



Criteria for the Establishment of an Accounting and Management Services Business in Small Commercial Towns

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Abstract

This article examines the economic rationale for contracting the services of an accounting or management firm by the potential clients in the locality of small towns in Malaysia. Classifying the clients based on different small towns in the country identifies the potential demand of host clientele. Polarisation of clients based on ethnic grouping within the localities of small towns is to look at the differences in the results of this study so that any decision for a new venture may or may not be affected by the choice of small town with businesses being dominantly populated by certain ethnic group. There appears to be evidence of significant ethnic and business locality effect in term of the demand for the types of services provided by the accounting or management services firm. Thus, in making the choice of setting-up accounting or management services firms in small towns, due consideration must be given to the influence of these two factors. Furthermore, this study highlight the importance and priority given by clients to the various patronage factors as a guide aiming at ensuring the going concern of a newly set-up accounting or management services firms in small towns in this country.

Keywords: Patronage, Survivability, Small towns, Provider and clientele

1. Introduction

Starting an accounting services business can be a very difficult move for a qualified individual especially in today's environment of trade globalisation. Ensuring survivability of the business may become impossible especially faced with tough competition from the more established firms not to mention the well-known "Big Four" namely PricewaterhouseCoopers, Deloitte Touche, KPMG and Tohmatsu Earnst & Young. However to ensure the plans to encourage more local businesses to flourish, efficient strategies have to be developed to facilitate new entrants into the market place. The study will focus on the development of the strategies to establish accounting and management services business. All aspects of business fundamentals such as the type of services, target market, clients' needs, fee structures, market competition and marketing strategy will be analysed including possible start-up problems.

The changes in the approach and technology are a new dimension in the management of the businesses in order to enable the businesses to sustain and to compete and remain competitive in business. Indeed, the fiercer level of competition is not only by the industry where the business is in, but also the business system. The current stiff competition has pushed the business units into much greater income sharing oriented. Thus, the industry has been transformed from the traditional staid image to that of a vibrant and dynamic environment (Turnbull and Gibbs, 1989). Malaysian businesses face even more challenges since they have to compete not only among themselves and other sectors within and outside the industry, but also to compete with competitors that offer similar services.

The issue of globalisation is another point of great concern to the Malaysian business. Developing countries, like Malaysia, are at the eternal mercy of the big powers and their multinational corporations (Boateng, 2002). The boundaries

of trade between nations have vanished and more competition exists with the accessibility of businesses offering their trade and services throughout the world through the Internet.

Globalisation has opened wider market to trade but at the same time creating wider and stiffer competition. In order to have a tiny share of the business pie, effort to establish own business has to be made. Creating a niche and business reputation has to start somewhere. It may be practical to start small size firm in a small town but with the objective of growing steadily into a growing number of branches into other smaller towns.

This study analysed twenty-four factors as listed in Table 1 as the variables that could influence the accounting and management services businesses in small towns in Malaysia in the era of trade globalisation and liberalisation. In a simple statement, is to look at the patronage factors of clients of accounting and management services businesses in this country. This study firstly aimed at identifying the factors that might influence and attract clients to patronise the services of an existing or a newly established accounting firm. Secondly, identifying factors in order to maintain the loyalty of clients and finally, strategising the placement of services required by the potential clients of accounting and management services firms.

2. Theoretical frameworks

Various empirical researches using different methodologies and approaches have been applied in various parts of the world in foreign countries to examine the criteria, which motivate potential clients in selecting their business associates. Some of the instruments used were adopted in this study. Tan and Chua (1986) support the findings by Anderson et al. (1976) in their research conducted in Singapore. Tan and Chua found that advice of friends, neighbours and family members has strongly influence on customers' decisions, compared with other variables in selecting banking services. This finding is consistent with the ethos of oriental culture, which emphasises social and family ties. However with increasing numbers of businesses offering accounting services in the market, accounting firms have to actively seek new clients in order to grow or even maintain stable revenue. More and more accounting firms are turning to marketing to cope with this competitive situation (Marts, Honeycutt and Kenan 1989). Accounting firms can no longer survive on word of mouth but have to depend on the firms' ability to encourage business growth and profit by carefully determine the demands of clients and striving to meet them. (Kestigian 1992).

