Failure to unify Australia's leading accounting professional bodies

Jasvinder Sidhu [a], Peta Stevenson Clarke [b], Mahesh Joshi [c] and Abdel Halabi [d]

[a] Corresponding author
Federation Business School
Federation University Australia
Ballarat, Australia
+ (61 3) 5327 8542
j.sidhu@federation.edu.au

[b] School of Accounting
RMIT University
Melbourne, Australia
+ (61 3) 9925 0363
peta.stevenson-clarke@rmit.edu.au

[c] School of Accounting
RMIT University
Melbourne, Australia
+ (61 3) 9925 1453
mahesh.joshi@rmit.edu.au

[d] Federation Business School
Federation University Australia
Ballarat, Australia
+ (61 3) 5122 6646
abdel.halabi@federation.edu.au

ABSTRACT

Purpose

The purpose of this paper is to provide a historical account of four unsuccessful merger attempts between Australia's two major professional accounting bodies over a 30-year period (1969 to 1998), each of which ultimately failed. An analysis of the commonalities and differences across the four attempts is provided, and Social Identity Theory is used to explain the differences between members level of support for these merger bids.

Design/methodology/approach

This study adopts a qualitative approach using a historical research methodology to source surviving business records from public archives and other data gathered from oral history interviews.

Findings

The study found that, across all four merger attempts between Australia's two professional accounting bodies, there was strong support from Society members (the perceived lower-status group) and opposition exhibited by Institute members (the perceived higher-status group). This study also found that the perceived higher-status organisation always initiated merger discussions, while its members rejected the proposals in the members' vote.

Research limitations/implications

This paper focuses on the Australian accounting profession, considering a historical account of merger attempts. Further research is required that includes interviews and surveys of those involved in making decisions regarding merger attempts.

Originality/value

This paper is the first to examine in detail these four unsuccessful mergers attempts between the largest Accounting organizations in Australia.

Introduction

There remains an unfortunate habit among business and management academics to associate management simply with four attributes: planning, organizing, leading and controlling. By this gauge, modern management is indistinguishable from that undertaken in time immemorial. This, however, is not one that bears serious scrutiny. In his classic study, *The Genesis of Modern Management*, Sidney Pollard argued that the *primar*y difference between modern and pre-modern management was that the former was guided by not only understandings of costs but also a knowledge of accounting. Unlike “the builders of the pyramids”, Pollard (1965: 7) noted, the managers of the early industrial age had to relate production efforts “to costs”, selling their output into competitive markets. To achieve this end, managers pioneered “cost accounting”. “In the most advanced works”, such as Boulton and Watts’s Soho engineering work, “departmental accounts would attempt to keep the returns of departments separate, down to elaborate schemes for allocating overheads fairly and proportionately” (Pollard, 1965: 222). Often these early attempts at cost accounting were crude, if not misleading. Despite these difficulties, Pollard (1965: 209) nevertheless argued that, “the development of accounting for industry … was one of the two main responses of large firms to the problems of management in the Industrial Revolution”. Alfred Chandler (1977: 109) in his *The Visible Hand: The Managerial Revolution in American Business*, also argued that management only became an “art and a science” when “it brought about a revolution in accounting” that allowed accurate understandings of costs. More recently, Bowden (2017: 310) made a similar point in a comparative study of American and Australian railroads, where he observed that “economic coordination” by management cannot occur separately from accounting and a knowledge of costs.

By comparison with Britain and the United States, there has been comparatively little research done into the ways in which accounting emerged as a discipline and practice capable of informing managerial decisions. This article seeks to redress this gap in our knowledge by looking at the conflicted history of professional accounting bodies in Australia.

For over six decades, the Australian accounting profession has been dominated by two professional bodies: CPA Australia (known as the Australian Society of Accountants [ASA] during the period under study; hereafter, the Society) and Chartered Accountants Australia and New Zealand

(CAANZ—previously known as the Institute of Chartered Accountants in Australia [ICAA]; hereafter, the Institute). These bodies emerged at the end of an era that witnessed several unifications and mergers of smaller, regional bodies as the profession sought to reduce the regionalism and duplication that had constantly beset it. Early accountants planned to replicate the British model (Carnegie *et al.*, 2003), which resulted in the initial regionalism and duplication of associations (Parker, 1989), with a focus on the occupation of their members. These associations were largely independent of direct (state) government control, as each Australian state (prior to Federation in 1901) was technically an independent colony of Britain (Parker, 1986). This situation was not dissimilar to that which existed in Britain, where accountancy bodies established in 'Edinburgh, Glasgow, Aberdeen, Liverpool, London and Manchester by the early 1870s proclaimed their localism' (Parker, 2014, p. 176). In Australia, between 1885 and 1952, a total of 32 professional accounting bodies were formed, most of which eventually merged with other bodies or disappeared from the professional association scene (Gavens, 1990). Between 1908 and 1945, many associations were dissolved, while five became part of the Society, and the remaining four merged to form the Institute. Thus, over time, regionalism gradually became weaker and duplication decreased (Graham, 1972). By 1952, there were two dominant professional accounting bodies in Australia—the Institute and the Society.

The Institute and the Society emerged from the unification processes and were largely a result of the surviving bodies developing respective memberships around the notion of Members in Public Practice (MIPP) and Members Not in Public Practice (MNIPP). This polarisation in the Australian accounting profession was the result of two different strategies adopted by Australian accountants (Carnegie, 2016; Carnegie *et al*., 2003; Carnegie and O'Connell, 2012), which are summarised with the phrase: 'the dilemma of exclusiveness versus market control' (Macdonald and Ritzer, 1988, p. 257). Some accountants, including some leaders of the profession, held the belief that public practice constituted a superior occupational status to roles played in commerce, industry and government (Poullaos, 1993). Carnegie *et al.* (2003, p. 792) argued that this notion 'exerted a profound and lasting influence on the institutional structure of the Australian accounting profession'. Such a situation was not peculiar to Australia, with tensions between public practitioners and accountants working in industry or government also responsible for divisions in the Canadian and British accounting professions (Richardson, 1987). In this paper we find that the long established divide between associations organised around MIPP and MNIPP could not be changed due to identity related issues.

Traditionally, the membership strategy of the Institute was based on creating an exclusive body of public practitioners, while the Society prioritised market influence and followed a strategy of membership growth (Carnegie *et al.*, 2003). Given their different membership and organisational strategies, interaction between the two bodies was initially minimal. However, a spate of corporate collapses during the 1960s left the Australian accounting profession facing a legitimacy crisis (Carnegie and O'Connell, 2012), which forced the two bodies to reconsider their approach and embark on a number of joint activities aimed at restoring the investing public's confidence in the ability of the profession to provide reliable financial statements. These joint activities led to discussions regarding the first merger attempt (to occur in 1969) and the three later attempts. However, all attempts to unify and consolidate the Australian accounting profession have since failed. This history acted as motivation for this study, as there is a strong need to provide a chronological record of these merger attempts, alongside discussing the seriousness of these efforts and the administrative outcomes of these merger attempts. Filling this gap, our paper examines the four unsuccessful attempts to unite these two major professional accounting bodies, and documents the unique nature of each attempt, including the common themes and key differences across these attempts.

The case of four unsuccessful merger attempts is unique, and there is no other comparative case of accounting associations globally. Thus, a study of this case is valuable and promises a significant contribution professionalisation of accounting literature by providing historical explanations. Studies of merger attempts by accounting associations in various other countries have been a fertile area of research (see, e.g., Lee, 2010; Miranti, 1986a, 1986b; Richardson, 1989, Richardson and Jones, 2007; Shackleton, 1995; Shackleton and Walker, 1998, 2001; Walker, 2004; Walker and Shackleton, 1995, 1998). This study also responds to calls to examine previous attempts to merge professional accounting associations (Lee, 2010). Further, the findings of this study intend to inform professional accounting bodies, as well as their members and regulators, regarding how contemporary structures and processes have emerged from historical events. Moreover, this study can assist in assessing viable strategies and pathways for the future to enable changes in the Australian accounting profession's structure and operations.

This study has two research questions:

RQ1: What is the historical account of four merger attempts of two accounting bodies in Australia?

We answer this question by providing a chronological explanation of the processes adopted by the professional accounting bodies.

RQ2: To what extent were the merger attempts supported by the members of two accounting bodies?

We answer this question by providing an account of the level of support in terms of voting by the members of both professional accounting bodies. We apply the Social Identity Theory framework to explain differences in attitude of members of both bodies to the four merger attempts.

In the next three sections of the paper we provide a review of relevant literature and identify the contributions of our study, then present a discussion of our methodology and research methods, followed by a chronological and administrative history of the four unsuccessful merger attempts. The paper's final two sections explain the study's main findings before presenting the conclusions to the study, including its limitations, and possible areas for further research.

Literature Review and Contributions to Literature

This study is informed by two key branches of the accounting literature, being historical studies of the Australian accounting profession and of the mergers of professional accounting bodies internationally.

