



**Linnæus University**

Sweden

Degree Project

# The Competitive Edge

*A multiple case study to explore how accounting firms in Kalmar County differentiate themselves and how they are expected to change in response to future market trends and challenges*



**Author:** Nali Najim & Clément Willems

**Supervisor:** Ermal Hetemi

**Examiner:** Stefan Lagrosen

**Term:** VT24

**Subject:** Business Administration with specialization in Leadership and Management, Degree Project

**Level:** Master

**Course code:** 4FE41E



## Abstract

This master thesis examines how accounting firms in Kalmar County differentiate themselves and are expected to change in response to future market trends and challenges. Through qualitative interviews with accounting consultants from micro and small accounting firms, this study highlights strategies like personalized services, technological advancements, continuous professional development and community engagement. Looking ahead, these firms are expected to further integrate technology, enhance digital interactions, focus on continuous learning, and adopt flexible billing models. The findings contribute to the Resource-Based View (RBV) and Service-Dominant Logic (SDL) by showing how personalized services and client relationships serve as competitive advantages. Practically, the study underscores the importance of technology investment, continuous learning, and local engagement for small and micro-sized firms.

## Key words

Accounting Consultants, Accounting Firms, Micro and Small Enterprises, Kalmar County, Differentiation, Market Trends, Market Challenges



## Acknowledgments

We wish to extend our sincere gratitude to our supervisor, Dr. Ermal Hetemi, for his support and guidance throughout this journey. His expertise and encouragement have been invaluable in the completion of this thesis. We are also grateful to our examiner, Professor Stefan Lagrosen, for his insightful feedback and advice. Special thanks are due to our program director, Dr. Mikael Lundgren, for his steadfast support throughout the year, providing the resources and commitment necessary to achieve this milestone. Finally, we would like to express our appreciation to all those who contributed to making this research possible.

Linnaeus University

21 May 2024, Kalmar

A handwritten signature in black ink, consisting of a stylized 'C' followed by a diagonal stroke and a horizontal line.

---

Clément Willems

A handwritten signature in black ink, consisting of a stylized 'N' followed by a horizontal line.

---

Nali Najim



## Table of Content

<b>1 Introduction</b>	<b>1</b>
1.1 Background	1
1.2 Problem Statement	2
1.3 Objectives	3
1.3.1 Research Question(s)	3
1.4 Limitations	4
1.5 Significance	5
1.6 Thesis Outline	6
<b>2 Theoretical Framework</b>	<b>8</b>
2.1 Resource-Based View (RBV)	8
2.2 Porter's Generic Strategies	10
2.2.1 Differentiation	10
2.2.2 Cost Leadership	11
2.2.3 Focus	11
2.2.4 Stuck in the Middle	12
2.2.5 Critique on the Generic Strategies	12
2.3 Social Capital Theory	13
2.4 Service-Dominant Logic	15
<b>3 Methodology</b>	<b>18</b>
3.1 Research Philosophy	18
3.2 Research Approach	18
3.3 Research Method	20
3.4 Data Collection	20
3.5 Operationalization	21
3.6 Purposive Sampling	21
3.6.1 Table of Interview Documentation Guide	22
3.7 Data Analysis	23
3.8 Reliability	24
3.9 Validity	24
3.10 Ethical Considerations	25
<b>4 Empirical Findings</b>	<b>26</b>
4.1 Theme (1) Personalization and Client Relationships	26
4.2 Theme (2) Technological Advancement	28
4.3 Theme (3) Adaptability and Continuous Learning	30
4.4 Theme (4) Community Engagement and Local Expertise	32



4.5 Unique Insights	34
4.5.1 Price Appears Not to Be an Issue	34
4.5.2 Less Competitive than Imagined	35
<b>5 Discussion</b>	<b>36</b>
5.1 Theme (1) Personalization and Client Relationships	36
5.2 Theme (2) Technological Advancement	38
5.3 Theme (3) Adaptability and Continuous Learning	40
5.4 Theme (4) Community Engagement and Local Expertise	42
5.5 Unique Insights	44
<b>6 Conclusion</b>	<b>46</b>
6.1 Current Differentiation Among Accounting Firms in Kalmar County	46
6.2 Anticipated Change in Differentiation Strategies	47
6.3 Implications	49
6.4 Future Research	50
6.5 Self-reflection	51
<b>References</b>	<b>52</b>
<b>Appendix</b>	<b>56</b>
Appendix A - Operationalization	56
Appendix B - Interview Guide	57
Appendix C - Company Criteria	58

## List of Tables

Table 1: Interview Documentation Guide	22
--	----

## List of Figures

Figure 1: Theme (1) Data Tree	26
Figure 2: Theme (2) Data Tree	28
Figure 3: Theme (3) Data Tree	30
Figure 4: Theme (4) Data Tree	33



# 1 Introduction

*This first chapter introduces the background of the study on micro and small-sized accounting firms in Kalmar County, discusses the problem, outlines the research questions, and states the purpose of the research. This introductory chapter sets the stage for the exploration of how these firms manage to differentiate themselves in a competitive landscape.*

---

## 1.1 Background

Micro and Small-sized Enterprises (MSEs) have become key players in the ever-evolving global economy, especially in Sweden's dynamic market structure. Among the 1,297,031 MSEs making significant contributions to the economy, 1,251,801 are micro-sized enterprises with 0-9 employees, while another 45,230 are small-sized enterprises, according to Statistics Sweden (2024). These businesses, many of which provide essential 'administrative and support services' (McEvoy, 2023), play a vital role across various industries through services like office administration, facilities management, employment services, and notably, accounting and auditing (U.S. Bureau of Labour Statistics, n.d.).

According to IBISWorld (2023), the accounting and auditing industry is the ninth biggest in Europe, and its 22,293 businesses brought in 3.7 billion euros in revenue as of 2024. This number underscores the industry's strength and importance. This significance highlights how competitive the industry is, which is made even more competitive by the rapid speed of technical progress and the always changing needs of customers (Ostrom et al., 2015). These elements not only influence the competitive environment but also present unique opportunities and difficulties for businesses looking to succeed and stand out from the competition (Bella et al., 2023).

As digitalization continues to gain momentum worldwide, it becomes increasingly compelling to examine how smaller organizations in less urbanized regions manage this growing trend. This interest is particularly heightened when considering the limited resources that micro and small enterprises possess compared to their larger counterparts. In this context,



the present research focuses on Kalmar County, a region where the digital transformation may impact businesses of all sizes. Kalmar County is home to 145 companies registered under the "accounting and bookkeeping" business category, each employing between 1 and 49 individuals (Allabolag, 2024). These micro and small enterprises face unique challenges and opportunities as they navigate the digital shift. As Teece et al. (1997) mentions, the foundation for a company's competitive edge and long-term success is its capacity to handle complexities and adjust to shifting market conditions. These complexities may include evolving customer expectations, new regulations, technology breakthroughs, and the ongoing pursuit of operational efficiency.

Furthermore, in Kalmar County, the accounting firms primarily operate in a Business-to-Business (B2B) model, targeting other companies as their primary clients (Vismaspcs, 2024). This market is characterized by a number of firms offering similar services, making differentiation an important strategy for survival and growth. These firms must continually innovate and provide superior service to stand out. This explains our personal interest in this specific research topic. We are keen to understand how these firms navigate the challenges of differentiation and competition within the constraints of limited resources. By examining the strategies employed by accounting firms in Kalmar County, we hope to explore insights that are broadly applicable to similar firms operating in other regions and industries.

## 1.2 Problem Statement

MSEs in accounting play an important role in Kalmar County, yet there is an obvious absence of study on how these firms set themselves apart in a competitive market. Rapid technology improvements and changing customer expectations are driving the accounting industry's transformation, which presents challenges for businesses trying to carve out a niche and stay successful (Bella et al., 2023; Jackson et al., 2023).

MSEs, in particular, face an important turning point when they must overcome obstacles to maintain development and sustainability. Compared to larger enterprises, they have fewer resources and less access to research, which makes it harder for them to gain a competitive



advantage (IFAC, 2023). The importance of MSEs stands in contrast to the significant gap in both academic and applied research into the strategies these businesses use in establishing a distinct position in the competitive industry. Driven by technology improvements and changing customer expectations, the accounting profession is not only developing but radically changing, redefining its foundation (Bella et al., 2023; Jackson et al., 2023).

### 1.3 Objectives

The aim of this study is to find out how Kalmar County's micro and small-sized accounting firms differentiate themselves in the market and explore how this could change in the future. This study aims to offer practical suggestions for accounting firms that want to improve their competitive strategies and performance while becoming prepared to face the future by tackling these research goals. Furthermore, the knowledge gained from this study will add to the body of information already available on accounting firms' competitiveness, setting the stage for other research projects in this area. This study aims to provide insightful analysis that will be helpful to academic researchers and practitioners in the accounting field who are interested in business differentiation and success methods in a competitive market environment.

Therefore, by carefully analyzing how these smaller companies face, react to, and navigate the many challenges present in the modern accounting landscape, this paper seeks to shed light on this understudied area of research. It seeks to uncover the unique tactics and procedures that these businesses use to differentiate themselves in a market mostly dominated by bigger competitors with far more resources and well-known brands. Through this exploration, we hope to offer an in-depth understanding of the tactics used by micro and small-sized accounting businesses, helping them to not only survive but also thrive in a field marked by constant change and competition.

#### 1.3.1 Research Question(s)

Based on the previous research and purpose, the research aim has been defined through the following research questions:



RQ (1): How do micro and small-sized accounting firms in Kalmar County differentiate themselves within their competitive landscape?

*Objective:* To analyze the tactics used by micro and small-sized accounting companies in Kalmar County to differentiate themselves in the market.

RQ (2): How are the differentiation strategies of micro and small-sized accounting firms in Kalmar County expected to change in response to future market trends and challenges?

*Objective:* To explore and assess the expected changes in the differentiation strategies of micro and small-sized accounting companies in Kalmar County, while considering the implications of evolving market dynamics and obstacles.

#### 1.4 Limitations

The research design could lead to a number of limitations that might affect the findings of this research. The security of data in the accounting sector is one major issue that might restrict access to in-depth knowledge about business strategy and performance metrics. In addition, these organizations face difficulties in defining "differentiation" because of arbitrary standards, differing stakeholder expectations, and subjective criteria. Additionally, ethical concerns are critical, especially when it comes to making sure that the privacy and professional integrity of participants in data collecting and analysis are respected.

Furthermore, there is a greater chance of bias when using self-reported data from businesses since participants may have an excessively good impression of their tactics and results.

Research findings may also be affected if participating firms are not representative of Kalmar County's accounting firms as a whole due to bias in selection. Finally, the lack of historical information makes it more difficult to monitor the long-term effectiveness of differentiation initiatives and how they affect the success of the company.

In order to be specific and relevant, the study respects certain constraints even as it attempts to offer complete insights. The major emphasis is still on accounting firms in Kalmar County, taking into account the unique characteristics of the local business community. The research project is solely focused on the accounting industry; for illustrative purposes, comparisons from other industries are occasionally made, although accounting methods constitute the main



focus of the analysis. Micro and small-sized businesses are the focus, and the insights are exclusive to the MSE sector of the accounting industry. The study captures a snapshot of the current state of the sector, acknowledging that market dynamics and the rapidly advancing nature of technology might cause rapid shifts in the landscape. The research discusses how technology is being adopted and how it affects these companies, although it does not go into great detail into technical analyses of particular programmes or systems; instead, it focuses on the strategic impacts, adoption obstacles and advantages for client service and corporate operations.

### 1.5 Significance

This research's aim is to make significant contributions to both academic literature and practical applications within the accounting sector. By exploring sustainable and differentiating strategies of micro and small-sized accounting firms, this study aims to provide these businesses with important strategic insights. As Foss and Saebi (2016) emphasize, understanding and implementing Business Model Innovation (BMI) can offer a robust framework for MSEs to innovate their business models in response to dynamic market conditions. This approach not only helps in navigating competition but also in embracing technological innovations, improving customer interactions, and implementing creative solutions.

