proportion of capital city relative to non-capital city populations was the reverse of 2001, with roughly 70% of the population resident outside the capitals (see Table 1.7). It was not until the 1940s that the balance shifted towards capitals.

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[3] It is important to note that regional may be used in a broader way to indicate a defined geographical area regardless of its location.

Table 1.7: Australian historical population statistics, capital cities and balance of state 1901-2001

	1901	1921	1941	1961	1981	2001
Capital city						
Sydney	496,990	912,750	1,331,290	2,303,807	3,279,500	4,128,272
Melbourne	501,580	800,520	1,114,900	1,984,936	2,806,300	3,471,625
Brisbane	120,650	217,710	344,230	692,924	1,096,200	1,6504,22
Adelaide	162,200	259,590	350,000	659,316	953,700	1,107,986
Perth	70,700	155,590	234,000	475,576	922,000	1,393,002
Hobart	36,060	53,870	69,390	130,236	171,100	197,282
Darwin	n/a	1,399	n/a	15,477	56,400	106,842
Canberra	n/a	1,150	13,300	56,449	246,500	318,939
n	**1,388,180**	**2,402,579**	**3,457,110**	**6,318,721**	**9,531,700**	**12,374,370**
%	**36.29**	**43.59**	**48.45**	**59.90**	**63.79**	**63.75**
Balance of State/Territory						
NSW	878,465	1,218,940	1,481,766	1,614,694	1,955,389	2,446,945
VIC	708,320	750,207	831,525	945,430	1,140,617	1,333,101
Qld	386,071	548,014	694,241	834,590	1,249,008	1,978,524
SA	201,803	242,152	256,366	312,171	365,069	403,742
WA	122,901	180,958	239,213	271,174	378,056	508,157
TAS	139,173	164,806	172,745	220,104	256,124	274,513
NT	n/a	2,360	n/a	29,004	66,216	90,926
ACT	n/a	1,433	1,722	2,379	n/a	378
n	**2,436,733**	**3,108,870**	**3,677,578**	**4,229,546**	**5,410,479**	**7,036,286**
%	**63.71**	**56.41**	**51.55**	**40.10**	**36.21**	**36.25**
Total Australia	**3,824,913**	**5,511,449**	**7,134,688**	**10,548,267**	**14,942,179**	**19,410,656**

Source: adapted from Australian Bureau of Statistics (2006), Table 18

In the thirty years since 1981 there has been remarkable stability in the ratio between regional and urban populations with about 26% being regional and remote and the remainder located in capital cities.

Regional and remote areas are in decline in Australia (Gabriel, 2002; Alston, 2004; Cheshire and Lawrence, 2005). However, whilst the picture painted by the media is quite bleak (Gabriel, 2002, p. 204; Baum *et al.*, 2005), the reality is that some regional and remote areas are thriving (Maude, 2004). In part, this can be attributed to the adoption of cluster-based regional development policies, which allow for region-specific and community-based development solutions

(Ffowcs-Williams, 2004; Garrett-Jones, 2004; Maude, 2004; Roberts and Enright, 2004). Yet, overall, regional and remote communities throughout Australia and other developed countries, especially those inland, are declining, both in terms of population and social capital (Collitts and Gastin, 1997; Newman, 2005; Polese and Shearmur, 2006).

1.4.2.2 Government policy: state paternalism to self sufficiency

Whilst regional and remote areas have always had more dispersed populations (Taylor, 2002; Evans, 2007), federal and state governments have made efforts to compensate regional and remote residents under an informal arrangement termed *state paternalism* (Tonts and Jones, 1997); such paternalism was a hallmark of Australian settlement (Kelly, 1994). Regional policies were based on a strong historical framework. Maude (2004) provides an example of such policies by highlighting the federal-state fiscal arrangements in which federal income tax revenue is distributed to the states under the *Australian Constitution*. Such distributions are not based on per capita amounts but 'per capita relatives'; distributions take into account variations in costs associated with delivery of services on a jurisdiction-by-jurisdiction basis (Maude, 2004, p. 5).

Indeed, up until the 1980s, policy addressing differences between city and country reached an

> ...understanding of their distinctive contributions to the nation and the terms of their interdependence, and in particular an agreement that country people should be compensated for the costs of living outside the metropolitan centres (Brett, 2007, p. 3).

The combination of manufacturing efforts in cities and the agricultural activity in the country created a sense of synergistic nation-building. Brett (2007) points out that the notion of being Australian incorporated the idea that all people had certain social entitlements, access to basic services, and minimum standards of living, which were universal.

In the nineteenth century, Australia was more urbanized than much of the world (Davison, 2009). It was established quickly in government policy that the city would support the country by heavily subsidizing the costs of services (Brett, 2007). Country claims for 'special treatment were supported by powerful economic, strategic and cultural arguments' (Brett, 2007, p. 5). In Australia, these claims manifested themselves in *countrymindedness* (Aitkin, 1988; Botterill, 2006), a form of political agrarianism with three central beliefs: (i) rural life has a natural virtue not shared by city life, (ii) everyone relied on farming for their food, and (iii) farmers were independent and hard working. This countrymindedness in Australia resulted from the centrality of agriculture to Australia's economy (Aitkin, 1988). Three arguments were put forward for a position of pre-eminence for regional and remote areas: (i) Australia's exports during much of the nineteenth and twentieth centuries were agricultural including wheat and wool, (ii) for the Australian government to claim nationhood and defend the entire continent the vast empty spaces of the inland corridor and central Australia needed to be populated, and (iii) country life had made distinctive and significant contributions to the Australian character (Aitkin, 1988; Botterill, 2006; Brett, 2007, p. 5).

Australia being such a vast territory and so sparsely populated presented a picture internationally that, as a nation, it lacked the political will to hold the land which had been taken (Stokes, 2004; Bosworth, 2008). 'Populate or perish' provided motivation for immigration and strong encouragement to lure people out of the cities (Bessant, 1978; Bosworth, 2008). To reside outside the cities meant contributing to Australia's claim for nationhood (Brett, 2007).

Major demographic and social change in regional and remote areas includes the out-migration of youth (16-24 years). The initial movement has been from small towns to larger regional centres. Known as the *sponge cities effect* (Salt, 2003), these larger centres soak-up the surrounding populations by offering improved employment and educational opportunities (Garnaut *et al.*, 2001). The effect is skewed towards younger women, hence remaining populations are older and gender imbalanced, with communities experiencing decreased services (such as education and health) and reductions in social capital as families leave (Alston, 2002; Gabriel, 2002; Vanclay, 2003; Alston, 2004; Brett, 2007). At the same time, there has been a new movement out of the major cities in what has been termed a *seachange* (O'Connor, 2001; Murphy, 2002; Gurran and Blakely, 2007), part of a counter-urbanisation paradigm as people move away from the congestion of large urban centres (Maude, 2004, p. 11; Mitchell, 2004).

State paternalism attempted to equalize the standard of living between metropolitan and regional and remote residents; a form of compensation to those not living in cities (Tonts and Jones, 1997). In essence, the metropolitan areas supported non-metropolitan living by subsidisation through various taxes

and fees. The argument for subsidisation was that regional and remote areas make several important contributions to Australia's economy and nationhood: economic, extraction of natural resources, agriculture, preservation, and acting as service centres (Bennett *et al.*, 2004).

Government policy changed in the 1980s and a new neoliberal mindset took dominance (Cheshire and Lawrence, 2005). This had a major impact on regional and remote communities through deregulation and restructuring of agriculture and other industries (Woods, 2006, p. 583; see also Tonts and Jones, 1997; Gleeson and Low, 2000; Gray and Lawrence, 2001; Tonts and Haslam-McKenzie, 2005; Pritchard *et al.,* 2007). Retreating from state paternalism, the policy of governments since the 1980s has opted for market-based regulation and deregulation, development, economic growth, and free trade, with long-term and widespread effects (Pritchard, 1999; Gleeson and Low, 2000; Vanclay, 2003; Beer *et al.*, 2005; Cheshire and Lawrence, 2005; Woods, 2006).

While Australia has always had a highly urbanised population, the current decline of many regional and remote communities is not the result of a natural or gradual shift of population but deregulation and restructuring of agriculture and other industries. Deregulation is 'the removal of statutory restrictions and regulations' (Ipp and Weerasooria, 2002, p. 155). Deregulation is a result of globalisation (Gray and Lawrence, 2001) and neo-liberalism with its emphasis on the individual, i.e. individual wealth creation and self-reliance (Vanclay, 2003, p. 81). Deregulation, a reform involving, amongst other things, the abolition of subsidies and other protective measures, as well as a restructuring of industry, resulted in a consolidation of farming properties, a reduction in the

agricultural workforce and, inevitably, a decline in regional and remote populations (Alston, 2002) and increasing social and economic hardship for those remaining in the regional and remote areas (Lloyd *et al.*, 2001; Beer and Forster, 2002; Postlethwaite and Silverman, 2005).

One of the primary arguments in favour of deregulation and removal of programs which subsidize agriculture is that they are inefficient and distorts the economy (Vanclay, 2003). The argument is solely within the economic realm without consideration of environmental or social effects. As Vanclay (2003, p. 82) notes, the social and environmental consequences 'escape a market analysis' (see also Halsam-McKenzie, 2000). Whilst some farmers have benefitted from deregulation and globalisation, many have exited farming completely, a painful process (Bryant, 1992); those that remain face continuing challenges (Vanclay, 2003).

Deregulation and restructuring of agriculture has changed regional and remote Australia. The decision to restructure and deregulate agriculture may have been considered tantamount to a betrayal of the country (Woods, 2006). Vanclay (2003) and others (Higgins, 2001; Geno, 2002; Blandy, 2004; Botterill, 2005; Pritchard *et al.*, 2007) make an important point − farming is not merely an occupation or income, it is in fact a way of life, governing the aspirations and values of not just farmers but those supporting businesses in farming communities. A major consequence of the restructuring was a reduction in household income and hence, expenditure (Walmsley and Weinand, 1997; Cashin and Strappazzon, 1998; Vanclay, 2003). As a result of reduced household incomes in regional and remote areas:

- social isolation increases and farming families can no longer afford to participate in various activities including those in their local communities;

- support networks suffer and there is a loss of vitality within the communities and broader districts;

- stress-related behaviours come to the fore including suicide, alcoholism and domestic violence; and

- belt-tightening, the traditional approach to bad years, is now no longer suitable or effective and a new class is created, the rural poor, unwilling to sell their farms and homes but unable to trade out of the economic consequences (Vanclay, 2003, p. 88).

Hence, regional and remote Australia is disadvantaged significantly compared with metropolitan areas (Collitts and Gastin, 1997). As Salt (2003, p. 168) highlights, the Australian population tends to cluster 'forced upon us by the nature of the land'. Clustering is a geographically necessity: beyond the coastal strip lies an inland corridor, roughly 500-600 kilometres wide, stretching from across northern Australia from the Kimberley region of Western Australia to Arnhem Land in the Northern Territory, across northern Queensland and south through New South Wales, Victoria and to the Spencer Gulf in South Australia, and re-emerging in the south west of Western Australia.. Beyond the inland corridor with its arable lands are arid grasslands and deserts, most of which are not suitable for pastoral enterprises (Salt, 2003). In all this debate however, there is little recognition that decline is *perhaps* both allowable and inevitable (Salt, 2003; Polese and Shearmur, 2006).

1.4.2.3 *Sustainable communities and resilient regions*

In the twenty-first century regional policy literature has turned its attention towards incorporating principles of sustainability with the view of moving away from traditional economically-focussed policy to the building of resilient regions and sustainable communities (Bristow, 2010).

Sustainability is a notion which has become dominant in academic and government thinking during the last three decades. The most common definition of sustainable development emerges from the World Commission on Environment and Development, more commonly known as the *Brundtland Report* (World Commission on Environment and Development, 1987). It defines sustainable development as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs' (World Commission on Environment and Development, 1987, p. 43). Sustainability conceptualises development around the core concepts of needs and limitations, with development as a transformative process which incorporates intergenerational equity.

Traditionally, sustainability focuses on development's ecological or environmental aspects without further refinement on what these aspects might be (Upham, 2001). Sustainability is viewed as being based on three core pillars – economic, social and environmental (Sneddon *et al.*, 2006, p. 255) – although O'Connor (2006) extends this notion by including a fourth political or governance pillar. Most importantly the pillars, whether three, four or more, must be equitably proportioned, in other words the interests represented by each pillar are seen as being dependent on one another and balanced (Norman and

MacDonald, 2004; Lowe, 2005; McDonald, 2005; Gibson, 2006; Sneddon *et al.*, 2006; Skowronski, 2007; Jabareen, 2008).

The principles of sustainability have been incorporated into regional development policy. Stephens and Laughton (2003) in noting the common goals and objectives of regional interventions used the three sustainability pillars to demonstrate the multiple objectives of government policy (see Table 1.8). Sustainable regional and remote communities cannot be created by focussing on a single pillar but requires a combination of approaches. Equally, the experience of the residents and business owners in such communities cannot be understood as existing within a single pillar, such as business owners in the economic pillar, when all three are needed for sustainability.

Table 1.8: Regional interventions – common goals and objectives

Economic	Social	Environmental
- Employment growth - Income/output growth (wealth creation) - Distributional equity: reduce regional disparities between lagging regions and the rest of the economy - Address market failures to regional development and non-market benefits (improve efficiency) - Structural adjustment assistance: facilitate transition from declining to productive industries and/or mobility between regions - Economic diversification: improve resilience of regions to external shocks	- Equality of opportunity: access to services and benefits across regions - Social cohesion: enhance quality of life and community vitality in regions - Diversity: maintain cultural and social diversity - Population decentralisation: reduce urban congestion - Political/administrative decentralisation: improve governance and democratic structures - Defence: strategic development	- Biodiversity: enhance life support and ecological services from ecosystems - Quality of life: address pollution and landscape impacts (externalities) - Resource stewardship: ecologically sustainable use of renewable and non-renewable resources (sustainability) - Structural adjustment assistance: in the base of environmental pressures such as global warming and increasing salinity

Source: Stephens and Laughton (2003, p. 6)

1.5   Contributions of this research

The importance of regional and remote areas has already been highlighted. With local economies dependent on small businesses, to provide goods and services, and livelihoods for owners and employment opportunities for the local communities, access to accounting services becomes critical.

This exploratory study will make a contribution to literature on choice of location and professions. This is the first study to explore the reasons for choice of practice location amongst owner-accountants practicing in regional and remote locations in an Australian context. In addition, this study is the first to explore the lived experience of Australian regional and remote accountants in a wholly qualitative manner (see Sawyer and Munn (1998) and Carr *et al.* (2010) for survey-based results). The use of a qualitative research design provides a depth and richness to the results which cannot be achieved through survey-based designs. Understanding the reasons for location choice provides important insight into the choice to practice in regional and remote communities and is useful to regional developers, government and the accountancy profession to aid the recruitment and retention of degree-qualified professional accountants.

In regards to literature on the professions, this research replicates work from the health and education professions which explores the choice to practice in regional and remote communities (Hegney *et al.*, 2002a; De Vries and Reid, 2003; Dunbabin and Levitt, 2003; Lannin and Longland, 2003; Laven and Wilkinson, 2003; Heaney *et al.,* 2004; Orpin and Gabriel, 2005; Dussault and Franceschini, 2006; Tolhurst *et al.,* 2006; Daniels *et al.,* 2007; Denz-Penhey

and Murdoch, 2007; Somers *et al.*, 2007; Wade *et al.,* 2007; Bowman and Bowman, 2008; Henry *et al.,* 2009; Stagg *et al.,* 2009; Veitch *et al.,* 2009;). The need for these professionals to be located in such areas is not questioned and the health and education professions are generally more proactive than accountancy in attracting practitioners to regional and remote areas. This research provides an opportunity to discover if the experience of these professions is mirrored in the experiences of accountancy professionals. If this is the case, then the activities of such professions in attracting and retaining professionals to regional and remote areas may be important benchmarks for the accountancy profession, government and regional developers in their efforts to address the recruitment of accountants for practice in such areas.

Specific recommendations will be made in Chapter 7 which will be of interest to:

- government, at all levels—local, state and territory, and federal:

    - as a guide to regional development policy, both economic and social;

    - ensuring the provision of accounting services and advice to individuals, community organisations and business owners by qualified professional accountants;

- the accountancy profession:

    - providing a regional developer perspective on the importance of regional and remote business owners having access to accounting services and the optimal location of accounting firms who provide such services;

- understanding the reasons why owner-accountants choose to practice in regional and remote communities to support efforts of regional developers and government in creating and maintaining sustainable communities;

- to provide professional accountancy associations with insight into the lived experiences of regional and remote members and to inform their identification and allocation of appropriate resources support.

1.6   Organisation of thesis

There are eight chapters in this thesis. Chapter 1 introduces the thesis, the research problem, identifies the main research questions, and outlines the contribution and significance of the research. It introduces the context of the research in regional and remote South Australia, and explores some of the important events occurring in these areas in terms of demographic changes, agricultural deregulation and restructuring. It identifies the importance of regional and remote areas to state and national economies. It also examines small business in regional and remote regions, professional services and modes of delivery, and accounting services. Finally it introduces the experiences of other professions in regional and remote areas.

Chapter 2 provides a literature review and commences by expanding on the subject of modes of professional service delivery and the importance of resident mode delivery. Next it introduces and explores literature concerned with choice of practice location including the various theoretical approaches used, quality of life factors, and the research emerging from other professions including health,

medicine, education, and law. It proceeds to explore the contextual factors which affect professionals in other areas including community expectations. Central to this Section is discussion about the experience of practitioners in other professions and the potential for accountants to experience similar influences. Finally this Section considers the theoretical framework which is adopted. Maslow's (1970) "theory of needs" is adopted for the analysis of owner-accountants reasons for practicing in regional and remote communities.

Chapter 3 outlines the research design and methodology. The main data collection was through semi-structured interviews with regional developers and owner-accountants in regional and remote communities. The constant comparative method of data analysis was used and Chapter 3 outlines the procedures adopted for this systematic comparison of interview, profile and survey data. This chapter also provides details regarding participant selection and recruitment, consent procedures, ethics and rigour.

Chapter 4 is the first to consider the research results. Regional developers provide the rationale for the presence of accounting services in regional and remote locations. The regional development literature does not address the presence of accounting services for development purposes and so the Chapter identifies the main contributions, both professional and personal, of accountants practicing on a permanent basis in regional and remote communities.

Chapter 5 explores the reasons why owner-accountants have chosen regional and remote communities from which to operate their accounting firms. Eight core reasons are identified which influence the choice of practice location by owner-accountants. In addition, each owner is identified with a 'story'. A

typology of four stories is developed. Finally this Chapter identifies choice of practice location as an ongoing process through adult life of owner-accountants, generally starting after the completion of secondary school and continuing until retirement. Each owner's choice of practice location process is mapped onto the story typology.

Chapter 6 explores additional considerations and their impact on the practice of accountancy in regional and remote areas. Four major contextual factors are identified and explored from the perspective of owner-accountants including professional development, staffing and recruitment, legitimacy and behaviour and mental health. With regard to mental health a continuum of responses is developed to identify the range of activities associated with the mental health and wellbeing of accountancy clients.

Chapter 7 discusses the results and implications as well as links between the findings identified in the three results chapters and the theoretical framework. It is posited that owner-accountants have several important relationships which influences their practice of accountancy. The relationship between accountant and the community is likened to a social contract which influence several aspects of their professional and personal lives including modification of public behaviour at social events. This leads some owner-accountants to take more active roles in the mental wellbeing of clients. The accountant also has a relationship with professional accountancy associations and this chapter considers the obligations to undertake professional development and how this can become a burden for regional and remote accountants. This chapter considers the relationships which exist between the accountant, their family and

friends and the influence this has on their choice of practice locations. Finally, Chapter 7 considers the implications of these findings for the profession, regional development and accounting education and the place of this research in the literature on the professions, regional development, and regional science.

Chapter 8, the conclusion, summarises the findings, restates the main implications and recommendations, outlines the limitations and considers a future research agenda.

Chapter 2: Literature review

2.1 Structure of the literature review

The literature review is divided into three broad Sections. Section 2.2, focuses on research question one and relating to the nature and scope of accounting services. This Section highlights recent studies of accounting firms both internationally and in Australia. It also explores the various modes of delivery and explores the resident mode in greater detail before considering the importance of location on the access and use of accounting services. Section 2.3 focuses on the second research question relating to the issue of choice of practice location. It provides an overview of the approaches to location choice and the effect of location on the nature of professional practice. Section 2.4 outlines the theoretical framework used to underpin data analysis, Maslow's *theory of needs,* including the later addition of three new levels of needs and reconceptualisation of the theory as a taxonomy rather than a hierarchy.

2.2 The importance of accounting services (RQ1)

The opening topic for exploration in this literature review is accounting services. Accounting services is a generic term used to describe tasks associated with accounting such as business advice which may be offered by professionals including, but not restricted to, accountants. This should not be confused with accounting firms which are business entities generally owned and managed by qualified accountants for the purpose of delivering accounting services. Both accounting services and accounting firms will be addressed in research question 1, where the distinction between the services being provided and the providers of those services underpins the structure of the sub-research questions.

2.2.1 The nature and scope of accounting services

Accountants are included in a group of professionals referred to as business advisors, who are recognised as a critical element in the success of business, especially small to medium sized enterprises (SMEs) (Mole, 2002). Jay and Schaper (2003) examine the use of business advisors by micro-businesses and find that accountants are the most highly consulted business advisor. This high use may be explained partially by the expanding role of accountants into strategic decision-making, human resource management, and professional communication (Burns and Scapens, 2000; Jackson and Lapsely, 2003; Power, 2003; Kelman, 2005; Jones and Abraham, 2007; Blewitt, 2003). The importance of advice to businesses is highlighted in several empirical studies which have shown that a significant number fail because the owner has limited management expertise (Paige, 2002; Gooderham *et al.*, 2004; Beresford and Saunders, 2005). Failure may be avoided if expertise is bought in (Dyer and Ross, 2007). Business advisors provide a method for owners of businesses to expand their own capabilities in a range of key areas including accounting.

The role of accounting has changed considerably over the last two or three decades (Soriano *et al.*, 2002; Yasin *et al.*, 2005; Blackburn *et al.*, 2006). Three core functions are attributed to accounting:

- Maintaining books of account: including book-keeping, preparation of financial statements, information systems design – essentially financial record-keeping or 'number crunching' (Smith and Briggs, 2000). This role remains virtually unchanged since the inception of accounting; however, technological advances have made it more efficient and

responsibilities for this basic task have been disseminated to non-accountants.

- Statutory compliance, especially where this involves the accounting system, resulted from expansion of national income tax systems, and related statutory requirements which increased the technical and compliance roles of accountants throughout the twentieth century (Zeff, 2003; Blackburn *et al.*, 2006).

- The technical and compliance aspect of accounting is associated with a third major function: auditing. The trend towards auditing of company accounts started to gather pace during the 1920s (Zeff, 2003, p. 191).

Hence, the historical or traditional role of accounting and the accountant is immersed in the technicalities of an information system which has a narrow focus on financial transactions, performance and position of the organisation.

Accounting literature is littered with research regarding the changing role of accounting, framed within a broader context of the paths which lie ahead for the profession in an ever-changing world (Lehman, 1999; Burns and Scapens, 2000; Soriano *et al.*, 2002; Yasin *et al.*, 2005; Blackburn *et al.*, 2006). Accounting is no longer solely about the technical and compliance work, the keeping of accounts, which once dominated.

The rapid change in developed Western economies from industrial to information and now the knowledge age, the development of personal computers, mobile phones and the internet, has seen the routinisation of basic accounting services, the diffusion of accounting responsibilities to non-accounting managers, and threatened the survival of the accounting profession.

Developments in information technology are perhaps the most significant driver of accounting change. As Howieson (2003) points out, many commentators feel that technological developments will fundamentally redefine the relationship between clients and advisors of all types. With accounting software, routine transactions no longer require specialised knowledge. Thus, managers are able to assume responsibility for their own book-keeping.

Blackburn *et al.* (2006) outline the increasing role of the accountant in assisting UK businesses, especially small to medium enterprises, in meeting statutory requirements. They outline five major areas in which accountants are involved: taxation; human resources and payroll; employment and industrial relations; environmental; and securities and investments.

The effect on the accountant is profound. No longer is the accountant simply a 'bean-counter' or 'number-cruncher', restricted to financial accounting and auditing services. Rather the accountant has moved towards being a general business advisor, especially to those smaller firms unable to specialize to the extent of larger firms. The modern accountant is now a general advisor on everything from internal control systems to exports.

2.2.2   *Modes for delivering accounting services*

Accounting services are delivered in a number of ways. Four modes of delivery are developed based on those identified in the *General Agreement on Trade in Services* (GATS). Through the GATS, the World Trade Organization identifies cross border, consumption abroad, presence of natural persons, and commercial presence as modes of delivery (World Trade Organization, 2009). Whilst the GATS is targeted at international trade, the four modes identified are adapted

for use in this research and, as will be explained, renamed remote mode, demand-side visiting mode, supply-side visiting mode, and resident mode (see Table 2.1).

Table 2.1: Mode names: GATS and names used in this research

GATS Mode	Mode names for this research
Cross border supply	Remote mode
Consumption abroad	Demand-side visiting mode
Movement of natural persons	Supply-side visiting mode
Commercial presence	Resident Mode

2.2.2.1 Remote mode of delivery

Remote mode, known under the GATS as cross border mode, includes both demand (client) and supply (provider) elements of a services transaction in different locations with interactions occurring through traditional mail and courier systems (for hardcopy transfer of information), telephone, and computer-mediated communication channels including internet, email, and fax. Under the GATS it was envisaged that demand and supply side parties would be located in different countries. In this research provider and client are located in different areas such as a regional or remote town or the city of Adelaide, or in different regional or remote towns or local government areas, although it is recognised that disparate locations are not necessary for remote mode to occur, as choosing this mode may be a preference for the client and/or provider. What characterises the remote mode is a lack of face-to-face communication with both provider and client preferring not to interact in this manner.

2.2.2.2 *Demand-side visiting mode of delivery*

In this mode, providers and clients are in different locations with the client periodically visiting the provider at their physical location and other transactions being conducted through telephone and computer mediated channels. The mode, then, is characterised by the relocation of the client to the provider's physical location for face-to-face communication, with the visits supplemented with other communication channels. In the GATS classification (consumption abroad) clients and providers would be located in different countries. However, in this research, the different locations are generally expected to be within a single state or territory. By way of example, a farming client might have a property in a regional or remote area with the accountant being located in a major city. The farming client visits the accountant at their city office on an annual or semi-annual basis with other communications occurring through telephone or email throughout the year.

2.2.2.3 *Supply-side visiting mode of delivery*

Supply-side visiting mode is essentially the reverse of demand-side visiting mode in that the provider visits the client. Under the GATS, this mode is known as movement of natural persons: personnel from service firms located most often, but not exclusively, in major cities, visit the client on an annual or semi-annual basis and the remainder of the communication occurs through the telephone or computer-mediated channels. If the farming client example is used, here the accountant visits the client on their farm. Whilst the provider may only visit a single client, it is evident that some firms have scheduled visits to established part-time or rented rooms. Short term movements do not constitute resident mode as discussed in the next Section.

2.2.2.4 Resident mode of delivery

Resident mode, known as commercial presence under the GATS, sees service providers establish a physical presence in a location the same as or close to their clients. Under international trade this would mean provider and client are in the same country, but this could be in the same town and immediate vicinity. Resident mode is the most common mode used by providers and users of professional services (White, 2001). Communications between provider and client include more frequent face-to-face, telephone, and computer-mediated methods. What distinguishes resident mode from regular part-time offices or scheduled visits is the permanency of the physical location and almost exclusively a full-time office.

2.2.2.5 Hybrid modes of delivery

The modes of service delivery identified by the GATS and adaptation of these modes for use in this research indicate that service delivery relies on a choice between the modes, that each is mutually exclusive. However, there is no suggestion that this is reflective of actual modes of service delivery. Indeed, it would be logical that each firm has a variety of clients across the various modes, and that characterisation of a firm with one of the modes would be inaccurate and/or misrepresentative. Even interactions with a single client may not be distinguishable as belonging wholly to one mode of delivery. In this research, hybrid or multiple modes of delivery being used by one firm or with one client, is recognised as not only possible but probable. However, it is expected that a primary mode of delivery can be identified for each firm, with the resident mode of delivery expected to be this primary mode.

2.2.3   Further exploration of resident mode delivery of accounting services

Whilst the calculation of international trade in services is difficult as the amounts are embedded in the balance of payments for each nation rather than a discrete item in their own right (Findlay, 2005), estimates of international trade provide some indication of the most popular mode of delivery for services. Most recent reported trade in services figures for Australia from the Department of Foreign Affairs and Trade, indicate international trade in services was worth AU$107 billion in 2008 (Market Information and Research Section – Department of Foreign Affairs and Trade, 2009, p. 1). Professional, technical and other business services, of which accounting is a part, was worth almost AU$6.5 billion, making it the ninth highest sector for international trade in services (Market Information and Research Section – Department of Foreign Affairs and Trade, 2009, p. 5).

Findlay (2005) highlights that the world trade for services amounts to some US$3,500 billion per annum, with around 56% of this delivered through resident mode, making this the most dominant mode for delivery of professional services (see also White, 2001; Chanda, 2002; Findlay, 2005; Cooper, 2006). Other modes of delivery are ranked as follows: cross border supply (remote mode), consumption abroad (demand-side visiting mode), and finally, with a mere 1% of trade through movement of natural persons (supply-side visiting mode). This ranking is perhaps unsurprising within the context of international trade in services, where distances for providers of services are extensive and the cost associated high. The limitation of these figures is the broad international trade perspective adopted and the incorporation of all services including tourism; whereas this research applies only within the

context of domestic supply of services, and the same proportions would not necessarily apply for a domestic context or when exploring accounting services as a subsector.

The most recent study shedding any light on this subject in the Australian context is Breen and Burgess (2007) in relation to use of the World Wide Web by accounting firms. The World Wide Web provides the most popular technology and associated computer-mediated communication channels to support the remote mode. Breen and Burgess (2007) finds that email has become a critical tool for the delivery of accounting services: increasing efficiency by facilitating the exchange of data, the handling of routine or minor client needs, and conducting daily communications. In addition, the most important finding in terms of mode of service delivery, is the effectiveness of email to manage client in different time zones, whether interstate or overseas. This indicates that remote mode service delivery is being actively pursued by some firms.

However, Breen and Burgess's (2007) research indicates that remote mode is not as important in the delivery of services as might be anticipated by the popularity of e-commerce. The inclusion of a physical address is included in 99% of the websites surveyed (Breen and Burgess, 2007). The rationale provided by Breen and Burgess for inclusion of a physical address is revealing of the mode of service delivery expected by the accounting firms: whilst it may be to provide an address for mailing purposes, it is more likely to provide a physical address to facilitate face-to-face meetings either in demand-side visiting or resident modes (Breen and Burgess, 2007, p. 8). These two modes

are dominant in the delivery of services in Australia. Breen and Burgess (2007) also find that internet and email operate largely as complements to traditional face-to-face communication rather than as substitutes. Their findings indicate that the three modes which have face-to-face communication as a feature dominate accounting service delivery in Australia, although which of the three modes is most dominant is unknown.

With a lack of previous research into the dominant mode of service delivery, there is an assumption operating that the resident mode is a primary mode for all accounting firms in Australia. However, it is assumed that accounting services use all modes for their client group. The research questions asked are tasked with exploring the use of resident mode for delivery of accounting services in regional and remote areas.

2.2.3.1 *Theoretical support for resident mode delivery of accounting services*

Cluster theory explains the congregating behaviour of industry and the development of multiple actors within an industry or a single company with associated support firms within a carefully delimited geographic area (Roberts and Enright, 2004). A cluster is a geographical concentration of trade including small and large business with various structures. A cluster within the theoretical context represents a group of 'interconnected [businesses] and associated institutions … linked by commonalities and complementarities' (Porter, 2000, p. 16). Whilst geographical proximity is an essential feature of a cluster the scope of the geography is dependent on the links between the various businesses and institutions in terms of information, transactions, incentives and other factors.

Clustering has been considered an important tool for economic development, especially in regional and remote areas, those outside of central cities (Romanelli and Khessina, 2005; Pickernell *et al.*, 2007). In Australia, there has been a high level of reliance on the development of industry clusters to improve the economic viability of diverse regions (Porter, 1990; Porter, 2000; Ffowcs-Williams, 2004; Garrett-Jones, 2004; Roberts and Enright, 2004). The effect of such policies has been mixed: where there is a natural advantage in a region, successful industry clusters have developed either naturally or by design, such as aquaculture in Port Lincoln or steel in Whyalla, although the latter is more an example of a single industry town supported by a range of service industry rather than a true industry cluster (Roberts and Enright, 2004).

Cluster theory, in providing a theoretical underpinning for the popularity of resident mode service delivery, has three central tenets – proximity, face-to-face communication, and tacit knowledge. These tenets assume a high degree of importance in the Australian context because of the popularity of cluster theory in regional development policy and economic development initiatives nationally (Porter, 1990; Porter, 2000; Ffowcs-Williams, 2004; Garrett-Jones, 2004; Roberts and Enright, 2004).

Proximity is central to many location theories not only cluster theory. The 'death of geography' argument (Capling and Nossal, 2001; Ganesan *et al.*, 2005; Johnson *et al.*, 2006) holds that distance, in a geographical sense, is no longer an issue for commerce and communication, with digitalisation and globalisation as twin forces condensing space-time or more accurately, eliminating space as a consideration (Morgan, 2004). However, the ability for

computer-mediation of communication to achieve this is, for others, 'grossly over-estimated' (Morgan, 2004, p. 3). The main proponents for diminishing importance of geographical proximity hold that other dimensions of proximity, particularly organisational or organised, also known as relational proximity, act as a substitute or surrogate (Morgan, 2004; Torre and Rallet, 2005).

Proximity is a notion which extends beyond a geographical scale. Torre and Rallet (2005, p. 49) note that within the term *proximity* is a 'multiplicity of spatial scales within which economic actors and individuals situate their actions'. Consulting even a small number of articles from the literature (Gertler, 2003; Schamp *et al.*, 2004; Hyypia and Kautonen, 2005; Torre and Rallet, 2005), it is evident that at least seven additional dimensions of proximity have been identified apart from geographical: (i) industrial or economic; (ii) organisational; (iii) temporal; (iv) cultural; (v) cognitive; (vi) social; and, (vii) institutional (see Table 2.2).

Table 2.2: Additional dimensions of proximity

Dimension	Explanation	Literature
Industrial or economic	Complementarities and similarities between various actors, such as might be seen between a manufacturer (paper mill) and another business (printer)	Hyypia and Kautonen (2005)
Organisational	Integration of relations between actors, often within or between organisations and reflected in their approaches to problem solving or conflict resolution	Hyypia and Kautonen (2005) Gertler (1995; 2003; 2005; 2008) Schamp *et al.* (2004) Torre and Rallet (2005)
Temporal	Degree of simultaneity of actions, communications and level of co-operation	Hyypia and Kautonen (2005)
Cultural	Shared ideas and beliefs, common value systems, sharing of common experiences and the ability to send, receive and understand a common language	Hyypia and Kautonen (2005)
Cognitive	Knowledge-bases of the different actors involved: use of language, ways of thinking, similarities and differences in the knowledge bases; overlaps with cultural proximity dimension	Hyypia and Kautonen (2005)
Social	Embeddedness in social relations; mutual trust; kinship; commitment; common experiences; overlaps with geographical proximity	Hyypia and Kautonen (2005)
Institutional	Institutional frameworks guiding and controlling behaviours; formal and informal	Hyypia and Kautonen (2005)

Geographical proximity, under the Torre and Rallet (2005) thesis, is insufficient for resident mode delivery of professional services to be the most effective form, as co-location does not guarantee the level of interaction needed, whether face-to-face, nor does it guarantee that a relationship between provider and client contains sufficient trust to be effective. To extend this proximity thesis, geographical proximity alone is not sufficient to dictate the preferred methods

of communication, nor does it dictate that potential clients which are co-located with accounting firms will use these providers.

Those who reject this anti-geographical proximity argument use the nature of tacit knowledge and its creation as the basis for their rebuttal of this notion (Morgan, 2004; Rutten, 2004). Tacit knowledge, its creation and diffusion, is one of the three core concepts for the argument that resident and visiting modes, are effective deliverers of professional services.

In the field of innovation, geographical proximity appears to be gaining increasing importance (Sonn and Storper, 2008). In business the feeling is that some, even temporary, geographical proximity is necessary for knowledge transmission (Torre, 2008). Ultimately, however, given the results of studies examining the influence of distance in sourcing of business advice (Bennett *et al.*, 2000; Bennett and Smith, 2002; Ganesan *et al.*, 2005; Gallie, 2009) geographical proximity is a competitive advantage (Lindelöf and Löfsten, 2004) and is an important factor influencing communication media preferences and practices (Barnlund and Harland, 1963; Albino *et al.*, 2007). Empirical research supports the importance of geographical proximity as a competitive factor: amongst London-based consultancy firms, being near clients was the dominant influence in their choice of practice location (32%) although for small to medium firms in decentralised areas, being near to home was most important (55%) (Keeble and Nachum, 2002).

Geographical proximity clearly has benefits, but equally there are disadvantages, beyond the cost associated with maintaining communication lines over distances. A lack of privacy is endemic to small communities

(Nadkarni and Stening, 1989). Human beings seek social interactions and in small communities, especially those isolated from other towns by great distance, find the dual needs for privacy and social interaction, can have a negative effect (Nadkarni and Stening, 1989, p. 48). According to Nadkarni and Stening (1989) the result is often a withdrawal from other residents, intellectually, socially, and professionally. Constant interaction with the same group of people, the inability to escape the geographical confines of the community, and a lack of privacy, may cause stress, mental illness, and ultimately, drive the person, and their immediate families, away from the community. Empirical evidence supports the sourcing of accounting services from near locations (see Section 2.2.4.1), however, the effect of isolation and small populations, on sourcing behaviour remains unexplored.

Whilst proximity has been highlighted as a multidimensional construct, much of the literature on professional services still remains focussed on the geographical dimension, particularly the benefits it provides by making face-to-face communication easier and more affordable. Indeed, this appears to be the main feature of geographical proximity (Bennett *et al.*, 2000; Bennett and Smith, 2002). This emphasis presents something of a conundrum: in an era of near instantaneous communication through computer-mediated channels, why does face-to-face communication retain such dominance as a coordinating factor of the economy (Irmer and Bordia, 2003; Winger, 2005)? The economy of developed countries is based on the exchange of knowledge (Hart, 2003; Powell and Snellman, 2004) and information. Communicating is the central activity which allows for the dissemination of information from firm to firm, universities to industry and provider to client and vice versa (Storper and

Venables, 2004). Communication is '*any* behaviour, verbal, non-verbal or graphic, that is perceived by another' (Dwyer, 2002, p. 4). On this basis every action and inaction that we take communicates something and thus it is impossible not to communicate (Watzlawick *et al.*, 1967).

Stroper and Venables (2004, p. 354) outline four functions of face-to-face contact: (i) it is a communication technology allowing for high frequency transfer of information, rapid feedback, and maximizing the use of non-verbal communication; (ii) building trust and incentives in relationships, providing opportunities for the parties involved to detect falsehoods and misinformation, as well as a demonstration of commitment; (iii) screening and socializing opportunities, particularly in terms of recruitment of staff and clients, both judging and being judged, and the development of shared norms and values; and, (iv) provides both 'rush' and motivation through the performance of communication on a live stage (see Table 2.3).

Table 2.3: Face-to-face contact

Function	Advantage of face-to-face	Context
Communication technology	High frequency Rapid feedback Visual and body language cues	Non-codifiable information R&D Teaching
Trust and incentives in relationships	Detection of lying Co-presence a commitment of time	Meeting
Screening and socialising	Loss of anonymity Judging and being judged Acquisition of shared values	Professional groups Being 'in the loop'
Rush and motivation	Performance as display	Presentations

Source: Storper and Venables (2004, p. 354)

Storper and Venables (2004) show that in two models, the first to overcome incentives problems in partnerships and the second to develop 'in groups', productivity would increase using a game theory test. Given these multiple functions, it is perhaps unsurprising that people seek face-to-face contact over other media.

For purposeful communication within a business context, media richness theory (Daft and Lengel, 1986; Daft *et al.*, 1987; Webster and Trevino, 1995; D'Ambra *et al.*, 1998; Dennis and Kinney, 1998), also known as information richness theory, provides a basic theoretical perspective to understand the choice of media (or channel) for communication. This theory posits that the choice of communication media is matched to the information being conveyed in a rational act (Daft and Lengel, 1986). The underlying purpose is to manage the issues of equivocality and uncertainty making decision processes easier and transparent. Equivocality represents ambiguity that arises from multiple or conflicting interpretations of information (Daft and Lengel, 1986; Andres, 2002). The resultant confusion and lack of understanding is addressed by obtaining more information with the view to reducing the number or complexity of the interpretations available. However, with equivocality, yes-no answers help; indeed, asking questions may not assist at all, given that the decision-makers may not know what questions to ask, or have no expectation that additional information will assist them (Daft and Lengel, 1986). Uncertainty in contrast is the absence of information and as information increases, uncertainty decreases in an inverse relationship (Daft and Lengel, 1986; Daft *et al.*, 1987; Andres, 2002; Kahai and Cooper, 2003). Thus, under this theory, where there are high degrees of uncertainty and/or equivocality,

information is sought through media which provide the requisite level of richness and the best efficiency. All communication media are hence ranked in order of richness from 'lean' media such as written (and unaddressed) documents, including generic statements of services or newsletter updates, to highlight personalised face-to-face media which are labelled 'rich' (see Figure 2.1) (Daft *et al.*, 1987).

Low Media Richness → Unaddressed documents → Addressed documents → Telephone and Video Conferencing → Face-to-face → High Media Richness
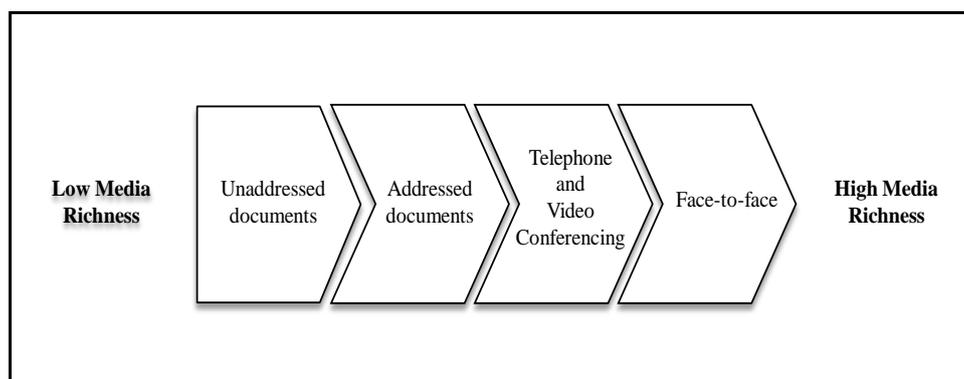
Figure 2.1: Relative richness of media

Source: Adapted from Daft *et al.* (1987, p. 358)

Face-to-face communication is considered the richest media available as it provides opportunity for mutual instant feedback (seeking clarification and confirming understanding), multiple cues in both verbal and non-verbal forms, allows for a tailoring of language depending on the context and content of the information being exchanged, and a personal focus (Daft and Lengel, 1986; Daft *et al.*, 1987; Dwyer, 2002; Storper and Venables, 2004). This allows face-to-face communication to be characterised as a multidimensional media containing information being conveyed in verbal, physical (non-verbal), contextual, intentional, and non-intentional ways (Dwyer, 2002; Storper and Venables, 2004): it does more than simply convey a message, and in this case,

the media is the message (Storper and Venables, 2004, p. 356), with both substance and form conveying information.

In contrast to media richness theory, the social influence theory of communication does not see the information to be conveyed as the primary driver of media choice, rather it is influenced by the social context in which the communication occurs (Fulk *et al.*, 1990; Sitkin *et al.*, 1992; Webster and Trevino, 1995; Irmer and Bordia, 2003). Social influence is a powerful factor in psychology driving much behaviour in an effort to both comply and conform to social norms (Cialdini and Goldstein, 2004). Social influence can compel people to acquiesce to the expectations of others without changing their own behaviours too radically or compel people to conform in ways which does change their behaviour. A provider of accounting services may use face-to-face communication, for example, to comply with the expectations of their clients, whether the expectations are explicit or implicit (Cialdini and Goldstein, 2004). Social norms within a community (such as a regional or remote town) will also have an impact on communication media choice (Cialdini and Goldstein, 2004); and in an effort to affiliate with the local community, media choice may be guided by the desire to develop long-lasting and trustful relationships (Bennett *et al.*, 2000).

These two theoretical explanations are not mutually exclusive (Webster and Trevino, 1995) but also do not highlight the function of face-to-face communication over other media, only providing an explanation for the choice. Evidence suggests that whilst media richness theory can provide some guidance on popularity of face-to-face owing to its status as a rich media, it does not

distinguish the functions it fulfils. Social influence theory gives some highlight into this. However, Storper and Venables (2004) provide a concise statement of the benefits of face-to-face communication.

Face-to-face communication has four main benefits. Firstly, face-to-face is a communication technology which allows for high frequency transfer of information, rapid and constructive feedback between the communication partners and maximises communication across multiple dimensions (Dwyer, 2002; Storper and Venables, 2004). This capacity makes face-to-face communication the ideal media for the engagement and transmission of tacit knowledge (Irmer and Bordia, 2003), knowledge which is context-dependent, based on experience and uncodifiable (Polanyi, 1966; Ancori *et al.*, 2000; Desrochers, 2001; Gertler, 2003; Gertler, 2005; Gourlay, 2006). All of these factors makes face-to-face communication 'mutually enriching' (Storper and Venables, 2004, p. 355) and enables the formation of connections between people which may not be possible using other media.

Empirical studies have shown that the relationships developed through geographical proximity and thus face-to-face interaction, results in relationships which are durable and likely to continue after one person in the relationship moves even significant distances away (Barnlund and Harland, 1963; Storper and Venables, 2004). In addition, the relationships are likely to be stronger than ones which have developed between people in disparate locations with minimal or absent face-to-face communication opportunities (Storper and Venables, 2004).

Secondly and especially important in the context of professional services, face-to-face communication increases the transparency and clarity of the information being transmitted, making verification easier (Storper and Venables, 2004). Central to this benefit is the issue of trust in business relationships (Gambetta, 1987; Dasgupta, 1988; Becker, 1996; Bennett and Robson, 2004; Busco *et al.*, 2006; Murphy, 2006; Arnott, 2007), and Storper and Venables (2004, p. 355) point out 'any message may be understood but not believed'. Being able to see the face of the other partner in the communicative act and assessing non-verbal against verbal messages, assists in verifying the trustworthiness of the other parties and the information being conveyed: '[b]eing close enough literally to touch each other allows visual "contact" and "emotional closeness", the basis for building human relationships' (Storper and Venables, 2004, p. 355). Thus, face-to-face communication becomes an important element in the development of trust in relationships.

Thirdly, face-to-face communication allows the parties to access a valuable asset residing in others, their tacit knowledge (Storper and Venables, 2004). Whilst tacit knowledge will be explored in more detail below, the nature of this knowledge, being largely based on experience and uncodifiable, means dissemination and engagement of it requires direct interaction (Johnson *et al.*, 2002; Gertler, 2003; Gertler, 2005). To understand the tacit knowledge in others it is necessary to understand the meanings associated with it learned through interaction in common settings and backgrounds.

Finally, face-to-face communication is also performance, and through this performance additional motivation can be achieved for self and others (Storper

and Venables, 2004). Being face-to-face inspires additional action, even if only to avoid shame associated with failure (Cialdini and Goldstein, 2004; Storper and Venables, 2004). Ultimately, the performance of face-to-face communication can synergistically bring people together raising the quality and quantity of the information being exchanged (Storper and Venables, 2004).

Knowledge is the cornerstone of modern developed economies (Cowan, 2000), not only as the main asset of individual businesses but for whole economies (Drucker, 1993; Stehr, 1994; Nonaka and Takeuchi, 1995; Grant, 1996; Davenport and Prusack, 1998; Nonaka and Konno, 1998; Murray and Peyrefitte, 2007). Knowledge, its creation, capture, management, and diffusion provides significant competitive advantage (Kogut and Zander, 1992; Gnyawali *et al.*, 1997; Argote and Ingram, 2000; Lenway and Murtha, 2004; Massa and Testa, 2009; Wang *et al.*, 2009).

It is not the purpose of this literature review to dissect the meaning of knowledge and its application to developed economies; however, what is relevant to this thesis is the distinction between explicit or codifiable knowledge and implicit or tacit (and uncodifiable) knowledge. One of the key arguments from cluster theory which provides the core elements in the argument for resident mode delivery of professional services, is the advantage provided by tacit knowledge (Porter, 1998; Keeble and Nachum, 2002; Bathelt *et al.*, 2004; Pallares-Barbera *et al.*, 2004; Rosenfeld, 2005; Lagendijk and Lorentzen, 2007).

A distinction needs to be drawn (although understanding the two are related between what can be broadly called information and know-how (Ancori *et al.*,

2000; Johnson *et al.*, 2002)) – the former which is easily codifiable (Nonaka, 1994; Grant, 1996) and the latter complex knowledge 'accumulated practical skills or experience that allows one to do something efficiently' (Murray and Peyrefitte, 2007, p. 112). Information is analysable knowledge (Murray and Peyrefitte, 2007) and useful in situations where uncertainty is low and the lean media available are sufficient for the transfer of knowledge as knowledge is easily codifiable (Daft and Lengel, 1986; Grant, 1996; Murray and Peyrefitte, 2007). By comparison 'know-how', being based on personal experience, intuition and judgment, raises uncertainty levels and the leaner media suitable for the transfer of information is no longer appropriate (Murray and Peyrefitte, 2007). Under these more uncertain situations the knowledge transfer process may be more context dependent (Gnyawali *et al.*, 1997).

Tacit knowledge is defined by Polanyi (1966, p. 4) as knowing 'more than we can tell'. As knowledge is produced by individuals, knowledge has deeply personal content, which cannot be readily converted into codified (written, spoke or graphic) form (Gertler, 2003). Knowledge creation and diffusion therefore is influenced by the actors involved and the relationship which exists between them (Strang and Soule, 1998). On the one hand, a strong ties between the parties results in a cohesion which improves knowledge transfer especially where frequent interaction occurs, there is a high level of trust, there is conformity in behaviour, and a sense of belonging is experienced (Strang and Soule, 1998; Kane *et al.*, 2005; Wang and Nicholas, 2005). On the other hand, weak ties (Granovetter, 1973), such as overlapping social networks, are also shown as providing superior knowledge transfer between individuals (Strang and Soule, 1998). Personal characteristics of the individuals involved have also

been highlighted as affecting the efficacy of knowledge creation and transfer (Cohen and Levinthal, 1990; Szulanski, 1996; Strang and Soule, 1998; Schenkel, 2004).

Tacit knowledge is linked to social context and as such it is exclusively acquired through experience (Maskell and Malmberg, 1999; Howells, 2000; Gertler, 2003). Much tacit knowledge is not conscious and imperfectly accessible (Nelson and Winter, 1982; Hodgson, 1988) thus requiring geographical proximity and face-to-face interaction to engage. Tacit knowledge can be created when in geographical proximity through observability and comparability (Malmberg and Maskell, 2006). Observation is often unplanned and spontaneous and an extensive knowledge of the actions and characteristics of nearby businesses can be accumulated unintentionally (Malmberg and Maskell, 2006, p. 6). The sharing of common conditions, circumstances, opportunities and threats provides comparability. The strengths and weaknesses of businesses in the same location become evident to anyone who cares to take the time (Malmberg and Maskell, 2006). Mimetic behaviours may result as businesses develop and implement solutions to the common problems and are adopted by observing businesses. For the business advisor, such observability and comparability provides insight into client behaviours and business issues beyond what might be available through standard information exchanges. Malmberg and Maskell (2006) extend the notion of observability and comparability to a broader social dimension through what they term the neighbourhood effect or local buzz. This buzz emerges from the local milieu in which there are various things going on simultaneously and from which useful information can be gathered from a variety of sources by receptive individuals:

'knowledge "rubs off" on people' (Storper and Venables, 2004, p. 352). The neighbourhood effect can have a significant impact on the behaviours of businesses. This effect hypothesizes that people's decision-making and behaviours are influenced by their neighbours, and importantly, face-to-face conversations, and hence geographical proximity, are used to transmit this influence. People observe their neighbours and compare their own behaviour, making adjustments as required (Johnson *et al.*, 2005).

2.2.3.2   *Empirical studies of accounting firms*

Accounting firms are the primary providers of accounting services. Chapter 1 showed that the role of accounting advice in the support of small businesses is essential to overcome gaps in the skills, knowledge and experience of business owners. These gaps are a central cause of business failure (Breen and Bergin-Seers, 2002; Beaver, 2003; Van Praag, 2003; Ritchie and Richardson, 2004; Bennett and Robson, 2005; Van Gelderen *et al.*, 2006; Dyer and Ross, 2007).

With the importance attributed to proximity, face-to-face communication and tacit knowledge, in choosing resident mode delivery of professional services, maintenance of accounting firms in regional and remote areas becomes a central issue for government policy and regional development. Accounting services are consumed by the majority of firms (Beyers and Lindhal, 1996).

There are few studies available which discuss accounting firms in Australia, and fewer still which consider regional and remote accounting firms. Two studies are relevant to this literature review. The first by Leung, Raar and Tangey (2008) surveyed 250 (SMEs) and 130 Chartered Accountants in Australia. It is a replication of a study completed in the United Kingdom and

Canada two years before. Blackburn, Eadson, Lefebvre, and Gans (2006) surveyed 515 SMEs and 318 accounting practitioners in the United Kingdom and 250 SMEs and 350 accounting practitioners in Canada (see Table 2.4).

Table 2.4: Respondents to Leung et al. (2008) and Blackburn et al. (2006)

	Australia	United Kingdom	Canada
SMEs	250	515	250
Accountants*	130	318	350

* Australian accountants were members of the Institute of Chartered Accountants in Australia; United Kingdom accountants were members of the Association of Certified Chartered Accountants; Canadian accountants were members of the CGA-Canada

Whilst the purpose of the studies was to examine SMEs, regulation and accountants, several points are raised of interest to this research: (i) use of external accountants, (ii) the importance of tax-related issues, (iii) perceptions of value for money, and (iv) accountant referral to other external advisors.

Leung *et al.* (2008) find that 72% of the SME respondents used an accountant as an external advisor with a 90% satisfaction rating. This can be compared with the findings of Blackburn *et al.* (2006) who find 75.1% of SMEs in the United Kingdom used an external accountant. However, it is also found that the smaller the business (in terms of employees) the less likely it is that the owner-manager will use external advisors (Leung *et al.*, 2008, p. 22). This is not to say that accountants are the only type of external advisor used by SMEs. Leung *et al.* (2008) find that seven other types or sources of external advice are used by Australian SMEs including lawyers and banks (see Table 2.5).

Table 2.5: Sources of external advice for SMEs in Australia

Advisor type	% of SMEs
External accountant	72
Federal government agency or website	62
Trade or industry body	61
Lawyer-solicitor	53
Bank	47
Family member/friend/colleague	44
State government	42
Local government	22

Source: Leung et al. (2008, p. 22)

What is interesting from this list of sources for external advice is the prominence of family members, friends and colleague. Nearly half of all SME respondents used this type of advisor. In contrast, 31.5% of SME respondents from the United Kingdom cited using family and friends for business advice (Blackburn *et al.*, 2006, p. 21). No data was provided for the Canadian SMEs. The importance of family, friends and colleagues for business advice was also revealed by the work of Jay and Schaper (2003) (see Table 1.5). Jay and Schaper (2003, p. 141) note that 68% of home-based business owners used family or friends for business advice, although 94% of the respondents used an accountant. Bennett and Robson (1999) also note the use of social contacts for business advice, speculating the trust involved in such relationships is critical to their effectiveness. Tax-related activities are the dominant service type provided and accountants felt this area represented the regulatory area in which the greatest growth in service provision had occurred in the previous two years (Leung *et al.*, 2008, p. 26).

SMEs' perceptions of value for money revealed the greatest levels of dissatisfaction with accounting firms. Only 58% of respondents felt they

received excellent or good value for money and 31% as average value (Leung *et al.*, 2008, p. 24). This can be compared with 59% of SMEs in the United Kingdom and 60% of SMEs in Canada (Blackburn *et al.*, 2006, pp. 6-7). Leung *et al.* (2008) find that 79% of accountants refer clients to other external advisors (see Table 2.6).

Table 2.6: Referrals by accounting practitioners to other business advisors

Business advisor	% of accountants
Lawyer/solicitor	73
Financial planner	50
External accountant	35
Bank	25
Australian Taxation Office (ATO)	22
General business websites	20
Government department (not ATO)	19
Trade body	14
Payroll advisor	5
Other	5

Source: Leung *et al.* (2008, p. 27)

Whilst Leung *et al.* (2008) provide an interesting summary of Australian accounting firms, no distinction is made between those firms located in cities versus regional and remote areas. However, Carr *et al.* (2010) provide some insight into accounting firms which fall in the latter locations. Carr *et al.* (2010) surveyed members of CPA Australia who had practices based in regional and remote areas. Of the 1,729 surveys distributed, 546 were usable (response rate 31.6%) (Carr *et al.,* 2010, p. 7).

Carr *et al.* (2010) found regional and remote accounting firms provide a range of activities across six broad groupings: (i) accounting and tax, (ii) auditing and assurance, (iii) information technology, (iv) business and economic advice, (v) investment, and (iv) referrals to other professionals (see Table 2.7).

Table 2.7: Services provided by regional and remote accounting firms

Services	% of practices providing services
Accounting and tax	
Accounting compliance	94
Management accounting services	65
Tax compliance	96
Tax planning/advice	90
Superannuation fund administration	72
Auditing and assurance	
Auditing: companies/commercial	26
Auditing: incorporated associations	52
Business investigations	19
Valuations	29
Information technology	
Computer consulting	11
Computer training	23
Computerised accounting/budgeting software	38
Business/economic advice	
Economic outlook	5
Business planning	60
Property development	16
Investment	
Investment advice	30
Personal financial planning/advice, superannuation	34
Estate planning	32
Legal services	1
Real estate services	1
Finance brokerage	20
Insurance	18
Referrals	
Referrals for investment advice	51
Referrals for personal financial planning/advice, superannuation	49
Referrals for estate planning	32
Referrals for legal services	63
Referrals for finance brokerage	43

Source: Carr *et al.* (2010, p. 14)

Of all services provided, accounting compliance and tax compliance represent the most commonly provided services: 94% and 96% of regional and remote accounting firms offering the services respectively.

A major issue facing accounting firms in regional and remote areas is the undersupply of accounting services in these areas (see Table 2.8).

Table 2.8: Perceptions of undersupply of accounting services

Services	Current undersupply of services % of respondents	Future undersupply of services % of respondents	Change
Accounting and tax			
Accounting compliance	38	57	+19
Management accounting services	43	62	+19
Tax compliance	37	56	+19
Tax planning/advice	47	62	+15
Superannuation fund administration	48	60	+12
Auditing and assurance			
Auditing: companies/commercial	77	79	+2
Auditing: incorporated associations	73	78	+5
Business investigations	72	73	+1
Valuations	68	68	-
Information technology			
Computer consulting	55	50	-5
Computer training	53	48	-5
Computerised accounting/ budgeting software	41	40	-1
Business/economic advice			
Economic outlook	57	54	-3
Business planning	53	57	+4
Property development	49	47	-2
Investment			
Investment advice	27	32	+5
Personal financial planning/advice, superannuation	28	34	+6
Estate planning	46	47	+1
Legal services	30	31	+1
Real estate services	9	14	+5
Finance brokerage	15	20	+5
Insurance	16	22	+6

Source: Carr *et al.* (2010, p. 22)

For example, 38% of respondents felt there was an undersupply of services in the area of accounting compliance and 57% felt there would be an undersupply

of this service in the future. Similar numbers claimed current and future undersupply for tax compliance.

Perceptions of undersupply are critical within the context of regional development given the link between accountants, flourishing local economies, and community sustainability. More important are the causes for future undersupply. The majority of services being offered by regional and remote area accounting firms were perceived as increasing in the future: this would indicate increasing demand and/or decreasing supply. In the case of the latter, this could indicate real problems with the continuation of accounting firms.

Before Carr *et al.* (2010), Sawyer and Munn (1998) examined the experiences of accountants in South Australia. The purpose of the Sawyer and Munn (1998, p. 127) study was to ascertain the features associated with 'country' practice of accountancy. A questionnaire was sent to 20 small professional accountancy firms located in South Australia's western agricultural district (Eyre Peninsula and West Coast). Thirteen completed questionnaires were returned. The main findings included:

- 54% of respondents (principals of their firms) moved to the country to practice accountancy;
- the majority of these moved as an employee of a large firm which maintained country offices;
- 69% believed accountants are perceived by local communities differently than they would be in cities, with a higher profile and regard;
- it was difficult to separate business and personal lives, with the accountant on duty at all times;

71

- client interactions were more personal;

- wealth should not be flaunted as it creates resentment;

- relationships between accountants and their communities were different than might be experienced in city locations;

- there is greater individual input and involvement by accountants into the community; and,

- relationships with clients were different in country practices (Sawyer and Munn, 1998, p. 128).

The study by Sawyer and Munn (1998) reveals the impact of location on the nature of professional practice in accountancy. Unique considerations arise from location which impacts the professional and personal lives of accountants. Sawyer and Munn (1998) unlike Carr *et al.* (2010) collected data on personal aspects of accountants' lives in remote locations and hint at the practice of accountancy in regional and rural areas being qualitatively different from city experience. As no additional studies of accountants have been conducted, the experience of regional and remote professionals will be extended by addressing other professions.

From Section 1.4.2 it is evident that regional development policy and practice in Australia has suffered from a lack of co-ordination and currently aims at large scale infrastructure development and attraction of industries and firms. Only Markussen (2004) considered the benefits of attracting occupations. Few studies have been conducted in Australia or overseas which focus on occupation and in particular accountancy. With this in mind it is a prudent reminder that research question one asked:

How important are resident accounting services to the sustainability of

regional and remote communities?

From the discussion in this Section, sub-research question one (RQ1.1) can be seen in context of development in the accountancy profession and previous empirical studies. This question asks:

Why is access to accounting services necessary for regional and remote

areas?

2.2.4   *The importance of location in the delivery of accounting services*

The nature or scope of accounting services is not the only contextual issue which is relevant to this research. Remoteness has already been highlighted as a defining characteristic of regional and remote areas (see Section 1.4.1). A significant body of literature considers the impact of distance on the delivery of accounting and business advice services.

2.2.4.1   *The impact of location in delivery of accounting services*

Studies from Europe and United States provide empirical support for resident mode. The sourcing behaviour of business owners (consumers of professional services) is explored through a number of studies emerging from Europe. Bennett, Bratton and Robson (2000) and Bennett and Smith (2003) conclude that the majority of business owners source their external advice including accounting services locally, that is, either in the same region or local government area. For the United Kingdom this means around 80% of businesses have their main advisors located within 25 kilometres of their

location. Bennett and Smith (2003) note the maximum distance between clients and accountants is around 48 kilometres.

These studies support the findings of previous work by Marshall (1983) who finds that up to 81% of manufacturing firms source business advice in the same region and up to 21% within the same local government area. Similarly, O'Farrell *et al.* (1992) find a high number of manufacturing businesses in Scotland and south-east England, some 60-70%, source advice within the same region. It is noteworthy that Marshall and others have found that the primary target for sourcing advice is the nearest large centre (Daniels, 1984; Hitchens *et al.*, 1994). Curran and Blackburn (1994) find a significant proportion of manufacturing firms source the majority of their purchases locally. Coe (1998) and Coe and Townsend (1998) find a similar pattern emerging in computer service firms, with a major proportion of sales to local clientele. In the same sector Oakey and Cooper (1989) find there is a strong focus on local purchasing. Here then is evidence that local sources are important to both demand and supply sides of business relationships between suppliers, customers and support services.

In continental Europe, similar results have been found. In The Netherlands up to 70% of businesses in towns (with populations between 50,000 and 200,000 people), seek advice locally (the same city or close hinterlands) with the highest levels of local sourcing for accounting services and related fields (Van Dintern, 1987). Similar conclusions are reached by Schamp (1987) in Demark and Germany respectively. Cross national or international studies show similar results. Illeris (1989, 1994) in a multi-country study, concludes that 60-80% of

supply is accounted for in the home-region. Tordoir (1994) finds that up to 96% of services are supplied in the same region, the amount of local sourcing increasing as the population size increases. The findings from the articles reviewed were summarized in Table 1.2.

The studies explored above make a strong case for close proximity of service providers and clients. Studies similar to those from Europe and the United Kingdom which map the sourcing behaviours have not been conducted in Australia. These studies assume a certain level of population density but Australia has a much smaller and more widely distributed population. Australia has a greater geographic area than the countries involved in these prior studies. In addition, population centres are smaller than in many European countries and are more widely distributed. It is a fact that significant tracts of territory which contain population centres, and hence small businesses, may be located some hundreds of kilometres from the nearest advisor, especially accountants. For example, Coober Pedy exists in the northern half of the state of South Australia and has a thriving opal mining industry. Its remoteness from the capital, Adelaide, and harsh terrain makes much of the population itinerant. Despite a core group of opal miners and support services, there is no resident accountant who has a permanent, full-time presence[4]. The nearest accountants are located in either Port Augusta about 530 kilometres south or Alice Springs approximately 680 kilometres north in the Northern Territory. Given these vast distances the studies from Europe, and even the United States, cannot be readily applied to the Australian context.

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[4] When identifying potential participants a search of the Yellow Pages directories and accountancy profession association web directories revealed no individual accountants or accounting firms which had a permanent presence north of Port Augusta.

The presence of professionals, such as educators, lawyers, health workers, and accountants, in regional Australia is recognised as an essential element for the sustainability of towns and regions (Larsson *et al.*, 2003; Markussen, 2004; Miles *et al.*, 2006). A combination of demographic changes (Collits, 2004), drought, decline in services such as banking, and inconsistent government programmes and policies (Stephens & Laughton, 2003), has resulted in economic hardship and social upheaval (Chenoweth & Stehlik, 2001). In addition, there are ongoing difficulties in attracting and retaining professionals to regional Australia (Humphreys *et al.*, 2002; Waterhouse *et al.*, 2004; Miles *et al.*, 2006).

Australia generally has a skills shortage (Mitchell and Quirk 2005). With this in mind, attracting and retaining professionals to regional and remote areas is an growing problem (Miles *et al.*, 2006). Miles *et al.* (2006) surveyed 57 people in regional Queensland on their perceptions of issues relating to attracting and retaining employees. While no accountants were included in the study, eight major issues were identified by the respondents: (i) telecommunications, (ii) transport, (iii) housing, (iv) health services, (v) education and training, (vi) salary, (vii) career opportunities, and (viii) lifestyle (Miles *et al.*, 2006, p. 6). In addition, distance of major centres, spousal employment, and professional isolation are identified as key factors impacting on the attraction and retention of employees (Miles *et al.*, 2006, p. 7).

Some professions are perceived as having important labour issues, those considered most in need of staff in regional or remote areas such as health or education. Health and education have a significant body of literature available

on matters relating to staff recruitment and retention and have worked towards the creation of models which provide the best outcomes (Schoo *et al.*, 2005). Schoo *et al.* (2005) propose a conceptual model for recruitment and retention of allied health workers to regional Victoria. Central to this model is the recruitment of young professionals with young families (Schoo *et al.*, 2005, p. 13) which not only ensures regional and remote access to allied health services but begins to redress the aging populations in communities.

The problems associated with regional and remote recruitment and retention of staff especially professionals, should not be considered a phenomenon associated only with Australia. Daniels *et al.* (2007) note problems for rural Americans in accessing adequate health care for lack of professionals willing to reside and practice in rural locations. Estimates are that more than 10% of residents in rural communities have limited or no access to health care (Daniels *et al.*, 2007, p. 62). Dussault and Franceschini (2006, p. 12) noted that globally there are imbalances in the distribution of health personnel, with a higher proportion of health professional being located in affluent urban locations.

The issues identified – telecommunications, transport, housing, health services, education and training, salary, career opportunities, and lifestyle – as well as the isolation associated with regional and remote areas (Inverarity, 1984; Nadkarni and Stening, 1989), makes attracting professionals difficult, whether as employees or as business owners.

Whilst the literature on health and education professionals in regional and remote areas provides possible reasons for locating in these areas, it also provides an indication of the conditions and potential negative factors which

prevent relocating or staying. Sharplin (2002) notes some of the concerns amongst pre-service teachers: constant exposure to community members, a lack of privacy and anonymity, dealing with local community expectations, fear of being unhappy and inability to leave, and the negative impact on partners and other family members (see also Boylan and McSwan, 1998).

Nadkarni and Stening (1989) analyse the major issues facing residents in regional and remote communities (see also Section 1.4.1.2). Whilst their comments are restricted to remote mining towns, similar issues are seen as common to many smaller communities regardless of their location and environment. Constant interaction with the same group of people, the inability to escape the geographical confines of the community, and a lack of privacy, may cause stress, mental illness, and ultimately, drive the person, and their immediate families, away from the community. The lack of privacy, or perceived lack of privacy, may also have an impact on the sourcing of accounting services.

Similar concerns or consequences are identified by Sawyer and Munn (1998) in their survey of accountants practicing in the western agricultural district of South Australia and in Denz-Penhey and Murdoch (2007) additional consequences were identified for professionals in regional and remote areas including an increased social standing and specific leadership roles.

From the discussion in this Section, sub-research question two (RQ1.2) can be seen in context of development in the accountancy profession and previous empirical studies. This question asks:

Why, if at all, is it important to have accounting firms located in regional and remote areas?

2.3 Lessons from regional and remote owner-accountants (RQ2)

With research question one focussing on the regional development perspective, research question two considers the owner-accountant perspective. The first associated sub-research question (RQ2.1) focuses on the choice of practice location for this group. The literature review will now explore location choice literature.

2.3.1 Professionals' reasons for choice of practice location

Choice of practice and/or industry location occupies a large body of literature across several fields, including geography, economics, and management and over a period of some 150 years (McCann, 2009, p. 127). Much of the choice of practice location literature focuses on multinational or multi-site business and/or industries, predominantly the latter. Within the choice of location literature, industry started with agriculture and manufacturing, in line with events surrounding the industrial revolution, and is reflected in classical and neoclassical approaches which examine agricultural produce and proximity to markets. The first part of the twentieth century saw the assumptions which underpin classical and neoclassical location approaches questioned and cluster approaches emerge. In the latter part of the twentieth century attention turned to other considerations, such as psychological aspects and quality of life factors, allowing consideration for individual choice of practice location and a move away from large organisations and industry.

Literature on choice of location is dominated by research focusing on large, multinational, and usually manufacturing, companies (for example, see Chisholm and Norman, 2004; Kalnins and Chung, 2004; Canina *et al.*, 2005; Barrios *et al.*, 2006). However, choice of location is also used in the context of foreign direct investment and production. Li and Hu (2002) for example, consider foreign direct investment and production location choice. They create a model to explain the relationship between regional technical efficiencies and location choice, and subsequently test the model amongst 115 Taiwanese small-to-medium enterprises for the period 1989 to 1996. They conclude that 'cheap labour' is a strong attractor and a significant driver for Taiwanese investment in mainland China (Li and Hu, 2002, p. 10). This literature, which reduces choice of location to models and equations, is not applicable to professional services given that many of these services rely on the expertise and knowledge of the individual rather than production in an industrial or agricultural sense.

