Satisfaction and pricing for accounting services to very small enterprises

Giuseppe Catenazzo*
HEC University of Geneva,
40, boulevard du Pont-d’Arve,
CH-1205 Geneva, Switzerland
E-mail: giuseppe.catenazzo@unige.ch
*Corresponding author

Emmanuel Fragnière
School of Management
University of Bath,
Bath, BA2 7AY, UK
and
Haute École de Gestion,
Geneva School of Business Administration (HEG),
7, route de Drize, CH-1227 Carouge GE, Switzerland
E-mail: emmanuel.fragniere@hesge.ch

Nils Guillaume-Gentil
Haute École de Gestion,
Geneva School of Business Administration (HEG),
7, route de Drize, CH-1227 Carouge GE, Switzerland
E-mail: nilsguillaumegentil@gmail.com

Abstract: In this paper, we present the results of a survey we conducted to unveil the perceptions on accounting services of managing directors of very small enterprises (VSEs) in Canton Geneva, Switzerland. 153 out of a random sample of 1,018 company directors answered our mail survey in May to June 2009. Among our results, we observe that most VSE directors outsource accounting tasks and are satisfied with the services they receive. They seem to fully acknowledge the value provided by accountants. Trust, information and advice provided by accountants are positively related with their clients’ satisfaction. Finally, we observe a relationship between customers’ willingness to pay for this type of credence service and their satisfaction with the services they receive.

Keywords: accounting services; willingness to pay; customer satisfaction; service quality; service pricing.

Reference to this paper should be made as follows: Catenazzo, G., Fragnière, E. and Guillaume-Gentil, N. (2014) ‘Satisfaction and pricing for accounting services to very small enterprises’, Int. J. Economics and Accounting, Vol. 5, No. 2, pp.145–164
Biographical notes: Giuseppe Catenazzo is a Doctoral Assistant at HEC University of Geneva, Switzerland. He received his MSc in Management of the University of Savoy, France, a Postgraduate Certificate in Applied Environmental Economics of the University of London, UK, and Bachelor in Economics and Business Administration of the University of Aosta Valley, Italy. He was formerly a Research Assistant at Haute École de Gestion of Geneva where he co-headed several projects on business and environmental management. He is the co-author of a book on services management La gestion des services (Economica, Paris, 2008) and papers on risk, services and environmental management.

Emmanuel Fragnière is a Professor of Service Management at Haute École de Gestion of Geneva, Switzerland. He is also a Lecturer in Enterprise Risk Management at the Management School of the University of Bath, UK. Previously he was a Commodity Risk Analyst at Cargill and a Senior Internal Auditor at Banque Cantonale Vaudoise, the fourth largest bank in Switzerland. His research is focused on the development of risk management models for decision-makers in the service sector. He has published papers in academic journals such as Annals of Operations Research, Environmental Modelling and Assessment, Interfaces, and Management Science.

Nils Guillaume-Gentil is an Accounting Manager of an international pharmaceutical company based in Geneva, Switzerland. Also, he regularly serves as an external consultant for many small and medium enterprises in western Switzerland. He has a broad experience in Swiss accounting regulations and practices and in VAT bookkeeping for over 15 countries. Holder of an undergraduate degree in management of Haute École de Gestion of Geneva, he formerly worked in the accounting department of the Solidarity Fund of Swiss National Abroad, an organisation in charge of providing Swiss expatriates with financial, insurance and pension services.

1 Introduction

Accountants are professionals in charge of handling organisations’ financial information. They record transactions, keep registers, and provide management with trustworthy and updated information (Mohd Nasir et al., 2009). This is a profession that requires highly qualified skills and a broad knowledge of business. Accountants can also specialise in particular branches of the profession, such as in tax and consulting or in particular segments of customers (Stone, 1968). Accountants’ skills and knowledge are essential to organisations, since they can provide enterprises with valuable information to improve their efficiency. Their support is of particularly great value to small- and medium-sized organisations (SMEs), which cannot easily rely on other qualified help. Furthermore, accountants possess a good understanding of business practices, since they are well educated in economics and business administration, and come “constantly into contact with business men” [Drucker, (1928), p.364].

Therefore, accountants are useful to organisations: they supply businesses with high added value services. According to Debély et al. (2008), high added value services are provided by well-trained individuals and aim to satisfy the customers’ needs through the design of personalised solutions and the maintenance of good relationship standards. This definition seems to fit well with the profile of an accountant: they are well-educated
professionals whose daily activities require high technical skills that constantly need to be tailored to clients’ needs and expectations. As in most credence services, clients of accounting services are required to take part in the experience and to interact with the providers at different stages of the process (Malhotra and Morris, 2009). Accountants need to manage the art of accountancy (Duska, 2005), to master technical formal procedures and to forge good customer relationships (Malhotra and Morris, 2009).

