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AN AUSTRALIAN ATTEMPT TO INTERNATIONALIZE ACCOUNTING PROFESSIONAL ORGANIZATIONS

Abstract: In 1928, the beginnings were laid for the International Accountants Corporation and Bookkeepers Institute of Australasia. This was followed in a few years by the International Institute of Accountants. This was an ambitious move to internationalize the professional accounting organizations of the world from Australia.

There was an immediate reaction in the United Kingdom and then from the established Australian national professional organizations. The account and analysis of the subsequent events demonstrates how established organizations will respond to threats of this kind to their power and position.

An ambitious plan to internationalize the world accounting profession from Australia was aborted because of the defensive actions taken by the established organizations operating within Australia. The story of the International Accountants Corporation and Bookkeepers Institute of Australasia and the International Institute of Accountants provides a case study of how such organizations may be established and how the established professional organizations may seek to eliminate these competing groups as threats to their position.

NATURE OF ACCOUNTING ORGANIZATIONS

Professional associations of any kind are primarily political bodies organized to advance the interests of their members within the framework of the modern state. One approach to the study of such organizations is the functionalist approach which emphasizes the distinctive attributes of possession of esoteric knowledge, independence, altruism and self-discipline [Willmott, 1986, p. 557]. This approach is adopted here because the organizations involved promoted these attributes as a basis for

regulating the profession at that time. Altruism was a major part of the publicly avowed motives of the promoters even if their personal motives were more mercenary. The ambitious attempt to internationalize was too dispersed to be analyzed by the interactionist approach as a strategy for controlling an occupation as suggested by Willmott [1986, p. 558].

THE AUSTRALIAN PROFESSIONAL ENVIRONMENT

In spite of the creation of a bewildering array of accounting organizations in Australia over the last hundred years, the scene has been dominated by two professional groups and their antecedents. The first of these is the Institute of Chartered Accountants in Australia (ICAA) which, after a lengthy struggle, secured a Royal Charter in 1929. The British cultural influence was certainly a factor in seeking the charter and, even though that cultural influence is now less apparent, the charter still evokes an emotional response and constitutes a powerful symbol of the status of the ICAA. This symbolical power has been enhanced by legislation permitting amendment of the charter within Australia by the Governor in Council [Randall, 1987, p. 9].

The second dominant accounting organization is the Australian Society of Certified Practising Accountants (ASCPA) created as the Australian Society of Accountants (ASA) by merger in 1952 and 1953 of three organizations which existed at the time when the ICAA secured the Royal Charter. These were the Commonwealth Institute of Accountants, the Federal Institute of Accountants and the Association of Accountants in Australia.

All of the above organizations may be regarded as examples of what Parker [1989, p. 13] categorized as associations based on the British model with a conscious rejection of the alternative of constituting a branch of a British body. The events considered here represent an attempt to reverse that pattern with an avowed aim to export accounting organizations to the entire world.

INTERNATIONAL ACCOUNTANTS CORPORATION AND BOOKKEEPERS INSTITUTE OF AUSTRALASIA

In spite of the position outlined above during May, 1928, an association of accountants entitled the *Bookkeepers Institute of Australasia* was formed in Melbourne. The motivation of the promoters and the likely nature of the organization was readily apparent. According to the pamphlet issued to promote the or-

ganization, the Australasian president was Mr. E. S. Sayer. He claimed six different qualifications with a further eight lines devoted to detailing the meaning of these post nominals. It was after consulting with Mr. L. Brierley, who two years previous had formed the *Institute of Factory and Cost Accountants*, that Mr. Sayer formed the Bookkeepers Institute of Australasia with a view to making a financial gain. Mr. Brierley has expressed the opinion that the fact that Mr. Sayer was the president of this organization and that it was created for financial gain was not inconsistent with Mr. Sayer's occupation as a share salesman.^{1,2} The objectives of the Bookkeepers Institute of Australasia were listed as being:

- a. to raise the professional status of Clerks and Bookkeepers, to enable them to enjoy similar privileges as Fellows and Associates of Accountancy, Secretarial and Commercial Institutes,
- b. to provide an Institute for those Clerks or Bookkeepers who do not want to sit or have no time to study for all the subjects for the Accountancy or Secretarial Institute examinations
- c. to provide a Reference Library for Fellows or Associates
- d. to provide special employment facilities for its members
- e. to give a professional status to Clerks or Bookkeepers during the period (usually of some years) while they are preparing for Accountancy or Secretarial Institute Examinations [*The Bookkeepers' Institute of Australasia*, 1928].

On 15 April, 1929, the Bookkeepers Institute together with the International Accountants Corporation (the origin and objects of which are unknown) merged to be incorporated as the International Accountants Corporation and Bookkeepers Institute of Australasia (*the Corporation*). The objects laid down in

¹Recollections of Mr. Brierley to John Gavens at Sydney, August 1986. Brierley, himself, promoted professional organizations as a source of income arising from secretarial services. This assessment of Sayer's commercial interests is supported by an entry in Sands & McDougall [1926] which states Sayer's occupation to be commission agent.

