ORGANISING THE PROFESSION: A THEORETICAL AND HISTORICAL EXAMINATION OF THE DEVELOPMENT OF THE MAJOR ACCOUNTANCY BODIES IN THE U.K.*

HUGH WILLMOTT
Management Centre, Aston University

Abstract

The paper is concerned with the organisation of the accountancy profession in the U.K. In the first part a theoretical framework for understanding the emergence, development and role of accountancy bodies is advanced. By including a consideration of professionalisation as well as an examination of the institutions of the market and the state, this framework provides a perspective for understanding professional associations as political bodies developed to defend the interests and preserve the scarcity of their members' labour. In the second part of the paper the history of the professional bodies is traced, focusing upon competition between the major associations as well as the economic and political contexts of their emergence, merger and failed integration. In conclusion, some speculations upon the future prospects of these bodies are entertained.

In their wide-ranging commentary upon the roles of accounting in organisations and society, Burchell et al. (1980, p. 22) note how little is known about the organisation of the accountancy profession and of the broader social and economic contexts of its development. Given that accountants bear a major responsibility for the development and regulation of modern economies (Stacey, 1954; Johnson 1980), it is lamentable that so little research effort has been directed to the study of the professional associations that play a significant part in shaping and controlling accounting practice.

That accounting is of social and economic significance can hardly be doubted. Accounting plays a central role in the regulation of economic affairs in respect of the calculation of national and personal income, the costing of government expenditures, the administration of taxation and credit facilities and the appraisal of investments and corporate reporting to capital markets. Additionally, there are "internal" control systems that budget for and allocate costs, measure performance and manage information (Earl, 1983). At the very least, it can be said that accounting practices affect social and economic welfare; and therefore that accounting "is not only the concern of accountants but also of government and the public" (Earl, 1983, p. 100; Metcalf, 1976).

This view has been echoed within the profession itself. For example, in a report prepared for the Scottish Institute, Flint (1980, p. 3) has observed that "where information is increasingly a means of motivation and a source of power... accounting as the professional activities concerned with creating, controlling, communicating and interpreting this data has become a subject of much greater public interest." Without question, the social and economic conditions and consequences of accounting practice are worthy of public interest and debate. However,

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at present, accountancy continues to be graced by a public image which, in stressing its technical, esoteric qualities, underplays the social and political formation of its practices and standards (Bromwich & Hopwood, 1983; Willmott, 1985). Unfortunately, the grey, neutral image of the accountant — “the living dead” — is reflected and preserved by the paucity of research into the social character and significance of accounting (Tinker, Merino and Neimark, 1982; Cooper & Sherer, 1984; Tinker, 1985; Hopwood, 1986).

The lack of critical, as contrasted with commissioned or sponsored, research into professional accountancy bodies has recently been noted and lamented by Parker (1980). Arguing that an independent study of accounting institutions might serve “both intellectual and utilitarian ends”, he anticipates that it would “emphasise their changing role and the way in which accountants have responded to or been moulded by their environment” (Parker, 1980, p. 12). The present paper is responsive to this suggestion, reflecting the view that the organisation of the profession cannot be adequately understood independently of an appreciation of the political, economic and legal circumstances that have supported and constrained its development. More specifically, it seeks to contribute to the unmasking of the profession’s technical image by examining the role of its professional associations in exploiting and regulating the power invested in the accounting function.¹

The paper begins with a critical review of dominant approaches to the study of professions and indicates the basic features of a favoured perspective. In doing so, it is recognised that the relationship of the organisation of the profession to the social and economic contexts of its development are unavoidably theory-dependent. That is to say, the construction of accounts about the profession are necessarily coloured by the particular understanding or theories — of professions, of interest associations and of society — that are employed to identify, select and interpret the “facts” of their existence (Willmott, 1983; Cooper & Sherer, 1984; Puxty, 1985). For this reason, the first part of the paper is concerned with developing and articulating a theoretical perspective for making sense of the emergence and development of professional accountancy bodies. It is argued that professional associations are primarily, but not exclusively, political bodies whose purpose is to define, organise, secure and advance the interests of their (most vocal and influential) members. It is then suggested that to understand the emergence and development of professional associations, it is necessary to connect the organisation and influence of these bodies not only to the centrality of the institution of the market in industrial capitalist society but also to the expanding role of the modern state in regulating social and economic life.

The second part of the paper builds and draws upon this theoretical framework to explore the history of the establishment and development of the major accountancy bodies in the United Kingdom. Three phases are examined. The first covers the period from the time of their formation up until 1957 when the two largest bodies merged. The second concerns the period following the merger to the unsuccessful attempt to integrate the major bodies in 1970. The final phase, from 1970 to the early 1980s, takes in the formation and role of the Consultative Committee of Accountancy Bodies (C.C.A.B.). In conclusion, the paper identifies some tensions within the present organisation of the profession and anticipates how these may be attenuated.

Overall, the structure of the paper mirrors its two principal objectives. One is to generate a

¹ As a profession, accounting has been neglected by U.K. researchers. What research has been undertaken has largely focused upon the technicalities of accounting practice. Some studies of the work and attitudes of accountants have been conducted (e.g. Hastings & Hickson, 1970). But these have not concerned themselves with the organization of the profession as such. In the U.S. a number of illuminating studies have been undertaken (e.g. Carey, 1962, 1969; Zeff, 1971; Montagna, 1974). Some relevant recent U.K. research and scholarship is as yet unpublished (e.g. Watson, 1979; Tonkin, 1983; Armstrong, 1985a, 1986; Loft, 1984, 1986; Macdonald, 1986).
more adequate theoretical framework for the study of accounting in general and the organisation of accountancy bodies, in particular. The second is to produce a more detailed account of the historical emergence and organisation of these bodies. Informing both objectives is a concern to illuminate the organisation of the profession in a way that will further stimulate and broaden an emergent public debate over the accountability of the profession in respect of the development, regulation, and social and economic consequences of accounting practices and standards.

PROFESSIONS AND THEIR ASSOCIATIONS IN SOCIOLOGICAL PERSPECTIVE

The sociology of the professions incorporates a number of contrasting approaches. Before the early 1970's "functionalist" and "interactionist" perspectives were dominant. Since then a more "critical" approach, which draws heavily upon the work of Weber and Marx, has emerged. In this section, these approaches are briefly summarised and reviewed before indicating how elements of each of them may be integrated within a more inclusive theoretical framework.

The functionalist approach

The functionalist perspective attends to professions as integrated communities whose members undertake highly skilled tasks that are crucial for the integration and smooth operation of society (Carr-Saunders & Wilson, 1933; Greenwood, 1957). On this account, the distinctive attributes of the professional, such as the possession of esoteric knowledge, independence, altruism and self-discipline are emphasised, and are largely unquestioned (Barber, 1963; Ritzer, 1972). In common with professionals' protection from competition and their enjoyment of high levels of prestige and reward, these attributes are regarded as a necessary and fair exchange for the services they render to the core institutions of society (Parsons, 1959; Halmos, 1970). In this light, the professional association is seen to provide a functionally appropriate means of regulating the competence and conduct of those possessing the talent to undertake such socially essential and beneficial activities. ²

The interactionist approach

Interactionism is committed to studying professions as interest groups that strive to convince others of the legitimacy of their claim to professional recognition (Haug & Sussman, 1963; Roth, 1974). Instead of assuming the distinctiveness and authority of the attributes of professionals, interactionists analyse professional work as a process of constructing and maintaining an occupational role which enables them to "get by" and "make out" in their dealings with their clients and colleagues (Becker et al., 1961). In this light, the professional body is regarded as a basic organisational instrument for defining and securing a respectable and valued social identity. By exploring how symbols and beliefs relevant for pursuing and securing the claim for professional recognition are constructed and projected, the interactionist approach also exposes the presence of competing interests within professional associations. Instead of viewing them as homogeneous and integrated bodies, they are seen to comprise segments formed into coalitions, each of which seeks to further its sectional interests in response to perceived opportunities and threats (Bucher & Strauss, 1961). However, whilst interactionists highlight the political skills of aspiring professionals in attaining and maintaining the honorific title of "profession", they omit consideration of the structural conditions of relative success or failure (Saks, 1983; Boreham, 1983). In order to illuminate the institutional politics of professionalisation, a more critical approach has been advanced.