Previous Australian studies have provided context-specific background information, that is, historical explanations of the structure and operations of the accounting profession. These studies addressed issues related to the earliest efforts to professionalise the accounting occupation in Australia, including the import of the British model; regionalism, duplication and divisions of associations; attempts to gain a Royal Charter; and the changing closure strategies adopted by accounting bodies (Carnegie 1993; Carnegie & Edwards 2001; Carnegie, et al. 2003; Carnegie & Parker 1999; Chua & Poullaos 1993, 1998; Gavens 1990; Gavens & Gibson 1992; Parker 1989; Poullaos 1993, 1994). These studies have drawn upon, and contributed to, the literature on the sociology of professions in general, and extended and enriched the accounting literature. Official and unofficial histories of major accounting bodies have also been written (see, for example, Creaney 1984; Graham 1978; Kenley 1963; Marshall 1978; Walton 1970). Some studies have briefly discussed the merger attempts by both Australian professional accounting bodies (Carnegie 2009; Carnegie, et al. 2003; Carnegie & O'Connell 2012; Velayutham 1999) and provided detailed accounts of earlier developments in the structure and operations of the accounting profession. However, apart from brief mentions no previous studies have specifically covered the four attempts to unify the two bodies. As a result, this study promises a significant contribution to the literature looking at historical developments in the Australian accounting profession and specifically explains why two equally strong bodies continue to exist.

The second branch of the literature that informs this study relates to studies on mergers in the accounting profession in other countries. Mergers of accounting bodies have been one of the most common strategies used by associations, both in Australia and overseas, to secure their professional territory, as mergers can provide an opportunity to gain more lobbying power and tighter control over the operations and structures of an occupation (Richardson & Jones 2007). Examples of merger attempts, and their consequential successes or failures, overseas are found in the United States (US) (Miranti 1986a, 1986b), Britain (Shackleton & Walker 1998, 2001; Walker & Shackleton 1995, 1998; Willmott 1986) and Canada (Guo 2012; Richardson 1989; Richardson & Jones 2007). The state has sometimes played a key role in encouraging mergers of accounting bodies to create a single professional body in order to establish ethical standards and enforce internal discipline (Richardson & Jones 2007). Mergers have also been promoted independently of state intervention by accounting professionals as a strategy to achieve market dominance, reduce costs, defend legitimacy and strengthen their professional brand as a response to market dynamics (Richardson 2002; Richardson & Jones 2007). A review of this literature assists in identifying gaps which this research aims to fill by telling the Australian story.

The Australian merger attempts have many unique features. In each attempt, the perceived higher-status organisation approached the perceived lower status organisation to discuss matters of mutual interest and to instigate merger talks. The outcomes of all merger attempts were the same, with the reasons that led to the failure of each attempt being essentially the same, yet both bodies continued with their efforts to merge, staging four attempts with a gap of nearly one decade between each.

This unusual case demands special attention and critical scrutiny of the factors that resulted in this outcome. We provide a chronological record of events and processes undertaken by both professional bodies in Australia and we argue that this paper is the first such effort in this direction. At the same time, we highlight important issues and concerns that were the reasons for the merger attempts. Our study thus provides explanations for these unique patterns that enrich the existing body of literature.

This study potentially assists the managements of professional accounting bodies in understanding the historical perspective of previous failed merger attempts and may help them in planning any future merger campaigns. The study may also help accounting and management historians to understand the role of lobbying and members' professional and social aspirations in determining the success or failure of unification attempts. The findings of this study may also motivate history researchers to explore other merger attempts that may have occurred in management and accounting associations in different countries which may lead to the development of a theoretical model to explain the behaviour of members in supporting or rejecting merger efforts.

Methodology

This study adopts a qualitative approach using a historical research methodology to source surviving business records from public archives and other data gathered from oral history. The project is constituted by multiple historical case studies (Carnegie & Napier 1996; Eisenhardt 1989; Eisenhardt & Graebner 2007; Yin 2009). Primary sources and oral evidence were drawn upon, supplemented by secondary sources. The relevant archival records were largely sourced from the Jill Bright Archives of CPA Australia. The collection of merger-related archival records available from CPA Australia was augmented by oral history interviews.

While "grounded firmly in the archive" (Carnegie & Napier 1996, p. 31), this study provides a critical and interpretive account of the four merger attempts. As argued by Carnegie and Napier (2012, p. 329), "The importance of historical understanding applies to accounting as much as to other fields of human endeavour. History can inform our appreciation of contemporary accounting thought and practice through its power of unifying past, present and future." The current study is encompassed by this argument of Carnegie and Napier (2012).

In conducting this study, three main steps were undertaken: (i) collection of data from archives, including published official and non-official documents; (ii) collection of oral history information; and (iii) interpretation of findings. Each step is detailed below.

Archives and written documents

The use of archives to conduct accounting studies has been advanced by several renowned researchers (Carnegie & Napier 1996; Miller, Hopper & Laughlin 1991; Napier 1989; Previts, Parker & Coffman 1990b). Carnegie and Napier (1996, p. 8) stated that "historical research in accounting gains its strength from its firm basis in the 'archive'". A form of inquiry "firmly rooted in the contents of the archive" responds to the calls of post-revisionist sociologists to examine historical variations in professionalisation projects (Walker & Shackleton 1998, p. 34). This study also responds to the suggestions of Walker and Shackleton (1995) that critical accounting researchers need to rely more prominently on primary sources of information than on official versions of histories by professional bodies.

The archival source had two categories: official and non-official publications. The first source included officially published documents, such as unity proposals, reports of unity committees, press releases and letters from presidents to members. This source also included the minutes of various decision-making committees of both professional bodies, where access was permitted, particularly of their general councils and executive councils, and articles published in *The Australian Accountant*, *The Chartered Accountant in Australia* and the *Charter* which were the official journals of both bodies. The second archival source comprised unofficial publications, including academic journal articles, media and newspaper articles, letters to editors and other categories. The targeted newspapers included *The Sydney Morning Herald*, *The Age*, *The West Australian*, *The Telegraph*, *The Courier-Mail*, *The Australian* and *The Australian Financial Review*. The CPA Australia library has a set of scrapbooks that contain press clippings for the periods under investigation.

Oral history

According to Tosh (2010), documentary sources do not provide answers like an open book, and only provide raw data and a partial picture of events (also see Napier 1989). Therefore, where possible, oral history evidence was obtained to supplement the formal records available in the archives and understand relevant themes to better explain the factors leading to the mounting of the four merger attempts and their subsequent failures. Interviews were conducted with the presidents of the Society and the Institute who made themselves available for these interviews.

Analysis

The data collected from the written documents and oral histories was subject to "critical examination in pursuit of enhanced understanding" (West 2003, p. 10). In the analysis phase, the first step was to understand the context of Australian merger attempts from archival sources and draw out relevant themes. Following this, through oral history interviews, contextual themes were further identified and analysed. The evidence and the researchers' analysis were combined to elucidate an interpretation of the findings. The process of interpretation involved attaching significance to what was found in the descriptive and narrative sources. This process involved making sense of findings, offering explanations, drawing conclusions, making inferences, considering meanings (Tosh 2010). Historical studies can combine three forms of literary techniques: description, narrative and analysis. The first two *recreate* the past, while analysis adds *interpretation* to the findings (Tosh 2010). This study attempted to justify all three forms of literary techniques by recreating detailed accounts of the four merger attempts and adding interpretation and analysis to historical information about them.

Miller et al. (1991) claimed that accounting history research cannot be rigidly based solely on facts; rather, it must also be based on the interpretations of findings of historical inquiry, which are underpinned by surviving evidence which elucidates the facts to the extent known. In the current research project factual information, as it appears in primary documents, is combined with interpretations to provide appropriate responses to the research questions. Therefore, interpretations of historical information become crucial, and such interpretations are tested with documentary evidence and crosschecked with data collected from oral history interviews. The current research project falls in the category of critical and interpretative history. It examines surviving evidence of historical events and adds a critical perspective by interpreting various decisions taken by the councils of both accounting bodies and the responses of members to the decisions made regarding merger proposals.

Chronology of Four Merger Attempts

This paper now proceeds to consider each merger attempt in detail.

First Merger Attempt

The intra-professional rivalry that characterised the relationship between the 'exclusivist' Institute and the more 'inclusivist' Society was placed aside in the aftermath of the 'credit crisis' that occurred in Australia during the early 1960s. The ensuing spate of corporate failures posed a legitimacy crisis for the Australian accounting profession, which found itself receiving heavy public criticism for allowing companies to engage in 'questionable financial reporting practices' (Carnegie and O'Connell, 2012). To counter the lack of coordination that existed with respect to accounting research and accounting standard-setting in Australia (Little, 1968), the two bodies initiated a number of joint actions that ultimately resulted in the formation of the Accountancy Research Foundation (ARF) in November 1966 (ASA, 1966). This body, jointly sponsored by the Institute and the Society, was established to undertake research and technical activities, including the development of Australian accounting and auditing standards, to 'improve [accounting's] standing as a profession' (ASA, 1967a, p. 317).

At the instigation of the Institute president, Colin R. Kelynack, an initial meeting was held in Canberra on 23 June 1964 between the presidents and office bearers of the Institute and the Society (*Mercury*, 1964). As a follow-up of this meeting, several joint actions were initiated (*The Australian Accountant*, 1965) focusing on education standards for practising accountants, as well as research activities aimed at clarifying accounting principles (ASA, 1965, p. 3).