Moreover, this project provided an opportunity to advance the understanding of the challenges faced by MSEs in the accounting industry, which can inform future legislation. Therefore, this study makes a contribution to research on policy development by demonstrating how insights drawn from the sector can guide the creation of supportive legislative frameworks, tax incentives, and educational initiatives. Additionally, understanding the complexities of BMI, as discussed by Foss and Saebi (2016), enriches our comprehension of how these firms can better integrate new technologies and adapt to the digital transformation curve.

In addition, there are several important areas where this study makes an original contribution to the existing body of knowledge on accounting practices, particularly those related to MSEs



in Kalmar County, Sweden. This includes a detailed analysis of the challenges and strategies unique to these businesses, enhancing our understanding of the dynamics within rapidly evolving accounting fields. The insights from the review by Foss and Saebi (2016) on the gaps and future directions of BMI research can further inform this study, particularly in how MSEs can develop new competitive strategies and enhance their market positioning against others.

To conclude this section, we identify that the significance of this study extends beyond the specific context of accounting firms in Kalmar County, with broad implications for academic research, practical applications, and policymaking. This study aims to inform practitioners, influence policymakers, and enrich academic debates, potentially shaping the trajectory of the accounting profession amidst various economic, technological, and societal changes. By integrating BMI into strategic thinking, MSEs can gain a competitive edge and foster innovation, as highlighted by Foss and Saebi (2016).

## 1.6 Thesis Outline

The first chapter introduces the background of the study on micro and small-sized accounting firms in Kalmar County, discussing the problem, outlining the research questions, and stating the purpose of the research. This foundational chapter sets the stage for the exploration of how these firms manage to differentiate themselves in a competitive landscape. The next chapter reviews academic literature relevant to the topic, with a particular focus on theories and prior research that emphasize the strategic maneuvers of small and micro-sized firms within competitive industries. Based on our findings, specific theories were selected to form the theoretical framework that will support the analysis of empirical data collected from the field. In the third chapter, the research methodology is thoroughly detailed: providing theoretical backing for the choices made in the study's design. It describes the approach, method, and strategy used in conducting the research, with a particular focus on the design and operationalization of the interviews. The chapter ends with a discussion on the quality and ethical considerations of the study.



In chapter four, the research presents the empirical data gathered from ten accounting consultants from eight firms conducted as part of the study. The data showcases the firsthand experiences, perceptions, and strategies employed by the accounting firms within Kalmar County. In chapter five, the empirical data from Chapter four are analyzed and discussed using the theoretical framework established in Chapter two. This analysis seeks to integrate the practical findings with theoretical insights. The final chapter draws conclusions based on the analyses provided in the previous chapters. It discusses the managerial and theoretical implications of the findings, acknowledges the limitations of the study, and suggests recommendations for future research. This chapter aims to contribute both to academic knowledge and practical applications within the field of small and micro-sized accounting practices. Ultimately, this chapter is finalized by a critical self-reflection.



## 2 Theoretical Framework

*This section delves into the theoretical framework that will guide the analysis and discussion of the empirical findings gathered from accounting firms in Kalmar. The selected theories not only resonate with the strategies and practices observed during this research but also provide a foundation for understanding the mechanisms through which these firms achieve competitive advantage.*

---

### 2.1 Resource-Based View (RBV)

The empirical findings underscore the significance of personalization and deep client relationships as foundational strategies for accounting firms in Kalmar. The emphasis on leveraging firm-specific resources and capabilities to achieve competitive advantage aligns with the strategies observed in our research. By customizing services and nurturing client bonds, these firms seek to capitalize on their unique internal strengths. Therefore, we chose the Resource-Based View (RBV) as a theoretical framework to analyze how accounting firms in Kalmar strategically deploy their resources to differentiate themselves in the market and foster long-term client loyalty (Barney, 1991).

The Resource-Based View (RBV) introduced by Jay Barney in the early 1990s, offers a foundational theory for understanding how firms achieve competitive advantage through their unique bundle of resources and capabilities. According to Barney (1991), a firm's resources can be classified into tangible and intangible assets, including physical assets, human capital, organizational culture, reputation, and knowledge assets.

Barney (1991) posits that for a resource to be a source of sustainable competitive advantage, it must meet the criteria of being valuable, rare, inimitable, and non-substitutable (VRIN). Valuable resources enable firms to exploit opportunities or neutralize threats in the external environment. Rare resources are those possessed by few or no other competitors. Inimitable resources are difficult for competitors to imitate or replicate, either due to physical uniqueness or because they are socially complex and tacit in nature. Non-substitutable resources are those for which there are no viable alternatives.



In the context of accounting firms in Kalmar, the RBV offers insights into how these firms leverage their unique resources and capabilities to gain a competitive edge. For example, personalized service, deep local expertise, and community engagement can be considered valuable resources that enable firms to differentiate themselves from competitors (Porter, 2004). These resources may be rare within the industry, particularly if firms have developed unique strategies or cultivated strong relationships with the local business community (Porter, 2004). Moreover, the tacit knowledge and expertise possessed by accounting professionals may be difficult for competitors to imitate, providing a source of inimitability (Barney, 1991). Finally, the trust and reputation built through years of service provision may render these resources non-substitutable, as clients may be reluctant to switch to alternative providers (Porter, 2004).

The VRIN framework of the RBV, can help firms assess the strategic significance of their resources and prioritize investments in those that offer the greatest potential for sustained competitive advantage (Barney, 1991). Moreover, the RBV underscores the importance of aligning internal resources and capabilities with external market opportunities, enabling firms to create value for clients while simultaneously enhancing their own competitive position in the industry (Porter, 2004).

Parnell (2006) carries this argument one step further by integrating competitive strategies as explained by Porter (2004) with the Resource-Based View to explain the sources of contemporary competitive challenges. Parnell contends that although Porter's frameworks have profoundly influenced our understanding of competitive strategy, they must be adapted to include the nuanced capabilities and resources that recent research and business practices have identified as crucial. Parnell's reconceptualization presents a new business strategy typology that combines Porter's fundamental aspects with the insights from Resource-Based View (RBV). This integration relies on two key dimensions: value and market control. The value dimension evaluates the relationship between a product's perceived worth and its price, emphasizing that strategic success is increasingly dependent on providing greater perceived value. The market control dimension, on the other hand, focuses on a firm's ability to affect market dynamics in its favor, such as making the market more difficult for new companies to



enter or imposing high switching costs on customers. Parnell provides a dynamic model that emphasizes strategic flexibility as a critical component of long-term competitive advantage, and he encourages empirical testing to enhance and confirm the model.

## 2.2 Porter's Generic Strategies

Technological advancement emerged as an important theme in our empirical research, with accounting firms in Kalmar actively integrating new tools to enhance efficiency and client satisfaction. This aligns with the principles of Porter's Generic Strategies, particularly the differentiation and cost leadership strategies. By embracing digital transformation and strategically integrating new technologies, these firms aim to achieve sustainable growth and profitability. Therefore, we selected Porter's Generic Strategies as part of the theoretical framework to explore how accounting firms in Kalmar align their strategies with competitive positioning to navigate the evolving landscape (Porter, 2004).

### 2.2.1 Differentiation

Michael Porter's insights into generic strategies are pivotal in strategic management and competitive strategy. In his seminal 1980 book "Competitive Strategy" and subsequent works, he introduces differentiation as one of three generic strategies to achieve market competitive advantage. Porter states, "*Differentiation stems from uniquely creating buyer value*" (Porter, 2004, p. 150), implying that a company distinguishes its products or services from competitors in ways valued by customers. A differentiation strategy involves providing products or services with unique features valued by customers, such as product design, brand image, technology, and customer service. This strategy can be broad, appealing to a large market, or narrowly focused, targeting a specific niche. It requires a thorough understanding of customer wants and preferences. Companies using this method can typically command higher pricing due to the unique value their products or services provide, justified by the benefits offered. To maintain a long-term competitive advantage, the distinction must be difficult for competitors to replicate, achievable through technology, patents, brand strength, or distinctive company capabilities. Additionally, continuous investment in innovation and branding is essential to sustain and enhance this unique value proposition, critical for fostering consumer loyalty. Porter underscores that uniqueness must be not only useful and



perceived by the market but also durable over time, with the company's cost structure supporting a profitable premium pricing model (Porter, 2004).

### **2.2.2 Cost Leadership**

The second generic strategy Porter discusses is cost leadership. According to Porter (2004) cost leadership is a strategy where firms strive to be the lowest cost producer in the industry. The primary goal for a company implementing this strategy is to achieve economies of scale and gain a competitive advantage by delivering its products or services at a lower price than its competitors. Porter highlights the need to focus on cost reduction in all aspects of operations, including production, marketing, supply chain management, and product development, while maintaining product or service quality. However, Porter also notes the risks associated with this strategy. A focus on cost reduction might lead to neglecting critical investments in innovation and quality, potentially undermining a company's competitive position over time. Additionally, the strategy may become ineffective if competitors can quickly duplicate cost-cutting measures, leading to a price war and potentially reducing profitability for all industry participants. Porter suggests that companies maintain their cost advantage by continuously innovating in their processes and operations (Porter, 2004).

### **2.2.3 Focus**

The third generic strategy Porter discusses is focus. According to Porter, the Focus strategy involves targeting a particular niche market rather than competing in a broader market (Porter, 2004). This strategy can be subdivided into cost-focus and differentiation-focus. In cost focus, the aim is to be the lowest-cost producer in a specific market segment. The company focuses on highly specific market segments and strives to serve them more efficiently than competitors, generally by better understanding the segment's unique needs and characteristics. In differentiation focus, the goal is to offer a unique product or service to a specific market segment or group of segments. Porter suggests that by focusing on specific market segments, companies can gain a competitive edge by either having lower costs than competitors (Cost Focus) or offering something unique to that area (Differentiation Focus) (Porter, 2004).



#### **2.2.4 Stuck in the Middle**

Michael Porter (2004) also introduced the concept of being "stuck in the middle" in his framework of generic strategies. This term refers to a situation where a corporation fails to build a cohesive competitive strategy or attempts to implement multiple strategies concurrently without fully benefiting from any of them. Being "stuck in the middle" means that a corporation is in a competitively disadvantaged position because it has not successfully committed to one strategy or is attempting to pursue multiple strategies without a clear focus. Such organizations often suffer from a lack of clear strategic direction, which prevents them from standing out. They may incur higher expenses than cost leaders without offering anything particularly different or better than their competitors, making them less enticing to consumers. Porter contended that organizations in this strategic position lack the market share, cost structure, and differentiation required to compete successfully. They run the risk of being outperformed by companies that have successfully specialized in one of the three generic strategies (Porter, 2004). As Nunamaker Jr. et al. (2016) highlight, the challenge for these organizations is not just in choosing a strategy, but also in rigorously aligning their organizational processes and technologies to support that strategy effectively.

#### **2.2.5 Critique on the Generic Strategies**

Datta (2010) offers a contemporary perspective on Porter's (2004) generic strategies. He critically examines Porter's concepts of cost leadership and differentiation strategies and proposes an alternative framework for competitive strategy. Datta uses General Motors (GM) as an example to refute Porter's claim that high market share correlates with cost leadership. He contends that GM's market leadership was not attained through cost leadership, but rather through 1920s-era market segmentation, differentiation, and broad scope methods. Additionally, while Porter believes that cost leadership and differentiation strategies are both feasible paths to competitive success, Datta believes that a differentiation strategy, particularly one based on greater quality in comparison to competitors, is more profitable than pursuing cost leadership. According to Datta, this method can help a company become both a market share and cost leader.



Datta critiques Porter's generic strategies for their broadness and for offering a narrow perspective on differentiation, which he interprets as meaning a unique product sold at a premium price rather than a standard product. Contrary to Porter's belief that cost leadership and differentiation strategies are incompatible, Datta contends that evidence exists that they can coexist. He criticizes the cost leadership strategy's internal focus and emphasizes the significance of beginning with a customer focus in any strategy. Datta (2010) believes that differentiation, with customer-perceived quality at its center, should form the basis of competitive strategy. He proposes obtaining market share leadership through differentiation at moderate pricing, focusing on the middle class by competing in the mid-price segment with higher-quality products. Datta also emphasizes the importance of "outpacing" techniques, which combine innovation and efficiency over time.