The critical approach

This perspective draws upon the writings of

² Because functionalists see little that is problematical in social organization, their research on professions tends to be limited to studying the "natural" stages of professionalisation through which a professionalising occupation must pass and the processes through which students become socialised into acquiring the professionalist norms and values of their community.
Weber and Marx to situate the formation and development of professional associations within the material context of bureau-capitalist society. That is to say, the emergence of professional bodies is seen as a means of achieving collective social mobility by securing control over a niche within the market for skilled labour (Larson, 1977; Klegon, 1978; Parkin, 1979). In this light, professionalism is not regarded as a reflection of the distinctive technical and social functions performed by professional workers. Instead, it is understood as a strategy for controlling an occupation, involving solidarity and closure, which regulates the supply of professional workers to the market and also "provides a basis for the domination of institutions, organisations and other occupations associated with it" (Parry & Parry, 1977, p. 118).

Commentators influenced by Weber have concentrated upon the mechanisms developed by professionals — such as the control of entry, training and qualification — to restrict access to social and economic opportunities (Child & Fulk, 1982). In doing so, they have focussed upon the specifics of their mode of self-government, including their efforts to gain the state's support and legitimation of their occupational closure. From this perspective, the materially and symbolically privileged position of professional workers is understood to be achieved "by virtue of the protection and patronage of some elite segment of society" (Freidson, 1970, p. 72). Professionalisation is thus perceived as a strategy developed by skilled workers for consolidating and increasing the social distance between themselves and their "clients". Moreover, the success of this strategy is understood not in terms of the intrinsic worth of professional expertise or its functional contribution to social order. Rather, successful professionalisation is seen to be dependent upon recognition and acceptance of the claims of aspiring professionals by powerful others (e.g. agents of the state) and, in particular, their capacity to "responsibly" and "reliably" regulate the quality of their valued services. Or, as Johnson summarises this thesis,

The resources of power available to any single group are rarely sufficient to impose upon consumers its own definitions of the content of production and its ends, except where these resources are articulated with other and wider bases of social power (Johnson, 1972, p. 42, emphasis added).

Students of the professions influenced by Marx have extended this analysis to examine the success or failure of the professionalisation strategy in relation to the position and contribution of different "professional" groups within the developing social structure of the capitalist mode of production. Characteristic of this structure, it is argued, is a social division of labour in which the interests and priorities of the owners (and controllers) of the means of production are overrepresented and institutionalised (Carachedi, 1975a, b; Crompton & Gubbay, 1977).

From this perspective, the labour market is not analysed simply or primarily as an arena in which the skills of individuals are bought and sold. Why not? Because skill itself is not viewed as an individual possession but as "a product of social power" (Johnson, 1980, p. 345), including the power of the state to grant or withhold a monopoly over specific fields of practice. In other words, the existence and distribution of skills is perceived to reflect the way work is organised: it is the social division of labour that is seen to structure the labour market, promoting monopolies and scarcities. In which case, the presence of specific skills, their changing valuation and the ability to gain recognition for "professional" claims is seen to be conditioned less by the traits of professionalism and more by developments within the capitalist totality in which the professions themselves play a significant part (Johnson, 1982; c.f. Larson, 1977).5

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5 Johnson (1980) has suggested that the segmented organisation within, as well as between, the major professional bodies, reflects their involvement in designing and operating systems that increase the productivity of labour (appropriation), monitor the progress and accumulation of values (realisation) or, finally, maintain the infrastructure and ideologies which, in the words of the I.C.A.E.W. (1980, p. 39), enable "the complex social machine to run reasonably smoothly and well" (reproduction).
Comment

Each of the perspectives discussed above makes an important contribution to our understanding of professions and their associations. The functionalist perspective usefully highlights the significance of the traits of professionalism in relationship to the reproduction of complex social systems. The interactionist perspective helpfully recalls the socially constructed nature of these traits, setting them in the context of a negotiated interaction over the symbolic meaning and value of "professional" expertise. Finally, the critical approach deepens the insights of the interactionist approach by placing them in the wider economic and political context.

The approach favoured in this paper is to incorporate a number of the insights of the functionalist and interactionist perspectives within an essentially critical framework. Taken from the functionalist perspective is an appreciation of the latent role played by professionals and their associations in maintaining social systems. Although this alone is not regarded as an adequate explanation of their existence, it is seen as significant in accounting for their acquisition of power and privileges relative to other groups within the labour market (c.f. Armstrong, 1986). From the interactionist approach is drawn an understanding of the problematical, negotiated meaning of "profession", and a recognition of the segmented and interest-conditioned nature of professional associations. Finally, from the critical approach is taken an appreciation of the significance of the underlying structure of power relations in facilitating processes of professionalisation and, in particular, enabling or constraining the formation and development of associations of "professionals". By drawing selectively upon these approaches, the construction and organisation of professional work is positioned in relation to its contribution to social and economic reproduction, analysed in terms of the identification, organisation, articulation and pursuit of interests within a dominant, capitalist structure of power relations.

PROFESSIONAL ASSOCIATIONS AS POLITICAL BODIES

Drawing upon the theoretical framework outlined in the previous section, professional associations are seen primarily as political bodies established and maintained to define, defend and enhance the symbolic and material value of their member's skills (Larkin, 1983). The key to understanding the professionalisation process, as Timperley & Osbaldson (1975, p. 143) have noted, "is the way in which professional membership is used by individuals and groups as a means of advancing their interests". Through the establishment and development of an association, an image of the profession can be projected that highlights and reinforces the socially valued traits of trustworthiness, independence and dependability. Moreover, the establishment of a professional body offers the organisational means of regulating both the quality and flow of "professional" services, thereby limiting labour supply and raising its market value. The preoccupation with the symbolic values of professionalism — expertise, altruism, autonomy — can thus be viewed in large measure as a collective means of achieving higher remuneration and prestige for their labour. In short, as Gilb (1976, p. 54) notes,

The professional association... tries to gain prestige and status for the profession, bringing esteem to the individual practitioner. If this esteem is reflected in higher remuneration, while giving to the profession at the same time the reputation of rendering service rather than seeking profit, so much the better for the practitioner.

Such a political analysis of professional associations departs markedly from more established accounts of their formation and role. Received wisdom tends to decontextualise and depoliticise their existence. For example, in what is widely regarded as a seminal work in this field, Millerson (1964, p. 28) asserts that "to organise" is the most fundamental aim of the professional association. He continues:

Discounting any selfish desire for self-advertisement or power, on the part of the founders, their immediate aim
is to gather together all those within a particular occupation, or all persons with a particular interest. Histories of many organisations show initial formation to be a selfless task, performed by dedicated men and women, who hope to build an improved foundation for study, for protection, for raising standards (Millerson, 1964).

Millerson's contention is that the founding of professional associations is motivated by an altruistic desire to improve the quality and reliability of professional conduct. Study, protection and the raising of standards are all regarded as means of attaining this objective. Without doubt, the founders of professional associations have been concerned with the quality of their services. Equally, there is no reason to assume that they have been unduly motivated by "any selfish desire for self-advertisement or power" (Millerson, 1964). However, as argued earlier, without denying the reality of their concern with standards or their "selfless" efforts, it is necessary to situate their actions in the wider politico-economic context (Daniels, 1975; Larson, 1977). When this is done, their professionalising activity is found to be guided by more than selflessness and dedication. For the demands and motives for increasing occupational control are seen to be shaped within relations of power (Armstrong, 1984). To repeat, this is not to cast doubt upon the honourable intentions of the founders, members or officers of professional bodies. But it is to place their intentions and claims in the social and economic contexts of their formation and articulation (Henriques et al., 1984).

A deeper appreciation of the politico-economic role of professional associations is possible when their influence upon the market for their members’ labour is appreciated. By regulating the quality and quantity of professional expertise, professional bodies influence the supply side of the market for accounting labour. However, the establishment of an association also offers an opportunity to use the collective, monopoly of power of the membership to influence the demand side of the equation (Kronus, 1977). In particular, it provides a powerful lobby for determining the nature and range of the services to be demanded. For example, it has been observed how the medical profession

\[ \ldots \] has formal representatives organisational and individual, which attempt to direct the efforts of the state toward policies desired by the occupational group . . . the autonomy of the individual practitioner exists within social and political space cleared for his benefit by political and formal occupational mechanisms (Freidson, 1970, pp. 23–24).

To maintain their position within the prevailing structure of power relations, the officers of professional bodies are obliged to gain the recognition and confidence not only of clients but also, and crucially, of the state (Parkin, 1979). Of particular importance for the management of the environment has been the imposition of strict and meritocratic conditions of entry into the profession, followed by a lengthy period of apprenticeship, incorporating a rigorous examination of competence. To this end, professions have sought to attract the right “calibre” of entrant, and to polish the cultural accoutrements that signal to those in power the presence of an honourable and reliable “gentleman” (rarely a woman) who, in addition to having the expertise, can be trusted to respect and serve the private interests of the client (Elliot, 1972).