Shepherd (1997) developed a framework for developing a strategic marketing plan for the accounting practice. This framework is important in ensuring that all marketing efforts are linked to the objectives of the firm. This scenario may not be necessary in the rural area since the survey conducted by Delany and Johnson (1997) in Queensland, Australia showed that selection of accounting firms is based on personal recommendation or social contact. Small accounting firms may be reluctant to embark in marketing practice particularly in the early stage of developing a practice due to fear of not having sufficient technical knowledge to serve new clients in every area or being rejected during their marketing efforts (Schiff et al, 1998). Schiff et al (1998) suggested several tactics to overcome this problems including establishing professional relationship with other individuals or organisations with the needed proficiencies.

Several researches conducted world-wide has shown that there are a shift from the traditional accounting services i.e. audit and tax, to consulting services, investment advisory services and financial management services (Demery, 1997; Delany and Johnson, 1997; Reeves, 1998; Whisenant, 2001). Therefore the small accounting services firms will have to be sensitive to clients' needs in order to maintain the existing clients and to capture potential new clients. Furthermore Delany and Johnson (1997) identified that patronage factors for accounting firms in rural area include accountant's level of expertise, easy access to the accountants, knowledge of the local businesses and regular contact with accountants. Demery (1997) further stressed the needs to have dialogues session with clients to find out whether the firm has met the needs of clients. These sessions will enable the accounting firm to know more about the client and will open opportunities to provide ideas for more services to be provided to the clients. A value-added approach to offering accounting services, support the move from the traditional firms-centred to clients-centred approach (Chandra et al, 2000). This study confirmed the previous study made on patronage factors of accounting and management services businesses in small towns in Malaysia was carried out in 2004 by Noormala Ahmad and Mohd Nasir bin Mohd Yatim.

3. Methodology and data analysis

Scientific approach to research by way of employment of both the quantitative and qualitative methods is adopted in this study. The qualitative approach is borne out of the premise that data does not have to be cold, rational and sterile to be of value (Patton, 1980). Analysis may be difficult since responses are neither standardised nor systematic. In achieving this, open-ended questions are the most elementary form of qualitative data. Observation is another common form in describing this study using the descriptive approach of the research to complement this empirical study so as to produce a concrete form of findings.

This study will specifically employ survey method of questionnaires cum interview. This method is necessary because most of the respondents are unable to understand the answers to the questions or how to respond to the questionnaires. Most of these respondents may not be wholly aware of the type of services provided by an accounting firm. The

questionnaire contained three sections of which the first section is designed to gather information about the sample's background including demographic and economic characteristics. In the second section, the questions cover the background information on the respondents' current choice of accounting firm.

The final section of the questionnaire was designed to generate data concerning the perception of customers towards the level of usefulness of services offered by the management services firm for their businesses. The perceived level of usefulness of these services is measured on a five-point Likert scale. The scale ranged from *very important* to *not important at all*. The services offered were identified from the studies made by Delany and Johnson (1997), Reeves (1998), Whisenet (2001) and Schiff (1999). Questions that measure the perception of respondents towards the services provided by accounting and management services firms are then designed.

3.1 Sampling and Data Gathering

Samples of 66 business units in Gemencheh town are surveyed out of the population of about 88 business units in the town. More than half of the population of businesses are non-Bumiputra status comprising 35 business units while Bumiputra business status is 31. The selection of the samples will be based on convenience sampling. Furthermore the researchers are familiar with the town population, which made it easier to get their co-operation in answering the questionnaires and interview. This will ensure goods response and overcome the problem of not having enough sample observation to validate this study.

In addition another survey exercise is also conducted in another small town of Muadzam Shah. The choice of the town of Muadzam Shah is to enable comparison to be made between predominantly Chinese small businesses in Gemencheh and predominantly Malay small businesses in Muadzam Shah. It was anticipated that there might be possible differences in responses from the two major ethnics in Malaysia. The two chosen towns thus represent the commercial environment for the local community in the Malaysian small township. The data for this study are then collected through self-administered questionnaires distributed personally by a research assistant.

3.2 Data processing and analysis

Data analysis included both univariate and bivariate statistics. Univariate techniques were used to identify the overall attitude of businesses towards management services firm and the usefulness of its services. Descriptive univariate statistics such as frequency, mean, standard deviation, mode and median will be used. Further analysis using bivariate analysis such as cross tabulation, chi-square test, Mann-Whitney, Wilcoxon-W, t-test, Spearman rank test and ANOVA will be used to study possible relationship between variables. T-test will be used to test the statistical differences between the means for selection factors between sole-proprietorships, partnerships and companies types of businesses and significant difference occurred for some of the factors. Statistical package SPSS will be used to process the data gathered for this study.