To conclude, Datta challenges Porter's generic strategies by emphasizing the coexistence of cost leadership and differentiation. He advocates for a strategy centered on customer-perceived quality, innovation, and moderate pricing to achieve market share and cost leadership, offering a more nuanced approach to competitive strategy than Porter's original framework.

### 2.3 Social Capital Theory

Our findings highlight the importance of community engagement and local expertise as key differentiators for accounting firms in Kalmar. By getting involved in the local business community and leveraging their deep understanding of the local context, these firms cultivate social capital that enhances their reputation and client trust. Therefore, we opted for Social Capital Theory as a theoretical framework to examine how accounting firms in Kalmar leverage social networks and relationships to gain competitive advantage and drive organizational success (Coleman, 1988).

The Social Capital Theory, as developed by James Coleman, provides a theoretical framework for comprehending the role of social networks and relationships in fostering cooperation, trust, and collective success within communities or organizations.

Fundamentally, the Social Capital Theory proposes that social networks contain valuable



resources, including norms, trust, harmony, and social connections, which individuals can leverage to achieve their objectives. These resources facilitate the exchange of information, resources, and support, ultimately contributing to the collective well-being and success of members within the network (Coleman, 1988).

Coleman (1988) notably emphasized the role of social capital in the creation of human capital, highlighting how social networks enable individuals to access valuable resources and opportunities that contribute to their personal and professional development. Nahapiet and Ghoshal (1998) expanded the concept of social capital to include intellectual capital, arguing that social networks facilitate the sharing and creation of knowledge within organizations, thereby enhancing their competitive advantage. Additionally, Adler and Kwon (2002) explored the prospects of social capital as a new concept in organizational theory, emphasizing its potential to foster collaboration, innovation, and organizational performance.

Ha et al. (2020) extend these discussions by linking knowledge sharing (KS) with the dimensions of social capital and firm performance. They propose a comprehensive model that identifies how structural, relational, and cognitive dimensions of social capital foster both tacit and explicit forms of knowledge sharing, which in turn enhance firm performance. This model provides a nuanced understanding of knowledge sharing as a primary outcome of social capital and a contributor to both operational and financial performance.

Furthermore, Coleman (1988) explains that Social Capital Theory offers insights into how individuals and organizations can leverage their social networks to gain competitive advantage. Trust and reputation play a central role in building relationships and facilitating cooperation within social networks. By cultivating trust-based relationships and establishing a reputation for reliability and integrity, individuals and organizations can differentiate themselves and attract opportunities for collaboration and resource exchange. Additionally, social networks facilitate knowledge sharing and collaboration, enabling individuals and organizations to access diverse perspectives, expertise, and resources. By participating in professional networks, communities of practice, and other social forums, individuals and organizations can expand their knowledge base, stay abreast of industry developments, and enhance their capabilities. Furthermore, social capital contributes to the resilience and



adaptability of individuals and organizations in the face of challenges and uncertainties. By nurturing strong social networks and fostering reciprocal relationships, individuals and organizations can mobilize support, resources, and expertise to address emerging issues, navigate change, and seize opportunities for growth and innovation (Coleman, 1988).

To summarize, Social Capital Theory provides a theoretical lens through which individuals and organizations can understand and leverage the value of their social networks to enhance their competitive advantage, foster collaboration, and drive collective success. By investing in building and maintaining social capital, individuals and organizations can create sustainable networks of relationships that contribute to their personal and professional development, as well as the overall prosperity of their communities and organizations.

#### 2.4 Service-Dominant Logic

Based on our findings, it can be noted that the common theme of value co-creation and customer-centricity resonates strongly with the strategies employed by accounting firms in Kalmar. By delivering personalized services and fostering lasting client relationships, these firms aim to go beyond the traditional transactional approaches and position themselves as trusted partners in their clients' success journeys. Therefore, we chose the Service-Dominant Logic (SDL) as a theoretical framework to explore how accounting firms in Kalmar embrace value co-creation and service ecosystems to drive organizational growth and competitive advantage (Vargo and Lusch, 2004).

Service-Dominant Logic (SDL), introduced by Vargo and Lusch in works such as "*Evolving to a New Dominant Logic for Marketing*" (2004) and "*Service-Dominant Logic: Continuing the Evolution*" (2008), stands as a fundamental shift in marketing theory. SDL challenged the conventional viewpoint that goods are paramount in economic exchange. At its core, SDL reimagines value creation, contending that value emerges through interactions between service providers and customers, rather than being inherently embedded within products or offerings. Additionally, according to Vargo et al. (2020), SDL not only shifts the focus from goods to service but also reframes economic exchange by highlighting service ecosystems and the systemic, dynamic co-creation of value among a diverse array of actors. This



perspective enables a more complete view of how value is constructed and exchanged, promoting a deeper understanding of customer needs and the implications of service interactions.

Furthermore, Vargo and Lusch (2004) suggest that SDL changes the way we view economic exchanges by claiming that all transactions are actually service exchanges. Within this framework, goods and resources serve as catalysts for service provision, with value originating from the dynamic interactions and engagements between service providers and customers. Additionally, central to SDL is the concept of value co-creation, emphasizing the collaborative nature of value generation. Rather than viewing value as intrinsic to products, SDL underscores that value arises from the context of individual customer experiences and perceptions. Service providers and customers engage in mutual interactions, co-creating value through dialogue, customization, and mutual understanding. Furthermore, SDL underscores the concept of service ecosystems, portraying markets as interconnected networks of value co-creation involving various actors, resources, and relationships. Within these ecosystems, value does not materialize in isolation but emerges from the complex interactions and interdependencies between service providers, customers, suppliers, partners, and other stakeholders.

In the world of SDL, the focus shifts from tangible offerings to intangible service experiences. Service providers prioritize delivering exceptional service experiences that engage customers, foster trust, and nurture long-term relationships. By comprehending and addressing customer needs and preferences, service providers can craft memorable experiences that differentiate their offerings and generate customer loyalty. At the heart of SDL lies a commitment to customer-centricity. Acknowledging that value is subjective and context-dependent, service providers adopt a customer-centric mindset, concentrating on understanding and fulfilling customer needs, preferences, and aspirations. By co-creating value with customers and delivering tailored solutions, service providers forge robust customer relationships and cultivate sustainable competitive advantage (Vargo and Lusch, 2004).



To conclude, Service-Dominant Logic provides a framework for understanding how value is co-created, challenging orthodox views and providing a fresh perspective on value creation in today's service-oriented economy. By embracing the principles of value co-creation, service ecosystems, service experience, and customer-centricity, organizations can leverage SDL to drive innovation, differentiation, and customer value, ultimately fostering success and resilience in the business landscape.



## 3 Methodology

*This chapter aims to outline the research methodology by explaining various methodological approaches and techniques, thereby stating the specific methodology adopted for this research.*

---

### 3.1 Research Philosophy

This research was grounded in epistemology, with a particular focus on interpretivism. Epistemology refers to the nature of knowledge, including what knowledge is, how we acquire it, and the criteria we should use to determine whether a belief is justified or true (Saunders et al., 2023). Interpretivism revolves around comprehending the subjective meanings and interpretations that individuals associate with their experiences, social contexts, and actions. From an interpretivist perspective, reality is viewed as socially constructed, and understanding of the world is achieved through interactions and experiences. Therefore, the primary goal of this research is to understand the meanings that accounting consultants connect to their actions and social contexts. Understanding 'meanings' often involves delving into people's beliefs, values, motivations, and emotions (Saunders et al., 2023). Delving deeper into the perceptions of accounting consultants will allow the research questions to be answered through the perceptions of individuals, providing nuanced insights into their experiences. Moreover, the emphasis on subjective meanings and interpretations is particularly relevant for studying accounting firms in Kalmar County. These firms operate within a unique socio-economic environment, and their strategies for differentiation are likely influenced by a multitude of factors. Thus, an interpretivist approach allows the research to capture the depth and variety of these influences by exploring how they are perceived and enacted by the accounting consultants themselves.

### 3.2 Research Approach

This research has adopted an inductive approach, allowing meanings to emerge from the data as they are collected. This method aims to identify patterns and regularities, potentially formulating new hypotheses or theories grounded in the observed data (Saunders et al., 2023).



This approach enables a true reflection of the research objectives by being guided by patterns or regularities experienced by the accounting consultants.

Moreover, this study is exploratory in nature, aimed at exploring and clarifying the problem at hand. This approach allows us to initially adopt a broader focus and then gradually narrow our view as the research progresses (Saunders et al., 2023). Lastly, by allowing meanings and patterns to emerge naturally from the data, the inductive method aligns well with the research's exploratory nature. It starts with findings and moves towards theory development, which is particularly useful when delving into complex areas such as the strategies of micro and small-sized accounting firms. This approach offers the flexibility to capture the richness and diversity of experiences among accounting consultants, providing a foundation for identifying unique or innovative differentiation strategies that might not have been previously considered.

Furthermore, this research will adopt a multiple case study design. Saunders et al. (2023) describe a case study as a detailed examination of a subject or phenomenon within its real-world context. Case studies can involve individuals, groups, and organizations, among others. The rationale behind this choice is to thoroughly understand and explore the differences among accounting firms in Kalmar. Additionally, the case study design aligns with the interpretivist and inductive methodology discussed earlier. It allows for a deep dive into the specific contexts of micro and small-sized accounting firms, facilitating a comprehensive understanding of how these organizations navigate their competitive environment. However, the specificity and depth of case studies come with the limitation of generalizability. The findings from a case study of accounting firms in Kalmar County may not be directly applicable to other contexts without careful consideration of the differences in environmental, cultural, and economic conditions. Nonetheless, the insights gained can provide a valuable foundation for further research and contribute to theory building, especially when they reveal underlying mechanisms or principles that could have broader applicability.



### 3.3 Research Method

This research is of qualitative nature. Saunders et al. (2023) discuss both qualitative and quantitative research methodologies. Quantitative research is characterized by the gathering or analysis of numerical data. Conversely, qualitative research is defined by the processes of data collection or analysis that produce or make use of data that is not numerical.

Additionally, Bryman and Bell (2011) note that the qualitative research method focuses on a comprehensive understanding and description of the issue at hand. The qualitative research method has been chosen primarily due to its ability to delve deep into the perceptions of accounting consultants, perceptions that might not have been captured with a quantitative method, as it may be difficult to measure perceptions and experiences in numerical data.

### 3.4 Data Collection

This research was grounded on primary data collection. The primary data will include ten semi-structured interviews conducted with accounting consultants working in Kalmar County. Saunders et al. (2023) and Bryman and Bell (2011) describe semi-structured interviews as those based on predefined open questions that can be asked in any order, thereby allowing for the introduction of new questions based on the interviewee's responses. This enables the interviewer to gain further insights during the interview and ensures a deeper understanding of the interviewee's perspective. To ensure that the interview questions were appropriate for this study, we conducted an exploratory interview and refined the predefined questions to make them more suitable for this research. Additionally, to enhance data collection, the interviews were conducted in the interviewees' native language, Swedish, and subsequently translated into English. They were also conducted either face-to-face or via phone call, aligning with Bryman and Bell (2011) suggestions on how interviews can be conducted.

In addition, to engage accounting consultants, they were reached via social media platforms such as LinkedIn, through email and via phone calls. The outreach explicitly stated the purpose, ensuring there is no intention to obtain sensitive information regarding the organization or its clientele. To mitigate potential biases in our participant selection and data collection process, we implemented several strategies as mentioned by Saunders et al. (2023). We designed semi-structured interview protocols to maintain objectivity and consistency



across interviews. This approach allowed for flexibility in exploring relevant topics while ensuring that key questions were consistently addressed. Additionally, efforts were made to include a diverse group of accounting consultants from various backgrounds, ensuring a wide range of perspectives.