²Mr. Sayer promoted money making schemes by convincing potential investors to buy shares in the scheme.

the Memorandum of Association included those previously stated for the Bookkeepers Institute (as object (c)) and also included:

- a. To acquire from Edgar Sheppard Sayer as Registered Trustee for a Guarantor the Institutes registered in Victoria and known as The International Accountants Corporation and Bookkeepers Institute of Australasia, and to conduct and carry on such Institutes as one Institute under the title of The International Accountants Corporation and Bookkeepers Institute of Australasia Limited.
- b. To purchase, have, hold and dispose of any buildings to be used as Institute offices or part thereof or any other property whether personal or real which shall directly or indirectly be for the advancement of any or all of these objects.
- c. To open up offices and/or appoint Registrars or Representatives of the Institute throughout the States of the Commonwealth and the British Empire and Foreign countries. [International Accountants' Corporation and Bookkeepers' Institute of Australasia, 1929].

Greater insight into the organization's objectives are provided by a brochure prepared by the Corporation, which states that the objects of the Corporation can be summarized as being "to provide professional and practical facilities and benefits, confer degrees and generally carry on the usual work of a professional body: but at an international level" [International Accountants' Corporation and Bookkeepers' Institute of Australasia, undated]. The brochure goes on to say:

The Corporation sets out to create a permanent international unity between the professional people of commerce and industry of all nations . . . It has nothing to do with politics. Its members represent all shades of legal thought . . . It in no way touches upon religious or sectarian issues . . . The Corporation is not a pacifist organization but it is opposed to war on humanitarian grounds and believes in international efforts to outlaw war. It considers that one way to prevent war is to bring the people of the world into closer contact and union with each other, for better understanding, greater tolerance and mutual sympathy. It believes strongly in the national sentiment and national consciousness, but considers that at the same time there

should be an international sentiment without prejudicing or detracting from one's own national patriotism. It also believes there should be more international economic cooperation throughout the world. The Corporation recognizes international humanitarianism and by intellectual cooperation of its members or by other means where practical, endorses the various widespread movements of humanitarian principles. It endorses the ideas of international law and considers the permanent Court of International Justice and the international arbitrations a form of security for the peace of the world and of value to all human, national and international relations.

The origin of this international *humanitarian* philosophy is unclear. This was a period which spawned movements with similar world humanitarian views. It was the period in which the Oxford Group, a movement which became the foundation for Moral Rearmament arose in England. The philosophy of the Corporation is consistent with a view that a changed social order might avoid a repetition of world war and its consequences. There was a New World order movement in the Presbyterian Church in Australia during this same time. The adoption of such personal attitudes was reflected in the life of the counsel of the Corporation, Mr. D. C. Robertson, who after a career as accountant and lawyer became a congregational pastor for the Presbyterian Church, although he was not authorized to dispense the sacraments [G. H. L., 1963]. Similarly W. T. Charge who was later President of the successor International Institute of Accountants (discussed later) was described in the Corporation's brochure, from which the objects were quoted above, as

a keen internationalist in the professional field, visualising, per medium of an organization with Fellowships in different parts of the world, an influence which could be created towards a better understanding amongst peoples of different nations, was also a most enthusiastic leader in the British Empire, and all that it stood for. This was evident by his many activities, including that of the Royal Society of St. George, of which organization he was the Victorian President [The International Accountant, 1949].

The Corporation endeavoured to provide some tangible evidence of its international aspirations by publishing from Lon-

don *The International Accountants Journal*. This venture which commenced in September 1929 appears to have survived for only eleven issues. A search of library holdings in Australia failed to produce any copies of this journal. It is not possible therefore to comment on its contents or editorial style. However, *Year Books* Nos. 2 to 4 covering the years 1929 through 1932 are held by the ASCPA Library in Melbourne.

An alternative view of these organizations is that they were merely commercial ventures promoted for the financial gain of the promoters. There is not available written evidence to determine whether such explanations are substantial or apocryphal. It can be noted however that economic conditions were difficult and the importance of the income from secretarial services provided to such organizations has been raised in personal discussions between one of the authors and L. Brierley who was involved with similar competing professional organizations within Australia.

This new accounting body was not well-received by the existing accounting bodies in either Australia or England. Despite the fact that the Corporation was incorporated in Victoria, it first received publicity in England. An article in *The Accountant* in 1929, states:

We have been favoured with the sight of a set of documents announcing the formation of 'The International Accountants Corporation and Bookkeepers Institute of Australasia, Incorporated'. This body seems to have been registered in Australia in April last, and is now broadcasting invitations to apply for membership without examination. The Head Office is in Melbourne, but branches are stated to exist in Straits Settlement, Boneo (sic), Cyprus, Fiji Islands, Papua, New Zealand, New Guinea Territory, etc. (sic) [*The Accountant*, 1929, p. 435].