Literature on professionals' choice of practice location and especially, the debate about professionals in regional Australia, is generally restricted to those which are likely to be employed by larger organizations, such as health workers and educators (Humphreys *et al.*, 2002; Sharplin, 2002; Hegney *et al.*, 2002a; Robson *et al.*, 2005; Schoo *et al.*, 2005; Dussault and Franceschini, 2006).

Schoo *et al.* (2005) develop a conceptual model for recruitment and retention of allied health workers in rural Australia. The model is multidimensional in that it attempts to balance the needs and responsibilities of these professionals, their employing agencies, and the communities which are serviced (Schoo *et al.,* 2005, p. 479). The needs and responsibilities of allied health professionals is

interpreted quite broadly to include family, their professional communities, and issues such as career and income (Schoo *et al.,* 2005, p. 479). By using their model, the issue of an ageing workforce is highlighted and they conclude that young professionals with young families are an important facet of the allied health professional workforce in rural communities (Schoo *et al.,* 2005, p. 489). In addition to this recommendation, professional development was targeted as an area needing specific interventions or programs to assist professionals in maintaining their competencies (Schoo *et al.,* 2005, p. 489).

Hegney *et al.* (2002) seek to address high turnover rates amongst rural and remote area nurses in Australia. They identify 18 rural and remote districts which experienced higher than average turnover rates amongst employed nurses and surveyed the 126 registered nurses and 20 enrolled nurses currently employed with the Queensland Health Services. With 94 usable surveys returned, they identified 91 factors related to the choice to stay in rural or remote communities to practice. Whilst the study took place only with Queensland, it notes the range of factors which affects retention of nurses practicing in rural and remote communities and identifies a range of considerations which impact on the nature of nursing practice. Thirty-one of the factors were identified by the respondents as important to nurse retention including job satisfaction, sense of belonging to the community, lifestyle, and the nature of the work (Hegney *et al.*, 2002, p. 130).

In summary, there are a number of broad approaches available to examine choice of practice location; however, much of the literature is occupied by studies of large companies or organisations and employment. Limited research

has been undertaken addressing the relationship between smaller organisations or individuals and the choice of location and certainly not in terms of accounting firms. This Section will now consider six different approaches to choice of location that dominate this literature: (i) classical and neo-classical; (ii) cluster and agglomeration; (iii) behavioural; (iv) institutional; (v) quality of life; and, (vi) the influence of birthplace and hometown.

2.3.1.1 *Classical and neo-classical approaches to choice of location*

Given the large amount of literature available for review this Section will only provide a brief overview of classical and neo-classical approaches as a foundation for choice of practice location decisions. *Industrial location theory* is a long-standing field starting in the nineteenth century during which significant development of industry and economies in Western countries occurred via the industrial revolution. It is perhaps unsurprising then that the fields of economics and regional science joined to explore the issue of location and distance, a largely geographical consideration, in terms of the economic impact on costs associated with accessing markets (McCann and Sheppard, 2003; McCann, 2009). The approaches which emerged during the nineteenth century to guide the locations of industry include those of von Thunen based on agricultural production and transport costs associated with transporting agricultural produce to market, and Launhardt's and Weber's industrial site approaches both based on costs (van Noort and Reijmer, 1999; McCann and Sheppard, 2003). All incorporate land use, geography, transportation costs and mode of production to determine general principles about the location of industry. Neoclassical approaches to choice of location, such as Christaller's central location theory and Hotelling's locational interdependence theory

address the assumption of perfect competition, taking into account imperfect competition and thus fluctuating prices, scales of advantage and other costs (van Noort and Reijmer, 1999; McCann and Sheppard, 2003). Significantly however, the assumption that entrepreneurs are rational profit-maximizing actors remains intact.

Location choice in this classical and neoclassical economic sense came to fruition in the early twentieth century through the writing of Weber and Friedrich (1929). Such theory was used to either explore or inform the location of public services and private production sites using a range of equation models (Li and Hu, 2002; Wu *et al.*, 2007), or to revive and expand traditional perspectives (McCann and Sheppard, 2003).

Two assumptions underpin these approaches: (i) competition is perfect thus market prices are fixed, and (ii) the entrepreneur has a rational profit-maximizing motive (Polanyi, 2002; Leishman and Watkins, 2004). It is the second assumption that is most often criticized although it has become an essential core of most economics-based approaches. Best represented by the concept of *homo economicus* (or economic man) (Mill and Smith, 1998; Henrich *et al.*, 2001; Read, 2009), the assumption presumes that adults are rational economic individuals motivated only by their own interests and preferences and that they will attempt to optimize or maximize any realization of those interests/preferences (Polanyi, 2002; Nell, 2007). The concept of economic man extends into related fields including accounting where the profit maximising assumption underpins agency theory (Bandura, 1982; Eisenhardt, 1989; Mitnick, 1992; Shapiro, 2005). The 'interest maximizing rationale' calls

for a linking of the agent's interests to those of the principal, so that achievement of the principal's interests also maximizes those of the agent. Without such a linking the agent, it is argued under the economic man construct, would choose to pursue their own interests to the detriment of the principal (Eisenhardt, 1989; Shapiro, 2005).

Whilst incremental development of classical and neoclassical choice of practice location approaches has continued during the nineteenth and twentieth centuries, the underlying assumptions have been increasingly questioned and these approaches have generally fallen out of favour in preference for approaches which allow for a more useful and targeted application. In recognition that the underlying assumption of such approaches may be faulty and that the information available to decision-makers is limited, new approaches on choice of practice location emerged during the mid- to late-twentieth and early twenty-first centuries (Flores and Aguilera, 2007; Borck *et al.*, 2009; Dunning, 2009; Zaheer *et al.*, 2009).

Given the criticism of classical and neoclassical location approaches, a new breed of location theory focuses on spatial relationships by: (i) providing explanations for the tendency to create concentrations of economic activity in towns or cities and (ii) a method of creating regional economic development through industry clusters (Roberts and Enright, 2004). Such an approach could explain the agglomeration of accounting firms in urban centres.

2.3.1.2 *Cluster and agglomeration approaches to choice of location*

Cluster and agglomeration approaches revolve around the networks and relationships developed between businesses, access to labour supplies, and

minimization of transaction costs (Nelson, 2005). The differentiation of cluster and agglomeration approaches is indistinct and confusing and the terms are used somewhat interchangeably (Garavaglia and Breschi, 2009).

The agglomeration approach seeks to explain the creation and expansion of central cities, usually large metropolitan cities (Castells, 1989; Coffey and Bailly, 1991; Moulaert and Daniels, 1991; Sassen, 1991; Stanback Jnr., 1991; Illeris, 1996; Warf, 2000; Coffey and Shearmur, 2002; Nelson, 2005). New firm formation is encouraged in areas where other firms already exist. The argument is that a cyclical pattern emerges in agglomeration whereby firms attract population, either resident or visiting but usually the former, this increases the demand for variety in the goods and services offered which allows niche markets to emerge through increased labour availability and demand, which in turn attracts population and the cycle starts over again (Bosma *et al.*, 2008). A key assumption of agglomeration then is that firms co-locate in order to take advantage of external economies such as knowledge spillovers and reduced transaction costs, without considering whether these advantages are the result of unrelated factors (Nelson, 2005).

Yet agglomeration and clustering approaches to choice of location have not been without their critics. Malmberg and Maskell (2002) identify three factors from a historical perspective which account for the creation of clusters (compared with intentional strategies): (i) the foundation of firms in the founders' homes, (ii) spin-offs and imitations within a locale, and (iii) sustained inertia, where firms are not relocating once established, that is they are locationally embedded (Madhok and Osegowitsch, 2000; Merchant, 2005).

Whilst agglomeration and clustering approaches may explain the development of geographic concentrations of industry and support firms, they generally provide macro views of choice of practice location, They are restricted to cities and other large urban centres and as such do not help to explain outlying firms, those in smaller towns and/or remote areas that generally do not benefit from agglomeration economies and cluster benefits. In addition, Glucker (2007) argues that agglomeration and clustering and for that matter classical and neoclassical approaches cannot explain the accumulation of knowledge-based businesses such as accounting in central city and conversely the outlying practices.

The mechanics of agglomeration economies and clusters of economic activity revolve around the importance of face-to-face contact and the subsequent need for geographical or spatial proximity to reduce the costs associated with this form of communication (Nelson, 2005). The need for such communication is the high levels of tacit knowledge exchange needed for innovation (Gertler, 2003; Schamp *et al.*, 2004; Styre, 2004). With such intensive interactions within a cluster, the development and maintenance of often extensive social networks bringing trust is required for effective inter-firm collaborations and broader economic development (Granovetter, 1985; Badaracco, 1991; Bennett and Robson, 2004).

2.3.1.3   *Behavioural approaches to choice of practice location*

Behavioural location approaches remove the basic assumption of classical and neoclassical location approaches, that decision-makers are rational profit-maximizers. Rather, the new approaches assume that decision-makers are

boundedly rational (Simon, 1955), have limited information and do not seek profit maximisation so much as sub-optimal outcomes (Cyert and March, 1963; Townroe, 1972). Here, internal factors in terms of the decision-makers and their environments and organisations are taken into consideration, and choice of practice location is seen as a process rather than a calculation (Brouwer *et al.*, 2004). As the name suggests, location choice is behaviour resulting from a number of factors including those associated with the decision-maker.

McCann (2001) in looking at relocation decisions provides a list of factors considered as part of the location or re-choice of practice location including costs associated with research and selecting a new site, labour costs especially where new labour may need to be hired and trained, and dismantling and installing infrastructure (see also Leishman and Watkins, 2004).

Stam (2006) elucidates the behavioural aspects by providing an analytical framework in which choice of practice location has two critical elements: (i) flexibility and (ii) adjustments. The former refers to the ability or willingness to relocate the business and the latter relates to the opening and closing of additional branches or outlets. Stam (2006, p. 2) is clear: while the characteristics of the business itself affect location, so too does the 'changing role of the entrepreneur and his or her personal relationships'. This behavioural approach, like classical and neo-classical approaches of location, has been criticized for the basic assumption that decision-makers are seen to exist in a static, unchanging environment (Brouwer *et al.*, 2004).

Before moving on to institutional approaches, the notion of locational embeddedness needs to be explored. Stam (2006) and Figueiredo *et al.* (2002)

find that most new firms are established in the home region of the founder and are equally likely to stay in this region. Similar behaviour is seen amongst employed professionals such as doctors or teachers, where a propensity to practice in regional and remote areas has a correlation to rural upbringing (Chomtiz *et al.,* 1998; Bacolod, 2007; Wade *et al.,* 2007). This link to the home region can best be encapsulated in the notion of locational embeddedness. Feldman and Ng (2007) and Mitchell *et al.* (2001) are used as inspiration for an extended application of locational embeddedness. Mitchell *et al.* (2001) create a new construct in the field of human resources and organizational studies which they call 'job embeddedness'. This construct explains the reasons why people stay in their jobs despite being provided with alternative, and more lucrative, opportunities elsewhere. Three elements to job embeddedness are identified: fit, links and sacrifice (Mitchell *et al.* 2001).

The first of these three elements, fit, refers to the extent to which the person's job complements other factors of the person's life. The second element, links, covers the individual's ties with both the people and activities in their workplace. Finally, sacrifice considers both the ease with which a person could sever the links in their workplace and what the person would need to give up should they leave the job. Job embeddedness therefore is described as 'the totality of forces that keep people in their present occupations' (Feldman and Ng, 2007).

The three elements of job embeddedness can be extended or adapted into locational embeddedness. In this case, fit would refer to the extent to which the location (for example, a town) complements the other areas of a person's life;

links refers to the extent of a person's ties with other people and activities in that location; and, sacrifice is the ease with which the links to the location can be broken and what the person would need to give up, such as family and friends, if they left the town (see Figure 2.2).
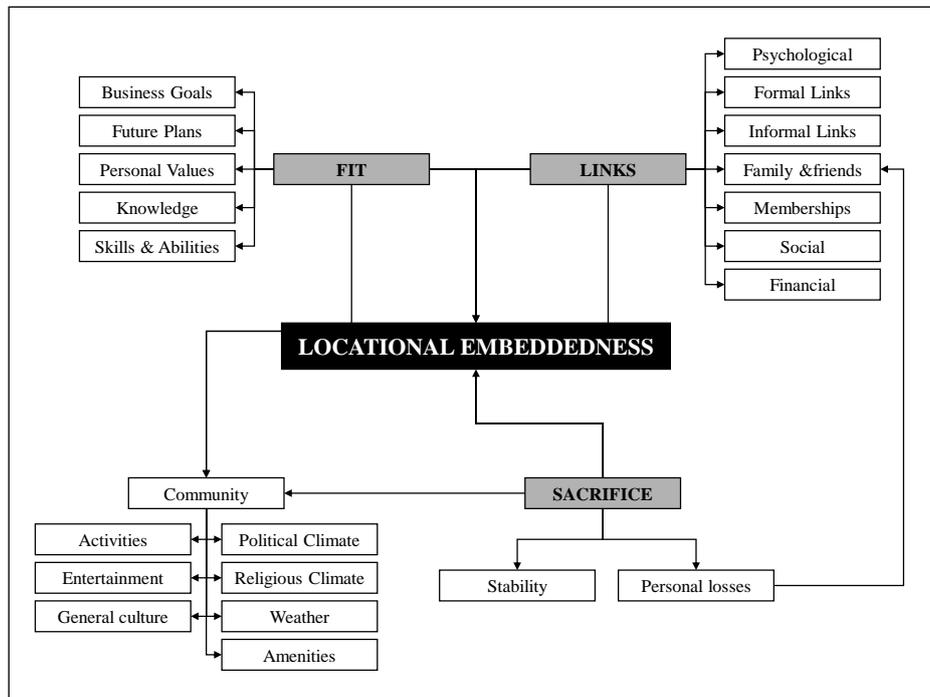
Figure 2.2: Elements of location embeddedness

Source: adapted from Mitchell *et al.* (2001)

This locational embeddedness therefore is an important constraint on an individual's location choices and explains why so many new businesses commence in the home region of the founder and why they might well stay in that region or at least as long as the owner does. Locational embeddedness is evident in studies focusing on other occupations (See Section 2.3.2).

2.3.1.4 Institutional approaches to choice of practice location

Institutional approaches to location highlight some of the psychological, cultural and social facets of choice of practice location. Taking this one step further, psychology provides an important insight as to why founders of business may locate near their homes. Knez (2005, p. 207) points out 'we know from our everyday experiences that we, across time, evolve bonds toward certain places, e.g. where we were born and brought up, where we live and work'. This sense of place and the attachments which are formed are seated in 'physical, geographical, architectural, historical, religious, social and psychological connotations' (Knez, 2005, pp. 207-208). More importantly, this attachment may vary on several spatial scales including towns, regions, states or countries (Ryden, 1993; Knez, 2005).

Place attachment, put simply, is an emotional bond between an individual and a place (Ryden, 1993; Giuliani, 2003; Knez, 2005). The bond, while associated with the place, is largely reliant on the relationships forged with other individuals and groups in that place. The ultimate consequence of place attachment is the desire to remain close to that place, by maintaining the relationships associated with the place or remaining in the area (Hildalgo and Hernandez, 2001). Place attachment has other benefits. Brown, Perkins and Brown (2003) note that place attachment can inspire proactive sentiments in areas, be they towns or neighbourhoods. As a result, residents and business owners may be more active in developing solutions to problems faced by the area. Residents and business owners may become more involved in planning for their communities (Jacobs, 1961; Gans, 1968; Appleyard, 1979). The sense of community which grows as a result of place attachment is used by

environmental psychologists (Tuan, 1974, 1977; Proshansky *et al.*, 1983; Altman and Low, 1992) and sociologists (Flora and Flora, 1996; Perkins and Long, 2002), but has remained relatively ignored by other location theory schools.

2.3.1.5 *"Quality of life" factors in the choice of practice location*

Quality of life factors are highlighted in the literature as a significant determinant in choice of practice location. Salvesan and Renski (2002) consider the importance of quality of life factors in choice of practice location for small businesses. They note that many small business owners are embedded in a location as is the business:

> Quality of life is also critical as the location determinant for many small businesses for whom the choice of business location is contingent upon proximity to [their] residence… (Salvesan and Renski, 2002, p. 30).

It appears from the literature that quality of life factors are almost always associated with residence and desired lifestyle (Shapiro, 2006; Costanza *et al.*, 2007; Rabianski, 2007). Salvesan and Renski (2002, p. 20) provide a list of the primary quality of life factors identified in their study: housing costs and affordability; cost of living; recreational opportunities; climate; educational facilities; health services; cultural amenities and community life; infrastructure and public services; business requirements; traffic conditions; and crime and pollution. Salvesan and Renski (2002, p. 8) note that the 'small town environment … fosters 'traditional values' that are attractive to professionals wishing to balance work, family and community'.

It is from literature examining professions which the greatest detail on the influence of quality of life factors in choice of practice location is to be found,

in particular health sciences/medicine and education, although some literature is found also on the legal profession. It is perhaps unsurprising that health sciences/medicine and education have sizable bodies of literature focussing on the attraction and retention of practitioners to regional and rural areas, given the necessity for the delivery of such services in a face-to-face setting (see Inverarity, 1984; Boylan and McSwan, 1998; Hegney *et al.*, 2002a; Hegney *et al.*, 2002b; Heaney *et al.*, 2004; Jones *et al.*, 2004; Bacolod, 2007; Denz-Penhey and Murdoch, 2007).

2.3.1.6 *Birthplace and hometown and the choice of practice location*

The final set of literature to be considered in this review is based on other professions. Much of the location literature deals with factors related to attracting and retaining health workers and educators. Within this literature subset an important trend is identified: the influence of hometown and childhood experiences.

Stagg *et al.* (2009) identify 'background' as an influential factor in practice location and career choice. The study involved surveying graduates of the Flinders University Parallel Rural Community Curriculum program. They find that often rural practitioners lived throughout their childhood in rural areas and have spouses who had similar backgrounds. Likewise those practitioners in urban areas spent their childhoods in urban areas. A selection of research findings is represented in a quadrant format (see Figure 2.3).

	RURAL BACKGROUND	URBAN BACKGROUND
RURAL PRACTICE	• Lived in rural areas before entering medical school • Family and/or spouse have rural experience/connections	• Lived in urban areas before entering medical school • Dislike of cities • Friends in rural areas • Preference for rural lifestyle
URBAN PRACTICE	• Lived in rural areas before entering medical school • Seeking specialisation • Lifecycle stage	• Lived in urban areas before entering medical school • May seek specialisation • Family in urban areas

Figure 2.3: Influence of background on practice

Source: adapted from Stagg *et al.* (2009)

The findings of Stagg *et al.* (2009) are supported in a body of literature emerging from Australia and elsewhere (Dunbabin and Levitt, 2003; Heaney *et al.*, 2004; Orpin and Gabriel, 2005; Tolhurst *et al.*, 2006; Somers *et al.*, 2007; Wade *et al.*, 2007; Brokaw *et al.*, 2009; Veitch *et al.*, 2009). Henry *et al.* (2009) extend the research on influences on practice intentions to the effect of medical school training as well as background, to highlight that students may have a 'rural disposition' enhanced or formed as a result of both influences. Training through rural placements, internships or rotations, is highly influential both in a positive and negative sense, with poor clinical experiences being responsible for the decision not to pursue rural medicine as much as good experiences confirming the decision (Henry *et al.*, 2009). Likewise childhood experiences, and personal or partner/spouse continuing family connections in regional and remote areas are factors affecting practice location decisions. For students with

93

an urban background, a positive perception of rural life is especially influential (Henry *et al.*, 2009).

From the field of nursing, Hegney *et al.* (2002a) and Hegney *et al.* (2002b) find similar factors influencing choice of practice location, with 63% of respondents being trained in regional universities and 50% undertaking pre-registration training in non-metropolitan areas. Thus, location of training is significant, with those students undertaking their undergraduate level training at regional locations being more likely to practice regionally. Previous exposures to regional or remote life or previous work experience in similar areas are highlighted as influential factors. An attraction to a rural lifestyle and an understanding of the unique characteristics of living in small towns, presence of family and friends, and strong existing social networks all have an impact on the choice to locate in regional or remote areas (Hegney *et al.*, 2002a; Hegney *et al.*, 2002b).

Current embeddedness within a community and place attachment are two determinants of choice of practice location evident in studies focusing on other occupations. It is noted above that studies by Chomitz *et al.* (1998), Bacolod (2007) and Wade *et al.* (2007) highlight the propensity of people with rural upbringings to practice (as doctors and teachers) in rural areas. Wade *et al.* (2007, pp. 250, 252) study medical school graduates in the United States, examined their backgrounds and hometown and compare this to the location of practices. Their study supports the positions that medical students from rural backgrounds, or those who have spent substantial amounts of their childhoods in rural environments, are five times more likely to practice in rural areas than

those medical students without such backgrounds: some 27.5% compared with 7.5%. Similar results are found by Chomitz *et al.* (1998) in their study of Indonesian medical school graduates. In this case, 75% of men and 46% of women graduates of outer island medical schools were far more likely to practice in remote regions. This can be compared with just 5% of Java/Bali graduates. However, Chomitz *et al.* (1998) do highlight the affect of marital status on the choice of practice locations of these students, particularly women. Bacolod (2007) concludes two major factors are important in choice of practice locations of teachers in the United States of America: wages and working conditions. However, Bacolod (2007) does not consider other quality of life factors such as employment opportunities for partners.

It is evident from the range of theoretical approaches outlined above and the empirical evidence available on quality of life factors and the influence of experience with regional and remote areas as influences on career direction in health and education professions, that choice of practice location is a complex decision which may have commercial, professional and personal elements.

2.3.2   *Choice of practice location in health, medicine, education, and law*

In the field of education attention has been given to the preparation of teachers during undergraduate qualification training and pre-service periods, as well as their expectations on the nature of regional and remote teaching experiences.

Sharplin (2002) explores the expectations of pre-service teachers about their expectations of teaching in regional or remote schools. Using a qualitative research design, Sharplin (2002, p. 52) collected data from 22 pre-service secondary teachers from the Graduate School of Education (The University of

Western Australia). These students were enrolled in a rural education course and about to start a rural field trip. The purpose of the study was to establish what pre-conceptions were held by pre-service teachers about living and teaching in rural and remote communities (Sharplin, 2002, p. 52). The main attractions identified by pre-service teachers include (i) being part of the community, (ii) the benefits in regard to raising a family, (iii) having an active social life, (iv) diversity of the community, and (v) the novelty of the experience of teaching in these areas (Sharplin, 2002). This list highlights that factors attracting professionals to regional and remote areas combine both professional and personal aspects, a position which location approaches discussed earlier, and narrowly focussed approaches such as place attachment theory or residential location theory, do not take into consideration. This holistic view continues to be incorporated into studies of choice of practice location in terms of professions with education professionals incorporating factors unrelated to their work such as a spouse's employment (Bacolod, 2007).

Boylan and McSwan (1998) provide one of the most comprehensive summaries of factors influencing regional and remote choice of practice location. They consider the issue from the perspective of those teachers who have stayed in such areas for considerable periods, much longer that is the norm. A range of factors, both attractants (signified by +) and repellents (signified by -), which are summarised in Figure 2.4, are identified.

LIFESTYLE
- Personal safety (+)
- Law and order (+)
- Family matters (+)
- Rural conservatism (-)

ENVIRONMENT
- Cleaner (+)
- Healthier (+)
- Pollution (+)

EDUCATIONAL OPPORTUNITIES
- Curriculum (-)
- Tertiary (-)
- Equality (-)
- Secondary (-)
- Special programs (-)

QUALITY OF LIFE FACTORS

PERSONAL
- Child's development (+)
- Family & friends (+)
- Family matters (+)
- Rural conservatism (-)

COMMUNITY LIFE
- Access to goods (-)
- Cost of living (-)
- Medical services (-)

EMPLOYMENT & TRAINING
- Spousal employment (-)
- Child's employment (-)
- Other training (-)

SOCIAL, CULTURAL & RECREATIONAL
- Social activities (-)
- Recreation activities (-)
- Cultural activities (-)

Figure 2.4: Quality of life factors and remote teachers

Source: adapted from Boylan and McSwan (1998)

Personal reasons including issues related to family and friends, (regional and remote) lifestyle, and a sense of belonging to the community are some of the most often cited factors influencing a decision to stay amongst the respondents. Similarly, relationships in the broader community, the environment (healthier, safer, cleaner), and a range of work-related factors also influence the choice to stay (Boylan and McSwan, 1998). However, Boylan and McSwan (1998, p. 58) note that the reasons can also be quite idiosyncratic, citing teachers who identify factors such as few or no traffic lights, light traffic conditions, proximity to home.

Health sciences and medicine, like education, are professional services generally delivered in a face-to-face setting out of necessity. The findings of

research in this field reflect those emerging from education but do provide greater explanation.

With a focus on medical students, Henry *et al.* (2009) note the importance of family and friends on the decision to practice in rural areas: either as an attractant or a barrier to this decision. The presence of family or friends acts as a powerful attractant, removing the need for creating new social networks (Henry *et al.*, 2009). This supports the findings of Hegney *et al.* (2002a) and Hegney *et al.* (2002b) who identify the proximity of family and friends or the existence of strong social networks in or close to locations as a significant influence on the choice of practice location to practice nursing.

Positive perceptions of rural lifestyle are influential for medical students from urban backgrounds (Henry *et al.*, 2009) and an attraction to a rural lifestyle is a recurring theme throughout literature on the professions (Hegney *et al.*, 2002a; Hegney *et al.*, 2002b; Henry *et al.*, 2009). Much of this attraction is centred on the perception of rural lifestyle as being family-orientated and the values associated with rural living being deeply embedded into many Western psyches (Flinn and Johnson, 1974; Aitkin, 1988). In Australia, agrarianism has three central beliefs: (i) rural life had a natural virtue not shared by city life, the former being the natural life for humanity and the latter being artificial and evil, (ii) everyone relied on farming for their food and farming is the basic occupation which makes all other occupations possible, and (iii) farmers were independent and hard working, both of which are virtues to be pursued and appreciated (Aitkin, 1988; Herbert-Cheshire and Higgins, 2004; Stokes, 2004;

Brett, 2007). Thus, a rural life has vitality and wholesomeness which is not available for urban lives.

It is clear from the above discussion that quality of life factors as much as work-related factors have the potential to influence choice of practice location. Choosing to operate a business in regional or remote areas is as much about a place to reside as it is about a place to practice a profession.

Literature on the professions not only provides some indication of the importance of quality of life factors in the choice of practice location, but also indications of the consequences of this decision to operate a professional services business in regional or remote areas (Landon, 1992; Yarrow *et al.*, 1999; Hegney *et al.*, 2002a; Hegney *et al.*, 2002b; Dunbabin and Levitt, 2003; Heaney *et al.*, 2004; Jones *et al.*, 2004; Schoo *et al.*, 2005; Gregory *et al.*, 2006; Tolhurst *et al.*, 2006; Denz-Penhey and Murdoch, 2007; Wade *et al.*, 2007; Brokaw *et al.*, 2009; Henry *et al.*, 2009; Stagg *et al.*, 2009) (see Section 1.4.1.2 for a fuller explanation of isolation and its dimensions).

Sharplin (2002) notes that whilst professional concerns include various working conditions, remembering that such teachers are employees (of the State-level public services) unlike most accountants practicing in the same areas, two professional concerns are worth noting: (i) accessing mentors or peers and (ii) teaching beyond their areas of expertise (Sharplin, 2002, p. 54). Educators are not alone in this regard, and it is noted that those working in health sciences and medicine recognise the importance of a broad skills base (Lannin and Longland, 2003) as practice is more likely to be general practice than specialisation. There is a sense emerging from the literature that in professional practice, whether

health, education or law, one is a 'jack of all trades' (Hegney *et al.*, 2002a; Hegney *et al.*, 2002b).

These broad skills bases and the expanded professional roles that health practitioners and educators may have is an issue explored by Wagner (1993) in her article on legal practice in small town United States. She notes that in small towns lawyers are often sought out as guidance counsellors and that the issues brought to her by clients may not have legal solutions at all, rather they seek a person to confide their troubles to or seek companionship (Landon, 1992; Wagner, 1993). With accessibility a hallmark of small town legal practice in the United States, a high level of education can result in the lawyer becoming a 'fountain of wisdom' as people seek reassurance on a range of personal non-legal issues including whether to put their mother in a nursing home (Landon, 1992, p. 86).

Whilst recent studies (Blackburn *et al.*, 2006) have highlighted that the accountant's role extends beyond that which was traditionally considered the jurisdiction of accounting, little literature addresses whether personal counselling is part of this. An indication that such roles might exist comes from work by Fuller and Broadbent (2006) on rural financial counsellors. They find that members of the Rural Financial Counselling Service of South Australia were often at the forefront of mental health referrals. The stigma commonly associated with seeking out mental health assistance and the limited accessibility to such services means available helpers, whilst not in the optimal position to directly assist owing to a lack of experience and/or qualification, are 'in the best position to optimise the "window of intervention opportunity": with

people in crisis, who, at the time, are more amendable to offers of help and change' (Fuller and Broadbent, 2006, p. 79). There is also the predicament of trying to separate personal from financial, or personal and legal, issues with the two often interrelated (Yilmazer and Schrank, 2006).

One issue emerging common to the literature from health sciences and medicine, education and law, which examines rural practice, is community expectations of professionals. One of the primary characteristics of regional or remote living is community expectations: in terms of involvement with local clubs, general involvement in community events, and the behaviour displayed by the professional. In the only article identified which examines accountant experiences in regional and remote areas, Sawyer and Munn (1998) note that respondents feel they are on duty at all times, with little or no anonymity, compared with city accountants. This is also cited as one of the chief concerns of pre-service teachers (Sharplin, 2002). The requirement to project a professional persona at all times is inextricably linked with the perception that being in a small town involves little or no privacy and loss of anonymity (Sharplin, 2002). Similar concerns have been raised by legal practitioners, where a legal practitioner in a small town can 'forget all attempts at anonymity' (Wagner, 1993, p. 9).

Isolation has already been flagged as a significant characteristic of many regional and remote towns, and in Section 1.4.1 these issues were highlighted through the work of Nadkarni and Stening (1989). They make particular note that the lack of privacy is endemic to small communities, especially in smaller

communities where everyone knows everyone. Whilst human beings will seek out social interactions, the ability to isolate one's self is as important.

As mentioned above, in addition to the potential for personal counselling and conforming to community expectations regarding their behaviour, the professions literature explores community expectations regarding extra-professional roles. It is noted that regional and remote towns differ from urban centres in that smaller town, having less population, will generally have individuals fulfilling multiple roles (Yarrow *et al.*, 1999; Denz-Penhey and Murdoch, 2007). Professionals are visible in their communities through the profession, and as Landon (1992, p. 78) notes:

> [if] status in a career is a function of the extent to which a person is at the core of a larger system, then in small towns the lawyer occupies a crucial position.

The status afforded to the professional in a small town is the mechanism by which expectations regarding the extra roles which the professional will be asked to assume is developed, irrespective of the person.

Wagner (1993, p. 8) notes that community involvement is expected of small town legal practitioners in the United States. Whilst these extra-professional roles may be related to personal circumstances, such as with children's sporting clubs, many are related to their professions (both lawyers and accountants) being asked to perform *pro bono* work by non-profit associations or to assume governance roles with local hospitals, councils, or other business associations (Wagner, 1993; Sawyer and Munn, 1998; Wills, 2009).

2.3.3 *Empirical evidence of reasons for choice of practice location in accountancy*

The only Australian study into practice intentions of graduate accountants was conducted by Charles Sturt University (WRI, 2009). The purpose of the study was to examine the relationship between studying internally at Charles Sturt University and initial employment location (WRI, 2009, p. 5). Initial employment was defined in the study as the first year after graduation. A survey was administered to accountants practicing in towns with the greatest geographical proximity to the nine Charles Sturt University campuses all of which were located in regional areas of New South Wales. While the total number of invitations to participate is not revealed, 137 usable responses were received, with 74% from Charles Sturt University graduates and 26% from non-Charles Sturt University graduates (WRI, 2009, p. 7). Central to the findings was that 70% of Commerce students who originated from regional locations, irrespective of university, found initial employment in regional areas compared with 9% of Commerce students originating from metropolitan areas (WRI, 2009, p. 5). Of Charles Sturt University graduates, 84% remained in regional location for the entire period following their graduation, with the additional 16% having moved temporarily to a capital city before returning (WRI, 2009, p. 9). As the survey was only distributed to regional accountants, it is unknown what percentage of Charles Sturt University Commerce graduates moved to other areas including capital cities or other states.

The literature reviewed above highlights the issues associated with regional and remote practice for accountants may be reflected in the experiences of other professionals. Few studies exist which deal directly with accountants in

regional and remote areas. The literature reviewed also shows that a number of approaches are available to study location choice all of which focus rather narrowly on one or two aspects of location, and usually from the perspective of organisations rather than individuals. To bring together in a holistic fashion the business and personal aspects of an accountant's life requires a theoretical framework which extends the notion of location choice more broadly than those reviewed here. This theoretical framework is the subject of the next Section of this Chapter.

2.4   Theoretical framework – Maslow's theory of needs

The literature review has so far explored three major themes: resident mode delivery of professional services, choice of practice location, and the social context of regional and remote accountancy practice. Throughout the literature review a number of theories have been presented, cluster theory as providing the core tenets which underpin the argument for resident mode, media richness and social influences theories with regard to communication, and classical, neoclassical, agglomeration, location behaviour, and place attachment in terms of location. The limitations of these theories in explaining the choice of practice location of owner-accountants operating businesses in regional and remote areas have been pointed out progressively through the review.

The questions posed are complex and as will be explained in Chapter 3, to gain a deep, rich understanding of the choice of practice location and its consequences, a theoretical framework which has the ability to consider a range of motivations, professional, commercial and personal, is needed. A theoretical framework is needed to assist in the analysis and understanding of the reasons

for choice of practice location and the additional considerations emerging from the context. Accountancy is a social activity as much as an economic one (Parker, 1986; Gray, 2002; Deegan and Soltys, 2007; Spence, 2009). It is seen in the literature on other professions (see Section 2.3.2) that the social context influences the nature of the professional practice. As such a theory is needed that supported this interconnection of the social and economic spheres of activity.

Ultimately, choice of practice location is about a spatial consideration in a behavioural action, and the purpose of this research is to understand the motivation for that action. Thus, a theoretical approach which incorporates the various motivations of human action is required. In addition, the theoretical framework needed to consider motivation from a holistic perspective, as the owner-accountant's experience encompasses commercial, professional and personal considerations. Motivation theories provide another important foundation for understanding choice of practice location and are explored in the next Section. A review of the other major motivation theories is provided in Appendix 2.

2.4.1 Maslow's "theory of needs"

Maslow's (1970) theory of needs, originally published in the mid-1950s, argues that individuals are motivated to act in order to satisfy various needs. Such actions may include on a more general level the need for being with family, or safety, and more specifically, entering into a business ownership role, behaving in certain ways as a professional and community member, and choosing specific locations to reside and work. Maslow (1970, pp. 35-58) originally

divided all human motivation into five levels: (i) physiological, (ii) safety, (ii) love and belonging, (iv) esteem, and (v) self-actualisation (see Figure 2.5).

LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
Physiological needs	**Safety needs**	**Love and belonging needs**	**Esteem needs**	**Self actualisation needs**
Examples include: Food Water Shelter Sex Sleep Any needs which ensure survival as a biological organism	Examples include: Protection Security Order Limits Stability Financial security	Examples include: Family Affection Relationships	Examples include: Achievement Status Responsibility Reputation	Examples include: Personal growth Self-fulfilment

Figure 2.5: Maslow's (1970) "theory of needs": original levels of needs

Physiological needs represent the basic needs which every living thing must fulfil including food, water, air, shelter, and reproduction. The second level of needs, safety needs, generally encapsulates those associated with order and security including financial security (Maslow, 1970, p. 39). In Western societies, with their emphasis on self-sufficiency and employment, the satisfaction of this level of needs is associated with the satisfaction of physiological needs. In this regard, the security of income provides the money needed to purchase goods and services which satisfy physiological needs, for example, food, water, shelter, clothing etc. At a collective level, society imposes a level of order and control associated with safety needs through law and order.

The third level needs are love and belonging including the desire for friends and family, community connexion and close personal bonds (but should not be confused with sex) (Maslow, 1970, p. 43). Love and belonging needs involves more complex needs and internal factors. It is possible to divide love and belonging needs into two groups, although Maslow does not himself do this. The first group is personal involving family and close friends, whilst the second group extends into the wider community.

Levels four and five represent higher level needs and are associated with achievement and respect. Level four needs are esteem driven. These are divided into two subgroups by Maslow (1970, p. 45): (a) achievement-driven including confidence, independence and control, and (b) reputation-driven which revolves around respect, status, and appreciation. The key difference between these two subsets is the former are internal and self-referent and the latter are external and other-referent.

The final level of needs is self-actualisation. This is the most complex level of needs, and it may never emerge in some people. Here Maslow refers to the need of an individual doing what they are made for and gives examples of a poet writing poetry (Maslow, 1970, p. 46).

Maslow's theory of needs is commonly represented by a pyramid to highlight the hierarchical nature of needs, although Maslow himself did not use this form of representation for his ideas. The pyramid was designed to demonstrate the hierarchical nature of the needs, and that lower level needs required satisfying before higher level needs emerged. Casting needs as a hierarchy in which one level of needs must be satisfied before other higher needs emerge represents

one of the chief criticisms of this theory, but Maslow (1970, p. 97) notes that 'the organism itself dictates hierarchies of values', thus while Maslow provides a basic hierarchy, the contents of the hierarchy is different for each person. In addition, the emergence and combination of needs is fluid, responding to contextual changes which occur in everyday life (O'Connor and Yballe, 2007).

Maslow's theory of needs has been criticised on the basis that little evidence exists to support the ordering of needs in a hierarchy. Yet, where Maslow's ideas are used as a basis for revision or extension such as with Alderfer (1972; 1974) or McClelland (McClelland *et al.*, 1953; 1961, 1975; McClelland and Burnbaum, 1976, 1995), there has been no dispute over the existence of needs per se. The strength of this theory, therefore, is (i) its simplicity and (ii) its ability to address the whole range of human actions.

Maslow's theory of needs will be used to frame an exploration of the reasons for owner-accountants choosing regional or remote locations for their accounting practices (RQ2.1) and additional considerations which may have an impact on accountancy practice (RQ2.2). The theory of needs was selected as it provided a theory which incorporated all human needs, including those associated with non-business and business activities.

2.4.2   *Limitations and criticisms of the "theory of needs"*

A number of criticisms of Maslow's theory of needs have been made including the hierarchical nature of needs emergence. Presentation of the levels of needs in a pyramidal presentation has not assisted in addressing the criticisms and may have exacerbated the situation despite not being Maslow's own creation. It continues to be a reflection of the misinterpretation of his original work

(O'Connor and Yballe, 2007). Examining Maslow's later works (Maslow, 1965; 1968; 1969; 1976), it is clear that representation of Maslow's theory of needs commonly provided by management and business texts is inaccurate and does not reflect later refinement by Maslow (Koltko-Rivera, 2006).

Maslow continued to develop the theory of needs throughout his life and recognises his own limitations in the original development of the theory, particularly the original highest level of needs, self-actualization, feeling the concept had been contaminated, and doubting its ability to provide an adequate 'capstone' for motivation (Koltko-Rivera, 2006, p. 304). What emerges through reading Maslow's later works is additional levels of needs including cognitive and aesthetic needs, but also self-transcendence (Koltko-Rivera, 2006; Greene and Burke, 2007; O'Connor and Yballe, 2007).

Incorporating new levels of needs in Maslow's theory of needs means there are now eight levels. The original four levels, physiology, safety, love and belonging, and esteem, remain in their original position as deficiency needs. These needs are felt only when they are not satisfied. Two new levels are then incorporated into the hierarchy: the cognitive needs (the need to know and seek knowledge) and aesthetic needs (the desire for beauty and comfort). Self actualisation follows with its emphasis on self-fulfilment (reaching one's potential). Finally, a new level is added, self transcendence, involving a movement away from one's own concerns, to the concerns of others, assisting other's with fulfilling their potential(see Figure 2.6).

LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5	LEVEL 6	LEVEL 7	LEVEL 8
Physiological needs	Safety needs	Love and belonging needs	Esteem needs	Cognitive needs	Aesthetic needs	Self actualisation needs	Self transcendence needs
Examples include: Food Water Shelter Sex Sleep Any needs which ensure survival as a biological organism	Examples include: Protection Security Order Limits Stability Financial security	Examples include: Family Affection Relationships	Examples include: Achievement Status Responsibility Reputation	Examples include: Knowledge Meaning Self-awareness	Examples include: Beauty Balance Form	Examples include: Personal growth Self-fulfilment	Examples include: Helping others to self actualise

Figure 2.6: Maslow's "theory of needs": extended levels of needs

What can also be highlighted through these levels of needs is an almost cyclical turn from external satisfaction of needs to internal and then a return to external, that is, whether external sources satisfy needs or internal (emotions).

2.4.3   Further development of the "theory of needs"

In the original presentation of needs, Maslow (1970) discusses the pattern of emergence through the five levels from physiological to self actualisation. This inspired the notion of a hierarchical nature of the needs. It is perhaps more accurate to call this structure a pattern of emergence. In most cases, Maslow observed the same pattern of emergence of the needs in the order traditionally associated with the original conception of the theory. However, Maslow notes that there are instances when this standard pattern of emergence does not manifest itself or is varied. In his original formulation Maslow (1970) noted that under certain circumstances individuals may experience a permanent

suppression of some needs levels – individuals living in an environment where chronic famine is an enduring feature may never see the emergence of esteem needs or "higher" needs as they will remain preoccupied with attempts to satisfy their lower needs such as physiological and safety needs.

2.4.4 A reconceptualisation of Maslow's "theory of needs"

Dick (2001) nominates the original theory of needs as a taxonomy of needs. The concept of the theory of needs presenting a taxonomy of needs is useful in overcoming some of the more persistent criticisms and limitations of the original theory being hierarchical and variations from the standard pattern of emergence. Maslow (1970) uses hunger as an illustration throughout his original presentation of the theory and this will be used here in elaborating a reconceptualisation of the theory of needs.

In developed economies there is an expectation that deficiency needs, especially physiological and safety, will be satisfied, assuming regular employment or access to welfare benefits. Food can be bought in, and a modicum of safety can be secured through alarm systems. Maslow argues that under such circumstances these levels of needs would be suppressed. Other needs would then have greater salience. However, salience of these deficiency needs may be re-asserted in certain circumstances. A person with coeliac disease or diabetes, who needs to select and consume foods which do not exacerbate their condition, changes the salience of the physiological needs.

The purpose of this reconceptualisation is to remove any notion of judgement involved in the assignment of needs types to the analysis presented in Chapters 4, 5, and 6. A participant manifesting behaviour interpretable as self

actualisation or self transcendence should not be considered more or less advanced or developed than another who may not manifest the same behaviours.

Maslow's (1970) theory of needs provides a theoretical framework capable of incorporating both commercial and personal aspects of the participant's lives to explain the motivations for choice of practice location (RQ2.1) and their perceptions of the issues which impact on their practice and profession (RQ2.2).

2.5 Summary and conclusion

This Chapter has highlighted a number of potential themes which may provide explanations for the role accountancy plays in regional and remote development, choice of practice location, and an understanding of the additional considerations impacting on professional practice in regional and remote areas.

Two research questions were established in Chapter 1 (with four sub-research questions, RQ1.1, 1.2, 2.1 and 2.2) and provided a framework for the literature review and analysis:

RQ1: How, and in what ways, are resident accounting firms important for the sustainability of regional and remote communities?

RQ1.1: Why is access to accounting services necessary for regional and remote areas?

RQ 1.2: Why, if at all, is it important to have accounting firms located in regional and remote areas?

RQ2: What lessons can be learnt from owner-accountants who choose to operate their firms in regional and remote areas?

RQ2.1: Why do owner-accountants choose to operate their businesses in regional and remote areas?

RQ2.2: What additional considerations do owner-accountants identify on their practice of accountancy in regional and remote areas?

Whilst the literature provides indications of possible answers to these questions, the practice of accountancy remains relatively unexplored within an Australian context and certainly with the context of regional and remote communities. The following Chapter will outline the research design.

Chapter 3: Research design and methodology

3.1   Introduction

This chapter explains the qualitative research design employed. A qualitative research design was considered appropriate for the exploration of the choice of practice location decision and the social context of accountancy in regional and remote areas that allowed an examination of the *lived experience* (Ellis *et al.*, 1992; Lindseth and Norberg, 2004). Such a design was developed to allow participants to use their own words to describe their choices and understanding of the social context. There has been a growing call for accounting research to look beyond numbers, to go 'beyond the economic' (Gray, 2002b, p. 687) towards the social and environmental. The argument for social accounting stresses the tendency for the positivist paradigm to reduce all things to minute portions of the whole (Gray, 2002a, p. 9). This reductionism presents special 'dangers' through limiting understanding by imposing artificial boundaries, or promoting misunderstanding (Gray, 2002a, p. 9).

In contrast, qualitative research is a systematic empirical enquiry into meaning (Shank, 2006). This type of research takes places in a natural setting and the researcher 'attempts to make sense of, or to interpret, phenomena in terms of the meanings people bring to them' (Denzin and Lincoln, 2003, p. 5). A key characteristic of qualitative research is its emergent nature (Creswell, 2003). As such, the research design used here was not tightly predetermined as a positivist, quantitative project might be. The research design adopted was iterative and flexible allowing it to adapt to changes in the natural setting, refine content, and incorporate of strategies to ensure triangulation and verification of available evidence. The research design described here is the *final* design, the

result of an evolutionary process which took place throughout the planning, proposal, data collection and analysis phases of the PhD process.

This chapter explains the research design employed in the research and proceeds as follows. Section 3.2 provides an introduction to the research design for this project. Section 3.3 looks at participant selection and recruitment. Section 3.4 explains the data collection methods. Section 3.5 outlines the analytical framework. Section 3.6 explains the strategies used to ensure rigour through all elements of the research design. Section 3.7 considers ethics including informed consent and the anonymisation of participants. Section 3.8 outlines the methodological limitations associated with the study. Section 3.9 provides a summary and conclusion to the chapter.

3.2   Interpretive qualitative research

It is a common requirement within PhD theses and the reporting of scholarly research to provide a named research design. Within qualitative research a number of such designs exist including the case study (Daymon and Holloway, 2002; Caelli *et al.*, 2003; Creswell, 2003; Denzin and Lincoln, 2003; Berg, 2004). Whilst it is tempting to name this design a case study, what constitutes such a study is the subject of considerable debate (Eisenhardt, 1989, 1991; Stake, 1995; Appleton, 2002; Yin, 2003; Eisenhardt and Graebner, 2007; Siggelkow, 2007; Kakkuri-Knuuttlia *et al.*, 2008) with views about a case study being a methodology, method, research design, outcome, or heuristic device. Confusion surrounding the case study, which was the first choice for this qualitative study, has made naming the design difficult. The final design was iterative and flexible, drew upon many elements from grounded theory

approaches such as use of purposive sampling and constant comparative method of data analysis, hermeneutic phenomenology in its reliance on the lived experience and reflexive methods, and others (Strauss and Corbin, 1990; Dey, 2004; Fernandez, 2004; Glaser and Holton, 2004; Jeon, 2004; Bowen, 2006; Jones and Noble, 2007; Bowen, 2008). Hence, this is an *interpretive qualitative study* (Ahrens et al. 2008; Parker, 2008*),* one which exhibits 'some or all of the characteristics of qualitative endeavour but rather than focusing the study through the lens of a known methodology' sought to make no methodological claims at all (Caelli *et al.*, 2003, p. 2).

The research design employed inductive reasoning and was not concerned with testing theories. The design was also exploratory as the experience of each participant, especially owner-accountants, was considered unique and subjective, as was the researcher's analysis (Morgan and Drury, 2003; Ahrens, 2008). Stories revealed were interpreted by the researcher, although maintaining care to preserve the original voice of the participants (James and Busher, 2006; Krumer-Nevo, 2009).

Semi-structured interviews were the main data collection method and for the owner-accountant group an additional research instrument was used, a participant and firm profile. Interview data were analysed using the constant comparative method (Glaser, 1964; Green, 1998; Dye *et al.*, 2000; Boeije, 2002; Hallberg, 2006). Triangulation was achieved by using multiple sources and, for the main group, multiple research instruments (Modell, 2005; Moran-Ellis *et al.*, 2006). Participants were drawn from two major groups: (i) owner-

accountants and (ii) regional development workers attached to the regional development board network and local government (see Figure 3.1).

Government policy

Regional and remote communities and regions

Contributions of economy, society and identity

Changes to government policy required to address problems in regional and remote areas

Regional and remote communities and regions in decline

Leadership

Quality local services

BROAD RESEARCH PROBLEM
Creation of sustainable regional and remote communities and regions

Infrastructure

Flourishing economy

Provision of goods and services

CENTRALITY OF SMALL BUSINESSES

Livelihoods for owners and employees

Causes of failure

FAILURE RATES OF SMALL BUSINESSES

Causes of failure

Location

USE OF EXTERNAL ACCOUNTANTS

Access

Staffing

Succession

REFINED RESEARCH PROBLEM
Non-continuation and non-existence of accounting firms in regional and remote areas

Resident accounting firms underpinning flourishing local economies

Regional developers in regional and remote areas

How, and in what ways, are resident accounting firms important for the sustainability of regional and remote communities? (RQ1)

Owner-accountants practicing in regional and remote areas

What lessons can be learnt from owner-accountants who choose to operate their firms in regional and remote areas? (RQ2)

Why is access services necessary for regional and remote areas? (RQ1.1)

Why, if at all, is it important to have accounting firms located in regional and remote areas? (RQ1.2)

Why do owner-accountants choose to operate their businesses in regional and remote areas? (RQ2.1)

What additional considerations do owner-accountants identify as impacting on their practice of accountancy in regional and remote areas? (RQ2.2)

Regional Development Workers
Regional development boards in regional and remote areas, local government

Owner-accountants
Resident owner-accountants in regional and remote areas

Interviews

Profile

Survey

Figure 3.1: Research design: research problem to data collection

3.3   Participant selection and recruitment

Triangulation of sources was considered an important element in the rigour of this research and ensuring a comprehensive understanding of the choice of practice location and its consequences (Davies and Dodd, 2002; Moran-Ellis *et al.*, 2006). A spread of participants across most of South Australia was desired, although the focus was on regional and remote areas. However, not all areas of South Australia, notably the north of the state, have resident accounting services. In addition, Owner 12 had recently moved from his regional location to a metropolitan area but maintained a presence (by visiting) at his former office. In essence, Owner 12 represented a bi-locational participant but he restricted his comments to his regional experience and for this reason was classified as a regional participant.

Hence, members of regional development boards and local councils were interviewed to gain a broader contextual understanding of regional and remote areas, and the contributions of owner-accountants operating in these areas.

While the number of interviews considered sufficient for research is debatable (Guest *et al.*, 2006), 25 interviews was considered the maximum number achievable under the time constraints available. The final number of interviews conducted was 25 (see Table 3.1).

Table 3.1: Interviews expected and completed

Group	Expected	Completed	Used
Owner-accountants	15	17	17[5]
Local government	5	3	2
Regional development workers	5	5	5
Total	**25**	**25**	**24**

[5] Including the pilot interview.

Only 24 interviews were actually used as one interview with a regional development worker did not yield relevant materials, because the person, who had been recommended by another regional development worker was an employed accountant with a local government and did not work in a regional development capacity. Interviews were conducted between June 2008 and May 2009 and were recorded and transcribed. Each interview was expected to take approximately 45 minutes. The shortest interview was 30 minutes and the longest three hours. Finally one owner, Owner 12, had recently moved from his regional location to a metropolitan area but maintained a presence (by visiting) at his former office. In essence, Owner 12 represented a bi-locational participants but he restricted his comments to his regional experience and for this reason was classified as a regional participant.

3.3.1 Method 1: Purposive sampling

Two groups of participants were identified as being relevant to this research: (i) accountants owning their own (accounting) businesses and (ii) economic and regional development workers including local government. The selection of participants is purposive (Neuman, 2006). Identification of participants was through standard telephone directories such as the *Yellow Pages* or web pages. From these lists, potential participants located in regional and remote areas were identified.

3.3.2 Method 2: Snowball sampling

Whilst purposive sampling was used to identify the majority of participants; snowball sampling was used where participants made specific recommendations for other participants to be approached (Miles and Huberman,

1984; Lofland and Lofland, 1995; Patton, 2000; Lindlof and Taylor, 2002; Mason, 2002; Berg, 2004).

3.3.3 Recruitment procedures

Owner-accountant participants were sent a letter of invitation and information pack which included an information sheet (Appendix 3) about the project, consent form (see Section 3.7.2), participant and firm profile (see Section 3.4.2) and a complaints and grievances procedure (see Section 3.7.2). Approximately two weeks after the dispatch of the invitation and information pack, contact was made by telephone. Where the prospective participant was available, any questions were answered and participation requested. Where the prospective participant did not consent to participate, they were thanked for their time and their details removed from consideration. Where the prospective participant agreed to participate, a date and time for the interview was agreed upon. A letter of confirmation was forwarded by mail or email (see Appendix 4).

3.3.4 Participant groups

Two groups of participants were approached: regional developers and owner-accountants based in regional and remote areas.

3.3.4.1 Group 1: Regional developers (RQ1)

Investigating the background context of regional and remote areas was considered essential for this research. Regional developer is a blanket term for participants sourced from regional development boards and local governments (councils). The Regional Development Board Network is one of the principal frameworks for the development of regional and remote areas in South

Australia and operates under the auspices of the South Australian Department of Trade and Economic Development. For regional and remote areas of South Australia, thirteen boards exist. The main responsibility of the Boards is the economic development of their regions including the provision of business advice to individuals, training and education to promote employment, assistance to communities in infrastructure development, and lobbying, although the range of activities varies between Boards. Participants had direct experience in providing advice to individuals currently operating or considering operation of their own businesses. The identities of the participants are confidential and will be referred to using a pseudonym, "developer" (see Section 3.7.3 on anonymisation of participants). This group of participants provided data for use in research question one.

3.3.4.2   Group 2: Owner-accountants based in regional and remote areas (RQ2)

Owner-accountants were the primary participant group. For an accountant to be considered a member of this group two selection criteria were applied: (i) they needed to have an ownership stake in an accounting firm, either as a partner or principal and (ii) the accounting firm needed to be located in a regional or remote location. In the case of two firms, the main branch location was in a regional location but both firms had branch offices in Adelaide. The identities of the participants are confidential and will be referred to using a pseudonym, "owner" (see Section 3.7.3 on anonymisation of participants). This group of participants provided data for use in RQ2.

3.4 Data collection methods

Data collection focussed on semi-structured interviews supplemented with a participant and firm profile for the owner-accountant group.

3.4.1 Method 1: Semi-structured interviews

Qualitative semi-structured interviews were the primary data collection method. The purpose of interviewing was to obtain answers that had depth and detail, vividness and nuance, and were rich with thematic material (Rubin and Rubin, 2005; Glesne, 2006). Semi-structured interviews used a 'river and channel' structure, designed to explore ideas, concepts and issues at depth (Rubin and Rubin, 2005, p. 146). The interviews had a general structure of main questions that acted as topic guides. However, the participants' responses required follow-up questions and probes to explore their perspectives in greater detail. It must be recognised that the use of exact wording was not crucial in this form of qualitative interviewing and pre-testing could not ensure the right questions were asked (Rubin and Rubin, 2005, p. 156). However a pilot interview with a metropolitan owner-accountant was conducted in June 2008 for evaluation of the interview schedule and associated research instruments as well as data analysis procedures (see Section 3.4.3).

Content of the various interview schedules was drawn from the literature with a focus on previous studies related to other professionals in regional and remote areas. Two interview schedules were developed: one for regional development workers, and the second for owner-accountants.

3.4.1.1   Group 1: owner-accountants practicing in regional and remote areas

The interview schedule for the owner-accountant group is contained in Appendix 5). The interview schedule contained 10 questions: question one related to the decision to enter into business ownership, questions two to seven related to choice of practice location, and questions eight to ten related to business success. The data collected from questions one and eight to ten was not used in the thesis. Question seven was omitted from the schedule after metropolitan-based owner-accountants were not included in the data collection. Questions two and three tended to be answered in the same response and were blended into a single question. Hence, in the majority of interviews with owner-accountants, responses to four questions represented the main data collected.

The interview was piloted with a metropolitan owner-accountant (see Section 3.4.3). However, during the first interview in a remote area waiting room literature provided motivation to question directly the owner-accountants' engagement with personal counselling and this question was adopted for all following interviews.

3.4.1.2   Group 2: regional development workers

This interview schedule built on aspects related to research question one and consisted of questions which were designed to draw out, amongst other things, the various contributions accountants made to local communities in regional and remote areas (see Appendix 6). Seven questions were included in the schedule: question one asked for a brief overview of the organisation in which the participant was employed, questions two to seven were related to the importance of accounting firms and accounting services to the residents and

business owners in regional and remote areas. Question seven was considered optional and was used only where time permitted.

3.4.2 *Method 2: Participant and firm profile*

In addition to the semi-structured interviews, owner-accountants were provided with a participant and firm profile, which gathered basic demographic data including birthplace (see Appendix 7). Items for the participant and firm profile were selected on the basis of potential influence on choice of practice location as reflected in the literature. Regional or remote upbringing, for example, was highlighted as a significant factor (see Section 2.3.1.5). Data collected from the profile was used in conjunction with data from the interviews for cross-referencing and to highlight similarities or contradictions.

3.4.3 *Pilot testing of semi-structured interviews and participant and firm profile*

The research instruments were tested to ensure, as far as practicable, appropriate content was achieved (Neuman, 2006). The complete data collection process for owner-accountants was pilot-tested with a metropolitan owner-accountant. At the end of the interview specific questions were asked about the content, such as whether any content was considered offensive or irrelevant. Positive feedback was received, but an additional question was introduced after pilot-testing, relating to motivations for entry into business ownership. The first interviews for regional development workers and a remote-based owner-accountant were conducted and data evaluated. Such testing could not ensure the right questions were asked and each subsequent interview refined the interview schedule. Adjustments to interview schedules

were completed as needed, although owing to the nature of the research design, the interviews remained evolutionary.

3.5   Analytical framework

To conduct the analysis of the data collected the constant comparison method of analysis was employed. Whilst more strongly associated with grounded theory (Glaser, 1964; Green, 1998; Dye, 2000; Boeije 2002, 2010; Hallberg, 2006), the constant comparative method provided a more rigourous and systematic approach to data analysis than similar analytical frameworks such as thematic analysis .

3.5.1   Participant groupings

Owner-accountant participants were grouped in a number of ways to reflect major features which may have an impact on responses. Nine main groups were developed: (i) individuals, (ii) the entire group of participants, (iii) remoteness, (iv) gender, (v) gender and remoteness, (vi) professional accountancy association membership, (vii) household income sourced from the business, (viii) age, and (ix) children. Each participant had memberships with different groupings in the various stages of comparison (see Table 3.2).

Table 3.2: Participant groupings

Owner	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Group 1 (Individual)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Group 2 (Group)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Group 3 (Remoteness)																
Regional	•	•	•	•	•			•	•			•				•
Remote						•	•			•	•		•	•	•	
Group 4 (Gender)																
Men	•	•	•	•			•		•	•	•	•		•	•	•
Women					•	•		•					•			
Group 5 (Gender and remoteness)																
Regional Men	•	•	•	•					•			•				•
Remote Men							•			•	•			•	•	
Regional women					•			•								
Remote Women						•							•			
Group 6 (Professional accountancy association membership)																
CA	•			•	•		•		•			•				
CPA		•												•		•
NIA			•			•		•		•	•		•		•	
Group 7 (Household income sourced from business)																
Less than 25%								•					•			
26-50%												•				
51-75%	•					•				•					•	
76% or more		•	•	•	•		•		•		•			•		•
Group 8 (Age)																
26-35 years		•											•			
36-45 years	•				•	•			•		•					
46-55 years				•			•	•		•		•		•	•	
56 years or more			•													•
Group 9 (Children)																
Minor children only		•			•		•		•				•			
Adult children only	•		•	•				•				•		•		•
Minor and adult children						•				•	•				•	

Regional development participants were not grouped as they provided background data only.

3.5.2   Constant comparative method

One of the criticisms of qualitative research is a lack of rigour: that no single explicit and systematic approach to data analysis is used (Boeije, 2002; Marshall, 2002; Bereska, 2003; Singh and Richards, 2003; Neuman, 2006). To counter this possible criticism, interview transcripts were analysed using the constant comparative method. Comparison is the 'dominant principle of analysis' (Boeije, 2002, p. 391) in qualitative research. Data, most often in the form of text or written words, is analysed by coding: looking for themes, similarities and differences between the participants' responses (Neuman, 2006; Silverman, 2006).

3.5.2.1   Coding procedures

A minimum of three readings of interview transcripts and associated notes was performed. Initial review of interview transcripts across all stages of comparison is designed to obtain an understanding of the core messages regarding the determinants of choice of practice location, the dimensions of business success for owners of accounting businesses, and the importance of accounting businesses in regional South Australia (Boeije, 2002, p. 395).

Open coding provides a first pass through the data and was performed as soon as practicable after the interview and transcription completion (Neuman, 2006, p. 461). Core messages from the data were converted into a list of provisional codes (determinants of choice of practice location) once open coding was completed. Analysis was documented through extended memos (research or analytical notes) (Boeije, 2002; Marshall, 2002; Neuman, 2006). Questions asked during this level of analysis included, but were not restricted to:

- What is the core message of the interview?

- What determinants of choice of practice location are identified?

- How are the different fragments related?

- Are there different dimensions to choice of practice location identified by the informant?

- How are these different dimensions related?

- Is the interview consistent? Are there any contradictions?

- Does the informant show any signs of contradicting themselves or showing inconsistencies in relation to choice of practice location?

- What do fragments with the same code have in common?

- What fragments are identified in the same dimensions? What are the commonalities within the dimension? Are there any cross-overs (hybrid dimensions)?

Second reviews of transcripts used axial coding with the intention of making connections between concepts and to speculate about patterns, if any, emerging from comparison (Boeije, 2002; Neuman, 2006). The aim was to define concepts and explore the constructs of choice of practice location and additional considerations impacting on practice. Some of the questions asked during this level of analysis included:

- Is x talking about the same issue as y?

- What are x and y saying about choice of practice location?

- What do both interviews reveal about the category (code)?

- What combination of concepts occurs?

- What elements exist within each dimension? Are there cases where the elements in the dimensions cross over?

- What interpretations exist for this combination of concepts?

- What are the similarities and differences between the interviews?

- What criteria underlie this comparison?

This level of analysis and comparison resulted in an expansion of the provisional codes emerging from the previous levels of analysis until all relevant themes are identified and included. Descriptions of the core concepts (determinants of choice of practice location) were created. A typology of interviews was also created, by identifying clusters of similar themes. Results were documented through research logs.

The final levels of analysis used selective coding to compare multiple interviews across classes (Neuman, 2006). These levels of comparison provided triangulation of data sources and aimed to complete the picture and enrich the information emerging from the interviews (Boeije, 2002). Some of the questions to be asked during this level of analysis include:

- What does group x say about certain themes and what does group y have to say about the same themes?

- What themes appear in group x but not in group y and vice versa?

- Why do they see things similarly or differently?

- What nuances, details or new information does group y give about group x?

This level of analysis resulted in verification of provisional knowledge resulting from previous analysis. Results were documented through research logs and analytic notes.

3.5.2.2   Inter-coder agreement

It is standard practice in qualitative research using coding systems to use more than one coder for verification of data classification (Boeije, 2010). Inter-coder agreement, also known as inter-rater reliability (Gwet, 2010), is a comparison of the coding between two or more coders. Whilst inter-rater reliability can yield statistical measures of reliability, such as Cohen's kappa (Cohen, 1960), Fleiss' kappa (Fleiss, 1970), or a Krippendorf's alpha (Krippendorf, 2004), the nature of this research, that is a single researcher, did not require systematic use of two coders for analytical purposes.

3.5.2.3   Data saturation

Data saturation is a core concept in qualitative research involving coding (Guest *et al.,* 2006). Despite the centrality of data saturation it is a poorly understood concept. Data saturation is commonly understood in terms of theory building which was not the purpose of this research (Bowen, 2008). However, data saturation is linked to the number of interviews required for rigourous research (Guest *et al.,* 2006; Bowen, 2008).

Data saturation is defined in this research as 'the point in data collection and analysis when new information produces little or no change to the codebook' (Guest *et al.,* 2006, p. 65). Operationalisation of data saturation is demonstrated for this research defined saturation at the point where no new codes emerged from the interviews.

3.6 Rigour of the research

Rigour in qualitative research is a controversial issue: the standards to which it should be held and the applicability of validity and reliability usually associated with quantitative research are central themes (Morse, 1999; Whittemore et al., 2001; Morse et al., 2002; Caelli et al., 2003; Onwuegbuzie and Leech, 2007).

The interpretive qualitative research does not use the same notions of rigour that emerges from the positivistic tradition. This invites criticism when research, owing to its qualitative nature and underpinning naturalistic-interpretive paradigm, which is diametrically opposed to positivism, is unable to satisfy these twin concepts.

Alternative assessment criteria for rigour are available for qualitative research – credibility, trustworthiness (Denzin and Lincoln, 2003; Rolfe, 2006) The details of this debate or the various uses of reliability, validity, trustworthiness, credibility and the other terms, occupies a large body of literature within qualitative research methods (Cheek, 1996; Emden and Sandelowski, 1998a, 1998b; Whittemore *et al.*, 2001; Morse *et al.*, 2002; Golafshani, 2003; Cho and Trent, 2006; Rolfe, 2006; Onwuegbuzie and Leech, 2007). Rigour, as an encompassing notion, is however a concern in the design and conduct of any research, as well as the assessment of such research in terms of quality (Davies and Dodd, 2002; Seale, 2004; Collingridge and Gantt, 2008).

The possibility of error or bias in interview-based research designs and/or interpretive methodology cannot be entirely dismissed; however, rigour can be increased through the incorporation of verification strategies (Lincoln and

Guba, 1985; Ryan *et al.*, 2002; Yin, 2003; De Wet and Erasmus, 2006). The following strategies were used to assist with issues of rigour:

(i)   independent transcription of interviews (see Appendix 8 for statement of confidentiality);

(ii)   independent check of transcription accuracy (see Appendix 9, for statement of confidentiality): an individual independent of the research and institution assessed the accuracy of the transcripts against the recordings and identified any suspect or unclear statements; (Poland, 1995);

(iii)   independent check of coding (on a sample basis) (see Section 3.5.2.2) (Morse *et al.*, 2002; Caelli *et al.*, 2003);

(iv)   use of an interview schedule (semi-structured) to ensure the main structure of the interviews for each group was consistent; and

(v)   maintenance of a research journal based on data analysis notes.

3.7   Ethical research framework

The research involves human subjects and hence ethics approval was obtained from the University of South Australia Human Research Ethics Committee (Ethics protocol number P045/08) in April 2008. The research was designed to meet the ethical standards developed by the *Desert Knowledge Cooperative Research Centre*, a scholarship-providing organisation. The requirements of the *Desert Knowledge Cooperative Research Centre* were developed to ensure voluntary and ongoing informed consent for indigenous populations and were adapted for use in mainstream populations. A complaints and grievances procedure was developed for the participants and information was included in recruitment materials (see Appendix 10).

3.7.1 Informed and voluntary consent by participants

Participation was voluntary and the participants had the right to refuse to complete the survey and refuse permission for recording. Informed consent requires participants to have sufficient and adequate description of the research and how their privacy was protected (Rea and Young, 2006). An informed consent form has been developed from the pro forma provided by the University and the *Desert Knowledge Cooperative Research Centre* and can be found in Appendix 11. Consent forms were required for all participants. The consent forms were distributed with recruitment materials. Consent forms were generally completed at the commencement of the interviews, with copies provided to the participants.

3.7.2 Anonymisation of participant identities

Participants' identities were kept confidential and pseudonyms assigned for reporting purposes. Owner-accountants are referred to as "Owner" and regional development workers as "Developer". Chapters 4 and 5 provide profiles of the participant groups.

3.8 Methodological limitations of the study

Several methodological limitations are to be noted. The use of Maslow's theory of needs (Maslow, 1970) as a framework for understanding the reasons for owner-accountant choice of practice location is open to criticism. Section 2.4.2 noted the criticisms of this theory largely being centred on the use of the pyramidal device and the degree of satisfaction of one level of needs before emergence of a new level. It was noted that Maslow's theory had been developed further after its initial publication (Maslow, 1965; 1969; 1976) and

this extended version of the theory was used. The pyramidal device was not the invention of Maslow and has been avoided here. The core notion of needs was not in dispute and has been used as the basis for other motivation theories (McClelland *et al.*, 1953; McClelland, 1961, 1962, 1965a, 1965b, 1971; Alderfer, 1972; Alderfer *et al.*, 1974; McClelland, 1975).

For purely pragmatic reasons the main participant group was restricted to owner-accountants with regional developers providing a macro view of their presence and contributions. Owner-accountants had the most invested in their accounting services, accepting the risk of business ownership in pursuit of their careers and income production. This limits the findings of the research owner-accountants rather than all accountants in regional and remote communities. Given the emphasis on the 'lived experience' and the individuality of this, it would be expected that there would be both similarities and differences in the experiences of employed accountants, whether in private sector companies, public accounting firms or public sector employment.

Finally, there are inherent risks associated with interview-based research designs (Fontana and Frey, 2000; Horton *et al.*, 2004; Rubin and Rubin, 2005; Glesne, 2006). The interview schedule for owner-accountants was piloted with a city-based accountant but such pre-testing (Fontana and Frey, 2000; Neuman, 2006) does not guarantee the right questions would be asked once in the field (Rubin and Rubin, 2005). As outlined in Section 3.1 the research design was fluid and the precise content of individual interviews varied according to the experiences of each participant. Where possible the interviews were conducted in the offices of the participant unless an alternative venue was specified by the

participant. Using a venue of comfort for the participant enhanced the opportunity to obtain open and accurate responses (Flick, 2002; Glesne, 2006). Interviews run the risk of bias, on the part of both the interviewee and interviewer, clouding the accuracy of the responses. However, participants with high degree of trustworthiness and credibility (Denzin and Lincoln, 2003; Rolfe, 2006) were selected.

3.9   Summary and conclusion

This Chapter has outlined the research design employed: an interpretive qualitative design which uses the constant comparative method of data analysis. Chapter 4 begins with the presentation of results from the fieldwork.

Chapter 4: Accounting services and firms in regional and remote areas (RQ1)

4.1 Introduction

Exploration of accountancy practice in regional and remote South Australia must necessarily start with an understanding of the importance attributed to accounting services and accounting firms by regional development workers. In Section 1.3 the research question was posed:

How, and in what ways, are resident accounting firms important for

the sustainability of regional and remote communities? (RQ1)

The purpose of this chapter is to present the regional development perspective on accountancy and its importance for regional development in South Australia. Seven participants actively involved in regional development, either through regional development boards or local government were interviewed. The results are presented under two main themes: (i) access to accounting services (RQ1.1) and (ii) the location of accounting firms (RQ1.2). The former explores responses regarding the characterisation of accounting services, the importance attributed by regional development participants to access and access issues other than geographical location. The latter focuses on the location of accounting firms and the contribution of resident accountants to regional development.

The Chapter proceeds as follows. In Section 4.2 the participants are introduced with a brief biography. Section 4.3 reports on issues associated with access. Section 4.4 considers the location of accounting firms. Finally, Section 4.5

presents a short conclusion and summary. The findings will be discussed at length in Chapter 7.

4.2   Profiles of regional development participants

Five of the regional development participants were employed by regional development boards at the time of their interviews. The regional development board network is the principal government institution responsible for regional economic development in Australia. The boards operate under the auspices of the *Department of Trade and Economic Development*[6]. Economic development activities include providing business advice to current and prospective business owners, promoting employment opportunities, assisting in infrastructure development, and lobbying on regional and remote issues. The participants employed in Boards had direct experience in providing advice and in most cases had personal experience operating a business.