### 3.5 Operationalization

To ensure our inductive research is accurate, it's crucial to collect relevant data through semi-structured interviews. This helps us explore important findings and develop new theories. Consequently, the interview guide detailed in Appendix A is designed to address the research questions, aiming to enhance comprehension among readers. In the same appendix, the concepts and reasoning behind the choice of questions are mentioned. These semi-structured interviews adhere to a set of predefined questions consisting of 10 questions as outlined in Appendix B. This approach consists of following these questions while also permitting the exploration of new questions based on the respondents' answers as described by Bryman and Bell (2011). Additionally, Table 1 presents an interview documentation guide, listing details such as pseudonym, gender, date of the interview, interview type, and duration for each participant to facilitate a systematic approach to data collection.

### 3.6 Purposive Sampling

This study has utilized a non-probability sampling technique, more specifically, purposive sampling. This approach involves selecting a sample that is most likely to effectively meet the research objectives. Purposive sampling is suitable for gaining further insights from studies with a smaller sample size (Saunders et al., 2023). This study will select accounting consultants based on their availability. This criterion means that the study aims to include those who are willing and able to participate within the time frame of the research. This practical approach ensures that the study can proceed efficiently but might limit the diversity or representativeness of the sample. Additionally, snowball sampling was used as defined by Bryman and Bell (2011). Snowball sampling involves asking interviewees if they know any other colleague within the firm or industry who would be willing to participate in an interview.



Moreover, the aim was to have a diverse group of 10 accounting consultants from various accounting firms in Kalmar County. Diversity here may refer to differences in firm size, experience or other relevant factors. The idea is to cover a range of perspectives and practices within the profession, enhancing the richness of the data collected. The study is geographically focused on Kalmar County. This could imply that the findings are particularly relevant to the business practices, economic environment, or regulatory context of this region. It also helps in pinpointing regional specificities that might influence accounting practices. Lastly, see Appendix C for the company criteria this study has chosen to follow when selecting interviewees.

### 3.6.1 Table of Interview Documentation Guide

The table below presents details of interviews conducted with 10 accounting consultants from 8 different firms. To maintain ethical standards and ensure the confidentiality of the participants, we have assigned pseudonyms to the interviewees. Additionally, to accurately reflect the perceptions of the consultants without repercussions, accounting firms are denoted numerically. Consultants from the same firm are listed under the same number, for instance, "Accounting Firm 1".

Table 1: *Interview Documentation Guide.*

Company	Firm Size	Interviewee	Gender	Interview Date	Interview Type	Interview Length
Firm 1	1-10	Erik	Male	24/04/24	On Site	52 min
Firm 1	1-10	Robert	Male	24/04/24	On Site	47 min
Firm 2	10-50	Sara	Female	24/04/25	Phone Call	37 min
Firm 2	10-50	Karl	Male	24/04/26	Phone Call	30 min
Firm 3	1-10	Magnus	Male	24/04/26	Phone Call	33 min
Firm 4	1-10	Lisa	Female	24/04/29	Phone Call	24 min
Firm 5	1-10	Johan	Male	24/04/30	On Site	48 min
Firm 6	10-50	Axel	Male	24/05/03	Phone Call	38 min



Firm 7	1-10	Anna	Female	24/05/06	Phone Call	23 min
Firm 8	1-10	Gustav	Male	24/05/06	Phone Call	35 min

### 3.7 Data Analysis

A thematic analysis has been used during this research, it is a general method of analysis wherein patterns of meaning are identified during the data analysis. Once these patterns become clear, they will undergo further systematic coding to then, in turn, draw conclusions based on these themes (Saunders et al., 2023). Additionally, Gray (2019) describes the objective of thematic analysis as identifying, analyzing, and reporting patterns within the data to subsequently identify themes that may be interconnected. Themes reveal themselves and are only relevant when it aids the researcher in answering the research questions. This thematic analysis will allow us to find relevant themes that will assist in understanding the differences among accounting firms in Kalmar County, as well as how they are expected to change in response to future market trends and challenges.

Moreover, to mitigate potential biases in our data analysis, the application of thematic analysis in this research has involved several steps as recommended by Braun and Clarke (2006), beginning with the familiarization of the collected data, which included interview transcripts. This initial step allowed us to immerse ourselves in the data, and manually identify preliminary ideas for coding. Following this, a more systematic approach to coding was undertaken, where data segments were annotated with codes that represent their essential features. These manual codes were then grouped into potential themes that reflect broader patterns within the data. These preliminary themes were then reviewed and refined, to ensure they accurately reflected the data set and were meaningful in relation to the research questions. Finally, this review process also involved merging, splitting, or removing themes that did not contribute to the understanding of the research questions.

The finalized themes were then defined and named as: (1) Personalization and Client Relationships, (2) Technological Advancement, (3) Adaptability and Continuous Learning and (4) Community Engagement and Local Expertise. These themes emerged from reviewing



the transcripts multiple times to obtain a comprehensive overview of the data and to connect similarities and differences in the collected data. Lastly, in addition to the themes, the empirical findings present unique insights from the data collection that we deem relevant to the research.

### 3.8 Reliability

Based on the principles outlined by Saunders et al. (2023), reliability in research refers to the extent to which research methods, techniques, and analysis processes can be consistently applied across different contexts to yield comparable results. The reliability of this study is ensured through a rigorous and systematic approach at every phase of the methodology, maintaining the research's integrity and ensuring that the findings are robust and replicable. To achieve this level of reliability, several key strategies have been adopted, including the detailed documentation of all research processes, from developing the interview guide to executing thematic analysis procedures. Additionally, the study's findings were critically compared with existing research and theories in the field. This comparison not only positions the study within the broader academic conversation but also serves as a benchmark for assessing the reliability of its findings.

### 3.9 Validity

According to Saunders et al. (2023), validity is defined as the accuracy of a process in measuring what it is supposed to measure. The validity of this research is established through methodological alignments discussed in previous sections. Adopting an interpretivist approach and an inductive research strategy ensures that data collection and analysis are deeply rooted in the subjective experiences of accounting consultants in Kalmar County, thus enhancing the validity of the findings. The use of qualitative research methods, such as semi-structured interviews and thematic analysis, facilitates a nuanced exploration of the subjective meanings and interpretations attached to individual experiences, capturing the complexity and depth of how accounting consultants perceive their roles and environments. Purposive sampling further strengthens validity by selecting participants who are likely to provide relevant insights, focusing on consultants from micro and small-sized firms in



Kalmar County based on specific criteria like firm size and operational history. Lastly, the multiple case study design allows for a comprehensive understanding of the phenomena under study, enhancing the applicability of conclusions in similar contexts and providing a solid basis for drawing valid inferences about differentiation strategies within the sector.

### 3.10 Ethical Considerations

This research has incorporated ethical considerations, guided by Saunders et al. (2023), who highlight the paramount importance of ethics in research. We have undertaken several steps to ensure ethical considerations, such as making the participants fully informed about the research purpose, their role, and their rights to anonymity and confidentiality regarding their accounting firms. While a small number of the participants expressed indifference towards anonymity, we opted to provide pseudonyms and keep details of firms anonymous due to the sensitive nature of the information shared, thereby maintaining privacy throughout the research process and in its dissemination. In adherence to GDPR guidelines, we also implemented rigorous data management practices: all recordings and information were securely stored, retained only for the necessary duration, and made accessible solely to the research team. Finally, this research aims to keep its commitment to the standards of transparency, ethics, and accountability, establishing trust in our methodology and findings.



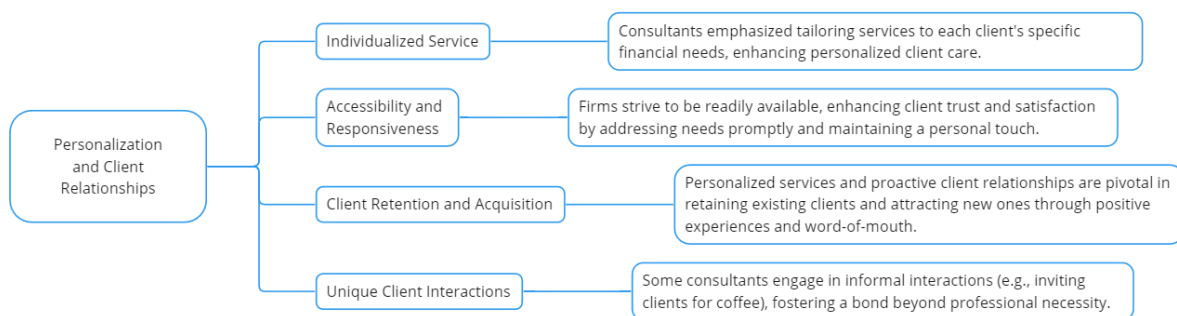
## 4 Empirical Findings

*In this section, four themes and additional unique insights are presented. The findings are derived from interviews with 10 accounting consultants from 8 different accounting firms, following a thematic analysis procedure.*

### 4.1 Theme (1) Personalization and Client Relationships

The personalization of services and the development of deep client relationships is a theme that emerged from the interviews with several accounting consultants in Kalmar. Each firm highlighted distinct practices that differentiate them from competitors and influence their client retention and acquisition strategies. To showcase how we developed and arrived at Theme 1, the data tree below was created to illustrate the gathering of empirical findings into subthemes, and eventually into Theme 1. Please note that the data trees represent only a portion of the overall findings.

Figure 1: Theme (1) Data Tree



Continuing on the findings, a common thread among the firms was the emphasis on customizing services to meet the specific demands of each client. For instance, one interviewee noted, *"Our firm primarily focuses on providing personalized tax planning and compliance, in-depth financial analysis, and business advisory services"* (Sara). This



approach is not merely about delivering standard services but involves a deep dive into the financial specifics of each client, thereby crafting strategies that align precisely with their needs. Another accounting consultant who strongly argued for personalization and maintaining client relationships noted:

*“Adapting your services to your client’s needs is necessary, especially in this industry where you are basically your client’s financial department. You must establish trust in your business in the eyes of your clients so they can sit back and relax, confident that you have taken the wheel.” (Robert).*

Another aspect discussed was the firms' efforts to make themselves readily accessible and responsive. As one consultant described, *"Personal Service, always available and easily accessible in that one can visit us in person, or write to us anytime"* (Erik). This availability, he means, is a significant factor in building trust. Clients appreciate when their concerns are addressed promptly, which Erik means is often not the case with larger, more bureaucratic organizations. The ability to respond to emails late at night or visit clients in person has set his firm apart in the eyes of their clients. Another consultant with the same view stated *“Our company is known for its familial atmosphere and equal treatment of all clients, ensuring that everyone feels seen and valued.”* (Axel). Another consultant that agrees with being available said, *“I believe a key factor in why clients choose our firm is that we try to be available as much as possible, so we exceed their expectations.”* (Robert).

Several firms shared specific instances where their personalized approach directly contributed to client satisfaction and retention. One firm recounted a scenario where they resolved a complex tax issue that other agencies could not handle, stating, *"We stepped in and successfully resolved an issue that other agencies could not resolve in months thanks to our extra effort"* (Erik). Such stories not only demonstrate the firms' competency but also reinforce the trust and reliability clients place in them. Feedback from clients consistently highlights the perceived difference in the level of service provided by these firms compared to larger entities. One client's feedback illustrated this, *"Your team doesn't just provide services, they deliver peace of mind,"* (Sara).



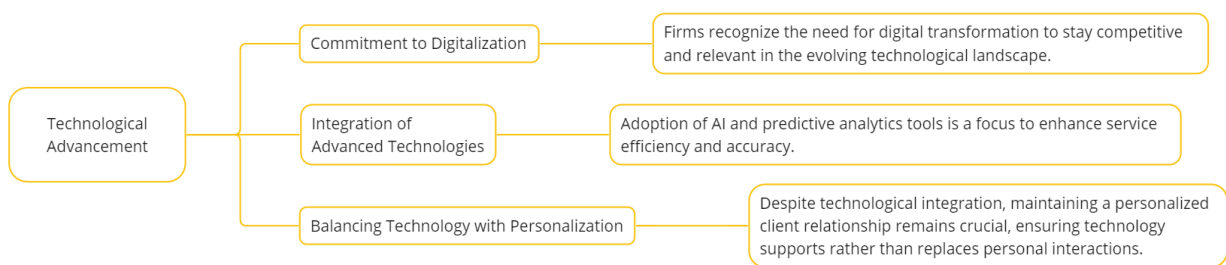
Besides delivering peace of mind, the majority of consultants agree on building and maintaining client relationships in their own unique ways. One consultant recalled how he would treat clients, *“Occasionally, I invite my clients over for a cup of coffee or a fika. I believe in building a bond that goes beyond numbers, so I like to create a relationship where we can enjoy each other's company.”* (Johan).

