Failure to Unify the Australian Accounting Profession: The Case of Four Unsuccessful Merger Attempts, Late 1960s to Late 1990s

A thesis submitted in fulfilment of the requirements for the degree of Doctor of Philosophy

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Declaration of Originality

I certify that except where due acknowledgement has been made, the work is that of the author alone; the work has not been submitted previously, in whole or in part, to qualify for any other academic award; the content of the thesis is the result of work which has been carried out since the official commencement date of the approved research program; any editorial work, paid or unpaid, carried out by a third party is acknowledged; and, ethics procedures and guidelines have been followed.

Signed: Jasvinder Sidhu On: 16/01/2018
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# Contents

Declaration of Originality .................................................................................................................... ii
Acknowledgements ................................................................................................................................ iii
Contents ........................................................................................................................................ iv
List of Tables ...................................................................................................................................... viii
List of Abbreviations ........................................................................................................................ x
Abstract ........................................................................................................................................... xii

Chapter 1: Introduction ..................................................................................................................... 1
  1.1 Thesis Statement ........................................................................................................................... 1
  1.2 Study Context and Background ................................................................................................... 3
    1.2.1 Features of the Australian accounting profession: Regionalism, duplication and
         unification ....................................................................................................................................... 4
    1.2.2 Emergence of two professional bodies: The Society and the Institute ......................... 5
  1.3 Four Unsuccessful Merger Attempts .......................................................................................... 7
    1.3.1 Background to the merger attempts .................................................................................... 8
    1.3.2 First merger attempt ............................................................................................................ 9
    1.3.3 Second merger attempt ...................................................................................................... 9
    1.3.4 Third merger attempt ....................................................................................................... 9
    1.3.5 Fourth merger attempt ..................................................................................................... 10
  1.4 Scenario for Investigation ......................................................................................................... 11
  1.5 Period Selection ....................................................................................................................... 11
  1.6 Study Motivation and Importance ............................................................................................ 11
  1.7 Objectives and Research Questions ........................................................................................ 12
    1.7.1 Research objective ............................................................................................................ 12
    1.7.2 Research questions ............................................................................................................ 13
  1.8 Literature Selection and Contributions to Literature ................................................................ 13
  1.9 Conceptual Framework ........................................................................................................... 14
  1.10 Methodology and Data Collection Methods ........................................................................... 16
    1.10.1 Archives and written documents .................................................................................... 17
    1.10.2 Oral history .................................................................................................................... 17
    1.10.3 Analysis ............................................................................................................................ 18
  1.11 Study Limitations .................................................................................................................... 18
  1.12 Summary .................................................................................................................................. 20
    1.12.1 Thesis structure .............................................................................................................. 20

Chapter 2: Literature Review ........................................................................................................... 21
  2.1 Introduction ................................................................................................................................ 21
  2.2 Sociology of Professions ........................................................................................................... 21
  2.3 Australian Studies ..................................................................................................................... 23
  2.4 Prior Literature on Mergers Between Professional Associations ......................................... 34
    2.4.1 Britain’s merger attempts .................................................................................................. 35
    2.4.2 Canada’s merger attempts ............................................................................................... 41
  2.5 Conclusion .................................................................................................................................. 43

Chapter 3: Methodology and Data Collection Methods ................................................................... 45
  3.1 Introduction .................................................................................................................................. 45
3.2 Historical Research Methodology ................................................................. 46
3.3 Data Collection from Archives and Written Documents ............................ 50
3.4 Data Collection: Oral History Interviews ................................................... 56
3.5 Limitation of Research Methods Adopted ................................................. 60
3.6 Conclusion ...................................................................................................... 61

Chapter 4: Theoretical Framework ....................................................................... 62
  4.1 Introduction .................................................................................................... 62
  4.2 Boundary Work ............................................................................................ 62
  4.3 Exclusivity Versus Market Control ............................................................... 71
  4.4 Conclusion .................................................................................................... 75

Chapter 5: The First Merger Attempt ................................................................. 77
  5.1 Introduction .................................................................................................... 77
  5.2 Background Context ..................................................................................... 78
    5.2.1 Background to the Australian accounting profession .......................... 78
    5.2.2 Pre-1960s .............................................................................................. 79
    5.2.3 Developments during the 1960s .............................................................. 80
    5.2.4 Status of the Society members .............................................................. 81
    5.2.5 Accountants’ education policy reforms ............................................... 83
    5.2.6 Registration of accountants ................................................................. 85
    5.2.7 Comparison of both bodies ................................................................. 87
    5.2.8 Joint activities ...................................................................................... 89
  5.3 The Merger Proposal and Outcome ............................................................ 92
  5.4 Discussion and Analysis ............................................................................. 104
    5.4.1 Reasons for mounting the merger attempt ......................................... 104
    5.4.2 Strategies adopted by both bodies in merger attempt ......................... 107
    5.4.3 Reasons for merger attempt failure ...................................................... 109
    5.4.4 Reactions of various stakeholders ....................................................... 115
  5.5 Conclusion .................................................................................................... 115

Chapter 6: The Second Merger Attempt ............................................................ 117
  6.1 Introduction .................................................................................................... 117
  6.2 Background .................................................................................................... 117
    6.2.1 The Society failed to give status to its members in public practice ...... 119
    6.2.2 Joint work ............................................................................................ 121
    6.2.3 The Institute of Affiliate Accountants ............................................... 122
    6.2.4 Financial situation of both bodies ....................................................... 123
    6.2.5 Membership of both bodies ............................................................... 124
  6.3 The Merger Proposal ..................................................................................... 128
    6.3.1 Further progress on merger ............................................................... 132
    6.3.2 Australian National Opinion Poll survey .......................................... 136
    6.3.3 Integration Forum and attempts to gain support ................................. 137
    6.3.4 Final moves ......................................................................................... 140
  6.4 Discussion and Analysis ............................................................................. 145
    6.4.1 Reasons for mounting the merger attempt ......................................... 146
    6.4.2 Strategies adopted by both bodies in merger attempt ......................... 148
    6.4.3 Reasons for merger attempt failure ...................................................... 151
    6.4.4 Reactions of various stakeholders ....................................................... 159
  6.5 Conclusion .................................................................................................... 161

Chapter 7: The Third Merger Attempt ............................................................... 163
Chapter 7: The Thirty-Nine Merger Attempts
7.1 Introduction ................................................................................................................... 163
7.2 Background ................................................................................................................... 163
  7.2.1 Joint work ............................................................................................................... 166
  7.2.2 Membership of both bodies .................................................................................. 166
  7.2.3 Financial position ................................................................................................. 168
  7.2.4 Professional branding ......................................................................................... 169
  7.2.5 Financial crisis and corporate collapses .............................................................. 171
7.3 Merger Talks .............................................................................................................. 172
  7.3.1 First merger talks ............................................................................................... 172
  7.3.2 First merger talk failure ..................................................................................... 177
  7.3.3 Second merger talks ........................................................................................... 179
  7.3.4 Merger proposal, vote and failure ....................................................................... 186
  7.3.5 Post third merger attempt failure ...................................................................... 191
7.4 Discussion and Analysis .......................................................................................... 192
  7.4.1 Reasons for mounting the merger attempt ......................................................... 192
  7.4.2 Strategies adopted by both bodies in the merger attempt .................................. 195
  7.4.3 Reasons for the merger attempt failure ............................................................... 197
  7.4.4 Reactions of various stakeholders ..................................................................... 202
7.5 Conclusion ................................................................................................................ 204

Chapter 8: The Fourth Merger Attempt ................................................................. 206
8.1 Introduction ............................................................................................................. 206
8.2 Background and Context ...................................................................................... 206
  8.2.1 Society and Institute developments .................................................................... 208
  8.2.2 Joint work .......................................................................................................... 210
  8.2.3 Membership and financial situation ................................................................. 212
8.3 Merger Attempt ...................................................................................................... 216
  8.3.1 Opposition to the merger attempt ..................................................................... 223
  8.3.2 Merger process ................................................................................................. 225
  8.3.3 Merger proposal vote ....................................................................................... 226
8.4 Discussion and Analysis ......................................................................................... 227
  8.4.1 Reasons for mounting the merger attempt ......................................................... 227
  8.4.2 Strategies adopted by both bodies in the merger attempt .................................. 228
8.5 Reasons for Merger Attempt Failure ..................................................................... 230
  8.5.1 Reactions of various stakeholders ................................................................... 233
8.6 Conclusion ................................................................................................................ 235

Chapter 9: Comparison of the Four Merger Attempts ........................................... 236
9.1 Introduction ............................................................................................................. 236
9.2 Comparative Analysis of Responses to the Four Research Questions ................. 237
9.3 Similarities and Differences Across the Four Merger Attempts ............................ 243
  9.3.1 Joint work .......................................................................................................... 243
  9.3.2 Decrease in the Institute’s members in public practice ..................................... 244
  9.3.3 Official rationale and objectives ....................................................................... 245
  9.3.4 Society members’ strong support and Institute members’ opposition ............... 246
9.4 Conclusion ................................................................................................................ 248

Chapter 10: Summary and Implications ................................................................. 250
10.1 Introduction ........................................................................................................... 250
10.2 Summary of the Thesis ......................................................................................... 250
10.3 Long-term Ramifications of the Failure of the Merger Attempts ........................ 259
10.4 Broader Public Interest Perspectives on the Failure to Unify the Profession ........ 262
List of Tables

Table 1.1: Comparison of Voting Outcomes for the Four Merger Attempts ................................................. 8
Table 3.1: Photographs taken Using Digital Cameras ....................................................................................... 54
Table 5.1: Financial Results of the Society (1965–1970) ................................................................................. 88
Table 5.2: Financial Results of the Institute (1965–1970) ................................................................................. 89
Table 5.3: Unity Committee Representation of Institute of Chartered Accountants in Australia .......................................................... 94
Table 5.4: Unity Committee Representation of Australian Society of Accountants ........................................... 94
Table 5.5: Outcome of Vote ................................................................................................................................. 103
Table 6.3: Comparison of the Institute’s and the Society’s Revenue .................................................................. 124
Table 6.4: Statewide Membership of the Institute .............................................................................................. 125
Table 6.5: Statewide Membership of the Institute (%) ......................................................................................... 125
Table 6.6: Membership Classification of the Institute (%) ..................................................................................... 126
Table 6.7: Statewide Membership of the Society ............................................................................................... 126
Table 6.8: Statewide Membership of the Society (%) ......................................................................................... 127
Table 6.9: Final Integration Policy Committee .................................................................................................. 134
Table 6.10: Classification of Members in the Integrated Body ............................................................................... 139
Table 6.11: National Council Representation in the Integrated Body ................................................................. 141
Table 6.12: Status Upgrade for the Society Members .......................................................................................... 142
Table 6.13: Comparative Membership of the Society and the Institute ............................................................. 142
Table 7.1: Members of the Society and the Institute 1982–1991 ...................................................................... 166
Table 7.2: Comparison of the Society’s and the Institute’s MIPP and MNIPP in 1981 and 1987 .......................................................... 167
Table 7.3: Income and Deficit/Surplus of Society (1981–1991) ........................................................................ 168
Table 7.4: Income and Deficit/Surplus of Institute (1981–1991) ....................................................................... 169
Table 7.5: Proposed Divisional and National Councils of the Merged Body ..................................................... 181
Table 7.6: Comparative Professional Titles ......................................................................................................... 187
Table 7.7: Membership of the ASCPA, ICAA and New Body ............................................................................ 190
Table 8.1: Society Membership ............................................................................................................................ 212
Table 8.2: The Institute Members ....................................................................................................................... 213
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA</td>
<td>Association of Accountants in Australia</td>
</tr>
<tr>
<td>ACA</td>
<td>Associate Chartered Accountant</td>
</tr>
<tr>
<td>ACCA</td>
<td>Association of Chartered Certified Accountants</td>
</tr>
<tr>
<td>ACPA</td>
<td>Australasian Corporation of Public Accountants</td>
</tr>
<tr>
<td>ADSA</td>
<td>Adelaide Society of Accountants</td>
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<tr>
<td>AGM</td>
<td>Annual general meeting</td>
</tr>
<tr>
<td>ANOP</td>
<td>Australian National Opinion Poll</td>
</tr>
<tr>
<td>ARF</td>
<td>Accountancy Research Foundation</td>
</tr>
<tr>
<td>ARIA</td>
<td>Accounting Researchers International Association</td>
</tr>
<tr>
<td>ASA</td>
<td>Australian Society of Accountants</td>
</tr>
<tr>
<td>ASCPA</td>
<td>Australia Society of Certified Practising Accountants</td>
</tr>
<tr>
<td>CA</td>
<td>Chartered Accountant</td>
</tr>
<tr>
<td>CAA</td>
<td>Corporation of Accountants of Australia</td>
</tr>
<tr>
<td>CAANZ</td>
<td>Chartered Accountants Australia and New Zealand</td>
</tr>
<tr>
<td>CIA</td>
<td>Commonwealth Institute of Accountants</td>
</tr>
<tr>
<td>CGA</td>
<td>Certified General Accountants Association of Canada</td>
</tr>
<tr>
<td>CHPA</td>
<td>Chartered Professional Accountant</td>
</tr>
<tr>
<td>CMA</td>
<td>Certified Management Accountants of Canada</td>
</tr>
<tr>
<td>CPA</td>
<td>Certified public or practising accountant</td>
</tr>
<tr>
<td>CPAC</td>
<td>Central Public Accountants Committee</td>
</tr>
<tr>
<td>DACA</td>
<td>Dominion Association of Chartered Accountants</td>
</tr>
<tr>
<td>ESA</td>
<td>Edinburgh Society of Accountants</td>
</tr>
<tr>
<td>FCA</td>
<td>Fellow Chartered Accountant</td>
</tr>
<tr>
<td>FCHPA</td>
<td>Fellow chartered professional accountant</td>
</tr>
<tr>
<td>FIA</td>
<td>Federal Institute of Accountants</td>
</tr>
<tr>
<td>IAA</td>
<td>Institute of Affiliate Accountants</td>
</tr>
<tr>
<td>ICAA</td>
<td>Institute of Chartered Accountants in Australia</td>
</tr>
<tr>
<td>ICAEW</td>
<td>Institute of Chartered Accountants in England and Wales</td>
</tr>
<tr>
<td>ICAI</td>
<td>Institute of Chartered Accountants in Ireland</td>
</tr>
<tr>
<td>ICAS</td>
<td>Institute of Chartered Accountants of Scotland</td>
</tr>
<tr>
<td>IIAV</td>
<td>Incorporated Institute of Accountants, Victoria</td>
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IPA  Institute of Public Accountants
IPC  Integration Policy Committee
ISC  Integration Sub-committee
JTF  Joint task force
MIPP  Members in public practice
MNIPP  Members not in public practice
NZICA  New Zealand Institute of Chartered Accountants
OVC  Opposing view committee
PEP  Professional Entry Program
POY  Professional Orientation Year (Society)
PW  Price Waterhouse
PY  Professional Year (Institute)
SAA  Society of Accountants and Auditors
SIAA  Scottish Institute of Accountants and Auditors
SIPA  Sydney Institute of Public Accountants
SOP  Sociology of Professions
TIA  Tasmanian Institute of Accountants
UIG  Urgent Issues Group
UK  United Kingdom
US  United States
Abstract

This study examines the four unsuccessful attempts from the late 1960s to the late 1990s to merge the two main professional accounting associations in Australia: the Australian Society of Accountants (the Society) and the Institute of Chartered Accountants in Australia (the Institute). Primary data from public archives and oral history interviews, supplemented by relevant secondary sources, are drawn upon to explain the failures of each of the proposed mergers and consider their implications. Two complementary theoretical perspectives inform the study: the concept of “boundary-work” and the dilemma professional associations confront in prioritising exclusivity or market control as their organisational strategy. The approach used in this study is critical and interpretative, being part of the “new accounting history” paradigm.

This study finds that in the period before the first merger vote in late 1969, the Institute had relaxed its traditional emphasis on pairing exclusivity and public practice, while the Society was seeking to elevate its status in response to a legitimacy crisis. These circumstances raised the prospect of there being sufficient commonality of purpose to enable the proposed merger to succeed. However, while Society members overwhelmingly supported it, Institute members defeated the first proposal. Despite this failure, discussions on matters of mutual interest continued and eventually led to the mounting of second merger attempt in 1981. The outcome was similar to that of the first merger attempt. Two more merger attempts were mounted in 1991 and 1998, which also failed owing to insufficient support from Institute members. Each of the four merger attempts was initiated by the leaders of the Institute. Despite many similarities, each merger attempt had its own unique features and conditions. Some common reasons for mounting a merger were to tackle a legitimacy crisis; to gain the ability to speak with one voice and increased lobbying powers; to improve the quality of accounting standards, service quality, and international representation; and to eliminate duplication of efforts and thus reduce costs.

The findings were analysed using two theoretical frameworks. The first theoretical framework was the boundary work of Gieryn (1983) and its extended application by Anissette (2017). This study applies and extends the framework of Anissette (2017) and offers the boundary-work framework as a path to examining discursive practice within the context of mergers of accounting associations. This approach represents an alternative to
more traditional frameworks, such as closure theories. The four merger attempts that are the focus of this study were supported by the leaders of both professional bodies amidst discursive claims of the benefits of “oneness”. However, a second and distinctive discourse was also mobilised at the membership level since some CAs asserted their superiority over Society members. Annisette’s (2017) framework is applied to understand and analyse these two competing linguistic claims that ultimately led to three further failed merger attempts. Of particular importance are the discursive tactics employed by some members of the Institute, in defiance of their leadership, in seeking to continue to remain separate from non-chartered accountants. In this way, the boundary-work is depicted as a “useful ideological style” (Gieryn 1983, p. 787) and when viewed from this perspective can augment understanding of the failure of the four merger attempts between the Institute and the Society.

In the case of this thesis, the boundary-work framework is extended to a new context involving mergers of professional accounting associations. This dispute of demarcation in science was not resolved by a formal process, such as a vote. The accounting profession in Australia is not fully regulated, which exposed the profession to a complex merger process with different levels of hurdles that needed to be cleared. At the first level, the leadership of both bodies needed to agree. At the second, and a more critical level, the ultimate success of any merger proposal depended on the members of both bodies, which is where it failed in each case. The removal of a boundary between two organisations requires a formal process, which put the framework to a new test.

Traditionally, the Society had favoured a market control strategy (Carnegie, 2016), while the Institute emphasised an exclusiveness strategy (Carnegie & Edwards 2001; Carnegie, et al. 2003), but during the four merger attempts both bodies were moving away from these two extremes of organisational strategies. This shows that the framework also applies to situations in which original strategies are modified over time and are not very rigid. This implies that a binary selection of either exclusiveness or market control is not the only choice that professional organisations may have. The organisational strategies can be modified from being two extremes, namely, either exclusivity or market control, enabling adoption of a more blended approach.

On 31 December 2014, the Institute and the New Zealand Institute of Chartered Accountants merged to form the Chartered Accountants Australia and New Zealand (CAANZ) with more than 100,000 members. However, in 2018, CPA Australia remains the dominant body, with
more than 150,000 members. Unification of the Australian accounting profession has remained elusive and is not a current priority for either professional body.
Chapter 1: Introduction

This research project examines the four unsuccessful attempts to merge the two major professional accounting bodies in Australia from the late 1960s to the late 1990s. This chapter provides an outline of the study in 12 sections. The first section provides a brief thesis statement about the research project. The second section provides the context and background of this study, including the key features of the Australian accounting profession and the emergence of the two major rival professional accounting bodies. The third section provides an overview of the four merger attempts between these two bodies, while the fourth and fifth sections discuss the scenario for investigation and the time period covered by this project. The sixth section explains the motivation for conducting this research, while the seventh section specifies the research objectives and lists the five research questions. The eighth and ninth sections, respectively, provide an overview of the literature used in this project and discuss the two complimentary theoretical frameworks applied to analyse the findings. The tenth section provides an overview of the research methodology and data collection methods. The eleventh section discusses the limitations of this project, while the final section provides a conclusion to this chapter. An outline of the thesis structure is provided at the end of this chapter, listing the details of the 10 chapters and appendices.

1.1 Thesis Statement

For at least the last five decades, the landscape of the organised accounting profession in Australia has been dominated by two high-profile, large membership professional bodies:

- CPA Australia (formerly the Australian Society of Accountants [ASA], as the body was known during the period of this study, and later renamed the Australian Society of Certified Practising Accountants [ASCPA]; hereafter referred to as “the Society”)
- Chartered Accountants Australia and New Zealand (CAANZ; known as the Institute of Chartered Accountants in Australia until 2014; hereafter identified as “the Institute”)

1 A third professional accounting body in Australia is the Institute of Public Accountants (IPA), formerly the National Institute of Accountants. This organisation has about 25,000 members and was formed in Melbourne in 1923 as the Institute of Factory and Cost Accountants. The IPA is described on its own website as “one of three professional accounting bodies gazetted by the Department of Immigration and Citizenship of the Australian Government to complete qualifications assessments for the Australian and New Zealand Standard Classification
There have been four unsuccessful attempts to merge these two professional accounting bodies during the last five decades, which comprise the subject of this study. All four merger proposals presented to the members of each body, which were voted on in 1969, 1981, 1991 and 1998, failed, and, as a result, the Australian accounting profession is not fully unified. It is notable in professional accounting in Australia that, while there has been a long and successful history of unification, it seems that this “last hurdle” could not be overcome to the time of writing. In each case, the merger proposal was supported overwhelmingly by the membership of the Society, but the Institute failed to deliver the minimum voting threshold required to enable a merger to proceed. Consequently, the Australian accounting profession today remains characterised by a distinctive binary structure. While there may be a general understanding within the Australian accounting profession of the reasons for this ongoing dichotomy, “many who are outside the two associations are puzzled by this failure to unify” (Carnegie 2009, p. 292). This study examines the failure of these four merger attempts.

It has been more than 160 years since the earliest professional accountancy bodies were formed in the United Kingdom (UK). Since then, accountants around the world have made numerous attempts to create a structure, such as the formation of a body, for their profession or, in some instances, to restructure the occupation, such as the dissolution or merger of a body with other bodies. According to Carnegie and Edwards (2001, p. 301), “professionalisation is a dynamic process involving a diversity of … ‘signals of movement’ by an occupational group towards occupational ascendency”, which are evident in periods before and after the formation of professional associations. One such signal exists in the restructuring of a profession, including mergers, dissolutions and divisions of professional bodies. The Australian accounting profession has witnessed a series of successful merger attempts, where professional bodies have merged to form larger and stronger bodies. The last successful merger of two professional accounting bodies in Australia was the merger of the Australian Institute of Cost Accountants with the Society in 1966. Moves to unify the accounting profession by means of the merger of professional bodies is recognised as a way to strengthen the profession, giving a stronger or even single voice to represent that profession (United States: Miranti 1986a, 1986b; Britain: Shackleton & Walker 1998, 2001;
Walker & Shackleton 1995, 1998; Willmott 1986; Canada: Richardson 1989a; Richardson & Jones 2007). The argument that merger would enable the profession to speak with one voice was also present in the case of the four unsuccessful merger attempts in Australia, which are discussed in detail in the specific chapters to follow that are dedicated to the merger attempts and in the analysis section of this thesis.

This study employs two complementary theoretical constructs to explain the operational implementation and, in particular, maintenance of professional boundaries in the Australian accounting profession. The first draws on the “boundary-work” concepts of Thomas Gieryn (Gieryn 1983, 1995, 1999; Gieryn, Bevins & Zehi 1985) and Annisette (2017), while the second construct is “one of the basic casus belli in the world of expert occupations—the dilemma of exclusiveness versus market control” (Macdonald & Ritzer 1988, p. 257). The first theoretical construct, boundary work, is used to help explain how accounting professionals have delineated different forms of professional services, leading to the dichotomy between the members in public practice (MIPP) and members not in public practice (MNIPP). This dichotomy was important to create, and ultimately maintain, boundaries between the memberships of the Institute and the Society. Annisette (2017) extended application of boundary work in her study of Ontario’s accounting profession. Her work adds further interpretations to the boundary-work framework, emphasising that boundaries are created and maintained through public discourse as a means of differentiating different groups of professionals from one another. This study extends her work and applies it in the analysis of findings and to understand their implications. Annisette (2017) is applied in understanding how members of the Institute and leaders of the Institute engaged in two competing public discourses, with many members opposing changes to boundaries while the Institute’s leaders were projecting changes to the organisation’s boundaries. The second theoretical construct, namely, an occupational group’s need to choose between the strategies of elitism and market dominance, complements the first framework and permits more comprehensive explanations in the context of professions.

### 1.2 Study Context and Background

The context of this study is set in a period of 30 years, spanning the late 1960s to the late 1990s. During this period, many major changes affected the Australian accounting profession. For example, higher education for accountants became mandatory and
structured. As Australia proceeded through a series of economic cycles, both accounting bodies, the Society and the Institute, implemented many modifications to their structure and operations, with both bodies making major changes to their professional entry programs. Additionally, the Australian corporate sector experienced sporadic turbulence, such as the financial crisis of the early 1960s, which witnessed a spate of corporate collapses (Carnegie & O’Connell 2012; Clarke, Dean & Oliver 2003; Sykes 1998). The early to mid-1970s saw another series of corporate collapses, in which accountants and auditors faced criticism (Henderson 1997). In the early 1980s, the accounting profession encountered some other major developments, such as the preparation of a draft Accountants and Auditors Bill and the formation of the Accounting Standards Review Board. The next section discusses the early features of the accounting profession and the events that led to the development of the two chief rival accounting bodies by the late 1960s.

1.2.1 Features of the Australian accounting profession: Regionalism, duplication and unification

The professionalisation of accounting in Australia was initiated in the late 19th century, with the key structural and other features of the profession formalised during the early decades of the 20th century. Regionalism, duplication and successive unification around the notion of members involved in public practice and those not in public practice were key characteristics of the early Australian accounting profession.

Several accounting bodies were formed on a state basis and were largely independent of direct government control while the six states of modern Australia were each still independent colonies of Britain (Parker 1986). This resulted in the initial regionalism and duplication of associations (Parker 1989), which was primarily evident between 1885 and the 1920s (Graham 1972). During these initial years in Australia many accounting bodies were formed which had a regional or colony-wide focus (Carnegie & Edwards 2001), such as the Adelaide Society of Accountants (ADSA), the Queensland Institute of Accountants (QIA) and the Incorporated Institute of Accountants of Victoria (IIAV) (Carnegie & Parker 1999; Parker 1986). This resulted in the initial regionalism and duplication of associations (Parker 1989), which was primarily evident between 1885 and the 1920s (Graham 1972). During these initial years in Australia many accounting bodies were formed which had a regional or colony-wide focus (Carnegie & Edwards 2001), such as the Adelaide Society of Accountants (ADSA), the Queensland Institute of Accountants (QIA) and the Incorporated Institute of Accountants of Victoria (IIAV) (Carnegie & Parker 1999; Parker 1986). This resulted in the initial regionalism and duplication of associations (Parker 1989), which was primarily evident between 1885 and the 1920s (Graham 1972). During these initial years in Australia many accounting bodies were formed which had a regional or colony-wide focus (Carnegie & Edwards 2001), such as the Adelaide Society of Accountants (ADSA), the Queensland Institute of Accountants (QIA) and the Incorporated Institute of Accountants of Victoria (IIAV) (Carnegie & Parker 1999; Parker 1986).

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4 ASA and ICAA (1969), Report of Joint Meeting of Education Committees on 30 November 1969. A joint meeting of the Education Committees of both the ASA and ICAA was held, and the ICAA’s Education Committee proposal, in particular, was discussed.

5 Australian accountants had a choice of possible structures through which the organisation of professional activity could proceed. This included aligning with established overseas accounting bodies or strategies around the nature of the membership and its geographical coverage (Carnegie 2016; Carnegie, et al. 2003).

During the initial years of development of the accounting profession, every state in Australia had at least one accounting body (Parker 1989) and regional interests were even reflected in the names of the professional accounting bodies (Carnegie 1993). Poullaos (1994) noted that regionalism was quite strong because the six British colonies in Australia had vast differences in climate, natural resources, laws, infrastructure, custom duties and so forth (Poullaos 1994).

Gavens (1990) provided a comprehensive list of 32 professional accounting bodies that were formed between 1885 and 1952, most of which eventually merged with other bodies or disappeared from the professional association scene. In 1898, there were 12 associations across the six British colonies of pre-Federation Australia (Gavens 1990). Between 1908 and 1945, three of those bodies were dissolved, five became part of the Society, and the remaining four merged to form the Institute (Appendix A4). Thus, over time, regionalism gradually became weaker and duplication decreased, and this reduction in the number of bodies was an overwhelming advance in promoting the wider national interests of the accounting profession (Graham 1972). These mergers led to the formation of larger accounting bodies and, by 1952, there were two strong professional accounting bodies in Australia, that is, the Institute and the Society. This process of unification continued largely unabated, resulting in further successful mergers by the 1960s. The next subsection explains the background context that led to the formation of the two major professional accounting bodies. As noted, a total of 32 professional accounting bodies were originally formed in Australia, representing the accounting profession primarily between 1885 and 1928, with the formation of the Society in 1952 being the last of the 32 bodies formed.

1.2.2 Emergence of two professional bodies: The Society and the Institute

The Society and the Institute emerged from the aforementioned unification processes, and were largely a result of the surviving bodies developing respective memberships around the notion of MIPP and 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 & O’Connell 2012), which are summarised with the phrase: “the dilemma of exclusiveness versus marker control” (Macdonald & 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). This notion has been shown “to have exerted a profound and lasting influence on the institutional structure of the Australian accounting profession” (Carnegie, et al. 2003, p. 792), as will be further elucidated in this study. Similar to the Australian case, tensions between public practitioners and accountants who worked in industry or government also led to divisions in the Canadian and British accounting professions (Richardson 1987).