Two of the regional development participants were employed by local government. Local government plays a central role in the economic development of regional and remote areas – in South Australia, under the *Local Government Act* (1999) Section 7(a). Most councils will have an employee who is responsible for economic development activities, such as an economic development officer. In the absence of such a dedicated position, the chief executive officer may assume this role.

To keep the identities of the boards, local governments and participants confidential, pseudonyms were assigned (see Section 3.7.2 on anonymisation).

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[6] Recent changes will result in a reduction in the number of Boards from thirteen to eight (RDA (2010) 'Regional Development Australia', retrieved 15/5/2010, from http://www.southaustralia.biz/News/2010/01/14/Regional-Development-Australia.aspx).

Table 4.1 provides basic information regarding the seven regional development participants. Although the position titles differ, each participant was responsible for regional development activities in their jurisdictions.

Table 4.1: Regional development participant profiles

Participant ID	Description
Developer 1	A Business Advisor with a regional development board with a geographically large jurisdiction containing predominantly remote areas.
Developer 2	The Business Development Manager of a Board which had a geographically large jurisdiction with mainly regional areas.
Developer 3	The Economic Development Manager of a Board which had both regional and remote areas within its jurisdiction.
Developer 4	A Development Manager of a Board with large geographical jurisdiction which incorporates mainly remote areas.
Developer 5	The Economic Development Officer and Acting Business Development Officer of a Board with a small geographical jurisdiction of regional areas only.
Developer 6	The Economic Development Officer a local government which is located in a remote area and had no accounting firms located within its boundaries.
Developer 7	The Chief Executive Officer of a local government located in a remote area with accounting firms located within its boundaries.

Appendix 12 provides a summary of the individual participant's interview responses.

4.3 The importance of access to accounting services (RQ1.1)

Previous studies show that high failure rates of business are attributable to the business owners' lack of knowledge and expertise in business management (Lussier, 1995; Bennett and Robson, 1999; Beaver, 2003; Headd, 2003; Ritchie and Richardson, 2004; Bennett and Robson, 2005; Beresford and Saunders, 2005; Berry *et al.*, 2006; Australian Bureau of Statistics, 2007; Dyer and Ross, 2007; Dyer and Ross, 2008). To combat this, expertise needs to be sourced from, amongst others, accountants (see Chapters 1 and 2 for a general discussion of these points). There is an assumption built into this question that

access to accounting services is necessary. Consequently, the first sub-research question asks:

Why is access to accounting services necessary for regional and remote areas?

Participants indicated a range of reasons why accounting services are necessary for regional and remote business owners. Firstly, accounting services were viewed as essential and this is the starting point for the reporting of results.

4.3.1 Accounting services are essential services

The seven participants consistently positioned accounting services as a highly valuable resource for business owners, individuals and not-for-profit organisations in regional and remote communities. The terminology used by regional development participants is clear – a 'must have' (Developer 1), 'critical' (Developer 7) and 'extremely important' (Developer 6) – the essentiality of accounting services is indisputable in their eyes.

For Developer 1, whose jurisdiction includes mining and mineral exploration, accountants provide critical advice to individuals transitioning from wage earners to business owners. Mining companies 'employ' independent contractors and the contractors are required to operate as business owners in their own right with an Australian Business Number and all the compliance obligations of small businesses. Accountants are the main source of advice regarding the contracts for services, the establishment of business entities, and compliance obligations.

The majority of participants identified business owners as the main consumers of accounting services in their jurisdictions. Without access to accounting services businesses would either fail or be less successful; both options would be detrimental to local economies. So important are accounting services to business, that the regional development boards have referral to an accountant as a standard practice for any client seeking assistance with a business development and/or start-up. Accountants are 'pushed' (Developer 2) as one of several important preliminary steps during the early phases of business development. From 'day one' the accountant 'adds' (Developer 1) to a business, although the details of the precise value added remains elusive. For these regional developers bringing in accounting services as early as possible ensures a smooth transition from wage earner to business owner (in a more traditional sense than Developer 1's mining contracts), mitigates the risk of failure and identifies issues well before they become problems for a business owner.

The need for accounting services is not restricted to business start-ups and the participants all agreed that accountants are needed through all phases of a business. Indeed, a relationship with an accountant at some point during a business's life is regarded as being inevitable: 'at some stage in their business life, they're gonna need a relationship with an accountant' (Developer 5). Two themes emerged which underscore the importance of having access to accounting services: (i) the complexity of modern business environments including compliance obligations under various taxation laws and (ii) the limited skills and knowledge of business owners.

The regional development participants characterised the modern business environment as 'tougher' (Developer 1) than in previous decades. There is a complexity in today's business environment which has an especially important impact on small and micro businesses which may not have needed to deal with this level of complexity prior to the introduction of the Goods and Services Tax (GST) in 2000. Taxation is identified as the main cause for modern complexity. The introduction of the GST and the relatively low turnover threshold for compulsory registration meant many small and micro businesses which had previously escaped compliance obligations were now subject to quarterly reporting. In regional and remote areas, many business owners, especially older farmers who started their businesses (or inherited them) well before the introduction of the GST, failed to cope with the changes and have not come to grips with the new tax and its reporting requirements. Instead, much of this was 'passed back to the accountant – they'd rather pay the extra fee for the service than try to get their own head around it' (Developer 6). Thus, business owners handed over responsibility for reporting and compliance to their accountants, feeling assured that someone knowledgeable and experienced was now taking care of compliance requirements for them.

This leads to the second theme identified by the participants, the limitations of business owners. It is well acknowledged and supported in the literature that the shortcomings of individual business owners in terms of management skills, knowledge and experience, are the leading causes of business failure globally (Breen and Bergin-Seers, 2002; Beaver, 2003; Van Praag, 2003; Ritchie and Richardson, 2004; Bennett and Robson, 2005; Van Gelderen *et al.*, 2006; Dyer and Ross, 2007). The need to buy-in such skills, knowledge and experiences

means the reliance by business owners on advisors, especially accountants, is significant. The general opinion of business owners' ability to cope with modern business management, especially compliance, was quite poor – 'no hope in hell' (Developer 2) summarised the tendency in responses. There was a feeling from these participants that the compliance regime in Australia is such that 'it's really beyond the individual business owner...to do a lot of that themselves' (Developer 6). Thus, the business owners are not necessarily responsible for their inability to cope and it should be recognised that compliance and reporting is a 'professional stream itself' (Developer 6) requiring specialist knowledge.

It is not only compliance which highlights the limitations of business owners but the need for information. With changes occurring in both local and global markets on a daily basis, the ability of the business owner to cope with the information requirements of modern business was questioned. Accounting firms' contributions as information services and advisors was as important as compliance work in the eyes of regional developers. The need for business owners to be 'smarter', have access to resources and keep up-to-date with the 'latest and greatest' (Developer 2) is an essential feature of modern business operations. However, without accounting firms acting as information brokers, the business owner is unlikely to identify and secure the necessary information relevant to their needs, increasing a variety of 'risks' (Developer 2).

> In this day and age you just can't do without an accountant and that's even down to a personal tax return. It is so important...to be able to record keep and get some sort of advice about what things you should be doing...[it] just escalates as you go up through to small business and large business it becomes more and more important. ... Once upon a time, I guess you could get by without an accountant...you could read a book and make your own judgements but you just can't do that now. (Developer 6)

Participant regional developers highlighted the importance of accessing accounting services by business owners for a number of reasons. However, three participants provided evidence that accountancy had extended its scope beyond that expected even for an expanded profession. In the 2008-2009 period during which these interviews took place, drought was widespread with an impact on all the communities visited except for the jurisdiction of Developer 2. The Australian Government instituted drought assistance through Centrelink which provided a range of programs from exit grants for those leaving the land to interim income support for those under financial hardship including farmers, irrigators, farm hands, and small businesses. To access these programs, claims (applications) for drought assistance need to be completed with supporting documentation. Participants reported accounting firms were asked by clients affected by drought to assist with the application forms, provide supporting documentation and even liaise with Centrelink through the application process.

> A lot of people ... are really needing to rely on their accountants in terms of their advice. If things aren't going so well on the farm, [finding out from the accountant] what welfare services can be accessed, how can those records be passed onto those services like the drought taskforce...and also things like GST. (Developer 6)

Developers 4 and 6 noted that drought assistance applications prepared with help from accountants were more successful than those prepared without such assistance. The effect of failed applications was felt throughout the community and a source of some resentment where the community had no resident accounting firms and securing professional assistance was difficult.

Evidence was also presented that accountants play an important role in the mental health of their clients and communities. Reliance on accountants for

advice was considered common and participants identified accountants acting as 'sounding boards' or 'leaning posts' (Developer 1) for business owners was an important facet of accountancy. This is an especially important role for accountants whose clients are isolated. Developer 1 was most vociferous on the subject as a high proportion of business owners in his jurisdiction 'operate in a vacuum' or at least in 'a very removed set of circumstances'. Moreover such businesses are often family concerns and the accountant provides the opportunity for advice from a knowledgeable person not associated with the family.

> Quite often they are family focused so there may be one or two partners that are family members so they can bounce things backwards and forwards but it still remains within the family. They do use the accountant for that, for bouncing those ideas off and a lot of those ideas are intertwined with their social wellbeing as well as their I guess economic wellbeing. (Developer 1)

Many business owners are often aware of their own limitations and seek out accountants for an opinion on their business ideas or provide a feasibility assessment whether formal or informal. In times of financial or environmental hardship, the reliance of accountants for advice grows, and with economic and social wellbeing closely related, events such as drought have a lasting and widespread effect.

> [Drought] affects all the services too, that's the machinery dealers and those who sell fertilisers and the other services, and so it's got a flow down affect through the community and all of a sudden they're gonna have to lose a staff member, so that flows down through the community as well. (Developer 6)

'Mental trauma is hidden' (Developer 7) and with it comes one of the most significant and unexpected roles attributed to accounting practitioners in regional and remote areas: as pseudo mental health workers. Understanding the mental health of clients was considered an important facet of accounting

practice. Poor mental health undermines the wellbeing of whole communities and accountants were identified as a first line of defence against negative impacts of poor or degenerating mental health amongst their clients and the clients' family. Accountants generally have long-term, ongoing, and high trust relationships with clients. For clients isolated from their communities, accountants as objective visitors unrelated to the family are considered to be in a prime position to detect warning signs and refer clients to appropriate mental health services. This necessitates the accountant to take a more active role in client wellbeing, both psychological and financial, than might be expected in urban environments and within the traditional notion of accountancy.

Given the importance attributed to accessing accounting services, the expectation of long term relationships to develop between accountant and client, and the high degree of trust required for these relationships to be most effective it should not be surprising that such a role is perceived by these regional developers. A good accountant will 'understand how business operators work, almost get inside their heads' (Developer 1), thus the emergence of a mental health role could have been anticipated. Whether the accountants themselves agree with the regional developers is explored in Chapter 6.

4.3.2 *Financial cost and time involved in accessing accounting services*

While Section 4.4 will consider geography as a specific issue related to access, several themes emerged from the interviews which highlight important barriers to accessing accounting services. Three distinct barriers emerged: (i) cost, (ii)

underestimation of accountancy, and (iii) confusion about the accountancy profession.

Cost is generally perceived in a financial dimension but there is also a time cost in accessing accounting services for regional and remote business owners. Cost presents a greater barrier to access when the complexities of the modern business environment result in a greater reliance on providers. Increasing reliance means increased financial cost. In difficult financial circumstances the financial burden associated with accessing accounting services must be considered a significant barrier. Using accountants for a wider range of assistance as advocated by the regional developers also incurs additional financial cost. The financial reality might be that business owners are unable to afford to use accountants in more effective ways.

Equally important is the time cost associated with access, given that large areas of regional and remote South Australia do not have accounting firms located within the same community or region. Where no resident accounting firms are available, or where business owners choose to use more distant providers, considerable amounts of time can be spent travelling to accountants for consultations. This last point will be returned to.

While financial cost certainly influences the use of accounting services more extensively (i.e. management accounting, investment advice, financial planning, succession and estate planning, or export advice), there is a perception emerging from the participants, that business owners are reluctant to use these extended services. It was clear that regional developers felt business owners held a rather traditional view of accountancy – that accountants are tax agents

or bookkeepers whose role it is to ensure that tax returns (of all types) were completed on time and the books were maintained in sufficient detail to ensure timely completion. 'Most people think that accountants do your tax and that's it' (Developer 3). The literature on accountancy has noted the evolution of the profession and the expansion in the scope of tasks provided by and associated with accountancy (see Section 2.2.1). The narrow view of accountancy attributed to business owners prevents that take-up of additional services. Ultimately however the cost of services influences the use of accounting services:

> I think those who did know [about the range of services]...might not be able to afford it. Some of them will always come up with the money...because they can see the benefits, but if you don't know [what] the benefits are?' (Developer 3)

Such is the regional developers' concern about the general understanding of accountancy and the range of services available that there is a general consensus that the professional accountancy associations – the Institute of Chartered Accountants in Australia, the National Institute of Accountants, and CPA Australia – should be mounting a public education campaign focussing on the range of services provided by accounting firms and the benefits to be gained and exploited.

The final barrier about access which emerges from these interviews is the understanding about the profession itself. This is not concerned with the range of services on offer as already discussed but the very nature and structure of the profession including the professional associations and qualifications. This confusion is best exemplified by Developer 4 and her explanation about the accounting firms in the community where the interview took place.

> We've got two [accounting firms] basically based here permanently. ...[O]ne of those is a public accountant, actually sorry we've got five, we've got three here permanently, but those three tend to be public accountants not your chartered private firms…sorry they're still private firms but, yeah, they – I think people perhaps perceive them as a lower level service and a basic accounting service rather than the more specialized chartered – is it CPA? (Developer 4)

This rather confused explanation highlighted several key issues: (i) public accountants and private firms are different, (ii) one professional accountancy association is more important than the others and a hierarchy of accountants exists. While most regional developers were less confused, each admitted to some degree of ignorance about the profession and most agreed the general public had little or no understanding at all. For regional developers who routinely refer clients to accountants, understanding of the profession should be assumed knowledge. The professional accountancy associations were called upon to mount a public education campaign to inform the general public and especially business owners about the profession, qualifications and the differences, if any, between the professional associations.

Regional developers characterised accounting services as essential and as important as other services including education or health. Accounting services are a 'tool' (Developer 1) for business owners – someone who is available to inform them of their compliance obligations and assist in meeting them, a knowledgeable person who can assist through all stages of the business, an information provider and advisor, welfare facilitator, and mental health guardian. Having established the importance attributed to accounting services by these regional developers, the focus now turns to location issues.

4.4 The importance of location in the delivery of accounting services (RQ1.2)

Sub-research question 1.2 asked:

Why, if at all, is it important to have accounting firms located in regional and remote areas?

Distance has been shown in European studies as influential on the source of accounting services (see Section 2.2.3.2). Most business owners will choose accounting firms (and other advisory services) which are relatively close to their locations, i.e. within 25 kilometres (Bennett and Robson, 1999; Bennett *et al.*, 2000; Bennett and Smith, 2002; Bennett and Smith, 2003), indicating that the answer to this research question would be predictable – business owners want and use accounting firms located close by. In Section 2.2.4.1 it was pointed out that the European context differs greatly from the Australian context, where smaller populations are dispersed over great distances and many business owners in regional and remote areas may not have accounting firms located close by. Common accounting-related tasks may be routine such as book-keeping, business activity statement preparation, and income tax returns.

Three themes emerged about the location of accounting firms and importance of having them located in regional and remote areas: (i) resident accounting firms, that is those firms with a permanent physical presence, contribute to the residents' morale; (ii) resident accountants and accounting firms make significant social contributions to the communities in which they work and live; and, (iii) geographical proximity is both an attractor and repeller.

4.4.1 Contributors to residents' morale

The absence of accounting firms was highlighted by the regional development participants as having a profound impact on regions, individuals and business owners. Business owners may be or become isolated from accounting firms and, given the limitations attributed to them by the participants, increasing business owner stress. These limitations include the inability to cope with the compliance obligations under various state and federal taxes as well as obtaining and understanding information considered vital for business survival and success. It was these very limitations which led to the participants characterising accounting services as essential (see Section 4.4.1). Remaining resident accounting firms' workloads are predicted to increase to breaking point and ultimately local business owners and individuals will be turned away leaving no choice but to seek advice from outside the region. This in turn leads to 'leakage' (Developer 5) of money and time as potentially long journeys are taken to visit accountants. But leakage can extend further as local investment opportunities are missed because the accountants in the city or other towns remain unaware of them as they lacked the local knowledge which comes from being a resident accountant.

> It strikes me that it [reduction of accounting services] would be a further leakage from the economy as well in terms of ... investment... they're gonna recommend doing things in Adelaide, they're not gonna recommended doing things in regional areas because they won't know [what's going on locally]... an Adelaide accountant would only know what they read in the papers. (Developer 5)

Resident accounting firms appear to provide contributions to regional development on multiple levels. Business owners in remote areas have generally learnt to "do without":

> ..there's many who could do much better but they don't rely on or don't seek that sort of advice. (Developer 6)

For the regional developer, the benefit of having accounting firms located in their jurisdiction is recognised as a 'huge bonus' (Developer 6), something for which 'the box can be ticked' (Developer 1).

A lack of resident accounting firms can result in the creation of informal networks of support and local government assistance especially in special circumstances.

> Now towns without those – an accountant there, yeah, they are reliant on, you know, just normal people – not normal but people off the street that don't have that specialist skill base, so you know, that's a real – it is a disadvantage actually for communities because they have to go somewhere else to get those services when the time comes to getting audits or whatever. ... [T]hey may have done lower level TAFE courses, your Certificates and your – you know, maybe even an Associate Diploma, so they are the ones that generally – they may have done a basic TAFE course. ... In some communities you wouldn't even have that, you'd have people that have – maybe operate their own business, it could be a farming business, it could be a local retail business that perhaps offer their voluntary skills to a organisation to simply do the books but they don't have the qualification level that an accountant brings. (Developer 4)

These informal support networks may have people with limited accounting knowledge, perhaps a certificate level qualification or experience in business, but certainly not any specialist accounting education or knowledge. This form of informal support is especially important for community (not-for-profit) organisations. The extent of such informal systems of support is not known but that it exists is a certainty – 'it's fairly common' (Developer 4). The possibility of this informal support extending to advice brings out concerns regarding risks to the business owners, community organisations, and the individuals who provide the services if things go wrong.

The second consequence of a lack of resident accounting firms is that people, especially primary producers, in regional and remote areas go without

professional advice often to their detriment. This is especially evident in relation to government drought assistance packages. Participants highlighted the negative effect resulting from the absence of professional assistance in preparing applications. Drought has a pervasive effect on communities; it is not restricted to the farms affected directly. The negative outcomes of drought assistance applications, whatever the form, has a detrimental effect on the entire local economy as retailers and service providers in local communities have reduced incomes and people suffer from the mental health effects and start withdrawing from their communities.

It is therefore the general consensus of these regional development participants that having accounting firms located within their jurisdictions serves an important morale function. Whether the presence of accounting firms represents a "tick the box" issue which may encourage business growth and/or the building up residents' morale in the wider region, each participant felt resident accounting firms contributed to an overall feeling of optimism and hope for regional and remote areas.

4.4.2   Social contributions of resident accountants

Throughout the interviews most participants spoke easily about the economic contribution of resident accounting firms. Identifying social contributions was more challenging. Community involvement by resident accountants and their families was seen, universally, as a significant contribution to regional and remote communities.

Resident accountants make social contributions by providing their skills and experience to community organisations: whether this is through governance,

financial management, pro bono or low-cost audits, or reduced fees. Professional skills and knowledge brought into a community were seen by the participants to have positive outcomes for all. For Developer 4 the connection of the community to the 'accounting world' was seen as part of the overall value which a resident accounting service contributed to an individual community and the entire region.

At a personal level resident accountants and their families become embedded in the community, they become part of it – shopping locally, their children attend the local schools, their spouses or partners are involved in local clubs, they all may play sports. Developer 6 noted that the presence of an accountant alone would be sufficient to make a contribution to the area. Here numbers are so few that any additional community members, but particularly if an accountant brought a family, could mean the difference between retaining health and education services or not. Resident accountants and their families increase the social capital of communities by involvement in local sporting clubs, social clubs and emergency services organisations as active members. If an accountant (and their family) leaves, all these local community organisations lose members as do the local schools and hospitals. For smaller communities the loss of even a few people can have significant impacts on the retention of services.

Community involvement is noted by the participants as having a significant benefit to the resident accountant. Local residents generally like community involvement by the business owners and professionals resident in the town, regardless of their profession or business. This involvement may be personal through club membership and participation or financial through sponsorships.

In the eyes of the regional developers, there is a great deal of credibility to be gained by resident accountants from community involvement. Community involvement becomes an act of reciprocity, a demonstration of commitment which will likely be returned by the community through their consumer activities: 'they love it, and to the point where they'll actually deal with you on a commercial basis more than someone who doesn't get involved' (Developer 2). The degree to which owner-accountants perceive community involvement as important will be discussed in Chapter 6.

4.4.3 Geographical proximity as an attractant and repellent

All the regional development participants had in place or supported the practice of referring locals to accounting firms located in their jurisdictions, although the reality was this may still mean client and accountant were quite distant from one another. The participants from the Regional Development Boards gave significance to having accountants and other advisors within 'easy reach' (Developer 2). Geographical proximity gave the accountants a 'feel' for local issues and the local economy; and the participants all agreed that this 'feel' was essential for accountants to provide their local clients with well-informed advice. Having an accountant located in or near one's business was considered an important access issue, reducing the financial and temporal costs associated with access. Close geographical proximity also allowed for more immediate and spontaneous assistance: clients could visit their accountants faster when the situation was urgent. This suggests that the interaction between accountant and client is most effective when conducted using the face-to-face medium and that the telephone and other media were poor substitutes.

Primary amongst the benefits of having accounting firms located in regional and remote areas is the collection and use of local intelligence. Local or tacit knowledge encompasses local market and economic conditions as well as elements from the social context including relationships and community involvement. Being resident allows accountants to observe their clients often over long periods and, when added to knowledge of the general community and local economy, provides a highly effective platform on which to base advice.

> [Local knowledge is] very [important] because they have a good understanding of the people, at the end of the day that's what it is about, but also the economic base in the community. They have the knowledge of how the community's travelling and the connection. I mean I know that we've got fly in/fly out people, they come once a month, or drive in/drive out, they have not got the connection ... Whereas your fly in/fly out may have a superficial understanding of it but not the on the ground physically seeing how it's working, how it's affecting people. (Developer 4)

Local knowledge provides a key competitive advantage over visiting accountants.

> Now just say for example that "Fred Nerk" in Adelaide uses [name] as his firm of accountants ... they're a bigger company than just Adelaide, just say in Sydney. Fred Nerk uses their services in Sydney so he rings up and he's wanting information from [name] in [town] about potential investments in [town] in housing and we get a lot of phone calls from WA and the eastern States about investing in [town]. .... If they were talking to a firm of accountants and had none of that local knowledge they're not likely to push the button and say [town] is a great place to invest or anything because they don't know, they only know the little bits of pieces that they've bothered to read in the paper and that they've picked up on. (Developer 5)

Local knowledge offers a degree of professional credibility: using the correct terminology, having a clear, first-hand understanding of local conditions and even personal knowledge of local industries associated with owning a farm or fruit-block. These elements of knowledge can develop trust between accountant and client more effectively and faster and thus, the regional development

participants see local knowledge and its development as an important part of the accountant's repertoire.

> ...it's not only technical taxation advice but, you know, the local advice in terms of what's happening, are there some industries which are going through issues and as a local business you may need to be aware of that, so that local intelligence is a significant aspect. (Developer 2)

Hence, geographical proximity is identified as important for its ability to make accessing accounting services easier and more cost-effective. In addition, geographical proximity allows the incorporation of local knowledge into the advice provided and gives regional and remote residents' morale a boost, and sees the resident accountants make social contributions to communities. Thus, a geographical proximity gives significant advantage in the provision of accounting services. However, one of the strongest adverse issues which emerged from the interviews with all participants in this group is the matter of privacy. In Chapter 1 (Section 1.4.1.2) reference was made to the Nadkarni and Stening (1989) study on remote towns and the human resource management dimensions associated within it for mining ventures. Nadkarni and Stening (1989) provide an insight to privacy in remote communities. It is well known that small communities have an endemic lack of privacy. As human beings seek out social interactions, the dual need for privacy and social interaction in an environment in which local residents know everyone can result in potentially negative effects. In this earlier discussion of Nadkarni and Stening (1989), the potential impact on the sourcing of accounting services was heralded; the nature of this impact was unknown but can now be revealed.

The desire for privacy was revealed by the regional development participants as being especially strong amongst residents of their jurisdictions in relation to

business and financial affairs. The very benefits associated with resident accountants can be reversed and become a threat to business owners, such that they are unwilling to use local services. The embeddedness of resident accountants and the extent of their local knowledge means 'people sometimes feel they are a little too close' (Developer 4) and the business owner will seek an accountant who is at arm's length. The possibility of family members being in their employ is perceived as a considerable risk to privacy. There is a degree of comfort in using an accounting service located outside of the business owner's community, and greater assurance that their privacy on business and financial affairs is protected from error:

> ...people may not want that [local] connection either, you know, they're [fly-in-fly-out accountants] not as close ... but I think that is an advantage but a disadvantage at the same time for a locally based accounting firm. (Developer 4)

Despite assurances from accountants and the presence of codes of ethics from the three professional associations, some business owners are simply unwilling to take a risk with their affairs and will avoid using locals, others may take years before enough trust exists for them to consider using local providers or open up to them. Hence, geographical proximity is often both the greatest advantage and most significant disadvantage for regional and remote accountants, both attracting and repelling locals.

Regional developers identified the location of accounting firms in their jurisdictions as highly important. The presence of accounting firms in a town provides a significant boost to the morale of residents as individual accountants, as professionals and local residents, make a variety of social contributions to their communities. However, geographical proximity is identified as having a

down-side in that regional and remote business owners may be reluctant to use local accounting firms because of perceived threats to the privacy of their financial and business affairs.

4.5 Summary and conclusion

It is evident from the responses of the regional development participants that a high value is placed on accessing accounting services. In addition, participants encouraged using accounting firms for more than mere taxation compliance. Equally evident is that this access is limited by the perception and understanding of the accountancy profession and the range of assistance modern accountants are able to provide. The importance of access to accounting services is attributable to more than economic reasons. Regional development participants identified new roles for accounting firms and individual accountants which extend beyond what might be considered the traditional scope of accounting into the realms of morale and mental health. While this potentially leads to a reconsideration of the public interest role of professional accountants, the current perspective presented by the professional accountancy bodies is much narrower than is experienced in practice. The interpretation of their public interest role is highly individualistic. Geographical proximity, for all of its advantages, can equally be a disadvantage in light of privacy concerns by local business owners. The desire for privacy and the perceived threats associated with geographical proximity mean being located in regional and remote towns is attractive to some and repellent to others. These themes will be discussed in greater detail in Chapter 7. Having established the importance of accessing accounting services and locating accounting firms in regional and remote areas, Chapter 5 moves the focus to the individual owner-accountant

operating their firm in regional or remote towns and reasons for choosing their locations.

Chapter 5: Owner-accountants' choice of practice location (RQ2.1)

5.1   Introduction

The previous Chapter explored the regional development perspective on accounting services in regional and remote South Australia. The purpose of this chapter is to identify the reasons why individual owner-accountants choose to practice accountancy and operate their businesses, whether by joining or buying an existing firm or establishing a new firm. The results from interviews relate to the second research question which asked:

What lessons can be learnt from owner-accountants who choose to operate their firms in regional and remote areas? (RQ2)

As the owner-accountants were the primary participant group, two sub-research questions were asked, and the first of these (RQ2.1) is the subject of this Chapter:

Why do owner-accountants choose to operate their businesses in regional and remote areas?(RQ2.1)

Sixteen owner-accountants participated in this research[7] providing basic information about themselves and their firms through a profile form and a semi-structured interview. The interviews asked about their specific choice of practice location and the reasons they attributed to their choice. The purpose now is to report on the reasons for the choice of practice location by owner-accountants operating their businesses in regional and remote communities.

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[7] Excluding the pilot interview participant.

The lived experience of these participants is explored. The Chapter proceeds as follows. Section 5.2 provides profiles for the sixteen owner-accountants who participated. Section 5.3 identifies the reasons for the participants' choice of practice location using Maslow's (1970) theory of needs. Section 5.4 identifies a story typology. Section 5.5 explores choice of practice location as a process which involves a series of choice of practice location points using the story typology to trace the location processes of each owner-accountant. Finally, Section 5.6 draws a conclusion about the reasons for choice of practice location by owner-accountants in regional and remote areas.

5.2   Profiles of owner-accountant participants

This chapter focuses on the owner-accountant perspective which encapsulates the responses of sixteen participants. Seventeen owner-accountants were interviewed for this research. The first owner-accountant, a resident in Adelaide, was used as a pilot for developing the research instruments and was not included in the main group for analysis. This Section provides basic demographic information about the owner-accountants both individually and in aggregate. To keep the identities of the participants confidential, pseudonyms were assigned and town and/or regional names have been omitted (see Section 3.7.2 regarding anonymisation of participants).

Section 3.5.1 provided an outline of participant groupings used for the analysis of data based on the constant comparative method. These groupings will be used to outline the demographic features of each of the groupings. Table 5.1 provides a basic profile of each of the individual owner-accountants participating.

Table 5.1: Owner-accountants' participant profiles

Participant ID	Description
Owner 1	A man aged 36-45 years, married with three adult children, and born and raised in a regional location. The owner-accountant holds an undergraduate business degree and is a Fellow in the Institute of Chartered Accountants in Australia and the Taxation Institute of Australia. He sources 51-75% of his household income from his firm, which operates from multiple sites in both regional and metropolitan locations. He is involved in a number of local sporting and social clubs in his resident town. Owner 1's remoteness classification is regional.
Owner 2	A man aged 26-35 years, married with two minor children, and born and raised in a regional location. The owner-accountant holds a bachelor qualification in accounting and is a member of CPA Australia. He sources 76-100% of his household income from his firm, which operates from multiple sites in regional and metropolitan locations. He is involved in at least one social club in his resident town. Owner 2's remoteness classification is regional.
Owner 3	A man aged over 56 years, married with three adult children, and born in a metropolitan location but raised in a regional area. The owner-accountant holds a certificate in an accounting-based discipline from TAFE and is a Fellow in the National Institute of Accountants and the National Tax and Accountants Association. He sources 76-100% of his household income from his firm, which operates from a single site in a regional location. He is involved in a number of local sporting and social clubs in his resident town. Owner 3's remoteness classification is regional.
Owner 4	A man aged 46-55 years, married with one adult child, and born and raised in a regional location. The owner-accountant holds an undergraduate accounting degree as well as a masters degree and is a Fellow of the Institute of Chartered Accountants in Australia and a member of the National Tax and Accountants Association. He sources 76-100% of his household income from his firm, which operates from multiple sites in regional locations. He is involved in a local sporting and social club in his resident town and region. Owner 4's remoteness classification is regional.
Owner 5	A woman aged 36-45 years, married with one minor child, and born and raised in a regional location. The owner-accountant holds an undergraduate accounting degree and is an associate member of the Institute of Chartered Accountants in Australia and a member of the National Tax and Accountants Association and an associate of the Taxation Institute of Australia. She sources 76-100% of her household income from her firm, which operates from a single site in a regional location. She did not disclose any involvement in local sporting and social clubs in her resident town. Owner 5's remoteness classification is regional.
Owner 6	A woman aged 36-45 years, married with one adult and two minor children, and born and raised in a regional location. The owner-accountant holds an undergraduate commerce degree and is Professional in the National Institute of Accountants and a Fellow of the Taxation Institute of Australia She sources 51-75% of her household income from her firm, which operates from a single site in a regional location. She is involved a number of local sporting and social clubs in her resident town. Owner 6's remoteness classification is remote.

Participant ID	Description
Owner 7	A man aged 46-55 years, married with two minor children, and born and raised in a remote location. The owner-accountant holds a bachelor degree and a graduate diploma, and is a member of the Institute of Chartered Accountants in Australia and a Fellow with the Taxation Institute of Australia. He sources 76-100% of his household income from his firm, which operates from multiple sites in remote locations of South Australia and another state. He did not disclose any involvement in local sporting and social clubs in his resident town. Owner 7's remoteness classification is remote.
Owner 8	A woman aged 46-55 years, married with two adult children, and born and raised in a regional location. The owner-accountant holds a bachelor degree and is a Fellow of the National Institute of Accountants and a Fellow of the Taxation Institute of Australia. She sources less than 25% of her household income from her firm, which operates from a single site in a regional location. She did not disclose any involvement in any local sporting and social clubs in her resident town. Owner 8's remoteness classification is regional.
Owner 9	A man aged 36-45 years, married with three minor children, and born in a regional location. The owner-accountant holds an undergraduate business degree as well as a graduate diploma in financial planning, and is a member of the Institute of Chartered Accountants in Australia and a member of the Taxation Institute of Australia. He sources 76-100% of his household income from his firm, which operates from multiple sites in regional locations. He is involved in local sporting and social clubs in his resident town. Owner 9's remoteness classification is regional.
Owner 10	A man aged 46-55 years, married with one adult and one minor child, and born and raised in a regional location. It is unknown what qualification is held by this owner-accountant. He is a Fellow with the National Institute of Accountants, a member of the National Tax and Accountants Association and the Taxation Institute of Australia. He sources 51-75% of his household income from his firm, which operates from a single site in a remote location. He is involved in a large number of local sporting and social clubs in his resident town. Owner 10's remoteness classification is remote.
Owner 11	A man aged 36-45 years, married with one adult and two minor children, and born and raised in a metropolitan location. The owner-accountant holds an undergraduate accounting degree and is a member of the National Institute of Accountants and the Taxation Institute of Australia. He sources 76-100% of his household income from his firm, which operates from a single site in a remote location. He is involved in a number of local sporting and social clubs in his resident town. Owner 11's remoteness classification is remote.
Owner 12	A man aged 46-55 years, married with three adult children, and born and raised in a regional location. The owner-accountant holds a bachelor degree in a business discipline and is a Fellow in the Institute of Chartered Accountants in Australia, and a member of the Taxation Institute of Australia. He sources 25-50% of his household income from his firm, which operates from multiple sites in regional and metropolitan locations. He is involved in a number clubs in his former resident town. Owner 12's remoteness classification is regional although he splits his time between two sites and recently moved his residence from regional to metropolitan.

Participant ID	Description
Owner 13	A woman aged 26-35 years, married with one minor child, and born in a metropolitan area but raised in a regional location. The owner-accountant holds an Advanced Diploma of Accounting and is a member of the National Institute of Accountants. She sources less than 25% of her household income from the business, which operates from her home on a farm. She is involved in a number of social clubs in her resident town. Owner 13's remoteness classification is remote.
Owner 14	A man aged 46-55 years, married with two adult children and born and raised in a metropolitan area. The owner-accountant holds a bachelor degree and is a member of the CPA Australia, an affiliate member of the Institute of Chartered Accountants in Australia and a member of the Taxation Institute of Australia. He sources 76-100% of his household income from the business which operates from a single location in a regional area. He is involved in a number of local social and sporting clubs. Owner 14's remoteness classification is remote.
Owner 15	A man aged 46-55 years, married with one minor and two adult children, and born and raised in a regional area. The owner-accountant holds a certificate in accounting and is a Professional with the National Institute of Accountants and a member of the National Tax and Accountants Association. He sources 51-75% of his household income from the business which operates from a single location in a remote area. He is involved with a number of sporting and social clubs in his resident town. Owner 15's remoteness classification is remote.
Owner 16	A man aged over 56 years, married with three adult children, born and raised in a metropolitan area overseas. The owner-accountant holds a bachelor qualification, and is a member of CPA Australia and the Taxation Institute of Australia, and also holds a membership with a Chartered Accountants association in his birth country. He sources 76-100% of his household income from the business which operates from a single location in a regional area. Owner 16's remoteness classification is regional.

5.3   Reasons for the choice of practice location

Initially thirty seven reasons for choice of practice location were identified from the responses of the owner-accountants (see Appendix 13 for an explanation of coding procedures and data saturation and Appendix 4 for a summary of the interviews with owner-accountants). This was refined to eight after additional coding and comparison. The eight reasons cited as influential in choice of practice location were largely unrelated to commercial and/or professional aspects. The reasons identified are (i) family, friends, spouse, and children; (ii) employment or business opportunity; (iii) lifestyle; (iv) home; (v) escape; (vi) education; (vii) reversibility of choice; and (viii) challenge. While each is

considered in more detail in Section 5.3.5, the exploration begins with an analysis of the reasons using quantitisation of results (Sandelowski *et al.*, 2009). Table 5.2 provides a quantitisation of the responses of owner-accountants. It is evident that "family, friends, spouse and children", employment of business", "lifestyle", and "home" are the four most popularly cited reasons for choice of practice location.

Table 5.2: Summary of analysis—reasons for choice of practice location

Owner	Family, friends, spouse, children	Employment or business	Home	Lifestyle	Escape	Education	Reversibility of choice	Challenge
1	●	●	●	●		●		
2	●	●	●			●		
3	●		●					
4	●	●	●	●				
5	●		●		●			
6	●	●		●				
7	●		●	●				●
8	●							
9	●	●	●					
10		●						
11		●		●	●			
12	●		●		●			
13	●							
14	●	●		●			●	
15	●	●		●			●	
16	●	●						●
No	14	10	8	7	3	2	2	2
Rank	1	2	3	4	5	6	6	6
%	88	63	50	44	19	13	13	13

When considering gender, "family, friends, spouse and children" was cited more often by women (100%) than men (83%) (see Table 5.3). For women, "family, friends, spouse and children" is the dominant reason for practice location with all others having 25% or less of women owner-accountants citing

them. In contrast, men cited "employment or business opportunities" as highly important, with only one less man citing this reason than "family, friends, spouse and children" which was the most commonly cited reason for men. "Lifestyle" and "home" were equally important to men.

Table 5.3: Reasons for practice location by gender and remoteness classification

	n	Family, friends, spouse, children	Employment or business	Home	Lifestyle	Escape	Education	Reversibility of choice	Challenge
All	16	14	10	8	7	3	2	2	2
	%	88	63	50	44	19	13	13	13
Gender									
Men	12	10	9	6	6	2	2	2	2
	%	83	75	50	50	17	17	17	17
Women	4	4	1	1	1	1	0	0	0
	%	100	25	25	25	25	0	0	0
Remoteness Classification									
Regional	9	9	5	6	2	2	2	0	1
	%	100	56	67	22	22	22	0	11
Remote	7	5	5	1	5	1	0	2	1
	%	71	71	14	71	14	0	29	14

Owner-accountants located in regional communities cited "family, friends, spouse and children" more often than remote-based participants (see Table 5.4). "Home" was the second most cited reason by regional participants with "employment or business opportunities" third most cited. In contrast, remote participants cited "family, friends, spouse and children", "employment or business opportunities" and "lifestyle" equally, with "reversibility of choice" fourth. Combining gender and remoteness classification reveals that only men in remote areas did not cite "family, friends, spouse and children" as the dominant reason for their choice of practice location (see Table 5.4).

Table 5.4: Reasons for practice location by cross-groupings: gender and remoteness classification

	n	Family, friends, spouse, children	Employment or business	Home	Lifestyle	Escape	Education	Reversibility of choice	Challenge
All	16	14	10	8	7	3	2	2	2
	%	88	63	50	44	19	13	13	13
Regional Men	7	7	5	5	2	1	2	0	1
	%	100	71	71	29	14	29	0	14
Remote Men	5	3	4	1	4	1	0	2	1
	%	60	80	20	80	20	0	40	20
Regional women	2	2	0	1	0	1	0	0	0
	%	100	0	50	0	50	0	0	0
Remote women	2	2	1	0	1	0	0	0	0
	%	100	50	0	50	0	0	0	0

Remote men cited "employment or business opportunities" and "lifestyle" equally as the dominant reason for practice location and "family, friends, spouse and children" second. Remote men were also the most likely to cite "reversibility of choice" as a reason for choice of practice location. Remote women cited different reasons for choice of practice location, with "family, friends, spouse and children" as dominant and "employment or business opportunities" and "lifestyle" coming equal second. Regional women in contrast cited "family, friends, spouse and children" as dominant, but then "home" and "escape". For regional women "employment or business opportunities" and "lifestyle" were not cited at all.

Table 5.5 highlights reasons cited analysed by professional accountancy association membership. Members of the National Institute of Accountants (NIA) cited "family, friends, spouse and children" less than members of CPA Australia (CPA) or the Institute of Chartered Accountants in Australia (CA).

Table 5.5: Reasons for practice location by professional accountancy association membership

	n	Family, friends, spouse, children	Employment or business	Home	Lifestyle	Escape	Education	Reversibility of choice	Challenge
All	16	14	10	8	7	3	2	2	2
	%	88	63	50	44	19	13	13	13
NIA	7	5	4	1	3	1	0	1	0
	%	71	57	14	43	14	0	14	0
CPA	3	3	3	1	1	0	1	1	1
	%	100	100	33	33	0	33	33	33
CA	6	6	3	5	3	2	1	0	1
	%	100	50	83	50	33	17	0	17

There is a higher incidence of NIA members practicing in remote communities than CPA or CA members: there are four remote NIA members and one member each for CPA and CA. This lower incidence of citing "family, friends, spouse and children" for remote participants is consistent in other groupings. CA members cited "home" more often than either NIA or CPA members which is consistent with the high incidence of CA members practicing in regional communities as "home" is almost exclusively cited by regional participants rather than remote.

In looking at income, only those with incomes between 51-75% of household income sourced from the business did not cite "family, friends, spouse and children" as influential on their choice of practice location (see Table 5.6).

Table 5.6: Reasons for practice location by household income sourced from business

Class	n	Family, friends, spouse, children	Employment or business	Home	Lifestyle	Escape	Education	Reversibility of choice	Challenge
All	**16**	**14**	**10**	**8**	**7**	**3**	**2**	**2**	**2**
	%	88	63	50	44	19	13	13	13
Less than 25%	**2**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	%	100	0	0	0	0	0	0	0
26-50%	**1**	**1**	**0**	**1**	**0**	**1**	**0**	**0**	**0**
	%	100	0	100	0	100	0	0	0
51-75%	**4**	**3**	**4**	**1**	**3**	**0**	**1**	**1**	**0**
	%	75	100	25	75	0	25	25	0
76% or more	**9**	**8**	**6**	**5**	**4**	**2**	**1**	**1**	**2**
	%	89	67	56	44	22	11	11	22

For this group "employment or business opportunities" were more commonly cited. The majority (75%) of participants sourcing 51-75% of household income from the business were located in remote communities. The high incidence of remote-based participants in this grouping is consistent with other groupings where similarly high numbers of remote-based participants are included. It is noteworthy that participants sourcing less than 25% of household income sourced from the business cited only "family, friends, spouse and children" as their reason for choice of practice location. Only those participants with 76% or more of household income sourced from the business cited from across the eight identified reasons with "family, friends, spouse and children" and "employment or business opportunities" being the most cited reasons.

In considering age of participants, "family, friends, spouse and children" was most commonly cited by all age groups (see Table 5.7). However, 36-45 year old participants cited "employment or business opportunities" as often as

170

"family, friends, spouse and children". The 36-45 and 46-55 year old owner-accountants had remote participants included which reduced the incidence of citation for "family, friends, spouse and children" and increased "employment or business opportunities".

Table 5.7: Reasons for practice location by age

	n	Family, friends, spouse, children	Employment or business	Home	Lifestyle	Escape	Education	Reversibility of choice	Challenge
All	**16**	**14**	**10**	**8**	**7**	**3**	**2**	**2**	**2**
	%	88	63	50	44	19	13	13	13
26-35 years	**2**	**2**	**1**	**1**	**0**	**0**	**1**	**0**	**0**
	%	100	50	50	0	0	50	0	0
36-45 years	**5**	**4**	**4**	**2**	**3**	**2**	**1**	**0**	**0**
	%	80	80	40	60	40	20	0	0
46-55 years	**7**	**6**	**4**	**3**	**4**	**1**	**0**	**2**	**1**
	%	86	57	43	57	14	0	29	14
56+ years	**2**	**2**	**1**	**1**	**0**	**0**	**0**	**0**	**1**
	%	100	50	50	0	0	0	0	50

The final grouping to consider is children. Three primary groupings are evident: minor children (aged 17 or younger), adult (aged 18 or older) or a combination of adult and minor children. Table 5.8 shows that those participants with adult and minor children cited "family, friends, spouse and children" as influential in their choice of practice location. This can be accounted for by the inclusion of two remote participants and also explains the importance of "employment or business opportunities" for the group. "Home" is clearly important for the groups with either minor or adult children. In contrast those participants with both minor and adult children failed to cite "home" amongst their reasons for

choice of practice location: every participant in this group was based in a remote community.

Table 5.8: Reasons for practice location by Children

	n	Family, friends, spouse, children	Employment or business	Home	Lifestyle	Escape	Education	Reversibility of choice	Challenge
All	16	14	10	8	7	3	2	2	2
	%	88	63	50	44	19	13	13	13
Minor children	5	5	2	3	1	1	1	0	1
	%	100	40	60	20	20	20	0	20
Adult children	7	7	4	4	3	1	1	1	1
	%	100	57	57	43	14	14	14	14
Minor and adult children	4	2	4	0	3	1	0	1	0
	%	50	100	0	75	25	0	25	0

These quantitised results provide an indication of a trend in the citation of reasons for choice of practice location particularly between men and women with "family, friends, spouse and children" dominating the reasons of women, and remoteness classification, where remoteness is the underlying influence in most sub-groupings.

5.3.1 Elucidation of reasons cited by owner-accountants in regional and remote areas for choice of practice location

With eight primary reasons cited by the owner-accountants and an analysis based on quantitisation of responses, it is important to examine each of the reasons. Appendix 14 provides a summary of the individual participant's stories of their choice of practice location.

5.3.1.1 Reason 1: Family, friends, spouse and children

"Family, friends, spouse and children" is the dominant reason cited for their choice of practice location by owner-accountants. Fourteen of the sixteen participants (88%) nominated family and friends, spouse or children as an influence in their choice. First responses from the participants commonly cited the presence of family and/or friends in their childhood town as reasons for (i) their reluctance to move or (ii) motivation to return to the same town or immediate vicinity.

This reason has four distinct sub-elements: (i) extended family including parents, grandparents and siblings, (ii) friends, (iii) spouse, and (iv) children. Few owner-accountants made direct reference to extended family. Owner 8, for example, noted the presence of her elderly parents, 'I have elderly parents and thought "we have a farm here", so it was the most logical place to be'. Owners 2 and 5 cited extended family in their choices:

> …family was here, friends are here, my sport was here, my work was here…
> …they [grandparents] moved here many moons ago and so my father hasn't gone anywhere and so I haven't. (Owner 2)

Owner 1 echoed the sentiments of Owner 2 concerning the potential loss of established connections and felt it was

> … natural to…look for a position in my local region, close affiliations with the football clubs and golf clubs, netball clubs, etc. (Owner 1)

"Friends" were cited but not as commonly as other sub-elements. Owner 9 provided the most obvious influence of this sub-element. When living interstate, Owner 9 could not attend some of the significant events in early adulthood including 21st birthdays, engagements and weddings of close

childhood friends 'and [he] seemed to be missing a lot of that, sort of my mates, shows, and that'. His desire to be present at such occasions was a significant influence on his decision to return to the current location.

Extended family and friends are consistent with love and belonging needs in a Maslowian framework, with family an especially strong core for this level of needs. It is unsurprising therefore, to find these sub-elements cited for those owner-accountants returning to their childhood regions or towns to practice accountancy. To some extent family is also closely linked with the escape reason (which will be discussed in Section 5.3.1.5), family (children, spouse or extended family) being seen as a refuge from the pressures associated with other, previously occupied or alternative, locations.

"Spouse" is identified as a specific sub-element with a number of owners citing their spouse's preferences or home as influencing choice of practice location. For example, Owner 6 noted her spouse's preference for country life, he 'hates the city' and she recognizes that this factor alone is 'probably…number one'. Owners 8, 13, and 16 all cited the direct connection of their spouse to their location, in all instances the location being the "hometown" of their spouses. Spouses have a tremendous influence on choice of practice location – not only to stay or move but the type of location – city, country, climate. For example, Owner 1's spouse had clearly told him that if he moves, he will be doing it on his own. Owner 13 followed her spouse when he returned to the farm which has been in the family for five generations.

"Children" are also included in this reason for practice location. This sub-element primarily involves concerns for children's safety or lack of freedom

and the desire of the parent (the owner-accountant) to provide both. Owners 4 and 6 were especially focused on safety issues. Owner 6 for example noted that her previous location, a large regional centre '…[had] a lot of danger, a lot of drugs, a lot of problems'. In contrast her current location affords peace of mind: 'I would think nothing of it at nine o'clock at night if my child walked down the street…I wouldn't fear for their safety'.

Owners 12 and 16 did not have children at the time of their choice of practice location but held the intention to start a family. In both instances, the owner-accountants did not want to raise their children in a major city. For Owner 16 facing a significant choice a move to Canada would have been about his career, a move to Australia meant having children:

> This area was raising a family, [Canada] was not going to be a family oriented, that was career. (Owner 16)

Owner 15 had young children at the time of his move and their welfare was a key influence in his decision to seek employment outside of the city: '[W]e were…a bit worried how the kids were growing up to be perfectly honest, they couldn't go here and they couldn't go there'.

Table 5.3 explored the responses to family, friends, spouse and children reason by remoteness classification and gender. It is clear from this data that this reason is more important to regional than to remote participants with 100% of the regional participants citing this reason in their choice of practice location. It is equally clear that it is more important to women than men. For men, family, friends, spouse and children, is more often cited by regional than remote men.

The interviews revealed that there is a general lack of family and friends in remote areas and thus less pre-existing connection to place.

The focus on children is based on two levels of needs. The first is safety and often the physical safety of the child is a significant concern in light of social problems associated with large regional (urbanised) centres and major cities including drugs and crime. There is a sense that in order to maintain a child's safety their freedom and independence must be compromised. There is a risk of the child becoming directly involved with crime and their freedom is curtailed in an effort to avoid such involvement. As parents, a high degree of pressure is associated with raising children in cities or urbanised regional centres, and the increased risk of exposure to drugs and crime or the curtailing of freedom are both considered undesirable. Secondly, love and belonging needs are also evidenced, not only in the safety concerns, but the desire for the 'best' for their children by raising them in communities which collectively look-out for the needs of children, and promote the values, customs and attitudes which are valued by the parents.

5.3.1.2   Reason 2: Employment and business opportunities

As a specific reason, "employment or business opportunity" encompasses what was initially a number of reasons including employment, business opportunities and career. This reason now identifies the availability of employment or business opportunities as a motivation for choice of practice location. Owner 1 for example cites the availability of employment as a strong influence over being able to stay in his location, whilst Owners 2 and 8 mention at some point

that work in or near their childhood towns had enabled them to stay there for as long as they wished.

> [I] knew the partner here, knew the family through a girlfriend, his sister's daughter … so I knew them anyway and he knew that I was studying. (Owner 2)

These participants' childhood homes were large urbanised regional centres where a variety of work was available. In contrast Owners 9, 10, 11, 14, and 15 all cited employment opportunities to attract them *to* a location. Owner 11 for example recognised that income is a key factor in both his choice to move and to stay. Without the ability to secure employment in the first instance, and clients once starting his own business, this owner recognizes that financial security is a deciding factor: 'if I wasn't making a dollar here I'd have to reconsider', despite being in a town he describes as 'heaven on Earth'.

From Table 5.3 it is clear that "employment or business opportunities" is more important to remote than regional participants. It is cited more often by men than women. The relative importance of this reason for remote participants is not surprising as there is little to attract an accountant to such areas in the absence of employment. Owner 6 is the only participant who cited business opportunities as the motivation for buying into an existing business precipitating a move to a new location. Comparing this reason to "family, friends, spouse and children", it is evident that in the absence of "family" this reason is dominant, particularly for remote men. Without employment as a pathway to ownership then it appears fewer accountants would move voluntarily to remote areas.

The focus on the availability of "employment or business opportunities" is related to safety needs under a Maslowian framework. The ability to secure income through employment is the most straightforward method to satisfy safety and physiological needs, the latter in that the income enables a securing of those items such as food, water, shelter, and health care that in Western societies is generally purchased. Whilst work may also satisfy internal needs such as self actualisation, the context attributed to this reason is directly related to the need to secure an income. Other contexts will be addressed separately.

5.3.1.3   Reason 3: Home

"Home" is another dominant reason for choice of practice location amongst the participants and incorporates specific references to a location as home. "Home" can be narrowly defined as a place of residence or as a place of refuge and source of comfort (Mallett, 2004). As a refuge, home is a sanctuary from the pressures of (i) work and public life and (ii) the pressures associated with the city. For this group of participants, home refers to the place in which the participant was raised and is associated with family, tradition, and a sense of history.

Owner 5 returned home to settle down, start a family and establish her own business, although she acknowledges that she did not realise this at the time of her return. Home is associated with both comfort and 'niceness'. Her current location is where she was born and raised, and despite an absence of close to a decade, has retained many of the social networks which she developed during her formative years and has used them, and those associated with her family, to her advantage.

The death of Owner 3's mother was the deciding factor in his return, to 'give [his] father a hand' on the farm. It is clear that he felt an obligation to assist his father in running the family farm, and feels that there was an expectation on both his and his father's part, that he would 'end up taking over the family farm' and this was his primary reason for returning. Owner 3 characterizes his decision as 'a matter of coming home'.

Whilst one remote participant, Owner 7, referred to "home", this reason is most commonly cited by those in regional areas and in particular regional men (see Table 5.3). For the majority of these regional participants, "home" is a place they returned to after stays of often a decade in cities either in South Australia or interstate. There is often a sense that the people in these locations are 'nicer' than in other locations, especially the city.

"Home" is a manifestation of two levels of needs: safety, where the home is a refuge from life and unpleasantness, and love and belonging, where "home" represents all those things most dear to the person especially the family members, parents, siblings, but most importantly, spouse and children.

Further data was collected from the Participant and Firm Profile (see Appendix 7). Of the sixteen owner-accountants participating in this research ten (63%) were born in regional areas and an additional two participants born in a major city were raised in a regional area meaning three quarters of the participants spent their childhood and early teens in regional communities. Three participants (19%) were born and raised in a major city, whilst only one was born and raised in a remote community (see Table 5.9).

Table 5.9: Location of birth, childhood and practice

	Born		Raised		Practice	
	n	**%**	**n**	**%**	**n**	**%**
Major City	5	31	3	19	0	0.0
Regional	10	63	12	75	9	56
Remote	1	6	1	6	7	44
Total	**16**	**100.0**	**16**	**100.0**	**16**	**100.0**

Of the three participants born and raised in a city, two are now practicing in remote areas (66%). One, Owner 11, moved to his remote location for employment purposes before starting his own business. Owner 14 had owned businesses in another state before returning to birth city and then moving into an employment position in his remote location and then assuming ownership of that practice. Owner 16 followed a similar path to both of these owners, although moving to a regional area.

Half of the participants were born and raised in regional or remote communities and now practice in the same or similar areas. Add to these the owner who was born in a city but raised in a regional community, and the number staying in the same or similar areas to where they spent their childhoods increases to 56.25%. This is not to say that they represent a consistent location throughout their lives. Indeed, 77% of these participants had studied or worked in cities at some point before becoming the owner of their accounting practices. In some instances, Owners 4 and 5, for example, the period spent in cities was around 10 years.

It is clear that there is a relationship between the location where the participant was raised and place of practice. This is more strongly evident in regional areas

where this reason links to "home" and the desire to return home to raise their children. It can be seen in Table 5.9 that only one participant was born and raised in a remote area, yet seven practice in such communities, meaning that 85.7% were born in regional areas or cities. Of all remote practicing owner-accountants, around 57% were raised in regional communities.

5.3.1.4   Reason 4: Lifestyle

"Lifestyle" is a reason which incorporates many different aspects of a location including aesthetics of the geography, demographic mix, local culture including norms and values, as well as the personal preferences or desires of the owner-accountant. Owner 4 cites a clear attribution of lifestyle as the key determinant for his location choice. When questioned about what *lifestyle* meant to him, he defined by a single word—'country'. This term appears to encapsulate a bundle of benefits (or need satisfiers) that, for him, needed no further explanation for he 'was brought up in the country so nobody had to explain …what the benefits were'. Two words were used to describe these benefits – happy and comfortable – although he was quick to add that similar qualities had been experienced in the city. There is something in the use of these words, however, that indicates country somehow provides additional or deeper happiness and comfortableness.

"Lifestyle" is most often evidenced by references to favourite leisure activities, interactions with others particularly in relation to the age mix of social networks often incorporating wide age groups which are not considered typical or possible in cities, commuting times (or the lack thereof) and ease of access. In the latter example, Owner 6 cited the ability to go for a swim in the ocean, and

the ocean being '...just across the road'. Likewise Owner 11 noted that everything is close to work and/or home. The town provided Owner 11 with those lifestyle elements that he was seeking: it was away from the city, provided ideal social interactions through sport, the weather was ideal, and it offered a level of informality not associated with the city.

"Lifestyle" is more commonly cited by remote than regional participants (see Table 5.3). It is also more commonly cited by men than women. The emphasis by men is perhaps to be expected with women more highly focussed on "family, friends, spouse and children" (see Section 5.3.1.1).

For remote men 80% cited lifestyle as a reason for their choice of practice location. All of these participants were located in coastal communities which have significant advantages over inland remote communities. With little or no ability to participate in recreational and leisure activities associated with cities, such as cinemas or theatre, large scale sporting events, concerts, or retail shopping complexes, "lifestyle" tends to incorporate natural environments and pastimes including fishing, camping, or local sporting/recreational clubs. Without such lifestyle advantages, little would attract or retain people in the medium to long term (i.e. over 3-5 years).

"Lifestyle", because of its scope to include social interactions, aesthetics, and environmental factors, covers multiple needs in a Maslowian framework: (i) physiological needs where, for example, clean environments provide health benefits, (ii) safety needs owing to lower levels of crime or other social problems, (iii) love and belonging needs where local provides greater work-life balance or shorter commutes to and from work increasing the time spent with

family and there is a closer relationship to community, (iv) esteem needs where there is a higher social status and respect afforded to professionals, and (v) aesthetic needs where the natural environment provides a quietness, tranquillity or beauty for the owner-accountant.

5.3.1.5 Reason 5: Escape

"Escape" encompasses the notion of needing to leave a location because of a range of concerns including the safety of children, pressures associated with city life, or burn out. This reason is most often put forward by participants who had been living in metropolitan areas or urbanised regional centres. For example, Owner 11 related a long-held desire to escape the city, either by engaging in his favourite pastime, fishing, or physically removing himself from the city (i.e. through camping).

> [I'd] done everything I wanted to…all the concerts…all the sporting events…[and] got sick of going to movies ... I'd loved getting out of town whenever I possibly could. (Owner 11)

The desire permanently to escape the city and its associated pressures, especially commuting, constitutes a powerful influence on location when combined with the availability of employment. In contrast Owner 12 cited burnout as the primary reason for his most recent re-location, to the city. He noted that he either needed to retire from accountancy practice and remain in his regional location or move to another location and remain in the profession. For this owner, escape meant a move *to* the city.

Relatively few of the participants interviewed cited escape as a reason for their choice of practice location (18.75%) (see Table 5.2166). The majority of those responding are in regional areas, but it is important to note that one of these

regional participants escaped the regional area in which he was located, for the city. The two participants escaping from the city noted the social problems and pressures associated with urbanisation were significant elements of this reason.

Escape represents a safety need under the theory of needs. The pressures associated with city-life or conversely those associated with regional or remote communities increase overall dissatisfaction with personal circumstances and can precipitate a change of location or change of career, here it is a change of location which dominates the response to this escape motivation. The previous location contains threats to safety, whether physical, financial, or psychological, which need escaping.

5.3.1.6 *Reason 6: Education*

"Education" is identified as a separate reason for choice of practice location as this is one of the first life choices being made. This does not refer to the participants' children's education which is addressed in Section 5.3.2.1 . For some, the availability of a local campus (whether university or TAFE) provided an opportunity to pursue education without a change of location. For others the ability to access education through an external mode facilitated staying in their hometown. For the remaining owner-accountants, a change of location was a necessary aspect of obtaining an education and career.

From Table 5.3 it is clear that this reason was restricted to regional men. The two participants were both located in major regional centres in which educational opportunities were more numerous than other regional and remote towns.

184

Education is not a commonly or overtly cited reason for choice of practice location. This is perhaps owing to an assumption that pursing higher education for most people in regional and remote areas requires a move to the city. An education is simultaneously a safety, esteem and cognitive need. As a safety need, education represents one method of obtaining additional skills and knowledge needed to secure employment which provides a superior income-producing or promotion opportunity. Education, as an esteem need, provides one of the first methods for achievement and to be recognised which affords a superior social status. Finally, education represents a cognitive need, as people seek more information and knowledge about a given field.

5.3.1.7 Reason 7: Reversibility of choice

"Reversibility of choice" is a reason which involves the imposition of time limitations on a location move – that is, if things do not work out in a new location, then the option to leave and re-locate is left open. As a reason it is not one which is commonly cited but it is significant to those who do. Without this contingency in place, the move would likely not have taken place. Owners 11 and 14, for example, both noted that they would leave this contingency open, '[we] would give it a go…the expectations it wasn't going to be perhaps long term', and that they would re-locate if things did not work out contributed to the decision.

Owners 11 and 16 moved to quite small and remote communities where a permanent move would be problematic should the employment which attracted them fail. Little or no alternative income-producing opportunities would be available. This type of contingent commitment is reflective of a safety need, it

allows for things to go wrong, and provides an 'out' if circumstances become unbearable. It is clear that the remoteness of the communities influences the need for such contingency (see Table 5.3).

5.3.1.8 Reason 8: Challenge

"Challenge" is related to the work and business reason but considered separately because of the intellectual challenge identified. Owner 7 noted the intellectual challenge which the industries in a town in his home region presented compared with his hometown. In his hometown his work would be more generalist, compared to the ability for some specialisation in an alternative community. Owner 16 also cited intellectual challenge amongst his reasons for choice of practice location. Faced with an important career choice, which was to leave the company with which he was employed or move to Canada, the choice was mostly made for him. His wife returned home to say goodbye, and while there, the owner had asked his spouse to see whether 'there is an interesting job around…not as a public accountant, it has to be more interesting than that, then we'll go to Australia instead.'

Challenge encompasses a number of dimensions including the challenge associated with a diverse client mix, as well as the scope of the work being performed. Challenge is associated with esteem needs first, and specifically with the more internal aspects of esteem needs, the need for achievement, personal challenge and recognition. Challenge can also be associated with self actualisation and self transcendence depending on the manifestation in the individual. Owner 7 exhibits such associations with his stress on helping others to grow in their own knowledge and capabilities.

5.3.2 Reasons cited by owner-accountants in regional and remote areas for choice of practice location and Maslow's "theory of needs"

Each of the eight reasons cited by participants as influential in their choice of practice location was considered in light of Maslow's theory of needs. In most instances, the reasons for practice location were attributed to the ability to fulfil multiple levels of needs with the exception of reversibility of choice. In Section 2.4.3 Figure 2.6 presented a revised version of Maslow's initial hierarchy and is now used to map the reasons for practice location to needs of owner-accountants. Figure 5.1 shows eight levels in the theory of needs with the choice of practice location reasons mapped. Each reason has been placed in a level of needs which appears dominant.
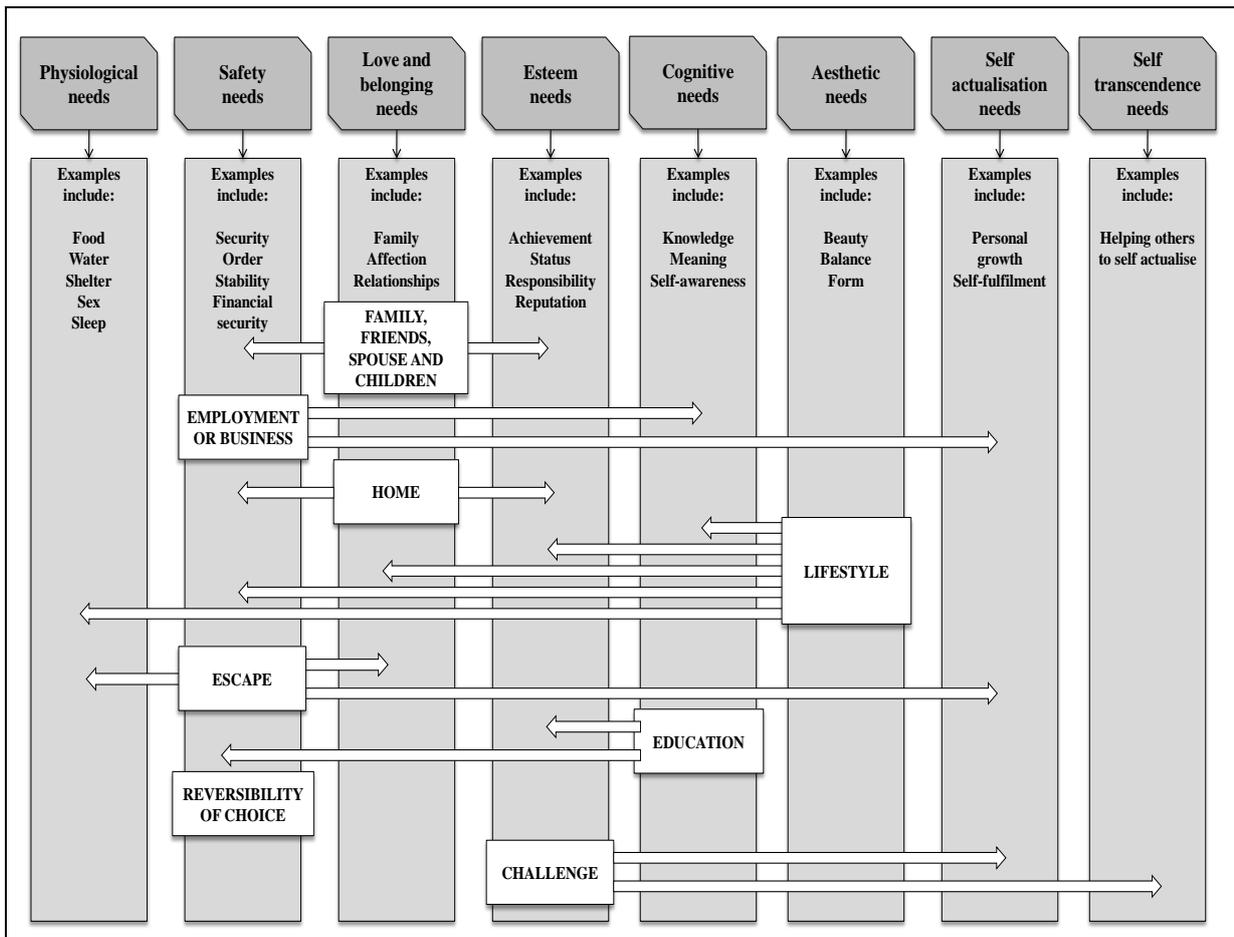
Figure 5.1: Reasons for choice of practice location and Maslow's "needs" type

In figure 5.1 "family, friends, spouse and children", for example, is most commonly associated with love and belonging needs. However, as indicated in Section 5.3.1.1, this reason could also be associated with safety and esteem needs. Arrows extend from the boxes and terminate in the level of needs indicated in earlier analysis.

It is evident that the majority of needs cited by these participants exist predominantly in the lower order needs, safety and love and belonging being most popular, with esteem, cognitive and aesthetic being moderately common needs. Only the highest level of needs – self actualisation and self transcendence – has the least influence on the reasons for practice location. This is not to indicate that the participants did not manifest such higher order needs; to the contrary, it could be arguable that regional and remote residents by their nature may be more focussed on such needs but are less aware or overt in their pursuit of fulfilling such needs.

The reasons for choice of practice location identified by the participants point to accountants with a strong focus on family and friends and by reason of their regional or remote upbringing have been required to move away for higher education or employment before returning to their homes. Equally it is evident that this does not apply for the most part to remote owner-accountants. For remote practitioners, employment or business opportunities are the most influential reason for their choice, as they had little or no connection with communities to which they moved. The reasons for practice location identified here have significant implications for the profession if it is to encourage

attraction and retention of accounting graduates to regional and remote areas. These implications will be discussed in detail in Chapter 7.

5.3.3 Development of a "four story" typology amongst owner-accountants in regional and remote areas for choice of practice location

As noted at the start of this chapter, the sixteen owner-accountants interviewed related stories of their paths from childhood homes to current location. As discussed in the previous Section, eight key reasons were identified with "family, friends, spouse and children" and "employment and business opportunities" as the dominant reasons provided for choice of practice location depending on whether the owner-accountant was located in a regional or remote community. In looking at the sixteen stories collectively, a typology of choice of practice location stories has been developed which incorporates four story types: staying, returning, following and moving.

The story typology represents the dominant story for owner-accountants. As will be explored in detail in Section 5.4, there is a location process which extends over adult life in which a number of choice points are evident. However, in developing this typology, each owner-accountant provided a description of their choice of practice location *process* which is dominated by one main story.

5.3.4 Elucidation of the "four story" typology

5.3.4.1 The "staying" story

The staying story is one where the owner-accountants have remained in their childhood home (region or town). The story generally starts with higher education and the choice between studying through an external mode or internal

mode at a local university or TAFE campus; only one participant exercised the latter choice, Owner 2, as none of the remaining owner-accountants with this story type had access to a university campus without a major change of location. Owner 2 relocated temporarily to a neighbouring town to take advantage of the local campus, but only did so knowing that this town was 45 minutes (by car) from his childhood home. He maintained the links to sport, work, and family, so that in his mind, he felt that he never truly left. Owner 1 used an external mode of study to ensure he stayed in his hometown: 'I guess I never had a desire to travel to any of the cities'. Other Owners pursued their higher education through external mode and many now advocate this form of study to their employees.

Post-education the choice continued to focus on the ability to stay in their childhood home. Owners 1 and 2 chose employment with local firms. In both cases, the size of the town in which they were raised made the choice of staying easier, no sacrifices were perceived as being made in staying; indeed moving away may have been considered more of a sacrifice, especially in terms of the costs associated with city-based education.

The staying story is one exhibited only by regional owner-accountants and restricted to those in the larger population centres which have a wide range of amenities including significant retail outlets and other recreational facilities.

5.3.4.2   *The "returning" story*

The returning story is one of the most popular related by this group of participants. The choice to leave their hometown starts with the pursuit of higher education with nearly all owner-accountants exhibiting this story making

the choice to move away to a city or large regional campus to pursue accounting or other degrees. Here Owners 3, 4, 5, 7 and 9 all left their childhood homes to pursue educational and/or work opportunities. In each case, all returned to their hometown or home region. Only Owner 9 moved states, although his hometown is only 60 minutes by car from his current location and considered to be within the broader home region.

The motivation for return is diverse: Owner 3 returned for family reasons, Owner 4 when a work opportunity arose, Owner 5 sought to relocate when she became disenchanted with her circumstances in the city, and Owner 7 returned to a neighbouring town on completion of his degree in the employ of the public service. Owner 9 returned when offered employment; he was in another state and feeling isolated from friends and family who live throughout the surrounding area of his current location.