It goes on to say,

Long experience has taught us to regard the formation of self-styled associations of accountants with equanimity. But this case is particularly bad because in return for a payment of 5 pounds 3 shillings the promoters will confer what they call the degree of 'Incorporated Accountant'. Incidentally, as an additional attraction, they promise to obtain for their members, discounts on purchases from tradesmen, ranging from 5% to 37 1/2%. Our readers well know that the description

'Incorporated Accountant' has in this country been recognized by the law as attaching only to members of the Society of Incorporated Accountants and Auditors for the last 22 years . . . [*The Accountant*, 1929, p. 435].

This article by *The Accountant* was the first of many such articles published by the established accounting bodies to discredit the new body. *The Accountant* again discussed the Corporation on December 6, 1930, when it noted that it was possible to join this organization by simply filling out an application form and sending a check. It goes on to record:

Life within the Institute can certainly not be dull for we are told that dinners, smoke nights, dances, lectures, social evenings, cinema and lantern talks and the like are held by the branches. It would be advisable to snap up these advantages quickly for there are dark hints that some day there might be an examination although the wind is tempered to the shorn lamb because for senior gentlemen examinations are held in camera. [*The Accountant*, 1930, p. 764].

The Accountant takes comfort from the fact that there is apparently a "free mortuary benefit of 50 pounds per member".

Again, *The Accountant*, on April 11, 1931, discusses the Corporation. It notes that the Corporation's "International President and World-Chief Administrative Officer", Mr. E. S. Sayer, had now arrived in Great Britain and was making the office in London the International General Head Office of the Corporation. It also notes that due to the flush financial position of the Corporation at that time, entrance fees had been waived and it was now possible to join this body at the price of a mere annual subscription [*The Accountant*, 1931a, pp. 453-454].

While the international objectives purported to be behind the Corporation may seem preposterous, they had been sufficient to attract the attention of established professional bodies both in England and Australia. The events described in what follows demonstrate that the existing professional bodies did not consider it sufficient to simply hope that the Corporation would fade away. *The Accountant* rather began a concerted attack which was later taken up also by the professional organizations in England and Australia. While *The Accountant* was not the official journal of any of the professional organizations at the time, it held a prominent position as reflecting professional thinking and attitudes. Its editorial comment was potentially the

most power public media force on accounting matters at the time.

The Accountant continued its reference to the Corporation by quoting from a circular put out by the Corporation which stated "I desire to point out to you that unless there are very exceptional circumstances why you should not be admitted the application (for membership) will be passed if it meets our general requirements for age limit, practical experience and integrity standards." The circular points out that one of the advantages of membership of the Corporation is the fact that members have the right to plead before the Income Tax Commissioners. *The Accountant* dismissed this assertion by pointing out:

s.137 of the Income Tax Act, 1918 says that the Commissioners must hear any member of an incorporated society of accountants, and as there is no difficulty whatever in securing incorporation, this advantage counts for nothing, except perhaps to emphasise the desirability of an early restriction being placed on this particular right of representation [*The Accountant*, 1931a, p. 454].

According to Mr. Brierley, the forerunner of the Corporation was colloquially known as the International *Institute of Accountants, Doctors, Dentists and Lawyers!* This is not surprising, considering the nature of the original president's occupation and the lax entrance requirements. Mr. Brierley supported the recollection of this opinion by asserting that, at the time, it was normal practice for share salesmen to promote their schemes first by selling shares to doctors as they were considered an "easy target". The promoters would then go to dentists, solicitors and so on according to a planned pattern using the fact that they had sold to the previous group as the major promotion factor [recollections to J. Gavens at Sydney, August, 1986].

The Accountant [1931a, p. 482] attempted to further undermine the professional standing of the corporation by reproducing a copy of the accounts of the Corporation for the year ended 22 April, 1930 and stating:

Our readers will note with very considerable amazement, that, this copy of the published balance sheet of an organization purporting to represent accountants, reveals glaring errors in the additions of the balance sheet. We could hazard no explanation and we must leave the fact to speak for itself. We note amongst other

things that the balance sheet contains no note as to the guarantee liabilities of the members, a more serious matter concerns the entry in the balance sheet for 'Stock, Yearbooks, etc, in hand' comprising nearly half the total assets. It is not at all clear to us, how, seeing that the total expenditure during the year on yearbooks and journals was only 359 pounds, there can be a stock of over 1000 pounds at the end of the year. Further, one of the claims of the organization is that it includes a very large number of members, but as the total revenue for the year from annual subscriptions was only 211 pounds, either there must be very few contributors or the individual annual subscriptions from a large number must be ridiculously small [*The Accountant*, 1931a, p. 454].