The professional crisis of the 1960s had once again exposed the status differentiation between the members of the Institute and those of the Society. The Institute was proud of its high standards, while the Society was concerned that its members did not have a competitive professional title, such as the 'chartered accountant' designation that was held by members of the Institute (Irving, 1966). For the Society, an additional confronting issue was that its MIPP with dual Institute membership tended not to disclose their membership to the Society when dealing with the public, and mainly used the Institute's title of chartered accountant (Irving, 1966).

A series of meetings between senior officials of each body, which were titled 'joint conferences', followed the initial Canberra meeting. These meetings led to strategic joint activities, and the formal discussions for unification also first emerged (ASA, 1967a). The earliest evidence of formal unity discussions arose in a meeting of the Society executive committee held in Melbourne on 13 to 14 June 1967, although some informal discussion was likely to have occurred earlier (ASA, 1967b). At around the same time, the General Council of the Institute passed a resolution to initiate merger discussions with the Society (ASA, 1967b). A decision was made during the sixth joint conference held on 12 July 1967 that all members of both bodies were to be advised that unity discussions were taking place, and, on 26 July 1967, the two presidents issued a joint official statement to their members (ICAA, 1967; *The Age*, 1967).

After hosting the tenth joint conference on 4 to 5 June 1968 in Sydney (ASA and ICAA, 1968b), both the Society and the Institute made official announcements regarding unity talks on 2 July 1968. The general councils of the Institute and the Society announced that they had agreed on broad proposals aimed at achieving a merger (*The Australian Accountant*, 1968; *The West Australian*, 1968). The process of preparing merger proposals, receiving feedback from state councils and moving forward to the merger was prompt, and it appears that members were not given detailed disclosures. An outline plan consisting of 15 proposals was further considered at the November 1968 meetings of the general councils of both bodies. At these meetings, both general councils approved and authorised the release of unity proposals to respective state and divisional councils throughout Australia for their confidential consideration and comments. Comments and suggestions received for expanding the unity plan, with explanatory notes, were considered by the unity committee and were submitted to the May 1969 meetings of the general councils of both bodies, alongside a recommendation that the unity proposals be sent to members as soon as practicable (ASA, 1969a; Orr, 1969, p. 214). The May 1969 issues of the journals of both bodies published an official statement by the two presidents, proclaiming that '1969 offers the exciting opportunity of further major steps towards unity within the profession in Australia, which I commend to the careful consideration of all' (ASA, 1968, title page).

Finally, both bodies publicly released the unity plan on 1 August 1969 (ICAA and ASA, 1969). In the case of the first merger attempt, it was proposed that the unification process would be undertaken between September 1969 and December 1969 (ASA and ICAA, 1968a) in three stages:

> **Stage I:** This would comprise a series of meetings in various centres to enable members to discuss the plan. Representatives of councils would be present to provide further information and answer questions.
>
> **Stage II:** In Stage II, in the case of the Institute, a proposed resolution would be submitted to members by means of postal ballot, with members asked to vote in principle on the plan. In the case of the Society, a referendum would be undertaken, with members asked to vote in principle on the plan.
>
> **Stage III:** This stage would occur after formal drafting had been completed. In the case of the Society, a meeting would be convened, at which members would be asked to accept formally the basis on which they would become members of the Institute to be reconstituted in the manner necessary to give effect to the proposals outlined in the plan. In the case of the Institute, after the meeting of the Society had been held, a meeting would be convened at which a poll would be held, and the proposed resolutions to authorise the necessary amendments to the Royal Charter and Bylaws would give effect to the plan for unity (ICAA and ASA, 1969).

For Stage I, meetings of members were planned to occur throughout Australia between 8 September 1969 and 6 October 1969 for the Society and between 11 September 1969 and 13 October 1969 for the Institute (ASA and ICAA, 1968a). Voting papers for the postal ballot of the Institute and the referendum of the Society in Stage II were issued on 5 November 1969, returnable by 5 December 1969 (ASA, 1969a).

The underlying rationale of the professional bodies for mounting the unity attempt was to:

> Demonstrate clearly to the community that accountancy is a profession, whether it be practised for the benefit of the public generally or for the benefit of single enterprises in commerce, industry and government (ASA, 1969b).

The basic objective of the unity of both bodies was to:

> Strengthen the ability of the profession to meet the many challenges facings its members and facilitate effective action to develop and enforce the standards of accounting appropriate to the rapid economic expansion of Australia (ASA and ICAA, 1969).

Both bodies agreed that the voting results would be discussed in divisional and state councils on a confidential basis, and that only the overall vote of each association would be published. Any matter related to the issuance of statements to the press was left in the hands of the president of the Society (ASA, 1969c). The merger proposal was dated 1 August 1969 and titled 'A Plan for the Unity of the Accountancy Profession in Australia'.

The proposal, voted on 3 December 1969, saw only 41.8 per cent of the members of the Institute endorse the merger, with acceptance requiring a two-thirds majority of voting members. In contrast, a large majority (88.5 per cent) of the voting members of the Society supported the proposal (ICAA, 1970, p. 8). In the case of the Institute, voting papers were received from 77.2 per cent of the membership, and, in the case of the Society, from 69.7 per cent (ICAA, 1970, p. 8). Thus, the first attempt at unifying the accounting profession in Australia had failed at Stage II.

The outcome of the vote was officially announced on 8 December 1969 by the president of the Society, L. P. Crockett, and the president of the Institute, E. W. Savage (ICAA, 1970, p. 8). Contrary to the expectations and claims of both bodies, the members of the Institute had rejected the idea of a merger,. Thus, the leaders of the Institute had effectively failed to convince their members of the benefits of a single accounting professional body.

Second Merger Attempt

Although the first attempt failed, the spirit of cooperation between the two bodies remained alive and discussions on matters of mutual interest continued (ASA, 1970). These discussions assumed greater significance in the face of another series of corporate collapses that occurred in the early to mid-1970s, which saw the accounting and auditing professions once again facing public scrutiny (Henderson, 1997). For both the Institute and the Society, state registration and statutory recognition became priorities as a means of strengthening the image of public accountants (*The Australian Accountant*, 1974). This provided impetus for both bodies to restart merger discussions. A joint standing committee comprising members of the respective executive committees of each body had been formed soon after the failure of the first merger attempt (ASA, 1970). The joint committee specifically examined ways to achieve statutory recognition of the profession, while changes were also made to the bodies' qualifying examinations (ASA, 1970).

In the case of the second merger attempt, the Institute again approached the Society, in 1974, to initiate integration discussions (ASA, 1981). This proposal was addressed and approved in February 1975 at a meeting of the general council of the Society (Anon., 1976). Both bodies together formed an Integration Sub-committee (ISC) in 1975 (ICAA, 1975), with the presidents issuing a joint statement that 'it has now been unanimously decided by their respective councils to reopen discussions on the integration of the two organisations' (Bottrill, 1975).

The issue of how to recognise their MIPP had long been a matter of concern to the Society. The Institute had followed an approach of listing its MIPP as principals in a separate category. The Society attempted in November 1974 to create a similar category for its MIPP, with its general council accepting a plan to establish an approved list of principals in public practice with effect from 1 July 1976. However, this initiative failed, being challenged by 57 per cent of members because MNIPP did not want to create a special category for MIPP (Munro, 1975). This provided the Society leaders with further motivation to restart merger discussions with the Institute. According to the Society's president, Rex Thiele (1975), the unification of both bodies would also provide a step towards achieving statutory recognition. Following the approval of both councils, letters dated 17 March 1975 were sent to the members of both bodies by the respective presidents, disclosing the decision to restart integration discussions (Bottrill, 1975; ICAA, 1975). On 9 May 1975, the executive director of the Society wrote to members referring to a series of meetings of members to gain opinions on the idea of a merger (Munro, 1975). These meetings were held across Australia between June and August 1975. According to the Institute's annual report, these meetings were valuable and proved useful to guide the ISC about the opinions of members in relation to the potential merger (ICAA, 1975).

An exposure draft containing 10 proposals for integration was released on 14 July 1976 (ASA and ICAA, 1976). Compared with the first attempt, the second involved more detailed and lengthy steps, including ongoing consultations with members. Both bodies continued to work on developing proposals that considered the objections expressed by members to the 1976 draft proposal (ASA, 1978, p. 6). A professional accounting firm was engaged to undertake a survey to identify the level of support for these proposals among members of both bodies. The survey findings convinced the national councils of both bodies that a merger was unlikely to achieve acceptance from the requisite number of members of the two bodies. The Society president accepted that this outcome slowed the impetus for integration, and named 1978 a disappointing year for the integration of both bodies (ASA, 1978, p. 6). Nevertheless, discussions resumed the following year, with the Society's annual report noting that 'during 1979, the general council of the Society and the national council of the Institute reaffirmed their commitment to the principle of integration' (ASA, 1979, p. 10).

During 1980, the next version of draft proposals was circulated to members and an intensive informational program was undertaken to ensure that members were fully aware of the issues involved (ICAA, 1980). Both bodies had decided that a formal vote should not be taken until there was a reasonable chance of its acceptance. In a joint message in February 1981, the president of the Society, P. J. Lanigan, and the president of the Institute, W. G. Phillip, promoted the integration to their members. They also began an integration forum in the Society and Institute journals, allowing the opinions, discussions and views of members and other commentators on the merger proposals to be aired.