However, in reviewing the literature, we learn that, despite the relevance of accountants to the economy, this profession is neither fully acknowledged nor well perceived. For example, Australia, Malaysia, the UK and the USA are short of accountants, but in Malaysia even accounting graduates do not foresee a career in this field (Mohd Nasir et al., 2009). Also, educators think that an accountant’s work is far less interesting than that of an architect, medical doctor or lawyer (Sugahara et al., 2006; Pollock et al., 2002). This tendency is also observed among the younger generations: students usually have an unenthusiastic perception of this profession. They are unlikely to consider it as their first choice (Maltus and Fowler, 2008). To them, the accounting profession seems “boring, definite, precise and compliance-driven” [Byrne and Willis, (2005), p.377]. These are some of the outcomes of interviews of Malaysian university students (Mohd Nasir et al., 2009) and a survey among secondary school students in Ireland (Byrne and Willis, 2005).

Even scholars seem uninterested in understanding the main characteristics of an accountant, since very little literature examines the relationship between accountants and their clients. Mangos et al. (1995), indeed, call for research in this field. Extant research focuses more on the perceptions of the clients towards accounting firms (Aga and Safakli, 2007) or their internal marketing (Chastor, 2000), such as motivating (Strawser et al., 1969) factors for workers in this industry. Malhotra and Morris (2009) also suggest looking at professional services of different dimensions and ranges of activities. Hind (1986) further calls for studies in different market segments outside England. Finally, Chastor (2000) examines the impact of accountants’ marketing styles on their relationship with SME manufacturers’ directors in the UK.

This presentation highlights that little research is available to understand the accountants’ job as a service provider. In a field that is apparently poor in literature, we demonstrate the interest of our research, which unveils matters of satisfaction and pricing in providing accounting services to very small enterprises (VSEs). Therefore, we examine the perceptions of VSE directors, i.e., their expectations and appraisal of the accounting services they receive. We endeavour to draw useful conclusions based on which we can make recommendations to accountants on how to better design their business and improve clients’ perceptions of the quality of the services provided.

2 Development of hypotheses

As illustrated above, accountants suffer from a rather uninteresting image. Only a limited number of locally based studies have examined the main drivers of clients’ satisfaction with accountants’ services. Chastor (2000) surveyed 500 small manufacturers to examine the style of the relationship offered by the service and its impact on service quality and customer satisfaction. More recently, a survey among managers of non-profit organisations in the Brazilian state of Distrito Federal showed that only 40% of
respondents were satisfied with the services they received; this was due to the accountants’ perceived poor knowledge or skills (Das Neves Júnior and Lins, 2007). Directors of small- and medium-sized industrial organisations in the north of England were interviewed (Hind, 1986). Here, accountants are generally well perceived, they have a good image, they are friendly and “take an active interest in their client’s performance throughout the year” (p. 315).

We focus our analysis solely on the smallest organisations (fewer than five workers) to measure customer satisfaction and their appraisal of the services they receive. As confirmed by exploratory interviews we conducted at the beginning of this study, we assume that VSEs mostly outsource accounting services. Therefore, we provide insights on the business-to-business relationship between VSEs’ managing directors and their accounting service provider. This work is based on the analysis of the results of a survey which was administered in Geneva and its surrounding area (Canton) between May and July 2009 among a sample of 153 VSEs.

In Geneva, accountants usually have good managerial and consulting skills. This has recently been confirmed in Switzerland, where accountants have been deeply involved in helping SMEs to implement devices required by new regulations on internal control and auditing (Catenazzo and Fragnière, 2010). Aga and Safakli (2007) show that clients’ satisfaction with the services provided by accounting firms depends on their image, price, and service quality. Therefore, we examine relationships between customer satisfaction, quality, and pricing for accounting services. We decided to replace the image dimension by trust in the accountants. This element seems crucial (Chastor, 2000) to understand VSE directors’ relationships with their accountants.

As a first step, we identify elements of the way accountants may be perceived to enable them to better design the service experience they supply to their clients. Then, we highlight some factors that are likely to ensure that small organisations are satisfied with accounting services. We verify the existence of significant relationships between the relevance of accounting information (H1), tax advice (H2) and trust in the service provider (H3) and VSE managers’ satisfaction with the accounting services they receive. Pricing will be examined in the second part of our analysis to verify whether current schemes are consistent with very small-sized enterprise directors’ perceptions of and satisfaction with accounting services (H4).

Concerning the relevance of accounting information, we have already mentioned its role in helping VSE managers to run their businesses. Miranda et al. (2008) show that VSEs’ managers value the crucial role of information provided by accounting services to organisations. Cronin et al. (2000) show that service value is an antecedent of service satisfaction. Thus, since the quality of the information provided by accountants is important to clients:

H1 There is a relationship between satisfaction and the value of accounting information in running the business.

Consulting and advising clients is also relevant to VSE managers who usually cannot afford alternative qualified help. Catenazzo and Fragnière (2010) relate the importance of accountants in the implementation of compulsory internal control systems within Swiss small- and medium-sized enterprises as was required by the end of 2009. Thus, accountants are expected to provide useful guidance for managers on how to comply with compulsory and fiscal regulations. Thus:
H2 There is a relationship between satisfaction and the value of tax advice provided by accountants.

As in most credence services, accountants supply their customers with both formal and experience-based services (Malhotra and Morris, 2009). This implies that clients need to rely upon their accountants’ capability to manage the art of accountancy (Duska, 2005). Also, accountants have full access to business data and to further confidential information; VSE managing directors should trust their accountant enough to allow her/him access to such sensitive information. Thus, we can expect a relationship between customers’ satisfaction and trust in their accountant. Thus:

H3 There is a relationship between customer satisfaction and trust in accountants.