The support of private interests is authorised by the state through the incorporation of professional associations under the Companies Acts which, significantly, include a standard clause to the effect that body “shall not support with its

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4 It is also relevant to recognise that it is psychologically less stressful for the membership to "bring off" the impression of self as manifesting the attributes of professionalism when these attributes are not subjectively viewed as embroidered elements of a material instrumentality. Identification with attributes perceived to be valued by others — whether this is the immediate consumer or an agent of the state — is psychologically attractive as well as being of symbolic and material value. For, clearly, to be identified as a member of a profession also has important implications for social and personal identity. The image of the profession promoted and defended by associations thus has psychological relevance for the membership in addition to its material significance (Knights & Willmott, 1985).
funds any object, or endeavour to impose on or procure to be observed by its members or others any regulation, restriction or condition, which, if an object of the (Association), would make it a trade union" quoted by Prandy (1965, p. 76). In relation to the public policy making, professional associations may act, on some issues, as little more than the sounding boards of public officials. On the other issues, they may be effective as a pressure group that influences the climate of opinion or discretely lobbies for its interests. And on yet other issues they may become so institutionalised as law-proposing mechanisms in their own fields that for most work issues they are no longer pressure groups but constitute instead preliminary arenas of public lawmaking (Gilb, 1966, p. 140).

The argument of this section can be summarised by saying that professional associations are formed and developed within relations of power that they seek to shape as well as exploit. The success of professionalisation as a strategy of collective social advancement depends upon a range of conditions, including the structure of the relationship of professions with the consumers of their services; their relationship with the agencies empowered to legitimate and extend their occupational domain and control; and, finally, the sections of their membership whose material position and social identity is affected by the activities of their association. Arguably, the most significant of these is powerful others' (e.g. industrialists, investors and officials of the state) perception of the strategic importance and effectiveness of a profession via the reproduction of the structure from which they derive their advantage. However, in properly emphasising the importance of structural conditions, the role of the membership should not be neglected. For, as we shall see, the pursuit of policies by the officers of an association can be constrained and checked by the formally democratic procedures for electing these officers and, more importantly, the right of the membership to vote on, and throw out, their recommendations. This "difficulty", and potential source of public embarrassment, can become acute in a situation where the membership of an association is internally segmented and/or is content to "sit back" and enjoy the material and symbolic value of their professional status without much awareness of how, institutionally, this has been achieved or how, strategically, it may best be preserved. Needless to say, this particular problem is simultaneously occluded and intensified insofar as the ideology of professionalism conceals and mystifies the political nature and role of the professional association. It is to a consideration of the politico-economic conditions of the emergence of accounting labour and its association organisation that the paper now turns.

THE CONDITIONS OF ACCOUNTING LABOUR AND ORGANISATION

The historical context of accounting labour in the U.K.

Although some form of accounting has been practised in all materially and technologically advanced societies (Brown, 1905; Carey, 1962), the emergence of an organised occupational group of accounting specialists is a comparatively recent and novel phenomenon (Worthington, 1895). Its appearance has coincided with the social and technical division of labour within industrial (capitalist) society where the logics of accumulation, competitiveness, efficiency and accountability have stimulated a demand for ever more sophisticated, standardised, specialised and complex techniques (Goldstein, 1984; Hoskin & Macve, 1986) and systems of accounting. Although couched in the language of technological determinism, substantially the same observation is made in a publication of the English Institute where it is noted that:

it was the burgeoning of the industrial revolution that created the demand for accountants ... The new works were much more capital intensive than the craft workshops that preceded them and in many cases the investment needed was too large for an individual or a small group. These new companies needed more sophisticated bookkeeping and also since numbers of shareholders were involved, an independent audit (I.C.A.E.W., 1980, p. 8).

In this passage, accounting and accountants are
clearly recognised to be the product of particular historical circumstances, including advances in technology and the development of capital intensive means of production owned, and formally controlled, by shareholders. This representation of accounting and accountants as technologically determined phenomena that emerge spontaneously to serve the functional needs of an industrial society forms the received wisdom within and without the profession. What it alludes to, and simultaneously takes for granted, however, is the historically specific structure of social and economic relations that induced and shaped the process of industrialisation and expanded the market for particular kinds of accounting labour (Braverman, 1974; Marglin, 1974; Clawson, 1980; Tinker, 1980).

According to conventional wisdom, the development of accounting and the rise of specialist accountants is related to the formation and growth of privately owned companies involving technological changes in the design of work. Omitted from its analysis is the restructuring of the social relations of production which promote and guide the direction of such change. In short, in the received wisdom, a recognition of major changes in the material and behavioural technologies of work organizations is misleadingly abstracted from an analysis of the social origins of the institutions — the market and the modern state — that have shaped the development and application of technology.

The market

In a capitalist economy, the demand and supply of labour is mediated through the abstract and impersonal mechanism of a formally free market. In this context, the basic requirement of productive activity is that it be organised and managed in a way that enables a surplus to be extracted from labour and appropriated by capital. To ensure that this fundamental requirement is at least minimally fulfilled the (absentee) owners of capital have increasingly relied upon specialist agents (e.g. accountants) who are perceived to possess the relevant skills and "commitment". However, the logic of capitalist economic relations which is to convert the creative capacity of labour into a commodity that has an exchange value, presents opportunities and difficulties for both buyers and sellers of specialist and non-specialist labour alike. On the one hand, a free and competitive market has attractions for the buyer insofar as the removal of personal ties makes labour more mobile, more substitutable and therefore cheaper. In theory, supply should (eventually) match and balance demand; and competition should ensure quality and value. However, in practice, the institution of the market makes the price of labour variable and negotiable. Moreover, insofar as the price of labour is perceived to be an indicator of personal or moral worth, as well as purchasing power, dominant norms stimulate an interest in increasing its cost (Sennett & Cobb, 1977). As a consequence, the institution of the market promotes the seller's exploitation of the dependence of the buyer by controlling supply as a lever to bid up the price of delivery. It is this control that is harnessed and exercised through the organizational mechanism of the professional association (Pichler, 1974).

Occupational control is achieved by regulating the quantity and quality of labour available. Trade union organisation achieves this through the establishment of local closed shops and the ultimate threat to withdraw their labour. In contrast, professional associations regulate the supply of labour through mystique and monopoly. Mystique is possible insofar as a social distance exists or can be developed between the buyer and seller of labour (James & Peloille, 1970). This allows the seller to mystify and embroider the nature of the task and the means of its execution. This possibility exposes what is problematic about the operation of the market. In theory, the buyer is able to specify what is wanted and is in a position to evaluate its delivery. However, this theory overlooks the capacity of the seller to socially construct and negotiate the reality and value of the commodity (labour) to be supplied. For, whenever the knowledge or skills of the seller exceed, or are perceived to exceed, those of the buyer, there arises an opportunity to develop a mystique that shapes the buyer's perception of the commodity in a way that increases its
exchange value. In theory, an increase in price should reduce demand. However, in practice, the skillful presentation, packaging and marketing of any commodity can exploit the social distance and dependence between buyer and seller in a way that subverts the operation of the market mechanism.

But mystique alone is rarely effective unless underwritten by monopoly. For, clearly, in a market there is an incentive for competitors to expose mystification and to undercut inflated prices. To counteract this tendency, professional associations have sought to create monopolies of labour by restricting entry, by determining the type and duration of training and by regulating the mode and standards of practice. These monopolies are all the more effective for being hidden by a cloak of gentlemanly conduct, specialist expertise and state legitimation.5

The state

A second significant condition for the development of accounting practice and organisation has been the emergence of the modern state (Berlant, 1975; Larson, 1977).6 Unfortunately, much of the literature on the work of professionals has neglected the role of the state or has regarded it as a neutral influence. Alternatively, its role has been perceived to be of relevance only when it intervenes, in an overt way, to limit the assumed autonomy of professions. Departing from this received wisdom, it will be argued here that, historically, the relationship between professional associations and the state is best characterised as one of interdependence and tension in which each party enables as well as constrains the other. Or, as Johnson (1982, p. 189, emphasis omitted) puts it, "the professions are emergent as a condition of state formation and state formation is a major condition of professional autonomy."