One of the earliest accounting bodies in Australia, and the first to be formed in Victoria, was the IIAV. Established in Melbourne on 12 April 1886, incorporated on 1 March 1887 (Carnegie & Edwards 2001; Edwards, Carnegie & Cauberg 1997) and the earliest antecedent body of CPA Australia, the IIAV adopted an inclusive strategy because “openness had more to offer than closure” (Chua & Poullaos 1998, p. 170) and opted for a unified model of the profession (Carnegie, et al. 2003). As a result, some key founding members who were seeking higher professional status defected and formed the Sydney-based Australasian Corporation of Public Accountants (ACPA) in June 1907, which was incorporated in February 1908 (Carnegie & Edwards 2001) and “restricted membership to those engaged in public practice” (Carnegie, et al. 2003, p. 793), thereby drawing a distinctive organisational boundary created around the work of MIPP.

The ACPA was formed through the merger of the Sydney Institute of Public Accountants (SIPA), the Tasmanian Institute of Accountants (TIA), and the Corporation of Accountants of Australia (CAA) (Gynther 1967a). Thus, the establishment of the ACPA made the distinction between MIPP and MNIPP clearly visible at the national, rather than state, level. According to Carnegie et al. (2003, p. 791), “this was a turbulent era in the development of an organised accounting profession in Australia”. The ACPA became the Institute of Chartered Accountants in Australia on 19 June 1928, when a Royal Charter was granted to 28 accountants in public practice, which added further credit to this category of professional accountant (Institute of Chartered Accounts in Australia [ICAA] 1969, p. 6). The formation of the Institute crystallised the division of MIPP and MNIPP in the Australian accounting profession.

Professional accounting bodies that mainly represented MNIPP, but also had MIPP, merged over time, and the Society was incorporated on 13 October 1952 with the amalgamation of
the Commonwealth Institute of Accountants (CIA), the Federal Institute of Accountants (FIA) and the Association of Accountants in Australia (AAA). In all, a total of 15 bodies contributed to the composition of the Society (Appendix A1). Around that time, members of the Society were mainly employed in commerce, industry and government, while the Institute members were largely involved in public practice (Carnegie & O’Connell 2012; also see Carnegie et al. 2003). The Institute and the Society were in competition to attract members and advance their status, but were recognised as adopting different organisational strategies (Carnegie & O’Connell 2012). The Institute positioned itself as the elite accounting association in Australia with its long-held public practice orientation and exclusive Royal Charter, while the Society was comfortable with a strategy that focused on market control by means of membership growth and the associated financial security that this provided in contrast to smaller associations.

The two bodies did not become involved in any significant joint activity until they confronted a crisis in the 1960s following a spate of corporate collapses, in which accounting and accountants were implicated and the legitimacy of the profession was challenged (see Carnegie & O’Connell 2012). Around that time, both the Institute and Society faced challenges that precipitated pressure for change in their organisational boundaries, including the possibility of consolidating the profession through the merger of the two bodies. Members of both bodies were informed by their respective general councils in mid-1968 that preliminary merger discussions had commenced for the first time. On 1 August 1969, both bodies publicly released a unity plan to their respective members (ICAA & ASA 1969). They proposed that the merged organisation would be elite in a different way, as the only major accounting association in Australia. This would assure it of market control, and subsequently ensure a prominent position among professional associations of any kind in Australia.

1.3 Four Unsuccessful Merger Attempts

This section provides a comparative overview of the outcomes of the member votes for each of the four merger attempts, using the data presented in Table 1.1, as well as presenting other details associated with each attempt. Table 1.1 provides a comparison of the voting patterns of all four merger attempts, and provides the membership numbers for both bodies at the time of each merger attempt vote. The Institute membership showed the lowest level of support in the first and fourth merger attempts. The Society membership overwhelmingly supported all merger attempts, with the lowest level of “yes” vote at 88.5 per cent of the voting
membership in 1969. As shown in Table 1.1, the third merger attempt, mounted in 1991, came closest to unifying the Australian accounting profession. In this attempt, the Society’s membership demonstrated the highest level of support of all four merger attempts. A detailed analysis of each merger attempt is presented in each of the chapters dedicated to discussing these mergers. Chapter 5 is dedicated to the first merger attempt, while Chapters 6, 7 and 8 examine the second, third and fourth merger attempts, respectively. These chapters provide detailed accounts of the four merger proposals, including the background, process adopted and outcomes, and then apply the theoretical framework to analyse each merger episode and provide evidence to answer the research questions.

Table 1.1: Comparison of Voting Outcomes for the Four Merger Attempts

<table>
<thead>
<tr>
<th>Attempt</th>
<th>Year</th>
<th>Total Members of Institute</th>
<th>Total Members of Society</th>
<th>Members Voting ‘Yes’ on Merger Proposal (% of Total Members Who Voted)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Institute</td>
</tr>
<tr>
<td>First</td>
<td>1969</td>
<td>5,488</td>
<td>31,793</td>
<td>41.8</td>
</tr>
<tr>
<td>Second</td>
<td>1981</td>
<td>11,941</td>
<td>46,562</td>
<td>56.5</td>
</tr>
<tr>
<td>Third</td>
<td>1991</td>
<td>21,219</td>
<td>62,465</td>
<td>64.0</td>
</tr>
<tr>
<td>Fourth</td>
<td>1998</td>
<td>30,868</td>
<td>86,881</td>
<td>41.0⁶</td>
</tr>
</tbody>
</table>


1.3.1 Background to the merger attempts

A series of developments occurred during the early 1960s that contributed to the advent of favourable conditions for mounting the first merger attempt. During this period, after several companies failed, the Australian corporate sector faced a challenging climate (Clarke, Dean & Oliver 2003; Sykes 1998), with the years 1961 and 1962 being particularly bleak for many companies (Irish 1963). In a joint response to this developing professional crisis, both accounting bodies, the Institute and the Society, established the Accountancy Research Foundation (ARF) in 1965 (Boehme & Braddock 1965), which was a major move “in the quest for better research and higher standards” (Graham 1972, p. 5). Before the first merger attempt, Reg Gynther conducted a “pathfinding survey on the Australian accounting profession” (Linn 1996, pp. 175–176) and elucidated the general mood of accountants. The findings of his study showed that members of the Society overwhelmingly favoured the idea

⁶ A market research study conducted in the same quarter showed that 61 per cent of Institute members were supporting the merger with a “yes” vote (Anon, Charter 1999, p. 12).
of a single national body, while the majority of the Institute’s members were in opposition to the full unification of the profession.

1.3.2 First merger attempt

The first merger attempt was mounted in the late 1960s, following a series of corporate failures and other developments that posed a threat to the legitimacy of the Australian accounting profession (Carnegie & O’Connell 2012). It was proposed that the new body would adopt the existing title of “the Institute”, being the Institute of Chartered Accountants in Australia. As shown in Table 1.1, the outcome of the vote on 3 December 1969 resulted in a majority of 58.2 per cent of the Institute’s members rejecting the merger, while 88.5 per cent of the Society’s members supported the merger (ICAA 1970, p. 8). In the aftermath of the vote, both bodies pledged to work jointly on various fronts, including in the development of corporate regulation (Gibson 1979; Graham 1972).

1.3.3 Second merger attempt

The 1970s faced another series of corporate collapses,7 in which accountants and auditors once again faced criticism (Henderson 1997). After the failure of the first attempt, both bodies re-initiated merger discussions, which continued for more than 10 years until the second proposal was put to vote in 1981. In supporting the second merger, both bodies argued that “we need, as professionals, to be able to negotiate and consult with governments as one strong unified body” (ASA & ICAA 1981, p. 3). Joint activities by both bodies, such as the joint organisation of the Tenth International Congress of Accountants in 1972, kept the merger spirit alive. In order to consider a second merger proposal, the bodies formed a joint Integration Policy Committee (IPC) in 1979 under independent chairperson J. D. Norgard (Anon 1981a). The outcome of the 1981 merger attempt was that the Society members voted 90.1 per cent in favour of the merger, as shown in Table 1.1, while the majority support from the Institute members at 56.5 per cent did not reach the required level of 66.6 per cent, namely two-thirds of voting members (Anon. 1982a, p. 5; Linn 1996, p. 194).

1.3.4 Third merger attempt

7 These included Mineral Securities Australia Ltd., ‘a loose collection of companies known as the Minsec group managed by Ken McMahon and Tom Nestel in the late 1960s and early 1970s’; Cambridge Credit Company, which went into receivership on 30 September 1974 and was one of the biggest corporate failures in Australian history at the time; and the Hutcheson Conglomerate (Clarke, Dean & Oliver 2003, p. 12).
The third merger attempt mounted in 1991 fell slightly short of the two-thirds vote required by the Institute members (Leon 1998a). Neither the annual reports nor the journals of the Institute or the Society published the details of the vote, although brief mention was made in each of the annual reports expressing disappointment with the outcome. The annual report of the Society reported that both bodies subsequently called for cooperation in the areas of accounting and auditing standards, international representation and the accreditation of tertiary institutions (ASA 1991a, p. 5). However, on 23 March 1991, The Age reported that 64 per cent of the Institute members voted in favour, while 94 per cent of the Society members voted in favour. This third attempt was the closest to success among all four merger attempts. It fell short by only 2.67 percentage points, about 250 votes in total, from the Institute. Many members of the Institute were concerned about a possible loss of status. The most concerning issue for them was that a large number of Society members would become full Institute members, and that the Institute members would be swamped by the Society members (Anon 1991d; Minter 1991).

1.3.5 Fourth merger attempt

The fourth merger attempt was the shortest in terms of the time between starting merger discussions and the final vote. The final merger attempt met some early challenges, and an initial planned vote was delayed after leaders of both bodies felt that there was insufficient support for the merger to succeed (Anon. 1998a). When the vote was finally undertaken, 59 per cent of the Institute’s members rejected the merger, in contrast to 90 per cent of the Society’s members who voted in favour (Anon. 1999a, p. 12; Leon 1998a). After the fourth unsuccessful attempt, the president of the Institute urged its membership not to distance themselves “from fellow professionals with similar interests and aims” (Harrison 1999, p. 6) and called for cooperation among the members of the Institute and the Society in areas of common interest.

In summary, all four attempts proved unsuccessful and raised major questions for the leadership of both bodies. It seems that the Institute’s leadership has repeatedly failed to understand adequately the mood of a significant majority of its members. Additionally, in four decades, the Institute’s leadership could not convince the Chartered Accountants (CAs) of the potential benefits of supporting a merger with the Society so as to create a dominant national body.
1.4 Scenario for Investigation

This historical study examines the four unsuccessful attempts to unite the two major professional accounting bodies in Australia, the Society and Institute. After early years of regionalism and duplication, the Australian accounting profession witnessed various successful unifications, as has been noted earlier and will be addressed further in later chapters. Some attempts at unification were regional and some were based around the notion of public versus non-public practice. Appendix A1 presents a summary of these successful unifications. However, while there have been many successful unifications, the last successful merger of two professional accounting bodies in Australia occurred in 1966, which was 50 years ago, at the time of writing this chapter in 2016. After this last successful unification in 1966, all further attempts to unify and consolidate the Australian accounting profession have failed, and the episodes of merger attempts between the two dominant bodies have covered a period of nearly four decades. This research examines the unique nature of these episodes and their effect on the structure and operations of the accounting profession.

1.5 Period Selection

This study focuses on the period from the late 1960s until the late 1990s, and the four merger attempts voted upon between 1969 and 1998. However, as the first merger attempt began to develop in the late 1960s, a particular commencing year is not selected to seek information related to the matter. Both bodies first made official announcements about merger intentions in the late 1960s. However, this study also examines some years before these official announcements because of the identification of some “signals of movement” (Carnegie & Edwards 2001, p. 301) associated with the notion of full unification of the Australian accounting profession, based on earlier statements and activities.

1.6 Study Motivation and Importance

The accounting profession has great importance to a country's social and economic context due to its role in business, services, the community and governmental work. Key historical developments in Australia’s society, economy and business world have shaped the present structure and operations of the accounting profession, and the three remaining professional bodies at the national level. Thus, studying history is crucial to understanding professional accounting in Australia, and solutions to current problems may emerge by understanding past
contexts (Carnegie & Napier 1996). The outcomes of events such as unsuccessful mergers have influenced and shaped the policies and strategies of the bodies involved in these processes (Previts, Parker & Coffman 1990a).

Based on a reading of the relevant literature, it is apparent that there is no other example of any other professional group in general, or national accounting profession in particular, either globally or in Australia, in which two relatively strong and successful professional bodies have mounted four unsuccessful merger attempts. Thus, a study of this prominent case is valuable and promises a significant contribution by providing historical explanations that better inform understandings of the present, and enlighten thinking and decisions about the future. The findings of this study are also intended to inform professional accounting bodies, as well as their members and regulators, about how contemporary structures and processes have emerged from historical events. This study can also assist in assessing viable strategies and pathways for the future to enable change in the Australian accounting profession’s structure and operations.

Studies of merger attempts by accounting associations in various other countries have been a fertile area of research and have been published in leading refereed journals (see, for example, Lee 2010; Miranti 1986a, 1986b; Richardson 1989a, Richardson & Jones 2007; Shackleton 1995; Shackleton & Walker 1998, 2001; Walker 2004; Walker & Shackleton 1995, 1998). These strong precedents of research in similar scenarios strengthen the case for this Australia-specific study, with the express aim of contributing to the literature on this subject. Individuals may learn from failures at least as much as from successes. This is the first non-European and non-North American study of this kind which is intended to augment knowledge by providing explanations for the failures of merger attempts, rather than the successes in other contexts that many other studies have examined. These factors all contribute to the originality and significance of this study. This study also responds to calls that have invited researchers to examine whether factors that contribute to the mounting of merger attempts of accounting associations and their consequential failures are observable internationally (Lee 2010), or whether certain factors or themes are only relevant to a specific country.

1.7 Objectives and Research Questions

1.7.1 Research objective
The express objective of this Australian historical study is to critically examine the four unsuccessful merger attempts between the Society and the Institute, and identify the factors that contributed to the failures of these mergers. The study seeks to identify the factors that precipitated the merger proposals and the strategies adopted by both bodies in each attempt. This study will also analyse the implications of these failures for the structure and operation of the Australian accounting profession.

This study has five main research questions stemming from the key research objective. All these research questions will be answered in the chapters on each merger attempt, while a comprehensive comparative discussion will be provided in Chapter 9.

1.7.2 Research questions

This study’s research questions are as follows:

1. What were the reasons for mounting each of the four merger attempts between the Society and the Institute?
2. What strategies were adopted by the Society and the Institute in each of the four merger attempts?
3. What key factors contributed to the failure of each merger attempt?
4. What were the reactions of various stakeholders to the proposals for unification and their subsequent failures?
5. What were the long-term implications of the unsuccessful merger attempts for the Australian accounting profession?

There are five chapters dedicated to the merger attempts, one for each merger attempt, and a subsequent chapter comparing the facts, causes and consequences of each merger attempt.

1.8 Literature Selection 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 provide context-specific background information, that is, historical explanations of the structure and operations of the accounting profession, both before and during the period under investigation. 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.

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 tighten 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 1989a; 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.

1.9 Conceptual Framework
According to West (2003, p. 13), the “dissonant character of the sociology of professions literature means that it does not offer a generally accepted theory of professions that is ‘ready-made’ for application in explaining and evaluating the circumstances of particular occupational groups”. Thus, this study blends two complementary theoretical constructs to assist in explaining the business model adopted by both accounting bodies for accepting their members and the operational implementation of professional boundaries within the Australian accounting profession. The first draws upon the boundary-work concepts of Thomas Gieryn (Gieryn 1983, 1995, 1999; Gieryn, Bevins & Zehi 1985), who focused on the delineation between “science” and “non-science” as a means of constructing a social boundary involving processes of inclusion and exclusion. Gieryn’s boundary-work concept has been used “to study the construction of differences between ‘us’ and ‘them’” (Grbic 2010, p. 109). It embraces “boundary setting, maintenance, blurring, bridging, shifting, etc.” (Grbic 2010, p. 109). In her application of boundary-work concepts to the divide between local and foreign-trained accountants in Ontario, Annisette (2017, p. 1) emphasised the importance of “discursive resources” in “sorting people into groups” and creating “conceptual distinctions between them”. That is, “Boundary-work refers to a specific type of linguistic practice” (Annisette 2017, p. 3; also see Chua & Poullaos 1998; Kirkham & Loft 1993; McKinstry 2014; Walker 1991). Annisette (2017) provides the most recent and distinctive application of boundary-work concepts in accounting literature, building upon the original boundary-work concept of Gieryn (1983), who also identified the use of language to distinguish between “us” and “them” as individuals invoke discursive arguments to claim their superiority.

The boundary-work concept has been used by several researchers in a wide array of research settings (Allen 1997, 2001; Anagnostopoulos 2006; Bach, Kessler & Heron 2012; Carmel 2006; Hunter 2005; Jasanoff 1995; Lamont 1992, 2000; Pacholok 2009; Pachucki, Pendergrass & Lamont 2007; Perry 2002; Sherman 2005, 2006; Wray 2006). Boundary work has also been used in studies of the accounting profession (Annisette 2013; Annisette & Trivedi 2013; Young 2014) and to examine the regulation of the audit profession in France (Hazgui & Gendron 2015). As aforementioned, the second theoretical construct is the “dilemma of exclusiveness versus market control” as a “basic casus belli” in connection with expert occupations (Macdonald & Ritzer 1988, p. 257).
The boundary-work construct is used to help explain how accounting professionals delineated different forms of professional services, leading to the MIPP and MNIPP dichotomy. This categorisation was important in creating and ultimately maintaining boundaries between the memberships of the Institute and the Society. As Annisette (2017) explains, language is used as a tool to create different categories that place individuals into a hierarchy. The second theoretical construct complements the first framework and permits more comprehensive explanations to be provided, specific to the context of professional groups and their organisational strategies. This construct is applied in this study to show how professional boundaries were part of the distinctive strategic positioning of each of the two major professional accounting bodies in Australia, and were then jointly reinterpreted in the form of the proposed strategy of the merged organisation. The “dilemma of exclusiveness versus market control” has been a key feature of the British, Canadian and Australian accounting professions (Annisette & O’Regan 2007; Carnegie, et al. 2003; Carnegie & Parker 1999; Carr-Saunders & Wilson 1964; Poullaos 1993; Richardson 1989b; Walker & Shackleton 1995).

1.10 Methodology and Data Collection Methods

This study is “grounded firmly in the archive” (Carnegie & Napier 1996, p. 31) and provides a critical and interpretive account of the four merger attempts. Primary sources and oral evidence are drawn upon, supplemented by secondary sources. The relevant archival records were largely drawn from the Jill Bright Archives of CPA Australia. Unfortunately, most minute books and many other official records of the Institute relating to the period under study and the episodes under examination have not survived. However, the CPA Australia library has kept most of the original documents released by the Institute to the public and its members. The collection of merger-related archival records available from CPA Australia are augmented with oral history interviews conducted with four former presidents of the Society, two former presidents of the Institute and a seventh individual who was a member of the general council of the Society.

For the first merger attempt, two members of the Society who held positions on the organisation’s general council in the late 1960s were interviewed, one of whom was the president of the Society at this time. Another four interviews covering the second and third merger attempts were conducted with the president of the Society and president of the
Institute who were incumbent when these merger attempts took place. For the fourth merger attempt, only the then president of the Society was available for interview.

In this study, the process of data collection and analysis had three main steps: (i) collection of data from archives, including published official and non-official documents; (ii) collection of oral history information; and (iii) interpretation of findings.

1.10.1 Archives and written documents

The use of archives to conduct accounting studies has been advanced by several 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 postrevisionist 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.

1.10.2 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. As aforementioned, six interviews were conducted with the presidents of the Society and the Institute who were available for these interviews and a seventh interview was conducted with a former member of general council of the Society.

1.10.3 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. Finally, the two theoretical frameworks were applied to analyse the findings and provide answers to the five research questions. As stated earlier, each of the four merger attempts is allocated a separate chapter, and these chapters collectively respond to the research questions.

The evidence and the researcher’s 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, extrapolating lessons, making inferences, considering meanings” (Patten 2002, p. 480). As outlined earlier, this study employs the boundary-work concept of Thomas Gieryn (Gieryn 1983, 1995, 1999; Gieryn, Bevins & Zehi 1985), as informed by the interpretation of Annisette (2017), as well as the “dilemma of exclusiveness versus market control” construct (Macdonald & Ritzer 1988, p. 257). 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.

1.11 Study Limitations
The major limitations of this study include a lack of available surviving records for examination, as well as the inability to interview some of the key actors who were involved in each of the four periods due to their passing, migration from Australia, unwillingness to participate or inability of the researcher to trace the individuals. For example, the president of the Institute for the first merger attempt could not be traced, as the period covered by the first merger attempt was 50 years ago. For the fourth merger attempt, the then president of the Institute did not respond to a request for interview.

In addition, not all documented sources survived for this study, while publicly available written records have the drawback that they only capture what was considered relevant for public consumption. In all cases, there is a predefined purpose for prepared and distributed documents, which can limit, distort or falsify facts. In addition, professional bodies depend on a measure of confidentiality (Tosh 2010); thus, some documents that are available in archives may not be accessible for research of the genre presented in this work (Bryman 2008). This was the case for the Society’s minutes of meetings of its general councils, as access to them was declined.

Further, oral history has many limitations. It is costly and time-consuming to conduct interviews, which can be exacerbated because potential interviewees may reside anywhere in the world or be dispersed throughout Australia (Tosh 2010). This was overcome in one instance by conducting a telephone interview with one interviewee. For others, interstate and long distance travel was undertaken to conduct the interviews. Tosh (2010) added that interviewees may be reluctant to cooperate, unable to recall facts or happenings, or unwilling to give their perspective on specific events and conditions. Interviewees may also feel that certain facts are too private or that revealing them may attract controversy. However, for this study, all seven interviewees were found to be very open and frank in their discussion about the merger attempts.

Additionally, as time passes, people have memory lapses that can result in errors of omission. People also sometimes make assertions that may not be carefully thought out. There is a limit to the number of people who can be interviewed, and people’s memories may be modified by the effect of subsequent experience and recollections of other people (Tosh 2010). This was a particular limitation for a couple of interviews in which the interviewees stated that they could not recall certain details when responding to the interview questions. However, others seemed to have good recollections of the dated merger attempts.
1.12 Summary

This chapter has provided an overview of the thesis and its structure. This study is concerned with the background and factors leading to the mounting of four merger attempts between the Institute and the Society in order to outline and discuss the merger processes and to explain the reasons for their failure, using insights from the theoretical perspectives employed. These findings then provide the foundation for some broader inferences about the operational implementation and maintenance of professional boundaries in the Australian accounting profession, and the strategic positioning of different professional associations within “a pecking order” (Carnegie & Parker 1999, p. 96). More specifically, the study addresses how accounting professionals created a hierarchy within different types of professional services, primarily to create a distinction between MIPP and MNIPP. This was an important boundary between the memberships of the Institute and the Society, and the failed merger attempts tended to perpetuate this distinction. The next chapter provides a review of relevant literature and identifies the gap in the extant research that this study aims to fill.

1.12.1 Thesis structure

- Chapter 1: Introduction
- Chapter 2: Literature review
- Chapter 3: Methodology and data collection methods
- Chapter 4: Theoretical framework
  - Boundary work
  - Dilemma of exclusiveness versus market control
- Chapter 5: First merger attempt
- Chapter 6: Second merger attempt
- Chapter 7: Third merger attempt
- Chapter 8: Fourth merger attempt
- Chapter 9: Comparison of four merger attempts
- Chapter 10: Summary and implications
- References
- Appendices
Chapter 2: Literature Review

2.1 Introduction

This chapter provides a review of the literature that informed this study, and identifies the gaps in the existing literature that provided the motivation for conducting this research. This historical study uses relevant literature on the sociology of professions and applies two branches of the extant accounting literature: (i) previous historical studies that examined the development, structures and operations of the Australian accounting profession and (ii) studies examining the mergers of professional accounting bodies, primarily in other countries, but also within Australia.

This chapter is structured in four sections. The first section examines the sociology of professions literature. The second section provides a review of studies on the accounting profession, with a particular focus on Australian studies. The last section examines studies on the merger of accounting associations in other countries, primarily in the UK and Canada, because the Australian accounting profession has a similar structure to the professional associations of those two countries. The subject matter of this study, the four merger attempts between the Institute and the Society in Australia, is a relatively unexplored area in the context of historical accounting research. However, it should be noted that some accounting researchers have briefly outlined or discussed these merger attempts as part of a broader context while investigating other topics (Carnegie 2009; Carnegie et al. 2003; Carnegie & O’Connell 2012; Linn 1996; Poullaos 1994; Velayutham 1999). Hence, the comparative literature on the mergers of accounting associations is mainly available in the international context, which presents a strong case to conduct this study.

2.2 Sociology of Professions

The sociology of professions (SOP) literature does not provide any concise definition of the term “professions”. Willmott (1986) provided a critical socioeconomic perspective of professions and argued that professions are self-governing bodies that safeguard private interests in the context of the market, state and community. According to West (2003, p. 14), “[P]rofessions are occupation-based structures of authority and vested with responsibility for overseeing specific domains within society”. Evetts (2003) characterised a profession as an
occupation that is based on tacit and technical knowledge. Within this context, this study examines two competing Australian accounting bodies that have competed for members and share of accounting services for many years before a legitimacy crisis forced them to work together on matters of mutual interest. According to Larson (1977, p. xvii):

Professionalisation is thus an attempt to translate one order of scarce resources—special knowledge and skills—into another—social and economic rewards. To maintain scarcity implies a tendency to monopoly: monopoly of expertise in the market, monopoly of status in a system of stratification.

Carnegie and Edwards (2001, p. 301) argued that, “professionalisation is a dynamic process involving a diversity of what we term “signals of movement” by an occupational group towards occupational ascendency”. Such signals are evident both before and after the formation of professional (occupational) associations. West (2003) held a sceptical view of the usefulness of the literature related to the study of professions. In response to the ambiguity in the SOP literature surrounding the term “professions”, West (2003, p. 44) cleared some confusion by presenting an argument that the major substance of any profession is the “occupational authority” enjoyed and exercised by it.

The professional project attains more motivation from the “economic self-interest of accountants than their duty to protect a public interest” (Lee 1995, p. 55). Professions seek economic and other tangible rewards, such as those related to status, prestige and market dominance, which is achieved through the creation of monopoly and the practice of explicit and implicit exclusion (Larson 1977; Macdonald 1995; Willmott 1986). Therefore, professions are seen as groups striving for control, who operationalise their strategy of exclusivity by setting strict entry requirements for the profession, such as academic education, work-related training and experience (Lee 1995), and “unless an individual satisfies these criteria, professional membership is impossible and certain service opportunities denied” (Lee 1995, p. 49). The case of the four Australian merger attempts aligns with the arguments presented by Lee and other researchers, where the two major bodies in the Australian accounting profession were faced with challenges and saw opportunities to change the structure of the Australian accounting profession in exert more control and influence.

The accounting profession was formally institutionalised in Britain during and immediately after the industrial revolution (Lee 1995). However, the main reason for its development was
increasing demand for the services of public accountants after the failure of many joint stock companies (Bailey 1992) and the enactment of new legislation, such as the Bankruptcy Act (Macdonald 1985). West (2003) rightly pointed out that in addition to the demand for accounting services, another compelling reason that led accountants to organise into groups was the legal requirement imposed on companies to have their financial statements audited. Therefore, it can be argued that, “accountancy has not evolved in the industrialised world as an absolute science but as a response to economic and social factors” (Briston 1978, p. 117). The first accounting body in the English-speaking world formed in 1854 by Scottish accountants was Edinburgh Society of Accountants (ESA) (Brown 1905; Walker 1995) as a response to the mounting pressures of industrialisation and likely competition from the legal profession (Walker 1995).

In the US, accountants made their first attempt to organise in 1882 by forming the Institute of Accounts (Lee 1995), while the first global attempt to organise the accounting profession was made by accountants in Venice in 1581, by forming an accounting association (Annisette 1999). The Institute of Chartered Accountants in England and Wales (ICAEW) was established in 1880 (Lee 1995). One common theme among these professionalisation attempts was the pursuit of “economic self-interest in the name of a public interest” (Lee 1995, p. 53). Meanwhile, the professionalisation of accounting was also occurring in Austria, France, Germany and Italy (Bailey 1992). The history of the British and US accountancy professions is marked by intraprofessional rivalry (Lee 1995), and members expedited pursuits to exercise control and monopoly over the profession (West 2003). In contemporary times, there has been a fundamental bipolarisation of professional accounting bodies around the world: one inspired by the British concept of CA, and the other inspired by the American concept of Certified public or practising accountant (CPA).

2.3 Australian Studies

The professionalisation of accounting in Australia began with the formation of Australia’s first accounting body in 1885. Following this, numerous other bodies were formed as the Australian accounting profession progressed through the process of professionalisation. Various previous studies have addressed issues related to the earliest efforts to professionalise the accounting occupation in Australia, encompassing the import of the British model of profession, coupled with issues of 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 contributed to the accounting history literature, while simultaneously making key additions to the literature on the SOP. As the model of the Australian accounting profession was inherited from Britain (Parker 1989), the inherent features of duplication and regionalism were also imported. These features also spread to New Zealand, South Africa and Canada, where the British accounting model was also imported by local accountants (Parker 1989).

Official histories of each of the two major accounting bodies, the Institute and the Society, have been written (see, for example, Graham 1978; Kenley 1963; Linn 1996; Marshall 1978; Walton 1970). There are also some examples of unofficial histories compiled by senior members of the profession (see, for example, Creaney 1984). These studies provide an account of earlier developments in the structure and operations of the accounting profession. They also provide a descriptive historical account of various phases and periods in the development of the Australian accounting profession. Although the majority of these studies were conducted in the period covered by this research project, it is important to note that these studies do not address the issue of the merger of both bodies. For example, Linn (1996)8 presented an overall historical account of the accounting profession, but did not examine in detail the four unsuccessful merger attempts. Carnegie and Napier (2012, p. 343) argued that, generally, official histories are “not subject to critical comment” and strong reliance on such sources can lead to a “less critical position being taken” (Carnegie & Napier 1996, p. 24). Hence, this strengthens the case for the current study, which specifically examines the failure of the four merger attempts and provides a critical analysis of the reasons for mounting the attempts, as well as an analysis of their consequential failures.