On 1 March 1981, the integration proposals were again sent to members of both bodies for their comments and opinions. These proposals included a letter by Integration Policy Committee (IPC) chairperson, J. D. Norgard (1981), as well as letters from both presidents. It had become evident that one of the principal reasons for the failure of the first merger attempt was a feared loss of status by Institute members. This concern was directly acknowledged in the second merger proposals:

> It has been suggested that some Institute members fear that they will lose status by surrendering the exclusive use of the term 'Chartered Accountant'. The counter view is that this is a small and short term price to pay for the longer term benefits that integration will bring to all accountants (ASA and ICAA, 1981, p. 9).

Among the 1981 proposals were that the merged body would be known as 'the Australian Institute of Chartered Accountants'; there would be two categories of members—associate chartered accountant and fellow chartered accountant; the basis of incorporation would be Royal Charter (ASA and ICAA, 1981, p. 15); admission requirements would include completion of an approved degree or diploma; both memberships would have two streams—public and general practice; experience requirements would include three years of work with MIPP or general practice, based on members' choice, and completion of a professional program for a relevant stream (ASA and ICAA, 1981, p. 16); and all members aiming to enter public practice would be required to obtain a public practice certificate (ASA and ICAA, 1981, p. 18).

To pass the integration proposal, a two-thirds majority of a special meeting of the Institute was required, while, in the case of the Society, the requirement was 75 per cent of members voting in favour (ASA and ICAA, 1981, p. 27). The final integration proposals were released on 15 November 1981, with a postal ballot to be concluded by 21 December 1981. The ballot results were announced on 8 January 1982 via a joint press release by the president of the Society and the Institute. The membership of the Society had again overwhelmingly supported the merger proposal (with a 90.1 per cent 'yes' vote and a response rate of 65 per cent); however, the Institute had failed to deliver the minimum vote required (with only 56.5 per cent of members supporting the merger and a response rate of 74 per cent) (ASA, 1981; ICAA, 1981). Once again, the councils of the two bodies had not received support to proceed with the proposed integration.

In the aftermath of this failure, the Society promptly began a reassessment of its objectives and challenges. Stating that it was 'regrettable that members of the Institute did not take advantage of the opportunity and the privilege of merger with the Society' (ASA, 1981, p. 2), the Society's president, Peter Agars, felt that positive steps were necessary to maintain the Society's leadership in the profession (ASA, 1981).

On 8 January 1982, the Society issued a press release, stating that 'Australia's largest professional accountancy body has forecast major changes to its entry standards and to the continuing education of its members' (ASA, 1982). The press release also expressed appreciation to Society members for supporting the previous year's integration attempt, and regret that, despite the Institute council's step towards unity, Institute members did not support the proposal. It was further mentioned that 'we will still not lose sight of the ultimate objective of integration, because of the great benefits this would bring the profession' (ASA, 1982). Four key areas of focus for the future were outlined: technical competence of members, professional image and voice, organisation and management of the Society, and ethical standards of members (ASA, 1982). These were to be the cornerstones of the Society's 'Plan B' or 'Forward Plan', and resulted in several structural changes, as well as streamlining of the Society's decision-making processes during the 1980s (ASA, 1982).

Moreover, the Society adopted for its members the professional title of 'Certified Practising Accountant' (CPA) under the 'Professional Schedule' issued in March 1983 (ASA, 1983, p. 2). This was a major development for the Society, whose members were now entitled to use a professional designation comparable with the chartered accountant (CA) title of Institute members.

The Institute's response to the failure of the second merger attempt was somewhat more subdued, with the president stating:

> There has been considerable publicity given to the intention to work closely with the Society, and it seems that there has also been an expectation by some members of immediate changes flowing from that decision (*The Chartered Accountant in Australia*, 1982).

In line with this statement, the Institute decided to prepare long-term plans for joint work based on the overall objectives stated in its Charter (Prosser, 1982). To achieve targets of expansion and increase the membership base, the Institute created a full-time position of Director of Marketing and Public Relations, with the responsibility for coordinating marketing and enhancing the professional reputation of chartered accountants and the Institute (Prosser, 1986, p. 4).

Third Merger Attempt

The circumstances that led to the mounting of the third merger attempt had commonalities with those of the previous attempts in that external pressures and developments had once again created favourable conditions. These included a further round of corporate collapses, rising unemployment, economic recession and one of the biggest stock market crashes (McMahon, 2007). The economic recession and associated financial crisis placed the accounting profession under an unwelcome spotlight once again, with the accounting treatments of failed companies and financial institutions brought into question (Gottliebsen, 1990).

The first stage of this merger attempt occurred when the Institute seemingly made a unilateral decision and its president, Peter Middleton, announced via a press release on 2 June 1989 that the national council of the Institute had decided to initiate discussions with the Society to achieve a peak accounting body in Australia (Middleton, 1989). The Institute's proposal was to invite members of the Society with at least 10 years of experience to apply for Institute membership, with pathways to be provided for others, including those with less than 10 years of experience

(Prosser, 1989, p. 22). The Society deemed this proposal unacceptable on the grounds that it would discriminate against most of its members and argued that a merger could only be accepted on equal terms (Abraham, 1989, p. 1). There followed numerous meetings between senior executives of both bodies (Dunstan, 1989), until, on 27 June, an announcement was made that both bodies were planning to set a timeline to achieve a merger. In July 1989, Institute president Middleton (1989) wrote to members to provide them with updates of the merger discussions, and a pamphlet explaining the benefits of the proposed merger was circulated. A new name was proposed—the Institute of Chartered Practising Accountants (Murrill, 1989)—and Sydney was selected as the location of the new body's head office because of proximity to the Australian Securities Commission (*World Accounting Report*, 1989).

Joint merger proposals were released and sent to members of both bodies in December 1990 (Australian Society of Certified Practising Accountants [ASCPA] and ICAA, 1990). At the same time, to present the case for unification, a two-page pamphlet was circulated to members, strongly promoting key arguments relating to greater resources, cost effectiveness and the ability to speak with one voice. The official rationale for unity was summarised as follows:

> A unified body will be better resourced with a greater ability to meet the very significant challenges facing the accountancy profession. It will speak with one voice to industry, commerce, Government, and the community at large. It will be more cost effective in delivering improved services to members and in ensuring enhanced technical and professional standards (ASCPA and ICAA, 1990, p. 10).

The date for the return of ballot papers was 20 March 1991 by 5.00 pm. As with previous merger ballots, for the merger proposal to be successful, the Institute required a 66.67 per cent vote in favour of the merger and the Society required a 75 per cent vote in favour (Lewis, 1991). A general meeting to pass a special resolution related to the merger was scheduled for 22 March 1991 (Australian Society of Certified Professional Accountants, 1991), with the date for the merger itself proposed to be 1 July 1991. The united body would have four categories of members: associate chartered accountant, chartered accountant (CA), associate certified professional accountant (ACPA) and certified professional accountant. Fellows and other members of both bodies who had attained at least 10 years of aggregate membership of the two bodies were to be entitled to use either the CPA or CA designation, but not both (ASCPA and ICAA, 1990). After all votes had been counted, the Society had convinced 94 per cent of its members to vote in favour of the merger proposal (Briggs, 1991), while the Institute had narrowly missed achieving its required 66.67 per cent vote in favour, falling short by just 400 votes (Porter, 1991).

Following this third failed merger attempt, Society president Brian Waldron (1991a, p. 5) announced that the Society was maintaining a firm development strategy, while keeping issues of cooperation open. Waldron (cited in Cohn, 1991, p. 20) pointed out that, although he was disappointed with the outcome, he was not looking back, stating, ‘work on the merger meant that significant new initiatives of the Society were put on hold and these can now forge ahead’. One of those initiatives was the adoption of a new mission statement, which was ‘to lead the Australian accounting profession’ (ASA, 1992, p. 1).

Meanwhile, Institute president Nick Burton Taylor announced that the Institute had considered strategies if the merger proposal failed, and that it was now time to examine them (Minter, 1991; Thomas, 1991). A new mission statement and new logo were adopted, with a new strategic plan for 1992 to 1996 approved by the Institute’s national council in October 1991 (ICAA, 1992). Among the objectives set out in this strategic plan were the establishment of the Institute as the leader of the Australian accounting profession via the formation of new strategic alliances and relationships with external stakeholders, including state and federal governments (ICAA, 1992). Membership growth was also identified as a key priority, resulting in a record intake of Professional Year candidates in 1991 (Taylor, 1991, p. 59).

Fourth Merger Attempt

In the wake of the third failed merger attempt, both the Institute and Society worked on progressing their individual agendas, while continuing their mutual efforts regarding matters affecting the accounting profession (Taylor, 1991). The joint standing committee, which included the full executive committees of both bodies, met every three months (ICAA, 1993). This committee was responsible for ensuring the adoption of a common approach on matters of importance to the profession, including areas such as accounting standards, international affairs, limitation of auditors’ liability, quality control, accounting education and many other technical matters (ICAA, 1993).

The idea for the fourth merger attempt formed at a meeting between the Institute president, Rob Ward, and Society president, Denis Cortese, during the International Accounting Congress in Paris in October 1997. According to Boymal[1] (2016), it was Ward who initiated the idea of again attempting a merger, and he drove the early discussions. Ward claimed that the merger proposal had emerged by default because of the increasing number of joint projects being undertaken by both bodies, including work on the registration and regulation of auditors ("A merger codenamed 'Newpro'", 1998). Therefore for all four merger attempts, discussions were initiated by the Institute.