To conclude, personalization and strong client relationships are foundational to the accounting firms in Kalmar. By customizing services, ensuring accessibility, and nurturing bonds that transcend numbers, these firms differentiate themselves and build lasting trust with their clients, ultimately delivering not just financial solutions but also peace of mind.

#### 4.2 Theme (2) Technological Advancement

The theme of technological advancement resonates strongly across the interviews. These firms are aware of the evolving landscape of technologies and are actively attempting to integrate new tools to enhance efficiency, accuracy, and client satisfaction. To showcase how we developed and arrived at Theme 2, the data tree below was created to illustrate the gathering of empirical findings into subthemes, and eventually into Theme 2.

Figure 2: *Theme (2) Data Tree*



Most firms expressed a commitment to digital transformation as a strategic priority. As one interviewee put it, *"The next five years will be significant in terms of digitalization, requiring fresh thinking and a significant shift"* (Erik). He indicated a broad acknowledgment of the need for adaptation in the face of technological advancements. Additionally, the majority of



the firms recognize that staying current with technological trends is crucial to maintaining competitiveness. Several firms also highlighted specific technologies they are incorporating or planning to integrate into their operations. For instance, AI is frequently mentioned as a technology that will alter the accounting landscape. One firm stated, *“We are looking at ways to automate our practices, either by AI or any technology that will make the handling more efficient. Seeing how some AI works, I would believe AI is the next game changer for this business.”* (Robert).

Furthermore, the ability to offer real-time financial insights and predictive analytics is becoming a key differentiator for some firms. One interviewee mentioned, *“Predictive analysis tools help our clients understand their numbers better and faster”* (Gustav), highlighting the significance of proactive financial management supported by technology. Despite the enthusiasm for technological adoption, firms also discussed the challenges associated with integrating new systems. These challenges include ensuring confidentiality with new technologies, maintaining the personalized touch that clients value, and the resource intensity of training and development. As one consultant explained, *“The problem of adopting technology is confidentiality. The information we have access to and the information we need to input into machines are extremely sensitive and need to be handled with caution.”* (Karl). Another consultant stated that *“Keeping pace with the rapid development of financial technologies will require ongoing training and investment, it is not something you can jump straight into. There are many pieces that need to be in order first.”* (Anna).

Accounting firms in Kalmar are not just reacting to current technological trends but are preparing for future developments. This forward-thinking approach includes partnerships with tech providers, investments in staff training, and continuous updates to their IT infrastructure. As one consultant explained, *“We are currently exploring AI-driven tools for faster bookkeeping in terms of handling receipts and bills”* (Gustav). While technology is seen as a critical component of future success, there is a strong emphasis on balancing tech-driven efficiencies with personalized client relationships. Firms are conscious of the need to maintain a human touch, with technology enhancing rather than replacing the personal elements of client service. One firm emphasized, *“Balancing technology with personalized client*



*relationships will be important, especially as digital transformation is happening"* (Lisa).

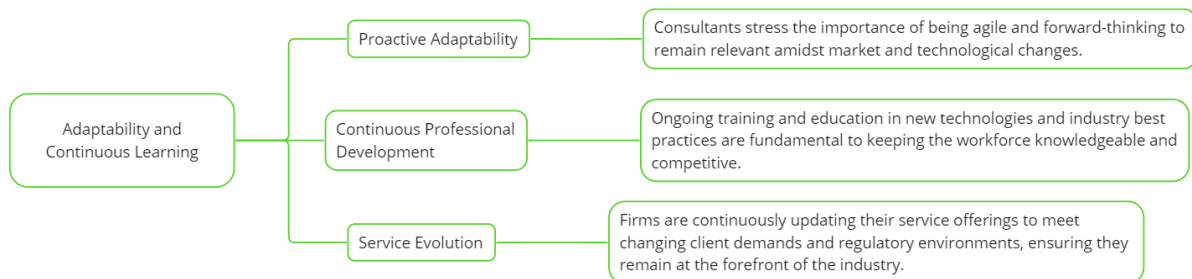
Some firms believe that this balancing can be natural, as noted by a consultant: *"Even though AI is being developed at a fast pace, the accounting industry is very broad and will always need some kind of manual control"* (Johan).

In conclusion, the findings from the interviews illustrate that accounting firms in Kalmar adopt a dynamic and proactive stance toward technological advancement. While eagerly embracing new technologies to enhance efficiency and client service, these firms are also mindful of the challenges that accompany such transformations. They recognize the need to maintain a balance between technological efficiency and the personalization that defines their client relationships. Additionally, they acknowledge that the accounting industry cannot be fully automated as it still requires human control at some level.

### 4.3 Theme (3) Adaptability and Continuous Learning

The theme of adaptability and continuous learning emerged as another focus from the interviews. Consultants emphasized the necessity to remain agile in a rapidly changing industry landscape and highlighted their strategies for fostering an environment of continuous professional development. To showcase how we coded and arrived at Theme 3, the data tree below was developed to illustrate the gathering of empirical findings into subthemes, and eventually into Theme 3.

Figure 3: *Theme (3) Data Tree*





The accounting consultants recognized the importance of adaptability in response to both market demands and technological advancements. As one accounting consultant noted, "*We cannot wait for the entire market to change; instead, we must already be investing and starting to digitize our processes*" (Robert). This sentiment underscores the proactive attitude towards embracing changes necessary to stay relevant and competitive. Additionally, a strong commitment to ongoing learning and development was evident across the firms. They described various initiatives, such as training programs and professional development opportunities, aimed at ensuring their teams are well-versed in the latest industry practices and technologies. One interviewee stated, "*We are investing in continuous professional development for our staff, focusing on emerging technologies and industry best practices*" (Anna). Showcasing that this approach is integral to maintaining a knowledgeable and skilled workforce.

Moreover, the rapid pace of change in both regulatory environments and technological innovations presents significant challenges. Firms expressed concerns about their ability to keep up with these changes efficiently. As one consultant explained, "*The main challenge will be ensuring that our team is up-to-date with these technological advancements and capable of leveraging them to enhance service delivery*" (Karl). Overcoming these challenges requires not only financial investment but also strategic planning and execution. Some of the firms are implementing innovative approaches to training and development to enhance adaptability. These include leveraging online learning platforms, hosting regular in-house training sessions, and participating in industry conferences. The aim is to create a culture of continuous improvement that aligns with the evolving needs of the business and its clients.

Firms are not only focusing on internal adaptability but are also continuously adjusting their service offerings to meet changing client expectations and market trends. This includes the integration of new service lines, such as sustainability reporting and international compliance, which are seen as growing areas of demand. One firm mentioned, "*We anticipate that the demand for more specialized financial advice will increase as Kalmar's businesses become more diverse*" (Magnus).



Another accounting consultant noted the practice changing as,

*“The method of billing will change – clients currently using binders and physical receipts might take ten hours to bookkeep. In the future, scanning or photographing receipts could reduce this time to four hours, freeing up time to serve other clients. As automation makes services more efficient, clients will expect lower invoices. Many are favoring fixed pricing, which benefits from digitalization as it reduces hours worked and most of the time, continues with the same billing amounts.” (Axel).*

A notable challenge highlighted was the balancing act between maintaining traditional accounting practices that are fundamental to the profession and adopting innovative methods that disrupt those practices. Firms are mindful of the need to preserve the core values of the accounting profession while also embracing change that can lead to better outcomes for clients and the firm itself.

Overall, the findings reveal that accounting firms in Kalmar place a high priority on adaptability and continuous learning as essential components of their operational philosophy. These firms are actively engaging in educational programs, updating their technological tools, and revising their service offerings to ensure they remain at the forefront of the industry. This proactive approach not only enhances their capacity to respond to immediate changes but also positions them well for future challenges and opportunities in the accounting sector.

#### 4.4 Theme (4) Community Engagement and Local Expertise

The theme of community engagement and local expertise is prominently featured in the narratives of the accounting consultants interviewed. These consultants emphasize the importance of being actively involved in the local community and utilizing their deep understanding of the local business environment to provide tailored services. To showcase how we developed and arrived at Theme 4, the data tree below was created to illustrate the gathering of empirical findings into subthemes, and eventually into Theme 4.



Figure 4: Theme (4) Data Tree



Many consultants highlighted their efforts to build and maintain strong local networks as a key component of their business strategy. For example, one firm noted, *"We've differentiated our firm by emphasizing a collaborative approach within the local business community"* (Magnus). These connections are not only vital for attracting local clients but also for understanding the unique challenges and opportunities within the Kalmar business ecosystem. Hosting workshops, seminars, and other community events is a common practice among these firms, aimed at fostering a sense of community and providing value beyond traditional accounting services. As stated in one interview, *"This includes hosting workshops and seminars on financial best practices tailored specifically to Kalmar"* (Sara). Another consultant added that, *"We offer client seminars and workshops in partnership with other local experts to contribute to the business landscape in Kalmar"* (Magnus).

Furthermore, the deep local knowledge possessed by these firms enables them to offer services that are highly customized to the needs of local businesses. An interviewee mentioned, *"Our deep knowledge of local business regulations and economic conditions allows us to provide advice that is not only compliant but also strategically advantageous for our clients"* (Anna). This expertise is a significant differentiator in a market where generic, one-size-fits-all solutions are less effective.

Rather than relying solely on traditional marketing techniques, many firms use their community involvement as a key marketing tool. The positive word-of-mouth generated through their active participation in local affairs often leads to new client referrals and



increased business credibility. *"Our approach of providing integrated services demonstrated our capability to add real value beyond basic accounting. This not only won us the project but also helped the client increase their profitability"* (Magnus).

Additionally, firms are eagerly aware of the necessity to adapt their services to meet the evolving needs of the local community. Whether it's through offering specialized services that cater to predominant industries in Kalmar or adapting to local regulatory changes, these firms are agile and responsive to their environment. *"Our clients often tell us that they appreciate our proactive approach and the clarity we bring to their business"* (Magnus).

Several consultants expressed a commitment to contributing to local economic growth by supporting small businesses and startups within the community. They see their role as not just service providers but as partners in the economic development of Kalmar. *"By understanding their business operations and expectations right from the start, we ensure a clear relationship where we jointly set goals for accounting and follow-up"* (Robert). While there are many benefits to community engagement, some firms also discussed the challenges associated with maintaining a strong local focus, such as the need to balance local service customization with the efficiency gains from standardized processes.

Finally, the findings suggest that for accounting firms in Kalmar, community engagement and leveraging local expertise are not just about business growth but are integral to their identity and operations. These firms are deeply embedded in the local fabric, and their success is closely tied to their ability to engage with, adapt to, and influence the local business environment. This community-centric approach not only distinguishes them from larger, more impersonal competitors but also drives client loyalty and satisfaction.

## 4.5 Unique Insights

### 4.5.1 Price Appears Not to Be an Issue

Interestingly, price does not seem to be a primary concern for most clients of these accounting firms. Only one consultant highlighted competitive pricing as a differentiation factor, stating, *"Our firm stands out due to our competitive pricing and flexible work arrangements"* (Johan).



This insight implies that for the market in Kalmar, the emphasis might be more on service excellence and less on competing on price points, aligning with the overall theme of personalized and high-quality service delivery emphasized by the firms. However, another consultant explained that *“Younger generations expect more digital services, though the market might not change drastically. Accounting firms will need to revise their billing methods to stay competitive.”* (Axel). Implying that the younger generation expects more automation and less billed time.