We consider that the pricing of a service is based on three factors: direct and indirect production costs, competitors’ pricing and perceived value (Lovelock et al., 2008). Production costs and competitors’ fees are exogenous and independent of the quality of the service provided by accountants and experienced by clients. Conversely, clients’ perceived service value is intrinsic to the business-to-business relationship with the provider. Perceived value is a crucial driver of consumer satisfaction in a service experience. We know from Homburg et al. (2005) that customers’ willingness-to-pay (WTP) increases with satisfaction. Therefore:

H4 There is a relationship between customers’ current satisfaction and their maximum WTP for excellent accounting services.

3 Methodology

To better understand the role of accountants as service providers, we divided our research into two main phases. The first was a qualitative exploratory phase; the second consists of a survey with a sample of Geneva VSEs. As elsewhere in Switzerland, Canton Geneva’s economic structure relies heavily on VSEs and small and medium enterprises (SMEs). Therefore we decided to target this type of organisation, which represents 87% of Geneva organisations: VSEs and SMEs employ 56,478 (i.e., 20.98%; 2004) full-time workers in the city and surrounding area out of 269,200 (2003) full-time jobs (http://www.ge.ch/statistique).

During the exploratory phase, we conducted in-depth interviews with a small sample (10) of managing directors of VSEs. They head organisations established in the Geneva area (Canton) and are active in the main local industries (e.g., the hospitality, manufacturing, financial, and medical industries). This phase was intended to identify key aspects to be assessed in the survey. The interviews took place between January and March 2009 and focused on identifying underlying service quality satisfaction criteria. The recurrent themes identified were the accountant’s technical skills, as well as his or her knowledge of corporate finance, marketing, and human resources. Other elements were also elicited by the respondents; namely schedules and availability, fees, reputation, image, trust and confidentiality. These elements were the starting point, which enabled us to design the questionnaire.

We also investigated the accountant-customer relationship: respondents listed five criteria relevant to them (accounting skills, time-saving service, trust, confidentiality, and
support to better manage their business). We also discovered that Geneva organisations that employ up to five full-time workers mostly outsource accounting services. Conversely, larger organisations are more likely to have a structured in-house accounting department with part-time or full-time employee(s) in charge of providing accounting services. Therefore, we decided to address the survey exclusively to VSEs in Geneva Canton with fewer than five employees.

Starting from these preliminary findings, we designed a questionnaire (Annex 1) composed of 41 closed questions. The first part of the questionnaire deals with general satisfaction, the second with accountants’ expertise level, and the third with customers’ perception of service advantages. We included a hypothetical scenario to predict individuals’ WTP (Debély et al., 2008; Hoevenagel, 1994) for excellent service experience.

Afterwards, we selected a random sample of VSEs and administered our questionnaire through electronic and ordinary mail. Budget and time limitations obliged us to send the questionnaire only to 1,018 randomly selected companies among the 5,853 Geneva VSEs that neither provide nor possess their own accounting services.

To select the sample, we downloaded the list of Geneva-based companies from the Répertoire des entreprises du canton de Genève (http://www.reg.ge.ch), the cantonal official register that records by law all companies in the Canton. This open access database provides companies’ names, addresses, managers’ names, industry, number of full time employees, and further miscellaneous information.

The file downloaded was an electronic spreadsheet; from this, we selected our sample. On 1st April 2009, Geneva VSEs meeting both criteria totalled 5,853. From these, 1,018 companies were selected using the random Excel formula. Of these 1,018 companies (17.4% of the population), the direct e-mail addresses of the managing directors of 470 organisations were available in the database. We sent the electronic version of the questionnaire to these managing directors. For the rest (548), we sent managers the form by traditional mail and included a pre-stamped envelope to return the completed questionnaire.

Both the electronic and paper-based questionnaires were sent out at the beginning of May 2009. At the end of July 2009, 153 valid questionnaires were returned (a 15% return rate). The sample was composed of respondents active in commercial activities (30.1%), insurance and financial counselling (11.8%), or work in the restaurant and hospitality sector (11.1%); 73.2% of the sample outsource accounting services, and 26.8% use both in-house and external accounting services.

4 Descriptive statistics

We now present the main statistics obtained through the analysis of our survey results. The first part of the questionnaire enquires about the customer’s general satisfaction: 91.5% of respondents asserted that they are satisfied with the quality of their accountant’s services. Geneva VSE directors’ perception of accounting services is consistent with Hind (1986), but higher than displayed in the Brazilian study [i.e., 40%; Das Neves Júnior and Lins, (2007), p.38].

To explain the reason for their satisfaction, respondents had to choose from a list of 19 items that are actually provided by their accountant. Of the respondents, 75.2% selected the element ‘accounting skills’, 49% ‘legal knowledge’, 47.7% ‘clear and
understandable explanations’, 41.2% ‘tax reduction’, 40.5% ‘experience’, 38.6% ‘know-how with administration’, and 36.6% ‘value for money’. Thus, providing full reliable information and possessing expertise seem relevant to customers. This is consistent with Duska (2005), who calls for ethics in this industry, asserting that accountants should provide full and trustworthy information, even if doing so goes against the customer’s interest. Table 1 provides the entire list of elements and the percentage of respondents who found them important.