In an attempt to overcome the embarrassing position the Corporation now found itself in, a Special Supplement to the April 1931 journal was produced which included a redrafted balance sheet. However, *The Accountant* notes:

The Corporation's explanations as to the errors in publishing the balance sheet, referring the matter to a printer's error, does not go the whole way, for although in the further print now sent to us a new item appears for 'Sundry Creditors' which corrects the liabilities side, yet even in the new print the additions on the asset side are wrong to the extent of one penny. It may be of course that the printer did not bother to insert odd half pence, but to say the least of it, in the annual accounts of an accountancy organization, such a presentation of the figures is exceedingly unusual. . . . we think it would be better if Mr. Sayer would refrain from interfering in the rather delicate situation of accountancy organization in this country. He proclaims his present interest in quite a number of international questions which should provide plenty of scope for his energies without introducing a quite unwanted organization [*The Accountant*, 1931b, p. 567].

The Accountant did not stop there. It records that:

We are now interested to observe that the Corporation has issued this Special Supplement, nearly the whole of the matter in which, is devoted to a reply of our criticisms (article 22 April 1930). Mr. E. S. Sayer, who is the International President of the organization, commences by bringing forward his credentials, and we

have been favoured by a copy of a booklet containing photographic reproductions of no less than 15 documents, introducing Mr. Sayer, signed by various persons in Australasia, from the Prime Minister of the Commonwealth down to the local Secretary of the Royal Life Saving Society . . . in London, adulation of his wholesale type is looked upon as a rather dubious recommendation. We wish to observe in this place that we really find highly amusing the certificate included in this collection, signed by the Auditor of the Corporation and certifying as to Mr. Sayer's professional and academic qualifications [*The Accountant*, 1931b, p. 567].

As has already been pointed out, *The Accountant* could not be regarded as having launched its fusillade against the Corporation as the official outlet of any of the accounting professional organizations in the United Kingdom. However, a more official voice was added to the chorus of criticism. In May, 1931, the journal of the Society of Incorporated Accountants and Auditors, *The Incorporated Accountants Journal*, alluded to further problems being encountered by the Corporation:

If there are any persons who consider that it will be to their advantage to pay fees to this Corporation for the right to place certain initial letters after their name, it would not appear to be any concern of ours provided that neither the corporation nor its members infringed the legal rights of the members of the society . . . We are informed that by 'inadvertance', some literature emanating from the Corporation has been distributed intimating that members of the Corporation could describe themselves as 'Incorporated Accountants'. It has further been conveyed to us that the International President has expressed regret that this literature has got into circulation as it was supposed to have been destroyed . . . Under these circumstances no useful purpose would be served by discussing further this Corporation and the doings of its International President, which are receiving some attention in other quarters [Society of Incorporated Accountants and Auditors, 1931].

The advocacy of the use of *Incorporated Accountant* would be justified by Mr. Sayer calling on the international ambitions of the Corporation. It remains unknown as to whether the issuing of this literature in Great Britain was intentional or not.

Sayer [1929], in the Corporation's *Year Book*, advised members residing in Great Britain not to use the term *Incorporated Accountant* and to heed the *local conditions*. However, he concluded:

Members will be interested to know that highly placed legal advice has been secured on this question of the rights of members in Australia, in foreign countries, and elsewhere, to use the term 'Incorporated Accountant'. No institute has yet proved that it had an exclusive right in all foreign countries and in all parts of the British Empire to take to itself the term 'Incorporated Accountant' [Sayer, 1929].

Meanwhile, in Australia, a formal reaction was about to be launched by the established professional accounting organizations. Extracts of these articles were printed in the journals of the Commonwealth Institute, the Institute of Chartered Accountants, and the Federal Institute. Copies of the articles were also printed for distribution as leaflets, but prior to distribution, legal advice was received on October 6, 1931 to the effect that the Institute would lay itself open to an action for libel if the leaflets were distributed [Malleon, 1931a].

On October 17, 1931, W. Ross of Wilson, Ross & Co., wrote the Registrar of the Victorian Division of the Commonwealth Institute drawing that division's attention to a Mr. Stuber, who was the Victorian Registrar of the Corporation and at the same time was a member of the Commonwealth Institute. Ross [1931] noted that although the General Council was powerless to stop Stuber from holding such a position, it should record its disapproval in an attempt to discourage like examples.

Mr. Stuber would again raise the purported international aspirations of the Corporation as central to the position of the Corporation and its conduct. On December 12, 1931, Stuber, acting as Victorian Registrar for the Corporation, wrote to the Registrar of the Commonwealth Institute stating "I direct your attention to momentous changes in the administration of the Institute (Corporation) . . .". These "momentous changes" were detailed under three headings and included:

- Administration — autonomy for individual States,
- Personnel — previous administrators (with the exception of the International President) are not now concerned with the Institute in any executive capacity.
- Policy — 1) exemptions from examinations will not be

granted except to those candidates who have passed similar examinations with some other approved body, for example, your own

2) A definite educational lecture policy is being embarked upon

3) . . . We are not a competitive body. In a world of insular and national prejudice, we are endeavouring to link up all accountants into an international body. We ask our members to consider membership of our Institute as subsidiary to their other degrees and by those means we trust to eventually become a connecting link between the provincial institutes throughout the world . . . [Stuber, 1931].