The different motivations for return fall, therefore, into two subsets: (i) deliberate and (ii) opportunistic. The former subset involves the choice to return in the absence of specific employment opportunities. From these five owner-accountants deliberate returners are Owner 3, 5, and 7. Whilst Owner 7 was in the employ of the public service, the intention was always to return to the childhood town or the nearest regional centre, which he himself chose based on an assessment of the opportunities available. The opportunistic subset involves the choice to return based on an offer of employment, in the absence of which the return home may not have occurred. This subset includes Owners 4 and 9, both of whom had offers of employment made to them.

The returning story is exhibited by both regional and remote owner-accountants, although only one of the owners, Owner 7, is in the latter remoteness classification. The return in that case is to a populous neighbouring town which offered a wide range of retail and recreational opportunities and is a major service centre for a significant agricultural area of South Australia. In all of the regional cases, proximity to family and friends is a significant attraction for the return. The absence of remote born or raised participants brings out issues regarding the entry of such people into accountancy and the educational opportunities afforded in remote areas. This will be discussed in Chapter 7.

5.3.4.3   The "following" story

The following story is one in which the owner-accountant has little direct choice, rather the choice is that of the spouse. In the case of Owner 13, for example, her then fiancé made it a condition of their remaining in a relationship that she return with him to his family farm and involve herself in its running. She chose to stay in the relationship and followed her now spouse. Owner 8 has a similar story. She initially stayed in her childhood town and only when she married a local and her spouse moved away for work reasons, did she also leave. When her spouse's work required another move, the choice was to return to their mutual childhood location, although to a neighbouring town. She is classified as follower and not a returner, as the choice was to follow her spouse, rather than return to her childhood location. Owner 16 followed his spouse in returning to her home when she identified an employment opportunity for him as an alternative to moving overseas for career-orientated reasons.

The following story is evidenced in both regional and remote areas but unlike other story types, does not have the influence of population centre size, with Owner 13 following her spouse to a small town in a remote location. Here it is possible to conclude that the following story is not about choice of practice location at all, but rather the choice to remain in a personal relationship and often involving personal sacrifices in terms of closeness to family on the part of the owner-accountant.

5.3.4.4   The "moving" story

The final story type is moving, with the owner-accountants making a somewhat permanent move from their previous location, often the one of their childhood. Owners 6, 10, 11, 14, and 15, all exhibit stories about moving, but in only one case, Owner 6, is this directly related to business ownership. In the remaining four cases, employment opportunities are the initial motivation for their move. For the four stories involving employment opportunities, with two at least (Owners 14 and 15), there is a sense that the move can be short-term should things not work out. For all of the owner-accountants with moving stories, lifestyle is a major attraction in terms of (i) attracting and (ii) retaining them in these locations. For owners 10, 11, 14, and 15, many of whom had no previous links or family and who did not have any personal investments in a business, unlike Owner 6 who had a vested interest in remaining, these locations quickly became 'home' as they developed extensive links to their new communities. Indeed, it could be argued that by the time the choice came to enter business ownership, for Owners 10, 11, 14, and 15, they had in fact transformed their choice of practice location stories into ones of staying (see Section 5.3.4.1), as they chose to stay in what were now their homes.

The moving story is one which exists for this group of participants exclusively in the remote regions, indeed, four members of this group, Owners 6, 10, 11, and 15, are the most remote participants interviewed. Size of the towns to which they moved was not irrelevant and in these cases they chose small communities (less than 4,000 residents and often less than 1,500).

5.3.5 *Identification of a personal connection continuum underpinning the "four story" typology*

The four story typology has contained within it a continuum of personal connection or place attachment (Altman and Low, 1992; Giuliani, 2003) (see Figure 5.2). The continuum is the degree of personal connection with the final location. For the story about moving little or no personal connection exists in the location, perhaps a few friends or acquaintances but no significant links.
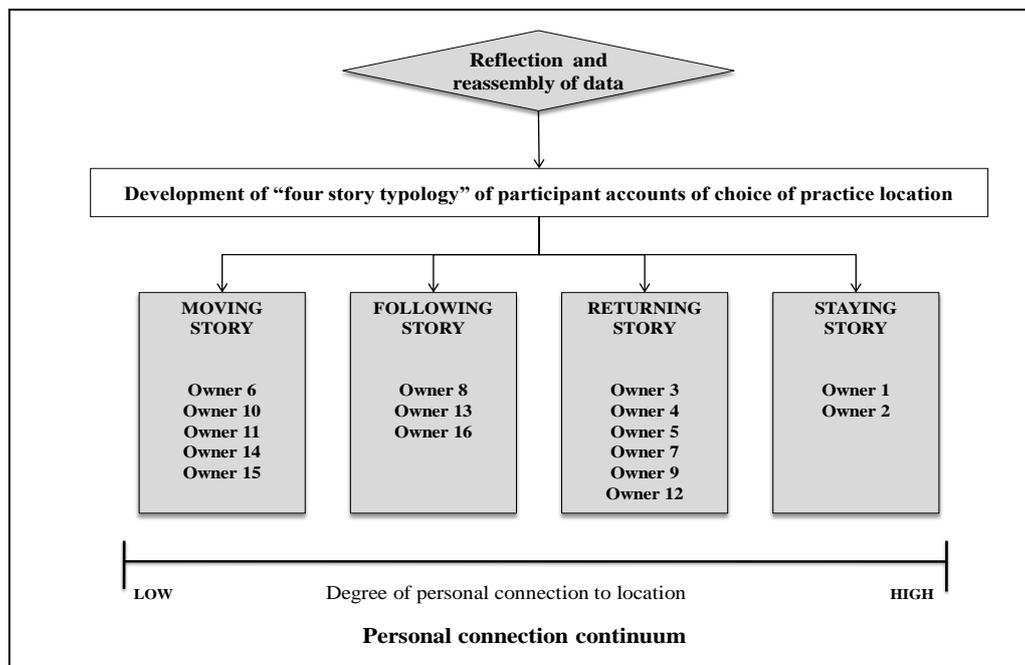
Figure 5.2: Four story typology with personal connection continuum

Owner-accountants with following stories in general have an indirect connection. It is the spouse who has the direct connection. Returning stories exhibit significant personal connection however, educational and work opportunities can make a move away attractive but only medium term. Based on evidence from the interviews, continuing connections to the town or area are strong enough to motivate a return to childhood town or region, in combination with employment or other work opportunities, disenchantment with city life and work and/or a desire to raise a family. Staying stories evidence the strongest personal connection to the location, with the owner-accountants showing no desire to leave.

It is evident that the stories change over time, in most cases; the story type becomes strong in terms of personal connection as new locations are transformed into 'home'. This indicates that choice of practice location is a process which occurs over a lifetime and is examined below.

5.3.6 The "four story" typology amongst owner-accountants in regional and remote areas, choice of practice location and Maslow's "theory of needs"

The four story types identified above represent efforts to satisfy a number of types of needs. There appears to be some consistency in the types of needs which have clear connection to the stories with three of the four story types having a core focus on love and belonging needs. Firstly, stories about moving have a strong focus on safety needs with the "employment or business opportunity" being often more important for participants with this story type. This is consistent with the generally remote locations of such participants. In Section 5.3.1 this trend of an emphasis on "employment or business

opportunity" was readily shown in groupings of participants with a high incidence of remote participants included (see Table 5.2 , Table 5.3 , and Table 5.4). The need for income-producing activities is dominant in their choice of practice location. This is best exemplified by Owner 10's comment that 'there was no other lure than the ad for the job'. This is not to say that other reasons are not also highly influential. Owner 11 for example noted that when he saw the advertisement for a position in a remote community his mind had 'intuitively diagonally superimposed across the top, the word "fishing"'. In this respect a moving type of story can also reflect other needs types including aesthetic, love and belonging or self actualisation as the participants sought communities and locations with which they fit.

Secondly, following stories have a narrow focus on love and belonging needs. For the participants who manifested this story type, relationships with their spouses and maintaining these relationships is foremost. While these participants all cited "family, friends, spouse and children" as influential in the choice of practice location, the spouse is dominant. In two of the three cases, Owners 13 and 16, the spouse was highly influential as it was their personal connection to location through the presence of family and/or family farms which ultimately guided the choice. Only Owner 8 had her own family connections in the location. Again this is not to say that other reasons were not influential in their choice of practice location but only Owner 16 cited additional reasons, in this case "employment or business opportunity" and 'intellectual challenge".

Thirdly, returning stories also show a strong focus on love and belonging needs, much the same as following stories. Love and belonging needs are very influential within participants manifesting this story type. Here however there is also a clear connection with safety needs, with participants such as Owner 5 citing "escape" and Owners 4 and 7 citing "employment or business opportunity". The need to secure income or remove oneself from circumstances which compromise personal safety or mental health may also assist in meeting a range of physiological needs but this connection is less obvious than the safety needs. There is some evidence to suggest esteem needs are involved in the returning story, with Owner 5 having had obvious issues with self-respect in her position held in Adelaide. Her dissatisfaction with her position drove her away from the firm and the city back to her hometown. It is also plausible that some participants had self actualisation needs involved with their decision to return home, with Owner 7 always holding the intention of returning to his home region to practice after achieving a tertiary qualification.

Finally, staying stories are, like following and returning stories, highly connected to love and belonging needs. Owners with this story type generally cited "family, friends, spouse and children" amongst their reasons for choice of practice location. The desire to remain in their hometown amongst their family and friends is a dominant theme. As these participants came from larger regional centres, concerns over employment were limited. Thus safety needs have little obvious connection with this story type. There is the potential however that remaining in their hometowns could be associated with self actualisation needs in as much as they see their growth needs can be met within the then present circumstances or that personal growth was not restricted to a

narrow conception based on career. Figure 5.3 shows a mapping of the four stories on the spectrum of needs types.
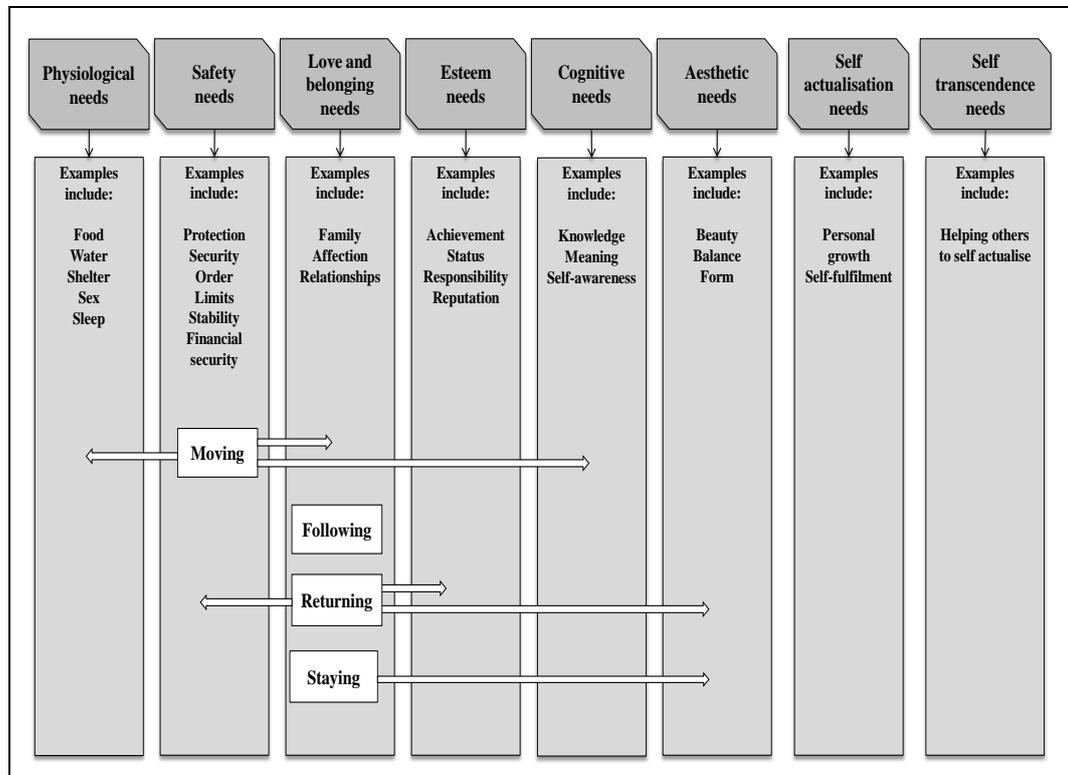
Figure 5.3: Theoretical mapping of story typology

What is evidenced in Figure 5.3 is the location of all story types in those needs which are associated with external sources of satisfaction, that is, where satisfaction can be bought (or in some instances grown) or through other people. Whilst most have some connection to more internally satisfied needs types, the focus on love and belonging needs in particular speaks strongly of the importance of "family, friends, spouse and children" to the choice of practice location.

5.4   Identification of location choice processes amongst owner-accountants in regional and remote areas

In the previous Section, a four story typology was developed from the stories related by the sixteen owner-accountants participating in this research. However, the story typology in and of itself is insufficient to understand in totality the reasons why owner-accountants practice accountancy in regional and remote communities. In all but one of the cases (Owner 6), the decision on location pre-dated the decision to enter business ownership. Maslow (1965, p. 111) conceived life as a 'process of choices, one after another at various choice points'. In analysing the stories related by participants, a series of location-related choice points in their adult lives have been identified starting with the pursuit of higher education and/or employment. By piecing these together the process relating to choice of practice location can be explored for each owner.

5.4.1   Maslow's "choice points" and a choice of practice location processes

A number of choice points common to the majority of participants can be identified: higher education, employment, marriage (or de facto relationship), starting a family, business ownership, and retirement. These choice points can be divided into two pathways. The first is a business-employment-career pathway which includes higher education, employment, business ownership, and retirement choice points. The second pathway is based on personal relationships and includes marriage or the creation of a significant personal relationship such as a de facto marriage and having children. These two pathways intersect and influence one another to create a choice of practice location process (see Figure 5.4).
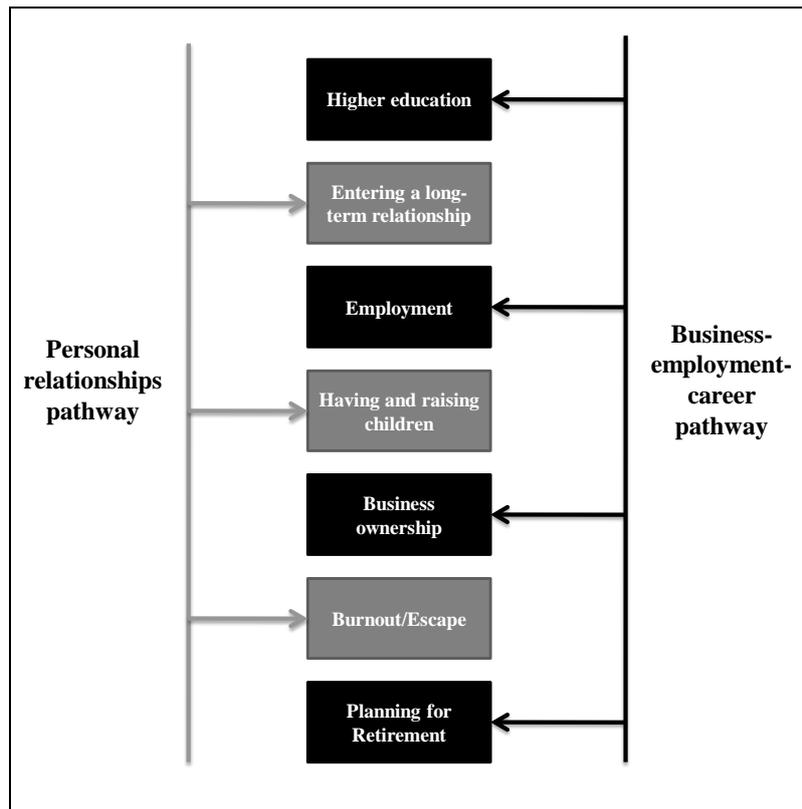
Figure 5.4: Location related choice points in adult life

In the business-employment-career pathway the first choice point is often associated with higher education: (i) whether higher education will be pursued and (ii) where and how this will be undertaken. For most participants this choice point led to a change of location, usually moving to a city where the bulk of the tertiary institutions are located. Some moved to a large regional centre in another state. For other participants this decision entailed staying in their location or close to it and pursuing higher education either at a regional campus in a neighbouring town or by distance education. For the remaining participants employment may have been chosen over higher education.

The next choice point involves employment. Most participants moved between several employers before entering business ownership. Three participants had

only one major employer before becoming owners in the same firms. Not all employment choice points involved a change of location, but in most instances, employment has been a key reason for relocation.

The third choice point is related to the decision of becoming a business owner, whether as a natural progression through their employing firm or as entrepreneurs. Most participants did not change their location at this choice point but the decision to stay is as important as the decision to move.

The last choice point in the business-employment-career pathway is retirement, which most participants have not yet considered. However, three owner-accountants are of an age where active thought is being given to their options and what this means in terms of their location.

In the personal relationships pathway, three significant choice points have been identified: marriage, children and burnout/escape. The first, most significant for those who have following stories, is their permanent relationship (in this research all participants are married). The choice to marry may result in a choice of practice location as for Owner 13 or have some influence over the destination (such as with Owner 6). The second choice point in this pathway relates to having children, and as demonstrated in the identification of reasons for choice of practice location, children are an influence. The third choice point on this pathway is burnout and/or escape. Here, pressure related to career or personal circumstances has had a psychological and/or physical effect, necessitating a change of location or career or both.

5.4.2 Elucidation location choice processes of owner-accountants in regional and remote areas

The evidence provided by the owner-accountants indicated that the choice points of initial move to a location compared with their entry into business ownership represented different motivations or choices within the four choice typology presented in the previous Section. By identifying various choice points from the stories related by the participants, it is possible to map the choice of practice location process of their adult lives. Each owner's choice at these choice points is mappable onto the four story typology (see Section 5.3.4) showing that, while one choice point often dominates the overall experience of the owner, choice of practice location is not a singular event.

5.4.2.1   Choice of practice location process for Owner 1

Owner 1 presents a remarkably consistent story type throughout his adult life. Four choice points were identified for Owner 1: higher education, employment, business ownership, and retirement. All of these choice points are associated with the business-employment-career pathway. While Owner 1 married and had children, no data which discussed the influence of his spouse or children on choice of practice location was collected. Having said this, Owner 1 relates that his spouse is rather adamant in her preference of location, her hometown, but as this agrees with the Owner's desires, little issue was made of it in the interview.

As with many of the Owners participating in this research, Owner 1's first choice point is higher education. However, Owner 1 is atypical in the choice he made. While others chose to pursue higher education in a city-based university, Owner 1 chose to remain in his hometown and pursue higher education via external study (distance learning). It is uncommon that regional- or remote-

based youth choose to remain in their hometown, but Owner 1 has no real desire to travel, even to an Australian city, being content to remain in his hometown. This choice point represents a staying story (see Figure 5.5, choice #1).
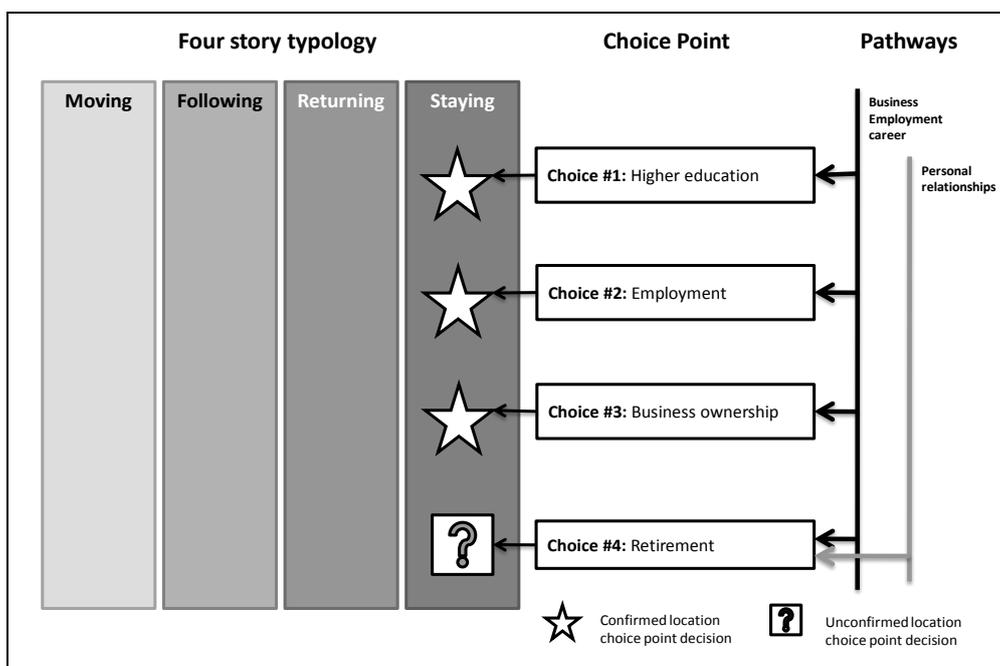
Figure 5.5: Choice of practice location process — Owner 1

Owner 1's second identifiable choice point is employment which appears to have coincided with his higher education choice point. Owner 1 lives in a large regional centre which provided ample opportunity for accounting-related employment, meaning there was little or no incentive to relocate for employment or career purposes (choice #2, Figure 5.5). This represents an affirmation of his choice to remain in his hometown and represents a staying story.

Owner 1's third choice point is entry into business ownership (choice #3 in Figure 5.5). Owner 1 was employed by one accounting firm for some years before he was invited to become a partner. Again his choice to become a partner in this firm represents a staying story, consistent with his previous choice and a continuing affirmation of his choice to stay in his hometown. At some point between Choice #2 and Choice #3, Owner 1 married and started a family, but for reasons noted earlier do not appear to represent separate choice points in and of themselves.

A fourth choice point is retirement but given the relatively young age of this participant retirement is not on the short or medium term horizons. Given the commitment to location demonstrated in his other identifiable choice points, there is no expectation of a change in story type associated with this choice point.

5.4.2.2   Choice of practice location process for Owner 2

Owner 2, as with Owner 1, demonstrates a remarkably consistent story type throughout his life. The initial choice point for Owner 2 is higher education, with the choice to move temporarily to a neighbouring town which hosted a tertiary institution which delivered an accounting undergraduate degree. The choice involved his desire to stay closely connected with his hometown including work, sport and personal relationships (on weekends), whilst pursuing his education (during the week). This choice represents a staying story, although a moving story influence is evident (see Figure 5.6).
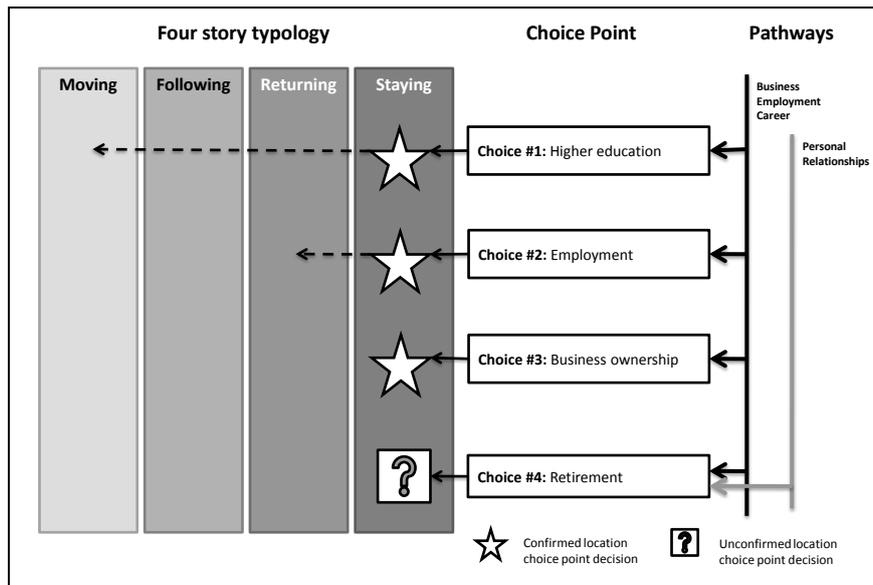
Figure 5.6: Choice of practice location process — Owner 2

Owner 2's second choice point was employment. Owner 2 returned permanently to his hometown and took up employment with the firm he is now a partner of. This choice point reflects a second staying choice, although with a returning influence implicit within it. This choice point is an affirmation of his earlier decision to remain in his home region to pursue higher education.

Owner 2's third major choice point is the decision to become a partner with his employing firm, again a staying choice and reaffirmation of his earlier two choices. All of these choices are on the business-employment-career pathway, and there is no information from the participant regarding choice points on the personal relationships pathways, most likely as they have never been a prominent issue, marrying another local and not having to make choices regarding the raising of children in the city. However, most regional and remote parents will at some point need to consider their children's education, with boarding school the most common choice, rather than a wholesale relocation of the family.

Owner 3's initial choice point is associated with both higher education and employment although it unclear which occurred first. The Owner chose to move from his childhood home to a metropolitan area outside of South Australia. Both of these choices are associated with the business-employment-career pathway (see Figure 5.7).
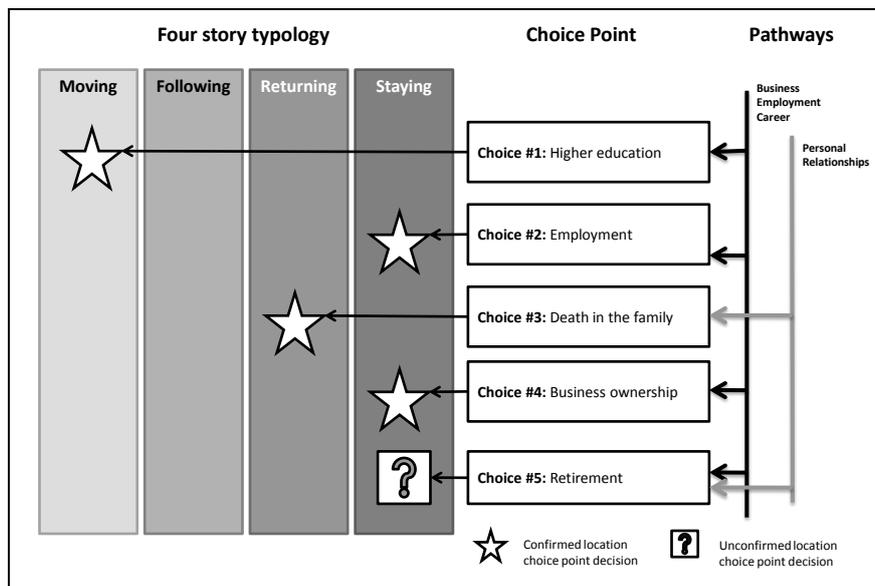
Figure 5.7: Choice of practice location process — Owner 3

The third identifiable choice point is on the personal relationships pathway and heralded a return to his hometown. This choice point is not common amongst the participants and involved the death of his mother. He returned to the family farm to assist his father and this choice point, which represents a returning story, is the choice which dominates this participant's choice of practice location process.

The fourth choice of practice location point is the starting of his own business, which occurred relatively quickly after his return, although on a part-time basis. It is during this period that he married and started a family, but this does not seem to have a significant location-related choice point in its own right. Retirement is the next choice of practice location point for this Owner and indications are that he intends to remain in the town.

5.4.2.4   *Choice of practice location process for Owner 4*

As for the previous three Owners, higher education is the first choice of practice location point for Owner 4. Having been born and raised in a regional town, Owner 4 chose to move to the city to pursue his education with an undergraduate accounting degree (see Figure 5.8). This was a necessary move as the town in which Owner 4 was raised did not support a tertiary education campus and he did not consider external study a viable alternative. This choice represents a moving story.
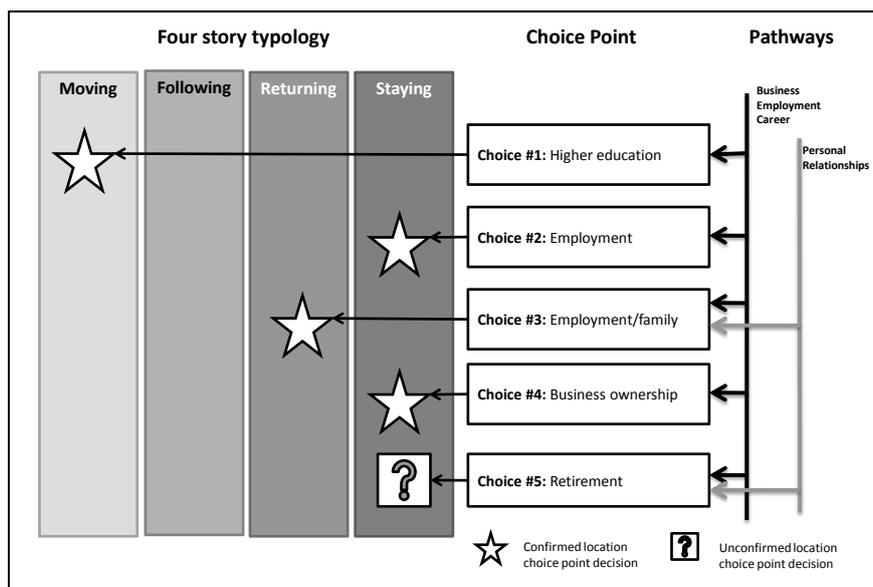
Figure 5.8: Choice of practice location process — Owner 4

The end of his higher education and transition into employment marks the second choice point for Owner 4. He stayed in the city for employment purposes thus in effect affirming his choice to move but transforms his story from moving to staying. Like a number of other participants yet to be discussed, there was a growing dissatisfaction with life in the city and he began looking into his options, although not necessarily focused on the intent to move locations. This growing dissatisfaction sees the more personal matters affecting his choice of practice location.

The third identifiable choice point is reached when his dissatisfaction with city life, a period of some ten years during which he married and started a family, came to an end when an offer to return to his home region was made. With the income produced by his current employment and the new offer being equal, the chance to return to his home was taken. This marks a second transformation in the story type for this owner from staying to returning. Here choice points to both the business-employment-career pathway and personal relationships pathway are evident.

Employment in his new location lasted only a few years and Owner 4 started his business. This marks the fourth choice point in his choice of practice location process. Here he chose to stay in the town where he was employed: an affirmation of his decision to return and a transformation in the story type. Retirement is not yet being seriously considered by this owner and no plans were revealed, however, there appears little evidence to suggests a move to another location would occur.

5.4.2.5 *Choice of practice location process for Owner 5*

Owner 5's first identifiable choice point was higher education and here she chose to move to the city. In many ways this Owner presents her experience as really being no choice, the decision to become an accountant necessitated a move to the city. This choice point evidences a moving story type (see Figure 5.9).
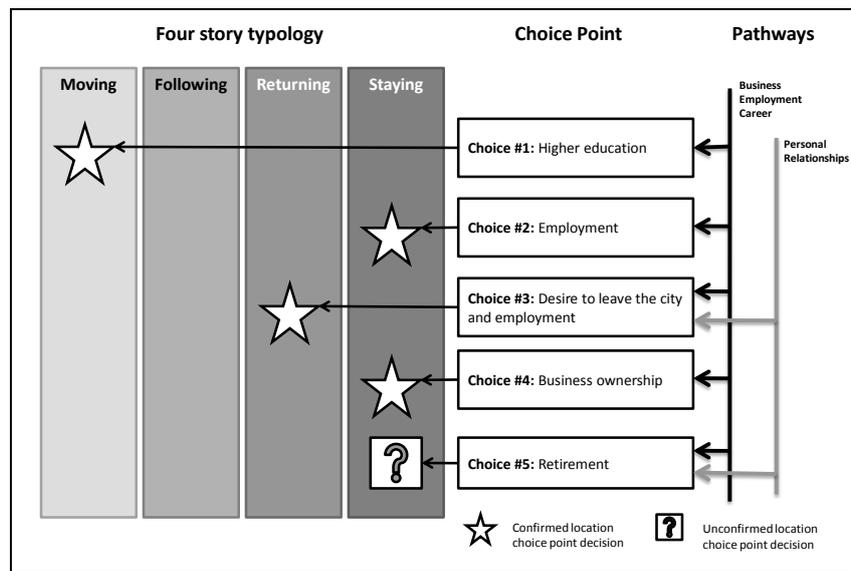
Figure 5.9: Choice of practice location process — Owner 5

When she had finished her education, a second choice point was reached, employment. Owner 5 decided to stay in the city for employment purposes. Here the story type is transformed from moving to staying and both the first and second choice points relate to the business-employment-career pathway. The third major choice point represents an intersection of the business-employment-career pathway with the personal relationships pathway. The Owner was approaching the period where such an offer of becoming a partner by her employing firm would be made. She was feeling increasingly dissatisfied with her employment, not as an employee per se, but with the nature of the clients

and colleagues with the city practice. Faced with the possibility of becoming part of the ownership structure, the desire to leave the city (but not necessarily return home) became a dominant motivation. When presented with an employment opportunity in her hometown, she took advantage of it, transforming her story from one of staying to returning. The final choice point identified for this owner involves the decision to start her own business, made easier with her return and re-immersion into a family culture which is dominated by business owners. The decision to start this business in her hometown is an affirmation of her choice to return. As a relatively young participant, no consideration has been given to retirement.

5.4.2.6   *Choice of practice location process for Owner 6*

Born in a regional town, little is known about Owner 6's decision to move from her hometown to a previous location in a remote area. It appears unrelated to higher education as she gained her undergraduate degree through distance learning from an institution in another state. Her first identifiable choice point is related to business ownership (see Figure 5.10).
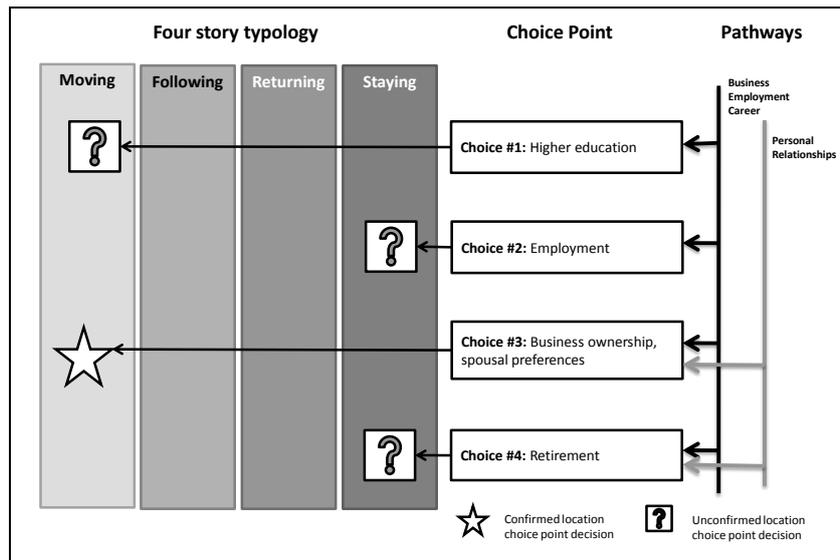
Figure 5.10: Choice of practice location process — Owner 6

Owner 6 was offered a partnership with her employing firm but the offer fell through. As a result the Owner no longer wished to remain employed with the firm. She faced a number of options and it was the last option which was ultimately chosen, the purchase of an existing accounting firm in another town. For this choice of practice location point she decided to move. However, the decision to move was not solely based on her desire to become a business owner. The Owner herself identified the wishes of her family, especially her husband, as a significant factor. This is an intersection of the business-employment-career and personal relationships pathways. This is the only identifiable choice point on which data was collected.

5.4.2.7 *Choice of practice location process for Owner 7*

Owner 7's first choice point as for the majority of participants is higher education. In this instance, the Owner chose to move to the city to pursue his undergraduate education (non-accounting). On completion of his higher education he returned to his home region, although to a neighbouring local

government area to his hometown which in his mind offered the intellectual and professional challenge he desired. He was employed by a number of different organisations, in each instance he chose to stay in his location. During this employment phase he married and started a family, but no specific motivation to stay was attributed to family. His next choice point was business ownership and again he chose to stay (see Figure 5.11). As an older participant he is facing a final choice point, retirement, but provided no indication of whether he had seriously considered this, enjoying his work too much, or whether his location may change as a result of retirement.
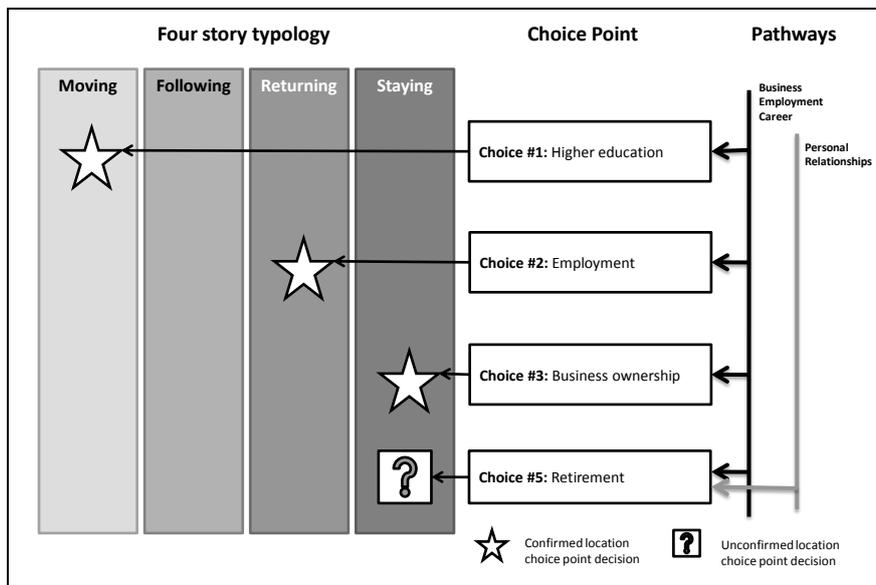
Figure 5.11: Choice of practice location process — Owner 7

5.4.2.8   *Choice of practice location process for Owner 8*

Owner 8 manifested an atypical choice of practice location process. For her the first choice point was not higher education but employment and in this case she decided to stay in her hometown. It was here that she married and started a family and it is her spouse who precipitated the first re-location where she

chose to follow. Whilst at their new location (a remote area in another state) she studied accounting and thus her higher education choice point saw her stay in her location and study via distance learning. It was her spouse and their business interests which led to the next choice point and their decision to return to their home region. This town was located a short commute from their hometown in which the Owner had her offices located. It is on their return that the Owner decided to start her own business and in doing so to stay in their new location (although the business itself is in another town) (see Figure 5.12).
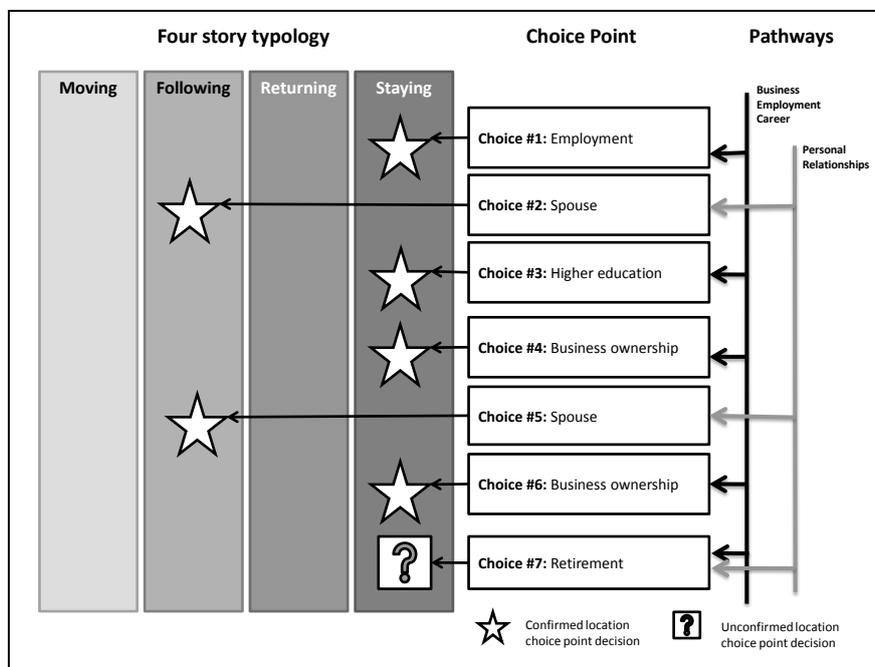
Figure 5.12: Choice of practice location process — Owner 8

5.4.2.9 *Choice of practice location process for Owner 9*

Owner 9 moved to pursue higher education, in this case to a major regional centre in the same state (but not South Australia). This choice to move was necessary with no local educational institutions offering undergraduate

accounting degrees and distance education not seen as a viable option for this Owner (see Figure 5.13).
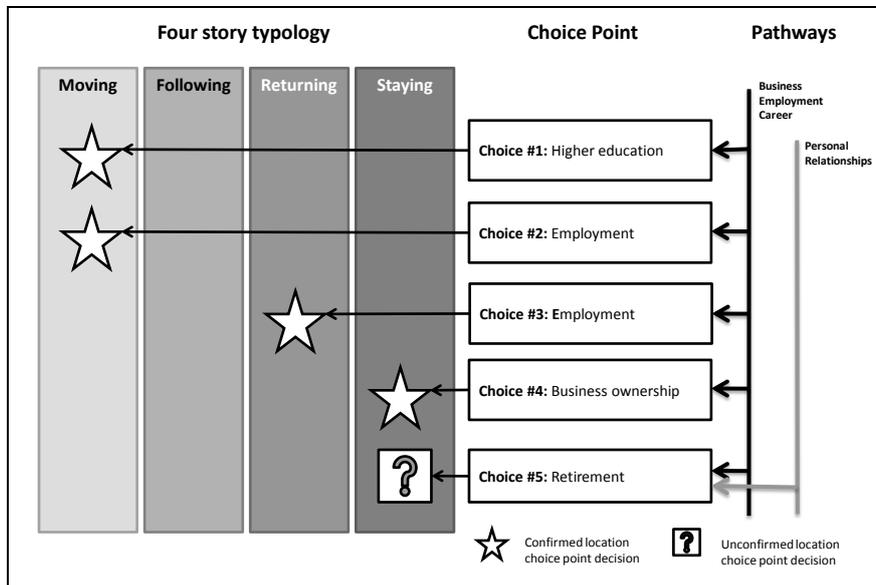
Figure 5.13: Choice of practice location process — Owner 9

Once he had completed his higher education, the next choice point was employment, and in this regard, a change of location within a broader region was almost inevitable. Several changes of employment followed and in most cases he moved locations including interstate. However, a critical point arrived where an offer of employment (from the firm he is currently an owner) coincided with his own dissatisfaction with being absent from his home region. Together these reasons resulted in a return to his home region although not his home town. This was the Owner's final move to date, having chosen to stay in this town at the business ownership choice point. Retirement is yet to be considered but there appears little motivation to have a radical change of location.

5.4.2.10 Choice of practice location process for Owner 10

This owner was born and raised in a regional town, however, little specific information exists about his choices regarding higher education. Employment is the first confirmed choice of practice location point and here the Owner is clear that a change of location was welcomed. As a result of an employment offer he re-located to his now current location. This Owner, like Owners 1 and 2 moved from an employee position to business owner within the same firm, and thus for Owner 10 this resulted in the choice to stay (see Figure 5.14).

Figure 5.14: Choice of practice location process — Owner 10

5.4.2.11 Choice of practice location process for Owner 11

Owner 11 found an immediate and permanent fit to his current location when he moved there for employment reasons from the city. This is the dominant choice point in his overall story of location, but his first choice of practice location point, like most other participants, was higher education. Having been born and raised in the metropolitan area of Adelaide, the opportunities for

higher education and early employment enabled him to stay and to all intents and purposes, not make any choice of practice location at all. It is this Owner's growing dissatisfaction with the city which prompted him to consider employment away in a remote area, with employment enabling him to move and support himself with an income.

A crucial choice point in this Owner's process occurred when he left the employer. Unwilling to move away from this town, he did engage in other employed positions, before coming to the conclusion that he was unsuited to employment, needing a level or control and freedom which such a position was unable to provide. Thus, quickly on the heels of the choice to leave his first employer in the town, and then his second, the choice point to start his own business arrived. Starting his own business is a pivotal income-producing activity, designed to enable him to stay, an affirmation of his previous choice points, both to move and to stay (in the employ of another organisation) (see Figure 5.15).
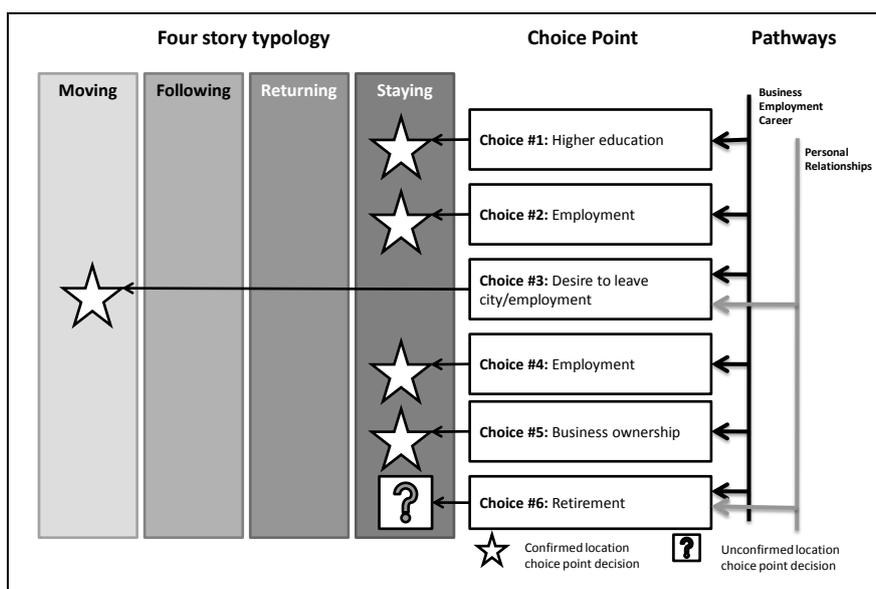
Figure 5.15: Choice of practice location process — Owner 11

Whilst relatively young in terms of the participants, Owner 11 is highly attached to his town, and is unlikely, barring failure of his business and inability to secure alternative income-producing activity, to leave, however, as yet, there is no discussion of retirement plans.

5.4.2.12 Choice of practice location process for Owner 12

In his response about becoming a business owner, Owner 12 cited the opportunity for an accelerated career in regional and remote accounting firms, in other words, the opportunity to become an owner (partner in this case), usually occurred earlier than for metropolitan accounting firms. However, Owner 12 demonstrates one of the most complex choice of practice location processes in this research, with three changes of location, six distinct location-related choice points and significant transformation in the needs (or reasons) associated with each choice.

Owner 12's first choice of practice location point is higher education, choosing to move to the city to pursue an undergraduate accounting degree (see Figure 5.16, choice #1).
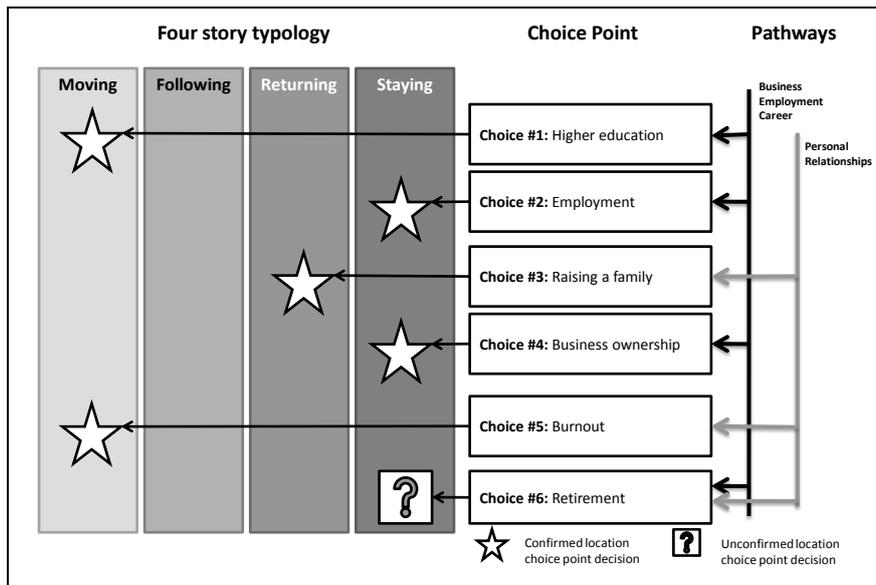
Figure 5.16: Choice of practice location process — Owner 12

On the four story typology, this represents a moving story. His next choice of practice location point is employment and here he chooses to remain in the city and work for a large accounting firm. In this regard, choice 2 is a staying story, which affirms his choice to move to the city for educative purposes. This is a transformation of story type for this choice, but an affirmation of his previous choice. Both of these choices relate to the business-employment-career pathway. It is during this employment phase that the Owner married, although no evidence was presented whether this had any influence over his choice to stay in the city.

The next major choice point represents an intersection of the business-employment-career pathway with the personal relationships pathway (see Figure 5.16), with the desire to have and raise a family away from the city, precipitating a return to his childhood home. This is another transformation of story type and this choice point is singled out for special attention in his

response to questions about 'why here?' for his business, despite no longer residing in the town.

The decision to become a business owner represents the fourth choice point, here the decision to stay in his home town. Another transformation in story type is evidenced, and affirms his decision to return. This decision also heralds a return to the business-employment-career pathway. The fifth choice of practice location point is a significant one for this Owner and marks the second intersection of the two pathways. The Owner experienced significant burnout associated with his career; significant enough to have him contemplate retirement from the accounting profession. Instead a change of location and emphasis within his ownership role provided the necessary 'break' to reverse the burnout. This is a major transformation of story type and is classified here as a moving story. That he returned to the metropolitan areas[8] where he received his higher education and first employment phase, and where his wife's family and their children now reside, could indicate this is in fact a second return in this choice of practice location process.

The final choice of practice location point is yet to take place and will involve his retirement. The Owner in this case has indicated his reluctance to retire, as he characterizes himself as a workaholic needing some activity which provides him with the opportunity to fulfill his potential (self-actualization) and enable him to help others do the same (self-transcendence). Where this retirement choice of practice location point might take him is unknown.

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[8] See Table 5.1 for the rationale regarding the classification of Owner 12 as regional.

5.4.2.13 Choice of practice location process for Owner 13

Owner 13 was raised in a town where limited employment opportunities existed for women and her first identifiable choice point was higher education, which in this case occurred slightly earlier than other participants. In this case the Owner chose to move to the city where both educational and employment opportunities were more abundant. Her second choice point arrived whilst undertaking higher education and she chose to stay to finish her education and pursue employment. It is during this period that she started a relationship with her now husband, and it was his decision to return to his family farm in a remote area, which heralded her next choice of practice location point: to continue her relationship she would need to follow him home and this is what she chose to do. As the youngest participant, future choice points are vague and barring significant environmental impact on the family farm, it is unlikely that a new choice of practice location point will arrive in the short to medium term (see Figure 5.17).
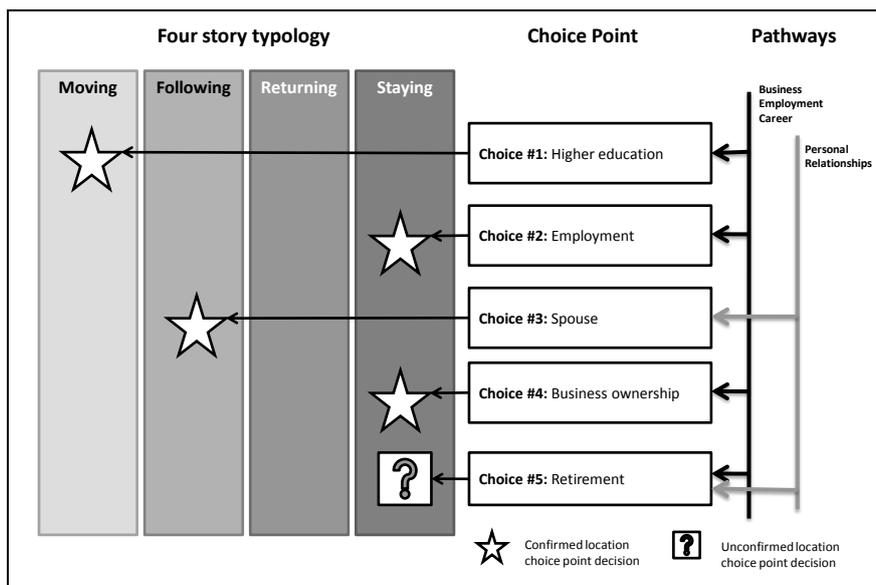
Figure 5.17: Choice of practice location process — Owner 13

5.4.2.14 Choice of practice location process for Owner 14

Owner 14 presents one of the most complex choice of practice location processes involving multiple choice of practice location points. The first identifiable choice point was almost no choice, having been raised in a metropolitan area, no confirmed choice of practice location point appears in relation to higher education. The first confirmed choice point which explicitly incorporates location is employment related, and here the Owner chose to move, not only to a remote area but interstate. It was in this location that the Owner first became a business owner, and here he chose to stay in his then current location. For a variety of reasons he and his wife chose to close the business and return to his home location. After a short period he reached another choice point and moved to his now current location as an employee. When presented with the opportunity to become a partner in that firm, he chose to stay. Now facing the retirement choice point, there is little indication of whether this will herald another change of location (see Figure 5.18).
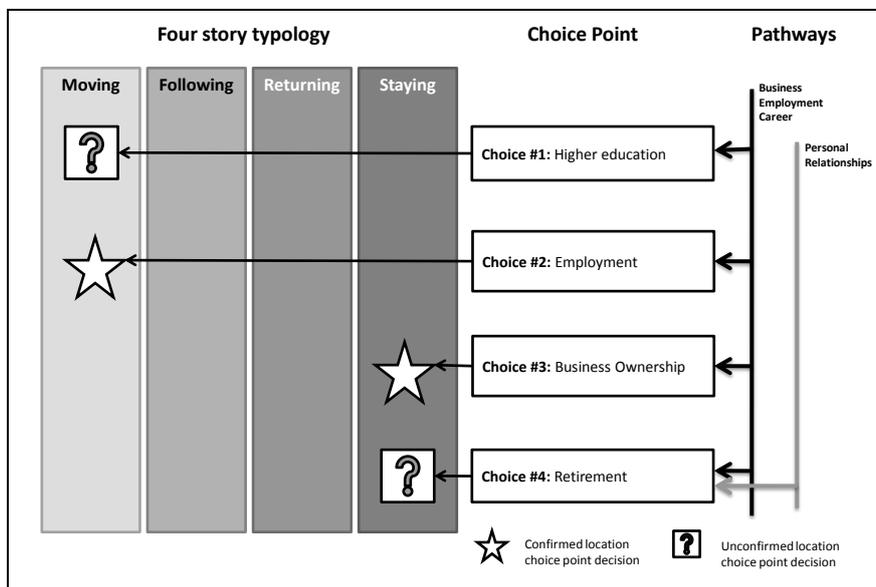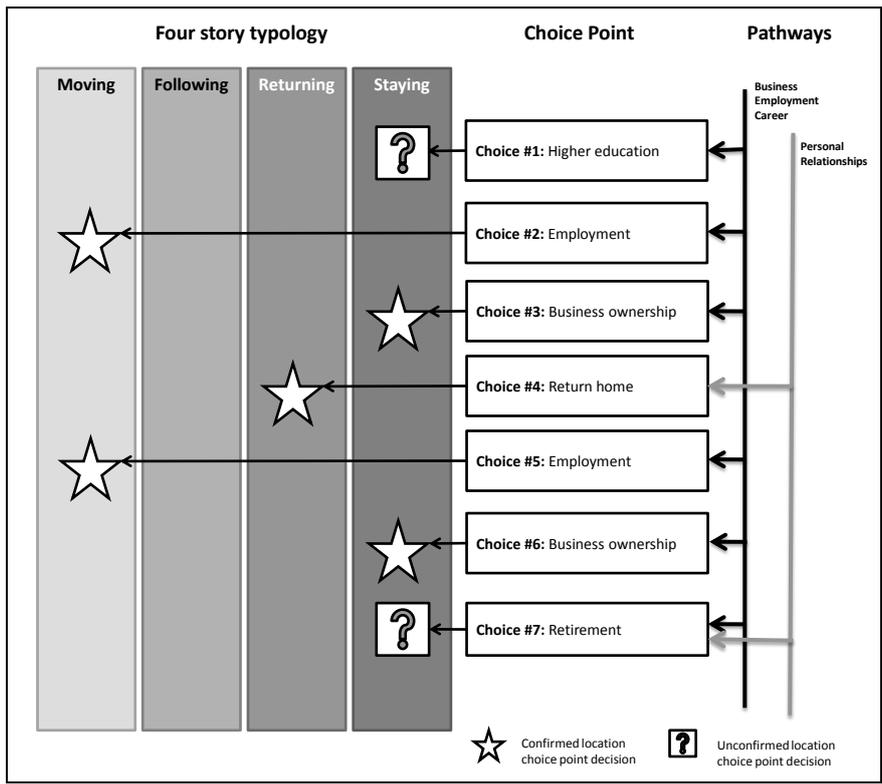
Figure 5.18: Choice of practice location process — Owner 14

5.4.2.15 Choice of practice location process for Owner 15

Owner 15 moved to his current location for employment purposes and, like Owner 11, found an immediate and permanent fit with the town. The choice of practice location processes for both Owner 11 and 15 parallel one another, although they differentiate in terms of childhood and early adulthood, with Owner 15 being born and raised in a regional area. Owner 15's first choice point is higher education (see Figure 5.19). Here the decision was to move from his regional location to the city.
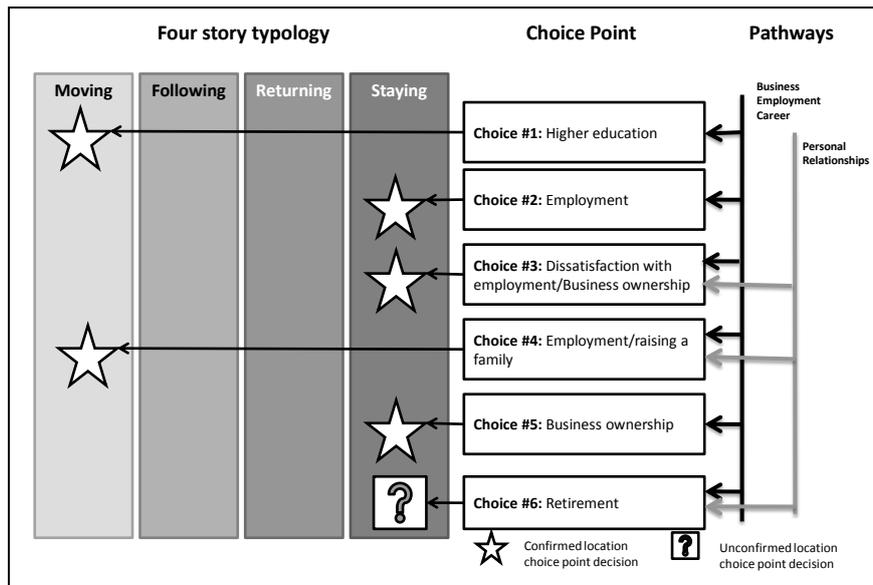
Figure 5.19: Choice of practice location process — Owner 15

After higher education he entered into the public service choosing to remain in the city. However, it was his personal dissatisfaction with the nature of this employment that ultimately meant he left the public service for business ownership (in an unrelated field). This highlighted a critical intersection between the two paths at this choice point. Here, he chose to remain in the city affirming his earlier choice to move and then to stay. Changing personal circumstances, in this instance having children, meant a new choice point was reached, and a re-entry into employment. This choice point is significant for the Owner and dominated his overall story: it also represents a second critical intersection of the business-employment-career and personal relationships pathways. The choice to return to employment combined with concerns about raising his children in the city as well as familiarity with the 'country lifestyle' and his wife's desire to leave the city, worked to result in a move to his current location. This choice represents a significant transformation in the location story type.

His decision to leave his employment in the town heralded the next choice point, and here his entire family became involved. An income-producing activity was needed, although his wife was employed in the local hospital, and the decision to start his own business enabled him to stay, affirming his choice to move to the town some years earlier.

This owner is one of the older participants and has considered his options for retirement and whether he and his wife (his children have, or are expected to, move to the city for education and employment) will stay in the town. The Owner has indicated his desire to remain but also that he and his wife would like to travel. At the time of the interview the indication was that they would retain the town as a home base and adopt something of a "grey nomad" existence.

5.4.2.16 Choice of practice location process for Owner 16

Owner 16's choice of practice location process mirrors those of Owners 11 and 15 – the choice point associated with becoming a business owner enabled him (and his family) to stay in what was now their home (and his wife's childhood home). Owner 16 also has added complexity to his choices as they involved not only a change of location but international moves.

Owner 16's first real choice of practice location was delayed in the same manner as Owner 11 (see Figure 5.20). Having been raised in a metropolitan area, the educational and employment opportunities were abundant and thus no choice was required to pursue either of these avenues. Having said this, the choice not to pursue either option still constitutes a choice of practice location, here a staying decision. The first significant choice of practice location point

was externally driven, with his employer requiring a move to Canada. The Owner and his wife were making preparations for the move, when an opportunity arose in a different company close to his wife's childhood home. Ultimately however, the Owner sees the decision in this move as driven by the desire to have and raise a family — Australia provided that opportunity, Canada did not. The choice to follow his wife to her home sees a major transformation in the story type evidenced by this Owner, into one of a "following" type.
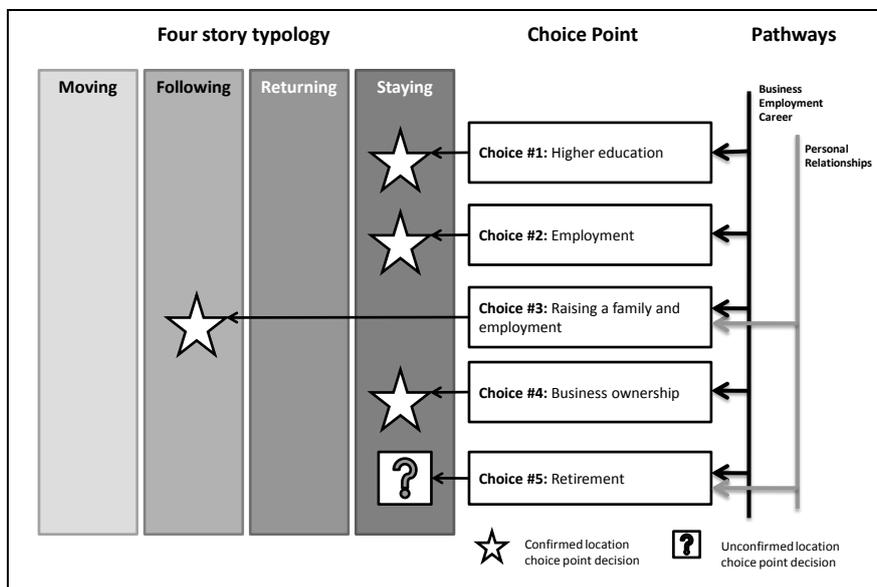
Figure 5.20: Choice of practice location process — Owner 16

The next major choice of practice location point, was also employer driven, with the Owner having reached the highest position possible within the firm, further progression required a move. However, at this point the Owner chose employment in public practice with a view to business ownership in a succession plan, with the intent of remaining in his location. This is a staying story and an affirmation of the previous decision to move. As an older participant, retirement is the next choice of practice location point, and for this owner, it is one being seriously considered. Whilst plans are in place for

succession, this owner sees a kind of 'semi-retirement' where he reduces his work commitments to 2-3 days per week, in an office which they are considering in another town in the region, one close enough for a short commute and hence not requiring a move from his current location.

The mapping of the choice of practice location processes for the sixteen participants demonstrates that not only is the decision by owners to join or establish their businesses in regional and remote areas the result of choice of practice locations often made some time before the decision to become a business owner, but that it is one choice in a process of choices in which employment/career/business activities intersect with personal considerations. Each of the participants faced several choice points in their adult lives normally starting with higher education and which will end with retirement.

This process of choice of practice location often sees transformations in the story type, within the four story typology, but also affirmations of previous choices. It also highlights that each choice reflects different needs, which have changed according to the life stage of the participant and the context in which they work and live.

5.5   Summary and conclusion

The stories related by the owner-accountants reveal a complex web of reasons why they chose regional or remote areas in which to operate their business. Eight reasons were identified as influential on the choice of practice location: (i) family, friends, spouse, and children; (ii) employment and/or business opportunities; (iii) lifestyle; (iv) home; (v) escape; (vi) education; (vii) reversibility of choice; and, (viii) challenge. From the stories related by the

participants a typology of stories was developed revealing that there were only four story types evident: moving, following, returning, and staying, and that one type tended to dominate the thinking of each participant. Finally, it was revealed that choice of practice location is a not a singular event but a series of choices over the course of adult life and using the story typology each individuals choice of practice location process was mapped.

These themes will be discussed in greater detail in Chapter 7, when the collection of findings is discussed more fully. Having established the importance of accessing accounting services and their location in regional and remote areas and identified the reasons why owner-accountants choose to practice in these communities, Chapter 6 remains with the owner-accountants but moves the focus of the research to additional considerations emerging from regional and remote locations and impacts on their accountancy practice: professional development, staffing, community expectation, and client mental health.

Chapter 6: Additional considerations of the owner-accountants' practicing accountancy in regional and remote areas (RQ2.2)

6.1   Introduction

In Chapter 4 the importance of (i) accessing accounting services and (ii) the importance of having accounting firms located in regional and remote areas was established. Chapter 5 then explored the reasons why owner-accountants choose to operate their accounting practices in such areas and highlighted that choice of practice location is an ongoing process rather than a one-off event. The second research question asked:

What lessons can be learnt from owner-accountants who choose to operate their firms in regional and remote areas? (RQ2)

As noted in Chapter 5, the second research question had two sub-questions, and the second is the subject of this chapter. This question asked:

What additional considerations do owner-accountants identify having an impact on their practice of accountancy in regional and remote areas? (RQ2.2)

Such considerations may have either positive or negative effects on the practice of accountancy. In the interviews participants were asked about the perceived benefits and limitations of operating their businesses in their current locations. Many of the benefits related to their choice of practice location and as such were incorporated into Chapter 5. However, significant considerations existed which are related directly to the owner-accountant's location (the community in which they live and work) and remoteness.

The owner-accountant can be seen as having three overlapping and interrelated 'lives': professional, commercial and personal, that is as an accountant, a

business owner and local resident. The blending of economic activity and social contexts is the essence of embeddedness theory. Thus, to understand accounting services in regional and remote areas, the social context in which such services are delivered and its impact on the practice of accountancy must also be understood.

From the interviews with the sixteen owner-accountants four major themes emerge: (i) professional development, (ii) attracting and retaining staff, (iii) community expectations, esteem and behaviour, and (iv) mental health. Appendix 15 provides a summary of the individual participant's stories of the additional considerations which impact on their practice.

This chapter proceeds as follows. In Section 6.2 the theme of professional development is explored and will outline the concerns raised by the participants on this professional requirement. Section 6.3 considers staffing issues including the attraction and retention of suitably qualified employees and the strategies developed by regional and remote accounting firms. Section 6.4 considers the question of community expectations for owner-accountants and the impact this has on their professional and social behaviour. Section 6.5 returns to the issue of mental health first considered in Section 4.3.1 bringing in the owner-accountants' perspective. Finally Section 6.6 provides a short conclusion.

6.2   Professional development activities

Professional development or continuing professional education is a hallmark of a profession. Continuing professional development is mandated by the International Federation of Accountants through its International Education Standard No. 7, *Continuing professional development: A program of lifelong*

learning and continuing development of professional competence (International

Federation of Accountants, 2009). Paragraph 6 of IES 7 cites the International

Federation of Accountants' code of ethics, the basis for the codes of ethics of

the Australian accountancy associations:

> A professional accountant has a continuing duty to maintain professional knowledge and skill at a level required to ensure that a client or employer receives the advantage of competent professional services based on current development in practice, legislation and techniques. A professional accountant should act diligently and in accordance with applicable technical and professional standards in all professional and business relationships. (International Federation of Accountants, 2009)

In Australia, the three professional accountancy associations, the National

Institute of Accountants, CPA Australia, and the Institute of Chartered

Accountants in Australia, all have professional development requirements. For

the National Institute of Accountants this is 80 hours over a biennium with a

minimum 10 hours in one calendar year, and CPA Australia and the Institute of

Chartered Accountants in Australia needing 120 hours per triennium.

The rapid changes of the modern business environment and the requirement to

maintain current knowledge to provide effective and informed advice to clients

makes professional development an essential activity for all professional

accountants regardless of association membership. Nearly seventy percent of

owner-accountants interviewees, when asked about the limitations associated

with the location, nominated professional development activities as their first

concern.

A number of themes emerged from the interviews regarding professional

development. While there was no dispute that continuing professional education

was necessary from both the perspective of association membership and ability

to practice effectively, this requirement is made more onerous with distance from major cities. Themes highlighted by the participants have been grouped into two main categories: (i) access including cost, time, physical location, and safety, and (ii) online delivery, information technology and telecommunications infrastructure.

6.2.1 *Access to professional development activities by owner-accountants practicing in regional and remote areas*

The majority of these owner-accountants interviewed did not have the benefit of having any professional development activities presented in their communities. It was highlighted in Section 2.2.3.1 that face-to-face communication is more effective than all other media choices. To meet professional development requirements participants noted that (i) either travel was inevitable or (ii) they needed to engage in online delivery. The latter option assisted in meeting their professional development needs and this will be explored in more detail in the next Section.

A number of concerns were raised in terms of access. Financial cost was a dominant concern. Cost concerns are linked to the time required to attend sessions in the city. Many of the seminars offered by the professional associations were only one or two hours in length and scheduled 'after work' starting around 5.30 p.m. in Adelaide. Owner 2, for example, resides a 3 to 3½ hour drive from Adelaide. Seminars scheduled for late afternoon/early evening are considered impossible to attend without sacrificing at least the equivalent of a full day of business hours, plus accommodation and travel expenses. Morning or early afternoon seminars, when the content is of sufficient interest or importance, are preferred: 'normally we'd try and go...in the afternoon [or] in

the morning' (Owner 2). It is not simply the cost associated with the actual seminar.

> If we're gonna take our professional staff or whatever with us we're looking at four, five people, well with the partners you're looking at six, seven people, in a car driving down somewhere, now if it's to [either of the two closest towns] that's fine, but if it's to Adelaide you know you're talking three, six hours, you're talking accommodation, food, all that sort of stuff for what might be a two, three hour thing. (Owner 2)

Being so distant from a major city means not only greater financial cost but additional time needed to attend. For Owners 6, 10, 11, and 15, the most remote participants, a 10-hour drive (one-way) is needed, for others three to four hours, again one-way. Add a return trip plus the event itself, and up to three days may be needed to attend five to eight continuing professional development hours. There are also significant safety concerns associated with travel, especially when this involves driving at night. Owner 15 for example will not drive at night in his remote location because of the risk of hitting a kangaroo:

> Thursday, Friday and I'll come back Saturday. I'm not gonna drive at night basically. That's the other issue out here because of the kangaroos, there's no way I'm gonna drive with the wildlife out and about. (Owner 15)

Owner 6, who lives in the same town as Owner 15, showed photos of her recently written-off new car, the result of a kangaroo-hit whilst travelling at night (early evening) returning from an appointment with a client. There is also the concern of driver fatigue for the nearer clients who drive home after an event, making a round trip of some 15 or 16 hours.

Owner 3, as a financial advisor, had additional professional development obligations, which were more stringently audited than the accountancy requirements. As a result, Owner 3 attended at least one three-day conference

annually, which is not only time intensive but financially expensive as well. Every professional development activity attended away from his town and usually in a major city, meant a return air fare and accommodation. His comments agreed with Owner 1 that there is a real disadvantage for regionally-based accountants compared with city-based peers.