**Table 1** List of items to explain the reason for respondents’ satisfaction

<table>
<thead>
<tr>
<th>List of items to explain the reasons for respondents’ satisfaction</th>
<th>Observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reputation</td>
<td>19 2.8%</td>
</tr>
<tr>
<td>Accommodating schedule</td>
<td>16 2.3%</td>
</tr>
<tr>
<td>Legal knowledge</td>
<td>75 10.9%</td>
</tr>
<tr>
<td>Tips to attract customers</td>
<td>4 0.6%</td>
</tr>
<tr>
<td>Kindness and cheerfulness</td>
<td>21 3.0%</td>
</tr>
<tr>
<td>Accounting skills</td>
<td>115 16.7%</td>
</tr>
<tr>
<td>Experience</td>
<td>62 9.0%</td>
</tr>
<tr>
<td>Insurance advice</td>
<td>9 1.3%</td>
</tr>
<tr>
<td>Foresight advice</td>
<td>17 2.5%</td>
</tr>
<tr>
<td>Value for money</td>
<td>56 8.1%</td>
</tr>
<tr>
<td>Management consulting</td>
<td>30 4.4%</td>
</tr>
<tr>
<td>Investment advice</td>
<td>3 0.4%</td>
</tr>
<tr>
<td>Tax reduction</td>
<td>63 9.1%</td>
</tr>
<tr>
<td>Know-how with administration</td>
<td>59 8.6%</td>
</tr>
<tr>
<td>Fixed prices</td>
<td>15 2.2%</td>
</tr>
<tr>
<td>Strict confidentiality</td>
<td>35 5.1%</td>
</tr>
<tr>
<td>Clear and understandable explanations</td>
<td>73 10.6%</td>
</tr>
<tr>
<td>Personal advice</td>
<td>13 1.9%</td>
</tr>
<tr>
<td>Other factors of satisfaction</td>
<td>4 0.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>689 100.0%</td>
</tr>
</tbody>
</table>

Note: aDichotomies counted at value 1.

The second part of the survey deals with the accountants’ expertise. Our first question reveals that one third (33.3%) of customers do not know their accountant’s level of study. Thus, accountants’ educational level seems to be neither acknowledged nor relevant to customers. Indeed, based on the affirmations ‘long study, better work’ and ‘long experience, better work’, 57.6% of the respondents valued study and 75.2% experience. In this industry, good education by itself appears insufficient for VSE managers’ satisfaction.

Next, we assessed the customer’s perception of service advantages in terms of time saved thanks to their accountant’s work. Of the respondents, 24.2% were unable to quantify it, but 9.2% assessed their gain time at less than half an hour per week, 20.9% between half an hour and 2 hours, 21.6% between 3 and 6 hours, and 20.3% more than 6
hours. Table 2 provides a list of activities in which the respondents engage during this spare time.

<table>
<thead>
<tr>
<th>Activities in which the respondents engage during the spare time provided by their accountants</th>
<th>Effectives</th>
<th>% observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recreation</td>
<td>16</td>
<td>10.9%</td>
</tr>
<tr>
<td>Business management</td>
<td>76</td>
<td>51.7%</td>
</tr>
<tr>
<td>Administrative tasks</td>
<td>34</td>
<td>23.1%</td>
</tr>
<tr>
<td>I do not know</td>
<td>10</td>
<td>6.8%</td>
</tr>
<tr>
<td>Personnel management</td>
<td>20</td>
<td>13.6%</td>
</tr>
<tr>
<td>I focus on my clients</td>
<td>56</td>
<td>38.1%</td>
</tr>
<tr>
<td>Payment of my bills</td>
<td>17</td>
<td>11.6%</td>
</tr>
<tr>
<td>Family life</td>
<td>15</td>
<td>10.2%</td>
</tr>
<tr>
<td>Customer billing and encashment</td>
<td>15</td>
<td>10.2%</td>
</tr>
<tr>
<td>Vocational training</td>
<td>8</td>
<td>5.4%</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>1.4%</td>
</tr>
<tr>
<td>Total</td>
<td>269</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Note: *Dichotomies counted at value 1

Table 3: Main attributes of the accounting service experience

<table>
<thead>
<tr>
<th>Your accountant…</th>
<th>N</th>
<th>Average grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>… respects strictly confidentiality</td>
<td>148</td>
<td>5.34</td>
</tr>
<tr>
<td>… ensures that you are in order with the tax administration.</td>
<td>149</td>
<td>5.33</td>
</tr>
<tr>
<td>… saves you time</td>
<td>150</td>
<td>4.80</td>
</tr>
<tr>
<td>… applies fair and transparent prices.</td>
<td>150</td>
<td>4.79</td>
</tr>
<tr>
<td>… offers to help you to save on taxes.</td>
<td>151</td>
<td>4.74</td>
</tr>
<tr>
<td>… takes time to explain what you do not understand.</td>
<td>149</td>
<td>4.70</td>
</tr>
<tr>
<td>… quickly closes your annual accounts.</td>
<td>151</td>
<td>4.69</td>
</tr>
<tr>
<td>… quickly processes your accounting data.</td>
<td>151</td>
<td>4.64</td>
</tr>
<tr>
<td>… knows your field of activity very well.</td>
<td>151</td>
<td>4.52</td>
</tr>
<tr>
<td>… is very punctual.</td>
<td>149</td>
<td>4.49</td>
</tr>
<tr>
<td>… offers you relevant advice to manage your business.</td>
<td>145</td>
<td>4.39</td>
</tr>
<tr>
<td>… provides a fixed price.</td>
<td>145</td>
<td>4.17</td>
</tr>
<tr>
<td>… comes to your office for meetings.</td>
<td>146</td>
<td>3.88</td>
</tr>
<tr>
<td>… hosts you in a clean and pleasant office.</td>
<td>142</td>
<td>3.77</td>
</tr>
<tr>
<td>… has a good presentation and elegant clothes.</td>
<td>149</td>
<td>3.47</td>
</tr>
</tbody>
</table>