These "momentous changes" embarked upon by the Corporation appeared to be designed to give the body more credibility in light of the criticisms levelled at it by the publications in *The Accountant* and the subsequent republishing of those articles in Australian journals.

The Commonwealth Institute was obviously not impressed. At the Victorian Division's Council meeting on December 15, 1931, after the tabling of both Ross' and Stuber's letters, the minutes record that a motion was put that Mr. D. C. Robertson, who was a member of the Corporation, no longer be permitted to act as Counsel for the Institute. Further, legal opinion was sought as to whether "the acceptance of the office of secretary to a body which the Institute Council does not hold in high regard, by a member of the Institute constituted conduct on the part of such member, sufficient to warrant the Institute remonstrating with or reprimanding the offending member" [Malleon, 1931b]. The opinion received on December 16, 1931 stated that the Articles of Association do not sanction such an action on the part of the Council. Subsequently the motion in relation to Robertson was withdrawn and no motion was put in relation to Stuber. However, pressure was probably applied, as, on April 8, 1932, Stuber wrote to the Registrar of the Commonwealth Institute informing the Registrar that he had resigned the Victorian Registrarship of the International Accountants Corporation [Stuber, 1932].

These difficulties in Australia were apparently not going to interfere with the international aspirations of Mr. Sayer. Back in Europe, Mr. Sayer, who was recruiting members for the Corporation, was not oblivious to the criticisms of himself and the Corporation. In a *Supplement to the International Accountants*

Journal, January, 1932, Mr. Sayer justified the amount of time that he had spent overseas on behalf of the Corporation by claiming the number of members had now grown to 4,400 world wide. The *Supplement* indicates that the cost of Mr. Sayer's world tour had been more than offset by the additional members that had been recruited on that tour and dealt with criticisms that had been levelled at the Corporation. At the time of writing the *Supplement*, Mr. Sayer was holidaying in the south of France for health reasons [Sayer, 1932]!

INTERNATIONAL INSTITUTE OF ACCOUNTANTS (IIA)

Due to the amount of criticism that the Corporation had received in the U.K. and in Australia, and despite attempts by both Sayer and Stuber to improve the Corporation image, it was expedient for members of the Corporation to disassociate themselves from that body and to form new accounting bodies that had an appearance of respectability. In April, 1932, the International Accountants and Executives Corporation Ltd was incorporated in London. In August, 1932, the International Accountants and Executives Corporation of Canada was incorporated and in October, 1933, the International Institute of Accountants (IIA) was incorporated in New South Wales.

The English body subsequently changed its name to *the Association of International Accountants* (AIA) and is one of only two English accounting bodies formed since 1923 still in existence [see Smith, 1984]. However, the AIA membership has been steadily declining over recent years. In 1983, the AIA had 1,626 members making it one of the smaller of the professional accounting bodies in the UK. The members of the Canadian body were later, through mergers, to become members of a body of accountants recognized under statute [Norkett, 1984].

The IIA was to all appearances a new organization without any links with the Corporation. This view could be sustained with the evidence that an examination of the *1932 Corporation Yearbook* and the Register of Members made available to the ASA when the IIA merged with the ASA in 1955, revealed that only one individual from the national executive council of the Corporation was a member of the IIA at the time of absorption. A similar comparison revealed that of the Victorian executive council, only 1 out of 8 members of the Corporation was a member of the IIA and of the remaining three states with executive councils, Queensland, Western Australia and South Australia,

lia, no members of the executive councils were subsequently admitted to membership of the ASA.

This apparent independence was not so evident with respect to New South Wales. The comparison revealed that 7 out of 8 members of the New South Wales executive council of the Corporation in 1932 were registered members of the IIA in 1955. This may be consistent with the fact that the IIA was incorporated in New South Wales and that most IIA members were from New South Wales (see Appendix 2). There was likewise an executive council link in New South Wales. Mr. A. J. Williams, who was chairman of the executive council of the Corporation in 1932/33 and was a prominent member of the New South Wales executive council of the Corporation, became Chairman of the Council of the IIA. There is no record of any further involvement of Mr. Sayer. Nevertheless the extent of common contacts involving the Corporation and the IIA casts doubt on the status of the IIA as a new independent organization.