Owner 5 noted there were limited local opportunities, fewer perhaps than the other owners discussed to date, as she resides in a smaller town. Attending professional development seminars, the majority of which are in Adelaide, represents a 'big issue' as a professional and the type of event she can attend is restricted to full-day seminars rather than the shorter duration events.

Owner 13's professional development 'gets in the too hard basket most of the time'. Owner 13 is one of the more remote participants and her ability to participate in professional development is complicated by the needs of her young child and the distance from both large regional cities and Adelaide. The time needed to attend 'locally' delivered events (four to six hours) had an immense impact on her ability to care for her child. Professional development had become something of a "necessary evil".

For regional or remote accountants it is not only the cost of the event, often hundreds of dollars, but travel, meals, accommodation. On this last aspect, some owners cited that having relations living in Adelaide who were willing to put them up assisted in mitigating the overall costs of attending Adelaide-based activities but only barely.

> And time is the other factor, it's not a matter of just jumping in the car and driving to the seminar, it's sort of a day to get there, do the seminar, stay the night and come back the next day. (Owner 14)

The more remote the location the harder completing professional development requirements becomes. Choice of event is critical, making maximum use of time and gaining the most benefit for the cost. Multiple day events are commonly attended enabling the numbers of continuing professional education hours required per year to be achieved at one time.

> But there's a lot of other little things I'd like to go to, just those little updates and seminars that you just can't really afford to say well we'll just go for the day just to go to a one and a half hour seminar and take the next day off. (Owner 14)

It is the geographical distance to Adelaide, and the majority of professional development activities, which is identified as 'the biggest restraint ... from both a personal and a business point of view ... it takes a day to get to Adelaide' (Owner 15). In fact, to attend any professional development session in Adelaide may take three days.

Most of the participants felt that they were disadvantaged in comparison to city accountants with regards to professional development. While a city-based accountant might spend three hours and three hundred dollars on an event, a regional- or remote-based accountant could spend three days and three thousand dollars for the same number of professional development hours. Access is an issue which presents significant challenge to regional and remote accountants.

The timing of professional development activities was raised consistently. More than one participant noted that late afternoon-early evening starting times prevents their attendance when taking into consideration their travel needs. Most professional associations make some attempt to provide at least one or

two events based in major centres in regional or remote areas, such as Mount Gambier or Port Lincoln, but these are often repetitive in their content or unrelated to their own interests.

Owners 1, 2, 3, 7, and 8 have practices located in major regional cities and the professional accountancy associations tend to deliver one or two professional development activities per year in these locations. Despite such efforts by the associations, and in light of such events not meeting the minimum number of continuing professional development hours required of their members, professional development remains an ongoing problem for these five owners. With local events 'we take what we are dished up' (Owner 1), whether useful or not.

> It's take what is presented here or you miss out...if you want to do it all locally...you are pretty limited. (Owner 1)

Professional development is simply more difficult to achieve when the accountant is located in a regional area, with Owner 1 noting city-based accountants in contrast have more opportunities for being able to 'attend a half-hour or hour session on a specific topic' in line with the interviewee's interests. There is simply no question of aligning professional development with personal interests, as Owner 8 noted

> I get the agenda and I think "gosh well that looks the same as last time", how many times do they have to remind us of these things.

6.2.2 Engagement with online delivery of professional development activities by owner-accountants practicing in regional and remote areas

Online delivery was cited as improving access to professional development courses. However, there was an assumption that telecommunication infrastructure was adequate for the task of delivery and that accounting firms had access to the appropriate information technologists to ensure continual access. Developer 3 had spoken at length of the infrastructure problems in her region in which Owners 4 and 5 are located. Broadband internet is not universally available and this stops access to online materials. In addition, mobile technologies are limited in many remote areas. Making professional development activities available on the internet whilst convenient for most presents new challenges for regional and remote accountants.

Participants demonstrated only a limited interest in online delivery of professional development courses. Some embraced online delivery. For Owner 5 online delivery options or 'webinars' made professional development easier with the ability to simply sit at her desk with her staff and 'do it all on the computer screen'. Internet-mediated delivery assisted Owner 5 in overcoming some of the limitations imposed by her location but telecommunications infrastructure and ensuring people within the firm, or even the community, with sufficient and appropriate skills to meet these needs presents a new challenge. Taking advantage of internet-mediated delivery of professional development highlights another problem, a lack of peer networking which is a feature of face-to-face professional development activities. Owner 5 spent a decade practicing accountancy in Adelaide before returning home to establish her own practice and networking is an important issue for her.

Owner 6 is one of the remotest participants in this research along with Owners 10, 11 and 16. Isolation exacerbates the problems associated with professional development which have been highlighted by Owners 1, 2, 3, and 5. Owing to her isolation, Owner 6 has been very proactive in pursing internet-mediated professional development activities:

> ...with the amount of resources out there at the moment, just through TV ed [sic] I can get every PD point I need just with the DVDs and the CDs. No problems whatsoever. (Owner 6)

While Owners 5 and 6 tended to complete almost all of the professional development online, Owner 3 found the online materials quite effective but these were considered a supplement to half- or full-day programs which were attended once or twice a year. In contrast Owners 1 and 2 did not find online delivery as effective as face-to-face and this may be reflective of personal learning styles, notwithstanding Owner 2's comments on perceived inequities with regards to examinations requirements.

Owner 2 was critical of online delivery as a substitute for face-to-face professional development. Firstly, online professional development is simply not considered an effective alternative to face-to-face options. Secondly, there was a sense of inequity involved. In his experience, online seminars require an exam to evaluate the participant's understanding and to qualify for the continuing professional development hours associated with membership. Attending a face-to-face session requires the accountant to 'sit in a room for five hours, not pay one single bit of attention'. Bringing professional development to their location is more effective but equally expensive to attending sessions in Adelaide. City-based accountants in contrast have more

opportunities being able to 'attend a half-hour or hour session on a specific topic' (Owner 1) in line with one's interests. Aligning continuing professional education needs with interests is generally out of the question and having to 'take what we get' (Owner 1) is a disadvantage.

Engaging in online professional development instead of face-to-face seminar attendance came at a cost. Owners 5 and 6, two staunch advocates of online professional development, recognised that a lack of peer interaction was becoming a major problem. Owner 6 noted being a 'sole practitioner and no other accountant it's very lonely, very, very lonely'. The networking opportunities provided by face-to-face sessions are irreplaceable and for this reason Owner 6 attended an 'intense' course once a year in Adelaide. She also sends her two employed accountants on similar week long intense activities once a year. But as highlighted by Owner 2, attending such events comes at a significant financial cost, here road travel, perhaps return airfares, two night's accommodation, and meals.

Owner 15 also identified professional development and associated networking as the chief constraint of operating an accounting firm in a regional or remote area. Like other remote owners, Owner 15 notes that technology is helping to overcome some of the obvious problems associated with meeting professional development requirements. Professional associations are an important resource for all accountants and a solid personal network of colleagues often developed through contacts maintained at professional development activities were as important. Such networks do not extend to local accountants outside their own firms 'because, hello, you know, they're *in* town' [emphasis added] (Owner

15). Isolation from one's peer group is a major challenge for regional and remote accountants: city-based accountants are perceived as having superior personal networks owing to their ability to attend professional development events.

A lack of networking opportunities and increased professional isolation amongst regional and remote accountants is a constant challenge. These accountants are already isolated from their profession by their location and the limitation of critical networking opportunities exacerbates it.

6.2.3   *Professional development activities and Maslow's "theory of needs"*

Maslow (1970) points out that any activity or behaviour has the ability to satisfy several needs simultaneously. Professional development is not different in this regard, even though participating in such activities is as much externally imposed by professional accountancy membership as being able to competently assist clients.

In a very basic sense, professional development helps to satisfy the safety needs of the owner-accountants. Providing competent, high quality advice and assistance is a foundation of what is generally the primary income-producing activity of the participants. Income in developed economies serves as a mechanism to satisfy the majority of safety and physiological needs types: money enables the purchasing of food, water, shelter, clothing, security systems, self-defence classes, and other related items. An ill-informed or incompetent accountant is unlikely to retain clients or attract new ones and professional development is a key activity to staying well-informed and skilled.

Professional development also helps to satisfy love and belonging needs, although more belonging than love in the professional sense. As members of professional accountancy associations, the owner-accountants are members of the professional community irrespective of where they live or practice. Professional development is therefore interpretable as a demonstration of belonging to this community and a visible commitment to active membership in the profession. The last notion is, to some degree, undermined by the uptake of online delivery of professional development activities. Owner-accountants were aware of the lost networking opportunities by using online methods and the potential this has for isolating them further from their professional community.

Esteem needs may also be satisfied by professional development activities, particularly where such activities are in a face-to-face context. The networking benefit of face-to-face professional development activities, as identified by owner-accountants, allows for the building of peer recognition, either in a friendly sense between accountants or more formally in terms of achievement recognition of the individual by the profession. It is important to realise that credibility is afforded to an individual accountant through membership with a professional accountancy association. Membership provides a signal to the general public that the accountant is recognised by the profession and is by inference trustworthy. Membership of such an association potentially operates as a social licence to operate, attaching certain expectations to an individual regarding education, quality of service, respect and trustworthiness. If membership provides a social licence to operate, then it may be equally plausible that professional development is interpretable as a legitimating strategy by the profession.

For owner-accountants with salient cognitive needs, professional development may offer an avenue for satisfaction, however, most participants noted that the frequency of professional development activities was few and irregular and the content was repetitive. Self actualisation needs are also potentially satisfied by professional development, but as with cognitive needs, the nature of activities aimed towards knowledge maintenance may limit the growth opportunity of individuals.

Professional development has the potential to satisfy as many as six needs types: (i) physiological, (ii) safety, (iii) love and belonging, (iv) esteem, (v) cognitive, and (vi) self actualisation. For the first four needs the likelihood of satisfaction is high and for the latter two low.

The concerns or challenges regarding professional development, highlighted by the owner-accountants, seriously impacts on their ability to maintain current knowledge and meet their obligations as accountancy association members. Whilst understanding the need for such continuing education, there is a frustration associated with this and their choice to practice in a regional or remote area. This frustration is born from a feeling of abandonment generally shared with other regional and remote residents: decision-making is city-centric and the needs of people in regional and remote areas are ignored or belittled. This is best illustrated within the context of professional development and accountants, by the response of Owner 2 to online professional development. Here, Owner 2 noted the need for online professional development delivery to be assessed by an exam to qualify for the continuing professional development hours for his association membership. No such requirement exists for face-to-

face delivery. The conclusion is that regional and remote accountants are being penalised with additional, non-credited hours associated with the assessment because they are unable to attend city-based events.

Membership of professional accountancy associations plays an important role in providing credibility for accountants. In making professional development obligatory, there also exists the need to ensure ease of access to all members including those located in regional and remote areas. This does not mean that the number of events held in these areas needs to increase although more local events would be welcomed by the participants, but a review of the number of 'points' associated with events for these members acknowledging the additional time and cost associated with attending could assist.

6.3 Attracting and retaining staff in regional and remote accounting firms

The second most common consideration highlighted by the participants is attracting and retaining staff. As part of the data collection process each participant completed a participant and firm profile (see Section 3.4.2) which collected data regarding the firm's age, number of locations and employees. Of the sixteen participants only two firms (Owners 5 and 13) were less than 10 years old (see Table 6.1) with the average age of accountancy firm for this group of 24.4 years. Slightly less than half (46%) operated from multiple locations. The number of full-time employees per firm varied from effectively none with only the owner-accountant (Owner 3) operating the business on their own to a maximum of 36 (Owners 1 and 12). The average number of full-time employees for this group was 10.6. Part-time employees accounted for a smaller number of employees in firms and three firms had no part-time

employees (Owners 8, 11 and 13). The average number of part-time employees in this group is 3.1.

Table 6.1: Owner-accountant demographics – firm age, number of locations and number of employees

Owner	Age (years)	No of locations	Full-Time Employees	Part-Time Employees
1	20+	3	36	4
2	30+	3	21	7
3	27+	1	3	3
4	23	2	4	3
5	8+	1	5	2
6	45+	1	3	3
7	30+	2	14	4
8	13+	1	2	0
9	30+	12	25	10
10	27+	1	6	3
11	11	1	3	0
12	60+	2	36	4
13	5+	1	0	0
14	20+	1	3	1
15	12	1	0	1
16	30+	1	8	5
Mean	**24.4**	**2.1**	**10.6**	**3.1**

Three major themes emerged during the interviews regarding staffing: (i) perceptions of regional and remote communities, (ii) development of "grow your own" strategies, and (iii) succession.

6.3.1 Perceptions of regional and remote communities by potential employees of regional and remote accounting firms

Most owner-accountants acknowledged difficulties in attracting and retaining staff, especially degree-qualified accountants. However, three participants, Owners 8, 13 and 15, had very small practices, essentially themselves and one or two other people. Ten participants noted that difficulties existed in securing staff, whether degree-qualified accountants or support staff such as receptionists. For Owner 13, the lack of suitable staff meant a down-sizing of her practice, and for others, the inability to grow as needed or desired.

The difficulty in attracting staff is a matter of perception – of regional and remote areas themselves and accounting as a profession. The regional development participants felt urban born and raised people have mixed perceptions of regional and remote areas, either as idyllic settings with strong senses of community and mutual help or cultural backwaters with little to attract their interest. Most owner-accountants highlighted quality of life factors as a significant influence on their choice of practice location (see Section 5.3.1). However, most had been born and raised in such areas and had a familiarity with the lifestyle (see Section 5.3.1.3). Some urban-born and raised owner-accountants now practicing in regional or remote communities had a deep-seated desire to escape the city preferring smaller communities away from the 'rat-race' (see Section 5.3.1.5183). The interviews indicated that familiarity with regional and remote lifestyle is desired by owner-accountants in their employees, and Owners 1 and 5 stated clear preferences for employees to have local ties, noting the likelihood of their staying with the firm increases. Even being able to take advantage of local residents for employment, the perception of the accounting profession itself may be a barrier. Confusion about the accounting profession was highlighted by regional development participants, and Owner 5 noted this confusion was a source of frustration in her practice. But a statement by Owner 9 best exemplifies this confusion. He noted that 'when I did year 12 I enjoyed accounting but 'I didn't really know what accountants *did'* [emphasis added]. From an accountant this best demonstrates a misunderstanding of the accountancy profession and underpins calls by the participants for the professional accountancy associations to educate the public about the profession and perhaps make recruitment in regional and remote areas easier.

6.3.2 Development of "grow your own" staff recruitment strategies by regional and remote accounting firms

A range of pathways are used by the participants to attract staff. Owner 6 has tried to use university recruitment services but recruiting city-bred employees is problematic.

> The only ones you seem to be able to attract are the overseas ones that are looking for residency, that's it, and they just wouldn't fit in, they would just not fit in here, and I mean that's not anything against the community, it's just they would have no clue on how to live in a country lifestyle like this, it is really something you have to be born into or be used to or something like that, and I don't mean to be mean or nasty or, you know, it's just that's the way it is. (Owner 6)

Most accounting practices in regional and remote areas have developed a "grow your own" strategy for staff recruitment. This strategy involves the owner-accountants and sometimes senior employed accountants identifying promising secondary school students for recruitment. For larger firms financial aid may be a part of the program, supporting students while they attend tertiary education in Adelaide or another city, but more often employing them and supporting their studies through distance education. However, as Owner 7 noted, this program can result in higher staff turnover levels, as these students, perhaps in their early twenties seek to travel or work in the city.

> it's not because they don't like working for us, we often get a lot of repeat staff back, but we've got one guy at the moment who's been touring North America, we've got another guy we've trained who's touring Europe. We train up a lot of young kids that go to Adelaide, they get to age 21, 22, never been to Adelaide, want to go there and work. (Owner 7)

Regional or remote accounting firms could potentially become skills incubators, training people, giving them limited experience, before they move on to other locations and especially the city. For firms in smaller towns, the opportunity for this sort of program may not exist, as larger numbers of secondary students

attend boarding school in Adelaide. For these firms, programs may target mature workers. However, the programs do not provide the number of people or the skills required for firms especially those seeking to expand.

Most participants suggested that young people want to travel and that accounting may not be perceived as a desirable career. The main barrier identified was the concentration of tertiary accounting education in the cities. TAFE level studies in regional and remote areas generally do not offer qualifications higher than Certificate IV and full accounting undergraduate degrees are virtually non-existent in regional or remote areas. Participants see the professional associations as missing an opportunity to promote regional and remote practice as a viable career instead promoting high level, overseas opportunities.

6.3.3 Succession issues and the continuation of regional and remote accounting firms after owner retirement

Owners 15 and 16 are considering their retirement and both are aware that continuation of their practices requires degree-qualified accountants. Succession then becomes a significant issue in regional and remote accounting firms. Without clear succession plans, often taking four or five years to come to fruition, accounting practices will need to close down or be sold.

Owner 2 noted a change of career or retirement could be made easily in the city and more importantly a replacement for oneself in the firm would be equally easy. Being a partner in a small firm in a regional or remote area which struggles to find degree-qualified staff

...it's harder to walk away from the other guys. ... I don't want to be still sitting here at sixty five, people saying he's too old and senile and he's lost the plot and doesn't know how to do tax because I've seen too much of that, too many accountants here basically dying at their desk and, you know, working their butt off, and that's not what I want. (Owner 2)

Succession or replacement then is a critical consideration in practicing accountancy in regional and remote communities. The ability to withdraw is stymied by a lack of replacements.

6.3.4 Attraction and retention of staff and Maslow's "theory of needs"

Staffing, both in terms of attraction and retention, assists owner-accountants to meet their safety needs (and for that matter the safety needs of their employees). Employees in an accounting firm assist in meeting the quality standards of clients and cater to increasing numbers of clients. Growth, where desired, is often impossible without the addition or expansion of employee numbers. Maximum capacity may be quite limited per person and the fees generated through additional staff may be useful for the owner-accountant for their own income enhancement. In addition, the addition of employees may enable superior workload management and flexible working arrangements which may be needed for physiological needs satisfaction in the face of illness or pregnancy. Employees and associated issues with attraction and retention become issues affecting financial security of the firm and the individual owner-accountant and in this regard are interpretable as a safety need.

It is equally possible to interpret staffing issues as relevant to love and belonging needs. Regional and remote accounting firms are important sources of livelihoods for other local residents as much as the support in all its forms provided to the firm's clients. The "grow your own" staffing strategy used by a

number of the participants can be seen as a demonstration of commitment to their resident and work community (as compared with their professional community). The identification of promising people, whether secondary students or other residents, the investment of time and money in training and support through skills development, and employment during or after degree qualification, signal a commitment to community to those also living and working in the town. Developers noted (see Section 4.4.2) the credibility and favourable responses of local residents to demonstrations of community commitment by all business owners. This demonstration would act to satisfy the love and belonging needs of owner-accountants, employees and other members of the community in which the firms are located.

Staffing has the potential to meet self actualisation and self transcendence needs. The emphasis of self actualisation needs is personal growth and taking on employees offers the opportunity to owner-accountants to make growth in terms of interpersonal communication, supervision, guidance, and a range of other elements. For those owner-accountants who are advanced in terms of self actualisation, employees offer the opportunity for self transcendence when adopting a mentoring role. An interest in the development of others to self actualise through career development fulfils not only the self transcendence needs of the owner-accountant but also the self actualisation needs of the employee. However, Maslow noted that not all people will reach self transcendence, so mentoring may also assist in satisfying the self actualisation needs of owner-accountants.

The staffing requirements of accounting firms in regional and remote communities and the difficulties faced in attracting and retaining degree-qualified employees and support staff is a significant commercial concern amongst the participants. Staffing constrains growth and as illustrated by Owner 13 may result in downsizing of operations. Most regional and remote firms have developed "grow your own" strategies identifying secondary students and other residents and supporting them through tertiary education. Recruitment of degree-qualified staff is an important succession issue and permits continuation of accounting services in regional and remote areas.

6.4 Community expectations, esteem and behaviour of owner-accountants in regional and remote areas

One of the dominant themes woven throughout the interviews with owner-accountants was the need for accountants to demonstrate their credibility to both clients and the communities in which they live and work.

Three themes emerged from the interviews about legitimacy and behaviour: (i) the projection of a professional image, (ii) scrutiny from the community, and (iii) confidentiality and privacy.

6.4.1 Projection of a professional image by owner-accountants in regional and remote areas

In some respects this professional awareness extends to the communities in which the owner-accountants live and work and most participants are aware of the need to exercise moderation. While some participants feel the expectation regarding their behaviour more than others, most are aware of the need for

credibility to preserve their businesses and any activity which might be considered unacceptable by their community threatens them professionally.

For regional or remote accountants there are always requests for community involvement, especially auditing. 'Everyone' wants their books to be audited and Owner 2 feels an obligation to support the community by completing low-cost or no-cost audits. However, business clients might be members of these community organisations and saying no can be commercially dangerous with clients reacting badly: 'well hang on, why can't you audit my sporting club and all that sort of stuff'.

The blending of social and professional lives happens even when living and working in a large regional centre such as Owner 3 does. At some point a client, or sometimes those who are not clients, will approach when 'I'm off duty ... I'll say yeah look I'll talk to you Monday or give them a very quick answer'. Owner 5 noted

> We've got a ten pin bowling alley, it's only been open for about a year or so, and you know when you're there you're gonna have to walk in and you're gonna have to say g'day to everybody and you know someone's gonna come up and ask you a question and so, you know, it's a bit like the gossip magazines, you feel like you can't go out in your ugg [sic] boots 'cause someone's taking a photo of you. (Owner 5)

Being a professional in a regional or remote town has a 'bearing on our social activities'. Social outings might be avoided when it is known that clients will be there and it is likely that they will approach during the event for some informal and free advice. Owner 4 gets on 'very well' with his clients and with many has a relationship which extends back for twenty years. Owner 4 genuinely likes and enjoys the company of clients but is aware of the accountant-client

relationship, the levels of trust involved and the need to maintain a public behaviour which supports rather than detracts from favourable community impression.

> Yeah that's right, and it's interesting that as people gain trust in you they classify you as a friend not just you're their accountant, so that's been quite a warming experience actually. (Owner 4)

Professionals enjoy high status amongst the residents in regional and remote communities and with this status comes the expectation that they will behave accordingly whether in social functions or through their professional practice. These owner-accountants must demonstrate commitment to their communities by actively supporting local organisations by direct financial sponsorship, low-cost or no-cost audits, service on committees, and as an active resident. The demonstration of commitment results in a reciprocal support, with many local residents and business owners potentially swayed to support the accountant by using their services.

6.4.2 *Community scrutiny of owner-accountants in regional and remote areas*

Owners 5, 6, 8, and 13, all women, made note of the barrier gender provided as they established themselves as professionals in their communities. Owners 5 and 12 made note of the affect of family reputation on their businesses. All owners highlighted community expectations and the need to be aware of one's behaviour at public social functions. These owner-accountants understand the importance of long-term relationships in their ability to provide effective services to their clients. Trust is an important element of this relationship and more than one owner had discussed the need to spend three or five years with clients before they were prepared to divulge important details which affected

their goals and activities – family feuds, rocky relationships, or illness. For owner-accountants starting new businesses in areas which they had few personal links, local residents and business owners may be unprepared to use their services, as they have been unable to assess their trustworthiness.

Owner 13 moved to her location after marrying a local farmer. The majority of her clients are located away from the nearest town, with these more distant clients being prepared to deal with her for the very reasons that the local were not. As someone not in their immediate vicinity there was no threat to privacy; for those who were local, the threat was too high. After some five years she is now seeing local business owners and individuals start to use her services. During these five years, despite her youth, she has been restrained in her public activities, not going out for drinks for example. Owner 6 had a more explicit set of expectations imposed by her community being told she needed to be a 'pillar of the community'. Owner 5 felt similar expectations regarding her behaviour. One might be tempted to state this relates only to women, but men also felt the weight of community expectations about their behaviour, noting the scrutiny to which they were subjected.

This scrutiny increased when directly interacting with clients. Owner 7 provides an interesting illustration.

> I remember going one year and we'd been going for about five days, I had a young accountant with me and we were up at six o'clock in the morning driving to a client's place and he said to me have you ever thought that your clients are trying to kill you, I said why is that, he said we've been going for five days and each time you go through all the business and all that sort of stuff, then you stay and have dinner and a few drinks and then you've got another one the next day. He was getting very tired, and I said well you get used to it, you know, when we go on these trips we're here to work and it's full on work, you know, you're engaged with the client eighteen hours a day. ... It's hard work because you have to be consciously aware of what you're saying and how you're saying it, and they

ask you all sorts of questions because it's in a relaxed sort of informal environment. (Owner 7)

6.4.3 *Issues of confidentiality and privacy for owner-accountants in regional and remote areas*

As discussed in Chapter 4 (Section 4.4.3) regional and remote residents and business owners place an extremely high value on privacy and in particular business and financial affairs. In this previous finding, it was noted that the need to keep such information private can drive people to use geographically distant accountants, often 500 kilometres or more from their locations. For those accountants located in regional and remote areas this means a constant demonstration of trustworthiness, strict maintenance of client confidentiality, and significant effort in maintaining their credibility and legitimacy as members of their profession and members of their communities.

Confidentiality is an overriding concern amongst the owner-accountants interviewed. Most will have employees sign confidentiality agreements as part of their employment, breaches by employees warrants instant dismissal and most owner-accountants know that this would also mean the end of their practices.

6.4.4 *Community expectations, esteem and behaviour and Maslow's "theory of needs"*

Community expectations, esteem and the resultant behavioural changes is a complex process which is cultural and psychological in nature. The efforts of owner-accountants in meeting community expectations are critically important for the survival of accounting firms in regional and remote communities. Developer 2 noted that in his experience, businesses have failed to meet

community expectations of involvement and support of community activities. Community expectations therefore present a threat to safety needs and specifically financial security. Consumer behaviour is influenced by demonstrations of community commitment thus the owner-accountant will need to make efforts to meet expectations to preserve income, grow where desired, and prevent client loss. It is therefore in the interests of the owner-accountant to ensure that they, and their employees, acknowledge and meet, perhaps exceed, community expectations.

Acknowledging and meeting community expectations is no better illustrated than in the context of confidentiality. The confidential nature of the accountant-client relationship is an inherent part of the profession; indeed confidentiality is an important part of the associations' codes of conduct. Regional and remote residents have a high level of need for privacy and breaches of confidentiality are extremely serious. As noted most owner-accountants considered a breach of confidentiality on the part of employees as a dismissible event with serious commercial consequences. As such, community expectations regarding confidentiality underpin commercial viability and survival, and understanding those expectations impacts on financial security.

Community expectations, especially concerning community involvement, can also be interpreted as a manifestation of love and belonging needs. A demonstration of commitment to the community(s) in which the owner-accountant lives and works creates a connection to the community, regardless of whether the majority of clients are local residents or not. Community involvement, whether genuine or not, signals to other residents that the owner-

accountant has an interest in the community, its needs, and will try to meets those needs in whatever form they may take. Community involvement may act to reassure local residents and clients that the owner-accountant has a greater interest in them other than as sources of income. A chief criticism of visiting accountants is the impression that they are only there for the money and communities may want greater demonstrations of community commitment without any expectation of this being given. This may not affect consumer behaviours in regards to visiting accountants. Resident accountants are not given any such leeway, and demonstration of community commitment will be required.

It is relatively clear then that community expectations are associated with esteem needs – those of the owner-accountants and other residents in the community. As professionals, society has attributed certain rights and responsibilities to them. Credibility, an esteem need, is important for maintaining their position as a professional. Community respect for their profession and as a person is central to maintaining credibility. Recognition of their efforts to support the community is important to the owner-accountant for self-esteem and acknowledgement of their efforts may inspire additional commitment.

Meeting community expectations also has an effect on self actualisation and self transcendence needs. It is plausible that owner-accountants are motivated by their need for personal growth (self actualisation) or a genuine interest in helping others in their own growth (self transcendence), rather than for the esteem received on recognition of their efforts or as an attempt to influence

consumer behaviour in their favour (safety). In this group of owner-accountants, self actualising and self transcendent behaviours were manifesting. Owner 2 for example has talked about growing with his clients and Owners 7 and 12 were committed to developing clients' skills and enable them to grow and take control of their affairs.

All of the owner-accountants recognised that the community had expectations about them with regards to their professional image, social behaviour, and privacy. Privacy is highlighted as a significant influence on the decision to use local services and the maintenance of confidentiality is a critical consideration for owner-accountants and the continuation of their practices.

6.5   Client mental health

One of the more surprising findings to emerge from the regional development interviews was the role of accountants in the mental health of their clients and communities (see Section 4.3.1). Regional developers highlighted the toll poor mental health had taken not only on individuals and their families but the broader community. As objective visitors in which a high degree of trust is placed, accountants were considered the people in a primary position to identify potential mental health problems and had the ability, or perhaps duty, to ensure that steps were taken to refer clients to appropriate services.

6.5.1   The emotional reliance of clients on owner-accountants in regional and remote areas

The client mental health-emotional reliance theme was pursued with owner-accountants and most acknowledged that there was an emotional content to their client interactions and for some a stronger or more conscious mental

health perspective. Only three of the sixteen owner-accountants interviewed made direct and at times lengthy comment on the emotional support provided to their clients. Most participants had experienced emotional clients at some point in their practice. These clients may have had a death in the family, been diagnosed with a serious illness, facing financial hardship, or similarly negative circumstances. There may be moments when tears are shed with a client and the

> ...emotion of interviewing people at times can be absolutely shattering, clients that you know that have terminal illnesses affects you a lot more and I did one of those yesterday. (Owner 5)

The drought means 'a lot of illness' (Owner 5) is happening in the area, both physical and mental. Dealing with clients who are ill is 'absolutely emotionally draining [and] hard to deal with because we're not trained' (Owner 5). The need to refer clients onto a qualified counsellor is an important part of this Owner's work. Financial and rural counsellors are well funded by the various governments but Owner 5 notes that 'at the end of the day clients will come to us first'. They might be pregnant, have cancer, their partner's on suicide watch. She is astounded at how personal the details are but

> there's a million things that they will tell me that they won't to anyone else 'cause they know when they walk in the door it's confidential. So when they think oh my God I've got to tell someone, who am I gonna tell, I'll tell [accountant's name] because she won't tell anyone else. (Owner 5)

Owner 5 finds this hard to deal with emotionally. It is also often the negative things being shared: 'someone can have cancer and they'll come and tell you all about it, then they'll get cured and they won't tell me, so I have all the negative and none of the good stuff' (Owner 5). Owner 4 also noted, it is nearly always negative news.

6.5.2 Regional and remote owner-accountants as counsellors and confidants to clients and community members

All of the participants felt they were unprepared for the role of counsellor, as Owner 6 noted 'I didn't realize I had to be a counsellor as well ... they never trained me in that'. Even in good times Owner 6 sees counselling emotional clients is part of her job. There are simply not enough rural counsellors and a 'stigma' is attached to using counselling. No such stigma exists for talking to an accountant. Owner 6 knows she is not trained to handle this sort of need.

> I quite often have a chat to the local GP who I know quite well and we sort of just talk in general terms of what to do, what to say, stuff like that, so I'm very lucky in that regard to have that back up. (Owner 6)

Most participants made no attempt at being a psychological counsellor preferring to refer the client to a qualified professional. Owner 2 had drawn a line in his practice: 'we ask them questions about their tax returns and stuff like that'. Business clients are closer than tax clients and it is likely that as part of the informal chit-chat questions might be asked about a holiday or grandchildren but nothing more.

Most however understood that at times, immediate advice was required and most stuck to commonsense as a stop-gap measure until appropriate referrals were made. For others, especially those with isolated clients, intervention was needed to help them recognise a problem. This support may have extended to accompanying a client to their general practitioner (Owner 10). In the face of such a role, it was surprising that few had made any attempt to participate in professional development activities to aid them in this role. Owner 4 had undertaken such professional development, as did his staff, after drought started to impact his clients and in light of his being touched by suicide in the past.

The emotional needs of clients are recognised but Owner 4 understands there is a difference between general emotional support offered during the course of accountant-client interaction and the higher level of need which may require counselling. 'We're not qualified counsellors' and as such do not try to fill the role. Instead, where real need is felt, Owner 4 will try to refer his client to 'appropriate help'. Having said this, Owner 4 and his employees have undertaken professional development: 'Beyond Blue put on a session that we went to, all of our staff went along to that just so that we can recognize the signs more than anything'. This sort of professional development does not provide the skills needed to be a counsellor and so referrals are made. The need for awareness of mental health problems amongst his clients is greater now than when he first started practicing, even though being personally touched by suicide.

> Back in about 1988 I had a client suicide and didn't recog... well when I thought back I recognized the signs then but it was all too late, maybe I couldn't have done anything about it but you do wonder about that. (Owner 4)

The main difference between now and 1988 is that mental health is talked about more openly now. Dealing with this aspect of his accounting practice is difficult. For Owner 4 the accountancy profession and the academic process has

> let us down quite badly in those sort of areas. We spend a lot of time in uni - and I don't think this has changed over the last thirty years, dealing with overseas money issues and high level accounting things for big business that most accountants - well at least half of the accountants that come out of uni will never see, and yet they're all going to be confronted with these personal issues at times because they're dealing with people, we get no training at all in those sorts of things, and I think that's a sad indictment on our profession to be honest. There should be a compulsory subject at least in one of the years if not all of the years that takes people to the level required.

Owner 7 felt the role of the accountant had changed to 'all round business service advisor, social worker, tax professional'. The range of people turned to

for advice has shifted over the years. 'Once upon a time it was the local Minister or Priest' (Owner 7). Then it was the general practitioner but with these doctors retiring and being replaced by overseas-trained practitioners, the feeling is that they are more interested in physical health than their patient's psychology. For many the accountant is the only person 'who our clients see on a regular basis' (Owner 7). While driven primarily from a financial perspective,

> we get asked to advise on a very wide range of things, everything from, you know, I want to buy a new car, can you come out and test drive it with me, to I'm looking at a caravan to – I want to go overseas on a holiday, where do you think I should go, what can I afford, to even talking to naughty kids at boarding school. We get it all which is really interesting. (Owner 7)

6.5.3 Identification of a "mental health response continuum" amongst owner-accountants in regional and remote areas

It is possible therefore to classify owner-accountants on a spectrum regarding their approach to their mental health role. Figure 6.1 shows a spectrum from passive to active on to which most owner-accountants can be mapped.
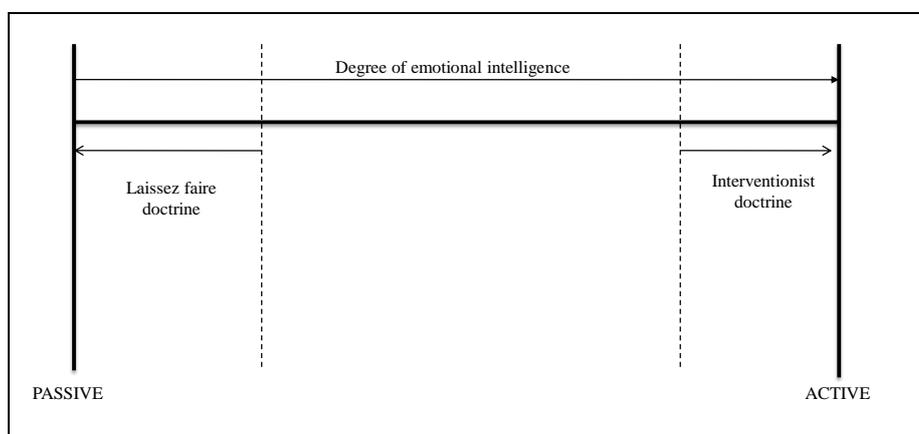
Figure 6.1: Mental health spectrum

The most passive response to a mental health role is characterised by a laissez faire doctrine, a hands-off approach where participants disavow any responsibility for the wellbeing of their clients beyond what is traditionally known as accounting. The most active responses take on an interventionist doctrine in which individuals will become involved in the wellbeing of their client including attending specialised training and doctors visits. Increased emotional intelligence appears to mark more active responses.

Owner 2 has quite a passive role in the mental health of his clients, acknowledging the emotional engagement of his clients but backing away from any explicit involvement, even referrals. Owner 13 has been downsizing her business and attributes this to not only a staffing issue but the time consumed in the emotional support of clients which she is no longer willing to engage. Owner 3 recognises a role as emotional support to his clients but draws firm boundaries by providing commonsense advice only. Owner 5 recognises a high emotional content in her role as an accountant and has taken steps to inform herself about referral options to local psychologists and counsellors for her clients. Owner 4 has been similarly engaged but has formalised this role within his firm by undertaking professional development activities in mental health. Owner 6 has engaged with local general practitioners to inform herself about counselling. Owners 4, 5 and 6, will not engage in counselling clients themselves. Owner 11 is perhaps the most proactive of this group accompanying clients to their general practitioners to seek aid in extreme cases. Figure 6.2 shows a mapping of each participant on the mental health spectrum.
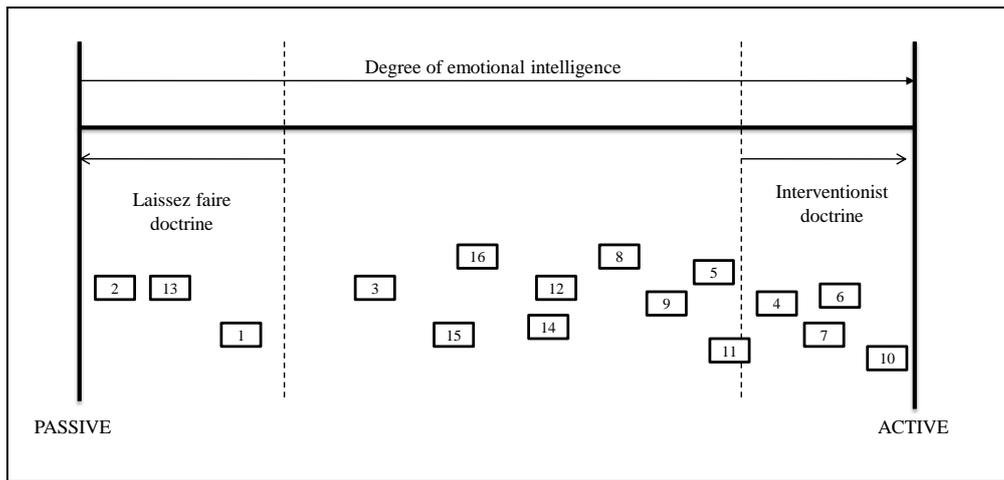
Figure 6.2: Mental health spectrum – participant mapping

Involvement with the mental health of their clients comes at a cost to the accountant. Most of the owners noted that an emotional client interaction is stressful but those which are most active in their client's mental health note the stresses which accompany it. The choice to become more active is partly attributable to the individual's personality but also the necessity of their location, where mental health practitioners may be absent or the stigma of seeking such help is too threatening. The risk of psychological injury to the accountant, whether through stress, burnout, compassion fatigue, or vicarious traumatisation (Morrissette, 2003, 2004; Bush, 2009), is very real, and more than one Owner noted physical symptoms of such injury. Owners 7 and 16 both commented that they were being treated by their own general practitioners for physical symptoms of stress. Owner 7 in particular appeared at risk of the more significant types of psychological injury such as vicarious traumatisation. He lives and works in a town at high risk of bushfire and, outside of the interview, he had talked to clients coming to his office still covered in soot after losing their properties. The stress in such meetings is tremendously high.

There is little in undergraduate education or professional programs which prepared these owner-accountants for the emotional side of client interactions. Most noted an absence of any professional development opportunities offered by the professional associations to assist, indicating a significant gap in support for practicing accountants. However, it is clear from the perspective of the owner-accountants and the regional developers that there is a need to understand the emotional or social context of this counselling activity. It can be concluded therefore that the accountant should understand that a client's decision-making is also an emotional activity and requires a high degree of emotional intelligence (Brown, 2003; Bandelj, 2009) on the part of the accountant to be supported effectively.

6.5.4   Client mental health needs and Maslow's "theory of needs"

The mental health and counselling role identified by the owner-accountants and developers involves a range of needs types, both of the owner-accountants themselves and their clients. However, the need for counselling by clients speaks as much to their needs as the owner-accountants' but the reaction of the accountants reflects their needs. The range of reactions to a counselling and mental health role reflects the salience of different needs types to the owner-accountant. Those who are passive and step away from more active roles may have safety needs (preserving their own mental health) which are more salient than love and belonging or self transcendence needs. Conversely those who are more active might have self transcendence or love and belonging needs with greater salience and are therefore willing to accept the risk of psychological injury which can be associated with counselling.

The provision of counselling and more interventionist activity with clients can be seen as a manifestation of love and belonging needs. Here clients, who may also be local residents, are distressed, and owner-accountants with highly salient love and belonging needs may act to satisfy those needs by providing counselling. Friendship impulses may be as responsible for driving the counselling behaviour as being their accountant, creating an overlap between commercial, professional, and personal considerations.

It is equally plausible that the most proactive of responses to the counselling and mental health needs of clients is the result of the owner-accountants' need for self transcendence. The same proactive responses are likely to be given irrespective of the person's status as a client or local resident. This may also account for those owner-accountants who persist in their behaviour in the face of stress-related illnesses which they attribute to this aspect of their counselling. Owners 7 and 16 had both cited stress-related illnesses as affecting them at the time of their interviews and that their doctors had effectively ordered them to reduce their workloads pending more serious health risks. Yet they seem reluctant to change their interventionist tendencies. This speaks less to love and belonging needs driving the behaviour and more to self transcendence.

Those owner-accountants which had evidenced self-actualising behaviours and had more salient self actualisation needs, such as Owner 2, were often the most passive when it came to counselling their clients. They freely acknowledged their own limitations in this area and kept their involvement to a minimum, thus preserving their own health and well-being. This is not to say that they did not acknowledge their clients' needs, only that they felt ill-equipped to respond in a

way which would not result in further harm to their clients or themselves. This awareness of self is not being selfish but rather should be interpreted as emotional intelligence on the part of the owner-accountant and perhaps a little self-preservation (a physiological and/or safety need).

More self-directed motives could certainly be attributed to the passivie responses of some owner-accountants. Owner 13 for example was downsizing her business as a response to a lack of staffing and the often time-consuming task of communication with clients seeking counselling. As the counselling role, in her opinion, fell outside the purview of the accountant, the time spent with clients in this function was wasted and drew resources away from clients with traditional accounting needs and prevented income maximisation. Having said this, it is not unreasonable to interpret the behaviour as seeking a balance between activity which is designed to produce income but which contributed a relatively small amount to household income (less than 25%) and took time away from her young child. The inclination to avoid counselling might simply mean that love and belonging needs, the well-being of her child and family, are more salient than meeting the needs of her clients in terms of mental health and counselling.

This analysis of the findings under Maslow's theory of needs highlights the influence of self actualisation and self transcendence needs of the owner-accountants. Using the mental health spectrum, these needs can be overlaid and highlight the possibility that those with salient self actualisation needs are more likely to manifest passive responses and those with salient self transcendence needs are likely to be active (see Figure 6.3).
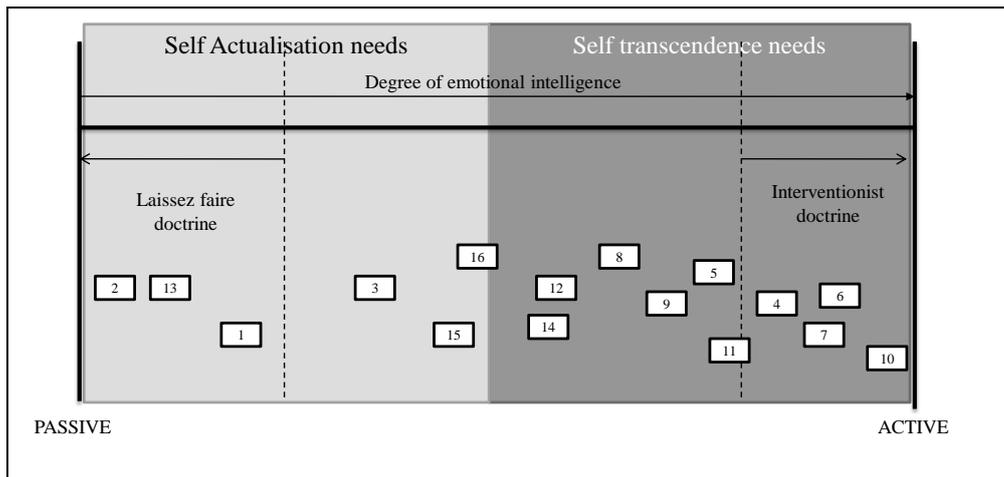
Figure 6.3: Mental health spectrum under Maslow's theory of needs

The owner-accountants all accepted that there was an inherent emotional content to their interactions with clients. For some of these participants and in line with the expectations of regional development workers, it was accepted that there was something akin to a duty of care to their clients in terms of mental health. A spectrum of approaches was identified amongst the participants ranging from the passive, essentially a hands-off approach, to those who where more active, including interventionists who would be actively involved in ensuring appropriately qualified assistance was provided to clients with mental health problems.

6.6   Summary and conclusion

Each of the owner-accountants identified several additional considerations which had an impact on the practice of accountancy in regional and remote communities. The majority of participants identified professional development as one of their major concerns. The limited local opportunities, cost associated with travelling to Adelaide, and deficiencies in online delivery all combined to make professional development a difficult activity. Staffing is a major

commercial concern. Regional and remote areas simply do not have sufficiently skilled populations to ensure adequate staffing and most firms have either had to limit growth or develop new strategies to ensure suitably qualified accountants are available. Staffing is becoming a serious issue for succession planning and undermines the ability to continue accounting services once the current owner-accountants retire. Being a professional in regional or remote communities affords a high social status and with this comes expectations regarding the contributions to be made to the communities in which they live and work and the behaviours which they must demonstrate. Community expectations about behaviour are inextricably linked to trustworthiness and credibility. With confidentiality and privacy, two critical issues for regional and remote communities, accountants must behave impeccably. However, the greatest degree of scrutiny was reserved for women, where professional activity may be interpreted as personally motivated. Finally, the participants spoke of their unexpected role as guardians of client mental health, becoming counsellors owing to the trust placed in them by clients.

The three results chapters have established the importance of accessing accounting services and their location in regional and remote areas (Chapter 4), identified the reasons why owner-accountants choose to practice in these communities (Chapter 5), and identified several additional considerations affecting the accountancy profession (Chapter 6). Chapter 7 will bring these findings together for discussion.

Chapter 7: Discussion of research findings, implications and recommendations

7.1 Introduction

This research explored the experience of accountancy practice in regional and remote communities in South Australia to address the research problem of the non-continuation and non-existence of resident accounting in regional and remote areas and the broader problem of community sustainability. Specifically, it is the purpose of this chapter to consider the lessons learnt from owner-accountants practicing in regional and remote areas (RQ2) and the recommendations that can be made or guidelines created to promote continuation and/or expansion of accounting firms in regional and remote areas to assist in the creation of sustainable communities.

This Chapter proceeds as follows. Section 7.2 provides a summary of the three results chapters (Chapters 4, 5 and 6) and statements of the research findings. Section 7.3 discusses each finding in turn in relation to previous studies and literature and making recommendations based on the findings for government, the accountancy profession, the accountancy professional associations, and accounting educators, for the continuation and/or expansion of accounting firms in regional and remote areas and the contributions they can make to regional development and the creation of sustainable communities. Section 7.4 provides a note on remoteness. Section 7.5 summarizes the content of the Chapter.

7.2 Statement of research findings

It is a useful starting point for this discussion chapter to summarise the findings from Chapters 4, 5 and 6.

7.2.1 Chapter 4 – regional development contributions of resident accounting firms (RQ1)

Chapter 4 presented the results in relation to RQ1 which asked:

How, and in what ways, are resident accounting firms important for the sustainability of regional and remote communities? (RQ1)

This question had two sub-questions which will be presented below.

7.2.1.1 Findings for research question 1.1

Research question one has two sub-questions. The first of these is:

Why is access to accounting services necessary for regional and remote areas? (RQ1.1)

The emphasis of research question 1.1 was on the need for access to accounting services in regional and remote areas, that is access to accounting and accounting-related tasks such as business advice which may be offered by professionals including, but not restricted to, accountants. The most commonly cited reason for the importance attributed to accessing accounting services is general business support, especially taxation. This is in accordance with the literature and common tasks attributed to the accountancy profession (Burchell *et al.*, 1980; Kalpan, 1984; Mellemvik *et al.*, 1988; Usry and Calvasina, 1994; Burns and Scapens, 2000; Macintosh and Shearer, 2000; Marriott and Marriott, 2000; Wilmshurst and Frost, 2001; Howieson, 2003; Zeff, 2003a, b; Holtzman, 2004; Burns and Baldvinsdottir, 2005; Kaidonis, 2008).

Participants emphasized the contribution of accounting services in all phases of a business including pre-start-up planning. Compliance obligations (taxation and other statutory returns) for businesses were noted as having become

extremely complex and the ability of the average business owner was considered insufficient for the task of successfully meeting these responsibilities. However, significant access issues were identified representing a barrier between business owners and accounting services; specifically the issues of cost, ignorance about the services offered by accounting firms (as the main providers of accounting services), and a general confusion about the role of the accountancy profession.

Whilst regional developers highlight barriers to access, they also identify three important contributions by accountants and accounting firms unheralded by accounting literature. Firstly, the ability to access accounting services easily within a region provided a competitive advantage, and where accounting firms were resident in a region, whether on a full-time or part-time basis, this provided a boost to the morale of local residents' in the communities in which they were located. Having accounting firms located in regional and remote towns provides an indicator to local residents that the future of their community and surrounding region was more assured and decline has been postponed, halted or reversed. Secondly, accounting firms provided an important link between local residents, whether farmers, business owners or individuals, to government assistance including regular welfare payments and special circumstances funding, such as the drought assistance schemes. Accountants were seen as providers of information about the payments available and preparers of applications, without whose assistance the chances of successful applications were greatly diminished. Finally, accountants were seen as pivotal actors in the mental health networks of regional and remote communities. The reliance and trust which are considered hallmarks of the accountant-client

relationship placed accountants in a primary position to observe clients and identify warning signs of diminishing mental health. More importantly they were considered to be in a position to ensure clients and client's family members were referred to appropriate professional help.

7.2.1.2   Findings for research question 1.2

As noted research question one has two sub-questions. The second of these is:

Why, if at all, is it important to have accounting firms located in regional and remote areas? (RQ1.2)

The second question addressed in Chapter 4 addressed the importance of the location of accounting services, in particular whether it was important that these services were located in regional and remote communities (RQ1.2). The participants identified specific contributions of accountants to communities when accountants were residents and operated their businesses using resident mode. In some instances mere presence was sufficient contribution where small communities struggle with numbers and the addition of one or more people can be the difference between keeping open or closing a school or hospital. However, it was common for participants to nominate a range of contributions which covered both professional and personal capacity, as the main reason for accounting firms to be located in their jurisdictions. Community involvement is expected of accountants in regional and remote communities and a high degree of credibility is attached to community activities. However, the geographical proximity which is a feature of resident mode delivery is a double-edged sword: the closeness of the accountant can be an undesirable attribute in the eyes of potential clients. Privacy is therefore revealed as a significant influence over the

use of local accounting firms by residents. The need to protect business and personal information from becoming public knowledge even unintentionally can drive some regional and remote residents to use more distant accounting firms.

The four main findings from regional developers in Chapter 4 are summarised in Table 7.1.

Table 7.1: Summary of findings – Chapter 4

Finding 1: Accounting services, accounting and accounting-related tasks, are essential services in regional and remote areas • Accounting services/firms play a vital role in supporting wage earners and business owner • Accounting services/firms play a role as facilitators between clients and government assistance • Accounting services/firms play an important role in the mental health of clients and communities
Finding 2: Access issues, other than geographical proximity, impede the connection to and potential of accounting services in regional and remote areas • Financial cost and time associated with accessing accounting services prevents a greater use of services for non-tax issues • There is an underestimation in regional and remote areas of the assistance and range of services offered by accounting firms • There is a general confusion about the accountancy profession which impedes access to accounting services in regional and remote areas
Finding 3: Accounting services should be provided by resident accounting firms in regional and remote areas because of contributions made by firms and individual accountants • Accounting firms contribute to general morale of residents in regional and remote areas • Resident accounting firms and individual accountants make social contributions to their communities
Finding 4: Geographical proximity is an attractant and a repellent in sourcing accounting services in resident mode

7.2.2 *Chapter 5 – choice of practice location by owner-accountants in regional and remote areas*

Chapter 5 outlined the results from interviews with sixteen owner-accountant participants and focussed on research question two:

What lessons can be learnt from owner-accountants who choose to operate their firms in regional and remote areas?

Research question two had two sub-questions and Chapter 5 focussed on the first of these:

Why do owner-accountants choose to operate their businesses in regional and remote areas?(RQ2.1)

Chapter 5 examined the reasons why owner-accountants chose regional and remote communities from which to operate their businesses. There were three major findings. The first identifies eight core reasons for the choice of practice location: (i) family, friends, spouse, and children; (ii) employment or business opportunity; (iii) lifestyle; (iv) home; (v) escape; (vi) education; (vii) reversibility of choice; and (viii) challenge. Of these, the first four represent the most commonly cited reasons with family, friends, spouse and children cited by more than 80% of owner-accountants as being influential in their choice of practice lcoation.

Secondly, a typology of choice of practice location "stories" was developed. Four story types were identified: (i) moving, (ii) following, (iii) returning, and (iv) staying. The typology refers to the dominant story of each participant, the experience which has had the most significant impact on their current location. Embedded in this typology is a continuum of personal connection with a place and/or the people in that place. As the stories progress through the typology the degree of personal connection increases until it dominates and directly influences choice of practice location. Based on the interviews undertaken, love

and belonging needs are a core focus of these stories with safety and other needs types having little or no personal connection to a place or its people.

Thirdly, it was demonstrated that choice of practice location is not a singular event and is a process that continues throughout adult life. Here the choice of practice location processes of each owner-accountant were mapped using the typology of stories with identifiable choice points on two pathways, a business-employment-career path and a personal relationships path. These pathways intersect and influence one another.

The three findings from this Chapter on choice of practice location by owner-accountants in regional and remote communities are summarised in Table 7.2.

Table 7.2: Summary of findings – Chapter 5

Finding 5: Location choice is a complex process involving multiple reasons • There are eight primary reasons for owner-accountants choosing a regional or remote location to operate their businesses
Finding 6: Four story typologies existed for the owner-accountants
Finding 7: Choice of practice location is not a singular event but an ongoing process involving identifiable choice points

7.2.3 *Chapter 6 – additional considerations for the practice of accountancy in regional and remote areas*

Chapter 6 outlined the results from interviews with sixteen owner-accountant participants and focussed on the second sub-question of research question two:

What additional considerations do owner-accountants identify having an impact on their practice of accountancy in regional and remote areas?(RQ2.2)

Chapter 6 explored the additional considerations which influence the practice of accountancy in regional and remote areas. Four primary themes emerged from interviews. Firstly, challenges are presented by professional development or continuing professional education requirements of various professional accountancy associations. All participants noted the barrier distance presented in attending seminars and workshops which are usually held in Adelaide. Travel, accommodation and lost billable hours increase the costs associated with this activity. Whilst online professional development helps to mitigate the effect of distance, some participants did not find this method of delivery as effective as face-to-face attendance of workshops and seminars because of (i) personal learning styles and (ii) the lack of networking opportunities and peer interaction.

Secondly, staffing is a perennial problem for regional and remote accounting firms. There are significant difficulties associated with recruiting degree-qualified staff and many of the owner-accountants had simply given up on this option. Instead most had developed a 'grow-your-own' approach: local secondary school students or interested individuals are targeted by the firms and either (i) employed and supported through their higher education via distance learning or (ii) provided with a firm offer of employment on their return from a major city sometimes with options for financial support through their undergraduate accounting degree. Having appropriately qualified employees is considered an important step in succession and therefore continuation of the accounting firms after the current owner has retired or left.

Thirdly, owner-accountants identified community involvement as an important issue. Expectations of the community regarding their professional contributions and personal conduct guided the activities of participants to some degree. All participants noted their support of local community organisations through provision of low-cost or no-cost audits and services, membership of community boards such as schools or hospitals, sponsorship of sporting associations or clubs, and a general need to be *seen* supporting the community. There was also a general perception amongst the participants that their conduct, especially at social events, was assessed against their professional capacity and there was a constant need to demonstrate their trustworthiness as an accountant regardless of whether a resident was also a client or not. This scrutiny was keenly felt by women and extended well into their personal lives including who they married.

Finally, owner-accountants noted the need for emotional support by clients and client reliance on them. Participants such as Owners 1, 2 and 13, attempted to minimise the amount of emotional engagement with clients. These participants were unwilling to become involved in anything beyond a strictly professional capacity although it was recognised this was impossible at times. This passive response eschewed involvement with non-financial aspects of client wellbeing. Other participants were highly proactive in their approach to client wellbeing and mental health having undergone professional development activities to assist in detecting suicide warning signs or accompanying clients to appointments with general practitioners.

All owner-accountants felt unprepared for this mental health role by their education and professional accountancy associations. From the responses a

mental health continuum was developed along a passive-active axis noting the extremes as a representing laissez faire doctrine versus interventionist doctrines.

The four main findings from Chapter 6 on the additional considerations impacting on accountancy practice in regional and remote communities are summarised in Table 7.3.

Table 7.3: Summary of findings – Chapter 6

Finding 8: Professional development is more difficult and qualitatively different for regional- and remote-based accountants than urban-based accountants
Finding 9: Staffing is a major commercial challenge with degree-qualified staff almost impossible to attract and retain in regional and remote areas • Regional and remote accounting services have developed 'grow your own' strategies to staffing
Finding 10: Regional and remote communities have strong expectations regarding the behaviour and contributions of resident accounting services and accountants • Resident owner-accountants are under scrutiny by their community to identify untrustworthy behaviours • Meeting community expectations affects commercial viability of accounting services in regional and remote areas
Finding 11: Owner-accountants in regional and remote communities act as counsellors and mental health workers • Owner-accountants feel unprepared for this role • A range of responses to this role exist from passive to active • A mental health continuum was developed

7.3   Discussion of research findings: implications and recommendations

Discussion of   the common findings will be grouped into four broader categories: (i) the importance of accounting services and the siting of accounting firms in regional and remote areas, (ii) individual owner-accountant choice of practice location, (iii) issues related to professional accountancy

practice in regional and remote areas, and (iv) new roles for accountants in welfare assistance and client mental health.

7.3.1 The importance of accounting services and the siting of accounting firms in regional and remote areas

The first finding is the identification by regional developers of accounting services as being essential for regional and remote areas. Three sub-elements are embedded in this finding:

1. Accounting services play a vital role in supporting wage earners and business owners;
2. Accounting firms act as facilitators between regional and remote residents and government welfare and assistance services; and,
3. Privacy and confidentiality issues influence client choice of accounting services provider.

The role of accountants and other business advisors in providing support for business owners and other individuals is well established in the literature (Mole, 2002; Jay and Schaper, 2003; Holtzman, 2004; Bennett and Robson, 2005; Berry *et al.*, 2006; Dyer and Ross, 2007), although the affect on business performance is inconclusive (Dyer and Ross, 2007). The developers provided clear examples of specific assistance rendered by accountants. Of particular importance was the transformation of wage earners into business owners as a result of "employment" with mining companies. The common practice of mining companies is to hire independent contractors rather than employees and this means people who would normally have been wage earners are now business owners. Conditions and the terms of contract are negotiated between mining companies and "business owners" and these new business owners have additional compliance obligations with which they may be unfamiliar, including

GST returns (business activity statements). Increasingly former wage earners are seeking assistance from accounting firms for advice on contract law, as well as applications for Australian Business Numbers, registration for the GST or Pay As You Go tax systems, and tax and legislative compliance.

The additional emphasis on law implies either a greater understanding of the specific aspects of commercial law fields including contract and/or employment and/or the need for referral to lawyers. In Section 2.2.3.2, it was noted that Leung *et al.* (2008) found 79% of CPA Australia accountants referred clients to other specialists: 73% of these were referred to lawyers or solicitors (see Table 2.6). In contrast *Carr et al.* (2010) found only 39% of regional and remote accountants referred clients to legal services (see Table 7.4).

Table 7.4: Referrals for specialist advice by regional and remote accounting firms

Services	% of respondents Obtaining external specialist advice
Accounting and tax	
Accounting compliance	16
Management accounting services	5
Tax compliance	50
Tax planning/advice	57
Superannuation fund administration	47
Auditing and assurance	
Auditing: companies/commercial	13
Auditing: incorporated associations	7
Business investigations	9
Valuations	19
Investment	
Investment advice	32
Personal financial planning/advice, superannuation	35
Estate planning	27
Legal services	39
Real estate services	13
Finance brokerage	23
Insurance	22

Source: adapted from Carr *et al.* (2010, p. 26)

Whilst neither of these studies speculates on the reasons for the referrals, the difference between referral rates for "all accountants" (Leung *et al*. 2008) and "regional and remote accountants" (Carr *et al.* 2010) may indicate (i) regional and remote accountants are more comfortable providing legal advice owing to a more generalised "jack of all trades" approach characteristic of many non-metropolitan residents or (ii) a lack of geographically proximate lawyers to whom they can refer clients. Whilst there is no suggestion that reliance on accountants for legal advice has resulted in adverse affects on clients, the approaches used by accountants in dealing with legal questions for clients may be worth further investigation to ensure appropriate levels of legal services and accuracy of advice content is provided to regional and remote residents.

Developers identified several specific roles not commonly associated with accountancy but considered by them as a vital part of the professional practice in regional and remote areas. The first of these new roles was associated with access to government assistance by regional and remote residents. Whether such assistance was in the form of regular unemployment-related benefits, remote area allowances, parenting payments, disability or pension payments through Centrelink, the central assistance agency of the Federal government, or special circumstances and/or drought assistance, such payments and assistance have become increasingly important in regional and remote communities over the last five or so years where improvement in agricultural productivity and drought has resulted in a reduction in employment opportunities (Bryant, 1992; Garnaut *et al.*, 2001; Vanclay, 2003; Newman, 2005).

As noted in Section 4.4.1, an application for drought or special circumstances assistance can be made to Centrelink. The application requires extensive disclosure of agricultural assets and revenue streams. Assistance from an accountant was recommended by the Developers for completion of the application form and provision of supporting documentation. Whilst assistance may have been accessible from rural financial counselling services or drought assistance offices, the capacity in such organisations was limited and did not include valuation of agricultural assets and delineation of revenue streams. Some of the Developers, especially where only a small number of, or no, resident accounting firms were located, noted that an unspecified number of applications for drought assistance had failed. These applications were prepared by the applicants themselves without the assistance of an accountant; the reason for failure was attributed to the inability of applicants to access accounting services for the preparation and completion of applications. Whilst it is unclear whether a lack of access was the result of the financial cost associated with access, lack of knowledge on the part of the applicant that accounting firms could be of assistance or a lack of knowledge on the part of accountant and therefore willingness to assist in preparation of the application, is unclear.

Developers noted the impact of a failed application was not restricted to the applicants and their immediate family but was also felt by their local community. Local economies suffered from failed applications when the applicant's and their families had reduced spending capacity, may have withdrawn from local social activities, and suffered from emotional upheaval and declining mental health. Developer concerns regarding the rate and reasons for failed applications, as well as the impacts on individuals, families and

communities, should be taken seriously by government and the professional accountancy association. The withdrawal of people from communities undermines the development and maintenance of social capital and compromises the sustainability of regional and remote communities in the face of declining populations resulting from farmers leaving the land during prolonged drought.

For regional developers, who are often delegated government responsibility for economic development activities in regional and remote communities and regions, ensuring access to accounting services needs to assume a greater priority in regional development strategies. However, none of the organisations in which the developers were employed had specific plans for attracting new accounting firms or supporting existing firms, beyond the services which are readily available to other business owners in their jurisdictions. This is despite their casting of accounting services as "essential" in much the same way that health and education are considered essential services. With community sustainability in regional and remote areas a national priority, the lack of plans to attract and/or retain resident accounting firms has implications, based on the findings, for regional and remote identity, residents' morale, and economic viability of farming enterprises, local businesses and regions, in the face of difficult economic and environmental circumstances.

Accessing accounting services was shown in Section 4.4 as being essential for business owners, wage earners, and community organisations in regional and remote areas. A flourishing local economy is seen as a critical element for sustainable communities (Bridger and Luloff, 1999; Raco, 2005; Hughes *et al.,*

2007; Feenstra, 2009; Christopherson *et al.,* 2010) and use of external advisors, especially accountants, is an important element in combating failure of businesses (Paige, 2002; Gooderham *et al.*, 2004; Beresford and Saunders, 2005), reducing the barriers to access should assume a greater importance in regional development.

Certainly access to accounting services is affected by geographical location, but other issues create barriers to access for regional and remote communities (i) financial cost and time associated with accessing accounting services, (ii) an underestimation by regional and remote residents of the services available from accounting firms, (iii) a general confusion about the role of the accountancy profession, and, (iv) privacy and confidentiality issues.

Financial costs are inevitably associated with accessing professional services, whether accounting, health or law. The compliance requirements for Australia's taxation systems were perceived by regional developers as considerable and increasing with the introduction of the GST in 2000. As a result the number of accountant-client interactions increased from one per year, in connection with annual income tax return preparation, to four, for the preparation of quarterly Business Activity Statements. The financial cost associated with accountant-prepared taxation returns increased accordingly. Carr *et al.*, (2010, p. 17) find 31% of 546 respondents surveyed felt that negative client attitudes to fees inhibited their ability to provide services to clients. An additional 30% of respondents indicated this negative attitude *may* inhibit the provision of services. The negative client attitude towards fees was raised by owner-accountants in this study with several Owners noting they could not charge the

level of fees which they might have been able to had they been located in the city. The twin forces of increased accountant-client interaction and negative attitudes towards fees impacts on the level of access to accounting services by consumers in regional and remote areas, where additional costs for time and travel are significant.

Finally, evidence was provided by both the regional development workers and owner-accountants that privacy is a concept which influences the choice of business owners and individuals to use resident accounting firms. Geographical proximity has been highlighted as both an attractant and repellent. To understand this phenomenon, one must understand the importance of privacy.

The late twentieth century witnessed an unprecedented growth in the demand for privacy, much of which stemmed from the United States of America (McCloskey, 1980). Rachels (1975) provides the seminal work on the importance of privacy in everyday circumstances, those which are 'normal or ordinary' (p. 325). For Rachels (1975) privacy is necessary for the maintenance of social relationships: the 'ability to control who has access to us and to information about us' (p. 326) influences our ability to both create and maintain a variety of social relationships. Behaviour assists us to define relationships and guides the substantive content of interactions. Rachels (1975) points out that 'the sort of relationship that people have to one another involves a conception of how it is appropriate for them to behave with each other, and what is more, a conception of the kind and degree of knowledge concerning one another which it is appropriate for them to have' (p. 328). The ability to control access to

ourselves and information about ourselves is central to our ability to maintain social relationships.

Given Rachels' (1975) approach to social relationships and the centrality of privacy and the multiple roles manifested in regional and remote communities the perception of local residents is that a resident accountant might be first and foremost a personal friend, fellow sporting club member, town councillor, or any one of many other roles. Being the resident accountant creates a dual role. Local residents who are clients have the obligation to divulge personal and business information. This disclosure may invoke dissonance and discomfort on the part of the local resident/client. Exposing oneself to a local resident/friend/colleague/team member as being financially troubled or allowing an opportunity for comparison may be too problematic. Access to this additional information changes the nature of the other relationships with the person. Where there is sufficient dissonance between these roles, accounting services will be sought elsewhere.

This is not to imply that privacy is any less important for those residents and business owners which choose to use the services of a local accountant. In such cases a psychological contract exists which includes expectations regarding the maintenance of personal and business information. 'Psychological contracts are formed on the basis of trust' (Anderson and Schalk, 1998, p.644) and breaches of the contract can have serious consequences, including sense of betrayal (Robinson and Rousseau, 1994), client and employee turnover (Guzzo *et al*., 1994; Robinson and Rousseau, 1994) and lower trust or satisfaction (Robinson and Rousseau, 1994). For regional and remote owner-accountants

confidentiality, the protection of client information, is thus a major concern and heavily influences their relationship with clients: employees are required to sign confidentiality agreements as a condition of their employment, breaches by employees are cause for instant dismissal and for the firm a confirmed breach can mean certain closure.

Based on the above discussion, four recommendations are introduced.

7.3.1.1   Recommendation 1

Conduct a national needs assessment in regional and remote areas to identify the range of accounting services required to assist business owners, wage earners and not for profit/community organisations

From the regional developers' perspective accounting services are essential to support local business owners, wage earners and community organisations. Despite this there is a general sense that consumers of accounting services may be confused regarding their own needs. Developer 3 for example explained that where cost is not a consideration, business owners may be unaware of what assistance/services can be provided by accounting firms.

Underpinning this recommendation are several specific sub-recommendations regarding the conduct and scope of the national needs assessment.

- The national accounting services needs assessment should emphasize the demand-side requirements in regional and remote areas, that is the consumers of accounting services. This assessment would be used to ensure consumers of accounting services in regional and remote areas are both adequately and appropriately serviced.

- The needs assessment should be conducted jointly by Regional Development Australia, the Institute of Chartered Accountants in Australia, CPA Australia, and the National Institute of Accountants. Regional Development Australia is the primary government agency tasked with development in all Australian regions and maintains strong links between all levels of government in clearly defined regions.

- The needs assessment should ensure representation of all non-metropolitan areas including inner and outer regional as well as remote and very remote areas − including, and especially, areas where no accounting firms are currently based.

- The needs assessment should be based on a stakeholder engagement through interviews, group interviews, and/or focus groups and include resident accounting firms, non-resident accounting firms with regional and remote clients, business organisations including business and tourism associations and chambers of commerce and industry, industry peak and representative bodies, business owners, community organisations, other consumers of accounting services, and interested residents.

- The needs assessment should make special efforts to engage with indigenous communities and organisations.

7.3.1.2   Recommendation 2

**Conduct an education campaign about the accountancy profession
in regional and remote areas**

With confusion evident on the part of regional developers and residents in regional and remote areas, an education campaign by the three professional accountancy associations would be highly beneficial. The campaign should include not only information about the range of services provided by accounting firms but the similarities and differences between the associations themselves.

7.3.1.3   Recommendation 3

<u>Conduct an education campaign about confidentiality and privacy issues in regional and remote areas</u>

With the concerns regarding privacy of personal financial information clearly demonstrated in the avoidance of local accounting firms, an educational campaign on the confidentiality requirements of accountants, codes of ethics, and disciplinary procedures should be conducted in regional and remote areas.

7.3.1.4   Recommendation 4

<u>Develop programs which provide (i) information, (ii) subsidies, and (iii) incentives, and enhances access to accounting services in regional and remote areas by, amongst other things, facilitating applications for special circumstances funding and welfare payments</u>

Underpinning this recommendation are several specific sub-recommendations regarding the conduct and scope of the national needs assessment.

- Centrelink, Regional Development Australia, the Institute of Chartered Accountants in Australia, CPA Australia, and the National Institute of

Accountants, and other government agencies at national and state levels should develop a system for referrals for wage earners etc. to access accounting firms especially for the preparation and completion of government assistance applications.

- Centrelink (and other government departments), Regional Development Australia, the Institute of Chartered Accountants in Australia, CPA Australia, and the National Institute of Accountants, should form a working party tasked with the responsibility of creating and distributing information brochures and tool kits, both printed and electronic, for regional and remote residents, on subjects including Centrelink payments, accounting services, and assistance provided by accounting firms in making applications.

- Community information services and community libraries in regional and remote locations should become a primary path for distribution of developed materials.

- Government subsidies should be provided to regional and remote residents and business owners to assist in the preparation and completion of applications for government assistance.

- Government incentives should be provided to accounting firms to ensure servicing of regional and remote areas for the preparation of government assistance applications.