N valid (listwise) 123
To assess the pricing of ideal accounting services, we firstly asked respondents to grade 15 statements related to the quality of the accountant-customer relationship. They had to choose between six points: ‘paramount’ (grade 6), ‘required’ (grade 5), ‘important’ (grade 4), ‘unimportant’ (grade 3), ‘negligible’ (grade 2), ‘insignificant’ (grade 1), and ‘I do not know’ (grade 0). We excluded ‘I do not know’ answers from the calculation and obtained the ranking shown in Table 3.

After the respondents selected their favourite elements, we asked them to appraise excellent service provided by an accountant. This was a hypothetical scenario we designed to detect the maximum WTP for accounting services. They had to choose between four possibilities: ‘CHF 90’, ‘CHF 130’, ‘CHF 160’, and ‘CHF 190’. Of the respondents, 11.8% chose ‘CHF 90’, 12.5% chose ‘CHF 190’, 41.2% chose ‘CHF 130’, and 34.6% chose ‘CHF 160’. Thus, the average stated WTP for 1 hour of outstanding quality accounting services was CHF 143.29, while the median WTP was CHF 130.

5 Hypothesis testing

We chose non-parametric statistical tests due to the fact that our data were nominal and qualitative (Bryman and Cramer, 2006). In the following section, we show the results of the testing of our research hypotheses.

5.1 Satisfaction with accounting services

The first hypothesis examines the perceived usefulness of financial information and its possible connection to the customers’ satisfaction. We wanted to determine whether a relationship exists between the quantitative information provided by accountants and their customers’ satisfaction. To verify this hypothesis, we selected two questions (variables). We first asked, ‘Are you satisfied with your accountant’s work?’ Respondents could choose one of the following answers: ‘entirely satisfied’, ‘rather satisfied’, ‘rather unsatisfied’, or ‘completely unsatisfied’. For the second question, respondents were asked about the extent to which they agreed with the following statement: ‘Accounting information helps you to better manage your organisation’. Possible answers were ‘strongly agree’, ‘agree’, ‘disagree’, and ‘strongly disagree’. Thus, we designed the following hypothesis (H1):

H1o There is no relationship between satisfaction and the value of accounting information in running the business.

H1a There is a relationship between satisfaction and the value of accounting information in running the business.

Since the p-value for both indicators (Kendall’s Tau-B and Spearman’s Rho) is 0.001, we can reject the null hypothesis and affirm that the value of accounting information in running the business and satisfaction are linked. The positive signed correlation shows that customers who feel satisfied with their accountant’s services are also likely to acknowledge the value of the information provided. Conversely, dissatisfied customers do not perceive accounting information as useful in running their business.
We then examined whether fiscal advice was linked to satisfaction. Fiscal advice may be precious in terms of profitability. As previously mentioned, counselling is perceived as an important part of a high quality accountant service. Thus, we attempted to verify the existence of a relationship between customer satisfaction and fiscal advice. We selected two questions to test our hypothesis: The first question was ‘are you satisfied with your accountant’s work?’ Respondents could choose one of the following: ‘entirely satisfied’, ‘rather satisfied’, ‘rather unsatisfied’, and ‘completely unsatisfied’. The second question deals with whether fiscal advice to reduce taxes is perceived as important by the VSE managing directors in our sample. Possible answers were ‘strongly agree’, ‘agree’, ‘disagree’, and ‘strongly disagree’. Thus, we designed the following hypothesis (H2):

**H2a** There is a relationship between satisfaction and the value of tax advice provided by accountants.

**H2a** There is a relationship between satisfaction and the value of tax advice provided by accountants.

Since the p-value for both indicators (Kendall’s Tau-B and Spearman’s Rho) is 0.001, we can reject the null hypothesis and affirm that there is a relationship between customer satisfaction and tax counselling provided by accountants. The positive sign of the correlation coefficient indicates that those who are satisfied with their accountant’s services are also likely to acknowledge the value of the fiscal advice provided. Again, the value of information provided by accountants seems to be well acknowledged and perceived by customers.
Table 5  
Hypothesis testing: satisfaction and the value of fiscal advice to reduce taxes

<table>
<thead>
<tr>
<th>Kendall’s Tau-B</th>
<th>Are you satisfied with your accountant’s work?</th>
<th>Fiscal advice to reduce taxes is important.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correlation coefficient</td>
<td>1.000 0.255**</td>
<td>0.001</td>
</tr>
<tr>
<td>Sig. (bilateral)</td>
<td>145 0.000</td>
<td>143 1.000</td>
</tr>
<tr>
<td>N</td>
<td>145 143</td>
<td>143 150</td>
</tr>
<tr>
<td>Fiscal advice to reduce taxes is important.</td>
<td>Correlation coefficient</td>
<td>0.266** 1.000</td>
</tr>
<tr>
<td>Sig. (bilateral)</td>
<td>0.001</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>143 150</td>
<td></td>
</tr>
</tbody>
</table>

Note: **Correlation is significant at level 0.01 (bilateral).