#### **4.5.2 Less Competitive than Imagined**

Another unique insight revealed that the industry is less competitive than one might think. One consultant noted, *“We do not engage in active marketing or competitor analysis, instead, we rely on our reputation built on expertise and experience to attract and retain clients.”* (Lisa). This approach highlights a strategic reliance on established credibility rather than aggressive market positioning, suggesting a stable client base that values specialized knowledge over promotional activities.

Similarly, Axel observed, *“The market isn't very competitive in this industry right now, it's about managing time. How many clients or projects can we realistically handle? Often, we have to reject clients due to a lack of time.”* This indicates that the primary constraint within the industry is not the acquisition of clients but the capacity to manage existing and potential projects effectively. The industry's current state is characterized by a high demand for services which exceeds the available supply of expert time and resources, leading to a situation where practitioners must prioritize projects based on their capacity to deliver quality results rather than competitive pressures.



## 5 Discussion

*This section presents a detailed discussion of the empirical findings. Each theme is analyzed through the lens of our established theoretical framework.*

---

### 5.1 Theme (1) Personalization and Client Relationships

The concept of personalizing services and nurturing profound client relationships is notably prevalent among accounting firms in Kalmar. This approach is in harmony with the Resource-Based View (RBV), a theoretical framework that underscores the strategic utilization of unique firm-specific resources to achieve and sustain a competitive edge. The emphasis placed by these firms on tailoring their services and deepening client interactions capitalizes on intangible assets such as human capital and organizational culture. According to RBV, these assets are invaluable as they are valuable, rare, inimitable, and non-substitutable (VRIN) qualities (Barney, 1991).

Exploring this further through the lens of the VRIN framework, starting with 'valuable,' the personalization of services allows firms to address individual client requirements effectively. This direct alignment with client needs not only boosts satisfaction but also fosters a deeper sense of trust. Moving to 'rare,' the profound client relationships and bespoke services offered by these firms are not widely observed across the industry, which grants these firms a distinct position in the market. From the standpoint of 'inimitable,' establishing personal connections and cultivating trust involve intricate social interactions, which are difficult for competitors to mimic due to their complex and nuanced nature. Lastly, under 'non-substitutable,' the trust and tailored experiences generated through these relationships cultivate a level of client loyalty that cannot be easily replaced by firms that provide more standardized services.

These personalized approaches and in-depth client relationships enable the accounting firms in Kalmar to distinguish themselves, create loyalty among clients, and maintain a sustainable competitive advantage, aligning with the core tenets of RBV. Additionally, the personalized services amplify the firms' responsiveness and accessibility, further solidifying robust client relationships that in many instances are irreplaceable. Clients particularly value the



reassurance and reliability offered by these firms, knowing that their financial affairs are managed with keen attention and proactivity. As such, the ability of these firms to tailor their services effectively fulfills the VRIN criteria established by Barney (1991), thereby sharpening their competitive advantage in the market.

From another perspective on how value is co-created, Service-Dominant Logic (SDL) posits that value emerges through interactions between providers and consumers and that service constitutes the fundamental basis of exchange (Vargo & Lusch, 2004). The personalized services highlighted in the empirical findings exemplify this value co-creation process. The accounting firms in Kalmar are not simply delivering standardized services; rather, they are engaging in a dynamic, responsive interaction with their clients, catering to specific needs and thereby enhancing the perceived value of their services.

This approach is in line with SDL's emphasis on customer-centricity and the co-creation of value, wherein the unique needs and contexts of clients fundamentally shape the service delivery process. By ensuring accessibility and fostering a familial atmosphere, these firms cultivate a service ecosystem that significantly boosts client satisfaction and loyalty. This strategy not only resonates with SDL's principles but also actively contributes to the building of social capital, as further discussed by Coleman (1988). This accumulation of social capital enhances the firms' reputational assets and strengthens client trust.

Expanding further, the interaction between the firms and their clients goes beyond mere transactions; it involves a continuous exchange of ideas, feedback, and adjustments that refine service offerings. This repetitive process allows the firms to not only meet but anticipate client needs, leading to customized solutions that are highly valued by clients. Such practices ensure that clients feel valued and understood, which is critical for deepening client relationships and retaining their loyalty over time. Consequently, these interactions do not just satisfy clients but transform them into active participants in the service creation process, which is a core tenet of SDL. This collaborative approach to service provision underpins the firms' strategic positioning and competitive advantage in a competitive market.



Considering Parnel's (2006) discussion of a dynamic model featuring value and market control dimensions, the value dimension evaluates the relationship between a product's perceived worth and its price. This aspect aligns with the personalized services provided by these firms. By focusing on creating greater perceived value through tailored services, these firms adhere to Parnel's framework, which emphasizes strategic success through enhanced customer value perceptions. This approach not only meets but also exceeds client expectations, fostering deeper trust and loyalty, which are crucial in a service-centric industry like accounting. Meanwhile, the market control dimension centers on a firm's ability to favorably influence market dynamics. The accounting firms in Kalmar exemplify this by creating high switching costs and fostering unique client relationships that are difficult for competitors to replicate. This strategic manipulation of market conditions ensures a sustainable competitive advantage, making it difficult for new accounting firms to disrupt the established client bases of these firms.

In conclusion, the personalized services and client relationships cultivated by the accounting firms in Kalmar are not merely business strategies but are core to their competitive positioning and success. These practices exemplify the effective application of RBV and SDL principles, enabling these firms to stand out in a competitive industry and maintain enduring client loyalty and trust. This strategic orientation ensures that these firms not only meet but exceed client expectations, securing their market position and future growth prospects.

## 5.2 Theme (2) Technological Advancement

The findings on the theme of technological advancement from interviews with accounting consultants in Kalmar reveal a strategic emphasis on integrating new technologies to enhance efficiency, accuracy, and client satisfaction. This theme aligns with Porter's (2004) concepts of generic strategies, particularly the differentiation and cost leadership strategies, as well as the broader theoretical context of Service-Dominant Logic by Barney (1991).

Starting with the adoption of technology, particularly predictive analytics and AI-driven tools, serves as a strategic differentiator for some accounting firms in Kalmar. Several firms have already begun implementing advanced technological solutions, while others are making



efforts to adopt them. According to Porter (2004), differentiation involves providing unique features that are valued by customers. In this scenario, the real-time financial insights and predictive analytics offered by certain firms significantly enhance client value by facilitating better and faster decision-making processes. This technological utilization not only sets these firms apart from their competitors but also infuses their service offerings with an element of exclusivity and sophistication. Consequently, this allows the firms to potentially handle a larger client base, though each client may require less intensive engagement due to the increased efficiency of accounting practices.

On the contrary, the integration of AI and automation technologies can also be analyzed from the perspective of cost leadership. Porter (2004) posits that the goal of cost leadership is to become the industry's lowest-cost producer. By automating routine functions, firms can significantly reduce labor costs and enhance operational efficiency. These savings can then be used for clients, or reinvested into further technological advancements. Such strategic use of technology is vital for maintaining competitive pricing and operational efficiency, which are crucial for attracting price-sensitive clients. This is particularly relevant given that some firms are currently turning away clients due to staffing shortages or time constraints. This approach not only helps in managing resources more effectively but also supports sustainable business growth by enabling these firms to handle a larger volume of business without compromising service quality.

Furthermore, the theme of technological advancement aligns closely with the principles of Service-Dominant Logic (SDL), which emphasizes the importance of value co-creation and service ecosystems. Vargo and Lusch (2004) contend that in modern business environments, value is increasingly co-created through interactions that are facilitated by technology. For accounting firms in Kalmar, technology serves as a crucial facilitator of service provision, enhancing interactions between the firm and its clients. For example, technologies that provide real-time insights enable firms to engage more proactively with their clients by anticipating needs and responding more swiftly to financial issues as they arise.

Additionally, the focus of SDL on service ecosystems is clearly reflected in how firms in Kalmar engage in partnerships with technology providers and invest in continuous updates to



their IT infrastructure. These collaborations are necessary for maintaining a dynamic responsive technological base, which supports the ongoing process of value co-creation with clients. This strategic approach not only helps in adapting to the changing demands of the service industry but also reinforces the firm's commitment to delivering superior client experiences through innovative technological solutions.

Integrating these findings with Porter's Generic Strategies and SDL offers a comprehensive understanding of how accounting firms in Kalmar strategically employ technology. Through differentiation, these firms leverage technology to provide unique value-added services that enhance client relationships and justify premium pricing. Concurrently, adopting technologies that streamline operations and reduce costs aligns with a cost leadership strategy, helps firms maintain competitive advantage in a price-sensitive market. Additionally, the emphasis on maintaining a balance between technological efficiency and personalized client relationships speaks to the SDL principle of co-creating value. Even as firms adopt more automated processes, the need for a human touch remains vital in maintaining client trust and satisfaction. This approach underscores a strategic synthesis of technology and personal service, enhancing both operational efficiency and client engagement.

Overall, the proactive and dynamic approach to technology adoption among accounting firms in Kalmar reflects a sophisticated understanding of strategic management theories. By aligning technological strategies with Porter's Generic Strategies and SDL, these firms not only enhance their operational capabilities but also maintain and strengthen client relationships through enhanced service delivery. This strategic integration ensures that technological advancements contribute to sustainable competitive advantage while fostering long-term client loyalty in the evolving landscape of accounting services.

### 5.3 Theme (3) Adaptability and Continuous Learning

The theme of adaptability and continuous learning highlighted by the accounting consultants in Kalmar reflects a strategic response to the dynamic nature of the industry. This theme is well-supported by the theoretical frameworks of the Resource-Based View (RBV) and Social



Capital Theory, which both emphasize the value of intangible assets such as human capital and organizational knowledge in maintaining competitive advantage.

The emphasis on adaptability and continuous learning underscores an effort to develop a highly skilled workforce, which is considered a pivotal resource under the Resource-Based View (RBV) framework as outlined by Barney in 1991. According to RBV, human capital—marked by the knowledge, skills, and abilities of employees—holds intrinsic value because it is rare and difficult to imitate. This aligns with Barney's criteria for resources that can provide a sustainable competitive advantage. Accounting firms, recognizing this, have implemented ongoing professional development initiatives to ensure that their workforce remains well-informed and proficient amidst rapid technological and regulatory changes. These initiatives not only enhance service delivery but also improve competitive positioning by keeping the firms at the forefront of industry standards and practices.

Furthermore, the RBV framework emphasizes the importance of cultivating unique capabilities that competitors cannot easily replicate. The proactive engagement in continuous learning and adaptation to market changes represents a strategic deployment of organizational capabilities aimed at fostering a resilient and adaptable workforce. This strategic orientation equips firms not only to manage current market dynamics effectively but also positions them well for anticipated shifts in the industry landscape.

Moving on to the concept of Social Capital Theory, as outlined by Coleman in 1988, and further extended by Ha et al. (2020), the theory highlights the importance of networks and relationships within a community that facilitate collective action for mutual benefit. Ha et al. propose that the structural, relational, and cognitive dimensions of social capital foster both tacit and explicit forms of knowledge sharing, which in turn enhance firm performance. Within the context of accounting firms in Kalmar, fostering a culture of continuous learning and adaptability is crucial. Such a culture promotes knowledge sharing and collaboration, crucial components of social capital. This nurturing environment aids in creating robust internal networks where information and skills are freely exchanged, thus enhancing the firms' collective competence and their responsiveness to change.



Moreover, engaging in continuous professional development and embracing new technologies not only augments the firms' capabilities but also bolsters their reputation—a key element of social capital. A reputation for being progressive and highly skilled not only attracts clients but also draws top talent, further solidifying the firms' market position. By investing in their employees' growth and tailoring services to meet evolving market demands, these firms effectively enhance their social networks and build trust both internally and with external stakeholders. This strategic approach helps in fortifying their overall social capital, crucial for sustained success and influence in the industry.