During the final decades of the 19th century, the accounting profession in Australia lacked an overarching formal structure and the process of professionalisation was still in its infancy. Thus, several bodies were emerging on a regional basis within the six British colonies in Australia, known as Australian states from 1901 (Carnegie & Edwards 2001). Therefore, duplication of associations was a key characteristic of the Australian accounting profession.

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8 Linn (1996) provided brief details of three unsuccessful mergers, which are part of current study, with slightly more information provided on the first merger. In addition, Linn (1996) provided details of various other successful mergers, including the 1966 merger of the Society with the Australasian Institute of Cost Accountants, and commented that this successful merger marked a major change in the structure of the Australian accounting profession.
Initially, accounting bodies in Australia were organised on a colony or state basis (Carnegie 1993), with their names reflecting their regional interests in specific states, such as the IIAV formed in Victoria in 1886, the ADSA formed in 1885 in South Australia, the QIA formed in 1891 in Queensland, the SIPA formed in 1894 in New South Wales, and the TIA formed in 1897 in Tasmania (Carnegie, et al. 2003). These organisations were formed while the six states of modern Australia were independent colonies. Parker (1989) noted that, in the initial years of development of the accounting profession in Australia, every state had at least one body, while larger states had multiple bodies. Victoria had the greatest duplication of associations, with four competing bodies formed by the 1900s, including the IIAV as the earliest antecedent body of the CPA Australia (Carnegie 1993).

The characteristic of regionalism in the organisation of the accounting profession was natural due to all states in modern Australia historically being independent former colonies of Britain. It was not until Federation on 1 January 1901 that the Commonwealth of Australia was formed, thereby uniting the colonies (Carnegie & Edwards 2011; Chua & Poullaos 1993, 1998). Thus, formation of the Commonwealth of Australia and the ongoing professionalisation of accounting occurred simultaneously (Chua & Poullaos 1993). Among the various bodies that existed at the inception of the Commonwealth of Australia in 1901, the Victorian regional body of the IIAV was the largest and strongest in terms of both members and financial strength during the first few decades of Federation: it had “more members and more money” (Chua & Poullaos 1993, p. 709). A body that narrowly took the edge from IIAV as the earliest body of accountants formed in Australia was the ADSA, formed in 1885 (Carnegie, et al. 2003; Chua & Poullaos 1993, 1998; Gavens 1990; Parker 1961), merely five months earlier than the IIAV (Edwards et al. 1997). The Adelaide body was formed with an interest in acquiring a Royal Charter; however, it later did not pursue its stated objectives and the IIAV made the first (unsuccessful) charter attempt between the periods of 1904 to 1906 (Chua & Poullaos 1993). Thus, the first attempt to create exclusive boundaries, by means of a Royal Charter, around the membership of a professional accounting body failed. A second attempt to create boundaries around the public profession and the membership of an accounting association failed between 1907 and 1914, when the ACPA also attempted to gain a Royal Charter.

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9 Six British colonies, New South Wales, Queensland, South Australia, Tasmania, Victoria and Western Australia, became states in the Commonwealth of Australia (Clark 1981).
Carnegie, Edwards and West (2003, p. 791) examined the crucial period of 1886 to 1908 in the history of the Australian accounting profession, which “was a turbulent era in the development of an organised accounting profession within Australia”. However, as Chua and Poullaos (1993, p. 707) stated, around 1903, “a view had developed outside accounting circles that, perhaps, there was a danger in salaried and ‘public’ accountants being represented by the same association” because accountants were staking claims to the audit field and the accountancy industry was in its formative stages. These are the early signs of boundary construction, while the boundaries were later settled around the membership of both bodies. Chapter 3 discusses the construction of boundaries, which echoes the views expressed by Chua and Poullaos (1993). In addition to the formation of bodies concentrated on public practice membership, other bodies were formed around specialisations. This included associations such as the Institute of Factory and Cost Accountants, formed in 1926, and the Corporation of Consulting Accountants, formed in 1922. Other bodies were either formed to internationalise their efforts as far the adopted name had indicated, such as the International Institute of Accountants formed in 1933 (see Gavens 1990), or through some form of national status (such as the Association of Accountants of Australia formed in 1910; see Gavens 1990) or beyond Australian boundaries in the South-Pacific region, such as the Australasian Institute of Cost Accountants formed in 1921 (see Gavens 1990).

As the introductory chapter mentioned, between 1885 and 1952, 32 professional accounting bodies were formed in Australia (Appendix 1). The majority of these were formed during the first four decades after the formation of Australia’s first accounting body (Carnegie 1993; Carnegie & Parker 1989; Gynther 1967a; Parker 1989; Linn 1996) and demonstrated both rivalry and cooperation among themselves (Carnegie, et al. 2003). The IIAV, one of the earliest organisations, has been the main subject of many studies. For example, Carnegie and Edwards (2001) and Carnegie, Edwards and West (2003) studied the formation of the IIAV. They applied a prosopographical method of data collection to study the occupational and commercial backgrounds of the 45 founders of the IIAV. Chua and Poullaos (1993) examined the failure of the charter attempt by the IIAV in 1904, including its expansion strategies, as evident in its large membership base, including influential accountants of the time. When the IIAV made its application for a Royal Charter in 1904 (Chua & Poullaos 1993), it was firmly opposed by “groups threatened with exclusion” because such groups “fight to retain and secure their market position” (Chua & Poullaos 1993, p. 693). Hence, objections to the charter application by other accounting bodies and an inability to demonstrate support from
other stakeholders, such as the state, precipitated its failure. By employing Max Weber’s class–status–party model, Chua and Poullaos (1998) examined the earliest years of the formation of IIAV and the shift in its strategies. They studied the period from 1886 to 1903 and asserted that the IIAV had strong reasons to promote openness in its organisational structure, rather than a closed formation. Thus, the failure of first charter attempt was also the first failure to construct boundaries around membership of an organisation, using exclusivity as organisational strategy. The motivation behind constructing boundaries around the possession of a Royal Charter was the status associated with the title CA.

Regionalism was quite strong and differences within states varied in contentiousness, but included issues such as the climate, natural resources, laws, infrastructure and custom duties (Poullaos 1994). Even with Federation and the formation of the Commonwealth, “the tensions which held up Federation did not disappear” (Poullaos 1994, p. 51) and politicians such as Alfred Deakin were well aware of the “depth of opposition to Federation” (Poullaos 1994, p. 52) before its inception.

The timing of the IIAV’s formation was directly related to a proposal of the (English) Society of Accountants and Auditors (SAA), formed in London in 1885, to establish its first branch in Melbourne in December 1885 under “a ‘British Empire’ policy” (Garrett 1961, p. 14), with the strategy of market control at its core. The SAA was formed in response to the closure practices of the ICAEW: in other words, it was an attempt to challenge the exclusiveness strategy adopted by the ICAEW, with boundaries set around the membership of that body, and to follow the strategy of market control. Among other objectives of the SAA, one aim was to expand its base in overseas countries by increasing its membership within the British Empire (Carnegie, et al. 2003; Garrett 1961; Johnson & Caygill 1971; Parker 1999).

The local accountants rejected the branch formation proposal presented by Charles A Cooper of the SAA as “Commissioner for Australia”, and proceeded to establish their own local organisation in the form of the IIAV. While the 45 foundation members of IIAV, all of whom were men, were to be “sufficiently well-established in public practice” (Carnegie & Edwards 2001, p. 319), it was decided that new members of the IIAV, to be known as “associates”, would be of similar reputation of the founders, but sourced from an array of organisations beyond the realm of public practice and from among the principal clerks in accountants’ offices. This key development was probably due to the influence of Cooper, who proceeded
to form a local branch of the Empire-focused SAA in Melbourne as a competitor to the new local accounting association.

The SAA itself was effectively unable to build exclusivity in Britain due to the earlier establishment of the three chartered accounting associations in Scotland from 1853, and due to the formation of the ICAEW in 1880 (Chua & Poullaos 1998). Thus, the SAA was essentially operating outside the domain of public practice in Britain, which resulted from the earlier construction of MIPP membership boundaries by the three associations of CAs. This situation was similar to the 19th century Scottish controversy regarding the authority of phrenology when anatomists engaged in boundary work in order to push phrenologists outside the boundaries of astronomy (Gieryn 1983). The IIAV adopted an inclusive strategy because, in the local time-specific context, “openness had more to offer than closure” (Chua & Poullaos 1998, p. 170). In short, the organisational strategy of the SAA premised on market control effectively became the organisational strategy of the IIAV, thus creating flexible boundaries around its membership based in a wide array of organisations and firms, which guided the IIAV from the time of formation, with an initial focus on Victoria, to the time of writing, as the ongoing CPA Australia with a strong international orientation.

Subsequently, key founding members of the IIAV who were seeking higher professional status controversially defected from that body and helped form the ACPA in 1907, which was incorporated in 1908, in Sydney (Carnegie et al. 2003). This body “restricted membership to those engaged in public practice” (Carnegie et al. 2003, p. 793) and drew members from other state-based accounting associations, thereby creating a distinctive organisational boundary based on exclusivity. The ACPA was formed exclusively for accountants as MIPP, with the aim of elevating their collective professional status based on occupational closure and exclusion (Carnegie & Edwards 2001; Carnegie, et al. 2003). In other words, this was the first national attempt to create boundaries around the membership of a professional body based on public practice. The Australian accountants behind the move to form the ACPA had examined the British bodies as models of professional associations. Most of the charter-based British bodies had adopted strict closure strategies and emphasised exclusivity through restricting boundaries around their membership. Public practice was clearly viewed as a means to elevate professional status in society, particularly in the class- and status-conscious British society. According to Carnegie, Edwards and West (2001, p. 795), “traditionally, public practice has been represented as the most elevated medium for the provision of
professional services”. The higher status for MIPP is derived from the greater authority and freedom they have in offering their services. Further, it is associated with the type of work done and opportunity to gain experience across different sectors and with different organisations. As Carnegie, Edwards and West (2001, p. 796) stated, “public practitioners enjoy autonomy and have the right to select or decline clients and provide an avenue for escape from being ‘working class’”.

The establishment of the ACPA\textsuperscript{10} made the distinction between MIPP and MNIPP clearly visible at the national level, as opposed to the colony or state level. The ICAEW had a strong effect on the development of the Australian accounting profession because, in the initial years, Australian bodies such as the IIAV and others aimed to model themselves on the ICAEW (Chua & Poullaos 1993). However, it is also noteworthy that the IIAV did not follow the organisational strategy adopted by the ICAEW; rather, it later adopted the market control strategy which was due to the influence of SAA making attempt to form a local body (Carnegie, 2016). Thus, the ACPA was created by applying the notion of boundary work by excluding MNIPP from the membership of this new national body. According to Gieryn (1983, pp. 787–788), this is a “useful ideological style when monopolizing professional authority and resources in the hands of some”. Thus, the ACPA attempted to exert control over entry to the market of public practice via members who were specialists in the delivery of public practice services, monopolising access to this service delivery only to its members.

Later, the IIAV and ACPA became the first antecedent bodies of the contemporary CPA Australia and CAANZ, respectively. Carnegie, Edwards and West (2003, p. 792) stated, “the key intraprofessional status differential has been that of public practitioners vis-à-vis those employed in industry, government and other areas”. The membership strategy adopted was a key distinguishing feature between prominent bodies, such as the IIAV, an inclusionary strategy) and the ACPA which adopted an exclusive strategy. This thesis’s chapter 4 on theoretical frameworks explains one of the interpretive frameworks applied in this study: “the dilemma of exclusiveness versus market control” (Macdonald & Ritzer 1988, p. 257). This framework is applied to further understand the “business model” adopted by professional accounting associations in Australia. For example, the IIAV decided to have fewer restrictions to its membership because, as aforementioned, the IIAV had strong incentives to adopt a less exclusive strategy to target a broader membership base (Chua & Poullaos 1998).

\textsuperscript{10} The ACPA was formed through the merger of the SIPA, the TIA and the CAA of Australia (Gynther 1967a).
Hence, it adopted a membership strategy that “did not distinguish between different types of accounting work” (Carnegie, et al. 2003, p. 793). In contrast, the ACPA adopted a more exclusive model and “restricted membership to those engaged in public practice” (Carnegie, et al. 2003, p. 793). In other words, the boundaries of membership were relaxed in the case of IIAV, while the ACPA created significant boundaries around its membership. That is, the “business model” of creating an exclusive body was implemented at the micro level by restricting entry through creating boundaries. In fact, during the early years after formation, most bodies adopted the exclusive model. This was the case for the ADSA, which restricted its membership between 1885 and 1890 to accountants who were engaged in public practice only. Most organisations were formed with a view of replicating the exclusive model of the ICAEW, but did not pursue this objective in their long-term strategies. The IIAV’s founder initially sought to form and develop an association of “public practitioners” (Carnegie, et al. 2003). However, it quickly switched to what became a long-term strategy of market control. Thus, the initial plan of the IIAV founders did not eventuate, as explained in later sections of this thesis (Carnegie 2016). The adoption of two different strategies led to intraprofessional conflict in the Australian accounting profession, and the formation of the Society and the Institute.

The formation of the ACPA was the result of developments within the IIAV and was also related to the ambitions of accountants to form an accounting body exclusively for MIPP. Carnegie, Edwards and West (2003) observed that the founder members of IIAV held senior positions in the first 23 years and shaped its policies. The IIAV was formed with the aim of modelling an ICAEW-type body, which was formed with a Royal Charter. However, the IIAV founders realised that their territory was small compared with Britain, and decided to include members who were in industry, mercantile and government positions. As Carnegie (2016) stated that there was a danger of competition from SAA as well which was planning to establish a local body in Victoria equipped with market control strategy. This meant that the IIAV adopted a market control strategy, rather than a strategy based on exclusiveness. Accordingly, the early objectives of the IIAV demonstrated the adoption of a strategy of market control and did not confine membership only to public practitioners. Therefore, a specialist public practice association, as an established profession, did not exist in those times in Australia, and someone not in public practice could be reputable and influential. As Chua and Poullaos (1993) demonstrated, the IIAV sought to include influential salaried accountants who had influence within state bodies. In this situation, influential professionals, such as the
Comptroller of Accounts from Railways, could not be excluded from membership to the IIAV. Hence, the market control strategy, or having relaxed boundaries around the membership of a professional body, was an automatic choice for the IIAV.

As Carnegie, Edwards and West (2003) and Chua and Poullaos (1993) noted, the IIAV founders decided not to confine the body to members only in public practice, and, in order to expand the membership base, they opted to include a viable number of memberships. This strategy was also adopted in light of anticipated competition from the London-based SAA which proceeded to establish a local branch in Australia. Consequently, the IIAV relaxed entry conditions and thus attracted a higher number of members, although this led to a “dilution in the quality of membership” (Carnegie, et al. 2003, p. 802). In 1904, the IIAV made a failed attempt to gain a Royal Charter. This outcome upset members who aspired to model the IIAV in a similar manner to the ICAEW. Therefore, these members attempted to distance themselves from the IIAV (Carnegie, et al. 2003; Chua & Poullaos 1993) in two ways. First, as noted by Carnegie, et al. (2003), by 1910, of the 19 surviving founders of the IIAV, seven founder members had resigned and joined the ACPA, 10 remained with the IIAV and two had become members of both bodies. More importantly these members who left the IIAV were founding members of the ACPA. When the ACPA was formed, even the then president of the IIAV, Fred Wilson, took a seat on the Victoria State Council of the ACPA. This was not considered a conflict of interest; rather, his presence was seen as safeguarding the interests of the IIAV. Second, the sons of the IIAV’s founders entering the accounting profession preferred to join the SAA than the IIAV. The ACPA had 13 sons of IIAV founders, of whom five had defected from the IIAV and eight had shifted from the SAA (Carnegie, et al. 2003).

The ACPA subsequently become the Institute of Chartered Accountants in Australia on 19 June 1928, when a Royal Charter was granted to 28 accountants in public practice, adding further kudos to this category of professional accountant (ICAA 1969, p. 6). The formation of the Institute as an elite body equipped with a Royal Charter crystallised the professional boundaries between MIPP and MNIPP in the Australian accounting profession. The founding members of the ACPA and the Institute pushed MNIPP outside their boundaries because construction of boundaries was useful in their “pursuit of professional goals: acquisition of intellectual authority and career opportunities, denial of these resources” to MNIPP (Gieryn 1983, p. 781). The Melbourne-based Society was incorporated on 13 October 1952 from the
amalgamation of three professional accounting bodies that mainly represented MNIPP: The CIA, previously known as the IIAV, the FIA and the AAA (Kenley 1963). Subsequently, the Australasian Institute of Cost Accountants merged with the Society in 1966, as explained in Appendix A, which presents a summary of the antecedent bodies of both the Institute and the Society.

Members of the Society were mainly employed in commerce, industry and government, while the Institute’s members were largely involved in public practice (Carnegie & O’Connell 2012; also see Carnegie et al. 2003). At the time, public practitioners in accounting typically accrued experience operating in several different industries and different organisations in the same industry, thus securing a diverse knowledge and broad understanding of the discipline. In contrast, the Society members of the era were more likely to be confined to the general accounting and administrative affairs of a single organisation across given periods, thus generating an understanding of accounting that tended to be limited to specific organisational contexts, which may have provided narrow professional experience, especially for those who did not commonly change their employers.

The Institute positioned itself as the elite accounting association in Australia, with its long-held public practice orientation and exclusive Royal Charter, while the Society was comfortable with a strategy that focused on market control and associated financial security in comparison with smaller professional associations. The Institute and the Society were in competition with each other to attract members and advance their status, but were recognised as adopting different organisational strategies (Carnegie & O’Connell 2012). The professional accounting practice roles played by members of both organisations assisted in making their boundaries firmer until, finally, the boundaries were commonly settled around the membership affiliations of qualified accountants of these two associations, which resulted from two different organisational strategies. The original professional boundaries were created around MIPP as a generally perceived superior vocation. However, as the share of the Institute members engaged in public practice gradually decreased over several decades, its boundaries shifted towards emphasising its status as an elite organisation with a Royal Charter, rather than an association comprising only public practitioners. The Chartered Accountant title became a premier professional brand in Australia and a boundary was created around its exclusiveness, and subsequently around membership to the Institute.
Carnegie, Edwards and West (2003, p. 811) provided a summary of the intraprofessional rivalry and creation of boundaries in the Australian accounting profession that led to the formation of the two rival accounting bodies:

The ACPA, armed with its Royal Charter and renamed the ICAA, continued with its essentially elitist stance and maintained a restrictive membership policy. In contrast, the future of IIAV lay in the procession of mergers of associations with generally more permissive entry requirements that led to the creation of the Australian Society of Accountants (ASA) in 1952. The professionalisation strategy evident in these circumstances was that of exerting influence through the amassing of members and resources.

The four unsuccessful attempts to unite the Society and Institute as key professional accounting bodies in Australia were not the first merger failures experienced by the Australian accounting profession and there have been other unsuccessful merger attempts to create a united profession in Australia. Such efforts were first made in 1901, along with the formation of Commonwealth of Australia, when the earliest attempts by professional accounting bodies were made to “explore the possibility of a common association” (Chua & Poullaos 1993, p. 703). A merger of all bodies was viewed as an organisational strategy and the IIAV, the ADSA, the TIA, the Incorporated Institute of Accountants in New Zealand, the SIPA and the QIA were involved in such discussions during three conferences held from 1901 to 1903. As Chua and Poullaos (1993) stated, dating back to 1897, accountants attempted to achieve some form of cooperation so that the regional associations formed in different states could expand their domains. They discussed mutual recognition of members, holding joint examinations for accountants and forming a national accounting body, namely, the Australasian Institute of Public Accountants. The most contentious issue was including members from perceived lower status organisations that were heavily represented by MNIPP. Professional bodies were divided over the issue of exclusivity versus market control. Some bodies proposed the idea of a unified profession that included practitioners from all sorts of roles that were directly or indirectly related to accounting, with some reasonable claims to competence. This led to the first failed attempt to unify the accounting profession in 1901: at the Sydney conference of accounting bodies from Australia and New Zealand on the issue of including members from non-public domains and perceived lower status work. This motion failed at the Sydney conference by show of hands, based on disagreement around the status of MNIPP. During these discussions, the dispute was also on domicile of any new body. Both
the SIPA and IIA wanted to have the head office of new body in Sydney and Melbourne respectively, which was associated with “colonial pride and identity” (Chua & Poullaos 1993, p. 710).

This provides an important historical background to the formation of the two accounting bodies and the construction of boundaries in the Australian accounting profession. Even during the initial years of the professionalisation of accounting, the issue of contention was that of MIPP and MNIPP. Attempts to form a national organisation to represent all accountants failed for similar reasons, which ultimately led to the failure of four merger attempts. Chua and Poullaos (1993, p. 710) asserted that the factors creating a regional divide between accountants included regional pride and identity among accountants in New South Wales and Victoria. They stated that “Sydneysiders and Melburnians were still thinking themselves as belonging to the independent British colonies of New South Wales and Victoria, which had long competed with each other for primacy both economically and culturally” (Chua & Poullaos 1993, p. 710). The last successful merger of two professional bodies in Australia was in 1966, when the Australasian Institute of Cost Accountants merged with the Australia Society of Accountants. Since then, the accounting profession has struggled to successfully work together on the issue of moving to the full unification of the profession and, to date, all further attempts to unify the accounting profession in Australia have failed. The next section provides a review of studies in other countries where professional accounting bodies have attempted to merge.

2.4 Prior Literature on Mergers Between Professional Associations

Previous studies on mergers between professional associations help position the current study and indicate the relevance of the theoretical framework of boundary management and the “dilemma of exclusiveness versus market control” applied in this study. A review of the literature of mergers of accounting associations in other parts of the world helps identify gaps in the research related to the case of Australia’s four unsuccessful merger attempts.

In other national settings, mergers of accounting associations have been the subject of numerous studies (see, for example, Lee 2010; Miranti 1986a, 1986b; Richardson 1989a, Richardson & Jones 2007; Shackleton 1995; Walker 1991, 1995, 2004; Walker & Shackleton 1995, 1998). In these studies, many different issues were evident, although challenges to existing professional boundaries represented a common theme. In some cases, members
supported changes in boundaries, while, in other cases, the boundaries were successfully defended (see, for example, US: Miranti 1986a, 1986b; Britain: Shackleton & Walker 1998, 2001; Walker & Shackleton 1995, 1998; Willmott 1986; and Canada: Richardson 1989a; Richardson & Jones 2007).

Mergers between accounting bodies have been one of the most common strategies used by associations to secure their professional domain (Richardson & Jones 2007). The state has sometimes played a key role in encouraging mergers to create a single professional body in order to establish ethical standards and enforce internal discipline (Richardson & Jones 2007). In other cases, mergers have been motivated by desires to achieve market dominance, reduce costs, defend legitimacy and strengthen the professional brand as a response to market dynamics (Richardson 2002).

Regionalism, duplication and divisions between MIPP and MNIPP have been key features of the British, Canadian and Australian accounting professions (Annisette & O’Regan 2007; Carnegie & Parker 1999; Carr-Saunders & Wilson 1964; Poullaos 1993; Richardson 1989b; Walker & Shackleton 1995). In the US, the accounting profession was divided until a unified national body, the American Institute of Certified Public Accountants, emerged from several successful mergers (Miranti 1986a, 1986b) and provided “additional political leverage” (Miranti 1986b, p. 96). In Britain, a common official rationale apparent in the majority of merger attempts has been the perceived benefits of being able to negotiate with the state with one strong and clear voice (Walker & Shackleton 1995).

### 2.4.1 Britain’s merger attempts

In Britain, many accounting bodies were formed during the initial years of professionalisation, such as the ESA, ICAEW, the Institute of Chartered Accountants in Ireland (ICAI), the Society of Accountants in Aberdeen and the Institute of Accountants in Glasgow. These bodies were formed with a view to achieving higher professional status and monopoly over accounting services. Accountants of the time aimed to achieve status similar to that of the legal and medical professions. These professional accounting bodies were partially successful in meeting these objectives. They achieved professional status and occupational closure by securing Royal Charters, thereby creating professional boundaries.

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11 For example, on 13 September 1854, the ESA was formed with a Royal Charter, and later became the ICAS. The ICAEW was formed on 24 March 1880 and the ICAI was formed by Royal Charter in 1888.
around the membership of these associations. However, it is important to note that these bodies did not create a complete professional monopoly, which was the first motivation to lobby for charters. The literature on the merger attempts of British accounting associations provides various perspectives on the motivations for mounting such merger attempts, and the causes of their failures (Shackleton & Walker 1998, 2001; Walker 1991, 1995; Walker & Shackleton 1995, 1998a, 1998b, 2001).

British accountants have regularly attempted to restructure the profession in order to gain elevated status, ensure economic rewards and achieve further occupational closure through boundary management. Several studies have covered various eras of the British accounting profession’s quest to achieve these objectives (Walker 1991, 1995; Walker & Shackleton 1995, 1998a, 1998b, 2001). After 75 years of struggle, accounting associations in the UK gave up their attempts to create a legal monopoly for the accounting profession (Macdonald 1985). By the 1930s, an evident division between MIPP and MNIPP emerged in the UK. This was an issue of contention and cause of failure in the merger attempts of 1957 (Shackleton & Walker 1998, 2001). In other words, opposition to changes in the boundaries of membership of higher-status associations, such as chartered bodies, was a major factor that contributed to the failure of numerous merger attempts in the UK. The main body opposing the changes in professional boundaries was the ICAEW.

During the initial decades of the professionalisation of accounting in the UK, duplication and regionalism were key features (Parker 1989). In order to have strong control over the profession and create a monopoly of services after gaining a Royal Charter, accounting bodies12 aimed to secure state registration between 1890 and 1930 (Macdonald 1985). However, they repeatedly failed because the charter bodies could not convince the government as to the manner in which MNIPP were damaging the reputation of the overall profession, which was the argument presented by the charter bodies (Shackleton & Walker 1998). At various times, attempts to coordinate the British profession failed because bodies that held a higher status were not willing to “sacrifice a dilution of their status in order to achieve a greater object of rationalisation” (Shackleton & Walker 1998, p. vii). In other words, similar to the case of Australia’s four unsuccessful merger attempts, the British bodies

12 This included the Institute of Chartered Accountants in England and Wales, the Society of Accountants and Auditors, the Edinburgh Society of Accountants, the Glasgow Institute of Accountants and Actuaries and the Aberdeen Society of Accountants. By 1896, four bills were drawn up by various bodies and all were unsuccessful. Between 1901 and 1912 four more attempts were made before the matter was finally dropped.
that held a charter and higher professional status defeated attempts to change the boundaries of the profession, which were drawn around MIPP and membership to charter bodies.

Scottish accounting bodies enjoyed a near professional monopoly over the provision of public practice, and their members achieved a status associated with the title CA. The accounting profession and the term “chartered accounting” were promoted as synonyms by the media of the time (Walker 1991). The accounting profession was clearly established as a public accounting profession in Scotland. For example, in 1895, 85.4 per cent of Scotland’s public audit work was completed by Scottish CAs (Walker 1991). From 1884 to 1905, there were nine attempts to challenge the Chartered Accountant monopoly by altering the boundaries of Scotland’s accounting profession (Walker 1991). These attempts were all successfully quashed by the chartered bodies in Scotland. In 1886, the Scottish Institute of Accountants, which was perceived to be a lower status professional body, sought to implement a joint effort by all bodies to unify the Scottish accounting profession. This was an attempt to alter the boundaries of the Scottish accounting profession, and was similar to the case of the four Australian merger attempts. However, the Chartered Accountant bodies refused to cooperate at the leadership level. Any attempt to dilute Chartered Accountant status was successfully challenged by the claim that it was against the public interest and that the non-Chartered Accountant body members were not professional (Walker 1991). As Walker (1991, p. 268) stated “The chartered societies also presented derogatory evidence to illustrate that their competitors were not professionals but were engaged principally in commercial occupations—pursuits which were accorded a lower status in Victorian society”. Another argument was that the examinations used for CAs had higher quality than those at the Scottish Institute (Walker 1991). Thus, chartered bodies in the UK used boundary management to protect the boundaries of their professional associations and memberships in order to project their exclusive status.

Accounting was defined as a public profession by the bodies that were formed during the early years of professionalisation of accounting in the UK, comprising MIPP (Shackleton & Walker 2003). These bodies largely closed entry to the profession to accountants working in government positions and industry. As a result, the excluded members formed various other bodies and, by 1929, there were 17 accounting bodies (Shackleton & Walker 1998). This situation was similar to the Australian accounting profession, where multiple bodies were formed due to early stages of boundary construction around the notion of public practice.
During 1930 and 1935, the ICAEW entered discussions with Scottish bodies for a merger, but the top management of the ICAEW rejected the idea (Shackleton & Walker 1998). The idea of a merger meant changes to the traditional strategies of adopting exclusive status and changes in their respective boundaries. This example indicates how higher-status organisations are likely to be circumspect about proposals to merge with associations that they perceive to be of lower status. In other words, higher-status organisations and their members continue to justify and protect the boundaries of their membership and any modifications their organisational strategies by rejecting mergers with lower status organisations. These examples highlight the similarities between these prior situations and the way in which all four merger attempts in Australia failed for comparable reasons.