4. Survey results

The host client population in both towns, Gemencheh in Negeri Sembilan and Muadzam Shah in Pahang are 88 and 64 units respectively totalling to 152 units. Attempt to conduct the survey on the whole population for this study in both towns was attended. However, the number of successful respondents feedbacks collected are 66 and 32 for Gemencheh and Muadzam Shah respectively, totalling to 98 only representing 64.5% of the targeted population. The overall feedbacks' percentage is considered representative of the entire population. The rate of feedbacks received from distributed questionnaires in Gemencheh is 75.0% and for Muadzam is 50.0%. Since the rates of feedbacks received are considerably high, the researchers of this study considered that the opinions of the respondents are representing the views of the whole population of host businesses in both towns. Therefore, their views on the various variables in this study could be theorised from the relevant hypothesis through generalisation process is considered reliable.

5. Characteristics of host clients

The overall composition of the host clients is Bumiputra (61.2%) and non-Bumiputra (38.8%). The nature of host clients in this study is sole-proprietorship representing 68.4%, partnership (14.0%) and Sendirian Berhad (13.0%). The major portion of the host clients involves in services (45.9%) and trading (36.7%) sectors. The revenue earning, 35.0% of the host clients earn revenue of at least RM120, 000 annually. In term of profitability, 12.2% of the host clients made profits of at least RM120, 000 annually. The host clients also contribute to offering employment opportunities in the employment market in those towns. It is found that 24.7% of the business units employed at least five workers to operate the business activities. On top of that, 4.1% employed more than 20 workers in their enterprises.

The sizes of the host clients in term of paid-up capital are quite large for small businesses as 64.2% of the business units have invested at least RM10, 000 in their businesses as the initial capital employed. Further, 27.4% have invested more than RM40, 000 initially. Individuals' ownership in the businesses is 85.6% and at least 60.2% of the businesses have been in operation for a term of more than 5 years. Some of the host clients (32.6%) have been in operation for more than 10 years. Further study revealed that only 41.8% of the businesses use the services of accounting and management firms in

both towns. The remaining viewed that such services are not applicable to them since they are not subject to the statutory requirements, in particular, the Companies Acts of Malaysia, 1965 simply because their existence are only as sole-proprietors and partnerships.

However, 42.9% of those potential and existing clients stated that, they got to know their accounting services firms through family members or friends. Results of further analysis shows 37.8% of the existing users (41.8%) have experienced changing their accounting and management services firms for various reasons. The reasons for shifting of firm to a new one is due to unsatisfied services obtained (25.5%), cheaper fees (3.1%) and not client-oriented (2.0%). This phenomenon gives rise to another research issue of analysing the unprofessional of the professionals in this country. The major portion (86.7%) of the host clients of accounting and management services firms viewed that, getting the services provided by these firms is important. Thus, they understand the need for the existence of these firms. Results of frequency analysis on reasons for using existing firm's services shows as statutory requirements (15.3%), need the expertise of the providing firm (14.3%) and not able to do report (10.2%). The results also show that 43.9% of the respondents are keen or having in new services provider firm. Thus, they are the readily potential clients to any newly set-up firm in either town in this study.

6. Criteria for establishment of a new accounting and management services business

Further analysis, showed that, factors influencing the engagement of new firm by the host clients are confidence of better service (43.9%), cheaper fees (18.4%), getting the expertise of provider (15.3%) and not having any providing firm yet (14.3%). This indicates that the quality of services should be of a high standard so as to enable to project it as the competing niche to a new entrant in this kind of venture by the potentially interested qualified individuals. The results of frequency analysis also show that 79.6% of the potential and existing host clients perceived that reasonably high efficiency level as important to ensure their needed services and expectation are met. Another factor is sensitive to clients' need, which also shows the same percentage in term of its importance. However, for efficiency level, 29.6% perceived as very important and 57.1% as important. On the other hand, for sensitive to clients' needs, 23.5% viewed as very important and 56.1% as important.