In the case of the accountancy profession, the state franchises elements of its power (which is ultimately vouchsafed in its monopoly over the means of legal and physical compulsion). Indeed, as Schmitter has observed of the professions, the more the modern state comes to serve as an indispensable and authoritative generator of capitalism by expanding its regulative and integrative tasks, the more it finds that it needs the professional expertise . . . (which) singular, hierarchically ordered, consensually led representative monopolies can provide. To obtain these, the

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5 Given the interest of the buyer of labour in the removal of "imperfections" from the operation of a free labour market, it might be expected that the purchasers of accounting labour would resist monopoly and debunk mystique. However, although there is some evidence, in the form of legal and moral constraints placed upon professional associations, to suggest that prospective purchasers and legislators are not unaware of the potential dangers and costs of monopoly and self-regulation, there has been, until recently, little interest in the U.K. in breaking up their monopoly or in exposing their mystique. There are a number of possible explanations for this. First, for the very reason that a social distance exists between sellers and buyers of "professional" labour, the latter are often poorly placed to evaluate the credentials and competence of the former. Some form of self-regulation is preferable to none, and is often ideologically more acceptable than state regulation — so long as it is perceived to provide a consistent, respectable and generally reliable flow of competent labour (Reader, 1966). Second, it is relevant to suggest that the espoused values, gentlemanly demeanour and "solid" bearing of the prominent members and representatives of these associations have a strong affinity with the professed concerns and ideal self-images of those in a position to resist the formation of labour monopolies. Or, to translate this speculation into material terms, "professional" workers are not regarded as Labour and therefore are not perceived to pose any serious threat to a politico-economic system that disproportionately reflects and routinely sustains the interests of dominant groups. Third, it is probably fair to say that resistance to the establishment of professional associations has been weak because the buyers of this labour and the agents of the state have been swayed by the view that the contribution and standing of persons occupying positions of such social responsibility and economic importance should be recognised and rewarded by encouraging them to regulate their own affairs.

6 Although it is customary to refer to the state as if it were some unified, monolithic entity, it is important to acknowledge that the institutions of the state are far from homogeneous or integrated. The fact is that the state is pulled in different directions simultaneously and is more than capable of making at least partial, contradictory and conditional responses to groups pursuing conflicting interests. Perhaps the most penetrating description of the modern liberal capitalist State is that of "a heterogeneous and increasingly chaotic structure that consists of a conglomerate of relatively unconnected part-bureaucracies" (Hirsch, 1978, p. 100; Willmott, 1984b). It is this that gives the state the appearance of a neutral mediator or arbitrator of competing factions.
Mutual dependence cements the dynamics of the relationship between the state and the professions as the activities of each party are simultaneously supported and restricted by the other. On the one hand, by legitimising the existence of professional associations, by providing them with legal monopolies and by creating employment for their members, the state has supported their formation and development (Armstrong, 1985b). On the other hand, the state has become dependent upon the professions for training and supplying the skilled labour which shapes, regulates and legitimises the routines of modern social and economic life. Historically, the professions' monopoly of expertise, combined with their capacity for self-regulation, has enabled them to derive privilege and exert influence upon the state (Jones, 1981). But, at the same time, the state's sanctioning of market shelters for professional groups has constrained their monopoly powers by means of the potential threat of the dilution or removal of their privileges.

In sum, professional associations are appropriately viewed as private interest governments that emerge in response to tensions within and between civil society and the state. In the context of capitalist society, they reinforce and subvert its three main sources of authority: the market, the state and the community (Streeck & Schmitter, 1986; Willmott, 1984b; Cooper et al., 1985). First, as discussed earlier, professions constrain and distort market forces; but they also preserve the institution and ideology of the market as the dominant institution for the allocation of scarce resources (Larson, 1977). Second, professional associations simultaneously engage and subvert the values and esprit of community. To legitimise their monopoly, they assert the altruistic foundations of professionalism, the independence of their judgement and the functional contribution of their expertise to the maintenance of society (Macdonald, 1984). However, in doing so, the nomic and expressive ideals of community are used primarily as an instrumental and anomic ideology for pursuing material self-interest and social esteem (Elliot, 1972). Finally, professions reinforce the powers of the state by seeking the latter's authorisation of their monopoly. But this authorisation implicitly places in question the neutrality of the state in respect of its treatment of specialist occupational groupings. More specifically, it suggests that the monopoly and self-regulating privileges granted to "professions" is more a reflection of their position and role within the social division of labour than an acknowledgement of any distinctive, politically neutral technical attributes or competences they may possess (Johnson, 1980).

PHASES OF PROFESSIONAL ACCOUNTING DEVELOPMENT

The emergence of organised interest groups...
has been theorised in relation to the dynamic organisation of the market and the state within the political economy of capitalism. In this context, it was suggested that professional associations have been formed by those whose social background, market position and abstract skills have favoured the strategy of professionalisation as the principle means of carving and securing a favourable niche within the labour market. Seeking to elevate themselves about other "baser" forms of labour, professionalising occupations have stressed their altruistic motives and their capacity to set and maintain standards. The importance of professionalising occupations for the maintenance and development of key political and economic institutions, combined with their allegiance to an altruistic ideology and their demonstrated capacity to set and maintain standards, is understood to have enabled them to extract from the state a licence for self-regulation. However, the price exacted by the state for its licensing of an effective monopoly within the labour market is the reliable production and delivery of relevant and consistent knowledge and skill. Where a profession's regulation of its members' labour supply is perceived defective or inadequate, the state may re-examine or reform the existing pattern of representation and intervention. Alternatively, or simultaneously, where other organised interest groups are unable or unwilling to influence the association directly, they may seek such reforms by lobbying the relevant institutions of the state.

To illuminate these processes a history of the organisation of the accountancy profession in the U.K. is now to be constructed. Its highly selective focus is upon the efforts of accountants to define and advance their interests through the formation and development of professional associations.9 Three phases in the organisation of the profession are identified. These are explored with regard to influential members' strategies for securing and enhancing their self-regulating powers and privileges in relation to the institutions of the market and the state.

In brief outline, the first phase, covering the period 1854-1957, includes the formation of associations of accountants that emerged to define, protect and advance the market position of those who were excluded from membership of other associations. This formative phase of organisation was dominated by unsuccessful attempts on the part of the less prestigious bodies to create a state register of accountants — the idea being that it would formally equalise the standing of all qualified accountants in a way comparable to that of the medical profession. At the end of this period, in 1957, there was a merger between the two largest of the professional bodies, the English Institute and the Society of Incorporated Accountants — a merger that was prompted by intra and post-war changes in the market for accounting labour, together with their common interest in strengthening their influence over processes of public policy-making and administration.

The second phase, which lasted from 1957 into the late 1960s, involved the steady development in the size and dispersion of the membership of the accountancy profession. During this period, the profession became increasingly segmented. In turn, this segmentation stimulated renewed interest in unifying the profession. As in the past, debate over unification turned around the issues of market position, political influence, public prestige and the profession's powers of self-regulation. A proposal for unification developed principally by the Council of the English Institute was accepted by the membership of the other professional bodies, but it was rejected by its own members — an outcome that did nothing to inspire confidence in, or enhance the standing of, the accountancy profession.

Covering the period from 1970 to the present day, the third phase of organisation has been dominated by the establishment of a co-ordinating body (the C.C.A.B.) formed to provide the profession with a means of speaking with one

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9 This analysis is best regarded as a contribution towards a fuller and more adequate account in which these phases of development would be more closely wedded to an examination of the structure of British capitalism, the significance of the City and the interventions of the State during political and economic crises (c.f. Armstrong, 1984, 1985c, 1986).
voice when representing its interests to the market and the state. In particular, the work of the sub-committees of this body has helped the six major bodies to present a more or less united front to the critics of the profession who have questioned its ability to consistently regulate and effectively discipline the publicly significant activities of its members. However, the size and financial dominance of the English Institute has been a source of tension and disaffection amongst the smaller bodies, whose limited resources and proportional representation on C.C.A.B. subcommittees effectively constrain their contribution to its work.

THE FIRST PHASE OF ORGANISATION: EXCLUSION, SEGMENTATION AND MERGER

When placed in an historical perspective, it is clear that the rise of accountancy as a self-regulating profession has not been an uninterrupted one. On the contrary, it has involved a continuous struggle in which members of the professional bodies have fought amongst themselves as well as with the state to establish and preserve their status, their influence and, above all, their “right” to self-regulation.

In 1870, the formation of the Institute of Accountants in London, later to become the largest and most influential of the major accountancy bodies, followed a series of scandals that had brought accountancy into serious disrepute (Jones, 1981). The principal objective of the founders of the Institute was to differentiate their (invited) membership from other accountants who, by implication, were viewed as less reputable and competent (i.e. “unprofessional”). Through the vehicle of the association, the aim of the self-selected elite was to define, licence and monopolise the market for reliable, “professional” accounting labour (Willmott, 1985). This intention was reflected in the Institute’s stated objectives which were “to elevate the attainments and status of professional accountants in London, to promote their efficiency and usefulness, and to give expression upon all questions incident to their profession” (Hopkins, 1980, p. 2).