Studies by Walker (1991, 1995) indicated that the ICAS and its members generally perceived the ICAS to be of higher status than other organisations, which also resulted in the failure of the most recent attempt to combine the ICAEW and ICAS (see Lee 2010). Other chartered accounting bodies also have a perceived higher professional status. Contention between various accounting bodies has always been a key feature of the British accounting profession. For example, during a movement to coordinate the accounting profession in the UK during World War II and later years, some bodies were not included in the discussions, such as the Institute of Cost and Works Accountants, the Institute of Municipal Treasurers and Accountants and the Association of International Accountants (Shackleton & Walker 1998). A key reason behind the failure of various merger attempts in the UK profession has been occupational closure based on boundary construction. As the model of the Australian accounting profession was imported from the UK (Parker 1989), the inherent features of duplication, regionalism and occupational closure based on boundary construction were also imported.

Professional accounting bodies in the UK sought complete market control and to elevate their professional status further. They continued to propagate that MNIPP were damaging the status of profession. In 1966, the Board of Trade sought evidence from the ICAEW to support its view that unqualified members were not fit to undertake accounting work; however, the ICAEW refused to supply any objective evidence. The major attempts to create professional boundaries using state registration was made in the 1890s and 1930s. All 17 accounting bodies in the UK at that time made submissions to the Groschen Enquiry, which was an official state body set up to consider the issue. The profession was divided three ways
(Shackleton & Walker 1998). First, the chartered institutes feared the dilution of their status and opposed the register that included members of all bodies, although chartered bodies were in favour of registration that only included members of chartered bodies. Second, junior societies strongly favoured the register, as they saw registration as an opportunity to be placed alongside CAs (Shackleton & Walker 1998). The third submission was from those outside the profession, who were against the register. In August 1930, the Groschen Report rejected the need for state registration of accountants because it perceived that this was not in the public interest. In other words, the government did not want to become a party to assist in creating professional boundaries in the accounting profession. Therefore, the UK’s first attempt to unify the accounting profession failed, and the chartered institutes managed to save their status and avoid the dilution of the profession that they feared. Thus, this was the first successful defence of boundaries in the British accounting profession. On two occasions in 1930 and 1935, the SIAA entered discussions with the ICAEW for the merger of both bodies, but the ICAEW rejected the idea of a merger on both occasions at the top management level (Shackleton & Walker 1998), again due to a fear of diluting current members’ status with the influx of more members. In the context of the British accounting profession, many accounting merger discussions have failed due to perceived higher-status organisations withdrawing from merger discussions (Shackleton & Walker 1998). The case of the four Australian merger attempts has unique facts to the British merger attempts. In contrast to the British charter institutes, the Australian Institute took the first initiative in all four cases. This unusual and unique case demands a critical analysis of the factors leading to the Australian merger attempts and failure.

In later years in Britain, during World War II, less attention was paid to the structure of the accounting profession because it served the state in times of national crisis, with many prominent accountants assisting the state during the war. However, during the reconstruction period after the war, the UK government became more centralised and the accounting profession attempted to coordinate its efforts. However, the decentralised structure of the accounting profession proved a hindrance to coordinating the profession’s activities, even during times of crisis, when public interest would have been the foremost objective. This caused the minister responsible for reconstruction, William Jowitt, to comment that the accounting profession needed “to put its house in order” (Shackleton & Walker 1998, p. 22).
Later in 1942, the ICAEW and SIAA formed a joint subcommittee to consider issues affecting the profession, and primarily to consider the issue of the profession’s structure. Discussions were again focused on the old agenda of excluding perceived ineligible accountants who were not working in public practice through the means of a Public Accountants Bill. However, government agencies, such as the Board of Trade and Federation of British Industries, and excluded accounting bodies, such as the ICAI, objected and viewed the new Bill as an attempt by the accounting bodies to establish a professional monopoly or create boundaries to exclude others. It became difficult to coordinate the process with the Scottish bodies, and the ICAEW president subsequently ignored their presence. Hence, the Scots objected to the Bill and viewed it as a means of gaining registration only. After the ICAEW president Charles Palmour visited Scotland, the Scottish bodies agreed to cooperate after he clarified that the minister had requested that they organise their affairs, and highlighted that the Association of Chartered Certified Accountants (ACCA) membership was growing at a rate that posed a possible danger to chartered bodies. Following this, there was agreement from the Scottish bodies when it was accepted that there would be a separate Public Accountants’ council for Scotland (Shackleton & Walker 1998). For the first time, the ACCA was included in discussions by the chartered bodies; previously, it was considered an outsider. The ACCA objected to the issue of a separate council for Scotland, while the Scottish bodies claimed that it was necessary to uphold the standards of the profession and education in Scotland, which was self-perceived to be the most superior of all bodies. The ACCA also sought government support in its objections; however, a compromise was not reached. The ICAI was also initially not included; however, after some deliberations and interference from the Board of Trade, it was included as a recognised body (Shackleton & Walker 1998).

While examining the reasons for the failure to achieve coordination among the ICAEW, ACCA and SIAA in 1957, Shackleton and Walker (1998) found that this failure could be partially attributed to the different decision-making processes of the various bodies. The higher-status institutes were “unwilling to sacrifice a dilution in their status in order to achieve the greater object of rationalisation” (Shackleton & Walker 1998, p. vii). They also found that, when seeking support from government bodies, the chartered bodies’ “proposals must be in the wider public interest and not designed to preserve the self-interests of some of all of the professional bodies” (Shackleton & Walker 1998, p. vii). This sent a strong message to the government that all bodies were pursuing their own narrow private interests.
Ultimately, government support was not extended for state-sponsored intervention regarding the structure of the profession (Shackleton & Walker 1998).

The central reasons for the various unsuccessful merger attempts in Britain included a lack of attention being given to previous failures, a lack of consideration of merger alternatives, continuous disregard of the disagreement about the worth of merger proposals, poor levels of lobbying with the government, and the detachment of office bearers from membership (Shackleton & Walker 2001). Such detachment could be fatal, given that the ultimate authority to approve any merger scheme rests with the membership (Shackleton & Walker 2001). For example, Lee (2010) examined the 1988 failure to merge the ICAEW and the Institute of Chartered Accountants of Scotland (ICAS) to create the Institute of Chartered Accountants of Great Britain, and found that the detachment of leaders from their members was a principal cause of the merger failing. Lee (2010, p. 12) depicted the 1988 proposal as an “associational strategy” (Carnegie & Edwards 2001, p. 11), whereby both associations attempted to maintain control over the authority and reputation of the accounting profession as a response to state pressure. For example, the state had the view that the accounting profession should have a joint voice when responding to regulatory matters (Lee 2010, p. 12). The boundary management literature concluded that individuals in lower status groups support social mobility strategies to gain access to higher-status groups in order to achieve an enhanced social identity (Keohane & Milner 1996). This discussion of Britain’s accounting history highlights that the factors that caused the British merger attempts to fail may also have been present in Australia’s four unsuccessful merger attempts.

2.4.2 Canada’s merger attempts

Following the above comprehensive discussion of the British mergers, this subsection provides a review of the literature on Canada’s merger attempts. The first accounting associations in Canada were formed in 1879 in Quebec and Ontario. These earlier associations adopted the Chartered Accountant title because it had gained status and prestige in Britain. Regionalism spread in Canada as well, where associations were formed in Manitoba and Nova Scotia in 1901, who also adopted the Chartered Accountant designation. In 1902, an independent federal association, the Dominion Association of Chartered Accountants (DACA), was formed. By 1910, all Chartered Accountant associations in Canada had merged with the DACA, which acted as a federal coordinating body. However,
this was achieved only after the Chartered Accountant associations entered multiple conflicts (Richardson 1987).

The boundaries of professional accounting were constructed around the title of Chartered Accountant, and then expanded to include all Chartered Accountant associations. This did not stop other associations from forming, who offered a professional designation outside the boundaries of the Chartered Accountant title. In 1908, the Certified General Accountants Association of Canada (CGA) was formed and, in 1920, the Certified Management Accountants of Canada (CMA) was formed. By the 1940s, there were 10 distinct accounting associations operating in Canada (Richardson 1987). Thus, similar to the circumstances of the Australian accounting profession, with the formation of the Institute in 1928 and construction of professional boundaries around membership, the Canadian accountants who were left outside the boundaries of Chartered Accountant formed the CGA and CMA.

Richardson and Jones (2007) compared two merger attempts in Canada, where the successful merger in the 1960s between the Institute of Chartered Accountants of Ontario and Certified Public Accountants of Ontario was the result of the charter institute’s attempt to attain market control and due to direct state intervention. Hence, external factors drove changes in the traditional strategies of the chartered institute, which were the same in the case of the Australian merger attempts.

In 2004, the merger discussions between the Canadian Institute of Chartered Accountants and CMA failed at the initial level only. According to Richardson and Jones (2007, p. 136):

> the merger failed largely because of the reaction of members of each association to either the potential loss of their designation (in order to join the merged body) or the dilution of their ‘brand’ equity (by granting the continuing designation to new members through the merger rather than through traditional entry processes). The ‘product’ to be rebranded, that is the members of each association, resisted their association executives’ attempt to manage the brand.

The protection of professional legitimacy is a factor that generally influences the decision to mount mergers of professional accounting associations (Richardson & Jones 2007). In other merger contexts, changes in the organisational strategies of exclusivity versus market control have been a starting point for merger discussion (Walker & Shackleton 1995) and eventually led to changes in associations’ boundaries.
2.5 Conclusion

This chapter has shown that the early stages of the professionalisation of accounting in the UK, Canada and Australia had many similarities. The main issue of contention was constructing boundaries around the membership of perceived higher-status organisations, and excluding others who did not meet the entry standards. The excluded members formed rival organisations, many of which developed large membership numbers and the financial strength associated with this large group of members. However, the changing economic, social and political contexts created conditions favourable for various mergers. Thus, various merger attempts posed challenges to professional boundaries based on exclusivity strategies. This triggered boundary protection either at the leadership or membership level by perceived higher-status organisations.

Despite their similarities, the Australian case has many unique factors. First, in each of the four merger attempts in Australia, the perceived higher-status organisation always approached the perceived lower status organisation to discuss matters of mutual interest or instigate merger talks. Second, the outcomes of all four merger attempts were the same, yet both bodies made four attempts with a gap of nearly one decade between each. Third, in each of these merger attempts, the reasons that led to the failures of the attempts were essentially the same. This unique and unusual case demands special attention and critical scrutiny of the factors that resulted in this outcome, even though it has many similarities to the British and Canadian mergers.

The boundary management tensions in the Australian accounting profession were a particular consequence of perceived status differentials between MIPP and MNIPP initially, and then later as a differentiation between members of the Institute and the Society. However, a changing social and economic context, including corporate failures, the need to lift education standards and the legitimacy crisis, presented the profession with new challenges, which resulted in both bodies mounting the merger attempts. Resistance to the mergers was a result of the Institute’s members’ fear of losing their higher status.

Gieryn (1983) argued that professional boundaries are not permanent structures, and the ongoing conflict for control and authority leads to changes in these boundaries. In Australia’s various unsuccessful merger attempts between accounting associations, the motion to combine forces failed because, in many cases, the members of the perceived higher-status
association voted against the merger attempt. Thus, the central reason for failure has been contention between MIPP and MNIPP, and the associated perceived superior status of MIPP. The factors that led to the mounting of merger attempts in Canada and the UK were replicated in similar scenarios in Australia during the four merger attempts examined in this study. The consequential failures in the UK and Canada also had overlapping factors that were collectively shared by the episodes of failure of the four merger attempts in Australia. The next chapter discusses research methodology adopted in this project and provides a detailed account of data collection methods.
Chapter 3: Methodology and Data Collection Methods

3.1 Introduction

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 to investigate the historical developments related to the four attempts to merge the two major accounting bodies in Australia. The project is constituted by multiple historical case studies (Carnegie & Napier 1996; Eisenhardt 1989; Eisenhardt & Graebner 2007; Yin 2009). According to Previts, Parker and Coffman (1990a), a historical study can identify factors that led to important historical events (such as the case of the four merger attempts) and add interpretations when writing a historical account to provide answers to research questions in a given study.

This research project adopted a critical and interpretative research approach to the study of four merger attempts, and comprises part of the “new accounting history” paradigm (Fleischman, Mills & Tyson 1996; Miller, Hopper & Laughlin 1991; Parker 1999). Study of accounting history and accounting institutions makes an important contribution to the literature, as supported 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 research project is encompassed by this argument of Carnegie and Napier (2012). The scope of accounting history research is broader now than it was 20 to 30 years ago, as it currently includes the study of institutions and the professionalisation project (Parker 2015). Carnegie (2014) provided insight to the methods used to conduct accounting history research during the three decades from 1983 to 2012, and argued that, during this period, a key development has been the rise of “new accounting history” research, which is explained in later parts of this chapter.

When writing about qualitative research methodology, Anderson (2010) stated that, “Qualitative research involves the collection, analysis, and interpretation of data that are not easily reduced to numbers. These data relate to the social world and the concepts and
behaviors of people within it”. Anderson (2010) further argued that the research framework and directions can be guided and redirected by the researcher based on the available evidence. The nature of the current project demanded the use of a qualitative research methodology because it was not possible to accurately predict the intensity of the work involved in searching for potential sources of information, the extent to which information was available from different sources, and the depth of data collection from the available sources. In fact, for this project, data collection for the first merger attempt was the most challenging. Based on the experiences gained in collecting data for the first merger attempt, the researcher developed a systematic process that streamlined further data collection and provided clear directions to source data for the next three merger attempts. This also reduced the amount of time spent collecting data from archives after investing a significant amount of time in data collection for the first merger attempt, and subsequently developing a systematic approach.

An interdisciplinary approach to accounting history research and aspiring to write in an informative and engaging manner makes this research more appealing to a wider audience, which is the main aim of the adopted research methodology in this project (Gomes, Carnegie, Napier, Parker & West 2011). This chapter is structured into six sections. The next section provides the context for conducting historical research, and provides details of the research technique adopted in this project. The third section explains how data were collected from public archives, such as CPA Australia, other libraries and other sources. The fourth section provides details of the oral history interviews that were conducted for data collection. The fifth section summarises the limitations of the adopted research methods and techniques, while the last section provides a conclusion to this chapter.

3.2 Historical Research Methodology

According to Napier (1989), accounting history research provides analysis of events that had a significant influence on the development of the accounting profession in society. Bedeian (1998, p. 11) stated that, “historical research centres on documenting and explaining contexts, causes and consequences of events, decisions and relationships”. The arguments of Bedeian (1998) and Napier (1989) match the process adopted to conduct the research underpinning this study, which examined different events, major decisions and actions, such as the mounting of merger attempts, and their consequences for the operation and structure of the Australian accounting profession. Before the first merger attempt was mounted, a series of
corporate failures occurred in the early 1960s, and the accounting profession faced a legitimacy crisis (Carnegie & O’Connell 2012). These incidents forced the two major professional bodies to engage in joint activities and, as Carnegie (2009) and Carnegie and O’Connell (2012) stated, this spirit of cooperation assisted in creating the favourable conditions that ultimately led to the mounting of the first merger attempt. Walker and Shackleton (1998, p. 34) stated that historical research is “firmly rooted in the contents of the archive” and responds to the calls of postrevisionist sociologists to examine historical variations in professionalisation projects. In fact, the current project examines historical variations in the professionalisation of accounting in Australia, whereby two major institutions attempted to restructure themselves to form a single unified body.

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. Fleischman et al. (1996, p. 66) added that Miller, Hopper and Laughlin termed this branch of accounting history “new accounting history”, which:

involves attention to a variety of agents and agencies, the conditions of possibility of transformations in accounting knowledge and practice, the institutional forces that shape actions and outcomes and the rationales that set out the objects and objectives of accounting (Miller et al. 1991, p. 395).

Fleischman et al. (1996, p. 66) contrasted conventional accounting history and critical and interpretative accounting history, stating that while “many conventional historians are more comfortable with a descriptive portrayal of accounting’s past”, the “new accounting history” uses interdisciplinary theories and provides interpretative perspectives to the study of history (Miller et al. 1991). The application of theories underpins this study, meaning that it does not
merely seek to portray a highly descriptive account of past actors and events, but to provide a critical and interpretive orientation of the study of the four merger attempts using interdisciplinary theoretical frameworks.

According to Parker (1999, p. 28), new accounting historians tend to “expose hidden agendas, reveal the politicisation of related institutions and practices”. Parker’s (1999) argument aligns well with the aims and objectives of the current research project. Previts, Parker and Coffman (1990a) projected the strengths of critical and interpretative history, stating that criticisms of this history can only stand when it is established that interpretations are inconsistent with the assumptions made or the facts available. At the same time, Previts, Parker and Coffman (1990b) cautioned that researchers must establish that source materials are authentic, credible and adequate for drawing inferences. Any inferences can be crosschecked if multiple sources of information are available.

Fleischman et al. (1996, p. 61) stated that history research uses “communicative evidence”, which can be in written forms, such as found in surviving documents, or can be collected through oral history techniques. As stated previously, this study falls within the realm of “critical and interpretive histories” (Carnegie & Napier 1996, p. 7). It draws on the available surviving archival records and other secondary sources and uses the oral evidence of key individuals who officially represented the Society and the Institute in the merger negotiations. Thus, it provides a critical perspective to identify the reasons for mounting the four merger attempts and identifies the potential causes for the failures of these mergers. In the words of Fleischman et al. (1996, p. 62), this type of historical research is “historical construction”, which “typically calls upon modes of analysis and theories from other disciplines”. Their statement applies to this project because two complementary theoretical frameworks are used to respond to the research objects and to assist in ascertaining the stated research questions.

Developments in accounting history research since the mid-1990s, were described by Parker (1999, p. 29) as an “eclectic reading of history encompassing social, political, cultural and ideological contexts in which institutions have operated”. In any historical study, it is important to understand the context in which historical events occurred and decisions were made (Fleischman et al. 1996) because “central to this effort is a grasp of society in which events of interest occurred” (Fleischman et al. 1996, p. 62). In the current project, for each of the four merger attempts, this study seeks to explore the context, including some of the major changes in society and the economy at that time. The events affecting the accounting
profession such as corporate collapses and a legitimacy crisis, are also considered. This background analysis places the study in its context, as suggested by Fleischman et al. (1996).

Gomes et al. (2011) called upon accounting historians to improve the significance of their research and to make accounting history matter. Gomes et al. (2011, p. 392) cautioned accounting historians who, “in order to persuade others of the importance of accounting history, need to draw out the contemporary relevance and implications of their research findings”. The importance of history depends on how the contemporary audience perceives its relevance and contribution to knowledge. This project provides a critical and interpretative account of the four merger attempts, and makes an effort to add contemporary significance by assessing the implications of these merger failures for the Australian accounting profession.

Writing about historical research, Parker (1997, p. 130) stated that, “as a rich and distinctive field of research, history, like other disciplines searches for events, relationships, values, significance, causation, and explanation”. This aligns with the set key research objectives of the current research project, which examines the reasons for mounting the four unsuccessful merger attempts between the Society and the Institute, and identifies the factors that contributed to the failures of these mergers. This study also seeks to identify the factors that precipitated the merger proposals. Hence, this project also studies the relationships between historical events and their causation or effect on the mounting of the four merger attempts. The relationship between the Society and the Institute before the first merger attempt, and since the formation of the two bodies, is also studied based on the available literature and evidence. This thesis also considers the effect of certain historical events connected to the developments studied, such as corporate collapses and their influence on the standing of the accounting profession.

The importance of accounting history research has been contemplated by many researchers. According to Fleischman and Tyson (1997), the present and past are strongly linked, and the study of history presents a more meaningful account of past events to a contemporary audience (Fleischman & Tyson 1997). The key research objective of this research project also includes the analysis of the implications of the failure of the four merger attempts for the structure and operation of the Australian accounting profession. Therefore, it connects the effect of past events and endeavours to make the research relevant for a contemporary audience. Previts, Parker and Coffman (1990a, p. 3) commented that the study of accounting history is also important because it “supports contemporary research in policy-making and
practice and in standard setting”. Writing about the contrast between the traditional
descriptive form of accounting history and interpretive and critical accounting history,
Funnell (1996) stressed the importance of studying accounting history because it informs the
present by illuminating the path that was taken to get there. This is what the current project
aims to achieve by unfolding the factors that led to the mounting of the four merger attempts
and their consequential failures.

The process of data collection, writing the narrative using archival materials, and analysis has
three main steps: collection of data from archives, including published official and non-
oficial documents; collection of oral history; and interpretation of findings. This chapter
discusses the data collection from written archival sources and oral history interviews, while
subsequent chapters discuss the writing, analysis and interpretation of data. The next section
provides details of the sources that were accessed for archival data collection and the methods
adopted during that process.

3.3 Data Collection from Archives and Written Documents

This study is “grounded firmly in the archive” (Carnegie & Napier 1996, p. 31), with the
main emphasis on the available primary sources and supplemented by oral history evidence
that, in the words of Fleischman et al. (1996, p. 61), constitutes “communicative evidence”.
However, where necessary, the evidence and arguments are supplemented by relevant
secondary sources. According to Robson (2002, p. 360), “an archive is simply a record, or a
set of records”. Further, Robson emphasised the fact that the documents in an archive were
prepared for purposes other than those of historical research. Such sources may include media
releases, the minutes of meetings, annual reports and letters that were written either for
official purposes or to inform stakeholders, such as the members of both bodies, about
decisions that would affect their membership in their respective bodies.

Archives provide an important and key data source for historical research. According to
Napier (1989, p. 240), “the examination of original accounting documents is crucial in giving
our theories and generalisations some empirical content”. Theories are applied to the data
found to conduct historical research. This means that using original records is crucial for
accounting history research, and most studies in the accounting history domain have relied on
archives for their data sources (Carnegie & Napier 1996; Miller, Hopper & Laughlin 1991;
that, “historical research in accounting gains its strength from its firm basis in the ‘archive’”. This study also responds to the suggestions of Walker and Shackleton (1995) that critical and interpretative histories, such as the current research project, need to rely more prominently on primary sources of information than on the official versions of the histories of professional bodies.

Fleischman and Tyson (1997) argued that much critical history work is based on archival resources. They stated that accounting history research has many forms, such as “well-researched archival investigation, well-reasoned interpretation and evaluation, and combinations thereof” (Fleischman & Tyson 1997, p. 105), while Robson (2002, p. 355) noted that “archival research is not limited to the re-analysis” of historical evidence. Accounting history research relies on archival data, which has two main source categories: primary and secondary. However, in this study, primary records were mostly sought as evidence of events occurring around the time of mounting each of the four merger attempts. Two categories of written archival sources were used: official and non-official publications. The first of these sources included officially published documents of the Institute and the Society, including unity proposals, press releases, letters from presidents to members, minutes of meetings of general councils and executive councils, and articles published in the official journals of both bodies, the Australian Accountant and Chartered Accountant in Australia. Some of these documents were jointly issued by both bodies, while others were issued separately by the Institute and the Society. Such official sources are at risk of being “biased either through selection or editing” (Richardson & Jones 2007, p. 148). Hence, efforts were made to supplement official publications with unofficial sources, that is, those not under the imprimitur of the professional bodies, which included unofficial items, such as media and newspaper articles, academic journals, commentaries, letters to editors and opinion pieces. The relevant newspapers include The Sydney Morning Herald, The Age, The Australian Financial Review and The West Australian. The CPA Australia library has a set of scrapbooks that contain press clippings for the period under study, dating from the early 1960s to the late 1990s.

13 In an email, CPA Australia wrote: “Sorry to have to confirm that access to minutes pertaining to the mergers, therefore including those of the unity committee and personal papers of staff/committee members, are not permitted” (CPA Australia 2013, pers. comm., 16 April) (Ludekins 2013). This email was written in relation to the first merger attempt only, but access to similar resources for the other mergers proposals was also refused. Access to meeting minutes of the general council of the Society was allowed for the first merger attempt only.
Previts, Parker and Coffman (1990b, p. 150) presented arguments about the importance of explaining the selected research methods:

In historical research, as in all similar efforts, the findings must be facilitated by a clear explanation of the research method employed and the justification of its appropriateness to the questions being investigated and/or the hypothesis being tested. The researcher should provide a rationale for each element of the process, including source selection; analysis and verification of sources; a justification for time periods selected.

Similar to their argument this chapter not only provides details of which sources of data were selected and which data collection methods were adopted, but also justifies the selection of sources and their time period. It was unfortunate that almost all of the records of the Institute relating to each of these four periods and the episode under examination have not survived. However, this did not become a major limitation because the CPA Australia library in Melbourne has kept official documents that were issued by the Institute in respect to these mergers. Moreover, most of the key documents related to the merger, such as unity proposals, were jointly issued and were accessible for this project. For the first merger attempt, the archival records available from CPA Australia were augmented with oral history interviews with two members of the Society who held positions on the organisation’s general council in the late 1960s. For the second and third merger attempts, the presidents of the Institute and the Society at the time of the merger attempt were available and willing to assist in this research project. For the fourth merger attempt, only the then president of the Society was available for interview.

The primary documentary data were mainly sourced from the Jill Bright Archives of CPA Australia, with the valuable assistance of Kerrie Ludekins, Senior Knowledge Management Coordinator. A significant volume of data was made available for examination and was collected. Other sources of information were the State Library of Victoria and Document Delivery Service of RMIT University library, as well as numerous other libraries that were accessed through the Document Delivery Service. These sources included annual reports, the professional journals of both bodies and press clippings, which were otherwise not available, even at the CPA Australia library, for different reasons. For example, some of the annual reports of the Institute were not available or not kept at the CPA library. Due to the high volume of original documents and difficulty in photocopying all relevant materials, a high-resolution digital camera was used and a total of 4,555 photographs were taken, which added
up to more than 7,000 pages of original records. Some photographs were taken with two
pages of document covered in one picture.

Two methods were adopted for this step of data collection involving taking photographs. The
first method was used at the CPA Library and State Library of Victoria. To better facilitate
data collection of records containing information relevant to the four merger attempts,
photographs of all relevant information were taken. Between 2011 and 2015, during a 44-
month period, data were progressively collected. The highest number of visits was to the
CPA library, where an estimated 40 visits were made on regular basis, with each visit being,
on average, of almost three hours. Kerrie Ludekins helpfully ensured that relevant source
documents were ready and sorted according to months and years, which made data collection
more manageable. During all visits, the emphasis was on taking photographs of the available
records, which included meeting minutes of the general council of the Society (for the first
merger attempt only; as mentioned earlier in this chapter, access to meeting minutes for later
mergers was denied, while the Institute completely denied access to its archives or advised
that they did not keep any archives dating for all four mergers14), newspaper clippings from
scrapbooks, press releases, letters to members by presidents (CPA Australia also kept letters
written by the Institute presidents to members), joint letters and statements issued by both
presidents at respective mergers, various volumes of merger proposals and so forth.

Numerous visits were made to the State Library of Victoria, Melbourne, where some
documents, mainly annual reports, were accessed that were unavailable through the RMIT
Documentary Delivery Service or the CPA Australia Library. These documents mainly
included annual reports of the Institute; however, in some cases, the annual reports of the
Society were procured by means of this library as well. The CPA library did not hold all the
annual reports of the Society.

The second method of data collection was adopted with regard to resources accessed through
the RMIT University libraries. This was a major source of documentary evidence related to
the official journals of both bodies, academic journals and, in some cases, newspaper articles.
During 2011, documents were accessed from the RMIT University’s library based at Bourke

14 On 7 May 2013, the Institute sent the following email: “Thank you for your email. Unfortunately, the
Knowledge Centre is only for chartered accountants who have completed the CA programme or those who have
enrolled to become chartered accountants. We’re not able to assist you with minutes to meetings as we do not
hold any here in the Knowledge Centre, I’m sorry that we cannot provide you with what you’re looking for. I’d
recommend contacting CPA as they may have an archive which contains the minutes to meetings of the unity
committee”.
Street and, since the shift of the College of Business to Swanston Street, this service was provided by the Swanston Street library. The RMIT library allowed the borrowing of more than 70 large volumes of bound academic journals and books, which were taken away from the library to examine and collect data. In this step, all the historical volumes of books, journals and annual reports were thoroughly analysed, and images of relevant pages were taken only when they had information related to the merger attempts. This included pages containing material that had only indirect links with the proposed mergers. This method made data collection a slightly lengthier activity than the time spent at the CPA library for the same process; however, it reduced the time spent reading and analysing such sources, as only the most relevant materials were included.

The images were stored in more than 130 folders and systematically read and analysed during the period May 2011 to February 2016. Four main categories of archival data were identified: (i) annual reports of both bodies (1,285 photographs), (ii) press and newspaper clippings (1,145 photographs), (iii) journals of both bodies (1,246) and (iv) other documents (879).

Table 3.1: Photographs taken Using Digital Cameras

<table>
<thead>
<tr>
<th></th>
<th>Annual Reports</th>
<th>Press and Newspapers Clippings</th>
<th>Journals of Both Bodies</th>
<th>Other Documents</th>
<th>Total</th>
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<tbody>
<tr>
<td><strong>Total</strong></td>
<td>1,285</td>
<td>1,145</td>
<td>1,246</td>
<td>879</td>
<td>4,555</td>
</tr>
</tbody>
</table>

Data were progressively collected because data collection for the first merger attempt and its analysis assisted in developing a systematic process for further data collection. After collecting all the relevant data for the first merger attempt, a detailed analysis was conducted, which then led to writing a research paper. From reading the materials and writing an account of the first merger attempt, a process was developed that assisted in the systematic collection

\textsuperscript{15} For the first merger attempt, access to the minutes of meetings of the Society’s general council was allowed. This proved a valuable source of information because the oral history information and details of the merger proposal in other sources were very limited.
of data for the remaining mergers. This included steps to identify the most relevant sources and ways to access these sources. For example, merger-related discussions appeared in particular sections of the journals of both bodies and in certain sections of newspapers. Hence, data analysis assisted in refining the data collection method and reduced time spent. Some newspaper clips were collected from online searches using the websites of RMIT University and the State Library of Victoria. Various online databases were accessed through these libraries.