Table 6  
Hypothesis testing: customer satisfaction and trust in accountants

<table>
<thead>
<tr>
<th>Kendall’s Tau-B</th>
<th>Are you satisfied with your accountant’s work?</th>
<th>Do you trust your accountant?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correlation coefficient</td>
<td>1.000 0.362**</td>
<td>0.000</td>
</tr>
<tr>
<td>Sig. (bilateral)</td>
<td>145 0.000</td>
<td>142 1.000</td>
</tr>
<tr>
<td>N</td>
<td>145 142</td>
<td>142 148</td>
</tr>
<tr>
<td>Do you trust your accountant?</td>
<td>Correlation coefficient</td>
<td>0.362** 1.000</td>
</tr>
<tr>
<td>Sig. (bilateral)</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>142 148</td>
<td></td>
</tr>
<tr>
<td>Spearman’s Rho</td>
<td>Are you satisfied with your accountant’s work?</td>
<td>Do you trust your accountant?</td>
</tr>
<tr>
<td>Correlation coefficient</td>
<td>1.000 0.366**</td>
<td>0.000</td>
</tr>
<tr>
<td>Sig. (bilateral)</td>
<td>145 0.000</td>
<td>142 1.000</td>
</tr>
<tr>
<td>N</td>
<td>145 142</td>
<td>142 148</td>
</tr>
<tr>
<td>Do you trust your accountant?</td>
<td>Correlation coefficient</td>
<td>0.366** 1.000</td>
</tr>
<tr>
<td>Sig. (bilateral)</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>142 148</td>
<td></td>
</tr>
</tbody>
</table>

Note: **Correlation at level 0.01 (bilateral).
The third relationship we wanted to assess involves satisfaction with and trust in accountant services. The first question selected was ‘are you satisfied with your accountant’s work?’ Respondents could choose one of the following: ‘entirely satisfied’, ‘rather satisfied’, ‘rather unsatisfied’, or ‘completely unsatisfied’. The second question was ‘do you trust your accountant?’ Interviewees could choose among the following: ‘yes, entirely’, ‘yes, partially’, ‘no, partially’, or ‘not at all’. We then formulated our third hypothesis (H3):

H3o There is no relationship between customer satisfaction and trust in accountants.

H3a There is a relationship between customer satisfaction and trust in accountants.

Since the p-value for both indicators (Kendall’s Tau-B and Spearman’s Rho) is 0.000, we can reject the null hypothesis and affirm that trust in accountants and satisfaction are linked. We also observe a positive relationship between the two variables. Thus, accountants should always be careful in assessing the level of trust their clients have in them. For instance, the Arthur Andersen case shows that no accounting or auditing firm is too big to fail if it loses market confidence (Cunningham, 2006).

5.2 Pricing of accounting services

At this second stage of analysis, we stress the pricing of accounting services. In this section, we detect the customers’ overall WTP for excellent accounting services. Afterwards, we test the relationship between VSE managers’ satisfaction and their WTP for accounting services (H4). Although it is still unclear whether pricing influences service satisfaction (e.g., Aga and Safakli, 2009), or the contrary (Fragnière et al., 2008; Lovelock et al., 2008), we would expect there to be a relationship between the two concepts.

We asked our sample the following question: ‘How much would you be likely to pay for 1 hour of excellent work done by your accountant?’ Respondents were asked to choose among the following: ‘CHF 90’, ‘CHF 130’, ‘CHF 160’, and ‘CHF 190’. This four-point scale was defined according to the common fee schemes currently used in Geneva, as revealed in the exploratory phase and by asking some local professionals active in the accounting industry.

The second variable we used to test the relationship was ‘are you satisfied with your accountant’s work?’ Respondents could choose one of the following: ‘entirely satisfied’, ‘rather satisfied’, ‘rather unsatisfied’, or ‘completely unsatisfied’. Since we used a reversed scale for this second question, we manipulated it. To verify the existence of a relationship, we devised our fourth hypothesis (H4):

H4o There is no relationship between customers’ current satisfaction and their maximum WTP for excellent accounting services.

H4a There is a relationship between customers’ current satisfaction and their maximum WTP for excellent accounting services.
Since the p-values for both Kendall’s Tau-B and Spearman’s Rho are 0.004, we reject the null hypothesis and affirm that current customers’ satisfaction and their maximum WTP for excellent accounting services are related. Therefore, current approval of accounting service quality is connected with WTP. The positive correlation coefficient indicates that customers are willing to pay for accounting services according to the level of satisfaction provided by them; therefore, they are likely to appreciate the value of this type of credence service.