On compliance to statutory requirements, 61.2% of the respondents viewed as important to avoid from unnecessary costs to be incurred (Noormala A and Mohd Nasir bin Mohd Yatim, 2004). Another variable analysed is easily accessible by clients. In relation to these, the valid percentage of frequency indicates 91.8% as important criteria when making the choice of a provider firm for the accounting and management services. Another crucial factor studied is the influence of socio-ethnic-cultural values. In this regard, almost one half of the respondents (49.0%) indicate it as an important factor for their choice of the provider firm. In looking into the supporting services needed by the potentially and existing host clients from the provider firms are identified during the process of designing the instruments for this study and the results show that, 88.8% of the respondents viewed that they need the services to help in ensuring the accuracy of receivable, 73.2% of the respondents viewed that they need the services for maintenance of inventory, 87.7% of the respondents indicated that the services are needed to ensure the accuracy of current liabilities records, 90.8% stated for accuracy in cash handling, 90.8% stated for accuracy of expenditure records. Even though, the valid percentage is the same as for accuracy of cash handling, the combination of views are different. As in cash handling, 43.9% stated as very important and 46.9% as important. Whilst, in the case of accuracy in expenditure recording, 34.7% perceived as very important and 51.1% as important. 89.8% viewed that the providers' services are important to help in the preparation of financial statements. 74.3% stated that it is important to help in preparing budgeting.

Apart from the above-discussed factors, the respondents' views on the provider's services that are normally offered are also sought to look at their perceived importance to the potential and existing clients. For simplicity, frequency tests are again used here and the results show on the importance of audit services as 87.8% of the respondents perceived as important, Internal auditing services: 64.3%, Financial accounting services: 90.8%, Financial management services: 76.5%, Taxation services: 77.5%, Secretarial services: 35.0%, Business project advisory services: 48.0%, Training services: 49.0%. Other characteristics of the accounting and management services firm studied are knowledge in clients' business, overcoming clients' difficulties in finding appropriate or suitable staff, frequent visit and discussion with clients as well as the providing firm's expertise. Results of analysis indicated as important are 85.7%, 55.1%, 51.1% and 82.6% respectively.

In any empirical research, the validity of the result are emphasised and thus strengthening the findings of the study. Priority patronage factors analysed as shown in means ranking **Table 1**, indicates that the primary priority factors on accounting and management services businesses are accredited to arising need for accuracy in cash handling of the clients' businesses and easy accessibility by clients. It is then followed by the need on firm's expertise, ethnic status of firm's ownership and need for ensuring the accuracy of receivables. The means of the variables seemed to be a reasonable basis to rely on when measuring the ranks of priority since almost all of the means are deviated within less than one standard deviation from their recorded means.

Further analysis by considering socio-cultural-values of clients by comparing priority ranking of both the Bumiputra and non-Bumiputra potential and existing clients perceptions on the duly identified factors, shows that Bumiputra clients give priority to arising need for accuracy in cash handling, followed by ethnic status in firm's ownership. Providers' knowledge of clients' business and then to help in maintaining the accuracy of expenditure records as well as easy accessibility by clients. In comparison with the overall priority ranking, the need for accuracy in cash handling, easy accessibility by clients and firm's ownership status are in agreement with what has been perceived by the Bumiputra clients. On the other hand, the non-Bumiputra clients placed easy accessibility by clients followed by firm's expertise, need of statutory audit services, preparation of financial statements and accuracy in cash handling. Therefore, the researches' finding in this regard is that, there is an existence of socio-cultural-values in the support given by the clients on management services business in small towns in Malaysia. The detail results of the analysis are as shown in the following **Table 2**.

However, when comparison is made based on the location of small towns, clients in Gemencheh town gave preference for the expertise provided by the firm, followed by statutory requirements and due to not able to prepare financial statements. On the other hand, clients in Muadzam Shah, gave the first preference as statutory requirements, followed by not able to prepare financial reports, need of normal routine records keeping and expertise of firm. As such, the finding is that there is no significance effect in term of views of clients based on different small towns in Malaysia. The factors influencing engagement of a newly established firm are also studied. Both the Bumiputra and non-Bumiputra clients are in agreement as regard to the factor of confidence in ability to provide better service. Subsequently, Bumiputra clients prefer cheaper fees and to get the expertise of the provider firm. Whilst, the non-Bumiputra clients without services firm will engage the new firm if new services firm can provide services with cheaper fee.

It seemed that, the choice on confidence in ability of offering better services are in agreement between clients of different ethnic groups as well as clients of different location of small towns. The same is applicable for cheaper fees and need for expertise of the providing firms. In looking at main reason for the potential of probable shifting of clients to a newly started firm, it is indicated that such phenomenon could happened should the existing clients are not satisfied with the existing services of the provider regardless of the location of the small towns.