Data were primarily collected using a digital camera because, after an initial few weeks of using photocopying, that approach was abandoned because digital photographs were easier to take, save, sort and read. The images were saved using representative names. For example, all images related to the annual report of the Society for 1989 were saved as “ASA1989(1).jpg” and so forth, in a folder named “ASA Annual Report 1989”. Similar naming conventions were specifically developed by the researcher for crosschecking and validating cited sources in case of doubt at a later stage. This was supplanted with the “search” command available in the Windows operating system, where the first few letters of any file can be used to search for an item. For example, if the cited source is an annual report of the Society from 1989, then entering “ASA1989” would return the details of folders containing all files relevant to that search. The use of digital photographs and coded naming conventions made data validation and verification very efficient and fast. Using the search command “Control + F” on the keyboard to search for original source photographs was very easy, especially because of the unique naming conventions adopted.

Napier (1989) wrote that a key objective of accounting history work has been linked with understanding the past, knowing more about it and how it may have shaped the present. According to Napier (1989, p.289) this “appears to be the main motivating force behind much of historical accounting research”. Napier (1989) summarised objectives for studying accounting history as follows:

The intellectual justification covers an interest in the past for its own sake, but more importantly it illuminates the process by which accounting thought, practices and institutions develop, identifying the factors in the environment that induce change and revealing how this change actually occurs. The utilitarian justification is the light that history is considered to throw ‘on the origins of concepts, practices and institutions in use
today, yielding insight for the solution of modern accounting practices’ (Napier, 1989, p.239).

To understand accounting’s past, it must be discovered through studying original accounting records and secondary sources. The primary motivation behind this study was the desire to understand the events that occurred, the roles of historical actors, and subsequently the context of each of the four merger attempt failures, which is largely an unexplored topic in the past of the Australian accounting profession. The data collection process was lengthy; however, Napier (1989) cautioned accounting historians of this circumstance pointing out that historical data collection processes are time- and labour-intensive.

The reading of primary documents led to the preparation of draft notes for each merger attempt. These notes were given appropriate headings for respective subsections. For the first merger attempt, the original notes were the lengthiest, largely because a lot of unnecessary details were collected and recorded, as later ascertained. However, for the next three merger attempts, the experience acquired from the data collection for the first merger attempt proved to be valuable, including when classifying and arranging draft notes under appropriate and relevant sections and subsections. These notes became the foundation for writing each of the four chapters to address the four merger attempts. The next subsection explains the process of data collection using oral history techniques.

3.4 Data Collection: Oral History Interviews

According to Napier (1989, p. 242), “the examination of primary accounting records provides us with the raw data of history”. Due to the limitations of documentary sources in addressing issues raised in research projects, and the inability to provide direct responses to the questions (Tosh 2010), this study’s data source was supplemented with oral history. As a tool for data collection, oral history has been endorsed by several researchers (Carnegie & Napier 1996; Collins & Bloom 1991; Hammond & Sikka 1996; Previts, Parker & Coffman 1990b).

Hammond and Sikka (1996, p. 79) recommended that oral history be used “more frequently in assessing accounting’s past, present and future”. They further stated that the use of oral history is important for two reasons, as follows:

Oral histories are important because, first they focus on individual experiences, interpretations, reactions and aspirations. Focusing on these qualitative aspects of history
problematizes the notion that accounting, and accounting history, can be neutral, objective and verifiable. Second, most accounting history ignores the role of human agency and struggles (except in the case of a few accounting ‘heroes’).

Sian (2006, p. 296) used oral history to conduct her research on the professionalisation project in Kenya, and argued that, while documentary evidence provides “little more than the documented ‘official view’ of events, the oral history approach attempts to capture the personal experiences and views of key actors”. Oral history provides a unique approach to gathering historical data because it allows the researcher to “question the makers of history face to face” (Perks 1995, p. 12). In this study, interviewees were invited to participate in semistructured interviews and respond to specific pre-set questions. Their responses were recorded, transcribed and subjected to analysis. The oral history data were combined with and triangulated against the archival and documentary data gathered in order to assemble a “credible story that speaks to our audience” (Parker 1999, p. 24).

The study of available archival records provided some context, which was further supplemented with the help of oral history to better understand the reasons that led to the mounting of the four merger attempts and their consequential failures. It can be argued that oral history added credibility and validation to the data found in the archives. According to Collins and Bloom (1991, p. 27), “If accounting history is to become a more mature discipline, then oral history should be employed as a key tool in that endeavour”. The authors pointed out that oral history can be a very effective research tool if the researcher is thoroughly prepared and able to conceal personal feelings (Collins & Bloom 1991).

Arguing the case for the use of oral history, Collins and Bloom (1991, p. 23) stated that, “Oral history constitutes verbal recollections of events and circumstances that have occurred in the past from individuals knowledgeable by virtue of their position at the time of their expertise”. The process of gathering oral history involves a number steps, which include “identification of source available”, “selection of knowledgeable person as an interviewee”, “preliminary research” and “conducting the interview” (Collins & Bloom 1991, pp. 25–26).

With this description in mind, in this study, individuals who had influence16 in the accounting

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16 In all four merger attempts, the final decisions on the proposals were taken by the general and national councils of both bodies. Hence, presidents, vice-presidents and other senior members were included in the scope of interviewees. Other members of the unity committees or integration committees, as these were called across different merger proposals, were also added to the scope for interviews.
profession were listed for interviews, alongside other senior members of the profession, and academic and media commentators.

Many interviews were conducted with relevant historical actors because “no history of developments in the accountancy profession can be related without a consideration of the personalities of leading players” (Walker & Shackleton 1998, p. 2). Thus, this project sought to capture the experiences of leaders of the accounting profession using oral history techniques because the scope of gathering such evidence becomes limited as time passes. It was already difficult to trace actors from the late 1960s who were active during the period of the first merger attempt.

As a methodology to conduct historical research, oral history has several advantages when used in conjunction with archival research methodology. First, Thompson (1988) and Parker (1999) argued that oral history interviews have the potential to unearth documents that are otherwise unknown to the researcher. Second, oral history can provide new perspectives on research, resulting in new evidence. Third, according to Parker (1997), oral history helps us understand the actions and motivations of those who were involved in taking action. Fourth, oral history has the ability to shed light on neglected or unknown dimensions of accounting history. Finally, oral history allows us to connect the present with the past (Tyson 1996).

According to Prins (1991), the use of information provided by oral history interviews is limited by the fact that people generally more accurately remember those details that were more important to them. Oral history interviews with individuals who made decisions in policy making, standard setting and developing accounting institutions can make significant contributions to accounting history research (Tyson 1996). This argument aligns with the objectives of conducting oral history interviews for the current project, where interviews were conducted primarily with those who were involved in the unity discussions via participating in general council meetings, commenting or voting on unity-related decisions taken by the councils, releasing media statements, or as members of the committees that were formed to finalise the merger proposals and prepare a schedule of merger votes. Oral history gives us the opportunity to open windows into the past and reconstruct a brief part of previous incidents and events (Tyson 1996).

Before conducting the interviews, an ethics application was made, with ethics approval received from RMIT University on 4 December 2012. The process of contacting all the
interviewees involved Kerrie Ludekins first contacting the former presidents, vice-presidents and other council members in the case of the Society. While contacting potential interviewees, Kerrie requested whether she could pass on their contact details to the researcher. All members who responded agreed to be contacted and gave interviews. As already stated, the Institute was unable to provide any assistance of this nature. Thus, a Google search was conducted using various keywords to locate the whereabouts of former presidents of the Institute’s general council. By doing so, the former presidents of the Institute for each of the three later merger attempts were able to be contacted, of whom two responded and were interviewed. An attempt was made to contact all the members of respective unity committees and other senior members of the general and national councils of both bodies. However, apart from seven interviewees others could not be traced or contacted. Moreover, major decisions related to the merger were taken by the most senior members of both bodies, that is, presidents or vice-presidents, which further limited the pool of individuals who could be interviewed to justify the stated objectives of this research.

For the first merger attempt, two oral history interviews were conducted: one with Geoffrey Orr, the president of the Society in 1968, and, in that capacity, a member of the unity committee, and one with James Dunkley, a member of the general council in 1969. Geoffrey Orr was interviewed in his home at Harvey Bay, Queensland, while James Dunkley was interviewed at his residence in Adelaide, South Australia. These interviews were based on a series of structured and semistructured questions, and were conducted on 17 May 2014 and 26 April 2014, respectively. Both interviewees responded to questions to the extent they could recall.

For the second merger attempt, two further oral history interviews were conducted. Fortunately, the presidents of the Institute and the Society at the time of the second merger attempt were available for interviews. The president of the Institute at the time of the second merger attempt was Geoff Neilson AM, who was interviewed on 20 February 2015 at his office in Geelong, Victoria. The president of the Society at the time of the second merger attempt, and immediately afterwards, was John Miller. An interview was conducted with John Miller on 26 April 2015 at his residence in Toorak, Victoria. Both interviewees responded to questions to the extent they could recall. Their permission was gained to cite them using same process as for other interviewees.
For the third merger attempt, the president of the Society, Graeme McGregor, was interviewed on 14 December 2015 at his residence in Portarlington, Victoria. The president of the Institute, Nick Burton Taylor, gave a telephone interview on 21 March 2016. For the fourth merger attempt, the president of the Society during that period, David Boymal, was interviewed at his home on 8 February 2016 in Armadale, Victoria. The then president of the Institute, Robert Atkinson, did not respond to requests for interview.

All interviewees were requested to give permission which was duly gained to cite them from interview transcripts in research publications, including citation of their names and the names of any other individuals referenced in their responses. Drafts of the transcripts were provided to both interviewees, who were afforded the opportunity to correct or edit the transcripts as appropriate.

### 3.5 Limitation of Research Methods Adopted

The limitations of the archival research method are that the quality of the research depends on the archival information available and the skills of researcher (Anderson 2010). In this study, the time consumed during data collection made the collection process challenging; however, this was overcome because data were collected for a period of nearly four years while work on other chapters was also conducted. Coincidently, oral history interviews including associated travel commitments, also have limitations because recollections of interviewees may be contaminated by past grievances and nostalgia (Tyson 1996). Oral history interviews and creating transcripts for use in historical research is also a time-consuming process. This process includes the time spent in data collection and in analysing the volume of data gathered (Collins & Bloom 1991). Oral history interviews also have problems with differing recollections, reluctance to reveal any sensitive or controversial information, self-motivated interpretations, and the desire to correct or censor information (Collins & Bloom 1991).

According to Sevilla et al. (1992, p. 87):

> historical research can only give a fractional view of the past; its knowledge is never complete and is derived from surviving records of a limited number of past events. It is, therefore, a matter of conjecture how history can represent past events adequately.

Further use of oral history allowed this project to overcome the issue of conjecture outlined by these authors. Sevilla et al. (1992, p. 87) further stated that, “since past events and
personalities cannot be re-created, the researcher must rely on observations and materials which will make the facts certain to them”. This project respected this statement by referencing all available resources and interviewing the individuals who were involved in making key decisions regarding the mounting of the four merger attempts.

3.6 Conclusion

This chapter has explained the methodology that was adopted to collect data from public archives and oral history interviews. As explained, data were collected over a long period, and the early stages of data collection took longer than the later stages. The experience gained from the data collected for the first merger attempt assisted in collecting data for the next versions. This chapter has also contrasted the strengths of critical and interpretative historical research, and explained how the current research project fits within this category. In addition, this chapter detailed this study’s data collection methods. The next chapter provides a review of the literature and identifies the gaps in the literature that this study aims to fill.
Chapter 4: Theoretical Framework

4.1 Introduction

This study examines the failure of four attempts to merge the Institute and the Society, and applies two complementary theoretical models: the boundary-work construct used in the sociology of science (Gieryn 1983, 1995, 1999; Gieryn et al. 1985), and augmented by Annisette (2017), and “the dilemma of exclusiveness versus market control” (Macdonald & Ritzer 1988). These are applied for explanatory purposes in seeking to understand the reasons behind the mounting of the four merger attempts, and why all the merger attempts failed.

Boundary work is used as the main theoretical framework and is complemented by the second framework, the dilemma of exclusiveness versus market control. The first theoretical framework is applied to the strategies of both bodies in creating entry level requirements for new members. These are understood as boundaries around the membership of each professional body. The boundaries of the Institute’s membership feature stricter requirements for admittance as a member than do those of the Society; thus, this model’s application is at a micro level. The reasons for the Institute’s stricter requirements for becoming a member are that higher standards of professional practice are expected from members due to the entry of the majority of new members into public practice. The four merger attempts that are the focus of this study were supported by the leaders of both professional bodies amidst discursive claims of the benefits of “oneness”. However, a second and distinctive discourse was also mobilised at the membership level as some CAs asserted their superiority over the members of the Society. Annisette (2017) is applied to understand and analyse these two competing linguistic claims that ultimately led to three further failed merger attempts. The second theoretical framework is deployed in order to gain understanding of the business models of each professional accounting association at a macro level.

This chapter examines the adopted theoretical models via three sections. The first two sections build the case for applying each of these theoretical models, while the third section provides a summary of the theoretical models. This conclusion section also compares both frameworks and explains how they apply to this project.

4.2 Boundary Work
The proposed concept of Gieryn (1983) of boundary work and boundaries (such as boundary setting, maintenance, management, shifting, blurring and bridging) has been used in a broad spectrum of disciplines in many studies (Allen 1997, 2001; Anagnostopoulos 2006; Annisette 2017; Bach, Kessler & Heron 2012; Carmel 2006; Hunter 2005; Jasanoff 1995; Lamont 1992, 2000; Pacholok 2009; Pachucki, Pendergrass & Lamont 2007; Perry 2002; Sherman 2005, 2006; Wray 2006; Young 2014) covering studies in medicine, accounting, ethnicity, racism, gender bias, professionalisation, religion and risk management (Annisette 2017; Pachucki, Pendergrass & Lamont 2007). In his framework, Gieryn (1983, p. 782) stated that:

the focus is on boundary-work of scientists: their attribution of selected characteristics to the institution of science (i.e. to its practitioners, methods, stock of knowledge, values and work organisation) for purposes of constructing a social boundary that distinguishes some intellectual activities as ‘non-science’ [emphasis in original].

Boundary work involves boundary shaping, construction, maintenance, management and blurring (Gieryn 1983, 1999). Before Gieryn (1983), Kohler (1982) gave a general definition of disciplinary boundaries. According to Kohler (1982, p. 1), disciplines are “political institutions that demarcate areas of academic territory, allocate privileges and responsibilities of expertise, and structure claims on resources”. This definition applies to the Australian accounting profession where both professional bodies created membership levels with minimum academic entry level requirements, and acquired privileged roles to provide specialised services, such as auditing and taxation, that were ultimately associated with economic rewards. These occupational roles were protected by the membership of professional bodies, particularly for the Institute, whose entry level requirements for membership were stricter due to the use of a macro-level business model of exclusivity, which is explained in the latter part of this chapter. According to Cash (1997, p. 139), “Disciplinary boundaries are not rational but again the result of past battles and in a state of permanent tension”. The four merger attempts that are the subject of this investigation led to an ongoing tension around efforts to change the boundaries of the Institute’s membership. This issue is discussed in detail in the four chapters that each examine one of the four merger attempts, alongside the comparative analysis provided in a later chapter.

A recent study by Annisette (2017) has further refined boundary-work concepts, especially in the application of this framework in research on the accounting profession. According to Gieryn (1983, p. 792) “boundary-work excludes rivals from within by defining them as
outsiders with labels such as ‘pseudo’, ‘deviant’, or ‘amateur’”. Therefore, the dynamics of inclusion and exclusion are central to the processes of boundary construction and in creating hierarchies within the professions (Lamont & Molnár 2002). In their study of the Canadian accounting profession, Annisette and Trivedi (2013) found that exclusionary processes were used in boundary construction to exclude “foreign-trained” immigrant accountants. This was achieved through linguistic claims by the “labelling of immigrant accountants” as “foreign-trained” or “internationally trained”, which in itself is part of the everyday practice of separating “us” from “them”. In this way, public discourse was used to create boundaries to exclude “immigrant accountant as one whose training and experience being labelled as ‘foreign’ is ‘not known and suspicious’ is of low worth in the domestic order” (Annisette and Trivedi, 2013, p.14).

In her more recent study Annisette (2017) has applied boundary-work concepts to the professional accounting setting in Canada, supplemented by insights drawn from Mary Douglas’ anthropology of pollution (Douglas, 1966; Douglas & Wildavsky, 1982). Annisette (2017) extends boundary-work concepts through a distinctive emphasis on the discursive aspects of boundary construction and her study is also important in differentiating boundary-work from the more traditional emphasis on “closure” within professionalisation studies. Indeed, she points to “the importance of making a sharp analytical distinction between boundary-work and closure”, being that while “the objective of closure is control of the market, the objective of boundary-work is control over meanings” (Annisette 2017, p.20). Annisette’s study is set within the context of an intraprofessional demarcation: between local-trained and foreign-trained accountants in Ontario. As such, its broad setting is analogous to that of the current study which focuses on the four failed attempts to unify the two main professional accounting bodies in Australia and the two “classes” of accountants that they embodied. That is, the focus is not on the closure of the Australian accounting profession, which had been attained, but rather on the internecine boundaries that have persisted in the postclosure era. Of particular importance are the discursive tactics employed by some members of the Institute, in defiance of their leadership, in seeking to continue to remain separate from non-Chartered Accountants. In this way, the boundary-work is depicted as a “useful ideological style” (Gieryn, 1983, p. 787) and when viewed from this perspective can augment understanding of the failure of the four merger attempts between the Institute and the Society.
The case of the four merger attempts relates to these arguments, with membership of the Institute implying an associated higher status. This also meant that accounting professionals who were not members of the Institute were labelled as not possessing the same educational and professional rigour as members of the Institute using linguistic claims. Gieryn (1983) studied how scientists distinguish themselves from non-scientists, and it is possible to apply similar boundary construction regarding MIPP and the Chartered Accountant title, where involvement in public practice was linked with discursive claims of higher intellectual activity, in a comparable manner to the claims of the scientists in Gieryn’s (1983) work. Such discursive claims of higher status and better standards were not only made by members of the Institute, but were even accepted by the Society’s general council. Evidence of the Society’s acceptance is apparent in the following statement of the president of the Society, H. R. Irving (1966):

The title, ‘Chartered Accountant’, flows——there is no similar generic title for the public accountant member of the Society. Attempts to gain such a title were defeated some years ago and indicate a lack of appreciation of the problem by members not in public practice, amongst other things. It seems unlikely that any other attempt to create special conditions for public practitioners within the Society would meet with greater success.

The higher status associated with members of the Institute and the branding of the title “Chartered Accountant” or “CA” was achieved using similar discursive arguments to those that Gieryn (1983, p. 781) presented in his studies, where the term “boundary work” was used to describe “an ideological style found in scientists’ attempts to create a public image for science by contrasting it favourably to non-scientific intellectual or technical activities”. In the case of the Australian accounting profession, boundaries were defined and constructed around permanent constructs: the membership of two professional bodies and the roles played by professional accountants (MIPP and MNIPP). These were then defended and maintained by members of the Institute using linguistic claims of superiority in the terms of Annisette (2017).

According to Gieryn (1983, pp. 787–788), “boundary-work is also a useful ideological style when monopolizing professional authority and resources in the hands of some scientists by excluding others as ‘pseudo-scientists’”. Gieryn (1983, p. 784) argued that the boundaries of science are not permanent and that “professional conflict for authority and prestige” continues to occur. Such issues also arose in the case of the merger attempts. Norris (2001)
studied boundary maintenance by different suboccupations in the medical profession via a case study of musculoskeletal problems, and concluded that boundary management is an important aspect of occupational control.

In his study, Gieryn (1983) hinted at the potential to apply boundary-work concepts in other occupations, such as accounting. Jasanoff (1995, cited in Annisette 2017) acted on this suggestion to distinguish between “‘good’ and ‘bad’ work within a single discipline, between different disciplines, and between ‘science’ and other forms of authoritative knowledge”. Swedlow (2007) reaffirmed the broad application of boundary-work concepts, stating that they not only have application to distinguish scientists from non-scientists, but can also be used to distinguish among scientists. In a similar manner, boundary-work constructs may also be applied to distinguish members of the Institute and the Society based on claims of higher expertise. Annisette (2017) provides the most recent and refined application of boundary work and thereby aids the interpretation and application of its concepts. Hence, in this thesis Annisette (2017) informs the analysis of the research findings.

In addition, as aforementioned, boundary construction and management is not only limited to membership with professional bodies or categories of professional work, but can also be applied to gender bias. Cash (1997, p. 137) found boundaries were drawn around the genders of medical practitioners, arguing that, “epistemic authority of nursing knowledge is determined by factors such as the gender structure of nursing”. Due to the existence of gender bias, knowledge products of the nursing profession are given low epistemic status by both nurses and non-nurses. Hence, the masculinised profession of doctors is accorded a higher status than nursing. This is a classic example of boundaries being created and maintained on the basis of a prevalent gender bias in a given society.

Persson (2010) examined the case of the Swedish Armed Forces and showed how gender-based occupational boundaries are drawn and redrawn. Due to a changing environment, the Swedish Armed Forces are now engaged in peacekeeping operations, which requires employment to be opened up to civilians, including women. Persson (2010, p. 166) argued that, “when women enter settings traditionally occupied by and associated with men, established gender patterns tend to rupture”. Hence the traditional boundaries around armed forces work are gradually redrawn. Similar to the case of the Swedish Armed Forces, the merger of two accounting associations is likely to challenge the existing dominant roles played by public practitioners in the Institute.
With a change of context, a profession deploys defensive strategies to protect boundaries (Fournier 2000). This activity serves to “reconstitute boundaries along which the professions can build new strategies of legitimisation” (Fournier 2000, p. 82). By making four attempts to merge and create a single professional accounting body, the Institute and the Society sought to redraw the traditional boundaries around membership of both bodies. Just as Persson (2010) argued that including women in roles associated with men can “rupture” the traditional boundaries of a masculinised profession, similarly, in the merger attempts, the boundaries created around public practice, and, by implication, primarily around membership of the Institute, faced a potential threat: the inclusion of large numbers of members who were perceived to hold lower status.

Boundaries are not permanent structures and are subject to change as a consequence of developments in the social, political and economic spheres (Annisette & Trivedi 2013). Similarly, in the case of four merger attempts both professional bodies were proposing changes to the boundaries of their membership. The racial boundaries in the US constructed around “white” identities expanded over time to incorporate Irish immigrants (Ignatiev 1995) and Jews (Brodkin 1998). These groups were earlier cast as racial “non-whites” (Annisette & Trivedi 2013). This shows a dynamic nature of social boundaries and successful changes with change of context.

Arndt and Bigelow (2005) applied boundary-work concepts in the case of masculinised hospital administration in the US, which is otherwise a female-dominated occupation. This hospital administration was masculinised because the American Hospital Association defined the personal characteristics of hospital administrators in a manner that created a male image of practitioners, and advocated formal training in the field that further linked the occupation to management in the private sector. Management in the private sector was male dominated. By doing this, the association created boundaries to deter women entering senior levels of hospital administration (Arndt & Bigelow 2005). Hence, Arndt and Bigelow (2005) demonstrated that earlier boundary work was aimed at reducing the number of women in this occupation in senior leadership roles. The boundaries of hospital administration favoured male leadership and, despite being a female-dominated profession, it was masculinised.

Using a case study of a catastrophic fire in western Canada in 2003, Pacholok (2009) applied boundary-work concepts to understand the creation of hierarchies within the firefighting effort, which positioned some occupational groups as superior and others as subordinate.
Particular status differences existed between wildland and structural firefighters: some structural fire departments were reluctant to receive forest fire training from wildland firefighters because they were seasonal workers and were subsequently viewed as less professional. Additionally, the wildland firefighters did not carry the same cultural capital as structural firefighters, who had been granted heroic status by the media and the public in the wake of the attacks in the US on 11 September 2001. Lamont (2000) also found that the firefighters used self-identity to create boundaries between themselves and those to whom they felt superior.

Lamont (1992) also studied status hierarchies between working-class and upper-middle-class men in the US and France. She extended the boundary work to include the “identity process”, which is used by people to differentiate themselves from others (Lamont 1992). This is achieved by individuals placing themselves as superior to other groups (Lamont 2000). Sherman (2005, 2006) made further contributions to boundary work by extending its original concepts. Sherman (2005, 2006) studied the case of service workers in luxury hotels and explored how they maintained their dignity and status while performing service work that automatically positioned them as inferior to privileged hotel guests.

Another development in boundary work included the expansion of its application to the strategic management of collective identities, cultural classification, construction of authenticity, moral boundary maintenance and genre crossing. This work has also been extended to ethno-racial boundaries that intersect with class, immigration and nationhood. In other words, boundary work also includes dynamic and symbolic boundaries (Pachucki, Pendergrass & Lamont 2007).

An example of boundary work used in ethno-racial contexts can be seen in the application by Perry (2002) of boundary-work concepts to a case study of multiracial schooling. Students from white backgrounds drew boundaries around their racial identities by depicting what it meant to be white when distinguishing themselves from students of other races. Further, McDermott (2006) showed ethnic boundary construction among white working-class people by examining the everyday interactions between black and white people. This framework has also been applied in historical contexts, including when Wray (2006) applied this work to distinguish between high- and low-income white people. Wray found that the use of labels such as “white trash” were common to identify people with low incomes. These works relate to the current project because they encompass micro-level boundary construction. In the
studies by Perry (2002) and Wray (2006), boundaries were constructed and maintained by the assumed “higher” group, which was achieved by disassociating black people through the use of labels of superiority. In other words, these were discursive claims to distinguish and separate black people (Annisette 2017). In the case of the Australian accounting profession, such boundaries were constructed by members of the Institute, initially around public practice and then around membership of their professional body and the Chartered Accountant title. Similar to the cited studies, this work was undertaken at a micro level.

Young (2014, p. 713) also applied this concept, using it to explain how the US-based Financial Accounting Standards Board “appears to have successfully established and maintained a boundary between a technical accounting process and politics”. As indicated in this chapter, the boundary-work concept embraces boundary maintenance or boundary management (see, for example, Allen 1997, 2001; Bach, Kessler & Heron 2012; Carmel 2006; Hunter 2005). Allen (1997, 2001) focused attention on the maintenance of boundaries in examining instances of conflicts between nurses, doctors and healthcare workers. Hunter (2005, p. 253) studied the case of midwives in the UK and found that, after creating social boundaries between senior and junior levels of the occupation, midwives used different strategies to “maintain intra-occupational boundaries”. Discursive claims of higher expertise and experience were used to create and defend those boundaries.

In a similar regulatory context, Hazgui and Gendron (2015) applied the concept of boundary work to the study of the French audit profession, where a regulatory system of “co-regulation” was developed that was a mix of independent regulation and self-regulation. Challenges to the professional boundaries of public accounting practice have also been scrutinised (Gendron & Suddaby 2004; Suddaby, Gendron & Lam 2009; Malsch & Gendron 2013).

Further studies examined boundary maintenance between suboccupational groups of doctors, nurses and other submedical professions. For example, Allen (1997) examined relationships between nurses and doctors in the light of “blurring boundaries”. In a later study, Allen (2001) found that nurses were “negotiating” and redrawing boundaries not just with doctors, but also with other classes of healthcare workers. Carmel (2006) concluded that, following the blurring of boundaries in an intensive care unit, new boundaries at the organisational level, particularly between senior nurses and junior doctors over shared roles and responsibilities, were enforced between the intensive care unit and other parts of the hospital.
Bach, Kessler and Heron (2012) examined the case of health workers and the maintenance of boundaries between doctors and nurses and between various nursing roles based on different specialisations. For example, nurses were found to have distinguished themselves from lower status occupations, such as healthcare assistants, within the nursing hierarchy.

This Australian study extends the application of the concept to the context of mergers between professional accounting associations. This study involves accounting professionals working in a self-created hierarchy of different types of professional accounting services. It examines the ideological efforts of CAs, namely, members of the Institute, who have a tradition of providing a range of specialised professional accounting services to the public as MIPP, to continue to remain separate from non-CAs, who are generally employed in a wide variety of accounting roles in specific organisations as MNIPP. The boundary-work concept is seen as a “useful ideological style” (Gieryn 1983, p. 787) to augment an understanding of the failure of the four merger attempts between the Institute and the Society. Thus, the current study is not concerned primarily with the construction of boundaries, but with how particular members of an occupation, specifically, accounting, negotiated and defended boundaries. Of particular importance is the boundary constructed around the membership of the Institute, which distinguished itself with its Royal Charter and its primary representation of members engaged in public practice.

Within the accounting profession, discursive claims of higher accounting expertise by public practitioners, based on prolonged training and rigorous entrance and education standards, meant that boundaries were drawn around public practice. Voting against the proposed mergers meant successful maintenance of these boundaries, which were defended using linguistic claims of superiority by members of the Institute (Annisette 2017). This study focuses on the boundary maintenance aspect of boundary work by applying the theoretical perspective to the unsuccessful merger attempts in the Australian accounting profession, where tensions similar to those existing in a medical setting arose, and where the behaviour of a sufficient number of members of the higher-status group precluded a major change to the existing boundaries.

This section concludes theorising the first framework by drawing on many past studies covering boundary work. As discussed earlier, this framework is applied at the micro level of professional control because it relates to the creation and maintenance of occupational boundaries. The next section theorises the second framework, which is used as a
complementary model that is applied at the macro level of professional control and relates to the structure of the Australian accounting profession. Although linked to closure, boundary work is distinct from it in “providing the professional project with a unique set of resources and challenges” (Annisette 2017, p. 3). Closure of the accounting profession in Australia had commenced with the formation of professional bodies in the late 19th century and this “project” (Larson 1977) was essentially completed by the mid-20th century (see, for example, Carnegie & Edwards 2001; Carnegie, Edwards and West 2003; Chua & Poullaos 1998). However, while the profession had collectively won the battle for jurisdiction over accounting work (Abbott 1988), an internecine battle persisted between different classes of accountants within that jurisdiction. This battle would be characterised by claims and counter claims: in short, a “war of words” about issues such as the superiority or inferiority of certain classes of accountants and the possible benefits or costs of unifying the profession.

