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**Who Takes Advice? Firm Size
Threshold, Competence, Concerns
and Informality in a Contingency
Approach**

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Although they are not the only conduit for knowledge, advisers can diffuse new methods, knowledge and best practice to SMEs. Existing work suggests advice as a resource available for the small firm manager. Whether the manager takes that advice depends on the trust between owner-manager and adviser, the degree to which the owner-manager

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perceives themselves to need advice, the 'knowledge gap hypothesis' and the degree to which they feel able to interact with advisers and implement advice. In this paper, we model whether a small firm manager takes advice from formal sources, including public and private suppliers. In March 2011, the researchers conducted a CATI telephone survey of 1202 SME (1-249 employees) owner-managers in England, which took 20 minutes to complete on average. The sample was designed to provide statistically robust evidence of recent use and non-use of external business support, differentiating between private sector and public sector information and advice. These might be construed as push and pull factors. Pull factors encourage the taking of advice. There are individual level influences of longer education and those who take informal advice. Informal advice acts as an indication of a willingness to take advice which acts as a stepping stone to more formal sources either public or private. By exploiting the firm size bands we show that there is a strong threshold effect. When firms employ more than ten people they are much more likely to take advice. We provide evidence for the knowledge gap hypothesis in the context of existing firms. The demand for advice is fuelled by firm's objectives to grow but here more advice was taken from the private sector, validating those advisory services that work with the private sector. The impact of the consultants raised issues of the nature of the advisory relationships from different types of advisers.