7.3.2 *Individual owner-accountant choice of practice location*

Research question 2.1 occupied Chapter 5 and asked why owner-accountants chose to operate their businesses in regional and remote areas. The literature indicated that various reasons might exist from a purely economic perspective

related to cost versus benefit, to quality of life factors and place attachments. With the range of possible explanations in mind, interviews with sixteen owner-accountants identified eight core reasons for establishing or joining a business in their location and that the choice of practice location was much more complex than the dominant choice of practice location theories could explain. It is not the case that these owner-accountants considered agglomeration economies or cluster benefits as important, with none of the participants nominating closeness to clients as a primary or secondary determinant of their choice of practice location. Indeed only one of the participants considered commercial considerations in their choice. Owner 7 nominated 'challenge' as a key consideration and here it was not within a strictly commercial sense of the word, but rather a personal and intellectual challenge.

The dominant determinant of location was what is normally considered outside of the purview of the choice of practice location theories – a personal element which incorporates family, friends, spouse and children. This is contrary to the assumptions which underlay classical, neoclassical, agglomeration, and clustering theories of choice of practice location. The particular assumption is that of the rational economic player, who is normally considered to be profit maximising. However, it is arguable that the interests and preferences in this case related to non-economic functions, which are not readily considered by such theories.

The identification of eight reasons for choice of practice location, of which only one is overtly related to business and employment, challenges much of the current literature on location choice. However, this finding supports recent

attempts to find non-business and non-financial elements of business practice including the notion of success (Summer and Schrank, 1979; Lussier, 1995; Honig, 1998; Still and Timms, 2000; Paige and Littrel, 2002; Beaver, 2003; Heslin, 2003; Swift, 2007; Ahmad and Seet, 2009) and reasons for entering into business ownership (Birley and Westhead, 1994; Merrett and Gruidl, 2000; Highes, 2003; Still *et al*., 2004; van Gelderen and Jansen, 2006).

The importance of accessing accounting services for small business owners in particular has been clearly established by previous literature (Breen and Bergin-Steers, 2002; Beaver, 2003; van Praag, 2003; Ritchie and Richardson, 2004; Bennet and Robson, 2005; van Gelderen *et al.,* 2006; Dyer and Ross, 2007): to maintain resident accounting services, that is those firms which are located permanently within regional and remote areas; continued recruitment of accountants as employees and/or business owners is required. For those desiring a face-to-face delivery of undergraduate education this necessitates, within South Australia at least, a move to Adelaide, which is detrimental to the retention of youth in regional and remote areas, as demonstrated by the choice of practice location processes of many of the participants. Previous research has identified that professionals most likely to practice in regional and remote areas are those who have experienced similar areas, usually having been born and/or raised there (Humphreys et al., 2002; Tolhurst et al., 2006; Bowman and Bowman, 2008; Brokaw et al., 2009).

Whilst other professions, particularly medicine, have been very proactive in recruiting recent graduates to regional and remote areas, the same cannot be said of the accounting profession. The importance of non-commercial and non-

professional factors in the choice of practice location decision is something which the accounting profession is unlikely to have considered in the past. The professional bodies, the Institute of Chartered Accountants in Australia, CPA Australia, and the National Institute of Accountants, are not strong on servicing their regional and remote members, providing little or no professional development opportunities in these areas. Whilst under servicing is can be explained by the agglomeration of accounting services in major cities (Glucker, 2007), the resident accountants in regional and remote areas, provide significant support for businesses in their locations and in surrounding areas. The maintenance of these resident services requires sufficient specialised labour and clear succession and the eight determinants identified here provide an indication of possible recruitment and retention strategies.

The central and dominant position of family, friends, spouse and children, indicates that accountants with local connections or familiarity with lifestyle, are prime candidates for recruitment into resident accounting services. The support provided by these social networks will assist with either staying or returning locals. In this regard, the resident owner-accountants participating in this research had identified the 'grow your own' strategy as well in hand, but unsupported by the professional bodies and educational institutions.

Employment is another important reason for choice of practice location, as most people require an income-producing activity to ensure their physiological and safety needs are met. However, employment opportunities, with clear advancement to business ownership potentialities, are insufficient in and of themselves to retain the attracted labour. Other lifestyle factors which retain the

attracted accountants need to be highlighted, and the professional bodies could take note of efforts by the Limestone Coast Division of General Practice in this regard, with their use of lifestyle as a selling point for graduates and immigrant medical workers.

Whilst the externally-satisfied Maslowian needs can be met by employment or business opportunities, as well as the presence of family and friends, regional and remote areas are noted as having significant scope for self-actualising activity, with the areas presenting unique professional and intellectual challenges both. For regional development workers, this form of challenge is likely to assist with innovation and inspiration, as accountants take on leading governance roles. This discussion leads to a fifth recommendation.

7.3.2.1   Recommendation 5

Develop programs to attract and retain degree-qualified accountants in regional and remote areas to promote these areas as meaningful sites for career practice

Underpinning this recommendations are several specific sub-recommendations regarding the conduct and scope of the national needs assessment.

- Government incentives should be provided to qualified accountants to encourage the creation and maintenance of accounting firms in regional and remote locations. These incentives should be provided, in the form of income supplement, for up to five years, whilst the firm becomes embedded in the local community and region. Graduate doctors and other health professionals have access to incentive programs including reductions to Higher Education Contribution Scheme (HECS) liabilities,

the rates of which are dependent on location. Such schemes attract graduate doctors to various locations for minimum periods. In addition, grants are available to graduate doctors for relocation purposes, with amounts (up to \$12,000) dependent on the time which is spent in the regional and rural locations[9].

- The three professional accountancy associations should develop programs and materials supporting the recruitment of degree-qualified and recent graduate accountants to regional and remote areas.

- The three professional accountancy associations should develop specific programs which encourage qualified professionals raised in regional or remote areas to return to their hometowns or home regions to practice.

- Government and regional developers should develop incentive schemes which encourage qualified professionals raised in regional or remote areas to return to their hometowns or home regions to establish or join accounting firms.

- A greater understanding of the location choice process should be used to underpin efforts recommended here.

- The three professional accountancy associations should conduct a needs assessment on the staffing needs of regional and remote accounting firms.

- The three professional accountancy associations should consult with the Limestone coast division of general practice and other organisations specialising in rural health and medicine staff placement, to develop resources to assist in the attraction of accounting graduates and experienced accountants to regional and remote communities.

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[9] For more detail refer to http://www.doctorconnect.gov.au

- A program of regional and remote field placements (internships) should be developed for third-year university accounting students in order to expose urban-raised students to practice in non-urban areas.

- The professional accountancy associations and universities should consult with educators, regional developers, government, and regional and remote accounting firms on the development of appropriate, high-quality, supported degree programs deliverable via distance learning or on-campus in central regional or remote locations (i.e. Mount Gambier, Whyalla, Berri, and Port Lincoln).

- The three professional accountancy associations, in conjunction with regional developers and regional and remote based accounting firms, should develop an educative program, as part of a broader recruitment strategy, to inform prospective employees and firm owners, of community expectations in regional and remote areas.

- Government incentives should be provided to qualified accountants to encourage the creation and maintenance of accounting firms in regional and remote locations. These incentives should be provided, in the form of income supplement, for up to five years, whilst the firm becomes embedded in the local community and region.

7.3.3 *Issues related to professional accountancy practice in regional and remote areas*

Accounting is a profession. There are several hallmarks of a profession: (i) a body of specialised knowledge; (ii) a recognised education process for acquiring this specialised knowledge; (iii) professional qualification (in addition to general education) which governs admission to the profession represented by

professional (accountancy) associations; (iv) standards of conduct governing relationships between practitioner and client, colleagues and the public; (v) recognition of status; (vi) acceptance of a social responsibility inherent in the profession; and, (vii) a professional association which advances the social responsibility of the profession rather the member interests (Parsons, 1954; Goode, 1957; Hughes, 1963; Vollmer and Mills, 1966; Moore, 1970; Skousen, 1972; Larson, 1977).

In Section 6.2 professional development was discussed. Owner-accountants provided evidence of their struggle to meet professional development obligations under professional accountancy association membership and the burden which it could become for regional and remote accountants. The owner-accountants understood the importance of professional development to their continued practice of accountancy. On the one hand it was considered vital to remain current with accounting standards, taxation rulings and laws, and a myriad of other interest areas. Remaining current is critical to their being able to provide highly effective accounting services to their clients. On the other hand, professional development was also an obligation of membership of the accountancy profession and the professional associations. However, all recognised that the context in which they operated their businesses impacted in their ability to meet their professional development needs. The owner-accountants generally felt that the professional accountancy associations were city-centric in their focus and that the needs of members in regional and remote communities were ignored or belittled. Whilst it is known that professions and services tend to be concentrated in major cities (Bennett et al., 1999; Wernerheim, 2010), it is equally well-established that not all service providers

are located in such areas. The city-centric focus of accountancy associations disadvantages regional and remote members, through the concentration of professional development activities in major cities. Whilst some regional or remote activities are held annually or semi-annually in the larger regional and remote cities, the majority of activities which provide face-to-face and networking opportunities are held in cities.

Online delivery of professional development is providing relief to regional and remote accountants; this is most effective in terms of technical content but impedes networking opportunities. The regional or remote accountants, by virtue of their location, are isolated professionally and the promotion of professional development by internet could further isolate such professionals. Owing to the privacy issues, regional and remote accountants are unlikely to have organised professional networking opportunities available. It can be concluded then that the professional development experience of regional and remote accountants is qualitatively different than for city-based accountants.

Residents of regional and remote areas are more self-sufficient and this extends to the accountant and their ability to attract and retain staff. In this regard, the owner-accountants in this research demonstrate self-sufficiency through the development of 'grow your own' staff recruitment and training programs: identifying secondary students and other residents and supporting them through tertiary education. Recruitment of degree-qualified staff is an important succession issue and continuation of accounting services in regional and remote areas and staffing constrains growth and may result in downsizing of operations. Such strategies were necessary given the professional isolation of

these participants and the absence of any support for regional and remote firms from the professional accountancy associations in promoting regional and remote practice as a career option.

The accountant on taking up residence in regional and remote communities becomes embedded as relationships are rekindled and/or formed. The social contract which exists between accountant and community influences the practice of accountancy; embeddedness dictates that work and life are interconnected. Owner-accountants also discussed their understanding of community expectations regarding community involvement. These generally agreed with the regional development perspective. However, the owner-accountants also highlighted community expectations about their general behaviour and the need to maintain the aura of trustworthiness to local residents and clients. Their public behaviour needs to be impeccable, not only demonstrating community involvement and commitment, but professional trustworthiness and credibility. The majority of owner-accountants noted they enjoyed a high status in their communities owing to their profession and education. Most were also acutely aware that they enjoyed multiple roles within their communities. In the context of regional and remote communities, the residents often have multiple roles.

> A small town business person [such as an accountant] may also be known as a donor to the local youth programme, as a city councillor, or as a member of the church congregation. By the same token, small town business customers and local suppliers are also known as neighbours, local leaders, members of the congregation, and so on (Kilkenny *et al.,* 1999, p. 231).

As accountants resident in regional and remote communities, most participants identified some form of scrutiny of their behaviour. Whilst some did not feel

this impeded their enjoyment of community life or shaped the form of public behaviour, some, especially women, were acutely aware of the scrutiny and felt an explicit rather than implicit expectation of expected behaviour. Women participating in this research, Owners 5, 6, 8 and 13, had all experienced scrutiny, with Owners 5 and 6 with the most explicit imposition of behavioural expectations by their communities. Owner 13 explained that another accountant in town had a reputation for drinking, an activity generally considered undesirable by the majority of the owner-accountants participating. Owner 13 seemed to feel that as a long-term resident in the community and being a man, excused this behaviour to some extent. In herself, as a young woman, drunken behaviour was intolerable and would damage her business. Owner 6 was told directly by a community member to become a 'pillar of society', meaning not only an impartial support for community activities, community involvement through low-cost or no-cost audits and governance duties, but demonstration of impeccable public behaviour: no public drinking or intoxication (although an occasional drink at the local hotel was acceptable), no public gambling including TAB or poker machines, and even some regulation of whom she might interact. While such imposition of expectation was unusual, the women certainly felt that all aspects of their lives were subject to community expectation including in relation to marriage (Owner 5) and office location (Owner 8).

The expectations of the community in this regard are reflective of Maslowian esteem needs, which encompasses legitimacy of an individual both in their own and others' eyes. It is also reflective of the degree of embeddedness of regional and remote accountants and the status afforded to professionals in such

communities. The relationship which exists between the accountant and community is a powerful influence on the experience of the accountant in regional and remote communities, affecting not only how the community views the accountant, but defines the contributions to be made by accountants to the community and the public behaviour of the individual accountant resident in such areas in an effort to maintain positive esteem. The relationship between accountant and community is reciprocal and the support demonstrated to the community by the accountant through their involvement is returned through community support of the local accounting services. It must be acknowledged that for some community members, privacy confounds reciprocity.

Society grants professions 'power and prestige' (Aranya *et al.,* 1981, p. 271), as professions possess knowledge which is linked to the needs of society (Parsons, 1954; Goode, 1957; Hughes, 1963). Having such knowledge in their possession results in society expecting them to act in the public interest and rise above material incentives for motivation (Vollmer and Mills, 1966; Moore, 1970; Larson, 1977).

In Chapter 4 (Section 4.4.2) regional development participants identified the 'social' contributions of resident accountants. These contributions were made outside their normal professional activity, that is, the interaction and work with clients. Community involvement was seen as a cornerstone of the contribution of regional and remote accountants. In their professional capacity this included pro bono or low cost audits to local community organisations, advice on financial management, and participation in the management of local organisations through membership of governing committees. Such

organisations included hospitals, schools, sporting and recreational clubs. Local residents were noted as having expectations of such contributions and the accountants achieved credibility through community involvement. In this regard, the regional development participants identified reciprocated community support as a significant influence on the successful operation of accounting firms in regional and remote communities. Developer 2 for example noted the incidence of failed businesses where the business owners were less involved in their communities, and a subsequent lack of community support (consumption) had undermined its success. There is a clear obligation for accountants as professionals to contribute to the public interest. The form of this contribution is more personalised than might be expected in metropolitan areas, where the relationships which exist between individual accountants and community members are relatively anonymous. In regional and remote communities, no such anonymity exists, and the community has the ability through direct observation to determine whether the accountant is fulfilling their duties as determined by the community's expectations.

The reciprocal nature of the commitment between accountant and community is tested by the geographical proximity for those community members who have a highly defined sense of privacy (see Section 7.3.1). The need for the accountant to demonstrate community involvement and commitment is unchanged in the eyes of these residents, even though they themselves do not reciprocate the community commitment by using their services. Owner 2 was quite vociferous on this point. He noted that some local business owners were very involved in 'buy local' campaigns, although they did not consume local accounting services. Owner 7 likewise noted there was a strong community expectation to

use certain local providers who did not return the sentiment. Both owners acknowledged that privacy was at the core of such actions and felt that these business owners were naive in their opinions of accountants and confidentiality.

This discussion leads to two more recommendations.

7.3.3.1   Recommendation 6

<u>The accountancy profession to conduct a needs assessment on staffing in regional and remote accounting firms</u>

The three professional accountancy associations should conduct a needs assessment on the staffing needs of regional and remote accounting firms. While some progress has been made (Carr *et al.,* 2010), a systematic, nation-wide assessment including the current practices of accounting firms would provide an accurate picture of current and future supply of accounting services and firms.

7.3.3.2   Recommendation 7

<u>The three professional accountancy associations should conduct an assessment on the professional development needs of regional and remote accountants and their views on current programs</u>

The three professional accountancy associations should develop programs which specifically cater to regional and remote accountants to enable effective networking opportunities and reduce isolation from the accountancy community.

7.3.4 *New roles for accountants: welfare assistance and client mental health*

Chapter 4 explored research question one through the perspective of regional development workers (staff from regional development boards and local government) to establish the accounting needs of regional and remote business owners. Research questions one and two specifically addressed the need for access to accounting services and the importance of location. The seven participants representing the regional development perspective identified access to accounting services as a 'must-have', 'critical', 'a requirement', and 'essential' for business owners. Business owners on average have an inherent weakness when it comes to management: they are unable to meet their compliance obligations or keep up-to-date without the assistance of accounting services. These inabilities are a common cause for business failure and undermine the local economy. This position agrees with previous studies (Beaver, 2003; Ritchie and Richardson, 2004; Bourne, 2007) and supports the need to access accounting services to mitigate the limitations of business owners (Breen and Bergin-Steers, 2002; Beaver, 2003; Van Praag, 2003; Ritchie and Richardson, 2004; Bennett and Robson, 2005; Van Gelderen *et al.,* 2006; Dyer and Ross, 2007).

The classification of accounting services by regional development participants as a 'must-have' or essential services means government and those responsible for regional development may need to move beyond the traditional cluster approaches which rely on industry or firm activity (Porter, 1998; Ffowcs-Williams, 2004; Garrett-Jones, 2004; Roberts and Enright, 2004; Jackson and Murphy, 2006) and consider the issue at the occupational level (Markussen,

2004). The institutions responsible for regional development will need to give serious consideration to ensuring access to accounting services in a form which meets the needs of the business owners regardless of their location.

The contribution of accounting services to the local economy through advice to business owners is a common enough theme in the academic accounting literature. Even a narrow traditional view of accounting as highly technical financial accounting ascribes a support function to the profession (Smith and Briggs, 2000). With it widely acknowledged in academic literature that the nature of accounting has changed over the last few decades in response to changes in the economy to include management accounting such as strategic decision-making, human resource management, and professional communication (Burns and Scapens, 2000; Blewitt, 2003; Jackson and Lapsely, 2003; Power, 2003; Kelman, 2005; Jones and Abraham, 2007) and compliance (Zeff, 2003; Blackburn *et al.,* 2006), nothing in the literature indicates that accounting services would become a facilitator between clients and government welfare and assistance packages or that accountants would be taking a role in the mental health of their clients. A personal counselling role emerges only from literature on professions. Wagner (1993) for example notes that small town lawyers in the United States often deal with client problems which do not have legal solutions and that it is more companionship that is sought (Landon, 1992; Wagner, 1993).

In responding to whether accounting services needed to be located in regional and remote areas, the participants all agreed that the greatest benefit is derived where resident mode delivery is possible. This is perhaps no surprise given the

bulk of professional services internationally are delivered in this manner (White, 2001; Chanda, 2002; World Trade Organization, 2009). In transferring these modes to a domestic context is challenging and perhaps not as straightforward as might be expected. It is pertinent to note that accounting services are delivered in multiple modes apparently irrespective of location. It is not uncommon for accounting services resident in regional or remote area to service another remotely or through demand-side or supply-side visiting modes. Mode of service delivery therefore characterises provider-client interactions rather than an attribute of the firm itself.

A strong case was put forward by the regional development participants for the locating of accounting services in their jurisdiction. While an argument was mounted that close geographical proximity ensured ease of access, the dominant argument revolved around the ability of resident accountants to form and use local knowledge. This local knowledge provides a competitive advantage over visiting accountants. The benefits of local or tacit knowledge are well established and a central argument in cluster theory and the case for close geographical proximity (Polanyi, 1966; Desrochers, 2001; Johnson *et al.,* 2001, Gertler, 2003). This was eloquently highlighted by Developer 5 and his concept of 'leakage'. Removing services or seeking services elsewhere takes money away from the local economy and takes people away from their communities.

What was surprising from the participants was the emergence of a morale function attributable to the presence of accounting services in regional and remote areas. The decline of many regional and remote areas brings with it a

reduction in the services available. Health services get smaller and in at least one of the jurisdictions visited during the course of interviewing, one participant noted that local women could no longer have their babies delivered at the local hospital. The quality of education in primary and secondary schools gets worse. The economic rationality of service reduction in regional and remote areas does not take into account the social costs associated with such a reduction (Tonts and Haslam-McKenzie, 2005). Disregarding these costs increases social inequality (with growing regional and remote areas as well as cities), deprivation and marginalisation (Gray and Lawrence, 2001; Lockie and Bourke, 2001). Therefore, any improvement in the level of services, the addition of new services and the maintenance of existing services, can address a multiplicity of issues which results in an increase in the overall morale of a region. Even the presence of resident accounting services then can send a message that communities remain sustainable.

Lauder *et al.* (2006) provide insight into this contribution to local residents' morale in their exploration of nursing in regional and remote communities. Lauder *et al.* (2006) note additional benefits from having nurses located in communities: 'the presence of healthcare professionals may be symbolic to a community's sense of identity and can be considered a practical requirement for existence of a sustainable community'. Acknowledging the differences between nursing and accountancy, the argument appears to hold across professions. The regional development participants have identified such a contribution and Gregory *et al.* (2006) provide evidence that medical practitioners recognise the need for accountants in regional and remote communities to support them in the delivery of medical services.

This unexpected function of resident accounting services may require those responsible for regional development to rethink their current cluster-based strategies which rely on industry or firm activity to boost regional growth (Porter 1998; Ffowcs-Williams 2004; Garrett-Jones 2004; Roberts and Enright 2004; Jackson and Murphy 2006) and consider the targeting of occupations (Markussen 2004) to ensure that the community's need for professional services are met. The importance attributed to accounting services and their positive contributions at regional and community level both in an economic and social capacity indicates that regional developers must ensure access especially through resident mode. The accounting profession needs to work in partnership with regional developers to support existing accountants in their practices and work closely with practitioners to ensure the continuation of accounting services located in regional and remote areas. Resident mode delivery of accounting services has been shown by these participants as having significant benefits beyond the individual business owner – to whole communities and regions in new and unexpected ways.

The additional role attributed to accounting firms, as facilitators between government assistance and clients, becomes a vital part of creating and maintaining economic viability of regional and remote communities. Developers highlighted the potential consequences of failed assistance applications to individuals, families and communities. With increasingly complex application forms and processes, the ability to access accounting services assumes greater importance. However, it remains clear that developers see that access needs to be assured.

The regional development participants all attributed to accountants the responsibility of identifying mental health problems amongst their clients, particularly primary producers, and the tasks of connecting them to the appropriate services. The question of why they would do this is open to speculation. It is well established in the sociology of the professions that professions serve not only their clients but the public interest (Dellaportas and Davenport, 2008). What constitutes the public interest and the public for that matter has been vigorously debated in the literature (Chochran, 1974; Briloff, 1986; Bivins, 1986; Dellaportas and Davenport, 2008; Kaidonis, 2008; Davenport and Dellaportas, 2009). These unexpected roles attributed to accounting services and accountants by the regional development participants may be a manifestation of the profession's public interest function.

The Australian accounting profession through its three associations – the Institute of Chartered Accountants in Australia, CPA Australia, and the National Institute of Australia – all define the public interest through the codes of ethics as 'the collective well-being of the community of people and institutions that the members serve' (Institute of Chartered Accountants in Australia, 2008). This is a normative definition under Cochran's (1974) typology. This indicates that members of these associations have a responsibility in their professional conduct to serve the interests of communities not just their clients and a moral imperative exists which should guide their behaviour (Dellaportas and Davenport, 2008).

In applying this public interest requirement to the practice of accounting the context is restricted to preparation of accounting information in particular

general purpose financial reports as well as users and non-users of these reports (Dellaportas and Davenport, 2008; Davenport and Dellaportas, 2009). This narrowly defines the object of the profession despite evidence supporting the position that the accounting practice now involves much more, extending into a number of management accounting and financial planning areas. There is a dearth of academic accounting literature which focuses on small accounting firms, the practitioners themselves, and accounting practice in regional and remote areas. It is reasonable then to consider the roles of welfare facilitators and mental health workers as manifestations of the public interest function within specific contexts. Embeddedness theory (Granovetter, 1985) would support this. The economic activity attributed to accounting is practiced within a social context, and embeddedness theory holds that to understand one the other must be considered. The two realms are inseparable. Again, it not unreasonable to consider that the social context in which the accountants are resident, guides them in their understanding of their public interest function. In the absence of preparing general purpose financial reports, it would be difficult to understand the public interest function within this framework. A public interest function would be connected to each of their tasks.

Identifying mental health problems amongst their clients can be seen as serving the collective well-being of the community. Mental health issues in regional and remote communities are often hidden and have a significant impact on local communities. As the participants themselves noted, people may withdraw from their communities with such social and economic withdrawal affecting all community members. By assisting their clients in identifying the problem and seeking appropriate help, community well-being is served.

This presents an interesting challenge to the profession. If the public interest function is to be taken seriously, it needs to be explored within the social context that accounting practice takes place. The incorporation of welfare facilitation and mental health roles for accounting services will require a review of professional development, supporting resources and accounting education curricula. There is little in undergraduate accounting, professional development opportunities, or other support resources which prepares or assists accountants in the performance of these roles. Accounting education needs to incorporate counselling or psychology courses into curricula, professional programs need to move away from solely technical components to introduce more humanistic content, and professional associations need to develop a range of resources to inform their members of various services to aid the emotional wellbeing of clients. The profession needs to become more aware of the emotional reliance of clients on their accountants and the risk of psychological injury – stress, burnout or vicarious traumatisation – for their members (Bolger et al., 1989; Radley and Figley, 2007; Bush, 2009). These associations must also serve the public interest and a change of mindset away from a narrow interpretation to one grounded in the experience of their members could assist.

The discussion above leads to an eighth and final recommendation.

7.3.4.1   *Recommendation 8*

<u>Develop a program and links between the accountancy profession and the counselling/health professions for improved client wellbeing/mental health</u>

Underpinning this recommendation are several specific sub-recommendations regarding the program development.

- The Institute of Chartered Accountants in Australia, CPA Australia, and the National Institute of Accountants should include counselling elements in their professional qualifications.

- The Institute of Chartered Accountants in Australia, CPA Australia, and the National Institute of Accountants should develop professional development workshops focussing on aspects of mental health including how to identify clients at risk of depression.

- The Institute of Chartered Accountants in Australia, CPA Australia, and the National Institute of Accountants should ensure access to qualified psychologists for members to reduce the risk of psychological injury.

- Universities should include basic psychology or mental health courses as core elements in undergraduate accounting programs.

7.4 Remoteness

A final point can be highlighted in this discussion of the results. Remoteness is a pervasive aspect of the context on which the owner-accountants practice – both from geographical and social perspectives. Section 5.3 showed the reasons for choice of practice location: remoteness was an underlying influence on the various groupings examined. Sections 6.2 and 6.3 considered professional development and staffing with remoteness clearly influencing the ease with which professional development activities were completed and acting as a barrier to attracting and retaining staff in regional and remote accounting firms. The nature of the small communities which exist in regional and remote areas brings greater scrutiny for owner-accountants practicing in such areas.

Remoteness and associated difficulties in accessing appropriate counselling services may be responsible for the increasing engagement of owner-accountants in client mental health and wellbeing.

7.5 Summary and conclusion

The discussion in this chapter of the broad themes emerging from the participants regarding the importance of accounting services to regional and remote communities, the reasons for owner-accountants choosing to practice their profession from these communities, and the contextual factors which influence practice highlights important issues which will require further research to ensure the continuation of accounting services in the most appropriate mode to ensure regional and remote community sustainability and development.

The research problem was identified as the non-continuation and in some areas non-existence of resident accounting firms in regional and remote communities. However, there is also the issue of creating sustainable regional and remote communities. Creation of sustainable communities can be assisted through dynamic economic environments generally and specifically via the fostering of small businesses. Such businesses provide income to the owner and employment to local residents. With high failure rates amongst small businesses globally owing to the limitations of business owners in terms of skills, knowledge and experience, accounting services provide an important avenue for business owners to fill the gaps in these areas. While accounting services can be provided by a number of different professionals, such as lawyers,

accounting firms and degree-qualified accountants are the primary source of not only technical accounting services but general business advice.

The regional developers highlighted a number of reasons why access to accounting services is important to regional and remote business owners. As anticipated the most commonly cited reason is the limitations of business owners particularly amongst primary producers. However, it is the identification by regional developers of new roles for accountants in regional and remote areas – improving the morale of local residents, facilitating applications for government assistance, and in the mental health of clients – that underscores with a new urgency the importance of ensuring access to accounting services.

It is possible that accounting services can be and are delivered in a variety of modes and while the majority of professional services, irrespective of type are delivered in resident mode, it is also established that accounting firms, the primary deliverer of accounting services, tend to agglomerate in major cities. This questioned whether it is necessary for accounting firms to be located in regional and remote communities. Again regional developers interviewed are adamant that such services are best delivered by resident accounting firms. Not only does this location afford advantages in terms of local knowledge but the additional socially-orientated contributions made by both firm and individual. It is not merely a matter of improving access but the quality and quantity of the contributions being made.

Resident accounting firms and accountants' contributions may have the potential to assist in the creation of sustainable communities, although in a

largely indirect method. The presence of nurses in regional and remote communities has been shown to indirectly contribute to community sustainability by signalling an investment in the community by government and may become a key attribute for resident identity. Regional developers attributed a similar role to accounting firms where the presence of even a part-time office boosts residents' morale and signalled an optimistic view of the community's future.

This potentiality of accounting firms contributing to community identity, morale and community sustainability gives added impetus to ensuring the continuation of existing firms domiciled in regional and remote communities and expansion or establishment of accounting firms into areas which does not have resident accounting firms, even on a part-time basis. However, guaranteeing sufficient staff to ensure the continuation of existing services is problematic. The owner-accountants interviewed appear to have all but abandoned traditional recruitment pathways and developed their own recruitment strategies – grow your own – in attempts to adequately staff their offices. Even with such efforts succession of ownership remains a precarious prospect and the continuation of existing accounting firms after retirement of owners is far from assured.

With such importance attached to accessing accounting services and the location of accounting firms in regional and remote areas, decisive action by government, regional developers and the professional accountancy associations is required and reflected in the recommendations made in this Chapter.

Chapter 8: Summary, conclusion and future research

8.1   Objectives and summary of results

The main research problem to be addressed is the non-continuation, and in some areas non-existence, of resident accounting services in regional and remote areas. The thesis aimed to explore the experience of owner-accountants operating their businesses in regional and remote areas of South Australia. These areas constitute the bulk of the South Australian mainland but less than 30% of its population.

In Chapter 1, the importance of regional and remote areas was highlighted as well as some of the main challenges faced, such as agricultural deregulation and maintenance of population. Two research questions were proposed, each of which had two sub-research questions:

RQ1: How, and in what ways, are resident accounting firms important for the sustainability of regional and remote communities?

> *RQ1.1: Why is access to accounting services necessary for regional and remote areas?*
>
> *RQ1.2: Why, if at all, is it important to have accounting firms located in regional and remote areas?*

RQ2: What lessons can be learnt from owner-accountants who choose to operate their firms in regional and remote areas?

> *RQ2.1: Why do owner-accountants choose to operate their businesses in regional and remote areas?*

RQ2.2: What additional considerations do owner-accountants identify having an impact on their practice of accountancy in regional and remote areas?

Chapter 2 provided a literature review expanding on the points first raised in Chapter 1 and established a theoretical framework. Maslow's theory of needs was used as a framework to understand the reasons for owner-accountant choice of practice location. The holistic approach represented by the theory of needs is an approach slowly being addressed by the broader accounting literature but remains virtually unexplored from a micro or individual perspective. This study addressed the latter deficiency in the literature: it considered accountancy practice outside an urban environment into a regional and remote social context.

Chapter 3 outlined the research design. A generic qualitative study was chosen as it reflected the breadth of the research questions and provided the opportunity to ground the research in the social context of regional and remote communities. Participants included regional development workers who provided their own assessments of the importance of accounting services and the need for these to be located in their jurisdictions. In addition, owner-accountants provided descriptions of their lived experiences as professional accountants in regional and remote communities. Semi-structured interviews provided the bulk of the data collected which was analysed using the constant comparison method.

Chapters 4, 5 and 6 provided the results. Chapter 4 concentrated on the regional development perspective and research questions 1.1 and 1.2. For research

question 1.1 it was found that accounting services are considered by the regional developers interviewed to be essential, an absolute necessity which complex, modern business environments demand access to. Business owners and individuals should be taking advantage of the full range of accounting services but poor understanding of these services, accountancy in general, cost and other barriers to access, impede current and potential clients. Accountants were seen by those interviewed as being important contributors to regional development by (i) boosting morale in regions, (ii) facilitating access to government welfare and assistance, and (iii) providing important mental health services. In regards to research question 1.2, regional developers were unanimous in their support for having accounting firms located in their jurisdictions. Developers recognised accountants make important social contributions to communities by providing advice and low-cost or no-cost services, governance and leadership, and sponsorship. However, privacy emerged as being a key issue in regional and remote communities and influences the take-up of local accounting services.

Chapter 5, in answering research question 2.1, identified eight reasons why owner-accountants chose to operate their businesses in regional and remote communities in South Australia. These eight reasons – (i) family, friends, spouse, and children; (ii) employment or business opportunity; (iii) lifestyle; (iv) home; (v) escape; (vi) education; (vii) reversibility of choice; and (viii) challenge – especially the first four, highlight the importance of relationships and quality of life factors on choice of practice location. This chapter also identified four story types amongst the owner-accountants interviewed: (i) moving, (ii) following, (iii) returning, and (iv) staying. While most stories are

manifested in both regional and remote areas, moving is almost exclusively represented in remote areas and staying in regional. Finally, the chapter showed that choice of practice location is not a singular choice but a process which takes place throughout adult life with identifiable choice points for those interviewed often starting with higher education and ending with retirement.

Chapter 6 in response to research question 2.2 explored contextual factors which influenced the practice of accountancy in regional and remote communities. Professional development and staffing are two factors which preoccupied the accountants interviewed. Distance and cost influence attendance at city-based seminars and workshops. Increased numbers of accountants are taking up online opportunities. This eases access to professional development and the need to meet professional obligations but this also means sacrificing vital networking opportunities and increases the isolation of the accountant from their professional community. Staffing remains a challenge with a dearth of degree-qualified accountants willing to relocate or remain in regional and remote communities for their careers. However, without such people succession remains problematic and jeopardises the continuation of services after owner retirement. Community expectations and the level of involvement impacted on the social behaviour of owner-accountants. From the evidence available it appeared important that trustworthiness be demonstrated at all times and with this comes a scrutiny which is especially burdensome for women. Finally, Chapter 6 returned to a theme first raised by regional developers, the expectation that accountants be counsellors to clients. With drought regularly having an impact on entire communities, accountants are cast in the role of first responder, a role which is generally accepted by the owner-

accountants interviewed but with varying degrees of response. A continuum of responses from passive to active was developed.

Chapter 7 provided a discussion on the results looking at the relationships which exists between accountants and their communities with community expectations regarding the contributions to be made by accountants in both professional and personal capacities and social behaviour. The critical issue of privacy was explored and the influence of the need for privacy of business and financial affairs preventing residents from using local accounting services instead preferring distant providers. This Chapter also considered the mental health role of accountants in light of the public interest function of accountancy. Interview data indicated that this mental health response is important but unanticipated and poorly understood by the professional accountancy associations. Finally, Chapter 7 considered the question of continuation of accounting services in regional and remote areas through professional development and staffing matters.

What is revealed is a picture of accountancy practice in regional and remote communities of South Australia. The relationship between the owner-accountant and community creates expectations regarding the contribution made by the accountant to the community in the form of (i) pro bono or low cost services to community organisations for audits and general accounting services, (ii) management expertise to community organisations by taking a leading role in governance activities, and (iii) participation in community activities and financial and in-kind support through sponsorship. In addition, there is an expectation that the accountant's support for the community will be

reciprocated with consumer support. There are also expectations regarding the behaviour for the accountant which may be implicitly or explicitly enforced by the community. Trustworthiness is the motivation for behaviour modification of the accountant. Women are more likely to feel the scrutiny of their community and have behavioural expectations more explicitly imposed by the community.

Privacy is the prime motivator for local residents and business owners and determines whether they will use local accounting services and not distance per se. Where individuals have a very high value attached to their privacy, use of local accounting services may represent an undesirable threat to their privacy and will use more distant accounting services.

While accountancy in regional and remote areas is more often generalist than speciality, and based on the evidence gathered from the interviews, new roles for the accountant are created including as a facilitator between clients and government welfare programmes and as guardians of client mental health. Regional and remote accountants are isolated from their profession. Professional development is necessary for maintaining professional competence but is burdensome owing to the impost of higher time and financial costs. Professional development is a qualitatively different experience for regional and remote accountants. Regional and remote accountants have only limited networking opportunities both with their profession and other accountants co-located: strong local networks in regional and remote areas may increase community perception of privacy risk with a detrimental effect on the viability of local accounting services.

Accountants in regional and remote areas tend to be more self-sufficient in recruiting of staff, relying less on attracting new people to the area and more on identifying local residents to train. Succession is dependent on the identification and recruitment of appropriately qualified accountants. However, recruiting such people to move to regional and remote areas is problematic. The personal relationships of accountants, that is family, friends, spouse, and children, are the dominant reason for choosing to practice accountancy in regional and remote communities. For accountants with previous or current familial links to place, this is associated with the choice to practice accountancy in regional and remote communities. For accountants without previous or current familial links to place, the relationships developed during the initial 2-3 years will influence the decision to remain in a location.

Eight key recommendations were made and presented in detail in Chapter 7:

Recommendation 1

Conduct a national needs assessment in regional and remote areas to identify the range of accounting services required to assist business owners, wage earners and not for profit/community organisations

Recommendation 2

Conduct an education campaign about the accountancy profession in regional and remote areas

Recommendation 3

Conduct an education campaign about confidentiality and privacy issues in regional and remote areas

Recommendation 4

Develop programs which provide (i) information, (ii) subsidies, and (iii) incentives, and enhance access to accounting services in regional

and remote areas by, amongst other things, facilitating applications for special circumstances funding and welfare payments

Recommendation 5

Develop programs to attract and retain degree-qualified accountants in regional and remote area to encourages these areas as meaningful sites for career practice

Recommendation 6

The accountancy profession to conduct a needs assessment on staffing in regional and remote accounting firms

Recommendation 7

The three professional accountancy associations should conduct an assessment on the professional development needs of regional and remote accountants and their views on current programs

Recommendation 8

Develop a program and links between the accountancy profession and the counselling/health professions for improved client wellbeing/mental health

8.2   Limitations of the research

Several limitations of this study should be noted and are outlined in Section 3.8. There is a general consensus that qualitative studies have limited generalisability (Devers, 1999; Morse, 1999; Davies and Dodd, 2002; Lindlof and Taylor, 2002; Caelli *et al.*, 2003; Berg, 2004; Cho and Trent, 2006; Onwuegbuzie and Leech, 2007; Collingridge and Gantt, 2008; Koro-Ljungberg, 2008). For this reason no attempt has been made to apply the findings beyond the group of participants involved.

The demand-side perspective, that is business owners and consumers of accounting services, were included in the original design of this research. However, difficulties associated with surveying or interviewing this group prevented their inclusion in the results and analysis. It is acknowledged that this perspective would have added extra richness to RQ1 and provided an ability to verify or triangulate Developers' responses.

The final limitation is the restriction of participant selection to South Australia. Whilst South Australia was chosen for somewhat pragmatic reasons; it should be acknowledged that there might be jurisdictional factors present which change the experience of owner-accountants in other states and territories and state-based contextual factors.

8.3 Implications for theory and practice

There are a number of implications for the accountancy profession, accounting education and regional development. As a starting point regional developers place a high value on accessing accounting services by local business owners. It is evident that this access is limited by the perception and understanding of the accountancy profession and the range of assistance modern accountants are able to provide. However, privacy concerns may override convenience. Regional development participants identified new roles for accounting services and individual accountants which extend beyond what might be considered the traditional scope of accounting into the realms of morale and mental health. Potentially a reformulation of the public interest role of professional accountants can be considered. A mental health role could have a negative effect when privacy desires overrides other concerns.

The research identified that eight key reasons influenced the choice of practice location by owner-accountants. Family, friends, spouse and children dominated choice of practice location, followed closely by income-producing opportunities, then lifestyle factors, home, escape, education, reversibility of choice, and intellectual challenge. It was also found that the choice of practice location is not a single decision but a process which occurs over the adult life of the participants. It is also clear that the majority of participants were born or raised in regional or remote areas and either stayed or returned to practice accountancy. The limited number of returning and absence of staying remote participants is of concern. Whether there is a dearth of people taking up accountancy who were raised in remote communities or that they simply do not return or stay should be addressed by regional developers, government, accounting profession and accounting educators. This finding clearly indicated attachment to home is a powerful influence on choice of practice location for regional participants and this could be harnessed to ensure the continuation of accounting services in remote areas. Understanding the motivations underpinning choice of practice location may assist in targeting students to universities and educators and the profession should observe efforts in medicine which are proactive in regional and remote placements and recruitment.

Several important contextual factors were found to have an impact on the practice of accountancy in regional and remote areas. Firstly, as accountants their behaviour is scrutinised by other community members and they must demonstrate trustworthy behaviours at all times. Secondly, regional and remote owner-accountants highlight an often high degree of relational proximity with clients becoming counsellors and committed to client well-being. This may

involve active engagement in the mental health of their clients and emotional content during communications. Accountants as professionals and members of the communities are requested and expected to take on governance roles within communities, providing low-cost or *pro bono* auditing for local sport and leisure associations and being actively involved in community activities.

By identifying the contributions of resident accountants in regional and remote areas of South Australia, the importance of these services for regional development purposes can be understood. This has implications for the professional accountancy associations and accounting educators in ensuring the continuation of accounting services in non-metropolitan areas and the education and professional development of accountants.

Understanding the key reasons of the choice of practice location and choice processes allows regional development boards and government to identify factors which may encourage the location of additional accounting firms to regional and remote areas. In particular, the reasons may act in a push and/or pull manner, and understanding the dynamics of these reasons can assist the profession in targeting recruitment of new accountants and supporting existing resident accountants. This process has been assisted by identifying the eight key recommendations provided in Chapter 7.

By exploring the contextual influences on the practice of accountancy and the relationships which develop between the accountants, clients and communities, this research provides a rich understanding of accountancy and its contributions to regional development. Such research brings to light the accountant as a person who is living and working in close proximity to their clients and this

perspective can be used by the profession to support accountants in regional and remote areas.

8.4   Suggestions for further research

This research was a necessary first step in the exploration of accountancy in regional and remote communities. These communities provide important services to state and national economies but have experienced long-term problems in retaining their populations and sustainability. Vibrant local economies are the backbone of regional and remote community sustainability and accounting services are critical to this vibrancy. This research also demonstrated that the location of accounting services in regional and remote areas serves important development purposes, with resident accountants playing a significant role in maintaining or improving the morale of local residents and business owners and the mental health of these communities. Interviews with the sixteen owner-accountants participating led to the identification of eight core reasons for their decision to practice in regional and remote areas and an understanding of the contextual issues and relationships which influence the practice of accountancy.

The qualitative research provides opportunities for both quantitative and further qualitative work. The possibilities are tantalising: a further understanding of a mental health role for accountants and how this relates to the public interest; women in regional and remote practice and their qualitative experiences; the informal networks which appear in communities without resident accounting services; a spatial analysis to understand the sourcing behaviour of regional and remote business owners; and more.

Personal connection to community or its residents remains an important element in the attraction and retention of accountants to regional and remote communities: while it is tempting to state it is stronger in regional than remote communities it could equally be concluded that it is stronger in remote areas, given that the only participant born and raised in a remote community is now practicing there. Is it that accountants born and raised in remote communities are rare or that such accountants do not practice in remote areas? Either answer would raise interesting implications. If the former is true then greater effort must be made to attract remote raised people into the accountancy profession. If it is the latter then effort must be made by regional developers, government and the accountancy profession to encourage remote-based people into the profession but more importantly encourage professionals to consider practicing in remote communities, especially those born and raised in regional communities.

8.5   Concluding remarks

The creation of sustainable communities and the continuation and expansion of accounting firms in regional and remote areas are critical elements to maintaining the contributions of these areas to national and state economy and society. Based on the evidence gathered, action needs to be taken to address the range of problems faced by regional and remote areas around Australia. This research considers one approach – improving access to accounting services and the encouragement of accounting professionals to consider career options in non-metropolitan areas. Putting vital human infrastructure in place can only benefit regions in their purposeful development now and in the future.

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Appendix 1: Accessibility/Remoteness Index of Australia (ARIA) Calculations[10]

ARIA+ is widely accepted as Australia's most authoritative geographic measure of remoteness.

ARIA and its successors ARIA+ and ARIA++, are indexes of remoteness derived from measures of road distance between populated localities and service centres. These road distance measures are then used to generate a remoteness score for any location in Australia.

ARIA+ is the standard Australian Bureau of Statistics (ABS) endorsed measure of remoteness. ARIA+ forms the basis for the ABS's "Remoteness Structure" component of the Australian Standard Geographical Classification.

1.1 Summary

ARIA+, like its predecessor ARIA, is an unambiguously geographical approach to defining remoteness. ARIA+ is a continuous varying index with values ranging from 0 (high accessibility) to 15 (high remoteness), and is based on road distance measurements from 11,879 populated localities to the nearest service centres in five size categories based on population size. The five distance measurements, one to each level of service centre, are recorded for each populated locality and standardized to a ratio by dividing by the Australian mean for that category. After applying a threshold of three to each of the ratios are summed to produce the ARIA+ score for each populated locality across Australia. An interpolation procedure was used to interpolate the index values for each of the localities to a 1 km grid so that all areas of Australia recorded an

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[10] This text is taken from the following webpage and only grammatical and spelling errors have been corrected: http://gisca.adelaide.edu.au/projects/category/about_aria.html

index value. Using the interpolated grid surface scores for larger areas such as Census Districts and Statistical Local Areas were derived.

The major advantages of ARIA over other methods of measuring remoteness are that;

- it is a purely geographic measure of remoteness, which excludes any consideration of socio-economic status, rurality and population size factors (other than the use of natural breaks in the population distribution of Urban Centres to define the service centre categories);

- it is flexible and can be aggregated to a range of spatial units, used as a continuum or classified;

- its methodology is conceptually clear;

- it is precise; and

- is stable over time.

As a comparable index of remoteness that covers the whole of Australia, ARIA+ provides a measure of remoteness that is suitable for a broad range of applications including assisting in service planning, demographic analysis and resource allocation.

Although ARIA+ provides a measure of accessibility and remoteness for the whole of Australia, including metropolitan and non-metropolitan areas, the principal focus of the index has been to quantify accessibility in non-metropolitan Australia. This is not to deny the importance of service access issues within major urban areas, but a detailed analysis of accessibility within urban areas is believed better served by a dedicated methodology. The National Centre for Social Applications of Geographical Information Systems (GISCA)

has recently completed a prototype of a metropolitan accessibility index that has adapted the ARIA methodology and underlying principles to measure accessibility in the urban context.

1.2   Terminology

ARIA+ (Accessibility/Remoteness Index of Australia Plus) measures remoteness in terms of access along the road network from populated localities to each of five categories of service centre. Localities that are more remote have less access to service centres; those that are less remote have greater access to service centres.

Populated Localities - refer to the primary areas being classified. These are based on Australian Surveying and Land Information Group (AUSLIG) now Geoscience Australia's "Populated Centres" and supplemented with some additional populated towns from the AUSLIG gazetteer and other mapping sources. Localites were only added to the database if they were known to be populated. There are 11,879 populated localities in the ARIA+ database.

If one thinks of ARIA as based on the distances people have to travel to obtain services, then populated localities are where they are coming from, and service centres are where they are going to.

Service Centres are populated localities where the population is greater than 1000 persons (greater than 200 in the case of ARIA++). The Urban Centre/Locality Structure of the 2001 ASGC has been used to define the areal extent and population of these areas. The table below shows the population break points that were used to group Urban Centres into the five Service Centre

categories. The ARIA+ analysis considers about 730 services centres in determining remoteness values across Australia. These service centres are a subset of the 11,879 populated localities. In instances where the ABS defined Urban Centres are split by a state boarder, such as in the case of Albury and Wodonga, the population and spatial extents for each of these Urban Centres have been combined and treated as one service centre.

Service Centre Category	Urban Centre Population
A	250,000 persons or more
B	48,000 - 249,999 persons
C	18,000 - 47,999 persons
D	5,000 - 17,999 persons
E	1,000 - 4,999 persons
F (ARIA++ only)	200 - 999 persons

1.3 Index Derivation

The ARIA+ methodology regards services as concentrated into Service Centres. Populated localities with populations of greater than 1000 persons are considered to contain at least some basic level of services (for example health, education, or retail), and as such these towns and localities are regarded as Service Centres. Those Service Centres with larger populations are assumed to contain a greater level of service provision. A total of 738 Service Centres, classified by their population into five categories, were used in the ARIA+ methodology.

The road distance from each of the 11,879 Populated to the boundary of the nearest Service Centre in each category was calculated. This calculation resulted in five distance measurements being recorded for each Populated Locality, one for each Service Centre. Populated towns within a service centre (based on ABS-defined Urban Centre boundaries) in the relevant category were

given a distance value of zero for that category. Each distance value was divided by the Australian average (mean) for that category in order to derive a standardised (or ratio) value. Distance measurements were then standardised so that large distance measurements would not overwhelm the effect of the other distance measurements.

Each ratio value was thresholded at 3 (i.e. 3 times the Australian mean) to remove the effects of any remaining extreme values from the index. All towns with a ratio value higher than 3 for a given category were to be considered 'remote' in terms of access to that category, and were given a value for that category equal to the threshold. For each category, each Populated Locality the standardized value from each of the five classes was summed to produce an overall index value ranging between 0 and 15. The lower the value, the greater the access to services.

1.4   Example ARIA+ Calculation

The example below shows how the ARIA score for Pine Creek is calculated.

The locality of Pine Creek in the Northern Territory is:

- 2,847 km from the nearest Category A Service Centre (Adelaide)

- 226 km from the nearest Category B Service Centre (Darwin)

- 226 km from the nearest Category C Service Centre (Darwin)*

- 91 km from the nearest Category D Service Centre (Katherine)

- 91 km from the nearest Category E Service Centre (Katherine)**

Divide by national average for each category,

- Its Category A score is 2,847 / 415 (national average for category A) = 6.86 {exceeds threshold so score = 3.00}

- Its Category B score is 226 / 228 = 0.99

- Its Category C score is 226 / 133 = 1.69

- Its Category D score is 91 / 84 = 1.08

- Its Category E score is 91 / 43 = 2.11

- And,

- Its ARIA score is thus 3.00 + 0.99 + 1.69 + 1.08 + 2.11 = 8.87

* There were no Category C Service Centres closer to Pine Creek than Darwin, so Darwin functions as both the closest Class B and Class C centre.
** There were no Category E Service Centres closer to Pine Creek than Katherine, so Katherine functions as both the closest Class D and Class E centre.

1.5 Interpolating ARIA scores to generate a continuous remoteness surface

The ARIA+ values for all Populated Localities were then spatially interpolated to form a grid of 1km cells across the whole of Australia. This grid enabled remoteness to be expressed continuously over the total land area. In addition, it allows ARIA+ values to be calculated (by summation of 1km grid cells) for any spatial unit, such as Statistical Local Areas, and Census Collection Districts.

Appendix 2: Review of main motivation theories

2.1   Motivation-hygiene theory

Motivation-hygiene theory (Herzberg *et al.*, 1959; Herzberg, 1966, 1982; Sachau, 2007) emerges from positive psychology to explain the motivation of employees and their satisfaction levels. the motivation-hygiene theory holds that the key to employee satisfaction is the ability to grow in a psychological sense rather than increase their salaries or provide other monetary incentives (Sachau, 2007). The key to satisfaction revolved around recognition, achievement, learning, promotion, and responsibility, whereas dissatisfaction involves for the most part poor interpersonal relationships, insecurity, and unfavourable working conditions. From this, two factors are developed (i) hygiene factors which are found to contribute to dissatisfaction and (ii) motivation factors which are essential to intrinsic (internal) motivation (Herzberg *et al.*, 1959).

One of the key findings from Herzberg's work is that monetary rewards are a hygiene reason, essential for life but unable to prevent dissatisfaction associated with unrealised needs for achievement, challenge, and recognition associated with psychological growth (Herzberg *et al.*, 1959). Psychological growth is seen as a six-stage process which incorporates (i) knowing more, (ii) understanding, (iii) creativity, (iv) effectiveness in ambiguity, (v) individuation, and (vi) real growth (Herzberg, 1966, p. 57-70).

Herzberg's motivation-hygiene theory has been used in research related to work design and job performance, especially in linking work design to maximise job

performance through motivation, making the job more intrinsically challenging and enriching (Deci, 1975; Hackman and Oldham, 1976; Ryan and Deci, 2000).

Motivation-hygiene theory is not dissimilar to Maslow's hierarchical-integrative theory of needs (Maslow, 1970). Hersey and Blanchard (1982, p. 60) notes the similarities between the two theories. As shown in Figure A2.1 the needs levels described by Maslow as deficiency needs equate to Herzberg's hygiene reasons and Maslow's higher level needs are the equivalent of Herzberg's motivators.
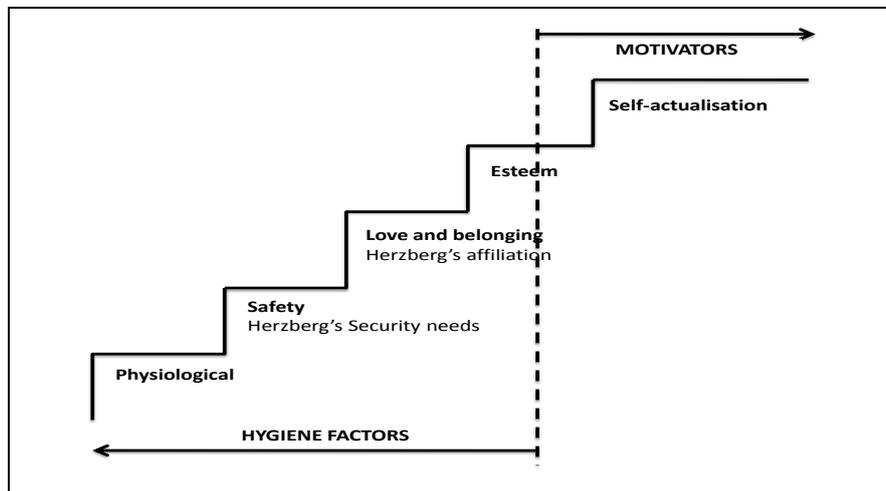
Figure A2.1: Maslow's theory of needs and Herzberg's motivation-hygiene theory

Source: Hersey and Blanchard (1982, p. 60)

One of the key strengths of this Herzberg's motivation-hygiene theory is its innovation in suggesting satisfaction and dissatisfaction are not opposite ends of a continuum (Herzberg *et al.*, 1959; Herzberg, 1987; Hollyforde and Whiddett, 2002). However, Herzberg's motivation-hygiene theory has been the subject of criticism and misinterpretation. By far the most cited criticism of the theory is

its reliance on a single, biased methodology (Vroom, 1964; Ewen *et al.*, 1966).

Herzberg himself recognised the limitations associated with his data collection

methods and the biases which may have resulted from (i) guiding participants

through interviews and (ii) the pain associated with recalling difficult memories

(Herzberg *et al.*, 1959). In addition core criticisms include: (i) a methodology

which does not incorporate attribution of success and failure, (ii) no measure

which considered overall satisfaction, thus allowing people to dislike *parts* of

their work, (iii) the ignoring of contextual matters, and (iv) the assumption of a

link between satisfaction and productivity (Robins, 2001). In addition, several

misinterpretations have arisen including the core finding that hygiene factors

are unable to motivate people. Further developments in the field have noted the

definitions used by Herzberg in terms of motivation are narrower than those

used more generally and have given rise to some confusion (Sachau, 2007).

The range of criticisms and misinterpretations associated with Herzberg's

motivation-hygiene theory calls into question its usefulness within the context

of this research. The complexities of the theory and the variability in

indentifying motivation from hygiene reasons between people undermines its

effectiveness as a guiding framework for analysis and hence will not be used in

this research.

2.2   Achievement theory

Achievement theory represents a number of theories which explain

achievement orientated behaviours via the need for achievement motive.

Achievement motive emerges primarily through the work of Murray (1938) and

was fully developed by McClelland, Atkinson, Clark and Powell (1953).

Achievement theory is in the same tradition as Maslow (1970) and Alderfer (1972), in that needs are the core concept on which the theory is built. Here, the need for achievement is the only need which motivates behaviour.

Achievement was first defined in theoretical terms by Murray (1938, p. 80-81) as overcoming 'obstacles, to exercise power, to strive to do something difficult as well and as quickly as possible'. This need for achievement was defined more simply by Atkinson (1964) as a capacity to experience pride in accomplishment. For McClelland (1961; 1965; 1971) achievement represents behaviour directed toward competition with a standard of excellence, and in this regard achievement is equated with success.

Atkinson, with his development of achievement theory, represents a split from McClelland's later work (McClelland, 1975; McClelland and Burnbaum, 1976, 1995; McClelland, 1985), links expectancy and incentives in expectancy-value theory (Atkinson, 1964; Atkinson and Feather, 1966; Atkinson, 1974) which is closely related to Vroom (1964). McClelland differs from Atkinson in the development of achievement theory by applying it to culture and societies. McClelland (1961; 1971) links the need for achievement to cultural influences, particularly the Protestant work ethic (Weber, 1968). McClelland's (1953) thesis explains how society, based on cultural influences, develops and imparts to its individuals the need to strive for achievement, setting it as a benchmark against which endeavour is judged. McClelland went on to look at the need of achievement in terms of occupational choices (McClelland, 1965).

At the core of achievement theory is the notion that achievement-orientated activity is motivated by three conditions: (i) the individual must want to

undertake the activity, (ii) the individual must have some expectation of successfully achieving the activity, and (iii) the outcome of the activity must represent something of value to the individual (Hollyforde and Whiddett, 2002, p. 15). In this respect, achievement theory is closely related to expectancy-value theory (Atkinson, 1964; Atkinson and Feather, 1966; Atkinson, 1974), and expectancy-valence theory (Vroom, 1964).

A number of key constructs emerge from the theory including its core, the need for achievement, but also the need for affiliation and the need for power. These last two notions, which emerge from the work of McClelland (1975) to explain why some (managers) may not have high need for achievement, yet still undertake achievement-orientated activities. In achievement theory therefore three core needs exist: achievement, power and affiliation. This position is not dissimilar to Alderfer (1972) who proposes his own three needs: existence, relatedness and growth. Strong similarities exist between McClelland's achievement and Alderfer's growth, and between McClelland's affiliation and Alderfer's relatedness.

Achievement theory is a popular theory in examinations of success and failure and in terms of the need for power, has considerable confirmation from previous studies (McClelland and Winter, 1969; Miron and McClelland, 1979; Miner, 2003a). However, achievement theory generally relies on an 'all things being equal' assumption and has not been used in any depth in situations where all things are not equal, such as in remote and regional areas (Hollyforde and Whiddett, 2002). The other major limitation of achievement theory is its failure to explore the reasons for some people fearing failure and others favouring

challenge (Hollyforde and Whiddett, 2002). However, this would not preclude the use of this theory here, as this research is not necessarily involving such an examination. Rather the theory does not recognise what Maslow (1943; 1970) calls the basic needs such as physiological and safety needs (or Alderfer's (1972) existence needs). The narrowness of the needs provided by achievement theory does not provide a comprehensive scope on which to base analysis of the data collected.

2.3   Equity theory

Equity theory is based on exchange transactions, particularly when people exchange their labour for wages (Hollyforde and Whiddett, 2002). The basic premise of equity theory, as known as social comparison theory, is that during these exchange transactions, the parties to the transaction compare their positions to others, a referent group. A favourable comparison achieves consonance, whilst an unfavourable comparison results in dissonance. The theory holds that behaviour will be motivated by a desire for consonance. Thus equity theory is concerned with evaluations of behaviour in terms of inputs and outputs, and the process of evaluating success (Aspinwall and Taylor, 1993).

Inputs may be a range of items including knowledge and skill or capital investment, and outputs represent the benefits obtained from the exchange, such as wages. Such outputs may extend to lifestyle, position and status, perceived wealth and well-being. The basic question being asked by such an evaluation is whether they are getting short changed as a result of the exchange (Hollyforde and Whiddett, 2002). There is considerable support for equity theory (Greenberg, 1990; Mowday, 1996; Miner, 2003a). Despite this support there are

criticisms especially in terms of the referent groups to which comparison are made (Kulik and Ambrose, 1992; Mitchell, 1997; Hollyforde and Whiddett, 2002, p. 67). The referent group represents a critical component of the theory and previous studies have shown that the theory has more support when the individual and referent groups are most alike or have close relationships, such as co-workers (Kanfer, 1990; Hollyforde and Whiddett, 2002).

Another criticism lies in the interpretation of people's interest in equity issues (Leventhal, 1976): are people genuinely concerned with the equitable treatment of all or ensuring they themselves are not treated inequitably or worse than others. It also questions the motivation of employers who support justice concepts – should they fail to produce the increased benefits (such as enhancing profits) would they bother (see Weick *et al.*, 1976; Folger, 1986; Greenberg, 1990; 1993; Sweeney and McFarlin, 1993; Cropanzano and Rupp, 2003; Mowday and Colwell, 2003 as a selection of literature addressing distributive and organisational justice issues).

While such a theory could be useful in some minor aspects of this research[11], it does not address how the meaning of success (as a reflection of the needs of the owner-accountants) is constructed. Equity theory, in this regard, is too highly other-referent than self-referent (Heslin, 2003) to be useful. The basis of the theory concerns transactions between people and it is difficult to interpret a choice of practice location decision in this context.

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[11] For example, one issue which emerged from interviews with business owners (clients of accounting services) was the comparison with peers of their accounting services providers. The comparison is conducted on a reasonably regular basis and forms part of a business owners assessment of whether their accounting services provider is providing (i) the level of service required for their enterprise and (ii) providing value for money.

2.4 Expectancy-valence theory

Expectancy-valence theory, also known as valence-instrumentality-expectancy theory, was first developed by Vroom (1964) influenced by earlier works by Lewin (1938) and Tolman (1959). Expectancy-valence theory is based on the assumption that behaviour is goal-directed and purposeful. Behaviour is conscious. Vroom's (1964) theory is very similar to the expectancy-value theory of Atkinson (Atkinson, 1964; Atkinson and Feather, 1966; Atkinson, 1974) however Vroom makes very specific reference to the difference between valence and value to differentiate the two theories: valence is anticipated satisfaction and value is actual satisfaction (Hollyforde and Whiddett, 2002, p. 77). Thus, Vroom's theory concerns predictions of possible outcomes whereas Atkinson's theory is more post-activity evaluation.

The basic tenet of the theory is that motivation is a function of expectancy and valence, that is, the likelihood of attaining a goal and the importance of the goal to the individual (Kominis and Emmanuel, 2007). Expectancy-valence theory is extended by Porter and Lawler (1968) in an attempt to incorporate individual differences and feedback, as well as performance (Miner, 2003a). Thus the basic equation presented by Vroom of motivation being a function of valence and expectancy is extended to performance being a function of (individual) ability and motivation. Further extensions have occurred through work by Kanfer (1990) and Mitchell (1997).

Expectancy-valence theory is popular in the literature, despite some viewing Vroom's original conception of the theory as outdated (Kominis and Emmanuel, 2007). The theory has been used extensively in studies on employee

absenteeism, employee turnover, organizational citizenship (Porter and Steers, 1973; Mobley, 1977; Steers and Rhodes, 1978; Mowday *et al.*, 1982; Organ, 1988), group expectations and social influences (Porter *et al.*, 1975), and cross-cultural influences on motivation (Bhagat and McQuaid, 1982; Triandis, 1995; Earley, 1997; Steers and Sanches-Rundle, 2001).

Expectancy-valence theory potentially provides a strong foundation for this research, but like achievement theory assumes an "all things being equal" approach, which is not considered appropriate for this research. In addition, the theory is based on the process of motivation rather than the content of the needs and goals, whereas this research adopts more of a content-based approach.

2.5   Goal-setting theory

The basic premise of this theory is that motivation stems from a desire to attain goals, especially those which offer the most challenge (Hollyforde and Whiddett, 2002). Goal setting theory first emerged during the 1930s and 1940s and primarily examines the reasons of aspiration levels (Lewin, 1938; Lewin *et al.*, 1944). Under Locke and Latha during the 1990s, goal setting theory experiences a re-emergence (Locke and Latham, 1990; Locke, 1996) to extend the original theory in terms of goal specificity, goal difficulty, and goal commitment and the effect on task performance, in this case an enhancing effect. Since goal setting theory was formally proposed by Locke and Latham (1990), it has been extended to incorporate a temporal dimension, recognizing that goals change over time (Earley and Erez, 1991). Goal setting theory now covers a range of task-specific behaviours including the process of setting goals, the reasons of goal choice, commitment, and feedback (Miner, 2003a, b).

As a theory, goal setting theory is not dissimilar to expectancy-valence theory (Vroom, 1964), a point which Locke and Latham recognises (Locke and Latham, 1990, p. 85). To differentiate it from expectancy-valence theory, Locke and Latham introduce the concept of self-efficacy of Bandura (1982). Self-efficacy is an individual's assessment of their capability of achieving a goal. Thus Locke and Latham's goal setting theory extends the original conception of the theory to moderate the level of challenge associated with the goals – effectively rendering the selection of goals as a conscious choice based on the ability of the individual to meet the challenge of achieving them (Locke and Latham, 1990; Locke, 1996).

Goal setting theory is closely associated with expectancy-valence theory and achievement theory in that it focuses on the process rather than the content of motivation. Like achievement theory and goal setting theory, needs are not recognised as elements of the theory in the same way that can be observed from Maslow (1943; 1970) or Alderfer (1972).

2.6   Reinforcement theory

Reinforcement theories have a long history which builds on the instinct theories presented by James, Freud and McDougall (Miner, 2003a). Formal statements of reinforcement theory really begin with Skinner (1953) in which it was formulated that individual's learn to associate actions and consequences and that this learning guides future behaviours (Steers *et al.*, 2004). Reinforcement theory is the basis for many incentive and reward programs which operate in organisations.

Whilst there are a number of key concepts and rules associated with reinforcement theory (Hamner, 1974; Hamner and Hamner, 1976) it is not appropriate to go through the entire theory in detail in this thesis. The key concept associated with reinforcement theory is learning (Miner, 2003a) and in this regard, this theory is not dissimilar to expectancy-valence theory or goal setting theory. However, a key limitation of the theory is the position that internal states that is the individual's own attitudes, feelings or needs, are not the cause of behaviour (Luthans and Kreitner, 1973). The only motivation for behaviour is consequences; consequences associated with actions and learnt over time. This is a complete departure from the content theories of motivation such as achievement theory or Maslow's hierarchy of needs approaches.

Another limitation of this theory is its application to work settings and in particular to employees. In this research, the primary participant is not an employee but the owner, and as such would not be subject to the same incentives or consequences as would employees.

Appendix 3: Information sheets

Information Sheet – Owners of Accounting Businesses
Location Choice and Business Success: Accountants in Regional Australia

Research background

Why do owners of accounting businesses establish them in regional Australia? This is the core question for the research I am conducting for a PhD degree with the University of South Australia's School of Commerce. Prior research has highlighted that clients of accounting businesses and the accountants who practice in them prefer face-to-face communication rather than technology-mediated channels such as Internet, email or telephone. To facilitate face-to-face communication, both the accountant and the client need to be in the same location but with a shortage of accountants in Australia it can be difficult to attract and retain people willing to establish and maintain an accounting business in regional Australia.

When establishing a business the owner(s) have a number of goals in mind, and in this research, these objectives are incorporated into the notion of business success. The proposed examination of accounting businesses, will help to promote a greater understanding of both location choice and business success: (i) the reasons why owner's establish their accounting businesses in regional Australia, and (ii) what dimensions of business success are important to these owners.

What your participation will involve?

There are two main aspects to your involvement: an interview and a short survey. Interviews will take approximately 45 minutes and cover two broad areas: location choice and business success. These interviews, with your permission, will be recorded and transcribed. The transcription will then be analysed. The recordings and the transcription will be kept in secure storage – either a locked cabinet at the University for hard copies or password protected files where they are electronic. Both the transcriber and person verifying the accuracy of the transcription will be required to sign a statement of agreement about confidentiality and a copy of this statement of agreement is available. All participants' will be anonymous in the thesis and any other publications.

A consent form is enclosed in this information pack and will be signed before the interview commences. Before the interview I will send a letter of confirmation of the time and date, and a short survey to complete, which I will collect personally at the interview.

What happens now?

In approximately one week I will telephone you to discuss the research, respond to any questions you may have, and where you agree to be interviewed, arrange for a suitable time. If you have any questions or would prefer an email response, feel free to contact me on (08) 8302 0886 or at Amanda.Carter@unisa.edu.au

Contact details

This project has been approved by the University of South Australia's *Human Research Ethics Committee*. If you have any ethical concerns about the project or questions about your rights as a participant, please contact the Executive Office of this Committee, telephone: (08) 8302 3118 or email Vicki.Allen@unisa.edu.au

Researcher	Supervisor	Ethics Officer
AMANDA CARTER Centre for Accounting, Governance and Sustainability School of Commerce University of South Australia GPO Box 2471 Adelaide SA 5001 Phone: (08) 8302 0886 Email: Amanda.Carter@unisa.edu.au	**PROFESSOR ROGER BURRITT** Centre for Accounting, Governance and Sustainability School of Commerce University of South Australia GPO Box 2471 Adelaide SA 5001 Phone: (08) 8302 7048 Email: Roger.Burritt@unisa.edu.au	**VICKI ALLEN** Ethics and Compliance Officer Research and Innovation Services University of South Australia GPO Box 2471 Adelaide SA 5001 Phone: (08) 8302 3118 Email: Vicki.Allen@unisa.edu.au

All participants will have an opportunity to review the transcript of their interview and make additional comments. In addition, all participants may elect to receive a summary report of findings once the thesis has been examined and the project is finalised.

Information Sheet – Accountants in regional Australia
Location Choice and Business Success: Accountants in Regional Australia

Research background

Why do owners of accounting businesses establish them in regional Australia? This is the core question for the research I am conducting for a PhD degree with the University of South Australia's School of Commerce. Prior research has highlighted that clients of accounting businesses and the accountants who practice in them prefer face-to-face communication rather than technology-mediated channels such as Internet, email or telephone. To facilitate face-to-face communication, both the accountant and the client need to be in the same location but with a shortage of accountants in Australia it can be difficult to attract and retain people willing to establish and maintain an accounting business in regional Australia.

When establishing a business the owner(s) have a number of goals in mind, and in this research, these objectives are incorporated into the notion of business success. The proposed examination of accounting businesses, will help to promote a greater understanding of both location choice and business success: (i) the reasons why owner's establish their accounting businesses in regional Australia, and (ii) what dimensions of business success are important to these owners.

What your participation will involve?

Your participation will involve an interview of approximately 45 minutes and cover the role of accountants in regional development. The interview, with your permission, will be recorded and transcribed. The transcription will then be analysed. The recordings and the transcription will be kept in secure storage – either a locked cabinet at the University for hard copies or password protected files where they are electronic. Both the transcriber and person verifying the accuracy of the transcription will be required to sign a statement of agreement about confidentiality and a copy of this statement of agreement is available. All participants' will be anonymous in the thesis and any other publications.

A consent form is enclosed in this information pack and will be signed before the interview commences. Before the interview I will send a letter of confirmation of the time and date, and a short survey to complete, which I will collect personally at the interview.

What happens now?

In approximately one week I will telephone you to discuss the research, respond to any questions you may have, and where you agree to be interviewed, arrange for a suitable time. If you have any questions or would prefer an email response, feel free to contact me on (08) 8302 0886 or at Amanda.Carter@unisa.edu.au.