4.3 Exclusivity Versus Market Control

The second interpretive framework applied in the study, “the dilemma of exclusiveness versus market control” (Macdonald & Ritzer 1988, p. 257), is intended to assist in further understanding the outcome of the merger proposals under investigation. In particular, this second framework focuses attention on the new “business model” proposed by the two professional accounting bodies, whose four merger attempts are under examination.

According to Macdonald and Ritzer (1988, pp. 257–258), “In order to control the market, the occupational body must include anyone with a reasonable claim to expertise, but such inclusion brings in marginal practitioners who lower the standing of higher-status members”. Thus, a professional body must decide whether to include marginal practitioners, who may lower professional standing and reputation. In contrast, those who Macdonald and Ritzer (1988, pp. 257–258) called “higher-status members” provide a foundation to build exclusive status. The accountants have been involved in the process of exclusion, struggle to ensure market control and especially their ability to “self-regulate” (MacDonald 1985). The strict enforcement of boundaries constructed around the memberships of professional associations meant that those who were excluded were left to create their own associations. The status differentials between members engaged in public practice and individuals employed in industry, government and other sectors led to a proliferation of accounting associations in many countries (Caramanis 1999, 2002, 2005; Carnegie et al. 2003; Carnegie & O’Connell
Edwards et al. (2013) studied the development of the Accounting Researchers International Association (ARIA) in 1974. The ARIA leadership was faced with the “dilemma of exclusiveness versus market control” (Macdonald & Ritzer 1988, p. 257). The authors argued:

ARIA, although an elite organisation, recognised the need to move beyond its initially narrow membership base if it were to wield influence within the accounting domain. However, the strict admission criteria proved a significant stumbling block (Edwards et al. 2013, p. 371).

Therefore, ARIA’s strategy was finally settled as that of exclusivity, establishing it as an elite association of academic researchers. According to Parker (2014, p. 176), selection of either of the two strategies is a difficult choice because:

If they become too exclusionary, elite bodies risk loss of control of the market for their professional services by failing to admit to membership a sufficient proportion of the total number of the suppliers of those services. On the other hand, a more inclusive strategy risks the admission of marginal practitioners.

In a study of naming and branding practices, accountants and accounting bodies in the British Empire and Commonwealth between 1853 and 2003, Parker (2005) applied Macdonald and Ritzer (1988) and found that “Exclusionary names and designations are those that indicate the occupation and, sometimes, the territory over which an occupational body is claiming jurisdiction” (Parker 2005, p. 10). Other applications of the Framework include Annisette (1999) who examined postindependence change in Trinidad and Tobago from importing British professional accountants to the importing of British professional qualifications. Annisette (1999) examined how changes in the political and social context led to the development of a local accounting profession. Edwards, Anderson and Chandler (2005) explored the formation of the ICAEW and its organisational strategy, including the inclusion of members of its antecedent bodies. They argued:

The choice is either to confine membership to high status practitioners, thus ensuring the almost certain emergence of competitor institutions, or to include all members of an occupational group and thereby accept the risk, at least in the short term, of a diminished
public perception of a group’s professional ranking within society (Edwards, Anderson & Chandler 2005, p. 229).

Anderson and Chandler (2005) found application of the Framework in the British accounting profession where multiple attempts to create an exclusive accounting profession failed. These included attempts to get Bills passed for state registration of accounting and an attempt to make it unlawful for any person not on the register of accountants to engage in public practice (Anderson & Chandler 2005).

The formation of professional accounting associations based on “exclusiveness versus market control” has been a key feature of the British, Canadian and Australian accounting professions (Annisette & O’Regan 2007; Carnegie & Parker 1999; Carr-Saunders & Wilson 1964; Poullaos 1993; Richardson 1989b; Walker & Shackleton 1995). It is also noteworthy that the IIAV, one of the predecessor bodies of the Society, was initially formed with the notion of an association of “public practitioners”, having a standard for service to the public in order to gain confidence and support. According to one of the 45 founders of the IIAV, Thomas Brentnall, the founding members looked at the ICAEW, SAA and the Scottish chartered bodies and decided to emulate the British bodies by following their lead (Carnegie, et al. 2003). However, leaders of the IIAV gradually “felt that openness had more to offer than closure” (Chua & Poullaos 1998, p. 170).

The final strategy of IIAV was that of market control. However, originally it had planned to adopt exclusiveness strategy. The SSA planned to create a local branch in Melbourne in December 1885. As a result, the organisational strategy of the IIAV settled to that of market control. Carnegie (2016, p.392) pointed out “It was probably the influence of Cooper and the constitution of the SAA as readily available to local accountants which resulted in the adoption of the IIAV’s market control strategy”. The IIAV’s organisational strategy relied more on a broad membership and “did not distinguish between different types of accounting work” (Carnegie, et al. 2003, p. 793). In other words, the boundaries of membership were relaxed in the case of the IIAV. The membership strategies of the IIAV were very different to those of the ICAEW. As Chua and Poullaos (1993, p. 702) noted:

Its closure strategies were based not on the nature of work (i.e. public vs non-public) but on its capacity to make visible the intellectual ability and morality of one group of accountants. This group was largely drawn from the ‘middle class’.
Thus, they adopted an inclusive model for the membership of the professional body. In contrast, the ACPA “restricted membership to those engaged in public practice” (Carnegie, et al. 2003, p. 793). This means that the boundaries of the profession were created around the membership of a professional body, that is, the “business model” of creating an exclusive body was implemented at the micro level by restricting entry to the profession through creating boundaries.

A key theme leading to the failure of the four merger attempts was the contention between MIPP and MNIPP, that is, plans to change the traditional “business model” adopted by both professional accounting bodies. This contention was not only seen in the failure of the merger attempts, but also in earlier instances of MIPP–MNIPP tensions. For example, Carnegie, Edwards and West (2003) noted that, in 1908, at a conference involving both sides in the IIAV, MNIPP objected to the presence of some members of the IIAV who were in public practice on ACPA councils.

It was not only the IIAV that originally adopted the “exclusiveness” model, and it appears that the initial choice of most professional accounting bodies was that of “exclusiveness”. During the first five years after its formation (1885 to 1890), the ADSA restricted membership to accountants engaged in public practice only (Parker 1961). It is clear that, although the majority of initial accounting bodies were formed with a view to create a profession consisting of MIPP, they could not practically pursue this objective. Later this issue became a serious contention, leading to a dichotomy in the Australian accounting profession that is still present, given the four failed merger attempts to unify the accounting profession in Australia.

Australian bodies were not the only ones that faced the dilemma of “exclusiveness versus market control”. More evidence of these dilemmas can be seen in Scotland, where, between 1884 and 1900, nine attempts to challenge the monopoly of the Chartered Accountant title were successfully rejected by chartered bodies (Walker 1991). In 1886, the lower status Scottish Institute of Accountants attempted to foster joint efforts to unify the Scottish accounting profession; however, the leadership of the chartered bodies refused to cooperate because it challenged their “exclusiveness” model. As such, attempts to dilute the status of CAs through changes in boundaries were successfully challenged and defeated on the basis that it was against the public interest and that non-Chartered Accountant body members were “not professional” (Walker 1991, pp. 268–269). In 1930, the British government rejected
demands for the state registration of accountants. The chartered institutes, which feared dilution of their status, were opposed to the registration proposal. However, lower status organisations strongly favoured state registration, viewing registration as an opportunity to be placed alongside CAs. In 1930 and 1935, the ICAEW entered discussions with the SIAA for the merger of both bodies, but the top management of the ICAEW rejected the idea (Shackleton & Walker 1998). These examples reveal how members of higher-status organisations are likely to be circumspect about proposals to merge with associations that they perceive to be of lower status. Thus, higher-status organisations continue to protect the boundaries of their membership by rejecting mergers with lower status organisations, thereby protecting their “business model” of “exclusiveness”.

In Australia, CAs have traditionally been broadly recognised as holding higher professional status than non-CAs. The Institute prioritised the “exclusivity” dimension, while the Society focused on the pursuit of “market control”, as distinct organisational strategies. Given this segmentation, the proposed mergers between the Institute and the Society effectively sought to combine the strategies of exclusivity and market control for adoption by a single accounting association in a unified accounting profession. As proposed, the merged accounting body was to become “exclusive” in the form of the single ongoing professional association, while also becoming a representative body that would seek market control.

When the complementary concepts of boundary work (Gieryn 1983, 1995, 1999; Jasanoff 1995; Swedlow 2003, 2007) are applied to exclusivity and market control in the case of the Australian accounting profession, the preferred choice of bodies, wherever possible, appears to be exclusivity. This is evidenced from the mutual struggle to gain a Royal Charter by the predecessor bodies of both the Society and the Institute, with the predecessor bodies of the Institute finally being successful in gaining a charter in 1928. It can be argued that exclusivity and market control are not automatic choices faced by professional bodies. However, exclusivity was the first choice of all bodies. The boundaries were also created around the membership and exclusive status of ACPA. However, the granting of a Royal Charter provided more status to the members of this professional group and the social construction of a status differentiation between MIPP and MNIPP. Unable to gain exclusivity, the excluded bodies adopted for the second strategy of market control.

4.4 Conclusion
The concepts of boundary work and the dilemma of exclusiveness versus market control are seen as complementary perspectives in this study. According to Gieryn (1983, p. 792), boundary work relates to creating and maintaining a monopoly by an occupational group because “expansion, monopolization and protection are generic features of ‘professionalization’”. As Annisette (2017) shows, these protections are created and shaped by public discourse and linguistic claims. In contrast, Macdonald and Ritzer (1988) addressed the tension between the need for exclusivity and the drive for market control as a key determinant of the historical development of professional groups. Thus, proposed mergers of professional associations typically involve an attempt to dismantle designations and boundaries that have been cast by history, and to redraw underpinning organisational strategies in the event of mergers that are consummated.

Both theoretical frameworks are applied in this study across four chapters that cover each of the merger attempts to examine changes in the traditional organisational strategies of both bodies; successful protection of the Institute’s boundaries by its members; and, consequently, the preservation of the different organisational strategies of each body. Chapters 9 and 10 present a comparative analysis and the implications of the study findings, with application of both theoretical frameworks. The next chapter covers the first merger attempt in detail, and applies both theoretical frameworks to the findings.
Chapter 5: The First Merger Attempt

5.1 Introduction

This chapter considers the first merger attempt by the Society and the Institute, which was voted upon by members of both bodies on 3 December 1969. The initial unity proposal was overwhelmingly supported by the Society members but was rejected by Institute members. Since the formation of the Institute in 1928 and of the Society in 1952, there has been very little, if any, cooperation between the two bodies. As such, the first merger attempt was a somewhat unexpected step, coming after years of professional rivalry and especially given that the Institute was created as an elite association in order to represent MIPP on a national basis. The formation of the Institute reflected a boundary construction whereby accountants not involved in public practice were to be kept outside the domain of this professional body. On the other hand, the earliest antecedent body of the Society, the IIAV, was formed in Melbourne in April 1886 and incorporated on 1 March 1887 (Edwards, Carnegie & Cauberg 1997; Carnegie & Edwards 2001). As will be shown, this association adopted market control as its organisational strategy, based on the inclusion of individuals drawn from both within and outside the domain of public practice. Hence, both the Society and the Institute were formed on the basis of different organisational strategies in relation to their membership recruitments. After years of rivalry, the decision to try to merge the two bodies marked a modification of their traditional organisational strategies. The three further unsuccessful merger attempts that followed resulted from the continuous dialogue, joint activities and cooperation that stemmed from the first merger attempt.

This chapter is arranged in five sections. Following this introductory section, the second section of this chapter provides various aspects of background context. The first subsection provides a background to the Australian accounting profession and historical developments. The next subsection provides the context before the first merger attempt. This includes the relationship between the Society and the Institute in the pre-1960s period and an overview of the major developments during the 1960s, such as experiences of corporate collapses and their effect on the standing of the accounting profession. The education of accountants, which also received attention because of criticism of the accounting profession, is described in this section. Further, a summary of attempts and concerns of the Society to gain a title associated with status, and a comparison between the Society and the Institute across various levels are
provided in this subsection. The last part of the second section provides an overview of the joint activities between the two bodies that eventually led to the mounting of the first merger attempt. The third section of this chapter provides a detailed account of the merger proposal and its outcomes. The fourth section provides responses to the research questions. The last section concludes this chapter.

5.2 Background Context

This section outlines the background context that led to the mounting of the first merger attempt.

5.2.1 Background to the Australian accounting profession

The advent of professional accounting associations in Australia occurred in the late 19th century from 1885, with the key structural and other operational features of the profession formalised during the early decades of the 20th century. As noted in Section 1.2.1 and Section 1.4, regionalism and duplication were the major features of the early organised Australian accounting profession (Carnegie 1993; Carnegie & Parker 1999; Parker 1986, 1989). Most accounting bodies that were formed between 1885 and 1952 merged with other bodies or disappeared from the professional association scene (Carnegie 1993; Gavens 1990; Gynther 1967a). The Institute and the Society emerged out of successful unification processes that largely involved coalescence around notions of MIPP and MNIPP. This was the result of organisational strategies of “exclusiveness versus market control” (Macdonald & Ritzer 1988, p. 257) adopted by the Institute and the Society respectively. The strategy of exclusiveness adopted by the Institute was implemented with boundary work (Gieryn 1983, 1995, 1999). The concept of boundary work includes not just boundary setting, but also the maintenance and management of those demarcations, which may be subject to movement, blurring and bridging. Boundary work plays a key role in constructing identities such as elite status associated with membership of the Institute. This mechanism also includes means of excluding others, that is, members of the Society in this instance and others not involved in public practice (Grbic 2010). The formation of the Institute was essentially premised on a social boundary constructed by highlighting differences between MIPP and MNIPP (Grbic 2010). The boundaries were then fortified by linguistic claims asserting the superiority of MIPP (Annisette 2017). Therefore, the polarisation of the Australian accounting profession can be viewed as a manifestation of different strategies adopted by the Australian accountants
The literature review has provided a comprehensive account of studies that examined the formation of various professional associations and other structural changes in the Australian accounting profession. In addition, Chapter 3 has provided detail of the background context relating to the Australian accounting profession.

### 5.2.2 Pre-1960s

While the Society was formed and incorporated in 1952, its earliest antecedent body, the IIAV, was established in Melbourne, Victoria in 1886. While the Institute was formally constituted in 1928, it had much earlier antecedents. However, in spite of these long histories, the Institute, the Society and their antecedent bodies participated in very few joint activities of any consequence before the 1960s. The issuance of accounting pronouncements and compliance checks by companies was ad hoc. For example, evidence can be cited from a 1948 statement by T. A. Hiley, president of the Institute, in which he stated that “there are too many companies which fail to follow many of the more important recommendations” (Zeff 1973, p. 4).

In 1950, an attempt by the Commonwealth Institute, a predecessor of the Society, to form a joint committee of accounting bodies in Australia for issuing accounting pronouncements failed because of a lack of support from the Institute, which did not want to lose its right to issue its own statements on accounting practice (Zeff 1973). However, at the same time, and due to insufficient financial resources, the Institute could not afford any regular research staff (Zeff 1973). Even if certain committees of state councils of the Institute did some work, there was no follow up. J. K. Little, a member of the general council of the Institute, expressed concerns over the Institute’s growth in different areas. Little (1968, p. 157) mentioned that “there are a number of areas where we [the Institute] must concede that the rate of progress has been disappointingly slow”. Little (1968, p. 158) also mentioned that the financial resources and growth of the Institute were inadequate, resulting in a “failure to keep pace with the competition”.

On the other hand, the Commonwealth Institute gained enough financial strength to be in a position to afford a research officer once it merged with the numerically larger Federal

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17 The reality was that the Institute did not develop its own accounting guidelines, but closely followed and copied practices of the English Institute (Zeff 1973) at this time. Later, during the mid to late 1960s, the influence of American and Canadian pronouncements could also be observed on the Institute’s accounting guidelines. The pressures of reports issued by government inspectors on company failures and criticism by the financial press were compelling reasons for this change (Zeff 1973).
Institute in 1952, leading to the formation of the Society (Zeff 1973). Despite having greater financial viability to support such research, the Society did not want to take up an active research program to issue accounting pronouncements because this would put it in competition with the Institute (Zeff 1973).

The impact of uncoordinated research programs by both bodies to assist in guiding accountants is evident in the perceptions of practitioners. The ARF conducted a survey in the mid-1960s sponsored by both the Society and the Institute. This survey showed that accountants believed that financial statements did not provide enough information to users. Accountants demanded that more information should be provided and that standards of reporting should be improved (Anon. 1968d). It appears that neither body regarded itself to be working with the other on the development and growth of the accounting profession in Australia.

5.2.3 Developments during the 1960s

Developments in the 1960s brought the Society and the Institute bodies together for discussions on matters affecting them both. During the early stages of the decade, after a spate of corporate failures, the Australian accounting profession faced a legitimacy crisis (Carnegie & O’Connell 2012). The Australian accounting profession was criticised by parties outside the profession as well as commentators within the profession. For example, the inspector appointed to investigate the collapsed Reid Murray Group of companies strongly criticised the accounting profession and its guiding principles (ASA 1966a, p. 28). The inspector commented that there was a need for more precisely defined guiding principles for accountants and auditors (ASA 1966a, p. 28). Criticisms of accountants and their profession, led by the press and government inspectors, meant both bodies felt the public backlash emanating from the corporate failures.

Initially, the Society tried to justify its position and attempted to reject the criticism. An example comes from the Queensland division of the Society, which requested the general council to take steps on behalf of the profession to refute promptly any damaging and unjust comments (ASA 1967b). Another illustrative attempt to escape responsibility comes from an article that claimed the “major causes of company failures were where ‘differences in expert opinions existed’. There were only a few instances of criminal negligence. This meant that
the best brains in accountancy needed to seek ways to settle criticisms emerging from corporate failures and criticisms by Govt. Inspectors” (Anon. 1965c).

Eventually, mounting pressures forced both bodies to act jointly to respond to such criticisms. Both bodies reviewed their limited progress in developing and guiding the technical practices used by the accounting profession. A particularly important joint activity was the establishment and sponsorship by the Institute and the Society of the ARF, which was announced in the November 1965 issues of *The Australian Accountant* and *The Chartered Accountant in Australia* (Carnegie & O’Connell 2012). The ARF was incorporated as a company limited by guarantee on 23 November 1966 (Burrows 1996; Zeff 1973). In later years, the ARF played a major role in the Australian accounting profession, though initially it struggled to gain momentum and start its operations. Both bodies had planned to make an annual contribution of $AU20,000. However, the position of Research Director remained vacant for four years after it was first advertised, until P. W. Danby was appointed on 1 July 1969. Danby resigned within four months and the position was filled by W. J, Kenley from 1 January 1971 (Zeff 1973). By the end of 1967, the ARF had $AU35,700 in unexpended funds in hand (Zeff 1973). It was obvious that the initial planned joint contribution was not functioning effectively because money was not being spent on research activities. Therefore, despite their intentions and efforts, the bodies could not initiate the research activity that was planned through the ARF.

**5.2.4 Status of the Society members**

The crisis of the 1960s and the subsequent sharp criticism of accountants and the accounting profession once again exposed status differentiation between the members of the Institute and the Society. The Institute was proud of its high standards and the Society was concerned that its members did not have a competitive professional title, such as the “Chartered Accountant” designation that was held by the members of Institute. Irving (1966, p.10), a member of the general council of the Society, stated:

> It is generally recognized that members of the Society are at an extreme disadvantage because of a lack of a generic name by which they can identify themselves in the community. The many letters of designation, indicating grades of membership of various professional bodies, are confusing and have little significance in the absence of a generic name … Unfortunately, the simple description ‘accountant’ has been so loosely used for so many years that, by itself, it has never had any real professional significance in the
community. It is therefore necessary to add some other word or words in order to clearly identify an accountant qualified and trained at the professional level. Two combinations of words have gained general acceptance in other parts of the world, ‘Chartered Accountant’ and ‘Certified Public Accountant’.

The arguments of Irving (1966) were linked with a public discourse of superiority that was used to elevate the status of the Institute members, casting them as superior to the Society members (Annisette 2017). To overcome this significant barrier, in March 1966, the general council of the Society instructed its Central Public Accountants Committee (CPAC) to submit proposals to improve the status of its MIPP and overcome the serious disadvantages under which they practised (ASA 1966b). The CPAC submitted its report and suggested an examination of “the desirability of prohibiting those members of [the] Society, who are salaried officers of an accounting firm or other organisations from carrying on the practice of public accountant on their own”. As the Society’s members did not have any title to distinguish or identify themselves from accountants who were not qualified for Society membership, the CPAC proposed consideration of using the prefix “Royal” with the name of “Society” (Worley 1967). Another attempt by the Society to adopt professional titles for its members failed due to the distinction drawn between MIPP and MNIPP (Irving 1966).18

An additional confronting issue was that the Society’s many MIPP did not associate themselves with the Society. As the general council expressed its worry:

That General Council note that a great number of the Society Members in public practice find it necessary to refrain from describing themselves as members of the Society so that they can use their designation of membership of another professional body and request the Central Public Accountants Committee to report to the Executive as soon as possible on the steps that may be taken to raise the degree of acceptance of the Society Membership in the field of public accounting to the extent necessary for practitioners to be able to describe themselves as the Society Members without prejudicing their prospect of receiving certain appointments (ASA 1967a, p.10).

18 The adoption of the generic titles of “Certified Public Accountant” and “Certified Accountant” failed because of the distinction drawn between the MIPP and MNIPP. The MNIPP objected and raised concerns that the privilege of public accountants to describe themselves as “Certified Public Accountants” or “CPAs” placed MIPP in an advantageous position because a greater status was attached to the description of “Certified Public Accountant” or the letters “CPA” when compared with the description of “Certified Accountant”. Changing the name of the Society from the “Australian Society of Accountants” to the “Australian Society of Certified Accountants” was also discussed (Irving 1966). Irving (1966) also mentioned that the use of the title “Certified Practising Accountants” for all members of the Society would have a prestige value. Further, it would conform to the practice of the Institute of Chartered Accountants in Australia whose members, whether in public practice or private employment, were now permitted to describe themselves as “Chartered Accountants” (Irving 1966).
While comparing the status of the members of the Institute, Irving (1966, p.7) contrasted it with the Society’s MIPP, adding, “similar to the title ‘Chartered Accountant’ there is no similar generic title for the public accountant member of the Society”. The Society also had no objection to its MIPP using the Chartered Accountant title and disassociating themselves from the Society, as Irving (1966, p.7) argued: “because of the recognition given to the title as being in a specialist area—it is logical that members with dual membership practise under the title of “Chartered Accountant””. The Society’s MIPP with dual membership did not disclose their membership of the Society when dealing with the public and mainly used the Institute’s title of CA. Therefore, members with dual membership created a sub-boundary between themselves and other members of the Society who were not in public practice (Arndt & Bigelow 2005; Cash, 1997; Gieryn, 1983; Lamont & Molnár, 2002). In the proposed merged association one of the incentives for the Society leadership was removing the intraorganisational boundary that was being constructed as a consequence of some the Society MIPP also being members of the Institute.

The Society also expressed concerns that outside Australia it did not have the same recognition as the Institute, something that became evident at the time of the Society and the Institute coming together to jointly organise the Tenth International Congress of Accountants in Australia. HR Irving, president of the Society, stated that, “it is apparent that the distinction between the Society and the Institute is not clearly recognized in at least some other countries” and, as a result, it became necessary for:

[T]he acting President of the Society JG Orr to write to the General Secretary of the Ninth International Congress of Accountants, emphasising that the invitation in respect of the 1972 Congress had been extended on behalf of the accountancy profession in Australia, by the Presidents of both this Society and the Institute, and not just by one of the organisations in this country (Irving 1966, p.8).

5.2.5 Accountants’ education policy reforms

The developments of the 1960s created the circumstances that led to the reassessment of the education of accountants. Three bodies, the Institute, the Society, and the Australasian Institute of Cost Accountants, sponsored a survey of the accounting profession by Professor W. J. Vatter, Professor of Accounting at the University of California, who submitted his report in 1964 (Anon. 1965b). Vatter’s report suggested major changes in accounting education, including introducing graduate entry into the profession (Vatter 1964a), and going
so far as to say the “profession of accountancy in Australia needs a general upgrading in all respects” (Vatter 1964b, p. 438).

Vatter (1964b) exposed various inherent issues and problems in the accounting profession and in the education of accountants, commenting that “the standards for admission to the profession are low” (Vatter 1964b, p. 438), and that “the present syllabi would be better abandoned than revised” (Vatter 1964b, p. 446). Vatter (1964b, p. 432) linked the legitimacy crisis with the accountability of professional bodies and stated “there is a need to guard against any loss of public confidence in the validity and trustworthiness of the professional group”. The occupational roles played by accountants were also a matter for criticism by Professor Vatter. Vatter (1964a) found more than 25 per cent of the time spent by the Society members not engaged in public accounting was spent on non-accounting work. Not only were educational standards low but also accounting bodies, especially the Society, were not able to guide accountants to gain their professional territory.

In 1961, the Prime Minister of Australia Robert Menzies established a committee to inquire into the future of higher education in Australia. Leslie Harold Martin was appointed its chairperson, giving his name to the committee. The Martin Committee report was released on 24 March 1965. The Martin Committee report and the Vatter report acted as key motivations for the Society to make major changes in its education policy for potential members. Both reports had made quite similar recommendations and contributions in the general upgrading of the Australian accounting profession.

The report of the Society’s committee on “Future Education Policy of the Society” was submitted by chairperson L. A. Braddock. This report mentioned that the new education policy of the Society was timely and important because “the general situation in the educational field is one of turmoil” (Braddock 1965, p. 5). It further mentioned that “the objective of the Society’s education policy be the basic education and examination of candidates through universities and technological institutions with a qualifying examination by the Society for membership purposes” (Braddock 1965, p. 5). The Society approved the adoption of the new education policy at its general council meeting on 11 October 1965 (ASA 1965a).

As the previous subsection has discussed, the Institute’s standards for the education of accountants and the general status of its members were perceived to be higher than the
Society; hence, many changes and upgrades in the education policies of accountants were made by the Society.19

5.2.6 Registration of accountants

The legitimacy crisis also revived the notion of creating legal boundaries through a process of registration for accountants, a proposal that gained strength in the context of the era’s corporate failures. The Victorian division of the Society initiated the debate on state-based registration. In a presidential address delivered on 27 March 1963, the president of the Victorian branch of the Society H. F. Craig stated that accountants should not ignore criticism that surfaced after various recent corporate failures (Craig 1963). He also mentioned that the Society and the Institute were not able to control the activities of non-member accountants, former member accountants and unqualified accountants. In concluding his argument, Craig presented a strong case for the state registration of accountants. In his words, just as with many other professions, statutory control of the accounting profession by means of registration or licences to protect the public was necessary. Later, in 1964, H. F. Craig reaffirmed the Society’s stand and said that criticism of the accounting profession by government inspectors, the financial press and members of the public was “irresponsible and unjustified” and that it had directed attention to the desirability of statutory control over all accountants (Anon. 1964a).

On 19 March 1964, *The Age* reported that “negotiations to bring about legislation for registration of accountants are continuing between accounting bodies and the Victorian Government”. In a survey of the Society members, an overwhelming 97.5 per cent of members, from a response rate of 76.2 per cent, favoured the proposed Bill. The Attorney General of Victoria Arthur Rylah was also advised about the outcomes of the survey; Rylah considered it important that the Institute gave its full support to the proposal if the proposed state registration Bill went ahead in the parliament. The president of the Victorian division of the Society also told members that negotiations were being undertaken with the Victorian branch of the Institute (Anon. 1964c).

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19 For example, from 1 January 1967, students were required to obtain their basic accountancy education by taking an approved course at a university or technical institution for entry to which a matriculation standard of general education was required. On completion of this, graduates were required to pass a qualifying examination of the Society for admission to membership (ASA 1967e).
Speaking along the lines of projecting a case for state registration, on 20 April 1964, the national president of the Society, JMS Groom, declared that the public should be protected from unqualified and unethical accountants, and further said that “we want to see the term ‘accountant’ applied only to those who are accountants” (Anon. 1964b). This marked an attempt to achieve occupational closure by means of state registration (Macdonald 1985, 1995).

The 1965 annual report of the Society mentioned a joint discussion with the Victorian state government along with the Institute’s Victorian division:

General Council has continued its endeavour to achieve a form of statutory control of all sections of the profession on a basis which will enable it to govern its own affairs. General Council is convinced of the need for this statutory recognition throughout Australia and members can be assured that every effort is being made to bring this about (ASA 1965b, p. 2).

The 1965 annual report of the Society further mentioned an agreement being reached with the Institute on the “provisions of [a] draft Bill for statutory recognition of profession and control by the profession”. Council claimed that it believed that the proposed legislation was in the “best interests of the profession and is urgently needed to protect those we serve. Therefore, every effort is being made to have the Bill accepted by the Government” (ASA 1965b, p. 14)

It also appears that state registration was a more important issue for the Society than the Institute. The Society was prompt in discussing various options of statutory control. It clearly wanted to keep the autonomy of the profession, as it resolved “General Council is opposed to any external control of professional standards” (ASA 1966a, p. 29). Further, the Society claimed, “statutory control by an outside authority may tend to restrict new thought and progress” (ASA 1966a, p. 29). The issue was discussed in detail and it was even mentioned that “the control of the profession should be entrusted by statute to the profession itself and not some statutory authority appointed by for the purpose” (ASA 1966a, p. 30).