Upon returning to Australia, both presidents began testing support for another merger via meetings of their respective state councils. A joint media release on 18 March 1998 announced the formation of a Joint Task Force (JTF), comprising four members from the Society and three from the Institute, to finalise details of a proposal for a merger between the two bodies (Dowling, 1998). It is interesting to note that, during the period in which both bodies were engaged in new merger discussions, the Society launched an intensive television advertising campaign (in June 1998) to promote its CPA program, which was in direct competition with the Institute's Professional Year program (*Chartac*, 1998).

The JTF met for the first time on 27 March 1998, and, over a period of six weeks (Dowling, 1998), developed a proposal for the formation of a new professional body of 110,000 members to be called the Institute of Chartered Professional Accountants of Australia (Boymal, 1998). The new body would have a national council comprising members of the state and national councils of both the Institute and the Society. The proposed merger was not a merger of two bodies in which one was subsumed within the other (as was the case with the three previous merger proposals), but one that involved bringing together two separate organisations with their distinct titles and designations. Thus, a feature of this fourth merger proposal that was seen to provide additional leverage was the option for CPAs and CAs to use both designations, rather than adopting the new designation of 'chartered professional accountant' (CHPA).

A common presentation kit—comprising eight slides, an eight-minute video, speaking notes and a copy of the preliminary proposal—was prepared for distribution to the memberships of both

[1] David Boymal was the treasurer of the Society during the fourth merger attempt.

bodies in early July 1998. The presentation emphasised benefits to members from the merger of the two bodies, including status and recognition, education and training, standards, advocacy, marketing and the building of intellectual capital (ASA and ICAA, 1998, pp. 4–5). It was further argued that the merged body would have increased resources and capabilities to achieve these. The period until 11 August was set aside for obtaining feedback on the preliminary proposal, with members invited to call a special telephone line or provide feedback via email or the websites of either organisation (*Australian CPA*, 1998a). Both organisations also held briefing sessions throughout Australia and at overseas locations to allow members to express their views and ask questions (*Australian CPA*, 1998a).

To gauge the mood of members prior to sending the proposal to the vote, each body also conducted four surveys. The survey results indicated that the merger proposal was unlikely to succeed (Thomas, 1998), and the proposed voting was delayed (ASA and ICAA, 1998, p. 1). Although the executive director of the Institute, Stephen Harrison, claimed that the vote was impossible to predict (Leon, 1998b), according to David Boymal, it was preferable to abort the merger discussions and continue to work in a coordinated manner, since a fourth failed merger would likely have a negative effect on the relationship between the bodies (Thomas, 1998). Nevertheless, merger discussions shortly resumed—a decision that was possibly influenced by the increasing competition that accountants were beginning to face from other professions, such as law, economics and management (Thomas, 1998). The categories of members in the merged body were to be fellow chartered professional accountants, chartered professional accountants and associate accountants (*Australian CPA*, 1998b).

Finally, the deadlines for merging the two bodies were proposed as follows:

- September to October: all final details relating to the explanatory statements to be completed, with relevant legal details related to the merger proposal
- late October: each body to plan to convene a meeting of members to vote on the merger proposal
- early November: an explanatory statement, including details on merger proposals, to be sent to members of each body

- early December: each body to call a special general meeting of members to approve or reject the proposal (*Australian CPA*, 1998b).

Compared with the previous three attempts, the time span of nine months for the merger discussion and vote was relatively brief, which led to the suggestion that members were not given sufficient opportunity to express their opinions. A group of Institute members from Perth and New South Wales formed a committee, known as the Opposing View Committee (OVC), to oppose the merger. The OVC was informally called the 'No Case' committee, and their proposals were termed the 'No Case'. Several media articles reported on interviews with Institute and Society members, especially the 'No Case' proponents (Bufflinl, 1998).

Early in November 1998, the merger proposal was sent to members of each body. Institute members voted on the proposal at a meeting in Sydney on 14 December, while Society members voted in Melbourne on the same day. The closing date for sending proxies was 4.00 pm on 11 December (*Australian CPA*, 1998b; *Chartac*, 1998). Press coverage of the merger vote was brief (Leon, 1998a, 1998c) and revealed that, of those Institute members who had voted, only 41 per cent were in favour of the merger, while, in the Society, the 'yes' case had attracted 90 per cent (Gettler, 1998).

Reflecting on this outcome, Institute president Rob Atkinson stated that he was not looking back at the failure of this fourth merger attempt and was hopeful about continuing to work with the Society on matters of mutual interest. He added that 'our view is that accounting as a whole has to take on some major issues, such as the impact of information technology on our profession, globalisation, and valuation of the environment' (Atkinson, cited in Caruana, 1998, p. 3). David Boymal (cited in Caruana, 1998, p. 3) stated that he was 'very disappointed with the outcome, but the current working relationship would continue in areas of mutual necessity and interest'.

Discussion of Findings and Analysis

Table 1 presents a comparison of the voting patterns by the members of the two professional bodies for all four merger attempts. It also provides the membership numbers. Evidence that the Institute had begun to relax its emphasis on exclusivity was found in the almost six-fold increase in membership (from 5,488 to 30,868) that occurred between 1969 and 1998 (see Table 1). Over the same period, members of the Society increased from 31,793 to 86,881—an increase of 2.7 times.

Table 1: Comparison of Voting Outcomes for the Four Merger Attempts

Attempt	Year	Total Members of Institute	Total Members of Society	Members Voting 'Yes' on Merger Proposal (% of Total Members Who Voted)	
				Institute	Society
First	1969	5,488	31,793	41.8	88.5
Second	1981	11,941	46,562	56.5	90.1
Third	1991	21,219	62,465	64.0	94.0
Fourth	1998	30,868	86,881	41.0	90.0

Source: ASA and ICAA annual reports (1969, 1981, 1991, 1998).

As indicated in Table 1, each of the four merger attempts was overwhelmingly supported by Society members but rejected by members of the Institute, resulting in its failure. Across all merger attempts the minimum support from Society members was 88.5 per cent, while Institute members' support was consistently lower, not even reaching a 50 per cent majority in the first and fourth attempt. Only the third merger proposal came close to achieving the threshold level of support by Institute members, set at two-thirds of the vote.

The attempted mergers were mounted as proactive steps to protect the professional legitimacy of the Australian accounting profession which was threatened by a spate of sudden corporate failures; to promote and develop the professional brand; and to enhance the lobbying power of the profession (Anon. 1976; Gottliebsen 1990; Henderson 1997; Macfarlane 2006; Taylor 2016). Similar factors have been found to have influenced the decision to mount mergers of professional accounting associations elsewhere (Richardson & Jones 2007). Mergers of professional associations typically are associated with modification of traditional strategies – for example, in the context of British accounting profession mergers, modification of organisational strategies of exclusivity versus market control was an initiating factor for merger discussions (Walker & Shackleton 1995). This was also a key finding of our analysis of the Australian professional accounting bodies' attempts to merge which were associated with a changed emphasis from exclusivity to inclusiveness for the Institute and vice-versa for the Society. The official rationales and objectives of the four merger attempts focused on long-term gains for the accounting profession that would shift the traditional organisational strategies. A merged body, while still exclusive, would be able to wield significant market control because of its membership size – hence the desire by the executives of both bodies for the proposed merger.

The major finding of this study is that all four merger attempts were mounted by leaders of the Institute and failed due to a lack of support from members of the Institute. We explain differences in the attitude of members of the Society and the Institute toward the merging of the two professional bodies in the context of Social Identity Theory (SIT) (Tajfel and Turner, 1979). SIT posits that people are motivated to maintain a positive sense of self, and that this can be achieved by identifying with a particular group and then making comparisons between that group (the 'in-group') and other relevant groups ('out-groups') that favour the in-group. In this way, their sense of self (which comes from being a member of a group that compares favourably with relevant out-groups) is enhanced. Furthermore, SIT argues that membership in low status groups contributes to negative self-identity, motivating a desire to join a higher status group. SIT can be used to explain the behaviour of Society and Institute members with respect to their responses to proposals to merge the two organisations if we consider the Society as possessing lower status (as a result of an organisational strategy focused on market control) relative to the Institute (which had traditionally favoured a more exclusivist strategy based on MIPP (Carnegie et al. 2003; Chua & Poullaos 1998; Macdonald & Ritzer 1988) with attendant enhanced professional status). For Society members the merging of the two professional bodies was viewed as an opportunity for self-enhancement since it would allow them to join a higher status professional body that conferred upon them the right to adopt a well-known and recognised professional title. Motivated by the potential for a more positive self-identity, Society members exhibited strong support for the merger each time it was proposed.

We find that Institute members also behaved as predicted by SIT. Asked to accept a modification to the traditional strategy of exclusivity (Carnegie et al. 2003; Chua & Poullaos 1998; Macdonald & Ritzer 1988) that was the source of their professional status, Institute members reacted with some hostility toward the proposed merger. This was especially true for younger Institute members whose attitude is typified by the comments of Shorrock (1981), a recent PY graduate from Perth, who expressed disappointment that the Institute leaders were ignoring the hard work of its members in gaining membership. He compared (unfavourably) the education standards of the

Society with those of the Institute in rejecting the idea of a merger. Hines (1981 p. 355) similarly denigrated Society members, claiming: "They have lower technical ability to deal with people and I will not support the merger".