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Researcher	Supervisor	Ethics Officer
AMANDA CARTER	**PROFESSOR ROGER BURRITT**	**VICKI ALLEN**
Centre for Accounting, Governance	Centre for Accounting, Governance	Ethics and Compliance Officer
and Sustainability	and Sustainability	Research and Innovation Services
School of Commerce	School of Commerce	University of South Australia
University of South Australia	University of South Australia	GPO Box 2471
GPO Box 2471	GPO Box 2471	Adelaide SA 5001
Adelaide SA 5001	Adelaide SA 5001	Phone: (08) 8302 3118
Phone: (08) 8302 0886	Phone: (08) 8302 7048	Email: Vicki.Allen@unisa.edu.au
Email: Amanda.Carter@unisa.edu.au	Email: Roger.Burritt@unisa.edu.au	

All participants will have an opportunity to review the transcript of their interview and make additional comments. In addition, all participants may elect to receive a summary report of findings once the thesis has been examined and the project is finalised.

Appendix 4: Letter of Invitation (owner-accountants)

Date

Personal Name
Company Name
Address
Address

Dear (insert name)

Invitation to participate

Amanda Carter is a PhD student with the School of Commerce at the University of South Australia. Her research addresses the question of why owners of accounting business choose to establish them in regional Australia. This research will involve interviewing owners of accounting businesses and owners of non-accounting business who currently use an accountant.

Previous research has shown that accountants and their clients (i) prefer face-to-face and (ii) are generally located within a 10-50 kilometres of one another. This research is a first step towards examining the location choices of owners of accounting businesses in Australia and their objectives for establishing their businesses. The results of this research will be of interest to the accounting profession to enable an understanding of the motivations of accountants to enter public practice and assist in identifying and allocating appropriate resource allocation for professional support; to the clients of accounting businesses because they value a close physical proximity to their accountants and prefer face-to-face delivery of services, and to government at all levels, as a guide to regional development policy, both economic and social.

You are being invited to participate in this project. Your participation is entirely voluntary and would involve an interview of approximately 45 minutes and the completion of a short survey. Enclosed with this letter is a pack that includes an information sheet, consent form and a participant and firm profile form.

Amanda will telephone you in approximately one week to discuss this project and your possible participation. However, do not hesitate to contact me on (08) 8302 0886 or by email Amanda.Carter@unisa.edu.au at any time.

Yours sincerely,

Amanda Carter   **Professor Roger Burritt**
B. Commerce (Hons)   *BA (Jt Hons)(Lcr), M.Phil. (Oxon),*
B. Business (Commercial Law)   *PhD (ANU)*
PhD Scholar   *Professor in Accounting*

Appendix 5: Interview schedule for owners of accounting businesses

1. **Why did you decide to take on an ownership role in accounting? (What did you hope to achieve?)**

2. **Why did you establish (or join) a business in a regional area?**

3. **Why did you choose _____ to locate your business?**

4. **What are the benefits (commercial and personal) of operating your business in _____?**

5. **What are the constraints or limitations (commercial and personal) of operating your business here?**

6. **Have you considered, or might you consider, moving your business? Why or why not?**
    ☐ **Yes**   ☐ **No** Please explain why or why not

7. **You were born in a regional area, have you considered moving your business back there? <u>Ask only for those owners that meet this criteria.</u>**
    ☐ **Yes**   ☐ **No**   Please explain why or why not

8. **What does success mean to you? Commercial, professional and personal**

9. **Do you feel your business is successful?**
    ☐ **Yes**   ☐ **No** Please explain why or why not

10. **How much of your success do you believe relies on your location?**

****End of Interview****

Thank you for completing this interview.

Appendix 6: Interview schedule with regional developers

1. **Why, if at all, are accounting businesses important for the area?**

2. **What do accountants add to the area in terms of economic and social development?**

3. **What role, if any, do the professional associations such as the Chartered Accountants or CPAs play in attracting and supporting accountants in regional areas?**

4. **What programs, if any, does the organisation have to attract new and/or supporting existing accounting businesses in the area?**

5. **How would (does) the absence of accounting businesses in the area affect other businesses and economic development?**

6. **OPTIONAL: How would locating accounting businesses in the area effect the local economy?**

****End of Interview****

Thank you for completing this questionnaire.

Appendix 7: Participant and firm profile

This form is designed to collected basic information about the participant and their firm. This is data which may be relevant to the analysis but would take too long to collect during an interview. It will cover a range of issues regarding the individual participant and their firm. It would be completed and returned prior to the interview. A reply paid envelope is included for your use.

GENERAL DETAILS

Name	
Address of Main Office	
Postal Address (if different from above)	
Primary telephone	
Mobile (optional)	
Fax	
Email	

This information is confidential and will be kept in secure storage during and after this research project in accordance with University and other legal requirements. Please refer to the back cover of this form for details regarding confidentiality, ethics and complaints procedures.

If you have any questions please feel free to contact me on (08) 8302 0886 or email Amanda.Carter@unisa.edu.au.

Participant Signature: _____

Date:_____

ABOUT YOU

1. Gender

Male ☐ Female ☐

2. Age

Under 25 ☐ 26-35 ☐ 36-45 ☐ 46-55 ☐ 56 and over ☐

3. Place of Birth

| |
| |

Please note: include the town name only — if you were born in major city (such as Adelaide), please include the city name and suburb; if you were born overseas please provide the town name and country

4. Place of residence

| |
| |

Please note: include the town name only — if in major city (such as Adelaide), please include the suburb

5. Marital status

Single ☐ Married ☐ Defacto ☐

6. Children

Do you have any children?

Yes ☐ No ☐ Go to question 7

What are the ages of your children? (tick one per child)

	Under 5	5-11	12-17	Over 18
Child 1				
Child 2				
Child 3				
Child 4				
Child 5				

Please note: If you have insufficient space please note the number and ages of children on a separate sheet and attached to the end of this profile.

7. Household income

What percentage of your household income is sourced from this business?

Under 25% ☐   25-50% ☐   51-75% ☐   76-100% ☐

8. Academic Qualifications

Qualification	Institution (include campus)	Year

Please note: If you have insufficient space please note the additional qualifications on a separate sheet and attached to the end of this profile.

9. Professional Qualifications (such as CPA or CA)

Qualification	Institution	Year

Please note: If you have insufficient space please note the additional qualifications on a separate sheet and attached to the end of this profile.

10. Professional Memberships (industry associations, ICAA, NIA, CPA)

Organisation/Branch	Type of Membership

Please note: If you have insufficient space please note the additional memberships on a separate sheet and attached to the end of this profile.

11. Non-professional memberships (sport and social clubs, school councils, services clubs etc).

Please include the town name where the membership is located.

Please note: If you have insufficient space please note the additional memberships on a separate sheet and attached to the end of this profile.

ABOUT YOUR BUSINESS

12. How long has this business been operating? _____ **years**

13. Do you operate your business from other locations?

Yes ☐   No ☐ Go to question 14

Please list the town or suburb names of other offices and please indicate if they are a full-time or (part-time) serviced office. For serviced offices please indicate the service details, such as days and hours

Town or Suburb	Full-time Office	Serviced Office	Details of service times

14. Does your business have any employees?

Yes ☐   No ☐ Go to question 16

i. How many people does the business employ? _____

ii. How many are part-time? _____

iii. How many are full-time? _____

iv. Are any of these people members of your family?

Yes ☐   No ☐ Go to question 15

    a. How many of your employees are family members (for example, a partner, child, cousin)? _____

    b. What is the relationship of these family members? (if more space is required please add to a separate sheet)

        1.   _____
        2.   _____
        3.   _____
        4.   _____

15. Is there more than one owner of this business?

Yes ☐   No ☐ Go to question 16

16. What is the legal structure of your business, e.g. sole trader, partnership, company?

YOUR CLIENTS

17. Approximately how many clients do you have? _____

18. What is the nature of your client base – individuals, business clients, others?

```
                                                                            
```

19. For business clients only – What services do you provide to your business clients?

```



                                                                        

```

If you have any printed brochures or literature please feel free to attach these

20. How often, on average, would you communicate with your business clients?

Please tick one only

Weekly ☐   Monthly ☐   Quarterly ☐   Half-yearly ☐   Annually ☐   Other ☐

For other, please specify: _____

21. How important are the following methods for communicating with your business clients?

	Not at all Important	Not Important	Slightly Important	Important	Extremely Important
Face-to-face	1	2	3	4	5
Telephone	1	2	3	4	5
Email	1	2	3	4	5
Website	1	2	3	4	5
Letter	1	2	3	4	5
SMS	1	2	3	4	5
Other	1	2	3	4	5

Thank you for completing this participant and firm profile.
Please return this profile using the reply paid envelope included in your information pack.

Ethics, Confidentiality and Complaints

All research conducted with the University of South Australia and the Desert Knowledge Cooperative Research Centre must comply with best practice in ethics. Free prior informed consent is an ongoing process and during the project participants are free to suspend or withdraw their consent. A consent form will be completed before the interview; however, this is always subject to continuous review by the participants.

Ethics

All research must be conducted in a way that respects the participants' knowledge, identity and ethnicity. Approval must be obtained from the University's Ethics Committee, and is subject to annual review. In addition, the Desert Knowledge Cooperative Research Centre maintains ethics protocols aimed at ensuring the ethical conduct of research by the researchers it supports.

Confidentiality

Your details will remain confidential and the interview transcripts, recordings, notes, and survey responses will remain in secure storage for a period of not less than seven years. Only myself and my academic supervisors will have access to the original data, unless required by the *Freedom of Information Act*. Your identity will not be revealed in the thesis or any articles, presentations or publications which may result.

Breaches of ethical protocols

If you feel that I, as the researcher, have breached the ethical standards indicated in this information sheet, have not maintained your confidentiality or consent, or have otherwise not conducted myself in an ethical manner, there are a number of avenues you may pursue. You may contact my principal academic supervisor, Professor Roger Burritt, or the University's ethics officer, Vicki Allen, to either discuss my conduct or make an official complaint. The contact details are as follows:

Supervisor: PROFESSOR ROGER BURRITT, Centre for Accounting, Governance and Sustainability, School of Commerce, University of South Australia, GPO Box 2471 Adelaide   SA   5001, Phone: (08) 8302 7048, Email: Roger.Burritt@unisa.edu.au

Ethics Officer: VICKI ALLEN, Ethics and Compliance Officer, Research and Innovation Services, University of South Australia, GPO Box 2471, Adelaide   SA 5001, Phone: (08) 8302 3118, Email: Vicki.Allen@unisa.edu.au

Education Co-ordinator, Desert Knowledge Cooperative Research Centre: ALICIA BOYLE, (08) 8946 7267 or Alicia.Boyle@cdu.edu.au.

Both the University of South Australia and the Desert Knowledge Cooperative Research Centre have defined complaints procedures and penalties may include written censure, withdrawal of funding or suspensions.

If you have any questions feel free to contact me on (08) 8302 0886 or at Amanda.Carter@unisa.edu.au.

DESERT KNOWLEDGE CRC

UniSA Centre for Accounting, Governance and Sustainability

STATEMENT OF AGREEMENT - TRANSCRIBER

1. I, ... [please print name] agree to transcribe the interview recordings between Amanda Carter and the participants in the project entitled **Location Choice and Business Success: Accountants in Regional Australia**

2. I understand that information contained in the recordings is confidential.

3. I agree not to divulge the contents of any interview.

4. I understand the recordings and electronic files created through transcription are the property of Amanda Carter and will be returned to her immediately after the transcription is completed.

5. I understand that I will not retain any copies of electronic files.

The contact details of the researcher are as follows:

Researcher	Supervisor	Ethics Officer
AMANDA CARTER Centre for Accounting, Governance and Sustainability School of Commerce University of South Australia GPO Box 2471 Adelaide SA 5001 Phone: (08) 8302 0886 Email: Amanda.Carter@unisa.edu.au	**PROFESSOR ROGER BURRITT** Centre for Accounting, Governance and Sustainability School of Commerce University of South Australia GPO Box 2471 Adelaide SA 5001 Phone: (08) 8302 7048 Email: Roger.Burritt@unisa.edu.au	**VICKI ALLEN** Ethics and Compliance Officer Research and Innovation Services University of South Australia GPO Box 2471 Adelaide SA 5001 Phone: (08) 8302 3118 Email: Vicki.Allen@unisa.edu.au

Signatures

Transcriber

....
(signature of participant)

..../...../........
(date)

Researcher

....
(signature of researcher)

..../...../........
(date)

Appendix 9: Confidentiality agreement – verifiers

STATEMENT OF AGREEMENT - VERIFICATION

1. I, ... [please print name] agree to verify the accuracy of the transcriptions of interviews between Amanda Carter and the participants in the project entitled **Location Choice and Business Success: Accountants in Regional Australia**

2. I understand that information contained in the transcriptions and recordings is confidential.

3. I agree not to divulge the contents of any interview.

4. I understand the recordings, electronic files and printed copies of transcriptions are the property of Amanda Carter and will be returned to her immediately after the verification process is completed.

5. I understand that I will not retain any copies of recordings or transcriptions.

The contact details of the researcher are as follows:

Researcher	Supervisor	Ethics Officer
AMANDA CARTER Centre for Accounting, Governance and Sustainability School of Commerce University of South Australia GPO Box 2471 Adelaide SA 5001 Phone: (08) 8302 0886 Email: Amanda.Carter@unisa.edu.au	**PROFESSOR ROGER BURRITT** Centre for Accounting, Governance and Sustainability School of Commerce University of South Australia GPO Box 2471 Adelaide SA 5001 Phone: (08) 8302 7048 Email: Roger.Burritt@unisa.edu.au	**VICKI ALLEN** Ethics and Compliance Officer Research and Innovation Services University of South Australia GPO Box 2471 Adelaide SA 5001 Phone: (08) 8302 3118 Email: Vicki.Allen@unisa.edu.au

Signatures

Verifier

....
(signature of participant)

..../...../..........
(date)

Researcher

....
(signature of researcher)

..../...../..........
(date)

Appendix 10: Complaints and grievances procedures

Information Sheet – Complaints and Grievances
Location Choice and Business Success: Accountants in Regional Australia

All research conducted with the University of South Australia and the Desert Knowledge Cooperative Research Centre must comply with best practice in ethics. Free prior informed consent is an ongoing process and during the project participants are free to suspend or withdraw their consent. A consent form will be completed before the interview; however, this is always subject to continuous review by the participants.

Ethics
All research must be conducted with respect to the participants' knowledge, identity and ethnicity. Approval must be obtained from the University's Ethics Committee, and is subject to annual review. In addition, the Desert Knowledge Cooperative Research Centre, maintains ethics protocols aimed at ensuring the ethical conduct of research by the researchers it supports.

Confidentiality
Your details will remain confidential and the interview transcripts, recordings, notes, and survey responses will remain in secure storage for a period of not less than seven years. Only myself and my academic supervisors will have access to the original data, unless required by the *Freedom of Information Act*. Your identity will not be revealed in the thesis or any articles, presentations or publications which may result.

Breaches of ethical protocols
If you feel that I, as the researcher, have breached the ethical standards indicated in this information sheet, have not maintained your confidentiality or consent, or have otherwise not conducted myself in an ethical manner, there are a number of avenues you may pursue. You may contact my principal academic supervisor, Professor Roger Burritt, or the University's ethics officer, Vicki Allen, to either discuss my conduct or make an official complaint. The contact details are as follows:

Supervisor	Ethics Officer
PROFESSOR ROGER BURRITT Centre for Accounting, Governance and Sustainability School of Commerce University of South Australia GPO Box 2471 Adelaide SA 5001 Phone: (08) 8302 7048 Email: Roger.Burritt@unisa.edu.au	**VICKI ALLEN** Ethics and Compliance Officer Research and Innovation Services University of South Australia GPO Box 2471 Adelaide SA 5001 Phone: (08) 8302 3118 Email: Vicki.Allen@unisa.edu.au

In addition, you may contact the Desert Knowledge Cooperative Research Centre and the Education Co-ordinator, Alicia Boyle, at (08) 8947 7267 or Alicia.Boyle@cdu.edu.au.

Both the University of South Australia and the Desert Knowledge Cooperative Research Centre have defined complaints procedures and penalties may include written censure, withdrawal of funding or suspensions.

If you have any questions or would prefer an email response, feel free to contact me on (08) 8302 0886 or at Amanda.Carter@unisa.edu.au.

Appendix 11: Consent forms

CONSENT FORM

1.   I, ... [please print name] wish to take part in the research project entitled: **Location Choice and Business Success: Accountants in Regional Australia**

2.   I have read, or had explained to me, the Information Sheets called: **Information Sheet— Research Project Location Choice and Business Success: Accountants in Regional Australia and Information Sheet—Complaints and Grievances Location Choice and Business Success: Accountants in Regional Australia.**

3.   The researcher, *Amanda Carter*, has talked to me and told me what I want to know about the project.

4.   I agree to take part. I know I can say yes or no. I do not have to answer any question I don't want to. I know that I may change my mind and stop at any time.

5.   I agree to this interview to be audio-recorded (digital and/or audiocassette). I know I can say yes or no.

6.   I agree that information gathered for this project may be published, provided my name or other information that might identify me is not used; unless I specifically request that I be identified.

7.   I understand that all information provided is confidential and will not be released by the researcher unless required to do so by law.

8.   I will be given a copy of this Consent Form and the Information Sheets to keep.

The contact details of the researcher are as follows:

Researcher	Supervisor	Ethics Officer
AMANDA CARTER Centre for Accounting, Governance and Sustainability School of Commerce University of South Australia GPO Box 2471 Adelaide SA 5001 Phone: (08) 8302 0886 Email: Amanda.Carter@unisa.edu.au	**PROFESSOR ROGER BURRITT** Centre for Accounting, Governance and Sustainability School of Commerce University of South Australia GPO Box 2471 Adelaide SA 5001 Phone: (08) 8302 7048 Email: Roger.Burritt@unisa.edu.au	**VICKI ALLEN** Ethics and Compliance Officer Research and Innovation Services University of South Australia GPO Box 2471 Adelaide SA 5001 Phone: (08) 8302 3118 Email: Vicki.Allen@unisa.edu.au

Signatures

Participant

....
(signature of participant)

..../...../..........
(date)

Researcher

....
(signature of researcher)

..../...../..........
(date)

Appendix 12: Interview summaries – Developers (Chapter 4)

12.1 Developer 1

Developer 1's response was blunt: accounting services are a 'requirement', a 'must-have'. Thus, the main reason why it is important for accounting services to be accessible in regional and remote areas is an economic one. This Board's region was experiencing economic growth at the time of the interview with large numbers of businesses in planning and start-up phases. Accounting services are seen as valuable support for people moving from 'wage earner' to 'business owner'. This transition commonly occurred when mining companies operating in the region required their "employees" to work as independent contractors; accounting services can provide critical advice on contracts.

Accounting services are 'necessary support services' for business owners; to make the businesses 'as profitable as can be' and 'add' to a business. The nature of exactly what is added was left unexplained. This Board has the recommendation to bring in an accountant 'early in the process' as a standard practice for its business advisors. Whether a business owner or individual, benefits for the client are felt from 'day one'.

> A good client will actually enter into a long term relationship with a client and they tend to build on those relationships to a point where the accountant begins to understand how the business operator works, almost get inside their head to some extent and therefore become an extremely useful tool...in running the business.

Developer 1 highlighted the role of accountants as 'leaning posts' and 'sounding boards', especially for business owners. Having a knowledgeable person to 'bounce things off' is extremely useful. In this Board's jurisdiction many small business owners 'operate in a vacuum' and a 'very removed set of circumstances': outlying areas which are very remote with inhospitable

environments and often poor infrastructure. Businesses are often family businesses with few or no employees that do not share a blood tie. Bouncing ideas around the employee means the opinions are influenced by personal circumstances: 'a lot of these ideas are intertwined with their social wellbeing as well as their...economic wellbeing'. Accountants provide advice free of this influence.

Developer 1 then casts accounting services as an essential for business owners and other people with special needs such as independent contractors. Accounting services fill the gaps in knowledge, skill and experience of the business owners. Accountants becoming sounding boards providing advice and wisdom; and the 'good' accountants are able to get inside the heads of business owners and become a tool to ensure the business is as profitable as possible and avoid failure.

Developer 1, owing to the large area of its jurisdiction and the high incidence of very remote communities and therefore businesses, noted that most business owners were 'operating remotely to their accountants'. Most communities in this Regional Development Board's jurisdiction simply did not have accounting services resident. As noted in section 4.3 it was standard practice for business advisors to refer clients to accounting services. It is also standard practice for referrals to be to 'local' accounting firms. For Developer 1 this meant accounting services in the largest regional centre, and the only town in which such services were resident. Unfortunately, this also meant accounting services were located some hundreds of kilometres from the more remote businesses.

For these businesses the choice of delivery mode was no choice at all with accounting services from the nearest regional centre or Adelaide.

While this response would indicate the main reason for resident accounting services was one of convenience, Developer 1 noted that the few resident accountants within their jurisdiction generally had family connections and thus an affinity for the area and the people. In his opinion, business owners preferred long-term, strong relationships and were conservative. Business owners therefore preferred to have 'somebody they perceive as trustworthy and proven'. This means that resident accountants can be observed and assessed, and without putting too fine a point on it, locals are more trustworthy than visitors or strangers to the area. Once someone finds an accountant with whom they are comfortable and trust they will 'stick with them [and] it's not unheard of businesses to have the same lawyer for twenty years'.

The absence of resident accounting services is considered a regional 'disadvantage' which can dissuade business from establishing in the area. A lack of resident accounting services is therefore a competitive edge and without such services the development of the region and the local economy suffer.

Developer 1 sees resident accounting services as an important regional feature but owing to the large jurisdiction and the concentration of accounting services in a single town presents a challenge for both the business owners and the region.

12.2   Developer 2

Developer 2's first response, like that of Developer 1, is to call accounting services 'almost an essential'. This is less definite than the categorical statement of Developer 1 although the message is the same: businesses cannot survive without accounting services, or at least will not survive long. Accounting services are characterised as information givers and therefore 'pushed' to the Board's clients as the best means of keeping 'up-to-date with all the latest and greatest'. Like Developer 1 and what accounting services 'add', the details of the 'latest and greatest' remain vague.

While business growth in this Board's jurisdiction is 'good', Developer 2 feels it is 'tougher to own a business now than it was twenty years ago' and he speaks from personal experience. Developer 2 identifies two intersecting reasons for this new toughness: (i) the transformation of the economy and thus the precedence of information as an essential asset for *every* business, and (ii) globalisation. The information-based economy and globalisation means locally-owned business which operated in a relatively small, localised economy are influenced by global trends and expectations. Even the smallest of businesses need 'to be smarter', 'have access to resources' and keep up-to-date with the 'latest and greatest', no matter what that is. The need for professional advice is more important than ever, and 'accountants play a good part of that'. Despite technological advancements, without accounting services, business owners will not have access to the information they need and therefore 'run a risk' – all sorts of risks. But it may not be that information is not accessible, the internet alone is likely to ensure access; the information may not be understandable to the business owner. The accountant becomes the knowledge 'partner'

translating the information into a form understandable by the business owner and shows how the information can be used to improve any or all aspects of business performance. Accounting services are crucial to keeping up-to-date; the business owner, on their own, are unable to 'handle that...not a hope in hell'.

Information on a variety of subjects is needed by business owner, but Developer 2 emphasized one area in particular: various state and federal taxes. The tax compliance requirements reduce operating a business to a 'pain in the butt'. Business owners become caught up in meeting the compliance obligations, that other 'stuff', presumably actual operations, becomes a 'sundry issue'. Business owners alone, are unable to know, understand and meet their compliance obligations; they need someone, their accountants, to tell 'them what they've got to do'. The introduction of the Goods and Services Tax produced significant benefits as small businesses were formed to have up-to-date records to complete quarterly Business Activity Statements. The relationship with their accountants changed from 'getting their income taxes done once a year' to greater reliance and quarterly contact.

Developer 2, as did Developer 1, sees accounting services as essential for business owners, without them business owners would have a limited ability to meet their compliance obligations under state and federal tax laws. However, accounting services are also information providers, giving business owners the information needed to keep up-to-date but also to translate and give advice on who best to use the information provided.

As with Developer 1, Developer 2 refers his clients to resident accounting services. The advantage of using these geographically close services is local

knowledge: 'they know what's happening in the town or the region'. This local intelligence is a critical competitive advantage for the region, resident accountants and the business owners who are their clients. Resident accounting firms are exposed daily to regional issues and local knowledge is gathered simply as they work and live in their communities. As the advice provided by accountants is not restricted to taxation, resident accountants can provide advice on what is occurring within specific industries and the likely impact on local economy. Local knowledge then is a 'significant aspect and so we...push that'. The alternative is someone from outside of the region who only *tries* to give advice.

This region is well serviced by local firms, and when asked about the likely impact of any reduction of services, Developer 2 felt that local business owners would become stressed as they tried to cope with the compliance requirements of the Goods and Services Tax (and others) and eventually would 'come unstuck'. As small business owners must 'use their accountants on a regular basis and not just once a year', accounting services are a 'serious support mechanism – if you don't have them you're in trouble'. For remaining resident accountants, there would be additional pressure as they try to take up the clients left behind by the departing accountants. With resident accounting firms at maximum capacity before a reduction in services, at some point the remaining resident accountants would 'just turn them away'. The alternatives left would be to go without or go elsewhere most likely Adelaide.

From a regional development perspective 'it's nice to know that we've got access to services'. Losing services, irrespective of the type, often results in a

'big cry of shame and doom', the community feels like it is being 'left behind' and that 'things are going backwards'. For smaller towns they may have had an accounting practice, a bank, post office and other services but 'bit by bit they're disappearing'. For these towns, when services are present or return, even on a part-time basis, is 'a significant boost to morale', a 'comfort' knowing that things have improved and it is not the 'beginning of the end'.

Developer 2 highlights an important facet to having resident accounting services: the accountants and their families are 'part of the community'. As professionals they offer their accounting services, as a resident they become part of the community and become involved with local sports, recreation and other community organisations. Other local residents 'like to see community involvement'. The anonymity large towns and cities affords does not exist in smaller towns and a 'reasonable amount' of professional credibility is 'attached to someone participating in a community environment...businesses have disappeared because of a lack of community involvement'.

Developer 2 highlighted new elements to the importance of having resident accountants in their jurisdiction. Not only does it make accessing accounting services easier in a physical sense, but their mere presence provides significant morale to residents. In addition, accountants as residents in regional and remote towns make social contributions through community involvement. A major commercial advantage can be had from being a resident accounting service – Developer 2 felt that being able to harness local knowledge provided a significant competitive advantage for accountants, business owners and the region.

12.3   Developer 3

Developer 3 was new to her position and the interview was brief by comparison to the other participants in this group. She echoed the sentiments of Developers 1 and 2, about the essentialness of accounting services. However, Developer 3 was the first to draw attention to access issues. In her opinion businesses should be relying on accounting services for more than 'just tax'. A range of management accounting is available not just financial accounting but 'most people think that accountants do your tax and that's it'. Business owners simply do not know the range of expertise available from their accountants. For those that do, cost is an issue.

> I think those who did know [about the range of services]...might not be able to afford it. Some of them will always come up with the money...because they can see the benefits, but if you don't know [what] the benefits are?'

Developer 3, whilst succinct, continues to reinforce the message that accounting services are critical for supporting local business owners in a complex environment of compliance and information needs. More importantly she highlighted potential problems with access, broadening the scope of this issue to one of public understanding of accounting and the potential benefits it can bring.

Developer 3 continued the practice of referring their own clients to local accounting firms: 'they know what's going on in the region, they can understand the different pros and cons'. Developer 3 felt most business owners in her jurisdiction would agree that local knowledge is an important aspect in their choice of accounting service.

Using resident accounting services makes access easier. Being local means having an accountant which 'they can go to whenever they want to...pop into the office'. The immediacy of access is attractive and business owners are comforted by knowing that if a problem arises they can 'go to them tomorrow'. With the current circumstances 'the horticulture guys need the accountants to get them through all the exceptional circumstances stuff'. Using a city-based accountant brings additional costs, not only financial but in knowledge: city accountant 'don't really know what's happening up here'.

Like Developer 2, Developer 3 noted the involvement of resident accountants in the local community, especially its sporting clubs. These social contributions were less important for Developer 3 than the economic contribution through supporting local businesses.

12.4   Developer 4

For Developer 4 accounting services are 'vitally important'. Accountants are characterised as people in whom a great deal of trust needs to be placed. These practitioners are responsible for the 'life's work' of their clients and give advice about the operation of what might be the only source of income. Similarly to Developer 3, this participant drew attention to some of the potential problems of accessing accounting services and provided a glimpse of what the possible consequences can be.

Without access to accounting services informal networks of support may be created: 'just normal people' without specialist accounting knowledge, who may have completed a certificate at TAFE or have some business experience.

For community organisations these 'people off the street' may 'simply do the books'. For business owners they may provide advice – unqualified as they are.

Perhaps owning to her remote location, Developer 4, although seeing accounting services as a vital resource for business owners, knows accessing them is not easy.

For Developer 4, being local, that is resident, in regional and remote areas is 'absolutely essential'. Being resident allows relationships to develop and provides the accountant the opportunity to 'see what the business is about...they gain an intimate understanding of how the community works and the economic base of the community'. Having local knowledge is 'very' important; resident accountants have an excellent understanding of the people which 'at the end of the day that's what it is about'.

Supply-side visiting accountants commonly called fly-in-fly-out, are considered to have only a 'superficial understanding of [local conditions] but [they are] not on the ground, physically seeing how it's working, how it's affecting people'. As a result these visiting accountants do not have the connection to the community, but it is also recognised that this connection to the community is something 'people may not want'. Being a resident accountant then can have a negative attached to it. In small towns, anonymity and privacy are issues which take on greater significance than might be found in larger regional centres or major cities. The accountants in regional and remote areas 'may be friendly' with the other members of the community, 'people sometimes feel they are a little too close' and hence will avoid using the local accountants, someone perceived as 'at arm's length'. Living locally 'they tend to understand that

country people...don't like anything with doctors, financial services, insurance, anything along those lines' becoming public knowledge. If an accountant (or any other professional) wants to remain in town 'then they need to be very careful that they adhere to the privacy and confidentiality of their clients'.

In discussing a reduction in services, Developer 4 noted that when services are taken away from a town or region 'it has a detrimental effect'. This is particularly the case for core services – health and finance, 'two of the most essential things'. It will mean travelling to access these services and this means additional financial and temporal costs. There are also costs to the community. When accountants leave, 'you lose people with the sporting clubs, recreational facilities, all of those things'. Everyone is intertwined and it affects families, schools, hospitals and has a 'flow on effect through the community'. The loss is not restricted to one person, it is their whole family, so considerable numbers'.

For Developer 4 resident accounting services are critically important, not only making access easier but creating deep accountant-client relationships which can only be beneficial to the parties involved. For the first time, however, the issue of privacy emerges and the serious affect it can have on the business owner's decision on the location of their accountants. Being local can both attract and repel potential clients.

12.5   Developer 5

Developer 5, as a general business advisor, always refers his clients to an accountant. This would allow for the preparation of in-depth resources and plans for planning purposes and generally allow the client to access 'better business advice' than could be provided by the Developer.

For Developer 5 timing is important for accounting services and whether someone is considering starting a business or buying, having access to an accountant is 'very important'. It is also important that this access occurs as early as possible in the process, although accounting services are 'useful' at all stages in a business. This reinforces the responses from the other Board-employed participants.

Developer 5 makes the observation 'at some stage in their business life they're gonna need a relationship with an accountant'. Contained in this comment is a noteworthy facet: the interaction between accountants and their clients is a relationship, indicating repeated interactions over time – a marriage not a one-night stand. Clients, especially business clients, rely 'very heavily' on their accountants for general advice, taxation advice and preparation, 'specialised' advice on managing cash flows, and investment.

Developer 5, as with other Developer participants, gives great emphasis to accessing accounting services for the development of new businesses, acquisition of existing, and operation of current businesses. The timing is also important with the recommendation to seek advice from accounting services as soon as possible and a relationship with an accountant is inevitable.

Despite being located in a large regional centre, there are only a limited number of resident firms: 'you can mention the whole lot of then...in one sentence'. Having someone located locally, it would be expected that there is a 'feel for what's going on...[and] use that as a background for some of the advice that they might give'. Local accountants want to see the town prosper.

Without local knowledge, the region may not be promoted as a good place to invest. Consumption of services outside a community and region causes 'leakage' from the local economy 'in terms of dollars and cents...in terms of valuable time'. This leakage extends to the type of advice provided especially in terms of investment advice:

> It strikes me that it [reduction of accounting services] would be a further leakage from the economy as well in terms of ... investment... they're gonna recommend doing things in Adelaide, they're not gonna recommended doing things in regional areas because they won't know [what's going on locally]... an Adelaide accountant would only know what they read in the papers.

The majority of local business owners use resident accounting services but some will use city-based accountants preferring to keep their business affairs 'remote from everybody else'. This reinforces the comments of Developer 4 on privacy.

Each accountant has their own areas of interest, 'the local footy clubs...other sporting clubs, other social clubs'. They might be members on boards of local organisations. 'They live in the community' and their children and partners are active in it as well. Most of the resident accountants have lived and worked in this area for a long time and have an interest in the place. This interest is not shared by visiting accountants.

> Now if you've got someone that just travels up from the other side of Gepps Cross [a suburb of Adelaide] then, you know, they breeze in, make their money and they breeze out, they leave no lasting mark on the community...they're not being contributors towards the community as a whole, they don't get involved with the sponsorships of various clubs and groups within the community like local businesses do, that's all local businesses but just accountants, they're [visiting accountants] not part of the community.

For Developer 5, the locating of accounting services in their jurisdiction is a method of preventing 'leakage' from the community of money, time, and critical services. Resident accountants are more likely to recommend local investments and have their own welfare connected to the region. As such, the level of interest in local affairs, benefits their clients and the region as a whole.

12.6   Developer 6

Developer 6 is as blunt in his opinion regarding access to accounting services as Developer 1: it is 'extremely important'. This access has assumed a greater urgency now owing to the reporting and compliance obligations even small businesses now have. For Developer 6 compliance and reporting is a 'professional stream itself'. The ability of the business owner (or even a bookkeeper) to cope with these requirements is insufficient. Having access to accounting services to 'give advice', perform audits (without necessarily making it a formal audit) to check that the business is 'heading in the right direction' has become critical to survival and success.

Whilst Developer 6 feels that business owners (and individuals for that matter) need to take responsibility for their own endeavours and making decisions, the complexity of business management and accounting-related issues is such that it is a 'key area that needs to be outsourced'. Essentially the business owner is unlikely to be able to do these themselves. Successful people 'recognise how important it is to have a good relationship with their accountant' and any other advisors they deem necessary. Those who do seek such assistance 'would do much better'. Developer 6 explains that many farms, the main economic activity in this local economy, are run by 'traditional farmers', people in their

50s and 60s brought up in an era without a Goods and Services Tax and the many other primary production-related taxes. They struggle with the bookkeeping and recordkeeping requirements. Much of this is 'passed back to the accountant – they'd rather pay the extra fee for the service than try to get their own head around it'.

Despite the importance attributed to having access to accounting services, Developer 6 spoke of general public's lack of understanding about the services or benefits offered in much the same way as Developers 3 and 4. With emphasis placed on accessing accounting services as early as possible in the planning stages, this message does seem to be understood. Developer 6 spoke of a recent meeting with a local woman looking to start her own business. She was asked whether she had an accountant, her response was 'I'm not at that stage yet'. Accounting services were clearly something needed *after* the business was started. For Developer 6, she was at the stage where accounting services were most critical. Developer 6 explained that with no accounting services located in their area access was always an issue if there was no existing relationship. Accessing an accountant meant travel, in this case often a three-hour round trip. This aside, Developer 6 felt that the importance of accounting services is a 'little bit underestimated' by the average person, especially one not involved in business.

It is not only business owners which require access to accounting services. Community organisations often require such services although the ability to access is stymied by (i) cost and (ii) availability of accountants. Accountants on community organisation boards provide immeasurable benefit. Community

organisations, especially in this area, have 'well-meaning locals who sit on various Boards and make decisions in good faith but they do it without a lot of professional background'. Individuals (including some business owners, especially farmers) may need assistance with government agencies such as Centrelink and make applications for special circumstances funding including drought assistance. Developer 6 spoke of the poor success rates of special circumstances application for those completing applications without the assistance of accounting services.

Developer 1 first raised the issue of an accountant as a 'sounding board' or 'leaning post' indicating accountants may have additional, non-traditional roles. Developer 6 takes this notion further. He believes clients have an emotional reliance on accountants which is 'normally quite high'. For him, this reliance manifests itself to a lesser degree in his Council's jurisdiction, as rural financial counsellors are based in the town. In most areas however, he believes clients seek counselling from accountants 'because the accountant is the one that they trust to talk with'.

Developer 6 casts accounting services as essential for the planning and operation of businesses. He also sees their importance to community organisations, not simply for the provision of traditional accounting tasks but for governance. For individuals this may extend to assisting with access to government welfare payments. Most importantly of all, Developer 6 highlights a potential mental health role for accountants.

Developer 6's area has no resident accountants and is serviced by 'visiting firms' from Adelaide or other towns in the broader region. Some of these firms

have established local offices which are 'used once a month when they come into town'. Developer 6 noted that even in an area without resident accountants, 'most people choose [someone who has] got similar circumstances' and accountants in the nearest towns tend to have large client bases in this area because they have a 'similar experience in this sort of environment'. The majority of visiting accountants have experience in the area and 'whether this is by accident or whether it's by design' the accountants who service the area used to work there, in a local bank branch, for example. Using these people is a 'way of being able to address' the issue of local knowledge. The end result is three accounting firms servicing the area who have accountants who are 'effectively local or have lived here for a period of time' and who have strong, well maintained links.

For Developer 6, having an accountant establish a local resident practice would bring not only an economic contribution but a social one, although the latter is harder to identify. A resident accountant would bring social benefits by their mere presence, with other residents feeling 'more comfortable living in the area', echoing the comments of other participants. Another person in the community is 'huge...especially if there's a family involved'. A family uses 'the local services, your schools, your hospitals, supermarkets and so on'. In this community, 'one or two families make a difference' with the drought resulting in a loss of population locally, predominantly to the northern resources areas. However, Developer 6 feels people in general are reluctant to move their accounting to another provider, the transfer being too difficult as 'they've got the files, the records and the relationship built up over a lot of years'. New entrants, whether resident or visiting struggle to gain local market share, and it

'would take somebody a fair bit of patience and a fair bit of time...several years to build up a practice'.

Developer 6 sees resident accounting services as a way of making access for local business owners and individuals easier but the use of visiting accountants is so entrenched that a new accounting service established locally would face significant barriers. Despite this, Developer 6 sees local knowledge or experience as an important characteristic of accounting providers and many of the visiting accountants, whether by accident or design, have this connection.

12.7   Developer 7

Developer 7's jurisdiction had a complex business situation at the time of the interview. The local economy incorporated the smallest of business as well as 'multi-million dollar' ventures. It was growing and changing rapidly with proposed investments in local infrastructure to take place within the next few years. With so much local change, accounting services assumed a new importance: they would be the professionals local businesses, regardless of size, needed to get 'up-to-date knowledge',

> whether it's just the taxation law we have to have, whether it's GST, FBT [Fringe Benefits Tax], whatever, right through to actually presenting your financial figures to the public because we're using public funds.

Without degree-qualified accountants other advisors, less qualified advisors, are found. The results are usually unsatisfactory. This reinforces the issue of informal accounting assistance first raised by Developer 4.

Returning back to business owners, Developer 7 noted the importance of accessing accounting services for all phases of a business and particularly

during the start-up phase when they should be 'very close'. Current environmental conditions makes accessing accounting services especially important for primary producers who may require daily access for planning, banking, or applications for government assistance, all of which are 'just critical for the mental health of a lot of people'. Drought affects whole communities.

> [It] is not only farming business but it's also businesses related to it...kids struggling to go away to further education...it's the lifestyle and particularly mental health, the ability not to be able to have just those small luxuries in life.

Developer 7 then also brings forth the notion of accountants as having a mental health function. He notes that, given the harsh environment in normal circumstances let alone under drought, understanding 'the mental health of the people they're dealing with' is an important aspect of accounting practice in this remote area. He told of it not being unusual for accountants and other professionals to assist mainly farming families 'to seek out mental health workers' because they have noticed 'warning signs when the go to visit the farm'. Most importantly the accountants may make sure that steps are taken with their client to ensure the appropriate help is reached. Developer 7 notes that clients may simply not realise they are 'going down that one way road which is depression'. As farming families may be isolated even within the context of an isolated community, accountants as regular visitors have 'a huge role to play there...and it really helps'. 'Mental trauma' is hidden and accountants are dealing with people who have lost everything and are having to 'restart and re-establish' after years of operating their businesses. Farming people are especially proud and they do not like to seek assistance on their own or even recognise there is a problem. Many things flow from this,

> ...marriage break ups which then can affect kids, suicide which affects a number
> of people, just withdrawing from the community, not being socially involved,
> kids just not socialising like they should...it really is a serious issue.

Developer 7, like all the participants which represent the regional development perspective, nominates accounting services as an essential resource for business owners, individuals and community organisations. Not only do they assist in performing routine accounting tasks but serve as information providers and help business owners make informed decisions about their futures. Like Developer 6, Developer 7 sees the role of accountants extending beyond what might normally be expected of them. He identifies an important role in the mental health of their clients and the client's communities as they deal with increasingly difficult environmental and economic conditions, financial crises and the emotional upheavals that accompany them.

Having accounting services permanently located in their council area is 'critical, absolutely critical'. Being local provides an advantage by engaging with local (or tacit) knowledge. This local knowledge is 'absolutely...critical'. Knowing the 'lie of the land' assists immensely from a risk management perspective. Farming enterprises are currently undergoing changes as a result of market trends and environmental considerations. 'You've got accountants doing feasibilities' on whether farms should be growing grains or other activities, and understanding the 'local climate' and a range of other knowledge is required.

> Somebody sitting in a far away place wouldn't understand that, they may have the
> theory but whether they've got the practical knowledge that's the critical part.

It is also important to understand how environmental conditions affect levels of debt. In some parts of South Australia levels of debt to equity may be 90%

'because they know they're gonna get the rain'; in the local area 'most people here are only borrowed up to about 50-60%' so they can stand a couple of years of drought if needed.

The current situation with drought means the farming families need immediate access to accountants. This access may mean visits on a 'daily basis', assistance with forward planning, banking, claiming drought subsidies, all of which are 'just critical for the mental health of a lot of people particularly in the rural sector'. Fly-in-fly-out accountants, a colloquialism for supply-side visiting mode, is considered the result of history, people having moved to the area but retaining accountants from their original locations and not having 'shifted across'. Part of the explanation for this retention is the workload of local accountants, who are 'so darn busy you've got a job to get in...there is a real lack of accountants here and that's why there's a fly-in-fly-out market'. Fly-in-fly-out services could take up the slack. The cost would be added 'to the bottom line of businesses' and for marginal businesses this would have a 'devastating effect'. There are businesses which require 'an accountant close or on site' in order to meet legislative requirements. Whilst computer-mediated communication and compliance processes have helped, there are some activities that 'still need...the hands on work', physically seeing a business, seeing that the businesses are 'set up right [or] whether it's not'. Accounting services, so the argument goes, could be concentrated in major cities, or just one city, but by doing so 'you lose that personal touch'. Being local also provides potential clients with the opportunity to observe the accountants and an interaction which proves 'you're fair dinkum' about assisting them as your clients.

The social contributions of accountants based in the area are 'critical': accountants, whether the employees or principals in a firm, are often 'treasurers or involved in a lot of the clubs at a committee level'. This sort of involvement is 'probably good business practice' for their firms. 'Pressure comes to bear' on professionals, whether accountants or senior council officials, from community organisations, clubs and charities to be 'involved in assisting with their financial management'. The overall effect, whilst potentially negative for the individual accountant, results in these community organisations having 'better sets of accountants, probably better procedures and stuff like that'. From the perspective of risk management, having access to accounting services through this volunteer pathway is a significant benefit.

For Developer 7, having resident accounting services is a vital resource for the local residents and business owners. Resident accountants understand the local conditions in ways which visiting accountants are unable. He recognises there is market for visiting accountants but sees this more as an inheritance from previous circumstances than deliberate intent.

Appendix 13: Coding and data saturation

13.1 Introduction

This example of coding and data saturation is an exemplar and refers to analysis of RQ2.1.

Analysing the interviews with the sixteen owner-accountants required the disassembly of the data collected. Initially this required the identification of useful versus non-useful materials. Figure A13.1 shows the processing of the interview data in relation to RQ2.1.
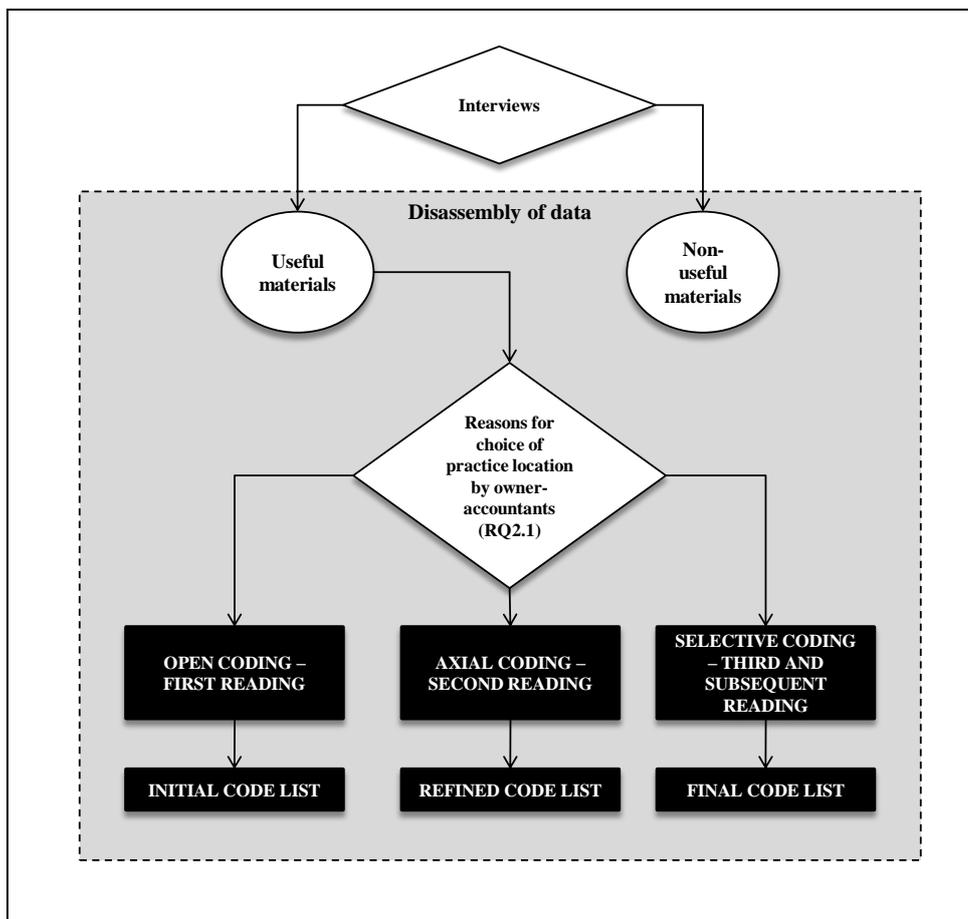
Figure A13.1: Overview of coding procedures for research question 2.1

13.2 Procedure for coding and analysis of interviews with owner-accountants

The purpose of this Section is to outline the procedure following in analysing the interviews with owner-accountants. This Section is an overview of the coding and analysis rather not a comprehensive outline and using research question 2.1 (reasons for choice of practice location) as the exemplar.

All notes, comments and keyword identifications were documented via memos. Whilst only one coder (the PhD student) was involved in this process, this procedure should be transferable and result in consistent coding of interview transcripts. Illustrative extracts of the transcripts are presented in table format with the transcript text in the left hand column and notes in the right side.

13.2.1 Stage 1: Preparation of interview transcript

An independent transcriber was used in this project. The transcriber of these interviews was located in another state and misspelled some town names. Interview transcripts were checked for accuracy against the recordings before coding. Indicators of problems with transcription were included in the transcript and may have included missed or unknown words. Such indicators included question marks and/or time references.

13.2.1.1 Corrections to interview transcripts

Procedure: Highlight the problem words or passages.

In the example below, a question mark appears after the word 'there'. Each passage was read in the context in which it is presented, to ensure the appropriate meaning during correction and analysis. The question mark refers

to the passage 'but then I blow the grass there'. The passage is highlighted in grey (see Table A13.1).

Table A13.1: Identification of inaccuracy in transcript

Transcript	Notes
"Oh for sure, and in a typical rural community running a successful business as a woman it's pretty unusual, but then I blow the grass there[?] a long time ago, I was the first female bank manager, all those sorts of things as well."	

Procedure: Unless the indicator refers to a word that this misspelled, check the passage against the original recording

Procedure: Make a note in the right-hand column of the transcript tables to note that clarification from the recording is needed (see Table A13.2)

Table A13.2: Noting inaccuracies in transcripts

Transcript	Notes
"Oh for sure, and in a typical rural community running a successful business as a woman it's pretty unusual, but then I blow the grass there[?] a long time ago, I was the first female bank manager, all those sorts of things as well."	CLARIFICATION NEEDED FROM RECORDING FOR THIS PASSAGE

Procedure: Make a note with the appropriate and corrected text (use bold and underline to draw attention with the note "corrected text" (see Table A13.3)

Table A13.3: Correcting inaccuracies in transcripts

Transcript	Notes
"Oh for sure, and in a typical rural community running a successful business as a woman it's pretty unusual, but then I blow the grass there**[?]** a long time ago, I was the first female bank manager, all those sorts of things as well."	CLARIFICATION NEEDED FROM RECORDING FOR THIS PASSAGE **CORRECTED TEXT: "I broke the glass ceiling a long time ago…"**

Procedure: Correct the transcript by inserting the corrected text and strikethrough the incorrect text including the question mark or time references. Leave the notes regarding clarification intact as this provides an important trail of evidence for later analysis (see Table A13.4).

Table A13.4: Finalising corrections to transcripts

Transcript	Notes
"Oh for sure, and in a typical rural community running a successful business as a woman it's pretty unusual, but then ~~I blow the grass there~~ **broke the glass ceiling [?]** a long time ago, I was the first female bank manager, all those sorts of things as well."	CLARIFICATION NEEDED FROM RECORDING FOR THIS PASSAGE **CORRECTED TEXT: "I broke the glass ceiling a long time ago…"**

13.2.1.2 Identify non-useful materials and use the strikethrough function to identify this material – do not delete from the file

Non-useful material included introductions and preliminary discussions between the interviewer and participant, comments which are incidental to the

conduct of the interview, or material nominated as not being included in the final subject matter.

This example is text associated with the interviewer (see Table A13.5). Here the sentences have been numbered for guidance purposes only and indicated in brackets "s1" etc. The first sentence [s1] is a confirmatory statement. The second sentence [s2] is a general introduction to the structure of the interview. The last sentence [s3] is a question.

Table A13.5: Disassembly of interview transcripts

Transcript	Notes
[s1] It's nice to hear. **[s2]** So what I'll do is I've got a few prepared questions and I've thrown in some extras, I think you've probably answered most of those extras already. **[s3]** But right at the beginning why did you decide to take on an ownership role in accounting rather than say becoming an employed accountant?	

Procedure: the first and second sentences are judged as non-useable material and are struck through but not deleted.

Table A13.6: Identification of non-useful material

Transcript	Notes
[s1] ~~It's nice to hear.~~ **[s2]** ~~So what I'll do is I've got a few prepared questions and I've thrown in some extras, I think you've probably answered most of those extras already.~~ **[s3]** But right at the beginning why did you decide to take on an ownership role in accounting rather than say becoming an employed accountant?	

This next example is a longer extract of text (see Table A13.7). The opening paragraph is the end of the participant's response to the previous question. The interviewer then asks a question about success. For the purposes of this exercise, success is considered non-useable material. The interviewer's question and the participant's response are struck through but not deleted.

Table A13.7: Identification of non-useful material

Transcript	Notes
P:...And they quite like you using those words too and they said oh OK at least we know where we stand, they said we probably might not sleep, I said well is it better that than the bank coming in and foreclosing and you having no idea, yeah so – but at least they know where they stand and that's the main thing. ~~I: OK, I'm gonna change tack just a little bit. What does success mean to you, and this could be the way I've envisaged success is that there could potentially be three different realms. . There's a commercial side which is you as a business owner, because certainly within the academic literature we tend to forget that accountants are business owners as well. You may also have the professional side of it so you as an accountant, and then you've got your personal side so that's family member as member of the community. So taking in those three areas what does success mean to you?~~ ~~P: I guess success means to me that I've done a job well done, the client thanks me, and that my business is well regarded by the community and I've certainly got enough to keep my family comfortable. I guess it's proud of the achievements of where you know, that I've done it, you know, I really~~	

~~haven't had any help and I've had to learn a lot of things the hard way, it's certainly made me a stronger character, actually it's made me a lot more tolerant too which I'm a bit surprised at, a very tolerant person and I never used to be.~~	

13.2.2 Stage 2: Coding of interview transcript

Stage 2 of this procedure represents coding of the transcripts. One reading of each transcript for the coding process was used with supplemental readings on an as needs basis. Additional coding was performed on memos and notes.

13.2.2.1 Open coding

The purpose of open coding is to become familiar with the content of the interview and identify keywords and passages relevant to the research questions.

Procedure: Identify keywords (codes or nodes) in the text. Use underline and bold the text to draw attention (see Table A13.8).

Table A13.8: Open coding

Transcript	Notes
"Yeah, literally, they said – because I was a little bit **distressed when I first arrived**, got out to social events, I mean **I certainly can't be seen drunk in the front bar**, you know, things like that, **even being seen in the front bar is a bit of a mmm**..."	

Procedure: Include notes in the right column (see Table A13.9).

Table A13.9: Open coding - notes

Transcript	Notes
"Yeah, literally, they said – because I was a little bit **distressed when I first arrived**, got out to social events, I mean **I certainly can't be seen drunk in the front bar**, you know, things like that, **even being seen in the front bar is a bit of a mmm**..."	**Community expectations regarding behaviour

Procedure: Identify materials considered quotable. Quotable material is considered clear statements of issues and examples which illustrate the participant's points. Consider both materials which are positive and negative responses to questions. In the example below, the quotable material is highlighted in grey.

Table A13.10: Open coding – quotable material

Transcript	Notes
"Yeah, literally, they said – because I was a little bit **distressed when I first arrived**, got out to social events, I mean **I certainly can't be seen drunk in the front bar**, you know, things like that, **even being seen in the front bar is a bit of a mmm**..."	**Community expectations regarding behaviour

Procedure: Collate a list of keywords identified in the transcript in relation to the research questions. Once the transcript has been read once, a list of keywords can be collated.

13.2.2.2 Axial coding

The purpose of this stage is to refine the initial code list. Axial coding may apply to both transcripts and memos or notes.

Procedure: Identify keywords (codes or nodes) in the text. Highlight the text to draw attention (see Table A13.11).

Table A13.11: Axial coding

Transcript	Notes
I: Why establish a business in a regional area? *P:* **Lifestyle**. There's - [*sigh*] how do I explain this, ...	

Procedure: Include notes in the right column or expand existing notes and memos (see Table A13.12).

Table A13.12: Axial coding – memos and notes

Transcript	Notes
I: ...why choose a regional area to establish a business? P: I came here because **it was home**, that is absolutely without a doubt an underlying factor. If I didn't come home here **I think I would've ended up in another rural area.** I had a friend who opened a practice in **Gawler and I probably would've ended up there eventually**, because it's another – **it's semi-rural but at least it's closer to it.**	HOME is a recurrent theme amongst many of the owners in this group. The owner here alludes to other factors being important but clearly indicates this is the primary factor, giving it as a first response. Home is indicative of love and belonging needs and a high degree of place attachment.

Procedure: Collate a list of keywords identified in the transcript in relation to the research questions.

13.2.2.3 Selective coding

The purpose of the third and subsequent readings is to refine to code list.

Procedure: Identify keywords in the text. Notes were included in the right column. Detailed notes were kept during the third reading – rationale for the final selection of keywords or codes. Notes on the finalisation of the code or keyword list were in separate documents to the transcript or attached at the end of the transcript document.

13.3 Reasons for choice of practice location

Coding of the owner-accountant interviews resulted in a list of 37 reasons for choice of practice location.

- Availability of work
- Beauty of environment
- Business opportunities
- Career
- Children
- Comfort
- Commitment
- Community solidarity
- Connection to local accounting firms
- Cost of living
- Desire for country life
- Education (availability)
- Escape city pressures/ urban lifestyle
- Escape from social problems
- Excitement and challenge
- Familiarity with lifestyle
- Family (extended)
- Family business links in area

- Family connections in area
- Friends
- Happiness
- Health
- Home (return or stay)
- Isolation
- Lifestyle
- Links and affiliations
- Nature of country people
- No desire for the city
- Proximity of work and home (commuting)
- Quality of life
- Raised in area or region
- Raised in country area
- Safety
- Social interactions
- Spouse
- Uniqueness of experience
- Work-life balance

13.4 Data saturation

As data saturation is a core concept in this type of qualitative research and using Guest *et al.* (2006) and Bowen (2008) for guidance, the reason list was analysed for data saturation. Table A13.1 provides data on the emergence and frequency of the initial reasons code list.

Table A13.13: Initial reasons list, emergence and frequency

Owner	Frequency of citation	First interview in which the reason emerged
Availability of work	10	1
Beauty of environment	2	6
Business opportunities	3	4
Career	2	1
Children	6	3
Comfort	2	4
Commitment	2	14
Community solidarity	3	5
Connection to local accounting firms	4	2
Cost of living	1	7
Desire for country life	3	5
Education (availability)	2	1
Escape city pressures/ urban lifestyle	5	4
Escape from social problems	1	6
Excitement and challenge	2	7
Familiarity with lifestyle	5	5
Family (extended)	7	2
Family business links in area	2	2
Family connections in area	5	2
Friends	2	2
Happiness	1	2
Health	2	11
Home (return or stay)	4	4
Isolation	1	11
Lifestyle	7	1
Links and affiliations	7	1
Nature of country people	1	5
No desire for the city	2	1
Proximity of work and home (commuting)	4	1
Quality of life	1	11
Raised in area or region	5	1
Raised in country area	2	4
Safety	3	5
Social interactions	2	7
Spouse	10	1

Owner	Frequency of citation	First interview in which the reason emerged
Uniqueness of experience	1	7
Work-life balance	1	6

Data saturation in this research was defined in Section 3.5.2.3 as the point in data collection where no new more reasons emerged from the interviews. Table A13.2 details data saturation information. From Table A13.2 it can be seen that 89.2% of the initial reasons for choice of practice location emerged from the first 7 interviews and 97.3% from the first eleven interviews. Only one additional reason emerged in the last four interviews. It was concluded that data saturation was effectively achieved in the first 12 interviews.

Table A13.14: Initial reasons list and data saturation

Owner ID no.	No of new reasons emerging from interview	Cumulative number of reasons emerging from interviews	Cumulative % of reasons emerging from interviews
1	8	8	21.6
2	5	13	35.0
3	1	14	37.8
4	7	21	56.8
5	5	26	70.3
6	3	29	78.4
7	4	33	89.2
8	0	33	89.2
9	0	33	89.2
10	0	33	89.2
11	3	36	97.3
12	0	36	97.3
13	0	36	97.3
14	1	37	100.0
15	0	37	100.0
16	0	37	100.0
Total	**37**	**37**	**100.0%**

13.5 Refinement of code list

Following completion of the coding the list of reasons was refined by classification into eight "core" reasons were identified as discussed in Chapter 5. Table A13.3 represents the classification of the initial reasons into the eight core reasons used in this research.

Table A13.15: Classification of initial 37 reasons code list into 8 core reasons

	Family, friends, spouse, children	Employment or business	Lifestyle	Home	Escape	Education	Reversibility of choice	Challenge
Availability of work		●						
Beauty of environment			●					
Business opportunities		●						
Career		●						
Children	●							
Comfort			●					
Commitment							●	
Community solidarity			●					
Connection to local accounting firms		●						
Cost of living			●					
Desire for country life			●					
Education (availability)						●		
Escape city pressures/ urban lifestyle					●			
Escape from social problems					●			
Excitement and challenge								●
Familiarity with lifestyle			●					
Family (extended)	●							
Family business links in area	●							
Family connections in area	●							
Friends	●							
Happiness			●					
Health			●					
Home (return or stay)				●				

	Family, friends, spouse, children	Employment or business	Lifestyle	Home	Escape	Education	Reversibility of choice	Challenge
Isolation			●					
Lifestyle			●					
Links and affiliations	●							
Nature of country people			●					
No desire for the city			●					
Proximity of work and home (commuting)			●					
Quality of life			●					
Raised in area or region				●				
Raised in country area			●					
Safety			●					
Social interactions			●					
Spouse	●							
Uniqueness of experience								●
Work-life balance			●					

Appendix 14: Interview summaries – Owner-accountants (Chapter 5)

Each owner-accountant was asked to outline why they chose their current location. The owner-accountants provided comprehensive answers which often highlighted a 'journey' in that they saw their current locations as the culmination of a lifelong series of decisions and choices. This Appendix provides a comprehensive summary of the participants' responses on their choice of practice location.

14.1 Owner 1

Owner 1 remains in his birthplace, a choice born of strong connection to the community through family and friends: 'I guess I never had a desire to travel to any of the cities'. It is these links and affiliations which have guided his education and work choices. The desire not leave the town is dominant and resulted in his higher education being delivered via distance or external modes with an institution located in another state, but geographically quite close. The affiliations which influenced his earlier choices remain in place and the owner emphasizes the role of sporting memberships in particular: '…it was natural to…look for a position in my local region, close affiliations with the football clubs and golf clubs, netball clubs etc.'. As a note of explanation, this town in which this participant lives is one of the largest regional centres in South Australia, providing a high level of goods and services as well as a sampling of the entertainment opportunities available in the city. As the participant says himself, 'it had everything I needed here', and thus there was no motivation to leave. When asked whether he had ever considered alternative locations, a neighbouring region had been contemplated although never seriously.

Family is an especially strong link or affiliation for this participant: not only is he third generation in the area, his spouse is also from the area and has extended family located there. The influence of a spouse or partner is evident: here his spouse has clearly noted that if he moves, he will be doing it on his own. A move to the city has never been contemplated despite the proximity of two major cities.

Five reasons for location choice were identified by this owner.

- **Family and friends** is a very dominant and persistent reason, here representing not only his immediate family of parents and grandparents, but also spouse and children.

- **Employment** is particularly important with the availability of employment a major reason when combined with family and friends. Whilst family and friends might be the principal motivation for wanting to remain, the availability of employment makes staying possible.

- **Education** is an essential reason in pursuing an accounting career and for Owner 1, the availability of education via distance learning mode is a significant reason in making his continuing association with his home town possible. Without such modes the owner would have either (i) chosen a different career or (ii) moved away from his community. The pursuit of education is indicative of both safety needs (in being able to engage in income producing activity) and cognitive and self actualisation needs.

- **Lifestyle** is another reason highlighted by this owner noting the community in which he lives provides all the necessary attractions he needs, thus is lack of attraction to move to a city.

- **Home** is the final reason identified by this owner as influencing his location choice. Home is a significant reason , not only as this location is the town in which he was born and raised, but one in which his extended family (and that of his spouse), extended social networks, and the memories over time which indelibly mark this town as 'home'.

14.2   Owner 2

Owner 2 was born and raised in the same town in which he now practices. Except for a brief period during which he resided in a neighbouring town for educational purposes, this owner has always been in the town and has expressed desire to move. The owner's choice to study in a neighbouring town instead of moving to the city is based on the presence of family, friends and other affiliations in the town which was within an easy commute of his home town: '…family was here, friends are here, my sport was here, my work was here…'. Studying in the neighbouring town offer the opportunity to move freely between the two towns and the owner was 'able to come back and work weekends [in his father's shop] and play … sport and all that and then go back'.

The decision to study at a regional campus was also linked to family and the perceived costs associated to move to the city for educational reasons. Whilst the owner feels he 'would have been able to handle' being away from his family he recognizes the 'big cost' to his parents for living expenses and accommodation. Being able to attend an institution closer to home allowed him

to take the opportunity for an University education, the first in his family to do this, without the significant financial burden of living in the city.

This owner is a third generation resident of his community, his grandparents having originally moved, and there is a sense of destiny which emerges from his responses: '…they [grandparents] moved here many moons ago and so my father hasn't gone anywhere and so I haven't'. Staying therefore assumes the level of a family legacy and the long-term connection to the community is a significant influence on his decision to stay in the town.

The connection through social networks has provided significant benefit in relation to his career, gaining an entré into his accounting firm as an employee as he '…knew the partner here, knew the family through a girlfriend, his sister's daughter … so I knew them anyway and he knew that I was studying.'

Three reasons appear dominant in his decision to remain in his 'home' town:

- **Family and friends** here provides a strong sense of community and connection. This reason is also relevant when considering his desire to shield his parents from the financial burden associated with moving to the city for educational purposes. However, this reason also includes his extended social networks which he was reluctant to leave for education or employment purposes.

- **Employment** is necessary to ensure maintenance of basic needs and in the absence of employment in the town, a move would have been needed.

- **Home** is significant for this owner, with four generations associated with the community (including his parents and grandparents, and now his children). Like Owner 1, having stayed in the community for the entirety of his life, means this town is home, and remains a powerful reason in his staying.

- **Education** as specified with Owner 1 is an important reason. Here, the availability of a tertiary institution in a close town, whilst necessitating a weekday residence there, allowed his weekend and leisure time to be associated with his home town, providing continuity of association.

14.3   Owner 3

Owner 3 did not start his working life as a public accountant but rather as a member of the Australian Public Service. This owner has moved away from his home town to pursue work opportunities. The death of his mother was the deciding reason in his return, to 'give [his] father a hand' on the farm. It is clear that he felt an obligation to assist his father in running the family farm, and feels that there was an expectation on both his and his father part, that he would 'end up taking over the family farm' and this was his primary reason for returning. The owner characterizes his decision as 'a matter of coming home'.

Income from the farm or the need for intellectual stimulation led the owner to establish a part-time tax agency. A decision to move away from the farm but stay in the area was the result of establishing significant affiliations within the area, having married a local and starting a family. When asked if he considered ever leaving the town again, his response is negative having opnly briefly and not seriously considering a move back to the city.

The influence of long-term connection to the area, in this case fifth generation, is significant, with a sense of family obligation and something akin to destiny involved.

Two reasons are dominant for this owner in his decision regarding location:

- **Family (and friends)** is a dominant reason for this owner, and specifically the need to assist his father on the family farm following the death of his mother, the marrying of a local woman and starting a family, long-term connection with the area through multiple generations.

- **Home** is an additional reason, although to a lesser extent than manifested in Owners 1 and 2. Whilst the community in which he now resides is the one in which he was raised, he moved away for education and employment purposes before returning. His marrying a local and raising of their children, and the long term connections, make this community home.

14.4   Owner 4

Owner 4 cites a clear attribution of lifestyle is the key reason for his location choice. When questioned about what *lifestyle* meant to him, he defined by a single word—'country'. This term appears to encapsulate a bundle of benefits (or need satisfiers) that, for him, needed no further explanation for he 'was brought up in the country so nobody had to explain …what the benefits were'. Two words were used to describe these benefits – happy and comfortable – although he was quick to add that similar qualities had been experienced in the

city. There is something in the use of these words, however, that indicates country somehow provides additional or deeper happiness and comfortableness. Further discussion revealed the owner feels there are additional pressures associated with the city although, for the most part, he does not elaborate on the nature of these pressures although they are associated with raising his children. Other participants have provided some indication of what these pressures may be by reference to their absence: i.e. worrying about their safety and lack of freedom. In regional and remote areas there is a perceived absence of crime, bullying, unsafe streets, as an entire town is prepared to come to the aid of children if needed.

Four reasons appear to have dominated his location choice:

- **Lifestyle** is a way of life associated with a regional or remote area which is different and more fulfilling than city lifestyle, although largely unspecified. This is reflective of a number of needs in a Maslowian framework including aesthetic needs, safety needs, (especially in regards to his children), as well as love and belonging and potentially self actualisation needs.

- **Family and friends** is another reason with the owner citing a range of concerns regarding parenting in the city. There is a sense in which the city represents by its nature a threat (although manageable) to safety, especially where children are involved.

- **Home** the chance to return home to his family is very influential in his choice of location. Whilst moving away from the area for education and

employment reasons, the presentation of an employment opportunity in the area considered home (despite his absence) was all that was needed to facilitate a return.

- **Employment** is the triggering reason in the move to his current location. Without the employment opportunity it is unlikely that a return home would have occurred.

14.5 Owner 5

Owner 5 returned home to settle down, start a family and establish her own business, although she acknowledges that she did not realise this at the time of her return. Home is associated with a both comfort and 'niceness'. Her current location is where she was born and raised, and despite an absence of close to a decade, has retained many of the social networks which she developed during her formative years and has used them, and those associated with her family, to her advantage.

Home is a recurrent and pervasive theme in this owner's reasons for her location choice. There is dissatisfaction with her time in the city and the nature of the clients with which she dealt and partners of her former firm. She characterizes them as 'horrible people' and she is disturbed by rewarding them by making them rich(er). She sees people at home as more deserving than these city people, and wants to provide the reward to those more deserving. Country people are characterised as 'nice' and show their appreciation in many ways. Personal interactions with people, particularly clients, is especially important to this owner, and she clearly feels that these relationships were either not possible or not wanted in the city. The connection between people is a key characteristic

of regional areas in this owner's opinion, and this is a driving force for her wanting to return to a regional area.

Three reasons are involved in her location choice:

- **Home** and **family** are two reasons that are inextricably linked and there is in them a pervading sense of comfort, safety, and self-worth. However, there is also a strong sense of destiny involved with this owner which is evident not only in her return home but in other parts of this interview as will be revealed at later stages..

- **Escape** (from an urban environment) revolves around the need to emerge from the city and the 'horrible' people with whom she associated. The return home represents an escape from this situation and the ability to re-engage with 'nice' people.

14.6   Owner 6

Owner 6 nominates 'lifestyle' as a key reason in her location choice without immediately defining what this means. Instead she provided an example of the consequences of lifestyle: 'I would think nothing of it at nine o'clock at night if my child walked down the street…I wouldn't fear for their safety'. Safety is another dominant influence for this owner. The safety of her child is paramount and her motivation for moving from her previous location is couched in safety terms: '…there is a lot of danger, a lot of drugs, a lot of problems'. In searching for a new location she sought not just the ability to earn an income commensurate with her previous position, but one which provided the necessary lifestyle and safety characteristics. While acknowledging that family

reasons are a dominant influence the ability 'to go for a swim after work [in the ocean]...it's just across the road' represents the lifestyle desired by the owner and her family. Here again the influence of a spouse on the location choice should not be underestimated, here the owner's husband 'hates the city' and she recognizes that this reason alone is 'probably…number one'.

Three reasons dominate Owner 6's location choice:

- **Family** and their location preferences, especially her spouse, are a strong influence on the final location choice. Extended family is not present, but the presence of her parents in the general vicinity, and the presence of friends in the town itself, is again important considerations for this owner. In addition, the safety of her children is a pervasive theme. The need to remove her child from the problems associated with her previous location, a large regional centre, and locate in a safer community is a theme returned to regularly through her exploration of the location choice. The chosen community, a small remote town, provides a safe environment in which the entire town is prepared to watch out for the safety of the children which reside there.

- **Employment or business opportunity** is a necessary condition of their choice of location, here the ability to purchase into an existing accounting firm. The need to have an income-producing activity is especially significant with the owner as the primary breadwinner of the family.

- **Lifestyle** is the final reason identified by this Owner and is closely associated with the safety concerns for her children. Here the collective protection afforded to her children, the nature of the social interactions, and the proximity of quality of life reasons such as the beach are strong attractants.