### Table 7 Hypothesis testing: customers’ current satisfaction and maximum WTP

<table>
<thead>
<tr>
<th>Kendall’s Tau-B</th>
<th>Are you satisfied with your accountant’s work?</th>
<th>Correlation coefficient</th>
<th>1,000</th>
<th>0.231**</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sig. (bilateral)</td>
<td></td>
<td>.</td>
<td>0.004</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td></td>
<td>145</td>
<td>130</td>
</tr>
<tr>
<td>How much would you be likely to pay for 1 hour of excellent work done by your accountant?</td>
<td>Correlation coefficient</td>
<td>0.231**</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (bilateral)</td>
<td></td>
<td>0.004</td>
<td>.</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td></td>
<td>130</td>
<td>136</td>
</tr>
<tr>
<td>Spearman’s Rho</td>
<td>Are you satisfied with your accountant’s work?</td>
<td>Correlation coefficient</td>
<td>1,000</td>
<td>0.251**</td>
</tr>
<tr>
<td></td>
<td>Sig. (bilateral)</td>
<td></td>
<td>.</td>
<td>0.004</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td></td>
<td>145</td>
<td>130</td>
</tr>
<tr>
<td>How much would you be likely to pay for 1 hour of excellent work done by your accountant?</td>
<td>Correlation coefficient</td>
<td>0.251**</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (bilateral)</td>
<td></td>
<td>0.004</td>
<td>.</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td></td>
<td>130</td>
<td>136</td>
</tr>
</tbody>
</table>

Note: **Correlation at level 0.01 (bilateral).

### 6 Conclusions

In this paper, we presented the main results of a survey administered among 153 Geneva VSEs designed to better understand the accountant’s job as a service provider. This work aims to provide the accounting industry with insights regarding service satisfaction through a random sample of clients representative of 17.4% of the whole population under study. We also attempted to provide accountants with some hints to better understand service pricing in this specific business-to-business context.
This research encompassed a qualitative phase followed by a survey via both electronic and ordinary mail. First, we interviewed 10 managing directors who either head or independently run VSEs. Interviews highlighted the importance of business consultancy when asking for accounting services. Also, VSEs that employ fewer than five full-time employees tend to fully externalise accounting services. The interviewees pointed out that, since accountants have access to all their business data, they expect them to have a proactive attitude. To better explore these issues, we designed a questionnaire that was sent out in May 2009 via electronic and ordinary mail to a random sample of 1,018 VSE managers. These companies are not active in the accounting industry and all operate in the city of Geneva and its surrounding area (Canton).

The analysis of the 153 questionnaires received (15%) shows that VSE customers are mostly satisfied by the services provided by their accountants (91.5%). Additionally, trust and confidentiality are both paramount, as they facilitate the building of accountant-customer relationships, which are essential.

We observed that accounting skills, legal knowledge, clear and understandable explanations, tax reduction advice, experience, and know-how in public administration are some of the drivers likely to determine VSE directors’ satisfaction. Despite the literature mentioning accountants’ education in economics and business administration (Drucker, 1928), this segment of customers seems not to be interested in qualifications, preferring their accountants to demonstrate know-how and expertise. Accountants’ services also seem to provide VSE managing directors with extra time to focus on managing the business they run. We finally enquired about clients’ maximum WTP for 1 hour of excellent accounting services: the average was CHF 140.

Starting from these results, we sought to determine whether relationships exist between some of the outline variables under study. Information and advice provided by accountants are positively correlated to customers’ satisfaction. Indeed, financial information seems to be useful to managers to better run their businesses (H1); they also appreciate advice that helps the company to reduce its tax load (H2). It would be interesting in a future work to measure and model the perceived impact of these variables on customer satisfaction, either in Geneva or elsewhere.

Customers’ confidence in their accountants and satisfaction with their services seem to be positively correlated (H3). The accounting industry seems to rely heavily on a trust-based relationship with customers. If this link fails, the business risks collapsing, regardless of the organisation’s size. Then, we observed that customers’ WTP for accounting services seems to be related with satisfaction (H4).

To conclude, future qualitative (ethnographic) research is envisioned to try to understand the meaning of these attitudes among VSE directors in order to better match their expectations with the services they receive from accountants. This study had several limitations. As in all surveys, data reliability and validity depend on the respondents’ answers. Perception bias in answering the questionnaire and the use of hypothetical scenarios might result in additional errors (Hoevenagel, 1994). Finally, despite the relatively high return rate for mail surveys (15%), only a very small percentage (2.6%) of the overall population was interviewed. Therefore, some errors might always affect the validity and reliability of this kind of empirical study.
References


Appendix 1

Questionnaire

The quality of your accountant’s work

The masculine gender is used without discrimination to facilitate the reading of this questionnaire.

Kindly return this questionnaire using the stamped envelope enclosed!

THANK YOU FOR YOUR GREAT HELP!