Paragraph 3 of the Memorandum of Association of the IIA states that the objectives of the IIA shall include:

- a. to raise the status and advance the interests of accountants by the dissemination of professional knowledge and the inculcation of sound practices
- b. to improve and elevate the technical and general knowledge of persons engaged or about to engage in the profession of accountants or auditors to provide for and regulate the training and education of students by lectures and other means, to test by examinations or otherwise, the qualifications of such students and other persons desirous of being enrolled as members of the Institute and to confer on such persons such titles and degrees as may be deemed expedient [International Institute of Accountants, 1933].

These first two objectives and the other objectives that followed were similar to the objectives stated in many other accounting bodies memoranda at that time. The international ambitions identified with the promoters of the Corporation appeared to be manifested in the ambitions of the promoters of the IIA. The ambition to cover the British Empire and other foreign countries was retained but the lofty ideals of international humanitarianism and prevention of war espoused by the

Corporation were not evident. It can only be concluded that the inflated objectives of the Corporation did not have the desired market impact. The authors have been unable to identify any evidence to document more precisely the motivation for this difference. The more restrained objectives of the IIA may have been judged more appropriate for securing acceptance as a serious professional organization. Williams certainly retained this outlook on the world long after this revision of the AII objectives. His editorial in *The International Accountant* (December 1939) declared:

Whatever the result of the present world conflict, there will be considerable changes in the structure of society throughout the civilized world. A system which breeds extremes of poverty and wealth in an age when the productive forces have shown such efficiency that want should be unknown, cannot continue. There must be a better standard of living for the masses, if we are to avoid those revolutionary upheavals which are repugnant particularly to English speaking people.

Williams went on to discuss attempts to restrict membership of the accounting profession presumably by other unnamed organizations. He argued the necessity for examinations and then concluded:

We trust that those who have been seeking to build a monopoly of public practice in this country will review their attitude in the light of more equitable considerations, and that fellow Australian accountants will at least have equality of opportunity.

Informational literature provided by the IIA stated that the IIA had both *International objectives* and *Australasian objectives*. The primary international objectives included:

to provide a medium for practising and commercial accountants in Australasia, to have contact with their fellow practitioners in all parts of the world, to provide opportunities for intercourse between accountants within the British Empire and other countries, and to provide an Australasian link between international accountants throughout the world [International Institute of Accountants].

Assertions of this type were no more certain to lead to such an outcome any more than a strategy of securing associations

with prominent individuals. The Commonwealth Institute was still not impressed. In response to an inquiry by the Registrar of the Commonwealth Institute, the State Registrar of New South Wales wrote:

there is no justification in the claim that the standard of that Institute (the IIA) is equal to that of the leading accountancy bodies in Australia. Many of its members in New South Wales are practically unknown in accountancy circles, probably the membership was built up in response to extensive advertising propaganda throughout Australia and South Sea Islands seeking members without examination. The International Institute claims to be worldwide. Its status however, in New South Wales is negligible. Unfortunately, several prominent citizens have accepted invitations to functions and have addressed members of the Institute. This appears to be part of the publicity scheme . . . The International Institute with its large membership may have come to stay. There is no law in New South Wales to prevent the formation of similar organisations [State Registrar, Commonwealth Institute of Accountants, 1935].

The fact that the IIA relied on associations with prominent citizens was apparently consistent with the strategy previously adopted by the Corporation. The Corporation in its *1930-1 Year Book* lists its Life Members as: the Governors of Victoria, New South Wales, Queensland, and South Australia; Premier of Tasmania; Speaker, House of Assembly, Tasmania; a Senator and Major General; and a Barrister at Law [International Accountants' Corporation and Bookkeepers' Institute of Australasia, 1931].

As some evidence of pretensions to be recognized as an international organization, the IIA published a journal entitled the *International Accountant* from 1934 until it ceased a separate existence in 1954. A limited holding of this journal, commencing with the August 1938 issue and comprising about half the issues, is held by the ASCPA library in Melbourne. The journal contained articles on international, national and domestic matters as well as on social activities of the members. A typical issue contained an editorial by A. J. Williams, details of meetings and balls, income tax law and practice, student problems, secretarial practice, examination notices and results, book reviews and usually an article on one of auditing, company law reform or management accounting. The international tone in-

cluded references to the Canadian and Indian bodies. Articles in this vein included "Accounting Profession in China" (February 1950), "Recent Developments in World Economics" (May 1950), and "International Tax" (August 1951). The journal thus provided some evidence of the aspirations to international status.