Pearson Chi-square tests indicate mix results as shown in the following **Table 3**. These tests are conducted to look at whether there is any presence of influence of socio-ethnic-cultural values within an ethnic group that might have been offered in the views given relating to the patronage factors for accounting and management services businesses. Based on the results of the tests, there are cases where the presence of significant influence of ethnic values on some of the perceived factors exists while in some other there is no significant influence of the variable tested. The factors with $p\text{-value} \leq 0.05$ as highlighted with * show existence of ethnic influence. Out of 28 patronage factors tested, 13 show significant correlation with ownership status. Therefore new services firms or the existing firms will have to take into consideration of these factors when offering services to Bumiputra or Non-Bumiputra clients. Pearson Chi-Square tests show larger number of patronage factors has significant correlation with location of the business. Whereby, out of the 28 factors tested, 21 show significant results as shown in **Table 4** below. Therefore any new firm wanting to set up business in Malaysia will have to consider the locality of business because the results suggest different locality has different perceptions toward accounting and management services. However there is a possibility the results of correlation with business location are influenced by the composition of the business ownership in the respective locality.

Non-parametric tests such as Mann-Whitney and Wilcoxon-W are performed in this study. These tests are to validate the existence of correlation between different locality and ethnic group of potential and existing clients and the patronage factors identified in the Pearson Chi-Square tests earlier. The results testing the existence of influence of different locality are shown in **Table 5** below. The null hypothesis relating to related variables is rejected when the significance (2-tailed) $p\text{-value}$ is < 0.050 at 95% level of confidence. Therefore, if the $p\text{-value}$ of the related variables are ≥ 0.050 , then the null H_0 should not be rejected and thus be theorised in this study. Based on the results of the non-parametric tests, the researchers concluded their finding as, generally all the hypotheses that are tested have resulted in their $p\text{-values} \leq 0.050$. The hypotheses that are related to variables of importance such as firm's efficiency, sensitive to clients' need, compliance to statutory requirements, ethnic status of ownership, accuracy of receivable, maintenance of inventory, accuracy of current liabilities records, accuracy of expenditure records, preparation of monthly financial statement and costing, importance of auditing services, importance of internal auditing services, importance of financial accounting services, importance of financial management services, importance of knowledge of clients' businesses and importance of practitioners' expertise are significant. Therefore the location of the accounting and management services firm has influence on the clients' view on these patronage factors.

Table 6 shows the results of the non-parametric tests on the presence of influence of the different ethnic group on the identified patronage factors. Surprisingly, fewer factors show significant results compare to influence of business location earlier. The patronage factors that are significantly influenced by client ethnic group are 'interest in newly established firm', 'importance of getting accounting services', 'firm's ethnic ownership', 'firm accuracy of cash handling and expenditure records' and 'knowledgeable in client's business'. Finally, t-tests to determine the importance of the patronage

factors to the clients are performed. The results convincingly show that all patronage factors identified in this study are significantly important (at 95% confidence interval) to the clients except for provision of secretarial services. The results are shown in **table7** below.

7. Conclusion

The issue of accounting or even management information has been of interest to academics, researchers and even industry experts due to its strategic implication for firm value that reflect the credibility of the business units. Despite the concerns shown in developed economies, very little efforts appear to have been made in Malaysia to examine such a basic issue in this fast growing economy. This study suggests that, in order to ascertain the determinants of providers of accounting and management services in term of patronage factors of their clientele based businesses. The rank analysis, non-parametric tests, t-tests, means, standard deviations and frequency tests were used in the data analysis.

The findings of this study suggest that accounting and management services providers need to focus on the prevailing priority patronage factors in order to ensure the survivability as well as providing competitive edge to their businesses. The clients of these firms determine their varying needs of services from their contracted providers. The findings suggest priority should be given to factors such as ensuring the accuracy of cash handling of clients' businesses, easy accessibility by clients, provider firms' expertise and ensuring accuracy of receivables. However due consideration should be given when clients comes from different ethnic background or the client business situated in certain locality of small town. These two elements will influence how the clients perceived the desirability of contracting services from the accounting and management services firm. Furthermore, a newly set up firm has to convince clients that it can provide better services as compared to existing firms as well as able to offer its services at competitive price to attract clients.