These strategies enable the firms to remain agile in a rapidly changing environment, ensuring they are well-prepared to meet both current and future challenges. The commitment to continuous professional development helps maintain a workforce that is not only skilled but also highly adaptable, qualities that are increasingly important in industries characterized by rapid technological advancements and regulatory changes. The proactive stance of accounting firms in Kalmar towards adaptability and continuous learning illustrates their strategic use of human and social capital to foster a competitive and responsive organizational culture. This approach ensures that they not only keep pace with industry developments but also anticipate and lead change, positioning themselves as leaders in the accounting sector. By aligning their operational strategies with the principles of RBV and Social Capital Theory, these firms effectively secure a sustainable competitive advantage that is built on the continuous development of their most valuable resources—their people and their professional networks.

#### 5.4 Theme (4) Community Engagement and Local Expertise

The theme of community engagement and local expertise discussed in the empirical findings also resonates with the Social Capital Theory and the Service-Dominant Logic (SDL). These theoretical frameworks provide insights into how relationships and tailored service provision enhance competitive advantage and client satisfaction.

Social Capital Theory, as articulated by Coleman (1988), emphasizes the value of networks and relationships within a community that facilitate collective action for mutual benefits. The accounting firms' strategies of hosting workshops, partnering for seminars, and engaging in



local business activities are prime examples of building Social Capital. By embedding themselves in the local business community, these firms not only enhance their reputation and trust among local clients but also gain access to critical market insights and opportunities that are not available to outsiders. This deep involvement in the community facilitates the exchange of valuable information and resources, which is central to Social Capital Theory. The networks these firms build and maintain are crucial for accessing tacit knowledge about local business regulations, economic conditions, and client needs, which in turn allows them to offer highly customized and strategic advice. Such localized knowledge and the ability to leverage it effectively are significant competitive differentiators that align with the concept of inimitable resources in the Resource-Based View (RBV).

Service-Dominant Logic, which focuses on value co-creation and viewing all business activities as service exchanges (Vargo & Lusch, 2004), also supports the theme of community engagement. According to SDL, firms are integrated into service ecosystems where they co-create value with customers and other stakeholders. The accounting firms in Kalmar actively participate in these ecosystems, not just by providing accounting services but also by contributing to the business landscape through educational events and collaborative projects.

Furthermore, these activities underscore the SDL assertion by Vargo et al. (2020) that the co-creation of value is a dynamic, systemic process involving multiple stakeholders. The local expertise and community-focused activities of these firms not only build significant Social Capital—enhancing their reputation and trustworthiness—but also position them as indispensable partners in the local business ecosystem. This deep involvement in the community facilitates the exchange of valuable information and resources, which is central to both Social Capital Theory and SDL.

Integrating the empirical findings with Social Capital Theory and SDL provides a comprehensive understanding of how community engagement and local expertise function as strategic tools for competitive advantage. The accounting firms' deep involvement in the local community not only builds significant Social Capital—enhancing their reputation and trustworthiness—but also positions them as indispensable partners in the local business ecosystem. Furthermore, these activities align with SDL's principles by transforming



traditional service relationships into collaborative, value-co-creation interactions. This strategic approach not only enhances client satisfaction and loyalty but also ensures that the firms remain agile and responsive to the local market's evolving needs.

Overall, the proactive community engagement and the leveraging of local expertise by accounting firms in Kalmar exemplify a strategic alignment with both Social Capital Theory and Service-Dominant Logic. By fostering strong local networks and tailoring their services to meet the specific demands of the local business environment, these firms enhance their competitive positioning and client relationships. This community-centric approach not only differentiates them from larger, less personalized competitors but also drives their long-term success and sustainability in the accounting industry.

### 5.5 Unique Insights

The unique insights provided by the accounting consultants in Kalmar concerning pricing strategies and market competitiveness can be effectively analyzed through the lens of Porter's Generic Strategies and Service-Dominant Logic (SDL). These insights offer a nuanced understanding of the local market dynamics and client preferences that shape strategic decisions in the accounting industry.

Despite one consultant's mention of competitive pricing, the general emphasis among clients on the quality and value of services rather than price aligns with Porter's concept of differentiation (Porter, 2004). This strategy focuses on providing unique services that justify a premium, rather than competing primarily on price. The finding that price is not a primary concern suggests that clients value the specialized, high-quality service that these firms provide, which may include personalized financial advice, in-depth local knowledge, and tailored client experiences. The mention of younger generations expecting more digital services and potentially different pricing models, such as reduced billed time due to automation, also aligns with differentiation. This shift implies a need for accounting firms to continue evolving and differentiating their offerings to meet changing client expectations, particularly as digital literacy and preferences evolve.



Moreover, the insight that the market is less competitive than expected can be examined through Porter's (2004) analysis of the competitive forces. The firms' ability to attract clients primarily through reputation and quality, rather than aggressive pricing or marketing strategies, suggests that the competitive rivalry within the local market might be low. This situation allows firms more flexibility to focus on enhancing their service quality and client relationships without the constant pressure of undercutting competitors on price.

The findings also reflect core principles of SDL, which posits that value is co-created through interactions and relationships rather than embedded in the service itself (Vargo & Lusch, 2004). The focus on service quality over price and the reliance on reputation and existing client relationships for business growth emphasize the SDL perspective that the service provider and the client are both active participants in the value creation process. The adaptation to client expectations, particularly the younger generation's preference for digital services, underscores the SDL focus on dynamic and responsive service design. Accounting firms that adapt their billing methods and service delivery to incorporate more digital tools and processes are actively engaging in value co-creation with their clients, tailoring their services to meet specific needs and preferences.

The unique insights from the accounting firms in Kalmar reveal a market that values differentiated, high-quality service over cost competitiveness. By focusing on enhancing their service offerings and maintaining strong client relationships, these firms align with both Porter's differentiation strategy and the SDL framework, which advocate for value creation through unique service offerings and collaborative client relationships. This strategic approach allows them to effectively navigate a less competitive market and adapt to evolving client expectations, particularly in response to technological advancements and changing demographic profiles.



## 6 Conclusion

*In this section, the research questions are addressed. This is followed by a discussion of both theoretical and practical implications, as well as suggestions for future research.*

---

### 6.1 Current Differentiation Among Accounting Firms in Kalmar County

The aim of the present research was to explore: How do micro and small-sized accounting firms in Kalmar County differentiate themselves within their competitive landscape? The study has identified several conclusions regarding how micro and small-sized accounting firms in Kalmar differentiate themselves. These conclusions are deeply connected to key theoretical frameworks such as the Resource-Based View (RBV), Service-Dominant Logic (SDL), and Social Capital Theory.

This study has identified that firms in Kalmar emphasize personalized services and deep client relationships. This approach capitalizes on intangible assets such as human capital and organizational culture, meeting the VRIN criteria (Valuable, Rare, Inimitable, Non-substitutable) outlined by Barney (1991). By aligning their services with client needs, firms foster trust and loyalty. Personalized services boost client satisfaction and create a sense of trust, directly enhancing the perceived value of their offerings. The findings show that clients prefer accounting firms with which they have a deep relationship, firms they can trust and to which they are loyal.

Secondly, the research has also shown that technological advancement is another key differentiator. Firms integrate or attempt to integrate advanced technologies like predictive analytics and AI-driven tools to enhance efficiency and client satisfaction. This strategy aligns with Porter's differentiation and cost leadership frameworks, allowing firms to provide unique value-added services and maintain competitive pricing. Technological integration supports the SDL principles by facilitating value co-creation, enabling firms to increase efficiency and improve decision-making capabilities.



Next, the study has found that generally, adaptability and continuous learning are prioritized to ensure a highly skilled workforce. This strategy, rooted in RBV, leverages human capital as a unique resource. Firms invest in ongoing professional development to keep their workforce proficient amidst rapid technological and regulatory changes. This investment improves the competitive positioning by ensuring that the firms remain at the forefront of industry standards and practices. Social Capital Theory supports this approach by emphasizing knowledge sharing and collaboration, which enhance firm performance and responsiveness.

Furthermore, the results of this exploration show that community engagement and leveraging local expertise build significant social capital. Firms actively participate in local business activities, enhancing their reputation and trust among local clients. This deep involvement provides access to critical market insights and opportunities unique to the local environment. By hosting workshops, partnering for seminars, and engaging in local business events, firms foster robust internal and external networks. These networks facilitate the exchange of valuable information and resources, aligning with Social Capital Theory and SDL principles.

Lastly, one of the more significant findings to emerge from this study is that firms in Kalmar differentiate themselves primarily through reputation and word-of-mouth. There is no significant emphasis on modern marketing strategies, such as digital presence and marketing campaigns. Instead, these firms rely on delivering high-quality services, which then spread to other potential clients through positive word-of-mouth. This approach is likely effective not only in Kalmar but could also be adaptable to similar geographical locations or industries where community and personal recommendations play an important role. Additionally, since only one of the accounting consultants mentioned price as a competitive differentiator, it can be concluded that clients in Kalmar County prioritize service quality over cost. This finding indicates that maintaining high standards of service and fostering strong client relationships are more critical for competitive positioning than competing on price alone.

## 6.2 Anticipated Change in Differentiation Strategies

The second aim of the present research was to explore: How are the differentiation strategies of micro and small-sized accounting firms in Kalmar County expected to change in response



to future market trends and challenges? The study has identified several potential changes in response to future market trends and challenges.

Firstly, the findings of this study suggest that the younger generations will expect more digital services. And thus, the firms will need to adopt new technologies to automate routine tasks and enhance client interactions through digital platforms. These changes align with SDL's principles by enhancing value co-creation through advanced, client-centric service delivery. However, firms may face challenges such as high implementation costs, confidentiality risks, and resistance to change from employees. This could affect their competitive positioning and could create a dilemma, since firms will need to stay ahead of technological trends to meet these expectations, ensuring that their offerings remain relevant and valuable.

Additionally, this study has found that in general, firms are likely to deepen their personalized service offerings to maintain their competitive advantage. This can be achieved by leveraging technology to better understand and anticipate clients' needs, thereby enhancing satisfaction and loyalty. The shift towards more personalized digital interactions will further support this strategy, allowing firms to deliver highly customized services that are tailored to the clients' specific needs and preferences.

Furthermore, the study has identified that continuous professional development and adaptability will remain crucial. Firms will invest in training and development to ensure their workforce remains educated and adaptable, addressing rapid changes in technology and regulation. This approach, supported by RBV and Social Capital Theory, will help firms maintain their competitive edge by staying ahead of industry trends and fostering a culture of continuous improvement and innovation.

Besides rapid changes, the interviews showed that community engagement and building local expertise will continue to be essential. To support this, firms will have to enhance their involvement in local business ecosystems, nurturing strong networks and relationships that provide valuable market insights and opportunities. This deepened engagement aligns with Social Capital Theory and SDL, emphasizing the importance of community-based value co-creation. By maintaining strong local connections and understanding specific community



needs, firms can offer highly relevant and effective services, further solidifying their market position.

Moreover, the findings have shown that companies will need flexible billing models. If firms adopt an hourly-based billing model and invest in efficiency with technology, their billing time decreases, allowing them to take on more clients. Conversely, if they use a fixed billing method and become more efficient with technology, they can still maintain their billing levels while acquiring more clients, thereby increasing their margins. Lastly, the research has pointed out that firms will need to focus on service quality over price. As more tasks become automated, price might emerge as a differentiator, but superior service quality will be more important in retaining and attracting clients. The balance between automation and personalized, high-quality service will define the competitive edge of these firms in the evolving market landscape.

### 6.3 Implications

The theoretical and practical implications of this study are significant for micro and small-sized accounting firms in Kalmar County. Theoretically, this research enhances the Resource-Based View by showing how firms can gain a competitive advantage through unique resources like personalized services and strong client relationships, which are valuable, rare, inimitable, and non-substitutable (VRIN). The results of this study also integrate the Service-Dominant Logic, emphasizing value co-creation through dynamic interactions between service providers and clients, shifting focus from transactional to relational approaches to achieve client satisfaction and loyalty.

Practically, the study provides insights for competitive strategies in accounting firms. The results of this research support the importance of investing in technology and continuous learning to stay relevant. Additionally, the research has shown that implementing AI-driven tools and predictive analytics can improve efficiency and sophistication, aligning with differentiation and cost leadership strategies. Furthermore, local engagement and expertise are deemed crucial for building client trust and loyalty by offering tailored advice.