The IIA did not require acceptance by other accounting bodies to gain a degree of formal recognition. Without making any distinctions between legislation of the Commonwealth and the six States, the IIA in its publicity claimed an extensive list of official credits. It quickly gained recognition, alongside the other accounting bodies under a number of Acts — the Charitable Collection Act, 1934 (IIA recognized 1935); the Pastures Protection Act, 1934 (1936); Friendly Society's Act, 1913-1938 and Trust Accounts Act, 1923-1925 (1939); Cooperation Act, 1923-41 (1942); Auditor of Public Hospital Accounts (approved for appointment 1943); Local Government Act, 1919 (1940). In addition, the IIA did not fail to publicize the fact! On July 24, 1940, the IIA offered its assistance to the government in the war effort. This offer was accepted in September 1940 and possibly led to IIA members' qualifications being recognized by the Public Service (1943), the Department of Air (1942) and the Department of Army (1943). Furthermore, the IIA gained approval to be added to the institutes which had representation on the Regional Committee on Training in Accounting under the Ministry of Post-War Reconstruction. When the Public Accountants Registration Act, 1945 was passed in New South Wales and the Public Accountants Registration Act, 1946 was passed in Queensland, the IIA was one of the approved institutes under both Acts. In 1949, the Australasian Institute of Cost Accountants recognized the exams of the IIA as being an acceptable qualification for entry into its organization. Although this list of accomplishments might fall short of the grand international plans of the IIA, it was surely sufficient to establish that the IIA had to be taken seriously, within Australia at least. However, the change in emphasis would, in a relatively short time, lead to the demise of the IIA as an independent body.

Despite this degree of recognition, the Commonwealth Institute was still not impressed! In a letter to the New Zealand Society of Accounts in 1952, the General Registrar wrote:

gradually the International Institute has acquired some degree of standing. While it is not simply highly regarded by the established institutes as indicated by its

omission from the bodies which sponsored the Australian Congress of Accounting in 1949, it has by consistent political pressure obtained some official recognition. It was for instance recently added to the list of recognised bodies for the purposes of the audit provisions of the Victorian Companies Act and was previously recognised for the purposes of the Public Accountants Registration Acts of New South Wales and Queensland. Its membership in Victoria numbers about 100. Requests by this institute for copies of its annual report were met with little success. Little is known about its examinations which appear to attract very few candidates. Consequently this Institute grants no exemption for its examinations [General Registrar, Commonwealth Institute of Accounting, 1952].

With the advent of the Australian Society of Accountants in 1952, there seems to have been a change in attitude among the officials of the Australian professional organizations. Instead of fighting the pretender, the decision was apparently made to remove it through merger. Having conceded that the IIA was now well established, the ASA decided to control this body by absorbing its members and bringing them under the discipline of the ASA. The Executive Council minutes of the ASA in April, 1953 noted that, although it was considered doubtful that some members had adequate qualifications and experience, merger would be in the best interests of the profession.

The IIA did not enter the marriage with immediate alacrity. In a letter to the members of the IIA on September 17, 1953, Mr. Williams, who was still chairman of the Council, records:

After mature consideration and acting under sound advice the Council decided to proceed with its independent activities feeling that its achievements in the profession in Australia are such that its continued activity as an independent body is in the best interests of all concerned [Williams, 1953].

However, the IIA Council shortly afterward changed its decision. On October 25, 1954, Williams again wrote to members informing them that an agreement was being entered into with the Society whereby members of the Institute would become members of the Society. The IIA was placed into liquidation soon after it was absorbed by the ASA.

A. J. Williams was founder and principal of A. J. Williams and Co public accountants in Sydney. He had a son who served

during World War II and remained overseas for some years before returning to his father's practice. In response to personal inquiries, he indicated he was unable to shed further light on his father's activities with the IIA. It may be surmised that the demise of the IIA marked an end to the international aspirations of the sponsors of both the IIA and the Corporation.

The Corporation had reverted back to the original name, the Bookkeepers Institute of Australasia, on August 17, 1933. Following a resolution of its members, it commenced liquidation on January 12, 1935 and ceased to exist.

PROFESSIONAL ORGANIZATIONAL RESPONSE

The professional organization response to these bodies with international pretensions had to find practical expression in events within Australia because that was their place of formation and incorporation. The actions taken may be regarded as indicative of a more general reaction by established organizations to the aspirations of the IIA regardless of the country involved.

The absorption of the IIA finally brought the Australia chapter of these claimed *international* accounting associations under the control of one of the major Australian accounting bodies. The accounting establishment had been unhappy about the existence of these upstart groups since 1928. Whether the IIA was a reputable or disreputable accounting body, however, is an issue outside the scope of this paper. The histories of these purported international accounting bodies provide examples of the process and problems of establishing a new accounting group. The point of concern to the existing organizations is that the creation of numerous accounting bodies without control over the quality of the members permitted to join those bodies can be harmful to the interests of the members of the existing organizations. The actions taken in response by the "established" accounting bodies illustrate some of the defenses available to those organizations when they perceive the newcomers as a threat.

The justification of such responses lies in the aims of most professional accounting organizations to control entry to the profession. While succeeding to control entry to their own organizations, this does not always mean they have a monopoly of the professional activity concerned. The absence of legislative restriction on accounting practice has left it open for relatively

free entry into the practice of the profession. To the extent that the established organizations can secure a monopoly of specific areas such as company auditing, they may establish a degree of monopoly. This means that action to inhibit or remove upstart organizations is vital if the established organizations are to retain their influence and limited control of the accounting profession.