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Table 1. Priority of clients' patronage factors on accounting and management services

Patronage factors	Ranking	Mean	Standard deviation
Efficiency level of the provider of services	12	4.13	0.686
Sensitivity to the client's need.	15	3.94	0.746
Compliance to legal requirements.	19	3.64	0.911
Ethnic status in ownership of firm.	4	3.28	1.087
The need at ensuring the accuracy of receivable.	5	4.24	0.648
The arising need for maintenance of inventory.	17	3.78	0.836
To help in maintaining the accuracy of current liability record.	11	4.14	0.675
The need arising for accuracy in cash handling.	1	4.34	0.646
To help in maintaining the accuracy of expenditure record.	8	4.20	0.737
To seek the service of preparing monthly financial statements	6	4.22	0.697
To help in the preparation of budgeting.	16	3.87	0.923
The need of statutory audit services.	7	4.21	0.832
The need for internal audit services.	18	3.68	0.929
The need for financial accounting services.	9	4.19	0.627
The need for financial management services.	13	3.96	0.932
The need for taxation services.	13	3.96	0.808
The need for secretarial services.	24	3.09	1.065
The need for business project advisory services.	22	3.31	1.080
The need for training services.	23	3.29	1.153
Easy accessibility by client	1	4.34	0.700
Knowledgeable in client's business.	9	4.19	0.748
As a solution to overcome the difficulties in seeking appropriate employees.	21	3.44	1.128
The frequent visit and discussion made with clients.	20	3.51	1.098
The practitioners' knowledge and expertise in the services provided.	3	4.31	0.817

Table 2. Comparison on the importance of factors on the need of services provided by the management services firm by the ethnic groups of clients

Factors	Overall clients	Bumiputra		Non-Bumiputra	
	Ranking	Ranking	Mean	Ranking	Mean
Efficiency level of the provider of services	12	9	4.18	10	4.05
Sensitivity to the client's need.	15	12	4.10	15	3.82
Compliance to legal requirements.	19	18	3.77	18	3.47
Ethnic status in ownership of firm.	4	2	4.40	6	4.08
The need at ensuring the accuracy of receivable.	5	21	3.53	24	2.92
The arising need for maintenance of inventory.	17	15	3.87	16	3.68
To help in maintaining the accuracy of current liability record.	11	9	4.18	6	4.08
The need arising for accuracy in cash handling.	1	1	4.42	5	4.16
To help in maintaining the accuracy of expenditure record.	8	4	4.30	11	4.03
To seek the service of preparing monthly financial statements	6	8	4.25	4	4.18
To help in the preparation of budgeting.	16	15	3.87	14	3.92
The need of statutory audit services.	7	11	4.17	2	4.21
The need for internal audit services.	18	17	3.80	17	3.63
The need for financial accounting services.	9	6	4.28	6	4.08
The need for financial management services.	13	13	3.98	12	3.97
The need for taxation services.	13	14	3.93	6	4.08
The need for secretarial services.	24	24	3.02	23	3.18
The need for business project advisory services.	22	23	3.30	19	3.37
The need for training services.	23	22	3.37	20	3.34
Easy accessibility by client	1	4	4.30	1	4.29
Knowledgeable in client's business.	9	3	4.33	12	3.97
As a solution to overcome the difficulties in seeking appropriate employees.	21	20	3.57	21	3.26
The frequent visit and discussion made with clients.	20	19	3.60	21	3.26
The practitioners' knowledge and expertise in the services provided.	3	6	4.28	2	4.21

Table 3. Pearson Chi-Square results on the existence of correlation between ownership status and various patronage factors.

Factors	Pearson Chi-square value	Degree of freedom	p-value (95% level of confidence)
Interest in newly established firm.	4.116	1	0.042*
Factor influencing engagement of new firm	5.948	4	0.203
Importance of getting accounting services.	1.411	3	0.703
Importance of firm's efficiency level.	2.432	3	0.488
Sensitive to client 's needs	13.297	4	0.010*
Compliance to statutory requirements.	3.505	4	0.477
Easily accessible to client.	8.047	4	0.090*
Choice of service firm based on firm's ownership.	11.909	4	0.018*
For accuracy of receivable	2.601	2	0.272
For maintenance of inventory.	10.209	4	0.037*
For accuracy of current liability records.	6.493	3	0.090*
For accuracy of cash handling.	13.186	4	0.010*
For accuracy of expenditure records.	12.126	4	0.016*
For preparation of monthly financial statements.	14.149	4	0.007*
Preparation of costing.	7.575	4	0.108
Auditing services	7.602	4	0.107
Internal auditing services.	4.165	3	0.244
Financial accounting services.	4.705	3	0.195
Financial management services.	3.434	4	0.488
Taxation services.	3.698	3	0.296
Secretarial services.	13.480	4	0.009*
Business project advisory services.	7.270	4	0.122
Training services.	2.791	4	0.593
Easy excess	1.281	3	0.734
Knowledgeable in client's business.	6.639	3	0.084*
Overcome the difficulty in identifying appropriate staff.	8.716	4	0.069*
Frequent visits and discussion with clients.	14.371	4	0.006*
Practitioner's expertise.	2.472	3	0.480