After some initial success, the attempts to gain statutory control in Victoria suffered a setback. Statutory control of the profession was promoted by the Society in Victoria. The Institute initially supported the idea. However, the National Institute of Accountants20 bitterly opposed it directly and many other bodies opposed it indirectly. In an article published in *The

20 Name changed to the Institute of Commercial Studies in 1967.
Australian, journalist John Lloyd mentioned that there was a veil of secrecy and that both the Society and the Institute were not discussing the contents of the proposed Bill (Lloyd 1966). If the proposed Bill had become law then only members of the Society and the Institute could practise as accountants. In a big jolt to such efforts, the Premier of Victoria Henry Bolte made it clear that the issue of the registration of accountants was an internal issue within the accounting profession and that the Victorian Government was only acting in the interest of the profession. According to Lloyd (1966), because of rising public pressure, Henry Bolte did not want any involvement that could potentially cause embarrassment for his government.

In 1966, the general council of the Society gave authority to the divisional councils in all states to discuss the matter on an official basis with representatives of the Institute in their respective states (ASA 1966b). In a May 1967 meeting of the general council of the Society, it was noted that “Government did not, at this stage, intend to proceed with the legislation” (ASA 1967). Therefore, the executive decided to raise this issue with representatives of the Institute at the sixth joint conference, with a view to creating state registration as a means of constructing professional boundaries under the law. British accountants had made several attempts to create a mechanism of state-based registration to construct professional boundaries, as explained in earlier chapters (Shackleton & Walker 1998). The first such British attempt to use state registration for creating professional boundaries failed between 1890 and 1930 (Macdonald 1985). The failure in Britain was for similar reasons those arising in the Australian case, with the chartered bodies not being able to convince the government that accountants, who were not members of a professional body and had limited qualifications or experience, were damaging the reputation of the profession, an argument that was used to promote the case for state registration (Shackleton & Walker 1998). In 1967, the general registrar of the Institute informed the Society that “no action be taken” to implement the earlier decision of the general council. That earlier decision was to give authority to the state councils to initiate discussions with state representatives of the Institute (ASA 1967d). As a result, the Society’s executive committee decided to put the issue of statutory control on hold (ASA 1967d).

5.2.7 Comparison of both bodies

The following data, drawn from the years 1968 and 1969, highlight some of the key similarities and differences between the Institute and the Society at this time. The total membership of the state councils of the Society was 103, while this number was 47 for the
Institute. Overall administration, including admission of members and disciplinary action against members, was more departmentalised and decentralised in the case of the Society than the Institute. The Society had offices and full-time staff members in all states except Tasmania, and owned its premises in Melbourne and Sydney. In contrast, the Institute had offices only in New South Wales and Victoria. The Society had 72 full-time staff members of whom 26 were in the Melbourne head office, while the Institute had only 26 full-time staff members with 20 based at the head office in Sydney (ASA & ICAA 1968a). Fifty-five per cent of the Institute’s members, numbering 2,954, were based in New South Wales, although the proportion of the Australian population living in that state was just 36 per cent (Australian Bureau of Statistics 1968; ICAA 1969). In contrast, while the Society had 10,175 members in New South Wales, this constituted just 33 per cent of its total membership. The Society drew 31 per cent (9,512) of its members from Victoria, which was home to just 22 per cent of the national population (Australian Bureau of Statistics 1968). In short, the Institute’s “home” was in Sydney, New South Wales, while Melbourne, Victoria, was the “home” of the Society, a factor that would compound the tensions surrounding the merger proposal.

The share of MIPP was 72 per cent in the Institute and just 15 per cent in the case of the Society (McEwen 1967). Similarities between the bodies included the structure of general and state councils, the vesting of decision-making power with general councils, the frequency of meetings of councils and the functioning of bodies through executive committees (ASA & ICAA 1968b). The general councils of each body were also similar in size (18 at the Institute and 19 at the Society).

Table 5.1: Financial Results of the Society (1965–1970)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue/Income (SAU)</th>
<th>Deficit/surplus (SAU)</th>
<th>Deficit/surplus (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>529,158</td>
<td>79,096</td>
<td>14.9</td>
</tr>
<tr>
<td>1966</td>
<td>545,297</td>
<td>47,458</td>
<td>8.7</td>
</tr>
<tr>
<td>1967</td>
<td>549,594</td>
<td>(33,823)</td>
<td>(6.2)</td>
</tr>
<tr>
<td>1968</td>
<td>635,245</td>
<td>22,873</td>
<td>3.6</td>
</tr>
<tr>
<td>1969</td>
<td>641,672</td>
<td>4,548</td>
<td>0.7</td>
</tr>
<tr>
<td>1970</td>
<td>777,686</td>
<td>89,966</td>
<td>11.6</td>
</tr>
</tbody>
</table>

Revenue deficit/surplus (%) 5.7

Source: ASA 1965–1970

Table 5.1 provides details of revenue and the respective deficit or surplus for the Society between 1965 and 1970. The trend shows that the Society’s financial performance was
generally strong, with the exception of 1967 when it suffered a deficit of 6.2 per cent and 1969 when the surplus figure was merely 0.7 per cent. However, it regained its strong surplus position in the following year (1970), with an 11.6 per cent surplus in 1970. The overall average surplus for the years 1965 to 1970 was 5.71 per cent.

Table 5.2: Financial Results of the Institute (1965–1970)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue/Income ($AU)</th>
<th>Deficit/Surplus ($AU)</th>
<th>Deficit/Surplus (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>(7,000) pounds</td>
<td>41,392 pounds</td>
<td>(16.9)</td>
</tr>
<tr>
<td>1966</td>
<td>3,606</td>
<td>160,507</td>
<td>2.25</td>
</tr>
<tr>
<td>1967</td>
<td>1,108</td>
<td>167,837</td>
<td>0.66</td>
</tr>
<tr>
<td>1968</td>
<td>(20,327)</td>
<td>170,901</td>
<td>(11.9)</td>
</tr>
<tr>
<td>1969</td>
<td>6,034</td>
<td>237,949</td>
<td>2.2</td>
</tr>
<tr>
<td>1970</td>
<td>8,791</td>
<td>285,618</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Average surplus (%) = 3.5

Source: Annual reports ICAA

The Institute recorded surpluses in 1966, 1967, 1969 and 1970, but in each instance, the surplus was less than 3 per cent of the total revenue. For 1965 and 1968, significant deficits were reported by the Institute, respectively 16.9 per cent and 11.9 per cent of total revenue (ICAA 1965, 1966, 1967, 1968, 1969, 1970). In 1969 and 1970, it recorded surpluses of 2.2 per cent and 3 per cent respectively. Overall, when compared with the Society, the Institute’s financial performance was poorer. The Institute had an average 3.5 per cent deficit across the six-year period. This suggests that the Institute may have been under some financial stress while merger discussions were taking place. As mentioned above, because of a lack of financial capacity resulting from its smaller membership base, the Institute was unable to engage in an active research program, while the Society was cautious about engaging in such activity because this would place it in direct competition with the Institute (Zeff 1973).

5.2.8 Joint activities

Both bodies began to initiate joint activities in response to the challenges created by the corporate failures of the early 1960s, focusing on education standards for accountants and overcoming the difficulties in organising research activities for raising the standards of the profession. For example, when the Institute made its submissions on Commonwealth income tax legislation, the Society supported its recommendations (ASA 1965, p. 3). Both bodies formed a joint committee to work together on issues of common interest, including upgrading
the standards of recruitment to the profession and attracting students with the necessary standards of secondary education (Anon. 1965a).

Evidence of joint works and cooperation also comes from official documents. The 1965 annual report of the Institute mentions:

This year has been notable for the liaison established in areas of common interest between the Institute and the Australian Society of Accountants. Conferences at Presidential level have been held between the two bodies and a number of projects have been accepted as being worthy of exploration on a joint basis. Members already have been informed of the proposed joint venture into research and subjects such as educational standards, legislation affecting the profession, Asian and Pacific conferences and recruitment into the profession have been discussed (ICAA 1965, p.9).

The 1965 annual report of the Society printed a subcategory with the title “Joint Action within the Profession” and it reported:

Members have been informed from time to time of discussions which have taken place between representatives of the Institute of Chartered Accountants in Australia and this Society on matters of mutual interest. One of the important areas of agreement was the need for the Institute and the Society to work closely together in the field of accounting research, so that the benefit of any work undertaken could be more widely disseminated and individual assignments undertaken in greater depth. Discussions have taken place over a considerable period of time with a view to establishing a basis for closer relationship between the Australian Society of Accountants and the Australasian Institute of Cost Accountants (ASA 1965b, p. 1).

The Society’s 1965 annual report also mentions that “history was made at the University of Western Australia in February when, for the first time, accountancy bodies combined with the Adult Education Board to present a seminar on ‘Selected Problems in Accountancy’” (ASA 1965b, p. 30).

The Institute and the Society agreed to make copies of their official journals available on a sale basis to the members of the other body (Anon. 1965a). They also agreed to make joint representations to governments and official bodies on matters affecting the accounting profession (Anon. 1965a). The Institute formally consulted with the Society before making submissions, revealing in its annual report that “where appropriate, the [Parliamentary and
Laws Committee] held discussions with the ASA to ensure that submissions from the profession were on parallel lines” (ICAA 1968, p. 10).

The Institute and the Society organised joint seminars on accountants’ education. One such seminar, held on 3 October 1968, dealt with bankruptcy in companies (Anon. 1968c). For the first time, both bodies made a joint representation on behalf of the Australian accounting profession at the Ninth World Congress of Accountants (Anderson 1967). Another joint effort made in the interest of advancing the profession in Australia included a joint expression of interest to host the Tenth International Congress of Accountants, scheduled for 1972 (ICAA 1967).

The Institute president contended that the Institute and the Society should direct their attention towards systematically improving the educational and training areas of the profession rather than just considering ad hoc matters from time to time (ASA 1967b). In summary, after a long period of segregation, the two bodies were cooperating and engaging in joint works. The 1966 annual report of the Institute referred to maintaining an open door policy towards liaison with the Society on matters of common interest.

Before the first merger attempt, Gynther (1967a) conducted a “pathfinding survey on the Australian accounting profession” (Linn 1996, pp. 175–176) and elucidated the general mood of accountants. The findings of his study showed that 84.2 per cent of the members of the Society overwhelmingly favoured the idea of a single national body, while a majority of the Institute’s membership was in opposition and only 39.1 per cent were in favour of such a proposition. Gynther (1967a, p. 289) wrote that:

A combined professional body is essential if the accountancy profession is to play its role in the expanding Australian society in an efficient manner. There must be oneness in thought and action in such vital areas as formal education, continuing education and research especially.

Further, he said that “a single voice speaking for the whole profession would be much stronger and would be heard and listened to by many people than are the two smaller voices that now exist” (Gynther 1967a, p. 290).

At a time when discussions for the first merger were still in their infancy in Australia, the six British professional accounting bodies were considering unification of the British accounting
profession. In 1968, a proposal was released and the primary rationale for unity was to reduce the confusion that had arisen due to the diversity and multiplicity of professional bodies. A second rationale, identified formally in the proposal, was the ability to speak with one voice to government (Anon. 1968b). Unification of the accounting profession in India was under consideration at the same time, with the aim of merging the Institute of Chartered Accountants in India and the Institute of Cost and Works Accountants of India (Anon. 1968e). Interestingly, none of the three unity attempts would succeed and the respective bodies participating in the unity attempts in the UK, India and Australia are still separate bodies at the time of writing.

5.3 The Merger Proposal and Outcome

The previous section identified a series of developments that took place during the early 1960s that may have put pressure on both bodies to consider the merger option or, in other words, to modify their traditional strategies of exclusiveness or market control as adopted by the Institute and the Society respectively (Macdonald & Ritzer 1988). The implications of this change would mean that members of the Society would gain status by becoming CAs accountants. For the Institute members, the implications of the proposed merger were linked with a potential dilution of status and they also feared dilution of the quality of professional services (Orr 2014). The developments that mounted pressures to modify the traditional organisational strategies of both bodies included the threat to the legitimacy of the profession as a result of a series of corporate failures (Clarke, Dean & Oliver 2003; Sykes 1998). This led to an increase in cooperation between the two bodies and ultimately resulted in the mounting of the first merger attempt (Carnegie 2009; Carnegie & O’Connell 2012). In response to the developing professional crisis centred on the inadequacy of accounting principles and practices, both bodies initiated many joint actions resulting in the formation of the ARF. This section examines the details of the merger proposal and its eventual failure and argues that this failure was the result of boundary protection by members of the Institute (Arndt & Bigelow 2005; Fournier 2000; Gieryn 1983; Swedlow 2007).

The initial attempt to start talks and commence joint operations was initiated by the Institute, as explained by Zeff (1973, p. 43):

In March, 1964, Colin R. Kelynack, President of the Chartered Institute, telephoned the Society President Lyall A. Braddock to propose that the senior officials of both bodies
attend an informal meeting at which ‘matters of common interest’ could be discussed. In prior years, the Institute and the Society had confined their co-operation largely to the joint sponsorship of accounting congresses. But by the 1960s, the leaders of both bodies felt the need for a closer link. The Institute President’s suggestion for an informal meeting was readily accepted (Zeff 1973, p. 43).

The presidents and office bearers of the Institute and the Society met in Canberra on 23 June 1964 to discuss matters of mutual interest to both parties (Anon. 1964b), and several joint actions were initiated (Anon. 1965a). Following this initial coming together of the two bodies, the ARF was jointly formed in June 1965. The ARF was incorporated in the Australian Capital Territory as a company limited by guarantee jointly sponsored by the Society and the Institute (ASA 1965; ICAA 1966). This was viewed by the Society as a “significant development affecting the profession” (ASA 1965, p. 1). It was also one of the first major joint actions in the profession that contributed to the advent of the merger proposal. In an official history of the Institute, Graham (1972, p. 5) asserted that the formation of the ARF was a major move within the accounting profession as a whole “in the quest for better research and higher standards” (Graham 1972, p. 5).

Both bodies also agreed to jointly host the Tenth International Congress of Accountants in 1972 (ICAA 1967, 1968). The landmark joint activity between the bodies was the holding of a series of meetings between senior officials of each body, which were entitled “joint conferences”, commencing with the April 1964 conference previously mentioned. From the beginning, these conferences comprised five representatives from each body: presidents, vice-presidents, registrars and two other members of council (ASA 1967a).

Formal discussions for unification emerged from these conferences, commencing from the second and third conferences held in Canberra on 8 October 1964 and 8 December 1964. The first four joint conferences occurred within a period of about 10 months from 23 June 1964 to 8 April 1965, respectively (Carnegie & O’Connell 2012). No single clear trigger or event can be identified, through either documentary evidence or oral history, as precipitating the merger discussions. Rather, various factors exerted influence in a long and incremental process. Carnegie and O’Connell (2012, p. 848) commented that “the closeness in proximity of these conferences demonstrates the urgency of the matters addressed”. The fifth joint conference was held on 14 March 1967 in Sydney (ASA 1967d). Between March 1967 and October 1968, eight more conferences were held. After the tenth joint conference, held on 4–5 June
1968 in Sydney, the group was renamed the “unity committee”. The unity committee would make all major decisions related to the proposed merger (ASA & ICAA 1968a, p. 7). In summary, the joint conference aimed at discussing matters of mutual interest had become the forum for considering the proposition of merging the bodies. Tables 5.3 and 5.4 show the representation of both bodies on the unity committee.

Table 5.3: Unity Committee Representation of Institute of Chartered Accountants in Australia

<table>
<thead>
<tr>
<th>SN</th>
<th>Name</th>
<th>Institute Designation</th>
<th>City</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A. B. Cleland</td>
<td>President</td>
<td>Sydney</td>
</tr>
<tr>
<td>2</td>
<td>E. W. Savage</td>
<td>Vice-President</td>
<td>Brisbane</td>
</tr>
<tr>
<td>3</td>
<td>J. R. Harrowell</td>
<td>Vice-President</td>
<td>Sydney</td>
</tr>
<tr>
<td>4</td>
<td>F. E. Trigg</td>
<td>General Councillor</td>
<td>Sydney</td>
</tr>
<tr>
<td>5</td>
<td>J. K. Little</td>
<td>General Councillor</td>
<td>Melbourne</td>
</tr>
<tr>
<td>6</td>
<td>S. J. Walton</td>
<td>Formerly General Registrar</td>
<td>Sydney</td>
</tr>
<tr>
<td>7</td>
<td>H. M. L. Hordern</td>
<td>General Registrar</td>
<td>Sydney</td>
</tr>
</tbody>
</table>

Source: ASA & ICAA (1968b)

Table 5.4: Unity Committee Representation of Australian Society of Accountants

<table>
<thead>
<tr>
<th>SN</th>
<th>Name</th>
<th>The Society Designation</th>
<th>City</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>J. G. Orr</td>
<td>President</td>
<td>Brisbane</td>
</tr>
<tr>
<td>2</td>
<td>H. R. Irving</td>
<td>Immediate Past President</td>
<td>Sydney</td>
</tr>
<tr>
<td>3</td>
<td>G. W. Bottrill</td>
<td>Vice-President</td>
<td>Sydney</td>
</tr>
<tr>
<td>4</td>
<td>L. A. Braddock</td>
<td>General Councillor</td>
<td>Adelaide</td>
</tr>
<tr>
<td>5</td>
<td>R. F. Pascoe</td>
<td>General Councillor</td>
<td>Adelaide</td>
</tr>
<tr>
<td>6</td>
<td>C. W. Anderson</td>
<td>General Councillor</td>
<td>Adelaide</td>
</tr>
</tbody>
</table>

Source: ASA & ICAA (1968b)

Background work for the merger had started with a private meeting of senior council members of the Society and the Institute in Canberra in 1967 (Orr 2014). Geoff Orr was the vice-president of the Society and he stated in an oral history interview held on 17 May 2014:

We had a discussion in Canberra before the actual discussion on [a] merger. That was held in private. The Institute approached [the] Society and said that they would like to discuss a number of matters and the question of [a] merger did not come up at that stage. It was suggested that we might meet again confidentially. [The] second meeting as planned did not take place, but the following year the new president of [the] Institute contacted the new president of [the] Society and said that we have talked about all sorts of other things but I [would] really like to get to the real subject and that is the unity of [the] profession in Australia.
The earliest evidence of formal unity discussions comes from a meeting of the Society executive committee held in Melbourne on 13–14 June 1967, although some informal discussion may have taken place earlier, and probably did. The minutes of the meeting state:

President of the Society H. R. Irving outlined, for the information of the Executive, the discussions he had with A. B. Cleland, the President of the Institute, arising from a decision taken by the General Council of the Institute that the desirability and practicability of achieving unity in the profession be discussed on a President to President basis (ASA 1967c).

This reveals that the idea of a merger was initially suggested by the Institute’s general council. The report of the November 1967 meeting of the Society’s executive committee confirmed that members of the general council were informed about the unity discussions underway. It mentioned:

All members of General Council were informed on 28 June [1967] of the approach of the Institute to the Society for discussions on the desirability and predictability of achieving unity in the profession. They were informed also that at a recent meeting of the Executive, considerable time had been devoted to the preparation of an outline of fundamental questions as they affected members of the Society for the guidance of its representatives who would meet representatives of the Institute to pursue the discussions and the negotiations (ASA 1967d).

After informing members of the general councils, a decision was made unanimously 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. On 26 July 1967, the two presidents issued a joint official statement that stated:

Acting under the authority of General Councils of the Institute of Chartered Accountants in Australia and of the Australian Society of Accountants, preliminary discussions are taking place between representatives of both bodies for the purpose of exploring ways and means of achieving unity between them in the interest of the profession in Australia and in the public interest. It may be expected that further announcements will be made as these discussions progress (Anon. 1967a, p. 418; ICAA 1967, p. 6; also see Anon. 1967b).

With this initial announcement the shape of public discourse changed and unity was projected as a necessary step in the public interest. A formal declaration that preliminary merger
discussions were being held on unifying the profession was also made in the respective annual reports of the bodies (ASA 1967e; ICAA 1967, p. 6).

The Society’s annual report mentioned:

As announced by the respective Presidents in August 1967 representatives of the General Councils of the Institute of Chartered Accountants in Australia and of the Society have commenced discussions on ways and means of achieving unity between them in the interests of the profession and of the community generally. The discussions will be continued early in the new-year and further announcements will be made as they progress (ASA 1967f, p. 1).

Moreover, the Society annual report of 1967 also defended merger discussions by stating that “All of this augurs well for the complete consolidation of the accountancy profession in Australia, the development of its services to the community and the advancement of its stature and standing” (ASA 1967f, p. 1).

Further progress was made during the eighth joint conference in December 1967 where the representatives of the Institute and the Society discussed the proposed approach to achieve unity between the Institute and the Society using the Royal Charter of the Institute as a basis for the merged body. They also proposed to protect the rights and status of members of both bodies. The Institute representatives stated that preservation of the Royal Charter, possibly with an amendment, was fundamental. At this conference, the general registrar of the Institute S. J. T. Walton provided details of his discussions that took place in London and elsewhere while overseas in September 1967. He stated that the general attitude of personalities and kindred organisations towards the Australian unity was favourably received and that he had unofficially discussed the proposal in general terms with the Clerk of the Privy Council, the body which oversees the administration and activities of chartered bodies. Walton also shared the news that the Institute’s London solicitors had been consulted and were alerted to the probable large expansion in membership under conditions not envisaged in the original charter, as amended. Further, Walton mentioned that the Clerk of the Privy Council had stated that the law lords were unlikely to raise any formal objections to amendments recommended by the Australian Government in Canberra. After the eighth conference, the two registrars tentatively agreed to meet on February 26–27, 1968 to deal with the matters referred to them (ASA & ICAA 1967).
After hosting the tenth joint conference on 4–5 June 1968 in Sydney (ASA & ICAA 1968b), both the Society and the Institute made official announcements regarding unity talks on 2 July 1968. This was covered in the press across the country. Newspapers reported that in early 1968, the general councils of both the Society and the Institute had announced that both bodies had agreed “upon certain broad proposals as a basis for the continuation of discussions aimed at producing an outline plan for unity of the profession” (Anon. 1968a). In July 1968, the general councils of the Institute and the Society announced that they had agreed upon broad proposals aimed at achieving a merger (Anon. 1968a, 1968b). The joint conferences were held four times between March 1968 and October 1968. The draft version of 15 unity proposals was presented to the general councils of both the Society and the Institute (ASA 1968b).

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. The annual reports only briefly mentioned unity-related discussions and this led to demands from members for better disclosures. One member, Sands, wrote a letter to the Secretary of the Western Australian division of the ASA (undated) showing curiosity related to merger discussions. Sands (n.d.) wrote:

Am I right in assuming that negotiations are continuing with a view to a merger of this Society with the Chartered Institute … If this is correct, who are the personnel appointed by our Society? … What arrangements are being made for frequent reports to our members of the progress of negotiations and the bases upon which a proposed merger is being negotiated?

Sands (n.d.) seems to have represented the sentiments of those members who were taken by surprise at the release of the merger proposals.

Further, the Tasmanian branch of the Society expressed its disappointment at the terms of reference announced in the July 1968 issue of The Australian Accountant. The Tasmanian branch recommended “that in the interest of ultimate acceptance by members of the proposals, a statement be published in the journal which provides members as much information as possible”. They also suggested that, as proposals would develop further, more information could be provided in the journal. The Tasmanian council also asked that they be kept fully informed of the developments so that if members had any inquiries the councillors...
were in a position to provide the required responses. At the same time, the Victorian council commended the announcement and the proposed plan to manage the proposals (ASA 1968b).

In a response to the criticism of the Tasmanian branch of the Society, the executive compared and contrasted public announcements of unity discussions in the UK and discussed that it was not desirable to make public announcements of the progress of unity discussions until the overall plan was logically developed. Any release of information before that had many associated risks (ASA 1968b). Originally, the unity committee had decided to make regular public announcements regarding its progress. However, the experience in the UK indicated that such an approach led to submissions to general council seeking discontinuation of unity discussions. Such moves were planned and executed by a group of members. Therefore, the Tasmanian council was informed of this position and was assured that when the overall plan was logically developed they would be informed along with the other councils and members.

In response, the Tasmanian council accepted this decision but suggested that unity discussions should be given more publicity in every future publication of the Society, so “that negotiations were proceeding and to the advantages which would accrue to members and to the accountancy profession if they were successful” (ASA 1968c). The executive, however, decided that mere publicity, without giving detailed background of the general principles of the unity scheme, was unwise. It did accept the view that it was desirable that the members should be informed “in a general way, of the satisfactory progress being made with the negotiations” (ASA 1968b). Hence, the unity committee was requested to make appropriate public announcements as soon as practicable after both general councils had met in November 1968 (ASA 1968b).

An outline plan consisting of 15 proposals was further considered at the November 1968 meetings of the general councils of both bodies. After the November 1968 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 along with a recommendation that the unity proposals be sent to members as soon as practicable (ASA 1969a; Orr 1969, p. 214).

The president of the Society reported that in a meeting of May 1969, the general council of the Institute unanimously agreed that the unity of the accounting profession in Australia, as
proposed, was desirable and that it had accepted the plan submitted by the unity committee (ASA 1969a). The May 1969 issues of the journals of both bodies published an official statement by the two presidents, which stated 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 1968a, title page).

Finally, both bodies publicly released the unity plan on 1 August 1969 (ICAA & ASA 1969). This document formally set out the rationale for the proposed merger (p. 2):

> The integration of these two organisations to form one body, comprising some 35,000 members drawn from all sectors of the profession, is a natural and logical culmination of the development of accountancy in Australia. It will strengthen the ability of our profession to meet the many challenges facing its members and facilitate effective action to develop and enforce the standards of accounting appropriate to the rapid economic expansion of Australia.

Therefore, three different yet complementary grounds for the merger were expressed: 1) to continue the development of the accounting profession by means of unification; 2) to increase the capacity of the profession to meet the challenges facing members; and 3) to assist in the development and enforcement of standards of accounting as a means of contributing to further economic development. The overall rationale focused broadly on the advancement of accounting as a profession that had yet to reach its full potential in Australia. As such, the rationale was associated with profession-wide gains, which meant changes in the boundaries of the Australian accountancy profession as a whole and effects on individual members in each body. The formation of a single body would shift professional boundaries that were constructed originally around membership of the Institute (Gieryn 1983; Lamont & Molnár 2002). The strategy was that of a fusion between exclusivity and market control and is termed a modified strategy.

The official rationale for a merger indicated a change from the earlier public discourse that emphasised the superiority of the Institute members, with the linguistic claims modified in an attempt to persuade the Institute members to accept changes in the organisation’s boundaries (Annisette 2017). The statement by Institute president, EW Savage, claimed: “accountancy is one profession, and ... every accountant, irrespective of his mode of practice or employment, will gain from a united organisation which will facilitate the harnessing of the talents and abilities of all members for the advancement of the profession as a whole” (Anon. 1969h, p.
These arguments point to the adoption of a modified organisational strategy with inclusiveness at its core and a concomitant shift in the boundaries of both associations and especially the Institute. In a study of hospital administration, Arndt and Bigelow (2005) argued that professional boundaries are modified as context changes and as a response to external challenges. They found that these challenges were threats to male dominance in the hospital administration roles. In the Australian context, as earlier explained, threats to the legitimacy of profession posed a challenge (Carnegie and O’Connell 2012), which led to proposed changes to traditional strategies and professional boundaries of both associations. Therefore, the professional boundaries are not permanent structures and there is an ongoing struggle for control and authority over the profession (Gieryn 1983; Nancarrow and Borthwick 2005; Niezen, Maartje and Mathijssen, 2014).

In the case of the first merger attempt, it was proposed that the unification process would be undertaken between November 1968 and December 1969 (ASA & ICAA 1968a) in three stages:

**Stage I**
Stage I would comprise a series of meetings in various centres to enable members to discuss the plan. Representatives of councils would be present to give further information and to answer questions and they would be available for discussion both before and after the meetings.

**Stage II**
In the case of the Institute, a proposed resolution would be submitted to members by means of postal ballot, when they would be asked to vote in principle on the plan.
In the case of the Society, a referendum would be taken, when members would be asked to vote in principle on the plan.

**Stage III**
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 at which a poll would be taken would be convened, when proposed resolutions to
authorise the necessary amendments to the Royal Charter and Bylaws would give effect to the plan for unity (ICAA & ASA 1969).

For Stage I, meetings of members were planned to take place 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 & 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 unity of both bodies was to:

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

The 1969 annual report of the Institute also attempted to advocate or promote the unity plan to its members:

We have now reached a significant landmark in the history of the accounting profession in Australia and the coming year will determine the way ahead. It is vitally important that every member fully understands the proposals and, therefore, meetings have been arranged during September and October in all States with the objective of providing members with the opportunity of thoroughly discussing the proposals. This is known as Stage I. The three stages set out in the Plan and a message from the President to all members outlining these stages appeared on the inside front cover of August issue of the Journal (ICAA 1969, p. 7).

These statements show a major shift in public discourse and appear to be targeted at modifying the boundaries within the profession. The meeting of the executive committee of the Society was held in October 1969 where the committee reviewed the details of members’ meetings held by divisional councils. The committee was informed that some members were disappointed and that there were some objections about certain aspects of the unity plan. However, it was also inferred from reports received that, in general, the Society’s members
were in favour of the plan. The Victorian division had more objections and divisional council made some suggestions, including for the use of the term “affiliate accountants” in the classification. However, when the executive committee met, it did not agree with the suggestions of the Victorian division and decided that no changes be suggested at that time. They also agreed that inclusion of members of the Institute of Commercial Studies\textsuperscript{21} was a matter to be decided by the general council of the integrated body. The executive also decided to advise the unity committee that the Society was confident about the support of its members in favour of the proposal. The executive also decided that if the Institute wanted to distinguish MIPP this would be accepted, and it proposed the title of “Chartered Accountants in public practice”.