The advent of these purported international accounting organizations did not initially present difficulty. The incorporation of a professional accounting body was a relatively straightforward process but "recognition" of that accounting body was more difficult to achieve. A key to establishing an accounting body was to attract membership. The Corporation sought to achieve this by offering few barriers to entry (examinations, qualifications) and low entrance fees. Another factor important in gaining recognition is to be seen to be a reputable body. The Corporation and IIA sought favorable publicity at all times, particularly in relation to their association with leading Australian politicians and citizens. A further means of obtaining recognition used by the IIA was to seek accreditation under various government Acts. By obtaining recognition under one Act, the Cooperation and the IIA were able to argue for recognition under other Acts. In addition, the offering of their members' services during the war effort assisted in their eventual recognition.

The defenses adopted by the "established" accounting bodies were numerous. It is difficult to believe that the editorial content of *The Accountant* was not fed by press releases from the established professional organizations. The publication of articles in "house" journals was aimed at discrediting the Corporation and was to the detriment of these international bodies due to the adverse publicity received. The evidence cited previously demonstrated that the Corporation seemed vulnerable to attack concerning its unprofessionalism due to errors in its financial statements on which the established accounting bodies were able to capitalize. It was also known that in Australia, the "established" accountancy bodies brought pressure to bear on their own members who were also members of the Corporation. Although it was doubtful whether members could have been disciplined, it appears some members with "dual" membership were "counselled" regarding their Corporation membership. It was also noted that the "established accounting bodies refused

to publicly acknowledge the IIA as an acceptable accounting body by not including it as a sponsoring body of the 1949 Australian Congress of Accounting. Furthermore, they recorded their refusal to provide exemptions for examinations taken by members of the IIA in considering applications by potential new members. The final defense adopted by the ASA of absorption of the IIA meant that the ASA could control existing IIA members and halt any further growth of this body.

POSTSCRIPT

The lessons to be learned from observation of this rather preposterous attempt purporting to internationalize the accounting profession remains applicable to current events. In conclusion, it is worth noting the extent to which the process of launching competing accounting professional organizations is still very much alive in Australia.

Accounting bodies have been and will be created regularly in Australia because there are few barriers to their formation. During the 1981 debate over the unsuccessful attempts to integrate the ASA and the ICA, Reid [1981, p. 13] noted "[T]he major fears I have of immediate integration is that those accountants not prepared to complete the entry requirements necessary to join the combined body will break away and form yet another association". Reid's fears have to some extent been realized. After the integration vote was defeated, the ASA moved to ensure its entrance requirements were more rigorous through the Associate Programme. The ASA entrance requirements therefore became more in line with the ICA's requirements. To fill the void, the Australian Institute of Taxation and Management Accountants Ltd (TMA) was formed during 1986. Like the ASA and ICA its members are required to be college graduates, but there are no examination entrance requirements nor is there any requirement to complete professional development. The TMA has attempted to establish itself by offering relatively low membership subscriptions, by advertising its existence to all registered tax agents and by offering prizes in accounting at certain tertiary institutions.

The ease with which bodies such as the Corporation, IIA and TMA can be established is a cause for concern due to the ability of unqualified persons to offer themselves as accountants claiming affiliations with these organizations, and the resultant confusion this creates in the minds of the public. As a result of

adoption of the Professional Schedule, the ASA introduced and heavily promoted the designation of CPA standing for Certified Practising Accountant. The success of this campaign led to the change of name in 1990 to the Australian Society of Certified Practising Accountants (ASCPA). In February, 1987, a previously unknown organization, the Federation of Australian Accountants offered mail-order CPA status to accountants, a status which the ASA believed (and proved in court) it had the sole right to use [Masanauskas, 1987]. As these recent events evidence, the techniques adopted against the Corporation and the IIA have not proven sufficient to deter further attempts at establishing competing organizations. Perhaps it may be concluded that only legislative intervention will have such an effect. To ensure that high standards of professional conduct are seen to be attached to the status of accountant, it is not too soon for the title "accountant" to be reserved by statute or for an accounting body to be recognized by statute, particularly to preserve the community authority vested in practicing accountants. The saga of attempts to achieve that protection is another story for another time.

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APPENDIX

INTERNATIONAL INSTITUTE OF ACCOUNTANTS

DISSECTION OF 1954 MEMBERSHIP

State	Total	Fellows	Associates	Specials	Honorary
New South Wales	217	92	81	33	11
Victoria	85	50	18	4	13
Queensland	45	25	18	—	2
West Australia	17	8	7	—	1
South Australia	13	9	3	—	2
Tasmania	7	4	2	—	1
Overseas	62	12	50	—	—
	<hr/> 446	<hr/> 200	<hr/> 179	<hr/> 37	<hr/> 30