– Please tick (☑) your answers –

General satisfaction

☐ Entirely satisfied ☐ Rather satisfied ☐ Rather unsatisfied ☐ Completely unsatisfied

Please choose up to 4 satisfaction items:

☐ Reputation ☐ Accommodating schedule ☐ Legal knowledge ☐ Tips to attract customers
☐ Kindness and cheerfulness ☐ Accounting skills ☐ Experience ☐ Insurance advice
☐ Foresight advice ☐ Value for money ☐ Management consulting ☐ Investment advice
☐ Tax reduction ☐ Know-how with administration ☐ Fixed priced ☐ Strict confidentiality
☐ Clear and understandable explanations ☐ Personnel management advice ☐ Other factors of satisfaction:

.........................

Know-how

What is your accountant’s training level?

☐ Professional degree ☐ Federal patent ☐ Federal expertise ☐ I do not know
☐ University degree ☐ No specific qualification ☐ Other diploma:

.........................

How many years of experience has your accountant had?

☐ < 2 years ☐ 2–5 years ☐ 5–10 years ☐ > 10 years

Long study, better work:

☐ Strongly agree ☐ Agree ☐ Disagree ☐ Strongly disagree
**Long experience, better work:**

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
</table>

**How do you assess your time saved thanks to your accountant’s work (weekly)?**

<table>
<thead>
<tr>
<th>&lt; 1/2 hour</th>
<th>1/2–2 hours</th>
<th>3–6 hours</th>
<th>&gt; 6 hours</th>
<th>I do not know</th>
</tr>
</thead>
</table>

**What do you do with this spare time?**

<table>
<thead>
<tr>
<th>Recreation</th>
<th>Business management</th>
<th>Administrative tasks</th>
<th>I focus on my clients</th>
<th>Payments of bills</th>
<th>Family life</th>
<th>I do not know</th>
</tr>
</thead>
</table>

**Customer billing and encasement**

<table>
<thead>
<tr>
<th>Vocational training</th>
<th>Other:</th>
<th>I do not know</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Your values**

What is the importance of the following statements:
(tick only one box on every line)

<table>
<thead>
<tr>
<th>Paramount</th>
<th>Required</th>
<th>Important</th>
<th>Unimportant</th>
<th>Negligible</th>
<th>Insignificant</th>
<th>I do not know</th>
</tr>
</thead>
</table>

**Your accountant…**

- … hosts you in a clean and pleasant office.
- … comes to your office for meetings.
- … quickly closes your annual accounts.
- … provides a fixed price.
- … quickly processes your accounting data.
- … offers you relevant advice to manage your business.
- … takes time to explain what you do not understand.
- … strictly respects confidentiality.
- … has a good presentation and elegant clothes.
- … offers to help you to save on taxes.
- … is very punctual.
- … applies fair and transparent prices.
- … ensures that you are in order with the tax administration.
- … knows your field of activity very well.
- … saves you time.
**Satisfaction and pricing for accounting services to very small enterprises**

How much would you be likely to pay for 1 hour of excellent work done by your accountant?

- [ ] CHF 90
- [ ] CHF 130
- [ ] CHF 160
- [ ] CHF 190

**Confidence and confidentiality**

Is your accountant bound contractually to confidentiality?

- [ ] Yes
- [ ] No
- [ ] I do not know

Do you trust your accountant?

- [ ] Yes, entirely
- [ ] Yes, partially
- [ ] No, partially
- [ ] Not at all

You speak about your personal (family, spouse, and children) financial situation:

- [ ] Strongly agree
- [ ] Agree
- [ ] Disagree
- [ ] Strongly disagree

Fiscal advice to reduce taxes is important:

- [ ] Strongly agree
- [ ] Agree
- [ ] Disagree
- [ ] Strongly disagree

Do you check your accountant’s work?

- [ ] Every time
- [ ] Often
- [ ] Sometimes
- [ ] Never

**Management advice**

Has your accountant already provided you with other services than bookkeeping?

- [ ] Yes
- [ ] No

If yes, in which field? (several choices)

- [ ] Personnel management
- [ ] Investment analysis
- [ ] Analysis and risk management
- [ ] Analysis of your customers’ preferences
- [ ] Financial analysis (leasing, loan,..)
- [ ] Price list adaptation
- [ ] Negotiations with administration (VAT, taxes, etc...)
- [ ] Communication and/or advertising
- [ ] Foresight advice
- [ ] Operating analysis (costs, profitability, cash flows,...)
- [ ] Other field: ................................

Your account provides financial reports:

- [ ] Annually
- [ ] Biannually
- [ ] Quarterly
- [ ] Monthly

Accounting information helps you to better manage your organisation:

- [ ] Strongly agree
- [ ] Agree
- [ ] Disagree
- [ ] Strongly disagree
Has your accountant ever improved the way you work?

☐ Yes  ☐ No

Should he provide this service?

☐ Yes  ☐ No  ☐ I do not know

Has your accountant ever prevented you from unnecessarily losing money?

☐ Yes  ☐ No

Should he provide this service?

☐ Yes  ☐ No  ☐ I do not know

Your profile

☐ Female  ☐ Male

Year of birth: 19

Your field of activity:

☐ Industry  ☐ Construction  ☐ Commercial  ☐ Hospitality, catering

☐ Transportation, communication  ☐ Finance, insurance  ☐ Real estate  ☐ Other:

..........................................

Do you outsource your accounting?

☐ Outsourced (e.g., independent accountant and accounting company)  ☐ In house (e.g., an employee, yourself, or a family member)