Given the existence of an expanding market for accounting labour, it was inevitable that those excluded from the Institute — because they could not afford the entrance fee, because they worked outside London, or because they offered services in addition to accountancy (e.g. legal advice) — formed a rival association: the Society of Accountants in England, later to become the Society of Incorporated Accountants. Unsurprisingly, the formation of this rival association was not viewed favourably by the Institute. Regarding it as a challenge to their earlier attempt to divide the “worthy” and “reliable” from the “unworthy” and “unreliable”, the journal of the Institute characterised the Society as a “bogus” association whose membership comprised “a formidable array of clerks of all kinds” including “shop-keepers, valuers, collectors of taxes, bailiffs... pawn brokers and manure merchants” (quoted by Stacey, 1954, p. 28).

The formation of rival associations can be seen

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10 Although the English Institute has come to dominate the other professional bodies, it should be noted that the formation of the Institute of Accountants in London came well after the incorporation of The Society of Accountants in Edinburgh in 1854, The Institute of Accountants and Actuaries in Glasgow in the same year and The Society of Accountants in Aberdeen in 1867. These were the founding elements of the Institute of Chartered Accountants in Scotland (I.C.A.S.). From the outset, the bodies representing accountants have been differentiated geographically as well as institutionally. Some of the geographical differences remain, though their significance has declined. But the importance of institutional differences has, if anything, increased with the growing proportion of accountants working in industry and the expanded size of professional practices.

11 A comparable reception from the Institute awaited the London Association of Accountants established in 1904, whose members had, in turn, been excluded from the Society of Accountants. This time, The Accountant limited itself to the more restrained observation that the new body was composed of “questionable characters who make the dregs of the profession” (The Association of Certified and Corporate Accountants, 1954). The London Association of Accountants was one of a number of “second wave” bodies that emerged to represent those excluded by the Institute and the Society. These included the Corporation of Accountants, (Glasgow) formed in 1891, the Institute of Public Certified Accountants, formed in 1903,
as a response to the failure of the market to provide a reliable exchange of labour and income. Insofar as any association succeeded in identifying its membership with the "professional" (i.e. reliable, competent, trustworthy, independent) provision of accounting labour, there was an incentive for those excluded from membership to form rival associations that either aspired to match such claims or, if not, gave the appearance of being able to do so. In turn, this segmentation stimulated (and continues to stimulate) competition between bodies to secure or advance their relative standing in the market place. With regard to the major bodies, this is most evident in their efforts to gain recognition from the state in the form of a Charter and, relatedly, to achieve a monopoly over the supply (e.g. auditing) and standards of accounting practice. There have also been numerous attempts to merge bodies of comparable status and to identify bona fide members of the profession by establishing a register of accountants (Macdonald, 1985).

Of the attempts to unify the profession through merger, the "on-off" relationship between the Institute and the Society is of most historical significance. During the period 1893-1899, the Society sponsored a number of Bills to establish a register of accountants that would include their members, and those of the Chartered bodies, but largely excluded the members of other, rival associations. These Bills were vigorously resisted by a majority of members of the English Institute who regarded the establishment of a register as a threat to the authority of their exclusive, Chartered status. In fact, the Society's efforts to create a register followed an earlier attempt (1891) by the Institute to introduce a Bill designed to gain special protection for the status of "Chartered Accountant". On that occasion, the proposal was successfully opposed by a section of the Society's membership — the municipal treasurers — who were to be excluded because they had not taken articles under a firm of practicing accountants.

Attempts to establish a register for all "qualified" practitioners, usually sponsored by the less prestigious, non-chartered bodies have been consistently opposed by the more established, "senior" associations and, in particular, by the English Institute. The one notable exception to this occurred in 1907. The then President of the Institute recommended that his members should support a Bill defining the rights and duties of accountants in a way comparable to the registration of legal and medical professions. This legislation, he contended, would enable them to retain their "elevated" Chartered status and enhance the public image and prestige of the profession. However, as Macdonald (1985, p. 10) has noted, the effort to achieve registration was "nullified by a lack of government interest and of parliamentary time" and by 1911, a new President was advising the membership that their status was secure and that while the public might benefit from registration, the membership of the Institute would not. (I.C.A.E.W., 1965, p. 5).

Later, in 1930, following repeated appeals for a register by a number of the less prestigious bodies (e.g. the London Association of Accountants and the Institute of Public Accountants), all accounting bodies were invited to submit evi-
dence to a Board of Trade Committee charged with the responsibility of examining the question of the registration of accountants. The Institute alone successfully opposed public registration and even requested exclusion in the event of it being enforced.\(^\text{15}\) The Institute's case for maintaining the status quo is summarised by Watson (1979, p. 256):

\[\ldots\] rising the status of the non-chartered accountant (would) result in an overall dilution of the standards of the profession and hence militate against the public interest. The result would be a "levelling down" of the profession of accountancy, rather than a "levelling up".

Further significant attempts to protect the interest of members of the more prestigious bodies were made throughout the 1940s and 1950s. In 1946 a draft Public Accountants Bill, devised by a co-ordinating committee comprised of representatives from the English Institute, the three Scottish Chartered bodies, the Irish Institute, the Society and the Association of Certified and Corporate Accountants was put before members of these bodies. This Bill proposed the establishment of a Public Accountants Council in England and Wales, and a separate Council for Scotland, to be controlled by the profession. This Council was to register all credible professional bodies and licence accountants to practice public accountancy. Once again, a major stumbling block of this initiative was the inclusion in the draft Bill of a divisive definition of a public accountant that was unacceptable to some government officials, as well as members of some bodies such as the Institute of Municipal Treasurers who had not been represented in the co-ordinating committee.\(^\text{16}\)

In 1955, after a dozen years of largely unsuccessful efforts at tightening the regulation of accountants and, in particular, protecting the qualified from the unqualified, the co-ordinating committee of the professional bodies was dissolved. However, although this effort to secure the position of the "major" accountancy bodies had failed, the English Institute (together with the Scottish and Irish Institute) was again contemplating the possibility of merging with the Society. A number of factors contributed to this development. First, the co-ordinating committee had clearly failed in the task of unifying the profession. Following increased economic activity in the post-war years, Institute members were facing stiff competition in the labour market for suitably qualified articled clerks and junior partners since potential recruits were being attracted to banking and insurance. Just as important and partly in response to these developments, the English Institute and the Society were each planning changes in their respective procedures and regulations that would seriously undermine the interests of the other. To further expand its membership and widen its influence, the Council of the Society was considering the possibility of extending its training grounds beyond professional firms to include private and public industry. This posed a direct threat to the English Institute's equation of professionalism with an independent, self-regulating mode of training. At the same time, in response to its difficulties in recruiting suitable articled clerks and junior partners, the Institute was contemplating increasing the quota of clerks articled to partners from a maximum of two to four or, in exceptional circumstances, more. This development threatened to narrow the recruitment base of the Society which, traditionally, had attracted clerks who were unable to take articles under a Chartered Accountant. In addition to these pres-

\(^{15}\) In its report, the Committee took the side of the Institute, on the following grounds: that there was no adequate definition of a public accountant upon which the register could be based; that there was no strong evidence to suggest that a common standard of qualification was publicly desirable; that many people, other than practising accountants, were involved in accountancy work; and, anyway, that there was no public demand for it. It was also felt to be in the interest of employers of accountants to have the option of hiring cheaper, "unqualified" persons to perform many of the more routine accountancy functions.

\(^{16}\) Their definition was restricted to those who were employed in a professional practice and who were \textit{exclusively} concerned with one or more of the following: preparing, investigating, auditing and certifying balance sheets, profit and loss accounts, statements of income and expenditure or other similar accounts (I.C.A.E.W., 1965, p. 156).
sures from the market, it was noted that a growing number of firms included partners who were also Incorporated Accountants, and vice-versa. This situation, it was argued, was creating unnecessary and damaging confusion in the minds of the general public. In the absence of a rapprochement between the Society and the Institute, the fear was of increased exposure and public awareness of the disunity within the profession resulting in pressures for state intervention to regulate its activities.