14.7   Owner 7

Owner 7 is more calculated in his location choice, having deliberately selected a town. Following his higher education the owner intended to return to his home town but chose instead a neighbouring one which represented 'very exciting opportunities'. Here the owner sought professional and intellectual challenge as well as the variety of work which is not available in a metropolitan practice. Whilst this is the primary reason for choosing a remote population centre, the owner also acknowledges more personal reasons for his location choice including a liking for small communities and 'actually [liking] being involved with people', something he feels is not possible within a metropolitan location. The mix of backgrounds and ages in both clients and social networks is appealing. The owner acknowledges however that 'being born and bred here [the general area] you come to grips with that [loss of privacy and cost of living]'.

Four reasons were important in this owner's location choice:

- **Professional** and **intellectual challenge** is the dominant reason and includes diversity in the work and a level of excitement not associated with other areas. The work provided by the local industries is the core reason for his choice of location which is close to his home town, and is

work that would not be available in a metropolitan location and only to a lesser extent in other selected regional or remote locations. In this respect the owner sees his location as something of a hub, and an additional business site is located in a similarly remote town offering the same sort of opportunities.

- **Lifestyle** is emphasized by this owner through the social interactions which the location offers. The owner states a clear preference for a type of location, a small town, and in essence has returned home. This would indicate a level of love and belonging needs consistent with a return home, but not emphasized here as the owner had no immediate family (spouse or children) when making the decision. The proximity of extended family in the area was not listed as a influence on his decision.

- **Family and friends** is a lesser reason for this owner but is identified as a reason which holds him in his location.

14.8   Owner 8

Owner 8 chose to return to her home region after an absence of some years. The decision to return was based on the existing links: 'I have elderly parents and thought "we have a farm here", so it was the most logical place to be'. Her original choice of staying in her location was largely work related, although not in accounting. Having married a local man, the decision to move away related to an extension of his farming interests, and the owner's choice to engage in an accounting career started whilst away. Owner 8 has been quite fluid in her approach to location and the influence of her spouse's interests is dominant in her location choice, or perhaps more accurately her spouse's location choice.

Here there is a tendency to follow the needs and interests of her spouses and making the best of what the location offers.

Owner 8 therefore presents one dominant reason for location choice:

- **Family,** in particular her spouse, is the key reason for location choice. The needs of the spouse guide the location, although some input directly from the owner is demonstrated.

14.9   Owner 9

Owner 9 is somewhat blasé about his reasons for location, indeed the location is somewhat irrelevant to him noting there is 'no real reason' for having chosen his current location. Whilst having been born and raised only one hour's travel from the town he admits to knowing little about the town until he arrived. He moved from his home town for educational purposes, choosing a regional university to pursue accounting studies, before taking up an auditing position in a large firm. He left this position and moved to a major metropolitan centre in another state, but made contact with firms in and around his home region before leaving. After three years there he was contacted by a firm in his now current location, which he accepted. This location is near his home town and this is flagged as an influence in his decision to take up the position noting that this was an 'era of twenty firsts and engagements and that, and [he] seemed to be missing a lot of that, sort of my mates, shows, and that'. The experience of being interstate is one he recognizes as missing the 'family aspect and the isolation of friendships', and this for lack of any other reason appears to be the main influence in his decision.

For this owner two reasons dominate his decision on location:

- **Family and friends**, although not a strong influence on first response, the isolation from them during a period when significant life events were occurring, is revealed as the key reason for this owner's location choice. Thus, when presented with an opportunity to return to general vicinity, it was taken.

- **Home** was an influence although this owner returned to the region rather than the specific town of his childhood.

- **Employment** is the other major reason. Similar to Owner 4, the move to his current location was contingent on an offer of acceptable employment.

14.10 Owner 10

Owner 10 cites adventurous tendencies as the primary reasons for his location choice. Having completed his accounting studies, he applied for positions in a range of areas. Being successful in securing a position in his current location he moved. The choice of town was determined solely by the availability of work and he notes 'there was no other lure than the ad for the job'.

One reason alone dominated the location choice of this owner:

- **Employment,** the requirement to engaging in an income producing activity; there appears to be little other reason evident.

14.11   Owner 11

Owner 11 provided a complex set of reasons for his location choice. First and foremost was a desire to change his circumstance having 'done everything [he] wanted to…all the concerts…all the sporting events…[and] got sick of going to movies'. This owner, being brought up in a metropolitan area, remembers a time when he could 'wander around in knee deep water with a fishing rod and just looking at the fish and casting next to them'. More importantly he recognised a time before he left that this was no longer possible. For this owner re-capturing this lifestyle is important. Having worked as an accountant whilst studying, he was seeking new work opportunities when he applied for a position in his current location. He remembers quite clearly seeing the job advertisement and that in his own mind he had 'intuitively diagonally superimposed across the top, the word "fishing"'. Having been invited to visit the town as part of the selection process, the town provided those lifestyle elements that he was seeking: it was away from the city, provided ideal social interactions through sport, the weather was ideal, and a level of informality not associated with the city.

There is an element of escape in this location choice, from both the lifestyle of the city including the commutes, which this owner emphasized ('I love the fact that our nearest set of traffic lights here is over 400 kilometres away'), and from the type of work and people associated with city accounting firms. About the former, he notes 'I'd loved getting out of town whenever I possibly could'. On latter point, the owner noted 'I just don't see eye to eye with most accountants and I can fully understand the reason why accountants…give a certain

impression to people'. Thus, for this owner, the location provided as much of an escape as it did a lifestyle.

Ultimately however there is a recognition that income is a key reason in both his choice to move and to stay. Without the ability to secure employment in the first instance, and clients once starting his own business, this owner recognizes that financial security is a deciding reason : 'if I wasn't making a dollar here I'd have to reconsider', despite being in a town he describes as 'heaven on Earth'.

For this owner, three reasons are dominant in his location choice:

- **Lifestyle** is the dominant reason in his decision, with the owner citing the ability to indulge in fishing and other recreational pursuits, health benefits, the ability for extended personal interactions (i.e. with a variety of age groups), aesthetic reasons (i.e. clean air, open spaces), and the ability to engage in activities spontaneously, rather that undergo a 'major planning exercise' he associates with the city.

- **Escape** is a reasonably dominant reason with the desire to escape the city and the lifestyle impositions such as commuting and environmental impacts. The owner was jaded with the attractions of the city and sought something 'more'. In addition, a fundamental difference in perspective between himself and other accountants with whom he had worked motivated this owner to leave.

- **Employment** is a basic requirement to enable a change of location and one which the owner recognizes as enabling him to remain.

14.12 Owner 12

Owner 12 discussed two major location choices involved during his career as an accountant. He was born in a location at which he still practices although has recently relocated from. While he had completed his entire high school education at this regional location, he moved to the city for higher education in accounting and practice in a city firm for some years before returning home. This return home was a deliberate choice: he had no desire to raise a family in the city. The decision to return home was considered along with other regional growth centres, and the presence of family and a familiarity with the area appear to be the deciding reason in this location choice.

The second location choice discussed occurred within the last few years. The owner was 'burnt out' and was considering retirement. However, he had concerns about continuing to make a contribution and helping people, which he saw as his primary role as an accountant. His wife was from the city and had extended family still there, and their children, all of whom had been born and raised in the regional location, were now located in the city. Thus a move to the city became and alternative to retirement. The firm of which he is an owner had originally established a branch in the city to cater to staff wishing a change of location in an effort to retain their expertise.

Three reasons are identified as key in this owner's location choice:

- **Family**, here both the existing family in the regional location, identified as home, to which he returned, and the family he was yet to have and wished to raise outside of the city. The attraction of being near family and in a familiar location, although not for his spouse, is a desire to raise

children out of the city has been demonstrated by other owners as relieving them of additional 'pressures'.

- **Home** is the another reason identified by this owner and closely linked to family. The choice of location was inextricably linked to the desire to start a family, and in looking at leaving the city for another location, returned to an area associated with his childhood, home.

- **Escape**, the return home and ultimately leaving it again, both have elements of escape included in them. In the first instance this is escape from the city and its dangers in order to raise a family, and in the latter choice, it was escape from a location which had resulted from burnout and other stress-related issues[12].

14.13 Owner 13

Owner 13 provided one of the most straightforward decisions on location – in order to continue her relationship with her now husband she needed to be prepared to return to his family farm. Whilst having been raised in a regional town herself, she had moved to the city for work and education reasons. Her husband had temporarily relocated to the city for education purposes; he always had the intention of returning to the family farm which has been in the family for four, now five, generations.

Thus, for this owner only one reason dominates her location choice:

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[12] This issue will be dealt with in greater detail later in this thesis.

- **Family,** in particular her spouse, is dominant. Without her spouse's decision to return to the family farm it is unlikely this owner would have moved to her current location.

14.14 Owner 14

Owner 14 cited employment availability as the dominant reason in his location choice. Having previously owned an accounting practice in another state, he and his wife had returned to Adelaide. In looking for employment, an opportunity came up to manage a practice in his current location. Both he and his wife were looking at non-metropolitan locations but did not have this specific location in mind. Little was known about the town but his spouse did have relatives nearby. The location provided the necessary lifestyle reasons being sought: coastal location, close to the city, and opportunities to pursue sporting and recreational activities. The owner and his spouse took the employment opportunity with an understanding that they 'would give it a go…the expectations it wasn't going to be perhaps long term' and that they would re-locate if things did not work out contributed to the decision.

For this owner four reasons are important in the location decision:

- **Employment** was the dominant reason for this owner. The need to secure an income producing position, first as employee and later as the owner, was the primary purpose of locating to their current position.

- **Lifestyle** is an important secondary reason as the owner and his spouse sought to live and work in an area outside of the city but close enough to take advantage of the attractions the city offered. In addition, the

location is coastal, a complete contrast from their previous circumstances, and provided the types of leisure activities enjoyed by them both.

- **Family** afford some influence with his family being located in Adelaide and the surrounding regions.

- **Reversibility of choice** is an important reason in that the owner saw the original decision to locate as one which was reversible and if things did not work they could re-locate.

14.15 Owner 15

Owner 15 cited a complex set of reasons for his decision to move to his current location. There was dissatisfaction with his career as an accountant in the public services, and 'sick…of the 9 to 5' he left his position and profession for an alternative. This alternative income-producing activity was inadequate in the face of changing personal circumstances (children) and both the owner and his spouse sought employment. The opportunity which led to his relocation emerged through his social network, the decision to relocate was made quickly: 'we were…a bit worried how the kids were growing up to be perfectly honest, they couldn't go here and they couldn't go there'. The owner had been born and raised in a country area and so was familiar with a 'country' lifestyle, and his spouse was 'quite happy to leave the city' in spite of the fact she had been born and raised there. There was an understanding between him and his spouse that the initial move would be considered short-term and if things did not work out they would re-locate either to the city or another regional area. Here the

owner's spouse and her needs were influential in the final decision: 'there were two things if we move from [the city], it had to be warmer and by the sea'.

Four reasons dominate the location choice for this owner:

- **Family** and **lifestyle**, especially concerns about his children, there safety and freedom, were dominant in this location choice, as was the influence of his spouse and her lifestyle needs.

- **Employment** is a major reason as without appropriate employment the decision to re-locate would not have taken place.

- **Reversibility of decision,** willingness to move was contingent on the possibility of leaving. As sated with the previous owner this is more of a strategy to deal with threats to needs rather than fulfilling the needs themselves.

14.16 Owner 16

Owner 16 cites one dominant reason in his location choice: his spouse. His spouse was born and raised in the town in which they now reside, which is 10 minutes drive from his practice. This owner was born and raised in a metropolitan area overseas, and met his spouse whilst there. Faced with an important career choice, which was to leave the company with which he was employed or move to Canada, the choice was mostly made. His wife returned home to say goodbye, and while there, the owner had asked his spouse to see whether 'there is an interesting job around…not as a public accountant, it has to be more interesting than that, then we'll go the Australia instead.' A more

interesting job was found and hence their current location. The significance of the career choice, Canada or Australia, can not be understated, as it involved more than his career. A move to Canada would have been about his career, a move to Australia meant having children: 'we were married and had intentions'.

For this owner, there are three dominant reasons influencing his location choice:

- **Family,** particularly the owner's spouse, is the significant influence here. The owner's current location is his spouse's home town, and her family is still in the area. It was her return home to say goodbye and sourcing the employment opportunities, which ultimately led to the location decision. In addition, his and his spouse's intentions of having children were to be fulfilled through this location choice, or not.

- **Employment** and **intellectual challenge** are critical issues, although somewhat downplayed by the owner. Here 'interesting' work was needed, rather than employment for employment's sake.

Appendix 15: Interview summaries – Owner-accountants (Chapter 6)

Each owner-accountant was asked to outline benefits and limitations associated with their current location. This Appendix provides a summary of the participants' responses on the additional considerations associated with regional and remote practice.

15.1 Owner 1

Professional development is an ongoing problem for this Owner and identified as the dominant constraints experienced in this location. Whilst the Owner is located in a large regional centre, the professional organisations provided only limited local opportunities for professional development and education. The result is that 'we take what we are dished up', whether useful or not. Continuing professional education is a requirement of the profession: 'we need to get our forty-odd hours a year'. This is more difficult to achieve in regional or remote areas. 'It's take was it presented here or you miss out...if you want to do it all locally...you are pretty limited.' City-based accountants In contrast have more opportunities being able to 'attend a half-hour or hour session on a specific topic' in line with one's interests. Aligning continuing professional education needs with interests is generally out of the question and having to 'take what we get' is a disadvantage.

Continuing professional education is available through online delivery and this Owner is certainly aware of it, having used some of the resources available through the Australian Taxation Office. However, for his professional

association, CPA Australia, exposure to online training has been limited and he and his firm have yet to consider whether taking it up as a 'regular occurrence'.

Staffing is the second major constraint or limitation identified by Owner 1, particularly attracting qualified staff. Owner 1 feels there is a 'brain drain' from regional areas when secondary school students move directly on to university. Universities are usually located in city locations and while 'their full intent might be to come back it doesn't happen that way once get up there and the taste of it'. The number of people who return after completing their tertiary education is small. New strategies have been adopted: employing secondary students straight out of school and 'building up our team of expertise [through] external studies'.

Community involvement is important when residing in regional or remote communities. For Owner 1 community involvement revolves around sporting clubs. 'I'm on one of the local football clubs at the moment and I have been on the golf club.' This statement reveals that is Owner 1 a member of these clubs, but is also 'on' the board or organising committee. His situation is not unique and he feels 'all our other partners have had other community involvement'. Whilst community involvement is about being a resident 'it's probably in our position' as accountants that many requests for assistance arise. Accountants have 'something to offer' and when asked 'we can be generally of assistance to them if they're in the need for it'.

> So I think it's probably because of our profession more so, there's a lot of people that are on committees that haven't got a profession but they're just good workers, whereas I think we get asked on 'cause hopefully we're good thinkers and might be able to act as a signpost.

Blending social, professional and commercial lives is almost inevitable in some regional or remote towns: 'a lot of my friends are clients and vice versa, clients become friends, so it is definitely a mix in there'. This of course brings special risks where the client-friend 'find something better' and a friendship can suddenly be on the line. There is the risk of being too close and having conflicts of interest and strain shows in both relationships. For all these risks, Owner 1 considered it a 'natural thing' when good clients become close and friendly. Taking a more personal interest in clients is part of the job – 'you empathize with their issues and problems'. A bit of counselling is required at times, brothers in a partnership might be having a feud and it is the accountant's job to see beyond and 'see if you can make the peace for them'.

Being an accountant 'you're in a position of trust'. This requires carefully consideration and control of behaviour. Professionally this may mean steering away from personal interests when looking at deal that 'might cross over'. As accountants, as personal investors, 'we're competing...with a client' and accountants might need to check themselves', back away and put the client before themselves. Any professional in a regional or remote area will need to consider their personal behaviour. Their relationship with their clientele is paramount: 'make sure they're not seen to be the town drunk or anything like that'. It is important, as a professional, to 'hold themselves above' more generally accepted behaviour.

For Owner 1 there are a number of notable considerations: (i) professional development – the obligation for members of professional associations to complete a minimum number of hours of continuing professional education and

the inability to align this with their own interests; (ii) staffing – the ability to secure degree-qualified staff is limited and new strategies have been developed to keep local students in the town while completing their education through external studies'; (iii) community involvement – an essential feature for most professionals in regional and remote areas, managing the requests and the commercial and personal impacts; (iv) blending social and professional lives – setting boundaries but also accepting that inevitability of not keeping personal and professional lives separate; (v) counselling – acknowledging the emotional content of accountant-client interactions and knowing one's limitations and that being friendly with clients comes with risks; and (vi) behaviour and trustworthiness – that being a professional in a regional or remote area has a certain social status attached to it which means public behaviour affects community perception of trustworthiness.

15.2   Owner 2

As for Owner 1, Owner 2's primary constraint involved professional development and access to training. Timing is an issue. Many of the seminars may only be one or two hours long but scheduled to commence 'after work' around 5.30 p.m. This Owner's firm and home is located approximately 3 to 3½ hours drive from Adelaide where these seminars are held. Timing therefore is important. 'Normally we'd try and go...in the afternoon [or] in the morning.'

Online professional development is not considered effective. The new requirement of sitting an online exam to evaluate understanding and qualify for the continuing professional education hours causes some angst: 'you can go in,

sit in a room for five hours, not pay one single bit of attention and still get your hours up'.

Cost is another problem associated with professional development. Attending organised professional development activities through the associations is expensive.

> If we're gonna take our professional staff or whatever with us we're looking at four, five people, well with the partners you're looking at six, seven people, in a car driving down somewhere, now if it's to [name of town] or whatever that's fine, if it's [name of town] that's fine, but if it's to Adelaide you know you're talking three, six hours, you're talking accommodation, food, all that sort of stuff for what might be a two, three hour thing.

This Owner's firm had been trying specialised professional development in which training is delivered at their office quarterly. This is equally expensive.

The second limitation identified by Owner 2, also as with Owner 1, is the problem of staffing. Owner 2 initially identified other firms as being in competition for suitable staff before amending his response: his firm is not in competition for qualified staff 'because there just aren't qualified staff' to compete for. Competition for staffing is for clerical, bookkeepers, and other support staff. Government represents the main competitor, with this town being a major service centre. Wages have been increased to match government offers, but this approach inevitably means the costs are passed on to their clients affecting their own competitiveness.

Fees were raised in the discussion on constraints. Many clients are reluctant to pay the fees associated with accounting services and are sensitive to increases. The main counter argument from the firm involves the fees associated with

city-based accountants: city-based accountants charge more for the same services. For this firm it is a matter of overheads and the association of high overheads with city accounting services.

Owner 2 identified a limitation related to his career. In regional or remote areas changing careers is not easy. A change of career necessitates a change of location unless one is willing to settle for what is locally available whether it excites you or not. In this city a change of career could be made easily and more importantly a replacement for oneself in the firm would be equally easy. A partner in a small firm which struggles to find degree-qualified staff 'it's harder to walk away from the other guys' if a change of career or retirement is desired.

> I don't want to be still sitting here at sixty five, people saying he's too old and senile and he's lost the plot and doesn't know how to do tax because I've seen too much of that, too many accountants here basically dying at their desk and, you know, working their butt off, and that's not what I want.

Owner 2 understands that clients' problems have an emotional element to them.

> 'Look you might have them – I've got an estranged daughter or I don't want to give her any money and how can I set that up to do this or whatever and, you know, my partner or husband or wife's passed away or that.

It is an inevitable part of the job simply because an accountant knows their clients so well and the clients trust their accountant. Owner 2 does not seek out any problems from his clients, 'that could just be my personality'. The firm has a large number of clients and some of them would almost certainly have 'mental problems'. This Owner was touched only months before the interview by a loss:

you know, look we lost someone earlier this year, it was only a few months ago actually, she committed suicide and like, you know, she was bright, she was studying and all that sort of stuff and obviously had other issues outside of the family but, you know, I've seen her for years ... but nobody knew.

A line has been drawn for this Owner and his firm: 'we ask them questions about their tax returns and stuff like that'. Business clients are close than tax clients and it is likely that as part of the informal chit-chat questions might be asked about a holiday or grandchildren but nothing more.

For regional or remote accountants there are always requests for community involvement, especially auditing. 'Everyone' wants their books to be audited and Owner 2 feels an obligation to support the community by completing low-cost or no-cost audits. However, business clients might be members of these community organisations and saying no can be commercially dangerous with clients reacting badly: 'well hang on, why can't you audit my sporting club and all that sort of stuff'. In Owner 2's location there are 'a lot' of business boards which may need accountants, with only a few based locally, requests to sit are inevitable. Owner 2 sat on the Hospital Board for five years and is now a committee member for a local 'footy club'. He had recently been approach by a local Catholic School. It is difficult to balance these demands with his desire to 'spend the time with the kids and get home and all that sort of stuff'.

Owner 2 identifies six main considerations affect an accounting services business in a regional or remote location: (i) professional development – meeting the requirements of his professional memberships whilst controlling the financial and time costs; (ii) staffing – finding not only degree-qualified staff but competing with government for support staff'; (iii) fees – justifying the level of fees to clients and the comparison to city-based accounting firms; (iv)

career – the inability to change careers easily without a change of location and the question of succession; (v) counselling – being aware of the emotional content of accountant-client relationships, knowing one's own limitations, and working within those limitations; and (vi) community involvement – dealing with the requests for low-cost or no-cost audits from community organisations and requests to sit on various Boards, as well as managing the balance between personal interests and expectations of community involvement.

15.3   Owner 3

Professional development is one of the primary constraints identified by Owner 3. This is a common responses and one shared with the previous two Owners. Owner 3 finds materials delivered online useful and his professional association deliver half- or full-day programs once or twice a year in his town. Other programs happen only rarely in his town, so Adelaide or other locations may be considered. This Owner is also a financial advisor and so has additional continuing professional education requirements for these memberships. He finds these requirements 'stricter and more rigorous' in accountability and time with audits completed every year. Owner 3 attends as least one three-day conference a year. This is not only time-intensive but financially expensive. Each trip away from his location means a return airfare and accommodation. City-based accountants need only sacrifice their time.

Emotional clients are inevitable. 'I've certainly had clients in tears due to other family situations and we support them and a lot of them are friends.' Being friendly with clients and becoming (professionally) involved in their lives is, in the opinion of Owner 3, simply part of the service for a small accounting firm,

whether in a regional or remote area or the city. However, it depends on how well known the client are. Counselling is not something promoted in the practice: 'we're not counsellors'. Clients are made aware of the professional limitations; anything beyond some common sense advice needs specialist trained help. As an accountant it is possible to see both side and client may need advice on Centrelink or their rights. For Owner 3 the advice is general 'but it's supportive and often I think it's quite helpful'.

The blending of social and professional lives 'happens' even when living and working in a large regional centre. At some point a client, or sometimes those not clients, will approach when 'I'm off duty'. If it is a problem it is a matter of making them aware that this is not the time to discuss their question especially if it is a complex issue. 'I'll say yeah look I'll talk to you Monday or give them a very quick answer.' After years of practice such approaches are rare for Owner 3 and on occasion where he might mix with a number of clients, such as Rotary meetings, there is no business talk at all. From Owner 3's perspective the blending of social and professional lives is marked by a respect for the professional's privacy. However, he recognises that this is likely a feature of his own town rather than the common experience of accountants in regional or remote areas. Owner 3 does not promote family and friends becoming clients, although at times this has been the base. When family and friends are also clients 'we've got to be very careful'. Pushing family and friends to become clients can have a negative effect on reputation: 'you hear about oh so and so, you only go to him because he's the brother-in-law or whatever it happens to be, so I don't want that feeling'.

Owner 3 has always been an active part of his community. He does not feel any expectations from the community in this regard or an especial need to modify his behaviour.

> I mean I don't drink at the front bar of the pub and I am involved in the community but that's me.

Community involvement in this 'fair sized town' affords a degree of individual anonymity which perhaps protects the accountant (compared with the accounting firm) from being burdened by community expectations to be involved.

Owner 3 spoke of several issues including: (i) professional development – and the challenges of meeting the needs of the professional associations when access it limited; (ii) emotional clients – an inevitable part of accounting practice handled by making clients aware of their limitations and providing only general, common sense advice and support; and (iii) blending social and professional lives – and the need to ensure boundaries are set when interacting with clients when 'off duty'.

15.4   Owner 4

Owner 4 makes specific reference to the limitation or constraint on the fees chargeable in regional and remote areas. The general expectation 'from people in this sort of region' is that they will not be charged to same rates as a city-based accountant might impose.

The emotional needs of clients are recognised but Owner 4 understands there is a difference between general emotional support offered during the course of

accountant-client interaction and the higher level of need which may need counselling. 'We're not qualified counsellors' and as such do not try to fill the role. Instead, where real need is felt, Owner 4 will try to refer his client to 'appropriate help'. Having said this, Owner 4 and his employees have undertaken professional development: 'Beyond Blue put on a session that we went to, all of our staff went along to that just so that we can recognize the signs more than anything'. This sort of professional development does not provide the skills needed to be a counsellor and so referrals are made. The need for awareness of mental health problems amongst his clients is greater now than when he first started practicing, even though being personally touched by suicide.

> Back in about 1988 I had a client suicide and didn't recog... well when I thought back I recognized the signs then but it was all too late, maybe I couldn't have done anything about it but you do wonder about that.

The main difference between now and 1988 is that mental health is talked about more openly now. There are a 'couple of consideration s' at work in the community, drought being one of them. People suffer 'different stresses' than in the past. Living in the community in which he practices also brings with it a feeling of social obligation to support clients in this new level of discussion. However, he attributes the same motivation to the 'bloke at the bank would or the bloke at the corner deli'. While the content of the conversations with clients might vary according to gender, newly diagnosed terminal illnesses often results in the accountant being

> the first person they'd come to, which is I guess in some ways a good thing and other ways a bad thing. When there's serious news and negative news we try and encourage them to talk to the family straight away but – yeah, thankfully we don't get too many of those.

Dealing with this aspect of his accounting practice is difficult. For Owner 4 the accountancy profession and the academic process has

> let us down quite badly in those sort of areas. We spend a lot of time in uni - and I don't think this has changed over the last thirty years, dealing with overseas money issues and high level accounting things for big business that most accountants - well at least half of the accountants that come out of uni will never see, and yet they're all going to be confronted with these personal issues at times because they're dealing with people, we get no training at all in those sorts of things, and I think that's a sad indictment on our profession to be honest. There should be a compulsory subject at least in one of the years if not all of the years that takes people to the level required.

Communication is a central skill which many graduates do not seem to possess and one which is critical in handling the emotional content of accountant-client interaction.

> I mean you expect people to come out of uni and sit and do a tax return or do somebody's financial statements and they have those abilities, but where do we have the ability to actually communicate meaning talking effectively and listening effectively and I guess understanding people's needs and communicating solutions to people, and none of that's covered, you pick that up through experience and you can make some awful blunders along the way.

The professional associations try to address the issue of emotional content and/or counselling but less so now than in previous years, owing to a lack of member support. As a result the associations stopped offering it, when in the opinion of Owner 4 they should have persisted.

Being a professional in a regional or remote town has a 'bearing on our social activities'. Social outings might be avoided when it is known that clients will be there and it is likely that they will approach during the event for some informal and free advice. Owner 4 gets on 'very well' with his clients and with many has a relationship which extends back for twenty years. Owner 4 genuinely likes and enjoys the company of clients but is aware of the accountant-client

relationship, the levels of trust involved and the need to maintain a public behaviour which supports rather than detracts from favourable community impression.

> Yeah that's right, and it's interesting that as people gain trust in you they classify you as a friend not just you're their accountant, so that's been quite a warming experience actually.

While Owner 4 made reference to the issue of fees chargeable in non-metropolitan areas, he was more responsive on non-commercial issues: (i) clients emotional needs – including professional development activities, knowing one's limitations, and the inadequacies of professional associations and education in preparing and supporting accountants for this aspect of practice; and (ii) behaviour and community expectations – the need to be aware of the accountant-client relationship when meeting clients in social situations, the potential impact on trust, and the need to behave in a manner which does not compromise one's reputation.

15.5   Owner 5

As with the majority of Owners' responses outlined before, professional development is the main limitation identified by Owner 5. While acknowledging the opportunities and delivery of professional development activities has important, research and education remains difficult. Attending seminars is a 'big issue' and the preference for this Owner is full-day seminars and not the short duration events.

Online delivery via 'webinars' makes meeting professional development obligations easier: 'I just sit at my desk in here and I've got staff there as well

and we do it all on the computer screen. So the technology is overcoming that big time.' However, taking advantage of such online opportunities requires specific skills within the firm and the lack of specialists can be 'annoying'. Online professional development however has other consequences: the lack of networking with peers. This is an important issue for this Owner who worked extensively in the city before moving home.

> I've got a group of people I communicate with, just email whenever we've got different problems which works out well, I've got a friend in Kangaroo Island, a friend in Gawler and one in the city, and the four of us whenever we've got a problem work it out between us and it's a really good resource.

Staffing is a second limitation. 'Home grown' is the best option: whether they go to the city and return or live there at the time. These home grown employees provide an important advantage to the accounting firms – they will not leave.

> when I get around to making the phone call I'm gonna employ a new person today and she – I'm picking her because she's home grown, absolutely rapt that I found a home grown person because you know they're not gonna leave, we hope they're not. Whereas if they're from the city they're gonna leave.

Unless born to the area, most people will have followed a spouse or partner and if the relationship breaks down so does the connection with the town.

Regional and remote areas are something of a 'culture shock' for people unfamiliar with the lifestyle: 'the lack of cafés...you can't eat after eight o'clock'. Opportunities and rewards may be perceived as greater in the city.

Family reputation has significant meaning for Owner 5. Owner 5's grandfather first started a transport business in her region and employed a large number of people and clients. He was well respected. This respect was 'passed down' first to her father and then herself. The community expects something of her based

on the reputation of her grandfather and parents. Employees of her firm have the same benefits. The good reputation and long history in the area have benefits: familiarity with clients and being 'home grown' carries credibility.

However, being well know and well respected comes at a price. Owner 5 believes accountants 'a huge topic of conversation in the area, more than anyone [else]'. While the talk has never been 'nasty', there is a sense that clients seem to be calculating how much money is being made. It is very difficult to maintain privacy and to keep social and professional lives separate.

> We've got a ten pin bowling alley, it's only been open for about a year or so, and you know when you're there you're gonna have to walk in and you're gonna have to say g'day to everybody and you know someone's gonna come up and ask you a question and so, you know, it's a bit like the gossip magazines, you feel like you can't go out in your ugg boots 'cause someone's taking a photo of you.

It takes a special strength of character to cope with the scrutiny Owner 5 feels is part of being a professional accountant in her town. Community involvement is essential and in her opinion makes adjusting and integrating with the community easier. Sport provides an important channel to make such contributions. When Owner 5 returned home after a decade practicing in the city, she 'went down the softball team I used to play for, turned up to training and go for it'. Community involvement is not restricted to sport, but if it is sport, it 'makes it easier'.

Emotional counselling is 'a big part' of accountancy practice. There may be moments when tears are shed with a client and the

> emotion of interviewing people at times can be absolutely shattering, clients that you know that have terminal illnesses affects you a lot more and I did one of those yesterday.

The drought means 'a lot of illness' is happening in the area, both physical and mental. Dealing with clients who are ill is 'absolutely emotionally draining [and] hard to deal with because we're not trained'. The need to refer clients onto a qualified counsellor is an important part of this Owner's work. Financial and rural counsellors are well funded by the various governments but Owner 5 notes that 'at the end of the day clients will come to us first'. They might be pregnant, have cancer, their partner's on suicide watch. She is astounded at how personal the details are but '

> there's a million things that they will tell me that they won't to anyone else 'cause they know when they walk in the door it's confidential. So when they think oh my God I've got to tell someone, who am I gonna tell, I'll tell [accountant's name] because she won't tell anyone else.

Owner 5 finds this hard to deal with emotionally. It also often the negative things being shared: 'someone can have cancer and they'll come and tell you all about it, then they'll get cured and they won't tell me, so I have all the negative and none of the good stuff'. Nothing in her education or the professional associations resources help in preparing an accountant for the emotional content of accountant-client interaction and Owner 5 notes that she 'would rarely get through a week without a big bombshell, especially lately, of something that is extremely hard to deal with and really hard to comprehend'.

The professional associations, Owner 5 believes, should build this content into their preparatory programs: 'it needs to say – like the counsellor that told me – it's not your job, this where you hand it on, this is what you do'. Coping comes with experience. Owner 5 also attributes this emotional aspect with her personality but 'how do I change my personality so they'd stop doing it because it's hard to take?'. Owner 5 notes that a couple of issues 'have aged [her] big

time'. She feels the client often cares less about the problem than she does because they 'they can't fix it, they give up'.

Owner 5 highlighted confusion about the profession in much the same way some of the regional developers did. Owner 5 is very proud of her qualification as a Chartered Accountant and the confusion is a source of frustration. The profession's advertising has been a disappointment and falls short of where she feels it could be most effective.

> When I am grumpy I will throw – if somebody offends me I will instantly throw in that I'm a Chartered Accountant, that's my defence mechanism, it's like putting on platform shoes for me, you know, it's like I am a Chartered Accountant.

Yet few of the general public appreciate the difference between a Chartered Accountant, CPA or National Accountant, and the lack of recognition for Owner 5 about her qualification, quality and skills, in the face of competition that are 'TAFE accountants' is frustrating.

Finally, Owner 5 discussed community expectations of local accountants. The blending of social and professional lives means clear boundaries need to be imposed, for the range of professional services to be offered and when they will be performed. Owner 5 for example will not perform any financial planning but will refer clients to specialists in the region. The rule applies for insurance. By the same token, Owner 5 has had to impose clear, consistent boundaries when out socially, telling clients and friends alike, that she will not provide answers and sometimes even listen to business-related questions.

For Owner 5 a number of limitations are identified: (i) professional development – ongoing education and training becomes a challenge when the majority of such events are located in the city and thus timing and benefit become considerations; (ii) staffing – recruiting new employees, whether degree-qualified or not, is a constant constraint and here there is a stated preference for locally-based employees as they are unlikely to suffer the culture shock associated with moves from the city; (iii) family reputation – a predominantly positive affect which supports here business endeavours but also brings with it high expectations from both herself and the community; (iv) scrutiny – by the community of her as a professional, her behaviour and trustworthiness; (v) emotional counselling – supporting emotional clients as they deal with illness and relationship breakdowns, and the psychological toll this brings; (vi) confusion about the profession – having worked hard for her qualification the lack of recognition of this achievement and the general ignorance of the community about the accounting profession is a source of frustration; and (vii) community expectations – about her services, quality, and social contribution and involvement.

15.6   Owner 6

Professional development is again the primary constraint identified by the Owner. Owner 6 is one of the most remote participants in this research and isolation is a significant consideration in commercial and professional decisions. Owner 6 has been very proactive in pursuing internet-mediated professional development delivery.

> With the amount of resources out there at the moment, just through TV ed I can get every PD point I need just with the DVDs and the CDs. No problems whatsoever.

However, interaction with her professional peer group is a major problem. The networking opportunities provided by attending professional development sessions are irreplaceable and for this consideration she attends an 'intense' course once a year in Adelaide. She also sends her two employed accountants on similar week long intense activities once a year. An annual regionally based professional development courses is also completed annually where the entire office of staff will attend, although this still requires one or two nights accommodation. However, being 'sole practitioner and no other accountant it's very lonely, very, very lonely'.

The second constrains is staffing: 'you've got to breed them in your house'. Two of her employees are currently enrolled in an undergraduate course delivered via distance education. City-bred and raised employees generally have a period of adjustment to country living and some people will never make this adjustment. 'I have got one here at the moment, has got no idea on how to live in the country and so he's leaving.' Owner 6 has tried to use university recruitment services but recruiting city-bred employees is problematic.

> The only ones you seem to be able to attract are the overseas ones that are looking for residency, that's it, and they just wouldn't fit in, they would just not fit in here, and I mean that's not anything against the community, it's just they would have no clue on how to live in a country lifestyle like this, it is really something you have to be born into or be used to or something like that, and I don't mean to be mean or nasty or, you know, it's just that's the way it is.

Highly emotional clients are not unusual for this Owner and an 'enormous amount' of her role is dealing with stressed and emotional clients.

> I had one lady – and as I said I've got one farmer who's – well the bank's putting pressure on them to sell, she rang the other day, she was totally distressed, just needed to tell me and so I think he's trying to stay on the land, I thought the agreement was we would sell, she said can you get my name off of everything, she said I'm out of here if it doesn't sell, you know, I didn't realize I had to be a counsellor as well but, um, they never trained me in that, you know.

Even in 'good times' let alone the when drought is so significantly affecting regional and remote areas, counselling emotional clients is part of her job. There simply is not enough rural counsellors and a 'stigma' attached using a counselling. Not such stigma exists for talking to an accountant. Owner 6 knows she is not trained to handle this sort of need.

> I quite often have a chat to the local GP who I know quite well and we sort of just talk in general terms of what to do, what to say, stuff like that, so I'm very lucky in that regard to have that back up.

Clients expect 'so much' – providing options and suggestions but ensuring the client makes the decision. Owner 6 noted that 'people have a funny perspective of accountants' with the expectation that they 'know everything': employment law, taxation, even spelling. Accountants have their limitations.

Expectations extend to the broader community. 'I was told I had to be a pillar of the community when I arrived'. Owner 6 was informed this meant no gossip about her, say nothing, know everything, be an expert or at least knowledgeable, no drunkenness, no drinking at the front bar, not being *seen* at the front bar, being judged by your profession, being judged by your predecessors, talk to the right people, do not talk to the wrong people, be involved.

Involvement in the community is very important. Owner 6 has just become a Justice of the Peace, not because she wanted to but because the town needed

one when two of the three existing Justices retired and the other, aged 84, was in hospital. Helping the community is essential and having the status associated with their profession can be instrumental in achieving positive goals. Owner 6 highlighted her role in securing a grant for recycling in their town.

> I went to Council and did a whole Powerpoint presentation which they'd never seen anyone do before in their lives, that was pretty funny, and then laid it out to them and said well, you know, it's all very well for these guys to take the risk but what about you guys, you know, if they don't do this this is where you're gonna be, take responsibility guys, it's all very well to say well they'll make money out of it, this is not a money making venture.

Honesty is a central part of her community involvement, whether with community organisations or clients, holding that it is 'no good pussyfooting' only to deal with the consequences later. Owner 6 feels most accountants cannot or will not be blunt with their clients: 'couldn't tell them you're in the shit and this is the way it is'.

Owner 6 identified several limitations or constraints: (i) professional development – here the networking benefits are the primary limitation with isolation disconnecting the Owner from her professional peers; (ii) staffing – to constant battle to recruit and retain appropriately qualified staff and the problems associated with adjusting to country living and university recruiting services; (iii) emotional clients – a regular part of her job is to deal with the emotional reactions and stresses of clients, as is dealing with the psychological consequences of this on staff and herself; (iv) community expectations – the need to be everything for everyone and an expert at everything and the effect of being 'a pillar of the community'; and (v) community involvement – a necessary and important role for any professional in a regional or remote area.

15.7   Owner 7

Staffing and recruitment is the 'big one' for Owner 7. With limitless work available, reliable staff willing to be retained in this remote (but large) location is the main problem. Turnover of staff is significant and Owner 7 feels his firm is something of a 'revolving door' with staff coming in the front door and quickly heading out the back door. Much of this is associated with the age of the recruited staff. This firm takes a 'grow your own' strategy, identifying secondary school students, employing them straight out of school and training them through distance education.

> it's not because they don't like working for us, we often get a lot of repeat staff back, but we've got one guy at the moment who's been touring North America, we've got another guy we've trained who's touring Europe. We train up a lot of young kids that go to Adelaide, they get to age 21, 22, never been to Adelaide, want to go there and work.

However, many of these 'young kids' return with 'very good references'; thus, some of the incoming staff have worked for the firm before.

Owner 7 felt the role of the accountant had changed to 'all round business service advisor, social worker, tax professional'. The range of people turned to for advice has shifted over the years. 'Once upon a time it was the local Minister or Priest'. Then it was the general practitioner but with these doctors retiring and being replaced by overseas-trained practitioners, the feeling is that they are more interested in physical health and their patient's psychology.   For many the accountant is the only person 'who our clients see on a regular basis'. It is the accountant who completed their will, do their life insurance, financial statements and as such 'we know how all their assets are owned'. If a father

and son or wife and husband argue, perhaps divorce, 'we're generally the people they come to first'. While driven primarily from a financial perspective,

> we get asked to advise on a very wide range of things, everything from, you know, I want to buy a new car, can you come out and test drive it with me, to I'm looking at a caravan to – I want to go overseas on a holiday, where do you think I should go, what can I afford, to even talking to naughty kids at boarding school. We get it all which is really interesting.

The level of emotional support varies with the season but with a financial crisis and drought, a lot of time is spent 'hand-holding' and reassuring, attending bank interviews and explaining

> that once the horror of it's all over, it dissipates, they're still alive and healthy and there are other opportunities out there, you know, often adversity creates opportunities and people need that reassurance.

Occasionally more important needs arise and clients may be suffering from depression or illness and Owner 7 may assist them in seeking medical help. This may mean a phone call to their general practitioner, something 'we've had to do that quite a bit in recent times'. Little in accounting education prepares the graduate for this kind of practice; accounting degrees have remained 'very clinical', concentrating on transaction processing and 'very little about human communication'.

> Most decisions that business people make have an emotional issue and we seem to have been dragged more into that side of it than ever before.

Coping with this emotional side of accounting can be difficult. Staff are often on the 'receiving end' of shouting or abuse. Owner 7 does not tolerate this but let's his staff know that clients may be reacting to having 'had an argument with their wife or they've had a terrible day or they're suffering, they've

forgotten to take their pills and they're down'. Increasing the emotional intelligence of oneself and staff in important.

There is a degree of stress associated with the emotional aspects of accounting practice which 'can be very difficult to handle'. A level of discipline and conscious disassociation from the problems is required – 'you just have to keep saying to yourself it's really their problem, it's not your problem'– and there is a risk the emotional aspects can 'take over your life'. Owner 7 at the time of the interview was suffering stress-induced psoriasis because he was 'worried about all of [his] clients and how they're going'. Owner 7 is not alone in manifesting physical symptoms of stress noting another accountant in his town has been 'suffering badly' as well. While telling himself that they are not his problems, but 'really in a way it is because a lot of these clients we've been dealing with their affairs for twenty five, thirty years, it becomes difficult'.

Owner 7 feels an accountant has the community's respect and personally does not feel any pressure to be involved in the community as a result. Accountants are something of leaders in their communities. He noted that his father had been the local general practitioner and that growing-up in a nearby town the family took a similar leadership role. Owner 7, in contrast to Owner 6, feels no particular pressure to behave in particular ways but naturally leans towards involvement in the community. 'I seem to get invited to all sorts of things'– hospital board, regional hospital council, drought taskforce, and similar organisations. Owner 7 noted that there is an expectation that local accountants would be involved in such activities and the invitations indicated that he, as an accountant, was well respected and seen as having something to contribute to

the community as a whole. People generally trust accountants as 'custodians of people's financial welfare'.

Confidentiality is a clear community expectation. All staff employed by Owner 7's firm are required to sign confidentiality agreements when they join. Clients are not discussed outside of the office – 'if we go down for drinks on a Friday night it's just taboo to talk anything outside the firm'. Confidentiality takes discipline and Owner 7 noted he employs family members of his competition. Inevitably community members will ask about client's affairs but he prides himself and his employees in 'keeping our mouths shut'. Clients as a result 'have a lot of confidence in being able to tell us basically anything'.

Community respect and expectations does result in an awareness of one's behaviour. Owner 7 noted that 'even if you do drink quite a bit and I do, you learn to behave in the community because you can't afford to put anyone offside whether it be another professional person or another client or whatever'. As a result he always ensures he is well behaved even if 'a bit giddy'. He has never felt censured as a result although he is aware that accountants with 'serious drinking problems' have in the past been talked about. Owner 7 makes sure he never puts himself in that position.

For Owner 7 a number of consequences are identified: (i) staffing – always a problem and something of an incubator with staff leaving after two or three years; (ii) emotional counselling – supporting emotional clients as they deal with illness, financial hardship and relationship breakdowns; (iii) stress – resulting from the emotional content of the client interactions and worry in a

significant drought for the welfare of his clients; and (iv) community expectations – about services, quality and involvement.

15.8   Owner 8

Professional development is the main limitation identified by Owner 8. Being located in a large regional centre, the professional associations tend to deliver at least one or two major professional development events locally. 'I get the agenda and I think gosh well that looks the same as last time, how many times do they have to remind us of these things.' Owner 8's preference for professional development is to attend the seminars by the Australian Taxation Office generally held in Adelaide before the end of June especially where new legislation or rulings or 'something important' comes out.

Staffing is another important limitation. This practice was allowed to shrink in the years before the interview owing to a serious illness of the participant. However,

> over the last five years I've had a lot of staff come and go. They've either found it's too difficult, it wasn't their expectations. They're not qualified staff so I've had to train them.

Owner 8's major concern is professional development. As a firm based on compliance work maintaining current knowledge of is critical. The locally delivered professional development events of the professional accounting associations are repetitious and thus of limited use.

Owner 8 feels her gender results in expectations about 'what' she can do as an accountant – doing more because, as a woman, she cares more. She recognises a high degree of emotional support is given to clients as part of their

interactions, needing to 'be positive for them' and keeping clients out of trouble. However, she listens to all sorts of problems including theirs and their families. She knows she does not have the right qualifications for psychological counselling but sometimes 'we d have to come up with answers at times'. The emotional reliance of clients stems from the trust given to the accountant and often the long-term relationships, the level of knowledge about assets, goals and family, means higher levels of trust, disclosure and hence emotional reliance. Accountants become confidantes.

For the accountant these high trust clients and their emotional reliance means stress, 'enormous stress at times' and Owner 8 sometimes loses sleep thinking through the problems of her clients. She has learnt to cope – 'I've got to take it in my stride and that's part of my job'.

As a woman practicing accounting in a regional area, Owner 8 felt it took sometime before she was accepted both socially and professionally. She felt that amongst her peers there was a level of scepticism about her chances of survival and 'was quite lonely' at professional development activities for many years. Owner 8 even felt a level of scepticism from her community about her chances of success. There is a level of scrutiny she endures, much as Owners 5 and 6, highlighted. When Owner 8 bought a house in her town for an office, 'they thought I was leaving my husband'. Over time people have started respecting her for herself and her profession.

Community expectations need to be managed especially where social and professional lives tend to be interactive. When people ask her questions outside of the office, she is likely to answer in general terms but ask a client to make an

appointment or see their own accountant. This needs to be done in way which is not too rude. Most requests under these circumstances are a way of getting free advice. Owner 8's involvement with the family farm increases the attraction of her advice: 'I think my knowledge and what I learn also is an advantage to our farm, our farming business...and perhaps the contacts I have'.

Owner 8 notes several considerations resulting from her practicing and living in a regional area: (i) professional development; (ii) staffing; (iii) the requirement to become an emotional support and counsellor for clients; and (iv) the impact of her gender on community respect, acceptance and expectations.

15.9   Owner 9

Owner 9 identified the perception of country versus city and bigger versus smaller firms as affecting the level of fees chargeable to regional and remote clients. Whilst the work performed might well be the same, 'our fees for the country would be as expensive as anyone... our fees compare[d] to the city, they would be probably cheap to the majority of firms of similar size'. There is a level of justification required to local clients that the services provided are as a good as if not superior to those offered by city-based accountants.

The community has clear expectations about the contribution expected of the accountants residing in town and for Owner 9 this is something which is desirable. His firm completes a considerable number of audits for local not-for-profit organisations. The image portrayed by the firm and its employees is also aligned to community expectations.

> If we're walking down the street [and] people say oh who's that idiot in the tie and whatever, but we sort of do it deliberately and we've talked about going more

casual or whatever in our look because it's forty degrees or we have a summer uniform or whatever, but we want to hold a professional – and we also find that clients are also on their best behaviour when they come here, they generally are dressed up in – they don't come necessarily in their shearing clothes or whatever, they're coming to listen, get some advice, whatever, that they're not coming here to argue.

The community and clients expect accountants and the firm's employees to be professional and is an 'extremely important part of what we do' and confidentiality is aspect. To have a breach of confidentiality, even unintentional, could mean closure of the business.

A seniority and status is given to accountants and other professionals and this has consequences – 'if I go on the footy club committee they expect me to be Treasurer', on the finance committees at his children's schools, hospital boards and more. The community is happy for accountants to contribute their knowledge and skills in running the various organisations, acting as a 'sounding board' when needed. The weight of such expectations can become a burden. Having one's professional skills in demand can be monotonous and Owner 9 noted he'd rather 'go and dig holes or whatever for the Apex Club' than do finance work at times. There is a voluntary aspect to community involvement but it is expected that it is done within the 'professional capacity' as an accountant. Owner 9 noted that this burden 'might be the nature of the beast as well...

> Like sometimes you – because we're egotistical if we're at the top end of our – you know, or ownership of our business that we like to do things right, so if we do things well in our business we tend to like to do things well in our community groups, and it's probably more the time involvement than the actual – so it's not just going on a committee and voting in favour, we tend to yep I'll do that, the best person to do that's me so yeah I'll do it, even though I'm busy I'll still get it done sort of thing. So it might be the nature of the beast a bit that we put pressure on ourselves.

Owner 9 noted two consideration s about his town and his practicing accountancy: (i) fees and a city versus country aspect; and (ii) community expectations.

15.10 Owner 10

As for the majority of other owners, Owner 10 nominates professional development and staffing as the two main professional-commercial limitations associated with operating a business in regional or remote areas. 'A lot of money...a lot of time as well' is spent on professional development. Training is performed on a 'very regular basis' predominantly through the National Tax and Accounting Association and Tax Institute of Australia. In-house training is also a regular feature of professional development: two to three hours once a week.

Staffing and recruitment is simply described as 'impossible'. Standing requests with recruitment services for degree-qualified accountants have remained unfilled for the 'last three or four years'. As a result a 'grow your own' approach is used. Local people are recruited and trained and this 'works out a lot better'. Recruiting professionals to such a remote area presents a myriad of problems. First, if the prospective employee has a partner then it is convincing both they want to live in the town. Perception is difficult to handle, and for this town perception is often relatively negative. So the main problem is reversing the perception. Second is overcoming the 'drop out rate' from the accounting profession.

For Owner 10 professional development is a problem but one which is being dealt within as effectively as possible given geographical isolation and

538

technological problems. In contrast staffing remains a central limitation with requests for qualified staff remaining unfilled and the negative perceptions of the location.

Community involvement is a natural feature of life in regional or remote towns and Owner 10 has never felt any expectations from the community as such in the regard. This absence is attributed to his first actions in town when he arrived twenty-seven years before. 'One of the first things I did was join every club I could think of because I knew nobody here at all, absolutely not one person.' Joining clubs was the only way to become familiar with the community and its people, and start creating the social networks needed to settle in the town. The need for community involvement is both personally and professionally desirable. But there is a difference between being a member and a committee member of local clubs. For Owner 10 there is self-awareness about his preferences for involvement noting that

> if I was on a committee in a committed way I couldn't be there without being a
> Treasurer or a Secretary or something with a higher level of involvement because
> I wouldn't want to be associated with them if I think they're going the wrong way
> and the best way to do it is to help them steer it.

As a result, Owner 10 tends to avoid committee memberships preferring to offer advice is requested or limited his committee work to a three year period to avoid 'burnout'.

> I think there's a lot of pressure on me because I'm an accountant on that role that
> people still see me as an accountant, I can't be an ordinary committee member, I
> have to be at a higher level and people would perceive me as that and therefore I
> would be out of it completely or right in, I'd never be at a smaller position.

As an accountant there is a pressure to be everything to everyone but Owner 10 finds this more enjoyable than burdensome. The key is to find 'where the line stops'. There are no lawyers resident in the town, so accountant often are asked to complete wills. Owner 10 will not do them and refer people to lawyers for the task but facilitates the process by collecting information and passing on for the lawyer to 'finish off'. 'Lots of legal things' are done this way. Many things Owner 10 does in a professional capacity are 'not really part of accounting at all but you just do it to help them'.

These extended tasks include supporting clients emotionally but Owner 10 notes his clients are looking 'for strength not weakness'.

> [A] farmer really needs some help because everything's falling to shit around them and needs that help, you need to be a pillar, you need to be something that they can hang onto and stand up, not cry with you and say oh things are shit, they already know that, they're coming to you for something a bit better than that.

The accounting or financial advice given to clients serves dual purpose but sometimes 'holding their hand and helping them through the process' is just as important. Owner 10 is careful to note that he is not a counsellor and not trained to provide the help than some clients might need.

> No you don't go into areas that you're not good at. You find out the need and you have to work that out very, very soon in that whole situation, and you would walk them, hold them by the hand but take them to who's more likely to be able to be better help for them than whatever we're trained for.

Sharing in the emotion of the clients is dangerous and 'that's going to bury yourself with them'. Being able to stand back and be objective, deliberately, provides the strength and assistance emotional clients needs.

> We have had a marriage breakdown this time last year of a farmer who was extremely emotional about it all, but we were able to get things sorted very, very quickly, so quickly that he was able to get on with his life and just twelve months later everything's sorted out, separation settlements have all taken place within about a month, so it didn't get into that hatred between them. So we were able to get things happening a lot more quickly because we didn't get emotional about it and so we got a lot better outcome.

Practicing in a regional or remote town means social and professional lives are blended. Friends become clients, client become friends. Owner 10 never talks business after hours and tells anyone who approaches this very quickly. After so long in town, most people do not even try to ask questions anymore: 'I've got a very distinct shut off mechanism that they'll know there's no point in asking me 'cause I basically won't care, until Monday'.

Owner 10 brings together a number of considerations which characterises accountancy practice in regional or remote communities: (i) professional development concerns; (ii) staffing; (iii) technology and telecommunications infrastructure; (iv) community expectations; and (v) emotional counselling.

15.11 Owner 11

Image is strongly associated with trustworthiness and for Owner 11 takes 'great pains not to have myself elevated'. This extends to the type of car he drives. 'I drive my old Holden ute...I mean I've got a Statesman as well but that's mainly for my wife'. He is not alone in maintaining a low profile via the car he drives with Owner 9 telling of a similar need. Expensive or new cars may be interpreted as extravagance and that as an accountant, he is charged too much in terms of fees and taking value away from the community.

There are community expectations regarding accountants. With a university degree there is an expectation that one's approach to decision making is more balanced and that there is something extra which can be given to the community by serving on various committees. Owner 11 has been through nearly all sports in the town and when a member of a club inevitably becomes involved at committee level as well.

Unlike other accountants Owner 11 has not felt a need to modify or be too careful of his public behaviour in fear of it undermining his trustworthiness as an accountant. Where some accountants may feel or been told of a need to avoid drinking in public or gambling, Owner 11 enjoys punting on the horses and in local hotels and pubs he can be seen walking behind the bar to pour beers, although he draws a line at operating the tills. He attributes this to the position of trust which he occupies in the town: 'I'm in a position of trust, I'm in a position of responsibility and that that counts for a lot'.

In regional and remote towns there is a certain level of blending to be expected between social and professional lives. Sometimes this is driven by client circumstances.

> I know for example a couple of fishermen that are on the deep sea trawlers that dock here. They might only be in town for twelve hours and if I'm out at the pub and they go oh I've got a – so you do make exceptions.

It is clear for Owner 11 however that such examples are clearly exceptions and not the norm. He also does not mind if people ask him questions at social functions but makes a distinction between rare occasions and other who make it a habit. It is a matter of setting boundaries and being consistent in letting the

community know of them. Most people will respect the boundaries and understand that work remains in work hours.

The blending of social and professional lives and operating in towns which may have quite a small population means that clients become friends and vice versa. With the level of trust and familiarity which results it is inevitable that a level of emotional support is involved in the accountant-client relationship. At times there can be a cluster of problems.

> Over the last two years I've probably had seven or eight of my clients pass away mostly through cancer and it's very hard, you've got to be – they'll break down in tears... there's that many people that break down in tears here. ... There's no doubting a few of the times I've been to the funerals and I've had a few tears in my eyes saying goodbye to someone especially if they were a client.

Marriage counselling is part of the job, people with illnesses who might pass away. Being strong-willed is essential; one's emotions cannot spill over into the client interaction. When clients are in the office maintaining a professional approach is important and 'quite simply you just have to make that distinction'. But for Owner 11 this does not mean that physical displays of support are out of bounds – 'I'll give plenty of hugs to my clients'. Ethnicity can impact on the emotional support. Although not indigenous himself, he has a number of indigenous clients and cultural awareness is very important.

> I'm probably catching up with some people today who buried their father on Friday and that's going to be a difficult one, they're indigenous people and there is going to be an emotional aspect. Part of it however is the fact that I'm going to be disappointing them to a little bit of a degree because I haven't been able to find the answers that they want, I've just tried ... when I catch up with them probably later this afternoon I'm going to have to be very, very careful about the words I choose.

There is an emotional toll on the accountant as well when being called on to act as an emotional support. Owner 11 has a number of clients undergoing chemotherapy and 'you can see them deteriorating in front of you'. Humour helps; 'humour is everything up here'. But mainly it is about listening – 'you've got to be a good listener'.

For Owner 11, three main considerations affect practice: (i) image and professionalism; (ii) community expectations and behaviour; (iii) the blending of social and professional lives; and, (iv) client requests for non-business advice.

15.12 Owner 12

Owner 12 identified access to professional development and other training as a significant concern in a regional area. Whilst the regional office of his firm brings trainers in to their office, he feels that training is not as effective as when able to interact with other accountants, especially those based in the city, where skill levels were considered to be higher or more diverse. The professional networks which develop from attending professional development courses cannot be replicated in regional towns owing to the small number of accountants.

In close-knit communities 'everyone knows everybody' and the expectations of the community can be 'extremely high'. People and organisations constantly approach the firm and individual accountants for money; clubs and charity organisations are constantly seeking 'sponsorship and free audits'. Requests are not restricted to money alone with clients and friends asking for work

experience for children. The personal obligations felt in regional areas simply do not exist when in the city.

The closeness of the community also means that clients rely on their accountant for advice about a range of matters not all of which are related to business or financial affairs. 'Life advice' is commonly sought and Owner 12 considered such advice 'fundamental to long term prosperity'.

For Owner 12, three main considerations affect practice: (i) professional development; (ii) community expectations and involvement; and, (iii) client requests for non-business advice.

15.13 Owner 13

For Owner 13 professional development 'gets in the too hard basket most of the time'. The ability to participate in professional development for this owner is complicated by the needs of her young child. The time needed to attend 'locally' delivered events (four to six hours) has immense impact on her ability to care for her child. For Owner 13 then professional development becomes something of a "necessary evil".

Staffing is an immense problem for this owner: 'I wouldn't be downsizing now if it wasn't for the huge lack of skills'. The inability to secure appropriately qualified staff means the tough decision to change the overall structure of the practice from partnership to sole trader and reduce the number of clients. Attempts to 'grow her own' failed as the secondary student she tutored through Year 12 subsequently moved to take up a position with an accounting firm in

Adelaide. Other locals tend not to have the skills needed, interest or ambition to take a position as 'offsider' and eventually a more permanent position.

For Owner 13 who has a young family and assists her husband in operating the family farm, professional development is a significant impost of time and remains a concern. However, staffing is perhaps the main constraint identified and Owner 13 certainly identified that this problem has limited the ability to grow her business and indeed has been the main consideration for decision to 'shrink' the business.

Owner 13 understands that there may be community expectations about what she can provide to the community in terms of her profession. But she does not feel that expectations. She attributes this to her willingness not to charge when asked to perform audits and other services.

In a small community a professional is a professional at all times. Being younger and before she had children, friends would ask to go out for a drink. They could not understand her reluctance, but with a high probability of clients being at the venues, she could not risk any behaviour which would undermine her trustworthiness. Owner 13 felt her young age counted against her as she established her business. Her gender was another barrier. Accountants in the minds of the community were older men, not young women, and many local residents did not believe she could be appropriately qualified to practice. Establishing her practice had been something of a battleground.

A blending of social and professional lives is inevitable as people may not make a distinction between work and social hours especially when her practice

is ruin from home. Owner 13 finds this aspect 'quite annoying' and while boundaries need to be set, that the advice is being sought from non-clients is an added stress. Status as a client is not considered an obstacle for community members seeking a bit of free advice. There is a belief that some of the questions are about validating 'what their accountant's doing wrong'. Owner 13 considers this quite unethical but it is done consistently.

Owner 13 is currently downsizing her practice for considerations stated earlier but prior to this process starting a significant amount of her time was spent supporting her clients in an emotional sense. 'Needy clients' could spend considerable amounts of time on the phone talking about a range of problems, and Owner 13 could spend hours a week supporting clients with their emotional needs rather than traditional accounting. This kind of activity takes a commercial toll as much as an emotional one. Each accountant has limited time and limited resources. She understands why clients do this; 'when you're feeling a little bit down about things you look for anything to latch on to, any sort of lifeline'. Trust is a significant consideration guiding this behaviour.

For Owner 13 several consideration s emerge about the environment in which she practices and resides: (i) professional development; (ii) staffing; (iii) community expectations; (iv) image and trustworthiness; (v) gender and age; (vi) emotional counselling.

15.14 Owner 14

As a member of a professional accounting association, Owner 14 identified professional development or continuing professional education requirements as a major constraint on his business. The professional development is seen as an

impact part of being professional but is problematised by his location. For regional or remote accountants it is not only the cost of the event, often hundreds of dollars, but travel, meals, accommodation. On this last, he notes that having relations living in Adelaide and willing to put them up assists to mitigate the overall costs but barely.

> And time is the other consideration , it's not a matter of just jumping in the car and driving to the seminar, it's sort of a day to get there, do the seminar, stay the night and come back the next day.

The more remote the harder completing professional development requirements become. Choice of event is critical, making maximum use of time and making the most benefit for the cost. Multiple day events are commonly attended enabling the numbers of continuing professional education hours required per year to be achieved at one time.

> But there's a lot of other little things I'd like to go to, just those little updates and seminars that you just can't really afford to say well we'll just go for the day just to go to a one and a half hour seminar and take the next day off.

Some attempt might be made to combine holidays with professional development but this is not always possible. It is not only the knowledge that may be missed but the contact with peers. This lack of networking was first highlighted by Owner 5. Isolation from one's peer group is a major challenge for regional and remote accountants: city-based accountants are perceived as having superior personal networks owing to their ability to attend professional development events.

> I mean I suppose really the way we just sit here and do the work and everything's all done by email and you've got your programs and updates come electronically, you don't have to wait for the post too much, it's all pretty straightforward.

Owner 14 was one of only a few participants who mentioned fees as a constraint or limitation. Fees generally in regional or remote areas are lower than might be charged in the city for the same work. Owner 14 felt his fees 'are very considerable and obviously a lot cheaper than what people would pay to go to an Adelaide accountant'. The consideration for this perception and practice is one which is left unexplained by the Owner.

Being a business in a regional or remote area means requests for sponsorship are inevitable; the number of business which are in a position to afford such assistance is usually fairly small. The other type of request is the annual audit at low cost or no cost to the organisation. Owner 14 notes that 'once upon a time [this] was pretty straightforward', this is no longer the case. Audits are more 'rigid' with more firms to be completed and the requirement for audits to be done in certain ways. More time is spent ticking boxes. It may not cost the organisation much at all but for the accountant it is a 'full day's work'. But there are promotional advantages for the accounting firm. As an accountant there is an assumption that this makes one a suitable candidate for being a member of 'the hospital board or the school council or things like that'. Over the years however as services change or one's children no longer attend school that expectations of such service diminish.

Mixing business, professional and social lives happens; clients are friends, clients are community members, and mixing at community events is inevitable. However, most people will soon recognise that social functions are not the most appropriate place to discuss business, especially if confidentiality is important. A level of emotional counselling or involvement is as inevitable as mixing

business and social lives. Most people are looking for somewhere and someone to 'offload'. This is especially true during difficult times. Drought or a financial crises tends to make matters work and Owner 14 noted that he has had 'people's whose wives have left them and they come and tell me all about it...like well what do you want me to do about it but away they go'. This sort of activity does not happen often for Owner 14 but mostly when there is a major crisis.

Owner 14 notes a number of consideration s: (i) professional development; (ii) fees; (iii) blending of social and professional lives; and (iv) emotional support for clients.

15.15 Owner 15

Owner 15 also identifies professional development and associated networking as the chief constraint of operating an accounting firm in a regional or remote area. Like other remote owners, Owner 15 notes that technology is helping to overcome some of the obvious problems associated with meeting professional development requirements. Professional associations are an important resource for all accountants and this owner-accountant has a solid personal network of colleagues to assist him in providing the answers to client questions. This network does not extend to other local accountants 'because, hello, you know, they're *in* town' [emphasis added]. However, it is the geographical distance to Adelaide, and the majority of professional development activities, which is identified as 'the biggest restraint ... from both a personal and a business point of view ... it takes a day to get to Adelaide'. In fact, to attend any professional development session in Adelaide takes three days:

Thursday, Friday and I'll come back Saturday. I'm not gonna drive at night basically. That's the other issue out here because of the kangaroos, there's no way I'm gonna drive with the wildlife out and about.

The dangers of travelling at night in remote areas should noted be underestimated; most remote accountants can provide stories of their encounters with kangaroos or emus at night – or show pictures of written-off cars.

Staffing is less of an issue with this firm as it was established in a way which ensured one person, the participant, could handle the majority of work including reception duties. He has tried to employ a part-time assistant, but 'it's hard to get [part time staff], you know, they want full time but I haven't really got full time'.

Succession is more of a concern. Owner 15 is one of only a small number of participants who have been thinking about success. His plans are 'still very airy fairy'. Having someone with an appropriate qualification is the first hurdle. The second is 'get[ting] someone who's willing to come in and start off working out there, well even just come in as a partner or whatever to start off with and then just take it over'. Being located in quite a small community presents a major challenge to ensure the continuation of the business.

Owner 15 continues to highlight the problem of professional development, particularly accessing events in which networking opportunities can be exploited. Local networks presented their own special problems owing to the privacy issue first highlighted in Chapter 4. He also highlights the real physical dangers which can arise from travelling. While staffing is another constraint

identified by Owner 15, he concern is more related to succession and the continuation of the business after his retirement.

Unlike some of the owner-accountants in this research, Owner 15 has managed to keep work and social lives separate. He has recognised that accountancy can be a 'terrible trap to start talking work out of work here'. Small town environment behaviour is very important and the danger of talking work in a social setting is compounded if a few drinks are involved. A serious breach of confidentiality is a real risk and Owner 15 has gained a few clients from a nearby town for such considerations.

Accountants are constantly being judged by clients and their community, mainly on their ability to maintain the confidentiality of their clients' information and affairs. Staff is held to extremely high standards, and for Owner 15 and the inability and unwillingness to offer full time work, he has to 'watch her' in this regard.

Community expectations of accountants are such that involvement with sporting clubs through committee work, checking the books or audits are a part of a regional or remote accountant's role. A distinction needs to be made between audits which are chargeable and those which are not. If there are only 10 or 12 transactions a year it is pointless to charge anything. The weight of expectations has diminished over the years and they were certainly higher as a newly arrived, young accountant.' Even now there is a level of scrutiny and some lessons have been learnt over years: 'I understand it now that I just can't say things, simple as that'. A level of behaviour above reproach needs to be maintained, toning down preferred lifestyle in favour of one which is more

desirable by the community in a professional to whom their private financial details are being entrusted. Professionals need to become 'role models' for their own children, the community's children, and the community at large.

There is always an emotional element to accountant-client interactions, even if it only social chit-chat at the start of a meeting. Yet he finds there is often a deeply emotional discussion about what constitutes the best asset purchases. It used to be a battled between what was 'the biggest and best' and what could most efficiently and effectively do the job. Now it is more 'do you need it, how bad is your stuff you've got now, you know, and that sort of to me is being financial'. After this comes the emotional aspect, knowing 'how to treat particular people'.

Stress is a problem when a profession involves talking with people. Being abel to effectively relate to people is essential and sometimes this means having to carefully 'pick your words...But it is stressful for me at my point of view, yes very much so, I've got to be careful. You have to think about what you're going to say to people.

Owner 15 brings together a number of considerations which characterises accountancy practice in regional or remote communities: (i) professional development concerns; (ii) staffing; (iii) trustworthiness and behaviour; (iv) emotional counselling; and (v) community expectations.

15.16 Owner 16

Professional development is an important feature of being a professional. For Owner 16 there is a perception that it is something of an inconvenience even for

city-based accountants where access is less of an issue: 'not many in the city go to it actually, well not as many as should'. Like Owners 5 and 15, Owner 16 identifies lost networking opportunities as a major problem and one which attending professional development events can rectify. 'It's very useful for us to have the interaction and get conversation flowing with other accountants.' So this Owner and his employees will travel when a half- or full-day event is held, but 'you don't do it for a two or three hour tax update'.

Staffing is a perennial problem. Owner 16 is currently recruiting and a desire to live in the country is sufficient consideration to employ them 'whether we have work for them or not, we'll find work basically'. *Attracting* staff is not considered too much of a problem. The firm keeps an eye out for people, perhaps secondary or TAFE students but also others and talks to parents, letting them know is they want to come back after studying in the city, 'we'll find something for them'.

> We've had programs before where we offer to year 12 students who want to take a year off before going to advanced studies whether in accounting or not, we've given them a year's work experience placement with us to help them raise the money, that gets us knowing them, them knowing us.

At the moment the principal aim is succession. Owner 16 is looking to retire in the next few years and a qualified successor is needed. The plan, the same plan he himself was a part of, is to recruit a degree-qualified person, employ them for two or so years, before they begin to take more responsibility and then move into an ownership role. Finding this person is a major interest and challenge.

For Owner 16 professional and social lives are heavily blended. One cannot be 'scared to go out' for a lunch time walk or dinner. But he admits little walking

is done during his lunchtime walks, with many people stopping him to make appointments, chat, or ask advice. Owner 16 makes one particular point: 'we're on country time now so there goes twenty minutes just to say hello'.

Community expectations about the level of involvement of accountants are higher and behaviour has been modified accordingly: 'absolutely, we can't do anything, that's the down side'. While this is something which one learns to cope with, if the expectations are unrelenting over a long period of time when it can become stressful. As Owner 16 is nearing retirement age, he finds his preferences have shifted to playing 'a game of golf' and not providing advice to all who are on the course at the same time. More importantly, one's preparedness to become the Treasurer of various organisations diminishes – 'you don't want to be going to monthly meetings and you don't want to do the audit'. But because you are the accountant in the town, there is the expectations that you will do this audit or that audit for free and be on the committee of every club of which you are a member.

Clients trust their accountants and inevitably will ask questions which extend beyond the realm of accounting, perhaps into financial planning, which until recently 'we were allowed to do'. There is also a generational effect with clients' children now being clients in their own right or clients ask the accountants to help with their children's' problems with an expectation of keeping the cost to a minimum because the child has little money. However, it also includes divorces, family struggles over succession planning especially where there's farmland or a bit of wealth involved and 'the family's been torn

apart'. Dealing with this level of problem and involvement is a 'method' and includes discussing it with the clients,

> verbalizing it, getting feedback from others always helps in resolving some of the stress, giving a clear path or decision that what you've said is correct, is good advice, it's not favouring one side or the other in the argument. There is also the problem of clients being friends and potential conflicts of interest. One side of an argument might play off the other, 'the husband trusts me but the wife doesn't'. All of this adds to the stress of being an accountant, and like other owner-accountants in this research, Owner 16 is 'being treated for that'.

Owner 16 highlights the problems facing accountants in regional and remote areas about professional development and attracting staff. More importantly he, like Owner 15, highlights the problems associated with succession and the continuation of accounting services as current owner-accountants think of retirement. In addition, several other consideration s about regional and remote practice emerge: (i) the blending of social and professional lives, (ii) community expectations and maintaining trustworthiness; and (iii) emotional elements in the accountant-client relationship and the stress this causes.