The opposition demonstrated by Institute members toward the merging of the two professional bodies is suggestive of 'boundary protection', where members of a high-status group whose distinctiveness is threatened exhibit 'in-group bias' (that is, tend to favour the in-group over the lower-status 'out-group' in evaluations and/or behaviour, e.g. by out-group derogation – see, for example, Branscombe, Ellemers, Spears and Doosje, 1999; Tajfel and Turner, 1986). Such behaviour is undertaken in an effort to maintain the distinctiveness that the in-group perceives as associated with a desirable social identity, which in turn provides in-group members with a positive self-image (see, for example, Hogg, Abrams, Otten and Hinkle, 2004; Paulsen, 2003). In the case of the proposed merger(s) between the Institute and the Society, members of the higher status 'in-group' (the Institute) were opposed to losing the distinction between themselves and the lower status 'out-group' (the Society). The proposed merger(s) was viewed as, in effect, an attempt to relegate them to a lower status group (that is, the professional body that would exist post-merger), provoking defensive tactics that included derogatory comments about the educational standards and professional capabilities of Society members.

Across all merger attempts there was strong support from members of the Society and insufficient support from members of the Institute, resulting in all attempts failing. The theoretical implications of this outcome are consistent with previous research that has found that whenever changes are proposed to social and professional boundaries to make them more inclusive, such proposals tend to attract strong support from members of the lower status group who anticipate the change will lead to a status upgrade; whereas individuals in the higher-status group tend to oppose the change (Lamont & Molnár 2002; Milner 1996).

Table 2 provides a summary timeline of all four merger attempts, which indicates the dates of each step (commencement of discussions, first public announcement, release of merger proposal and vote on proposal) for all four merger attempts. The total time spent on the second merger attempt was significantly longer (73 months) than that of the first attempt (30 months), which indicated a much more serious or deliberate attempt to get things right after the unexpected failure of the first attempt.

Table 2: Merger Process Timeline

Attempt	Initial Discussion of Merger	First Public Announcement	Public Release of Merger Proposal	Vote Undertaken	Total Months
First	June 1967	July 1968	1 August 1969	5 December 1969	30 months
Second	November 1974	17 March 1975 (via letters sent to members)	14 July 1976 (first draft) 15 November 1981 (final draft)	21 December 1981	73 months
Third	2 June 1989	2 June 1989	15 January 1991	22 March 1991	21 months
Fourth	March 1998	March 1998	July 1998	14 December 1998	9 months

Source: ASA and ICAA annual reports (1969, 1981, 1991, 1998).

The third merger campaign was much shorter (at less than two years) than the second, suggesting some degree of confidence that the issues that had prevented acceptance by Institute members of previous merger proposals had been resolved. The fourth merger campaign lasted a mere nine months, as knowledge of the 'sticking points' for previous failed proposals presumably allowed the process to be significantly expedited. Alternatively, it may have been felt that a long, drawn-out process was unlikely to achieve anything that a shorter campaign could not achieve and would simply be a waste of time and money. In the end, the failure of this fourth merger proposal to win acceptance from Institute members seemed to signal to the leadership of both the Society and the Institute that continuing their efforts to merge the two bodies would be pointless, and no further attempts at amalgamation have been initiated over the ensuing 20 years.

Another finding across all four merger attempts was the significant level of joint activities and cooperation on matters of common interest that was occurring concurrently with the merger discussions. The first joint committee was established in 1965 (*The Australian Accountant*, 1965), leading to the formation of the ARF in 1966 (Carnegie and O'Connell, 2012). A total of eight joint conferences were held in 1967 and 1968 (ASA and ICAA, 1968a), culminating in the establishment of a formal unity committee that would make all key decisions related to the first merger attempt (ASA and ICAA, 1968a). Similar joint efforts with good intentions were followed in the subsequent three merger attempts. Thus, across all four merger attempts, both bodies were continuing to work together on matters affecting the profession.

A key finding relates to the Institute's declining MIPP as a proportion of total membership. The Institute's Royal Charter was granted to 28 public accountants in 1928 (ICAA, 1969), and, by the time of the first merger attempt, 72 per cent of Institute members were MIPP (ICAA, 1969). However, this proportion began to decline during the 1970s and by 1981 (the year in which the second merger vote was taken) MIPP comprised only 65.6 per cent of the Institute's membership (ICAA, 1971–1981). By 1992, the proportion was as low as 55 per cent (ICAA, 1992, p. 23). By 1999, the Institute's MIPP were in a minority, comprising just 46 per cent of the membership. This gradual decrease in the Institute's MIPP was used as an argument by leaders of the Institute to support the idea of a united and more broadly-based merged body, the Institute's president Ernest Savage (1969, p. 1) stating that "accountancy is one undivided profession of which public practice is but one segment".

Conclusions

This paper has provided a historical record of the four unsuccessful merger attempts mounted by Australia's two pre-eminent professional accounting associations and documented these attempts using historical archives before they are lost in time and context (Tosh, 2010). The research context includes professionalisation characteristics, internal and external pressures to merge, failed associational consolidations and the influence of 'elite' participants in the decision-making process. Themes identified in this study include joint efforts on issues of common interest, declining MIPP in the Institute and reinforcement of 'exclusivity' of the Institute by its members. The study's overall conclusion is that members of the 'elite' organisation (the Institute) placed significant emphasis on their associational brand name, resulting in conflict in achieving control over the profession between MIPP and MNIPP, a finding consistent with Social Identity Theory. As a consequence, despite four merger attempts in which the key actors and circumstances changed each time, the traditional organisational strategies of both bodies prevailed.

In summary, the merger attempts involved modifications to traditional organisational strategies that were always going to be difficult to achieve, dependent as they were on acceptance by the membership of both professional bodies. This situation contrasts with other organisational mergers, including corporate mergers, for which leadership can take respective decisions leading to successful mergers. The organisational strategies were considered flexible by the leaders of both bodies, especially those of the Institute. However, a sufficient number of rank-and-file members of the Institute wanted the traditional strategies to persist, and these stayed resolute through the failure of each merger attempt (with perhaps the exception of the third merger attempt which came close to succeeding).

While traditionally the Society had favoured a market control strategy (Carnegie 2016) with the Institute emphasising a strategy of exclusiveness (Carnegie & Edwards 2001; Carnegie, et al. 2003), during the four merger attempts both bodies were moving away from these extremes of organisational strategy. Thus “the dilemma of exclusiveness versus market control” (Macdonald & Ritzer 1988, p. 257) may still apply to situations where original strategies have been modified over time and are no longer rigid. This implies that a binary selection of either exclusiveness or market control is not the only choice that professional organisations may have.

In all four merger attempts between the Institute and the Society, the proposed organisational strategy was a blend of exclusiveness versus market control. The merged organisation would be elite in the sense of being a dominant body with a large membership, which would assure it market dominance and subsequently ensure a prominent position among professional associations of any kind in Australia. The merged body would continue to enjoy the status associated with a Royal Charter as has been part of the exclusiveness profile of the Institute. Across the four merger attempts, both bodies had modified their traditional strategies such that they were becoming more similar than distinct. The decrease in the Institute’s MIPP as a proportion of total membership, as well as the Society’s total MIPP having grown to a sizable number, meant public accountants from either organisation could access the professional rewards associated with public practice. The notion that the Institute was predominantly an association of MIPP while the Society was predominantly an association of MNIPP was starting to unravel. Nevertheless, the increasing similarities in the organisational strategies were insufficient, across four attempts, to achieve a successful merging of the two bodies.

Perhaps future research could focus on applying theoretical frameworks to analyse the motivations for the four merger attempts and their consequential failures.

References

Abraham, J. (1989). "ASA welcomes Institute response", press release, ASA, Melbourne, 2 June, p. 1.

A merger codenamed 'Newpro'" (1998), *Chartac Accountancy News*, Vol. 22 No. 265, pp. 1, 68.

Anon. (1976), *General Council Annual Report 1975*, ASA, Melbourne, p. 7.

ASA (1965), *Annual Report*, Melbourne, VIC.

ASA (1966), *Accounting Principles and Practices Discussed in Reports of Company Failures*, Melbourne, VIC.

ASA (1967a), *Minutes of Meeting of Executive Committee Held on 17 February 1967*, Melbourne, VIC, pp. 1–20.

ASA (1967b), *Minutes of Meeting of Executive Committee Held on 13–14 June*, Melbourne, VIC, pp. 1–11.

ASA (1969a), *Report of Executive Committee Submitted by L. P. Crockett (Chairman) on Behalf of Executive Committee to the General Council on 12 June*, Melbourne, VIC, pp. 1–19.

ASA (1969b), *President's Letter to Members*, 1 August, Melbourne, VIC.

ASA (1969c), *Report of Executive Committee Submitted by L. P. Crockett (Chairman) on Behalf of Executive Committee to the General Council on 14 October 1969*, Melbourne, VIC, pp. 17–30.

ASA (1968–1992), *Annual Reports*, Melbourne, VIC.

ASA and ICAA (1968a), *Ninth Conference of Representatives of the Institute of Chartered Accountants and the Australian Society of Accountants*, 22–23 March 1968, ASA Melbourne and ICAA Sydney, Melbourne, VIC, pp. 1–18.