However, the eventual merger of the English Institute and the Society was not achieved without internal opposition. As in 1911, objections by individual members of the Institute principally concerned the absence of immediate and tangible benefits that would follow from a merger with an "inferior" body. The counter-argument was that this objection had to be weighed against the short-term problems of failure to merge as well as the longer term benefits of integration. In addition, it was said to be in the public interest to get "this great profession of ours put in order" (Garrett, 1961, p. 321). From within the Society, the greatest resistance came from those qualified in municipal accounting, as it had done some 60 years earlier. This was because, on the terms agreed by the two Councils, the municipal accountants and treasurers were not to be admitted to the Institute of Chartered Accountants unless, as was unlikely, they had trained in an "independent" practising public accountant's office.17

Nonetheless, in the post-war context, a merger was seen to be, on balance, in the political and economic interests of the majority of the membership of the Institute and the Society. For although a merger with the Society was widely perceived by the Institute's membership to involve some dilution of prestige, their chartered status was to be preserved. Moreover, the merger would substantially reinforce the Institute's long-established claim to represent the profession as a whole vis a vis the state. More specifically, it could now expect to speak with greater authority when advising or lobbying on matters (e.g. legislation) having a direct bearing upon members' interests — an issue that had aroused increasing concern since the Association of Certified and Corporate Accountants had succeeded in being recognised, under the Companies Act of 1948, as a body whose members were authorised to audit companies even though they had not necessarily undergone a period of training within a public accountant's office.

*The second phase of organisation: the failure to integrate*

Following the merger of the Society and the English Institute, there still remained no less than five other highly regarded professional accountancy bodies (see Table 1).18 In large part, the subsequent history of the organisation of the profession has been one of accelerating change and incipient crisis in respect of the identity, regulation and organisation of the profession (Macve, 1980; Tricker, 1983). Tensions within and between the professional bodies have increased with a growing pressure to unify the activities of the major bodies and the difficulty in developing a form of organisation acceptable to their respective memberships. Thus, on the one hand, the six major bodies have broadly accepted their common interest in collaborating with each other to preserve the prestige and autonomy of the profession as a whole. But, on the other hand, the leadership of each body has pur-

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17 The chosen definition of a public accountant was someone who was a member of a body of accountants formally recognised by the Board of Trade as qualified for appointment as an auditor of public companies under the Companies Act 1948 and whose main occupation consisted of practising as an accountant (Garrett, 1961, p. 321).

18 Accountants have also been organised within a number of other 'minor' bodies. These have included the Society of Company and Commercial Accountants (S.C.C.A.), the Association of International Accountants (A.I.A.), the Institute of Administrative Accounting and Data Processing (I.A.A.D.P.) and the British Association of Accountants and Auditors (B.A.A.A.). To these bodies may be added others that have been formed to represent the specialist interests of accountants who are usually already members of one of the major professional associations. One such group is the Institute of Internal Auditors (I.I.A.).

<table>
<thead>
<tr>
<th>Professional body</th>
<th>Date of formation</th>
<th>Size of membership in 1957</th>
<th>Size of membership in 1982</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institute of Chartered Accountants of Scotland (I.C.A.S.)*</td>
<td>1854</td>
<td>6,187</td>
<td>10,586</td>
</tr>
<tr>
<td>Institute of Chartered Accountants in England and Wales (I.C.AEW.)</td>
<td>1880</td>
<td>20,124</td>
<td>73,781</td>
</tr>
<tr>
<td>Institute of Chartered Accountants in Ireland (I.C.A.I.)</td>
<td>1888</td>
<td>1,044</td>
<td>4,280</td>
</tr>
<tr>
<td>Society of Incorporated Accountants (S.I.A.)</td>
<td>1885</td>
<td>11,335</td>
<td>See ICAEW</td>
</tr>
<tr>
<td>Association of Certified and Corporate Accountants (A.C.C.A.)†</td>
<td>1905</td>
<td>10,103</td>
<td>24,265</td>
</tr>
<tr>
<td>Institute of Municipal Treasurers and Accountants (I.M.T.A.);§</td>
<td>1885</td>
<td>2,804</td>
<td>8,746</td>
</tr>
<tr>
<td>Institute of Cost and Works Accountants (I.C.W.A.);§</td>
<td>1919</td>
<td>5,758</td>
<td>20,328</td>
</tr>
</tbody>
</table>

* Formed in 1951 through a merger between societies of chartered accountants in Edinburgh, Glasgow and Aberdeen.
† Now called the Association of Certified Accountants (A.C.A.).
‡ Now called the Chartered Institute of Public and Finance Accountants (C.I.P.F.A.).
§ Now called the Institute of Cost and Management Accountants (I.C.M.A.).

Sued collaborative ventures only so far as these are perceived, on balance, to best serve the interests of their own members. Any formal merger or complete integration of the six bodies requires the democratic consent of the membership. As a consequence, proposals considered by the leadership to be in members' long-term interests may be defeated by a well organised minority who anticipate their individual or sectional interests being undermined by such moves.

During the 1960's, the membership of the English Institute became increasingly heterogeneous as a growing proportion of its members pursued careers in industry or found themselves working in specialist fields within very large firms of accountants. By the late 1960s significant divisions of interest within the membership of the English Institute had become apparent. First, there was a growing separation between “practising” members and those who had become employed in industry. Second, the “practitioners” had become divided between those working in the small, local professional firms and those employed by very large international firms of accountants. These divisions were very clearly exposed in 1970 when the Council of the English Institute balloted its members on a recommendation to integrate the major professional bodies. The proposal, initiated by the English Institute, had been hammered out between these bodies during the previous five years. Its

19 In 1970, 80% of the newly qualified chartered accountants ended up in industrial employment.
central recommendation was that the A.C.C.A.,
the I.C.W.A. and I.M.T.A. would be dissolved and,
with some minor expectations, their members
join the English, Scottish or Irish Institute as
"chartered accountants."

The integration of the profession was recom-
mended to the membership of the I.C.A.E.W. on
the following grounds. First, it was argued that
"it would be a major step to dispelling the confu-
sion and misunderstandings which are caused in
the public mind by a multiplicity of professional
designations" (The Accountant, 27 July 1968).
Second, it was suggested that integration would
put the profession "in a position to speak with a
united voice on matters of professional, national
and international importance" (ibid.). Third,
and relatedly, it was contended that the profes-
sion must respond to "great changes which are
taking place in the scope and emphasis of the
work of professional accountants", and, in par-
ticular, "the increased use of accounting for
management purposes" (ibid.). More generally,
the proposals were said to reflect "the change
from a purely practising profession to one in
which accountants in practice, in industry, in
commerce or in the public service, view one
another as professional colleagues on a platform
of equality" (Accountancy, August 1968).

This prospect was not viewed favourably by
many members of the Institute. Most of them
seem to have accepted the diagnosis of the prob-
lems facing the organisation of the profession.
But, for many of those in public practice, the de-
sired remedy was a purge of non-practicing ac-
countants from the membership of the Institute
so as to give the practitioners control over their
own affairs and training (letter to The Account-
ant, 7 December 1968). The proper place for
nonpractitioners, it was argued, lay outside of
the Institute in a separate body concerned ex-
clusively with the interests of accountants work-
ing in industry (letters to The Accountant, 26
October 1968 and to Accountancy, January
1968 and January 1969). From this standpoint,
the integration proposal was symptomatic of the
Council's abandonment of its basic principles
and purpose. As one correspondent to Account-
tancy put this case:

It is a pity that the Council of the Institute let its eyes wan-
der from the original objects in the Charter. The words
"Chartered Accountant" now only denote a qualifica-
tion and not a profession . . . I know of stock-brokers
who can boast of being Chartered Accountants — What
is their profession? They might become turf accountants
and still describe themselves as Chartered (Account-
tancy, March, 1968, emphasised added).

From this standpoint, a possible implication of
the integration proposal was not only that it di-
luted the status of the Chartered Accountant but
also that it made the profession "ripe for
nationalisation by any future Government" (let-
ter to Accountancy, August, 1970). Responding
to this resistance, the supporters of the integra-
tion scheme stressed its importance for the long-
term future of the profession. The concern with
the dilution of status was characterised as "tradi-
tional", "narrow" and "short-sighted" in com-
parison with the dangers of failing to unite the
profession and enable it to speak with one voice
(letter to Accountancy, October 1968); and
those who feared "nationalisation" were re-
minded of the critical importance of being seen
to act responsibly in fulfilling its public role. As
another correspondent to Accountancy put this
argument:

The accountancy profession is lucky, as it has so far es-
caped the control of Parliament and is responsible to it-
self for how it orders its affairs . . . I believe that the
Government would have a duty (to step in to sort the
profession out,) if ever the profession was failing badly to
fulfill its public role.