Overall, this research contributes to theoretical frameworks like RBV and SDL and provides actionable strategies for small and micro-sized accounting firms to navigate technological changes and competitive pressures, ensuring long-term success.

#### 6.4 Future Research

While this study has provided valuable insights into the differentiation strategies of micro and small-sized accounting firms in Kalmar County, there are several suggestions for future research that could further enrich our understanding and address the limitations of the current study.

Future studies should expand the geographical scope beyond Kalmar County. Comparing the differentiation strategies of micro and small-sized accounting firms across different regions or countries could provide a broader perspective on the influence of local market dynamics, regulatory environments, and cultural factors. Such comparative studies could reveal whether the findings from Kalmar County are unique to the region or if they are applicable to other similar contexts.

A further study could explore the client perspectives on differentiation strategies, that would provide valuable insights into what clients value most in their accounting service providers. Future research could involve surveys or interviews with companies that hire accounting firms to further enhance the understanding of their preferences, satisfaction levels, and factors influencing their choice of accounting firms. This client-centric approach could help firms tailor their strategies more effectively to meet client needs and enhance their competitive advantage.

Another area for potential future research is to employ quantitative methods to analyze the performance outcomes of different differentiation strategies. By collecting and analyzing data on financial performance, client retention rates, and market share, researchers can provide empirical evidence on the effectiveness of various strategies. This could help firms make data-driven decisions and optimize their differentiation efforts for better results.

Lastly, future studies could employ mixed methods to enhance the understanding of client perspectives. Combining qualitative insights from interviews with quantitative data could



provide a comprehensive view of differentiation strategies and their impact. This approach would address the limitations of relying solely on one method and offer a more robust analysis.

### 6.5 Self-reflection

Throughout this study, we encountered numerous challenges and moments of unexpected insights. Our initial expectation that technology is advancing and being integrated into the accounting industry, even in a less densely populated area like Kalmar County, was confirmed. However, we were surprised by the relatively low level of competition in the market, as some accounting firms were declining new clients due to insufficient time or staffing. One significant obstacle we faced early in the research was securing participants for interviews. Many potential respondents either ignored our outreach or declined due to time constraints, as this period is particularly busy for accounting firms. Despite this, we overcame the barrier by conducting shorter phone interviews and utilizing the snowball sampling method, wherein initial participants referred us to other potential interviewees. Lastly, our research initially aimed to focus on small and medium-sized enterprises. However, due to the nature of the participants and the smaller market in Kalmar County, we decided to adjust our research focus to micro and small-sized enterprises. This shift allowed us to better align our study with the available data and the specific context of the region.



## References

Allabolag.se (2024) 'Branschsök'. Retrieved from [www.allabolag.se](http://www.allabolag.se) (Accessed: 25 April 2024).

Adler, P.S. and Kwon, S.W. (2002) 'Social capital: Prospects for a new concept'. *Academy of Management Review*, 27(1), pp.17-40.

Barney, J. B. (1991) 'Firm resources and sustained competitive advantage'. *Journal of Management*, 17(1), pp.99-120.

Bella, S., Apriyanti, N., and Sriwijayanti, H. (2023) 'Enhancing Financial Management and Accountant Roles: A Study on the Role of Technological Advancements'. *SEIKO: Journal of Management & Business*, 6(2).

Bowne, B. P. (1908) *Personalism*. Cambridge, Massachusetts: Houghton Mifflin.

Braun, V. and Clarke, V. (2006) 'Using thematic analysis in psychology'. *Qualitative Research in Psychology*, 3(2), pp.77-101.

Bryman, A. and Bell, E. (2011) *Business research methods*. 3. ed. Oxford: Oxford University Press.

Coleman, J.S. (1988) 'Social capital in the creation of human capital'. *American Journal of Sociology*, 94, S95-S120.

Datta, Y. (2010) 'A critique of Porter's cost leadership and differentiation strategies'. *Chinese Business Review*, 9(4), p.37.

Foss, N.J. and Saebi, T. (2016) 'Fifteen years of research on business model innovation: How



far have we come, and where should we go?' *Journal of Management*. doi:

<https://journals.sagepub.com/doi/10.1177/0149206316675927>.

Gray, D.E. (2019) *Doing Research in the Business World*. London: SAGE Publications Limited.

Ha, T.M. et al. (2020) 'Social capital, knowledge sharing and firm performance', *Management Science Letters*, 10, pp. 2923-2930.

Helfat, C.E. and Peteraf, M.A. (2014) 'Managerial cognitive capabilities and the microfoundations of dynamic capabilities'. *Strategic management journal*, 36(6), pp.831-850.

IBISWorld. (2023) 'Accounting & Auditing Services in Sweden: Market Size', 28 November. Retrieved from <https://www.ibisworld.com/sweden/industry-statistics/accounting-auditing/3880/> (Accessed: 3 April 2024).

Jackson, D., Michelson, G., and Munir, R. (2023) 'Developing accountants for the future: New technology, skills, and the role of stakeholders'. *Accounting Education*, 32(2).

McEvoy, O. (2023) 'Number of small and medium-sized enterprises (SMEs) in the non-financial business economy of Sweden in 2022, by sector', 28 February. Retrieved from <https://www.statista.com/statistics/1252925/smes-in-sweden-by-sector/> (Accessed: 20 March 2024).

Nahapiet, J. and Ghoshal, S. (1998) 'Social capital, intellectual capital, and the organizational advantage'. *Academy of Management Review*, 23(2), pp.242-266.

Nunamaker Jr., J.F., Briggs, R.O., Derrick, D.C., and Schwabe, G. (2016) 'The last research mile: Achieving both rigor and relevance in information systems research'. *California*



*Management Review*. doi: <https://journals.sagepub.com/doi/10.1525/cmr.2016.58.4.13>.

Ostrom, A.L., Parasuraman, A., Bowen, D.E., Patricio, L., & Voss, C.A. (2015) 'Service Research Priorities in a Rapidly Changing Context.' *Journal of Service Research*.

Parnell, J.A. (2006) 'Generic strategies after two decades: a reconceptualization of competitive strategy', *Management Decision*, 44(8), pp. 1139-1154. doi: <https://doi.org/10.1108/00251740610690667>.

Porter, M.E. (1980) *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York City: Simon & Schuster.

Porter, M. E. (2004) *Competitive Advantage: Creating and Sustaining Superior Performance*. Free Press.

Powell, T. C. (2014) 'Strategic management and the person'. *Strategic Organization*, 12(3), 200-207. doi: <https://doi.org/10.1177/1476127014544093>.

Saunders, M., Lewis, P. and Thornhill, A. (2023) *Research Methods for Business Students, Latest ed.* Harlow: Pearson Education Ltd.

Statistics Sweden. (2024) 'Companies (FDB) by size class 2023'. Retrieved from [https://www.statistikdatabasen.scb.se/pxweb/sv/ssd/START\\_NV\\_NV0101/FDBR07N/table/tableViewLayout1/](https://www.statistikdatabasen.scb.se/pxweb/sv/ssd/START_NV_NV0101/FDBR07N/table/tableViewLayout1/) (Accessed: 8 May 2024).

Teece, D.J., Pisano, G., & Shuen, A. (1997) 'Dynamic Capabilities and Strategic Management.' *Strategic Management Journal*.

The International Federation of Accountants (IFAC). (n.d.) 'Benefits and Challenges of Smaller Accountancy Practice Digitisation'. Retrieved from



<https://www.ifac.org/knowledge-gateway/developing-accountancy-profession/discussion/benefits-and-challenges-smaller-accountancy-practice-digitisation> (Accessed: 2 April 2024).

The International Federation of Accountants (IFAC). (n.d.) 'Turning Challenges into Opportunities: Perspectives from Small and Medium Accounting Practices'. Retrieved from <https://www.ifac.org/knowledge-gateway/preparing-future-ready-professionals/discussion/turning-challenges-opportunities-perspectives-small-and-medium-accounting-practices> (Accessed: 2 April 2024).

U.S. Bureau of Labor Statistics. (n.d.) 'Administrative and support services: NAICS 561'. Retrieved from <https://www.bls.gov/iag/tgs/iag561.htm> (Accessed: 20 March 2024).

Vargo, S.L. and Lusch, R.F. (2004) 'Evolving to a new dominant logic for marketing'. *Journal of Marketing*, 68(1), pp.1-17.

Vargo, S.L. and Lusch, R.F. (2008) 'Service-dominant logic: Continuing the evolution'. *Journal of the Academy of Marketing Science*, 36(1), pp.1-10.

Vismaspcs.se. (2024). Redovisningsbyrå. [online] Available at: <https://vismaspcs.se/ekonomiska-termer/vad-ar-redovisningsbyra> (Accessed 28 May 2024).



## Appendix

### Appendix A - Operationalization

Concepts	Questions	Reasoning
Market Differentiation, Market Perception	1-2	These questions aim to understand the unique selling propositions (USPs) that set the company apart in the local market, as well as the perceptions and feedback received from the market. Insights will help identify branding strengths and market positioning strategies.
Client Success Stories, Market Perception	3-4	Highlighting specific success stories will showcase the firm's strengths and effective strategies in securing clients. Understanding client perceptions further contextualizes these stories in terms of competitive advantage.
Competitor Analysis, Market Trends	5-6	Examining competitors' strategies and understanding market trends are critical to maintaining relevance. These questions focus on competitive intelligence and forecasting future opportunities or threats.
Technological Innovation, Future Challenges, Strategic Preparedness	7-9	Technology is a significant driver of change, and identifying innovations that could impact future services are crucial. The questions aim to reveal the firm's readiness to adapt to challenges and leverage technology for future competitiveness.
Success Determinants	10	This question seeks to capture the respondent's overall strategic outlook on the accounting industry, providing a synthesis of all preceding concepts.



## Appendix B - Interview Guide

The subsequent section introduces the interview guide created for this study, tailored specifically for the research at hand. This guide acts as a mechanism to maintain uniformity and organization in gathering and analyzing data throughout the study. It is organized into various segments, each dedicated to a distinct element of the research topic.

(1)	Can you describe the services your company offers?
(2)	How does your company differ from other accounting firms in Kalmar?
(3)	Can you provide examples of success stories that directly contributed to winning a client or a project?
(4)	How do you think your current and potential customers perceive your company compared to competitors? What feedback have you received that supports this
(5)	How often do you analyze your competitors, and what have you learned from them?
(6)	How do you expect the market for the accounting industry in Kalmar to change over the next five years?
(7)	Are there any technologies that you believe will be crucial in differentiating your services in the future?
(8)	What are the biggest challenges you foresee for your company in adapting to future market trends?
(9)	How is your company preparing to overcome these challenges and maintain or improve its competitiveness?
(10)	What key factors do you think will determine the success of an accounting firm in 5 years?



## Appendix C - Company Criteria

The company profile criteria outlined in the process of selecting accounting consultants focus on a few key attributes to ensure the selected firms are well-suited for an in-depth study on differentiation strategies among accounting firms in Kalmar County.

- *The firm must have less than 50 employees.*

Limiting the size to fewer than 50 employees targets micro to small-sized enterprises (MSEs), which typically have different operational dynamics and business needs compared to larger corporations. This criterion helps to focus the study on firms that are more likely to be relatable and relevant to the majority of businesses in the region, which are MSEs. It also ensures that the firms chosen are likely to take a more personalized and special approach to their services, which is a key feature in understanding differentiation strategies.

- *The firm must be located within Kalmar County.*

By focusing on a specific geographic location, the study ensures that the insights and strategies discussed are relevant to the local economic conditions and business culture. Kalmar County, like any distinct region, has unique characteristics and challenges that affect how businesses operate. Studying firms within this area helps to maintain consistency in the environmental and regulatory variables that might influence the firms.

- *The firm must have been operational for more than three years.*

Choosing firms that have been in operation for over three years ensures that the firms have established themselves to some extent and have enough business history to provide valuable insights into their operations and strategies. This duration is typically long enough for a business to move past initial start-up phases and face a range of business cycles and challenges, providing a richer context for analysis.