* Significant at 95% confidence interval

Table 4. Pearson Chi-Square results on the existence of correlation between location of business and various patronage factors.

Factors	Pearson Chi-square value	Degree of freedom	p-value (significant) at 95% level of confidence
Interest in newly established firm.	3.483	1	0.06
Factor influencing engagement of new firm	10.095	4	0.039*
Importance of getting accounting services.	8.507	3	0.037*
Importance of firm's efficiency level.	7.774	3	0.051
Sensitive to client's needs	11.721	4	0.020*
Compliance to statutory requirements.	6.093	4	0.192
Easily accessible to client.	2.960	4	0.564
Choice of service firm based on firm's ownership.	12.459	4	0.014*
For accuracy of receivable	4.539	2	0.103
For maintenance of inventory.	11.653	4	0.020*
For accuracy of current liability records.	11.719	3	0.008*
For accuracy of cash handling.	7.693	4	0.104
For accuracy of expenditure records.	13.954	4	0.007*
For preparation of monthly financial statements.	11.463	4	0.022*
Preparation of costing	12.662	4	0.013*
Auditing services	16.342	4	0.003*
Internal auditing services.	15.082	3	0.002*
Financial accounting services.	9.199	3	0.027*
Financial management services.	10.621	4	0.031*
Taxation services.	13.480	3	0.054*
Secretarial services.	23.825	4	0.000*
Business project advisory services.	10.769	4	0.029*
Training services.	9.953	4	0.041*
Easy excess	3.543	3	0.315
Knowledgeable in client's business.	7.232	3	0.065*
Overcome the difficulty in identifying appropriate staff.	12.350	4	0.015*
Frequent visits and discussion with clients.	13.380	4	0.010*
Practitioner's expertise.	10.955	3	0.012*

* Significant at 95% confidence interval

Table 5. Results of Non-parametric tests on the differences in views between client businesses in Gemencheh and Muadzam

Factors	Mean Rank		Z-value	P-value (2-tailed)
	Gemen-cheh	Muad-zam		
Interest in newly established firm.	52.13	42.34	-1.857	0.063
Factors influencing engagement of new firm	42.98	52.45	-1.699	0.089
Importance of getting accounting services.	47.42	53.78	-1.359	0.174
Importance of firm's efficiency level.	45.22	58.33	-2.413	0.016*
Sensitive to client's need.	44.14	60.56	-2.989	0.003*
Compliance to statutory requirements.	45.10	58.58	-2.358	0.018*
Easily accessible to client.	46.77	55.14	-1.530	0.126
Firm's ownership.	45.05	58.67	-2.320	0.020*
For accuracy of receivable.	45.73	57.28	-2.104	0.035*
For maintenance of inventory.	58.56	44.29	-2.358	0.009*
For accuracy of current liability records.	43.85	61.16	-3.191	0.001*
For accuracy of cash handling.	46.21	56.28	-1.825	0.068
For accuracy of expenditure records.	43.74	61.37	-3.257	0.001*
For preparation of monthly financial statements.	45.30	58.16	-2.345	0.019*
For preparation of costing.	45.2	56.72	-2.038	0.042*
Auditing services	43.14	62.63	-3.505	0.000*
Internal auditing services.	42.46	64.02	-3.728	0.000*
Financial accounting services.	44.31	60.20	-2.991	0.003*
Financial management services.	44.42	59.98	-2.725	0.006*
Taxation services.	47.26	54.13	-1.226	0.220
Secretarial services.	48.44	50.14	-0.292	0.770
Business project advisory services.	46.91	54.84	-1.346	0.178
Training services.	46.06	56.59	-1.773	0.076
Easy excess	46.22	56.27	-1.821	0.069
Knowledgeable in client's business.	44.70	59.41	-2.640	0.008*
Overcome the difficulty in identifying appropriate staff.	46.95	54.77	-1.327	0.185
Frequent visits and discussion with clients.	46.24	56.22	-1.691	0.091
Provider's expertise.	44.74	59.31	-2.582	0.010*