ASA and ICAA (1968b), *Tenth Conference of Representatives of the Institute of Chartered Accountants and the Australian Society of Accountants*, 4–5 June 1968, ASA Melbourne and ICAA Sydney, Sydney, NSW, pp. 1–21.

ASA and ICAA (1976), *A Draft Proposal for Integration of Australian Society of Accountants and the Institute of Chartered Accountants in Australia—Exposure Draft*, July, pp. 1–28.

ASA and ICAA (1981), *Draft Proposals for the Integration of the Accountancy Profession in Australia*, ASA and ICAA, issued 1 March, pp. 1–20.

ASA and ICAA (1998), *Accounting Merger—Decision Delayed*, 11 August, p. 1.

ASCPA and ICAA (1990), *Unification Proposal, Jointly Issued by Both Bodies*, December, pp. 1–16.

Australian CPA (1998a), "Merger: The key points", August, p. 18.

Australian CPA (1998b), "Merger: Moving on the vote", October, p. 14.

Australian Society of Certified Professional Accountants (1991), *The Society and Institute Merger—A Vote Crucial to Your Future*, pamphlet issued to members with vote papers, March.

Bedeian, A. G. (1998). "Exploring the past", *Journal of Management History,* Vol. 4, No. 1, pp. 4–15.

Bottrill, G.W. (1975), "Integration of the accountancy profession in Australia", *The Australian Accountant*, April, p. 131.

Bowden, B. (2017) "An exploration into the relationship between management and market forces: The railroads of Australia and the American West, 1880-1900", *Journal of Management History*, Vol. 23, No. 3, pp. 297-314.

Boymal, D. (1998), "Merger proposal finalized", *Australian CPA*, July, p. 3.

Boymal, D. (2016), Interview with David Boymal on February 8.

Branscombe, N. R., Ellemers, N., Spears, R., & Doosje, B. (1999), "The context and content of social identity threat", *Social identity: Context, commitment, content*, pp. 35-58.

Briggs, L. (1991), "Third time unlucky for accounting merger vote", *The Weekend Australian*, 23–24 March, p. 12.

Bufflinl, F. (1998), "It's time to take everything into account", *Australian Financial Review*, 30 November, p. 4.

Carnegie, G. D. (1993). "The Australian Institute of Incorporated Accountants" (1892–1938), *Accounting, Business and Financial History,* Vol 3, No.1, pp. 61–80.

Carnegie, G. D. (2009). "The development of accounting regulation, education and literature in Australia, 1788–2005", *Australian Economic History Review,* Vol 49, No. 4, pp. 276–301.

Carnegie, G.D. (2016), "The accounting professional project and bank failures", *Journal of Management History*, Vol. 22 No. 4, pp. 389–412.

Carnegie, G. D., & Edwards, J. R. (2001), "The construction of the professional accountant: The case of the Incorporated Institute of Accountants, Victoria (1886)", *Accounting, Organisations and Society,* Vol. 26, No. 5/5, pp. 301–325.

Carnegie, G.D., Edwards, J.R. and West, B.P. (2003), "Understanding the dynamics of the Australian accounting profession: A prosopographical study of the founding members of the Incorporated Institute of Accountants, Victoria, 1886 to 1908", *Accounting, Auditing & Accountability Journal*, Vol. 16 No. 5, pp. 790–820.

Carnegie, G. D., & Napier, C. J. (1996), "Critical and interpretive histories: Insights into accounting's present and future through its past", *Accounting, Auditing & Accountability Journal,* Vol. 9, No.3, pp. 7–39.

Carnegie, G. D., & Napier, C. (2012), "Accounting's past, present and future: The unifying power of history", *Accounting, Auditing & Accountability Journal,* Vol. 25, No. 2, pp. 328–369.

Carnegie, G.D. and O'Connell, B.T. (2012), "Understanding the responses of professional accounting bodies to crises: The case of the Australian profession in the 1960s", *Accounting Auditing and Accountability Journal*, Vol. 25 No. 5, pp. 835–875.

Carnegie, G. D., & Parker, R. H. (1999), "Accountants and empire: the case of co-membership of Australian and British accountancy bodies, 1885 to 1914", *Accounting, Business & Financial History,* Vol. 9, No.1, pp. 77–102.

Chandler, A.D. (1977) *The Visible Hand: The Managerial Revolution in American Business*, Belknap Press, Cambridge, MA.

Chartac (1998), "Education—still the stumbling block", April, p. 2.

Chua, W. F., & Poullaos, C. (1993), "Rethinking the profession-state dynamic: The case of the Victorian Charter attempt, 1885–1906", *Accounting, Organisations and Society,* Vol. 18, 7/8, pp. 691–728.

Chua, W. F., and Poullaos, C. (1998), "The dynamics of 'closure' amidst the construction of market, profession, empire and nationhood: An historical analysis of an Australian accounting association, 1886–1903", *Accounting, Organisations and Society,* Vol. 23, No. 2, pp. 55–187.

Cohn, C. (1991), "Profile: Brian Waldron: New ASCPA National President", *Australian Accountant*, May, pp. 20–21.

Creaney, E. (1984), "The history of the I. A. A., An address by the National Secretary", Perth, WA, July.

Dowling, J. (1998), "Competing accountancy bodies in merger talks", *Courier Mail*, 18 March, p. 11.

Dunstan, B. (1989), "Negotiators close to merging profession", *Financial Review*, 28 June, p. 10.

Eisenhardt, K. and Graebner, M. E. (2007), "Theory-building from cases: Opportunities and challenges", *Academy of Management Review,* Vol. 50, No. 1, pp. 25–32.

Eisenhardt, K. M. (1989), Building theories from case study research", *Academy of Management Review,* Vol. 14, No. 4, pp. 532–550.

Gavens, J.J. (1990), "A historical perspective of integration of the Australian accounting profession", in Parker, R.H. (Ed.), *Accounting in Australia: Historical Essays*, Garland, New York, NY, pp. 381–407.

Gettler, L. (1998), "Merger numbers fall well short", *The Age*, 12 December, p. 13.

Gavens, J. J., & Gibson, R. W. (1992), "An Australian attempt to internationalize accounting professional organisations", *The Accounting Historians Journal,* Vol. 19, No. 2, pp. 79–102.

Gottliebsen, R. (1990), "Accounting's crisis of ethics", *Business Review Weekly*, September, pp. 14–15.

Graham, A.A. (1972), "The profession in Australia: Problems and developments", *The Chartered Accountant in Australia*, May, pp. 4–14.

Graham, A. W. (1978), "*Without fear or favour: A history of the Institute of Chartered Accountants in Australia, 1928–1978",* Sydney, Australia: Butterworths for Institute of Chartered Accountants in Australia.

Guo, K. H. (2012), "Understanding why and how some chartered accountants object to the proposed merger of the three accounting professions in Canada" *Accounting Perspectives*, Vol. 11, No. 2, pp. 111–130.

Henderson, S. (1997), "The expectations gap and the Australian accounting profession", *Accounting Forum*, Vol. 21 No. 2, pp. 175–188.

Hines, R. D. (1981, June). Integration forum. *The Australian Accountant,* pp. 350–356.

Hogg, M. A., Abrams, D., Otten, S., & Hinkle, S. (2004), "The social identity perspective: Intergroup relations, self-conception, and small groups" *Small group research*, Vol. 35, No 3, pp. 246-276.

ICAA (1967–1998), *Annual Report*, Sydney, NSW.

ICAA and ASA (1969), *A Plan for the Unity of the Accountancy Profession in Australia*, 1 August, ICAA Sydney and ASA Melbourne, pp. 1–21.

Irving, H.R. (1966), *Report on Professional Awards for Accountants (Designation of CPA) Submitted on Behalf of the Executive Committee by President*, ASA, 7 October, pp. 1–27.

Kenley, W. J. (1963), "*History of the Australian Society of Accountants and its antecedent bodies, 1887 to 1962",* Melbourne, Australia: Australian Society of Accountants (evidence of authorship in *The Australian Accountant*, June 1977, p. 27

Lamont, M. and Molnár, V. (2002), "The study of boundaries in the social sciences", *Annual Review of Sociology*, Vol. 28 No. 1, pp. 167–195.

Lee, T. A. (2010), "Consolidating the public accountancy profession: The case of the proposed Institute of Chartered Accountants of Great Britain, 1988–9", *Accounting History*, Vol. 15 No. 1, pp. 7–39.

Leon, G. (1998a), "Merger numbers fall well short", *The Age*, 15 December, p. 3.

Leon, G. (1998b), "Accountants vote on merge", *Sydney Morning Herald*, 14 December, p. 36.

Leon, G. (1998c), "Deja vu for accountants", *The Age*, 17 November, p. 5.

Lewis, S. (1991), "Accountants try another path to merge professional bodies", *Financial Review*, 29 January, p. 6.

Little, J.K. (1968), "The profession and its public accountability", *The Chartered Accountant in Australia*, July, pp. 150–161.

Macdonald, K.M. and Ritzer, G. (1988), "The sociology of the professions: Dead or alive?", *Work and Occupations*, Vol. 15 No. 3, pp. 251–272.