In sum, those who recommended the integra-
tion proposals regarded their acceptance as es-
sential if the profession was to respond posi-
tively to changes in the market for accounting
labour, retain its privilege of self-regulation and
continue to be a significant influence in the fram-
ing of policy and legislation that directly affected
the interests of its members. Yet, in the vote, the
members of the English Institute rejected the in-
tegration scheme. This clearly demonstrated the
capacity of the membership to organise and re-
sist the recommendations of their Council. But it
also signalled their unwillingness to exchange a
perceived erosion of the market and symbolic
value of their chartered status in exchange for some comparatively abstract and remote concern for a united profession. Needless to say, the division of the vote within the Institute did not lessen strains towards internal segmentation.\(^{20}\) Nor, of course, did it improve the prospect of future unification. Since 1970, some non-practicing members have developed alternative means of representing their interests.\(^{21}\) The other bodies, whose majority vote for integration was torpedoed by the Institute's membership, have pursued with increased vigour their several claims to distinctive competence. More widely, the unintended consequence of the (failure of the) integration scheme has been the highlighting of the deep divisions between the membership of the major bodies and a questioning of the ability of the leadership of the Institute to represent the interests, and win the support, of its diverse membership.

The third phase of organization: the C.C.A.B. as a co-ordinating body

Following the failure of the 1970 integration scheme, the Scottish Institute sought to repair some of the damage done to relations between the professional bodies and to the public image of the profession as a whole. The proposal involved the creation of an informal consultative committee representing the six major bodies to act as a forum for discussing matters of mutual concern. When originally floated with the English Institute, the idea was rejected. However, some three years later, in 1973, the kernel of the Scottish Institute's proposal was accepted and, in 1974, the Consultative Committee of Accountancy Bodies was established with the formal objective of enabling the six major bodies "to develop joint representation on matters of common concern." Additional impetus for co-ordination between the major bodies resulted from a series of spectacular and widely publicised instances of accounting failure, incompetence and misconduct that rocked the profession in the late sixties and early seventies (Lowe & Tinker, 1977; Tinker, 1985). Coupled with the later problems associated with inflation accounting and the complexities of legislation and international trading, disquiet over the competence and impartiality of the profession created the conditions that favoured an effort to repair the damage done by the failure of the integration scheme. This effort was further reinforced when, in 1976, Edmund Dell, then Secretary of State for Trade, warned that failure to respond positively and responsibly to his request that the profession put its house in order might well result in the establishment of an equivalent of the U.S. Securities and Exchange Commission. Commenting upon the main recommendations of the Cross Committee, which was established to review the disciplinary procedures of the professional bodies and which stressed the need for a broadening and tightening of these procedures, the chairman of the joint committee of accountancy bodies charged with the responsibility of their implementation reported that:

\[...\text{the members will recognise that this is a genuine effort in their own interest. If they don't, then I think we shall have to recognise that there is a very strong possibility of authorities being forced to take steps which I don't believe they want to take. What I believe they want is a demonstration by the accountancy bodies that they are prepared to do rather more than they have done in the past (quoted in Hopkins, 1980, p. 125, emphasis added).}\]

The creation of the C.C.A.B., with its three major sub-committees concerned with accounting standards, auditing practices and professional ethics, can be seen as a strong signal to the Government of the profession's capacity to regu-

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\(^{20}\) However, the defeat of the Council's proposal did bring about a change in the procedures for electing Council members such that the balance was tipped against non-practising members. In 1979, a 74 member Council included only 26 who were not "practising" (Hopkins, 1980, p. 23).

\(^{21}\) For example, the Association of Corporate Treasurers was formed in 1979 to represent the interests of those commanding many of the most prestigious and influential positions in industry.
late itself without "government interference." From the standpoint of the member bodies, cooperation through the C.C.A.B. was attractive insofar as it provided them with a "power base" which only the English Institute could expect to have if the bodies acted individually (Hopkins, 1980). Moreover, refusal to cooperate with the other bodies could be perceived as obstructiveness or (mis)interpreted as indicative of a lower status professional association.

However, although the C.C.A.B. appeared to offer the smaller bodies a power base that was unavailable to them when operating independently, in reality their influence has been limited as a consequence of their proportional representation on the committees of the C.C.A.B. Through the C.C.A.B. the Institute has exploited its financial power and reputation to consolidate a dominant position amongst the professional bodies. Not only have C.C.A.B. meetings been hosted by the Institute (which, until 1979, also provided its chairman), but it has also ensured that representation of the influential C.C.A.B. sub-committees is broadly proportionate to the membership and financial contribution of the member bodies (see Table 2).

The organisational device of the C.C.A.B. has allowed the major professional bodies to speak with one voice whilst, at the same time, stamping the English Institute's own authority upon the revision and development of accounting standards, auditing practices and professional ethics. Partly as a consequence of this, tensions exist within the C.C.A.B. that have the potential to undermine its short-term effectiveness and its long-term viability as a substitute for unification. There are, for example, a number of irritants in respect of the efficiency and cost of the C.C.A.B. For instance, in his foreword to the 1981 Report to the Council, the President of the Institute of Chartered Accountants of Scotland, observed that "the cost of collaboration gives cause for concern". On the other hand, while the smaller bodies, and in particular the I.C.A.S. and the A.C.A., have been somewhat critical of the operation and financing of the C.C.A.B., they have a collective interest in co-operating with their sister bodies to secure their common "right" to self-regulation. The recognition of this interest is clearly spelt out in the 1977/8 Report of the Council of the Chartered Institute of Public Finance and Accountancy:

From the point of view of an individual Institute like CIPFA it might seem that much of the work carried out by C.C.A.B. on our behalf is of limited peripheral interest and concern professionally... (However) we should regard expenditure on joint professional activities as an essential part of our expenditure and not as an extra. The reputation and standing of the Institute as a professional accountancy body is bound to be affected by the reputation and standing of the whole profession (emphasis added).

So, although the member bodies may occasionally be critical of the cost and effectiveness of the C.C.A.B., as well as the adequacy of their rep-

<table>
<thead>
<tr>
<th>CCAB Largest Bodies</th>
<th>Membership (thousands)</th>
<th>Contribution (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.C.A.E.W.</td>
<td>60</td>
<td>310</td>
</tr>
<tr>
<td>A.C.A.</td>
<td>20</td>
<td>84</td>
</tr>
<tr>
<td>I.C.M.A.</td>
<td>18</td>
<td>53</td>
</tr>
<tr>
<td>I.C.A.S.</td>
<td>10</td>
<td>47</td>
</tr>
</tbody>
</table>

No less important is the significance of the C.C.A.B. as a point of reference for Government departments and City institutions. On average, the C.C.A.B. makes two submissions a week to Government departments and, in the City, links have been forged with the Take-over Panel, the Stock Exchange and the Council for the Securities Industry, the self-regulating umbrella organization for financial institutions.
presentation upon its various sub-committees, they are not inclined to radically question its purpose and constitution. Nor, relatedly, do they have the power to pose any real threat to its continuation. The same, however, cannot be said for the Association of Certified Accountants. Because of its size, its expanding membership and its recently (1974) gained chartered status, the A.C.A. could soon be in a position to put considerable pressure upon the English Institute by threatening to withdraw from the C.C.A.B. This threat is a real one since, if the A.C.A. can expand its membership, either by merging with other bodies or by attracting their disaffected members, to the point of demonstrating that it represents a very significant minority of accountants, its withdrawal from the C.C.A.B. would place in doubt the claim of this committee to represent the interests of the profession as a whole. In any event, with the financial strength and independence gained from its income from (mainly overseas) students, the A.C.A. is undoubtedly seeking to reduce the dominance of the English Institute and, in particular, to loosen the latter's grip upon the organization of the C.C.A.B. Indeed, in a letter to the Financial Times (8 February 1983), the Vice-President of the A.C.A. directly challenged the desirability of the English Institute's domination of the C.C.A.B. Arguing that this is damaging for the profession, he asserted that "the servicing of the C.C.A.B. by one member body has created a situation in which those outside the profession have great difficulty in distinguishing the activities of C.C.A.B. from those of the English Institute." At the time of writing (1983), the A.C.A., together with the Scottish Institute, is pressing for a thorough review of the C.C.A.B. to see "whether (its) management effectiveness and administrative efficiency would not be enhanced by a more independent structure" (ibid.).