* Significant at 95% confidence interval

Table 6. Results of Non-parametric tests on the differences in views between Bumiputra and Non-Bumiputra clients

Factors	Mean Rank		Z-value	P-value (2-tailed)
	Bumiputra	Non-Bumiputra		
Interest in newly established firm.	45.02	55.18	-2.018	0.044*
Factors influencing engagement of new firm	47.52	43.46	-0.757	0.449
Importance of getting accounting services.	49.89	48.88	-0.224	0.018*
Importance of firm's efficiency level.	51.16	46.88	-0.818	0.413
Sensitive to client's need.	52.55	44.68	-1.487	0.137
Compliance to statutory requirements.	52.64	44.54	-1.473	0.141
Easily accessible to client.	52.78	44.32	-1.607	0.108
Firm's ownership.	55.93	39.34	-2.936	0.003*
For accuracy of receivable.	50.70	47.61	-0.586	0.558
For maintenance of inventory.	51.48	44.99	-1.236	0.216
For accuracy of current liability records.	51.27	46.71	-0.873	0.383
For accuracy of cash handling.	51.27	40.95	-2.630	0.009*
For accuracy of expenditure records.	55.03	40.78	-2.734	0.006*
For preparation of monthly financial statements.	52.36	44.99	-1.397	0.162
For preparation of costing.	49.79	47.72	-0.379	0.704
Auditing services	50.93	47.24	-0.691	0.490
Internal auditing services.	51.63	46.13	-0.989	0.323
Financial accounting services.	53.01	43.96	-1.769	0.077
Financial management services.	50.51	47.91	-0.473	0.636
Taxation services.	48.20	51.55	-0.622	0.534
Secretarial services.	48.44	50.14	-0.985	0.324
Business project advisory services.	48.69	50.78	-0.367	0.713
Training services.	50.04	48.64	-0.244	0.807
Easy excess	49.89	48.88	-0.190	0.849
Knowledgeable in client's business.				
Overcome the difficulty in identifying appropriate staff.	54.54	41.54	-2.424	0.015*
Frequent visits and discussion with clients.	52.52	44.74	-1.372	0.170
Provider's expertise.	53.22	43.63	-1.688	0.091
	51.10	46.97	-0.760	0.447

Significant at 95% confidence interval

Table 7. Results of t-test to determined the importance of patronage factors

Factors	Mean	t-value	P-value (2-tailed)
Importance of getting accounting services.	3.98	18.063	0.000*
Importance of firm's efficiency level.	4.13	15.732	0.000*
Sensitive to client's need.	3.99	12.783	0.000*
Compliance to statutory requirements.	3.65	7.110	0.000*
Easily accessible to client.	4.28	16.114	0.000*
Firm's ownership.	3.30	2.746	0.007*
For accuracy of receivable.	4.24	19.162	0.000*
For maintenance of inventory.	3.79	9.298	0.000*
For accuracy of current liability records.	4.14	15.452	0.000*
For accuracy of cash handling.	4.32	17.597	0.000*
For accuracy of expenditure records.	4.19	14.865	0.000*
For preparation of monthly financial statements.	4.22	16.089	0.000*
For preparation of costing.	3.89	9.239	0.000*
Auditing services	4.18	13.353	0.000*
Internal auditing services.	3.73	7.954	0.000*
Financial accounting services.	4.20	19.065	0.000*
Financial management services.	3.98	10.423	0.000*
Taxation services.	3.99	12.565	0.000*
Secretarial services.	3.08	0.783	0.436*
Business project advisory services.	3.33	3.042	0.003*
Training services.	3.36	3.025	0.003*
Easy excess	4.30	17.128	0.000*
Knowledgeable in client's business.	4.19	16.249	0.000*
Overcome the difficulty in identifying appropriate staff.	3.45	3.959	0.000*
Frequent visits and discussion with clients.	3.47	4.316	0.000*
Practitioner's expertise and knowledge.	4.25	14.772	0.000*

* Significant at 95% confidence interval