Macfarlane, I., (2006, December 2), "The real reasons why it was the 1990s recession we had to have – Business", *The Age*. Retrieved 18 August 2015 from *Theage.com.au.*

Marshall, N. J. (1978), "A jubilee history 1928–1978 (Melbourne: The Institute of Chartered Accountants in Australia). Partly reprinted in R. H. Parker (Ed.)" (1990a) *Accounting in Australia: Historical essays* (408–434). New York, NY and London, England: Garland Publishing.

McMahon, S. (2007), "Two days that shook the world", *Herald Sun*, 13 October, available at: www.heraldsun.com.au/businessold/two-days-that-shook-the-world/story-e6frfh4f-1111114631654

Mercury (1964), “Accountants should be registered”, 21 April, p. 8.

Middleton, P. (1989), *Statement by Peter Middleton*, ICAA, 2 June.

Miller, P., Hopper, T., & Laughlin, R. (1991), “The new accounting history: An introduction”, *Accounting, Organisations and Society,* Vol. 16, No. 5/6, pp. 395–403.

Milner, D. (1996), “Children and racism: Beyond the value of dolls. In P. W Robinson (Ed.)”, *Social groups and identities: Developing the legacy of Henri Tajfel* (249–68). Oxford, England: Butterworth Heinermann.

Minter, E. (1991), “Rebel group blocks accountancy merger”, *The Age*, 23 March, p. 7.

Miranti, P.J. (1986a), “Associationalism, statism, and professional regulation: Public accountants and the reform of the financial markets, 1896–1940”, *Business History Review*, Vol. 60 No. 03, pp. 438–468.

Miranti, P.J. (1986b), “From conflict to consensus: The American Institute of Accountants and the professionalization of public accountancy, 1886–1940”, *Business and Economic History*, Vol. 15, 2nd series, pp. 93–126.

Munro, R.F. (1975), “Integration”, *The Australian Accountant*, June, p. 255.

Murrill, M. (1989), “Merger talks are at make or break point”, *Financial Review*, 25 August, p. 17.

Napier, C. J. (1989), “Research directions in accounting history”, *British Accounting Review,* Vol. 21, No. 3, pp. 237–254.

Norgard, J.D. (1981), *Letter to Members of Society and Institute*, 1 March.

Orr, J.G. (1969), “Australian Society of Accountants: Statement on unity proposals”, *The Australian Accountant*, 9 May, p. 214.

Parker, R.H. (1986), “Accounting in Australia”, *The Australian Accountant*, November, pp. 85–87.

Parker, R.H. (1989), “Importing and exporting accounting: The British experience”, in Hopwood, A.G. (Ed.), *International Pressures for Accounting Change*, Prentice-Hall, Hemel Hempstead, England, pp. 7–29.

Parker, R.H. (2014), “The first 32 importers of an English professional accountancy qualification: Opportunities, incentives, impact”, *Accounting History*, Vol. 19 No. 1–2, pp. 171–192.

Paulsen, N. "“Who are we now?”: group identity, boundaries, and the (re) organizing process." *Managing boundaries in organizations: Multiple perspectives*. Palgrave Macmillan, London, 2003, pp. 14-34.

Pollard, S. (1965) *The Genesis of Modern Management: A Study of the Industrial Revolution in Great Britain*, Edward Arnold, London.

Porter, I. (1991), “Third time unlucky for accounting merger bid”, *The Advertiser (Business Edition)*, 23 March, p. 2.

Poullaos, C. (1993), “Making profession and state, 1907 to 1914: The ACPA’s first charter attempt”, *Abacus*, Vol. 29 No. 2, pp. 196–229.

Poullaos, C. (1994), *Making the Australian chartered accountant,* New York. NY: Garland.
Previts, G. J., Parker, L. D., & Coffman, E. N. (1990a), “Accounting history: Definition and relevance”, *Abacus,* Vol. 26, No. 1, pp. 1–16.

Previts, G. J., Parker, L. D., & Coffman, E. N. (1990b), “An accounting historiography: Subject matter and methodology”, *Abacus,* Vol. 26, No. 2, pp. 136–58.

Prosser, V. (1982), “Talking point”, *The Chartered Accountant in Australia*, June, p. 8.

Prosser, V. (1986), “Talking point”, *The Chartered Accountant in Australia*, September, p. 4.

Prosser, V. (1989), “The failure of the merger”, *New Accountant*, September, p. 22.

Richardson, A.J. (1987), “Professionalization and intra-professional competition in the Canadian accounting profession”, *Work and Occupations*, Vol. 14 No. 4, pp. 591–615.

Richardson, A.J. (1989), “Corporatism and intraprofessional hegemony: A study of regulation and internal social order”, *Accounting, Organisations and Society*, Vol. 14 No. 5, pp. 415–431.

Richardson, A. J. (2002), “Professional dominance: The relationship between financial accounting and managerial accounting, 1926–1986”, *The Accounting Historians Journal,* pp. 91–121.

Richardson, A.J. and Jones, D.B. (2007), “Professional ‘brand’, personal identity and resistance to change in the Canadian accounting profession: A comparative history of two accounting association merger negotiations”, *Accounting History*, Vol. 12 No. 2, pp. 135–164.

Savage, E.W. (1969), *The Plan for Unity: Stage II—The Vote in Principle*, letter to Institute members by Institute president E. W. Savage, 5 November, p. 1.

Shackleton, K. (1995), “Scottish chartered accountants: Internal and external political relationships, 1853–1916”, *Accounting, Auditing & Accountability Journal*, Vol. 8 No. 2, pp. 18–46.

Shackleton, K. and Walker, S.P. (1998), *Professional Reconstruction: The Coordination of the Accountancy Bodies, 1930–1957*, Institute of Chartered Accountants of Scotland, Edinburgh, Scotland.

Shackleton, K. and Walker, S.P. (2001), *A Future for the Accountancy Profession: The Quest for Closure and Integration, 1957–1970*, Institute of Chartered Accountants of Scotland, Edinburgh, Scotland.

Shorrock, W. R. (1981, August), A recent PY graduate’s view, Integration Forum. *The Chartered Accountant in Australia,* p. 18.

Taylor, N.B. (1991), “Message of president”, *Charter*, August, p. 59.

Taylor, N. B. (2016). Interview with Nick Burton Taylor on March 18.

Tajfel, H., Turner, J. C., Austin, W. G., & Worchel, S. (1979), “An integrative theory of intergroup conflict”, *Organizational identity: A reader*, pp. 56-65.

The Age (1967), “Accountants to aim at amalgamation”, 27 July, p. 9.

The Australian Accountant (1965), “Joint action within the profession”, February, p. 61.

The Australian Accountant (1968), “Announcement”, July, p. 7.

The Australian Accountant (1974), “Joint message by G.W. Bottrill (President of Society) and E.H. Burgess (President of Institute)”, July, p. 455.

The Australian Accountant (1976), “Integration: News and notes”, August, p. 394.

The Chartered Accountant in Australia (1982), “Integration will not proceed”, February, pp. 2–3.

The West Australian (1968a), “Accountants bodies may unite”, 3 July, p. 8.

Thiele, R. (1975), “Editorial”, *The Australian Accountant*, July, p. 321.

Thomas, C. (1991), “Accounting merger bid voted out”, *Herald Sun*, 23 March, p. 7.

Thomas, T. (1998), “Merger vote doubt”, *Business Review Weekly*, 13 April, p. 84.

Tosh, J. (2010), *The Pursuit of History: Aims, Methods and New Directions in the Study of Modern History*, 5th ed., Pearson Longman, New York, NY.

Turner, John C., and Henri Tajfel (1986), "The social identity theory of intergroup behavior." *Psychology of intergroup relations,* Vol. 5, pp. 7-24.

Velayutham, S. (1999), “The professional accounting body in the 21st century: The global franchise”, *Pacific Accounting Review,* Vol. 11, No. 1/2, pp. 163–171.

Waldron, B. (1991a), “From the president”, *The Australian Accountant*, April, p. 5.

Walker, S.P. (2004), *Towards the ‘great Desideratum’: The Unification of the Accountancy Bodies in England, 1870–1880*, Institute of Chartered Accountants of Scotland, Edinburgh, Scotland.

Walker, S.P. and Shackleton, K. (1995), “Corporatism and structural change in the British accountancy profession, 1930–1957”, *Accounting, Organisations and Society*, Vol. 20 No. 6, pp. 467–503.

Walker, S.P. and Shackleton, K. (1998), “A ring fence for the profession: Advancing the closure of British accountancy 1957–1970”, *Accounting, Auditing & Accountability Journal*, Vol. 11 No. 1, pp. 34–71.

Walton, S. J. T. (1970), *History of the Institute of Chartered Accountants in Australia and its antecedent bodies with reference to the personalities concerned,* Sydney, Australia: The Institute of Chartered Accountants in Australia.

West, B. P. (2003), *Professionalism and accounting rules,* London, England: Routledge.

Williams, D.P. (1973), “Message from outgoing president”, *The Australian Accountant*, May, p. 11.

Willmott, H. (1986), “Organising the profession: A theoretical and historical examination of the development of the major accountancy bodies in the UK”, *Accounting, Organisations and Society,* Vol. 11, No. 6, pp. 555–580.

World Accounting Report (1989), “Merger plan runs into trouble”, August, p. 11.

Yin, R. K. (2009), *Case study research: Design and methods* (4th ed.), Thousand Oaks, CA: SAGE.