CONCLUSION AND PROSPECTS

The intention of this paper has been to explore the organisation of the accountancy profession in the U.K. during the past century. The first part of the paper stressed the importance of situating the formation and advancement of the profession within the historical context of the rise and development of industrial capitalist society. It was argued that the organisation of the profession should be understood as a medium as well as an outcome of the pervasive forces of the market and the centralised power of the state. A theoretical perspective consistent with this understanding was then elaborated in which professional associations were conceptualised as inescapably political bodies whose power derives from their organisational capacity to continuously secure from the market and the state the right to control and regulate the supply of, and influence the demand for, accounting labour. Thereafter, the history of the emergence of, and relations between, the major accountancy bodies was selectively presented and interpreted in the light of this theoretical framework. Overall, the paper has challenged the technical, politically neutral self-understanding of the profession and thereby has sought to contribute to a debate on whether the profession is socially positioned in relation to the market and the state in a way that can enable it to adequately gauge and safeguard the public interest.23

In turning now to consider the future organization of the profession, a number of contradictory forces and tensions seem likely to influence its development. First, there is the question of the profession's ability to retain the privilege of self-regulation. Above all, this will depend upon the willingness and capacity of influential groups to challenge the profession's effective monopoly and, on the other hand, the ability of the profes-

23 Needless to say, an appearance of a resolution can be contrived if the public interest is equated with "the business public who are to be served" as Tricker (1983, p. 32) elects to do. The difficulty with this formulation is that it assumes a commonality of interest within "the business public" as well as identity of interest between the business community and the public at large. The first assumption is problematical because of the conflicts of interest between industrial and financial capitals. The second assumption is questionable because, in the context of capitalist society, members of the general public have interests that differ from, or at best are marginal to, the interests of business (Cooper & Sherer, 1984; Willmott, 1984a, 1985).
sion to avoid or suppress accounting scandals and to successfully organise its opposition to alternative forms of regulation. Given the political and ideological complexion of the incumbent Thatcher government, there appears to be little immediate threat of losing control over the training and supply of accounting labour. However, the faith of the present administration in the efficacy of the market mechanism may put in question practices that are overtly restrictive (e.g. the gentlemanly ban on advertising) or which may be perceived to circumvent the control of the market of the state (e.g. accounting standards setting).

A second significant impetus for change comes from the divisions between professional bodies. For although the major associations have a common interest in co-operating with each other to minimise the risk of statutory regulation of the profession, they also have a sectional interest in pressing for a form of co-operation that best serves their respective memberships (Hepworth, 1982). Despite (and perhaps also because of) the formation of the C.C.A.B., the Association of Certified Accountants, for example, has campaigned for the establishment of an official register of all bona fide accountants (Certified Accountant, July 1982). And just as consistently, the English Institute continues to oppose the need to replace the distinctive prestigious symbol of the Charter with what is regarded as the uniform and bureaucratic status of public registration.24

A third, and related, source of pressure for change is the disproportional financial and political strength of the English Institute in comparison with the other five major professional bodies (see Table 1). With respect of the management of the C.C.A.B., it is to be expected that the other bodies will seek, individually and perhaps also jointly, to reorganise its constitution in the direction of an equalisation of the influence of its members. In this connection, it is relevant to note the recent unsuccessful attempt by the Association of Certified Accountants to increase its already substantial influence by seeking a merger with the I.C.M.A. (Management Accounting, June 1982).25

Fourth, the larger bodies, and in particular the English Institute, are experiencing problems of organizational identity and internal governance. Largely in recognition of the growing internal divisions and tensions within its organization, the Council of the Institution recently commissioned a detailed report on these problems with the objective of determining what might be done to ensure that the Institute maintains its dominant and leading role within the profession. In this report, Tricker (1983) identifies a number of indicators of disunity within the Institute, including the challenging of Council decisions, disquiet and dissatisfaction amongst different sections of its membership and the growth of splinter groups of accountants.26

More generally, the presence of tensions between and within the major accountancy bodies simultaneously stimulates, shapes and impedes their individual and joint responses to structural changes in the market for accounting labour and the regulation of accounting practice. Reflecting and promoting these changes, there has been a shift in the ideology of the profession away from the ethic of public service, personal integrity, excellence and an abhorrence of advertising (c.f.

24 Having been granted its own Royal Charter in 1974, a strategy clearlyfavoured by some members of the Association, but resisted by others, is to include “Chartered” in their own title (Certified Accountant, January 1983).

25 This proposal proved unacceptable to a majority of I.C.M.A. members, probably because they perceived this merger to involve a net loss of status and identity that made the possibility of an eventual merger with the English Institute even more remote (Management Accounting, June 1982; Accountancy Age, 2 December 1982).

26 This division is reflected in the continuing debate over the appropriateness and legitimacy of training in industry as against training in professional offices (Accountancy, September 1982; January 1983). Consider, for example, the following comment contained in a letter to The Accountant (11 September 1980): “the approach of the professional office trainee is inevitably objective and directed to considering what is before him is right or wrong. It is inevitable that in an industrial/commercial concern the question of whether what is done pays the company will be, if not pre-eminent, at least well up in the list of objectives of the training” (emphasis added). Such observations directly question not only the equivalence of “professional
Wilson, 1977). For, leaving aside the question of the material substance of their cherished "professional" ideals, these ideals are being continuously undermined by a more commercial definition of accounting practice in which accounting knowledge is regarded less as a learned, vocational craft and more as "a force in production and the generation of profit" (Tricker, 1983, p. 36). To survive in a hard, commercial world in which accounting labour is increasingly identified with its contribution to the appropriation and realisation of surplus value, accountants are under mounting pressure to allow their actions to be guided by market forces and naked self-interest, unbuffered by the gentlemanly ideals of professional conduct.

The introduction of reforms along the lines proposed in the Tricker report would almost certainly improve the profession’s capacity to resist present and future threats to its members’ market value and associational sovereignty. However, the historical and contemporary response of the profession to market and state pressure for reform has been to re-affirm its technical, politically-neutral role and to represent its defensive and disorganised responses as necessary adjustments, made in the public interest, to further improve the quality and value of "professional" service. Thus, in the absence of rank-and-file rebellion and threatened external intervention, the more likely scenario is a complacent and apathetic re-affirmation of the status quo. This is likely to take the form of the separate yet co-ordinated development of the major professional bodies, with the remote possibility of an eventual merger of the English Institute and the I.C.M.A. and/or C.I.P.F.A.; some marginal reforms with regard to the organization of the individual bodies in the direction of enhanced executive authority; and, finally, a streamlining of the processes of consultation between the six major bodies. Insofar as these projected responses are successful in conveying an impression of addressing the problems of the profession, the short and medium-term prospect is for the existing organization of the profession to be preserved. Anything more than cosmetic changes in the organisation of the profession and its stewardship of the public interest are likely to occur only when the interests of influential individuals or organised sections of the membership are frustrated, when the state threatens to with-

firms” and "industry" training but also the homogeneity of accounting practice in these two settings. The point of view of many practitioners is that even the very best industrial training takes place “in an atmosphere which is not calculated to produce the best professional man” (ibid). In contrast, others, especially those who have made careers outside public practice, argue that industry increasingly offers a most relevant context for training, and especially so since the large majority of accountants now qualifying will eventually be employed there. From the standpoint, the restriction of training to the professional firm is regarded as an anachronistic impediment to the advancement of modern professional practice. Within the English Institute, this view is most vocally represented by the Industrial Members Committee. In November 1982 this committee issued a paper arguing that training outside the practising office “is most probably the next significant step the Institute must consider if it is to reinforce its role as a leading accountancy body”. Unless this extension is accepted, the report warns, “the next 10 to 20 years will witness a decline in the proportion of top financial management jobs held by Institute members” (Accountancy, November 1982, p. 136).

27 As illustrated by its introduction of an array of accounting standards without regard for the determination of an underlying conceptual framework; the deafening silence that met the modest reforms proposed in The Corporate Report, the minimal and largely cosmetic tightening of disciplinary procedures that followed the recommendations of the Cross Committee, the continuing fiasco over inflation accounting; and the (so far) superficial and cursory consideration given to the diagnosis contained in the Tricker report. This is perhaps most transparently clear in the Flint report which was commissioned to examine the impact of change upon the profession. While acknowledging the organization, regulation and governance of the profession to be "matters of public concern" (Flint, 1980, p. ix), the report explicitly “does not attempt to evaluate the contribution of the accountancy profession in a social context (or) to analyse the social and political aspects of the profession” (ibid.). When, in passing, the question of the regulation of accounting is touched upon, the defense of the status quo is based purely upon the traditional authority of precedent. Thus, having recognised the possibility that regulation could be “provided by the state as is the case in some countries”, Flint dismisses this option without further comment on the grounds that “the whole weight of the British tradition and culture is to have the organisation of the professions . . . in the hands of self-regulating bodies . . . which accept the obligation to discharge their responsibilities with regard to the public interest” (ibid., p. 17).
draw the privilege of self-regulation and/or when self-interested procrastination over the deep-seated political and organizational problems of the profession weakens the profession's standing and credibility, thereby stimulating public awareness and concern over its privileged role as steward of the public interest.

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