It was reported that only small numbers had attended metropolitan meetings of members, but the general indication was that the Society members were in favour of the proposals. Some suggestions from the Victorian council were received but it was decided that no alterations be made at that stage, which was less than two months before the unity vote took place. The date by which the voting papers were returnable was changed to 3 December, by 5.00 pm. It was also proposed that the statement “it is important that you record your vote” be added after the text of voting instructions. Further, it was decided to provide business reply postal envelopes to the Society members following a decision at the previous meeting to do so in the case that the Institute did. The Society also decided to report to the unity committee for its October 15 meeting that it was confident that its members would vote in favour. It also reported some criticisms that had been received. It was decided to record votes for and against on a state basis with an analysis to be published in *The Australian Accountant*. The November issue featured a formal statement from the president including the principal objections raised by members with the replies given at the meetings. This was done as a reminder to those who attended and for the benefit of those who were unable to be present. The statement also asked all members to record their votes. An advance copy was sent to the Institute (ASA 1969e).

Both bodies agreed that the voting results were to be discussed in divisional and state councils on a confidential basis. However, it was agreed that 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 1969f). The merger proposal, dated 1 August 1969 and titled “A Plan for the Unity of the Accountancy Profession in Australia”,

\textsuperscript{21} Name change from the National Institute of Accountants in 1967.
comprised 15 specific proposals for the unity of the Australian accounting profession and was sent to members for voting. The proposals covered matters such as name, constitution, designation of members, voting rights, education, conditions on public practice, professional conduct, journal, subscription and fees, governing bodies and administration.

The proposal, voted on 3 December 1969, failed because only 41.8 per cent of the members of the Institute endorsed the move and acceptance of the merger by the Institute required a two-thirds majority of voting members; however, a large majority of 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 of the membership (ICAA 1970, p. 8). The first attempt at unifying the accounting profession in Australia had failed at Stage II of the three-stage process outlined earlier in this chapter.

The outcome of the vote (see Table 5.5) 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).

<table>
<thead>
<tr>
<th>Society (%)</th>
<th>Society Ballots Returned (%)</th>
<th>Institute (%)</th>
<th>Institute Ballot Returned (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>88.5</td>
<td>69.7</td>
<td>77.2</td>
</tr>
<tr>
<td>No</td>
<td>11.5</td>
<td>61.7</td>
<td>32.3</td>
</tr>
</tbody>
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Contrary to the expectations and claims of both bodies, the members of the Institute rejected the idea of a merger, with only a minority of voting members being in favour, that is, far short of the two-thirds majority required. The leaders of the Institute had effectively failed to sell to its members the idea of a single accounting body.

It appears that despite showing public confidence, both bodies were mindful of the possibility of the merger failing. Just three days before the members of the Institute rejected the merger, the bodies held a joint meeting of their Education Committees on 30 November 1969. It was decided that uniform education policies would be sought irrespective of the unity proposal outcome (ASA & ICAA 1969b). Further coordinated efforts were mentioned in the annual report of the Institute, which provided details of cooperation with the Society for organising
the Tenth International Congress of Accountants (ICAA 1970, p. 10). After the failure of the first merger attempt, within six months the executive committees of two bodies began to meet regularly at quarterly intervals “to exchange views and explore avenues of close cooperation and collaboration” (Zeff 1973, p. 20).

Several newspapers reported briefly on the failure of the merger proposal. Most of these articles provided a descriptive account of what happened, including the voting outcomes and the official statements of both bodies. Some articles also mentioned that within the Institute opposition to the merger plan had been growing for some time, which resulted in its defeat (Anon. 1969d; Anon. 1969e; Anon. 1969f; Anon. 1969g). The next section provides a discussion and analysis of the findings.

5.4 Discussion and Analysis

Two significant findings emerge from this chapter: 1) the traditional organisational strategies of both bodies were modified; and, 2) there was a successful protection of the Institute’s boundaries by its members and, consequently, the preservation of the different organisational strategies of each body. These respective findings are discussed in conjunction with four of the five research questions asked in this study.

5.4.1 Reasons for mounting the merger attempt

This study’s first research question is “What were the reasons for mounting the first merger attempt between the Society and the Institute?” Earlier sections of this chapter have covered the background context that led to the first merger attempt, which will be briefly discussed again in this section. When this question was posed to Geoff Orr, who was the first vice-president and then president of the Society during the years of discussions and vote on the first merger attempt, Orr (2014) replied by stating that when both bodies started discussions on joint activities, the Institute had already decided to initiate merger discussions. Orr (2014) said of the Institute that:

They were dodging the issue in the first instance. I think the whole reason for it was because they saw the development of the Society, which was not tremendous in those days but it was a growing body. I think the Institute felt little bit under siege.
The reasons for mounting the merger attempt fell into three categories. First, were reasons that jointly affected both the Institute and the Society; second and third, were reasons specific to each body.

Common reasons included the corporate failures and the legitimacy crisis, which forced both bodies to become involved in joint activities (Carnegie & O’Connell 2012) and created an environment that was favourable to the mounting of the first merger attempt. The development of accounting standards and guidelines was an uncoordinated activity, and this issue was repeatedly raised by many members. As discussed earlier in Section 5.2.2, JK Little, who was a member of the general council of the Institute, expressed concerns over the Institute’s slow growth in different areas (Little 1968). As such, these factors played a background role in creating favourable circumstances for a merger attempt.

The Institute had its own reasons for putting forward the idea of merger. Despite its exclusivity, the Institute seemed to struggle with the challenges of the 1960s. This included a legitimacy crisis arising from the failure of companies to follow its accounting pronouncements and widespread concerns about the state of accounting and auditing in Australia. The financial results of the Institute were patchy at best and not as favourable as those of the Society were. Geoff Orr confirmed the Institute’s difficult situation, which he may have inferred from his confidential discussions with the Institute president. Orr (2014) stated in his interview that “they [the Institute] felt if they didn’t do something then the Society would swamp the profession”. Dunkley (2014) added that the Institute had financial motivations for going ahead with the merger: “I think they wanted an element of financial stability—perhaps resulting from a larger number of members together with a larger element of members in industry and commerce”. The Institute made initial attempts to initiate discussions with the Society on joint works, leading to the joint establishment and sponsorship of the ARF, and then it proceeded to merger discussions.

For the Society, the public status of its members when compared with the Institute members was an issue and the proposed merger provided an opportunity for a status upgrade. The higher status of CAs, as the Institute’s longstanding professional title, was also recognised by the Society in various public discourses (see Parker 2005 for a discussion of accounting “brand names” in Commonwealth countries). Evidence for this is available in a report submitted on “Professional Awards for Accountants” authored by a president of the Society, H. R. Irving. The report stated:
There is no coincidence in the fact that the title ‘Chartered Accountant’ is well-known and generally well-accepted in the community. It is generally recognized that members of the Society are at an extreme disadvantage because of a lack of a generic name by which they can identify themselves in the community (Irving 1966, p.9).

Access to the term “Chartered Accountant” by members of the Society had the potential to raise their status, irrespective of changes in professional competence and current work roles. The merger would lead to a change in public discourse, which was traditionally based around differences between the membership profiles of each body (Annisette 2017). While the Society’s general council was keen to raise the status of its members, Irving (1966, p.9) raised a concern that:

The Society could not expect in a short period—in say less than 10 years—to hope to match any title it adopted for its public accountants with that of any ‘Chartered Accountant’, even with the expenditure of considerable resources.

At the November 1967 meeting of the Society’s executive, it was proposed to take ‘positive action for improving the image of the profession’ (ASA 1967g). It is apparent that the Society’s leaders were ready to make an attempt to acquire enhanced status through a merger with the Institute. The invitations of the Institute, first, to engage in joint discussions to address matters of mutual interest, and second, to commence the merger discussions, were readily accepted. This was also confirmed in the oral history interview with James Dunkley, who stated that the then president of the Society, Geoff Orr, was promoting the merger attempt quite strongly. Dunkley (2014) stated that Geoff Orr had “thought the Chartered title would give the members of the Society of Accountants a better status”. Hence, the Society was conscious of gaining exclusivity through obtaining access to the Chartered Accountant title for its members.

As discussed previously, the boundaries of the Australian accounting profession were created around a distinction between the Institute and the Society membership and the adoption of two different organisational strategies, as characterised by the response to the “exclusiveness versus market control” dilemma (Anderson & Chandler 2005; Carnegie et al. 2003; Carnegie & Parker 1999; Edwards et al. 2013; Macdonald & Ritzer 1988, p. 257; Parker 2005). Section 2, above, discussion in this section and earlier chapters identified various factors that led both bodies to modify their traditional strategies. Each body had previously adopted a particular strategy. Whether to adopt an exclusiveness strategy or market control strategy is linked to
conditions related to the membership, a decision taken at leadership level at the time of formation of any professional body. In the case of the first merger attempt, the leadership of the Institute was prepared to modify the exclusive status earned by its membership over many years. Prior research reveals that compromises to a traditional strategy of exclusivity can deliver a form of market control in particular occupational contexts. In the case of the British medical profession, the three licensing bodies representing physicians, surgeons and apothecaries went through 20 years of political and legislative lobbying and infighting. However, the outcome was that:

the Medical Act of 1958 set the seal on a series of compromises whereby the higher-status groups partially relaxed their exclusiveness and gained not only state regulation of the whole occupation, but control over the regulatory machinery. (Macdonald & Ritzer 1988, p. 258)

However, in the case of the Institute, the modification of its traditional strategy was linked to the professional crisis that occurred in the early to mid-1960s as discussed above. Unlike the British medical profession, the Australian accounting bodies were not going to gain complete control over the profession; rather, they sought the market control created through a single large membership-based body that would remain relatively exclusive because of its size and its possession of a Royal Charter as a symbol of status. Hence, the new strategy may be described as exclusiveness by belonging to a single major professional body. In other words, the new strategy was an integrated strategy between exclusiveness and market control.

5.4.2 Strategies adopted by both bodies in merger attempt

The second research question is linked with the strategies adopted by both bodies related to the first merger attempt. Considerable cooperation and mutual understanding existed between the two bodies. Merger discussions did not suffer any major setbacks and both bodies smoothly executed discussions through joint conferences initially and then via the unity committee. A degree of confidentiality was maintained, where any proposals were discussed and approved at the general councils of both bodies before being finalised by the unity committee. Major discussions were undertaken at national and general council levels and between councils and the unity committee.

Members sought more disclosures on the merger process, for instance regarding the mechanisms for creating a formal proposal, providing and receiving feedback to and from
councils, and making decisions. The Tasmanian branch of the Society publicly asked for more disclosures. However, this request was rejected based on the example of merger discussions in the UK (ASA 1968b). Thus, the strategy was to maintain a degree of secrecy to avoid backlash on the merger attempt, especially from members of the Institute. This merger attempt was also unique in that it had three stages. In Stage I, throughout Australia, meetings of members were organised to allow members to seek questions and provide responses.

It is argued that the strategies adopted in this merger were based around modification of the traditional organisational strategies of “exclusiveness versus market control” (Macdonald & Ritzer 1988, p. 257). This framework has been used in many accounting studies (Anderson & Chandler 2005; Carnegie et al. 2003; Carnegie & Parker 1999; Edwards et al. 2013; Parker 2005). In a study of the formation of ARIA, Edwards et al. (2013) found that founders followed a strict exclusive strategy that proved a stumbling block for gaining influence because the membership base was not enough. As discussed previously, the Institute was struggling financially and its membership size was 17 per cent the size of the Society (ASA, 1969d, ICAA, 1969a). So when exclusivity was not enough to sustain it, the leaders decided to modify the organisational strategy, leading to proposed changes in boundaries, as Gieryn (1983) stated that boundaries are not fixed structures and, according to Fournier (2000, p. 83), they are “malleable and expandable”.

Of the 5,377 members of the Institute in 1969, 1,900 or 35 per cent of its members were also members of the Society, and in the case of Institute’s fellows, 1,182 or 42 per cent were also members of the Society (ICAA, 1969b). In order to persuade its members, the general council of the Institute proposed that it was desirable to extend the accounting profession beyond a concentration on public accounting (Anon. 1969c). In his final letter, dated 5 November 1969, before members voted on the merger attempt, the president of the Institute, EW Savage, argued that more than 25 per cent of the Institute members were not in public practice. The discourse was based on argument that the general trend in other countries was that more and more members were engaged in the profession outside public practice and that the future development of the Institute should also follow that pattern (Savage, 1969):

"General Council accepted the basic concept that accountancy is one undivided profession of which public practice is but one segment. The Council believes that to confine the profession to those in public practice is to run against world accounting opinion. The
accounting skills and knowledge of those in public practice, commerce, industry and government are inextricably interwoven (Savage 1969, p.1).

These sentiments show a modification of the traditional strategies adopted by the Institute based on the notion of exclusiveness, which had been ingrained into its organisational culture since its foundation. Instead of an emphasis on difference, the discursive claims brought the benefits of solidarity to the fore: “Unity is strength. The status of each individual accountant is related to the status and strength of the profession” (Anon. 1966, p. 241). Gieryn (1983) stated that demarcation is always based on certain discursive arguments that depend on what justifies the claim to authority. Demarcation in this instance arises from differences between members of the Institute and the Society. As Anniset (2017) showed, public claims are used to create meanings for categories; in this instance counterclaims were also used to defend the deconstruction of differences between members of the Society and the Institute. Although the business model of the new body was that of “inclusivity”, it would retain a form of exclusivity by keeping the Royal Charter and Chartered Accountant professional status for all members, including those who were formerly members of the Society. By including a large number of members of the Society and by forming a large dominant professional body, it would attain more effective market control. The notion of exclusivity changed to one centred on a large professional body, representing most or virtually all professional accountants, with a Royal Charter as a symbol of earned status. This was a “step up” for the Society as the voting patterns showed. In other words, while “market control” was retained, the proposed merged body would be generally seen as more exclusive than the Society itself was before merger. The next parts of this section present further evidence and argue that members of the Institute, contrary to the recommendations of the Institute’s leadership, rejected this proposed change and engaged in boundary work to protect the boundaries of their professional association.

5.4.3 Reasons for merger attempt failure

The third research question identifies the major factors that resulted in the failure of the first merger attempt.

There are two angles in the analysis when responding to third research question. First, there was a detachment of leaders and members of the Institute (Lee 2010; Shackleton & Walker 2001). The second angle is that members of the Institute engaged in boundary protection
work and preserved the existing boundaries. Within this response, the overwhelming support for changes in professional boundaries from the Society members is also discussed.

Successful mergers are the result of boundary work where members of the continuing association adjust their self-image based on the organisational strategies of professional associations to accommodate change (Richardson & Jones 2007). This did not happen in the case of the first merger attempt as the Institute leaders failed to understand that its members were not prepared to accommodate sharing their professional title with the large number of the Society members. This failure of leadership has also been termed as detachment of leaders from members of professional bodies (Lee 2010; Shackleton & Walker 2001). This detachment was also visible in Britain, where one of the central reasons for various unsuccessful merger attempts was the detachment of office bearers of professional associations from members. Such detachment could be fatal, given that the ultimate authority to approve any merger scheme would vest with members (Lee 2010; Shackleton & Walker 2001).

There is discursive evidence that some members of the Institute did not agree with the organisation’s leaders, writing that “we are the persons to make the decision not General Council” (Anon. 1969b). This indicated some detachment of the leaders from the members of the Institute (Lee 2010; Shackleton & Walker 2001). In a letter written to the editor of The Chartered Accountant in Australia dated 8 May 1969, RW Parry stated that there was a lack of open discussion in the Institute on the issue of unity and that “no opportunity is to be given for discussion through the columns of the Institute journal”. In his discursive claims Parry also criticised the 1 July 1968 statement by both presidents “that steps will be taken to ensure that members have ample opportunity of considering the whole of the proposed plan for unity before any decisions were taken or implemented” (Parry 1969, p. 1076). Members also asked to take a ballot first on whether the plan was acceptable or not before going ahead with the unity vote. This would mean extensive discussion and voting on the actual plan and, if this was approved, then going ahead with unity discussions (Anon. 1969a; O’Neill 1969). The discursive argument continued as Parry (1969) further stated that since the unity announcements were made in 1968, he had “discussed the topic with quite a number of members and [was] yet to find one who regards the concept … in the best interest of the profession” (Parry 1969, p.1076).
The leaders of the Institute faced strong opposition from members. As a member, Harriman (1968, p.27) wrote to the editor of *The Chartered Accountant in Australia* that “my conclusion is that I do not have any faith in the present council of the Institute. They obviously do not know their members”. These linguistic claims indicate that some members of the Institute were firm on preserving the distinction between the members of the two bodies (Annisette 2017). This proved to be prophetic, given that a majority of members rejected the proposal and, thereby, the pleas of the Institute’s general council. Richardson and Jones (2007) compared two merger attempts in Canada, where the unsuccessful attempt of 2004 was for similar reasons as the merger examined in this study when the merger discussions were scrapped at leadership level after it became evident that it would not be ratified by members of the Institute. In the Australian context, leadership of the Institute did not read the mood of its members. Gibson’s (1970) letter presented a brief analysis of the failure of the merger from the perspective of members of the Institute. In his view, the Institute’s council made a mistake by not taking members into its confidence: “Where perhaps the Institute’s General Council erred was in not firstly asking its members to vote on the principle of unity, and enclosing a questionnaire to ascertain the acceptability of guidelines for a fusion”.

The literature on boundary management contends that individuals in a lower status group support mobility strategies and readily accept changes in boundaries (Keohane & Milner 1996; Milner 1996;), which helps explain the overwhelming support, at 88.5 per cent, given to the merger attempt by the Society members. As Gibson (1970) wrote, “As to the general councils, that of the Society was no task at all—practically all of its members obviously would accept the proposed automatic elevation in title from ‘accountant’ to ‘Chartered Accountant’”. In 1930, the British government rejected demands for the state registration of accountants when a similar situation of changes in boundaries of professional associations had arisen. The chartered institutes, which feared dilution of their status, were opposed to the registration proposal. However, similarly to this study, the lower status organisations, which saw registration as an opportunity to be placed alongside CAs, strongly favoured state registration. This was the case of boundary management by the British accountants (Gieryn 1983).

Next, the boundary protection by members of the Institute is analysed. As the context changes, defensive strategies are adopted to protect boundaries (Fournier 2000). Members of
higher-status groups, predictably, seek to defend against changes in boundaries of their groups (Keohane & Milner 1996; Milner 1996). Accordingly, in various unsuccessful merger attempts in the UK the attempts failed because the members of the perceived higher-status associations voted against the merger attempts. In examining the failure to achieve coordination among British accounting bodies in 1957, Shackleton and Walker (1998, p. vii) found part of the cause related to the higher-status institutes that were “unwilling to sacrifice a dilution in their status in order to achieve the greater object of rationalisation”. More evidence of these tensions can be seen in Scotland, where between 1884 and 1900 nine attempts to dilute the status of CAs through changes in boundaries were successfully defeated on the basis that it was against the public interest and that the non-Chartered Accountant body members were “not professional” (Walker 1991, p. 268–69).

Boundary protection work was undertaken at individual and organised levels by the Institute members, with the many strong linguistic claims against the proposed merger revealing that members of the Institute were prepared to protect the organisation’s traditional boundaries. A common theme in the public discourse of these members was that they had worked very hard to reach their present position and believed that the present form of the Institute should be kept intact (Anon. 1969c). An example of these discursive claims includes O’Neill (1969), a member of the Institute, who stated that unity was providing members of the Society with a “free ride on the sacrifice of the hard work of others and that the Institute was sacrificing its reputation, efficiency, standing and members by seeking to unite with the Society”. In this discursive claim O’Neill (1969) further added that “it is hoped that no Chartered Accountant will vote for this unity proposal”. Another example of linguistic claims of superiority is a letter by L. G. Boscoe to the editor of The Australian Accountant which stated that “devaluation of status is now to be wished upon the members of the Chartered Institute” (Boscoe 1969, p. 522).

In his interview, Orr (2014) expressed a similar sentiment:

The real question from the Institute’s point of view [was] that they did not want to be swamped by people who didn’t have the technical ability to deal with the public. They didn’t want people to go out into public practice without any boundary.

Orr (2014) elaborated on why the Institute members voted against the merger proposal and pointed out:
I reckon [their thinking was]... ‘we are Chartered Accountants. We don’t want to extend that title to a group of people we don’t believe have the same professional qualifications.’ That would be the main reason. I think there was a feeling in the Chartered Institute among younger members that personal financial considerations would outweigh the professional considerations. A group from Western Australia ran a campaign against [the] merger.

This portrayal is what Gieryn (1983) calls a demarcation based on special attributes that are used as the basis for the exclusion of certain practitioners, based on labels of lower technical abilities or not being “professional”. This is congruent with Annisette’s (2017) contention regarding the exclusion of “foreign” trained accountants in Canada through the use of public discourse. In another study, Annisette and Trivedi (2013) argued that “the devaluation of foreign credentials is a real and pervasive problem in Canada which not only threatens the country’s image as the model of multiculturalism but for those who see skilled immigration as the key to Canada’s economic prosperity” (Annisette and Trivedi 2013, p. 2). The case of a 2004 merger attempt of accounting associations in Canada witnessed similar boundary protection work to that of the Australian case. Richardson and Jones (2007, p. 153) noted that “the concern most commonly expressed was that the merger would dilute the value of the Chartered Accountant designation either directly through the increase in numbers and consequently the increase in competition within the designation, or indirectly through the dilution of the reputation of the brand”. These are examples of “discourse of superiority to create a public image of their members which cast them as superior to other practitioners in the field” (Annisette 2017, p. 1).

The boundary protection by the Institute members was an attempt to protect their professional identity (Guo 2012) because boundaries “play a critical role in the process of constructing identities” (Zerubavel 1991, p. 193) and maintaining them. Guo (2012) examined the recent merger of accounting associations in Canada and found that objections of some CAs was as a result of a potential threat to the professional identities of their status.

In addition to boundary protection work at the individual level, there was an organised boundary protection campaign run by members, which reflected the desire of those members to maintain the exclusiveness model of professional association rather than to accept modification and a move closer to the market control strategy. The oral history interviews strengthen the argument that members of the Institute actively became involved in boundary protection both at the individual level and through small organised groups. In his oral history
interview, James Dunkley (2014) stated, “I am sure that there was also a group in the Chartered Institute who thought we don’t want so many accountants to all become Chartered Accountants”. Members of the Institute argued that the “majority of the Society members will have the right to call themselves CAs without necessarily having the broad practical experience and professional qualifications which are demanded by the existing Institute” (Anon. 1969a).

One of the main factors that led to the failure included strong opposition from members of the Institute from Western Australia, as Orr (2014) said:

The greater opposition seemed to have come from Western Australia. They had published in the Chartered journal all the reasons why they wanted people to vote against it. Their argument was that we worked hard to become Chartered Accountants and they didn’t want other people to benefit from it without hard work.

As the next three chapters also show, the younger members of the Institute proved to be a stumbling block in all four cases and the theoretical model applied argues that this was the result of boundary management and boundary protection by members of the Institute. The central argument was articulated as a discourse of superiority, as the Chartered Accountants sought to project a public image that cast them as superior to members of the Society (Annisette 2017).

The proportion of the existing Institute members to the Society members in the proposed combined Institute would have been about 16 per cent to 84 per cent. In other words, the number of Institute members was 5,488, and with the merger, all the 31,793 members of the new Institute would become CAs (ASA 1969c; ICAA 1969). This meant that the Institute members would have had little or no redress regarding decision-making in the future. The campaign led by an anonymous group advocated the membership to cast a “no” vote.

Further evidence of a concerted effort of boundary protection is contained in an open letter written by 14 members of the Institute (including S. B. Denton, who was a member of the South Australian state council of the Institute) to all other members after a 23 September 1969 meeting of members that was held in Adelaide. During that meeting, the unity plan was discussed and debated. The reason for the open letter was to provide a summary of the principal points that had been debated and to which it was claimed no satisfactory answers had been provided. The letter stated that during the meeting most members expressed that
they were unhappy about the general council pursuing unity, which, they believed, was being imposed upon them (Anon. 1969b). The letter quoted statements attributed to various members:

We have not been given the opportunity to vote in favour of the principle of unity (Anon. 1969b).

Under the method proposed it is impossible to vote ‘yes’ for the principle of unity without voting ‘yes’ for a plan which, in detail, shapes our destiny (Anon. 1969b).

The letter concluded with the following statement: “With this in mind the plan for unity must be re-thought. Members are urged to vote against the present proposals” (Anon. 1969b). The members writing the letter also demanded that there should be a clear distinction between MIPP and those in industry, commerce and government (Anon. 1969b). Hence, the underlying rationale for the merger, specifically that accounting as a profession was to be perceived as equally important in economy and society in all contexts in which accountants operated, was rejected.

5.4.4 Reactions of various stakeholders

The fourth research question of this study relates to the reaction of various stakeholders after the merger attempt failed. As noted in Section 5.3, the failure of the merger attempt did not attract significant interest and even newspapers covered it in short descriptive detail only. Orr (2014) substantiated the reactions of parties outside the profession and said that governments did not put any pressure on the idea of unity and added that other stakeholders, including those in the commercial world, “didn’t take much real interest in the merger until it happened and failed. They were generally disappointed. But I don’t remember seeing any outburst from any sections of commercial world”.

5.5 Conclusion

This chapter has examined the first attempt to merge the Society and the Institute. This merger attempt was a unique development in the Australian accounting profession because each body had been set up based on different organisational strategies. Since the formation of both bodies, there has not been significant cooperation regarding accounting standards, research, the education of accountants, and communication with government on matters affecting the profession and representation of the profession at the international level. The
professional challenges and legitimacy crisis of the 1960s forced the bodies to engage in joint work and finally work out a merger plan. This chapter has also shown that the long-term objective of both bodies was a complete occupational closure by gaining registration for accountants.

The merger discussions commenced informally at the request of the Institute president and then became formal through the formation of the unity committee, which drew all its members from the national councils of both bodies. Although the final vote indicated that the Society members overwhelmingly supported the move, criticism of the merger process was expressed by the Tasmanian branch of the Society, which cited lack of disclosures. Despite public confidence, the merger attempt failed because of a lack of sufficient support from the Institute members. Chapter 9 of this thesis applies theoretical frameworks to the findings of this chapter.

Chapter 6 of this thesis considers the second merger attempt, which was planned for the longest period and was one of the most rigorous processes among all four merger attempts.
Chapter 6: The Second Merger Attempt

6.1 Introduction

This chapter examines the second merger attempt, which the Institute and the Society mounted in the early 1970s, having released the first draft proposal in 1976. After the failure of the first attempt, in 1969, both bodies re-initiated merger discussions within about six years (ICAA 1975, p. 9). That is, despite the failure of the first attempt, discussions on matters of mutual interest continued (ASA 1970). This study’s examination of the process and strategies adopted by both professional bodies reveals that the process followed to develop the proposals for the second merger attempt and undertake a members’ vote was the most rigorous among all the four merger attempts.

The merger proposal was overwhelmingly supported by the membership of the Society, but the Institute failed to deliver the minimum vote required to enable a merger to proceed. The outcome was that 90.1 per cent of the Society’s members voted in favour of the merger, while only 56.5 per cent of the Institute’s members supported it (ASA 1981; ICAA 1981; Linn 1996, p. 194).

This chapter is structured into five sections. The second section provides the background to the mounting of the second merger attempt. Discussions include those on the failed attempts by the Society to create a separate category for its MIPP, joint works performed by both bodies, the relationship of both bodies with the Institute of Affiliate Accountants (IAA) and an analysis of the financial results of both bodies. A comparison of the membership of both bodies and the declining trend of the Institute’s members engaged in public practice are also part of the second section. The third section examines the integration, or merger attempt, including attempts by the leadership of both bodies to gain members’ support. It also provides a brief overview of the postfailure scenario and the response to it by both bodies. The fourth section provides an analysis of the findings relating to the second merger attempt and responses to the research questions. The last section concludes this chapter.

6.2 Background

Similarly to the first merger attempt, in the case of the second merger attempt, the Institute approached the Society to commence discussions on matters of mutual interest. This was the
second attempt by the Institute to modify its traditional strategy of linking exclusivity with its membership strategies. Later sections of this chapter explain the chronology of events from the initial approach to the failure of the second merger attempt. This section examines events and activities that may have created circumstances favourable to the mounting of this attempt.

In the early to mid-1970s, another series of corporate collapses occurred, owing to which accountants and auditors faced criticism once again (Henderson 1997). After the failure of the first merger attempt, the Society formed a subcommittee of its general council in 1970 to review the organisation of the Society. This subcommittee also reviewed the Society’s mission and objectives, the relationship between the general and divisional councils, and the means by which the maximum possible services could be rendered to members on the most efficient and economic basis (ASA 1970). The Society declared that the basic objective of the organisation was to “conduct a professional body of accountants in a manner which will assist its members to best serve the community” (ASA 1970, p. 1). The Society also paid special attention to developing professional qualifications for members, advocating that trained support staff aid accountants, providing greater facilities for continuing education, reviewing the profession’s research and technical work, and providing advice to state and federal governments on legislation changes affecting the profession (ASA 1970).

Further, the Society focused on improving relationships with other professional accounting bodies at both national and international levels, outlining the professional and ethical responsibilities of accountants, enhancing the public image of accountants, achieving statutory recognition of the profession and meeting the special needs of public, government, managerial and farm accountants (ASA 1970). As per the plans, in achieving these objectives, the Society was to perform most of the work independently but, wherever practicable, would seek the cooperation of the Institute. These efforts of the Society appeared to be aimed at securing status for its members, which, thus far, it had not achieved owing to the failure of the first merger attempt, and would have resulted in enabling its members to gain the higher status associated with the title of CA.

The Society’s annual report of 1971 refers to the ongoing debate about raising the profile and status of its members (ASA 1971). For example, some entry requirements for Society membership were changed. The Society phased out its examination system for accountants who had achieved a degree or diploma from a university or college of advanced education if the subjects taken had covered the basic requirements of the Society (ASA 1971). In fact, this
had occurred even before the first merger attempt. Further, it was indicated that members should seek continuous training and education to upgrade their skills. The Society’s executive committee determined that “it was most important to project an image of the Society of quiet efficiency and first-class service to members” (ASA 1971, p. 6). The Society took these steps to upgrade its members’ status after the first merger attempt had failed.

The Institute and the Society were concerned about the image of public accountants. In September 1971, *The Chartered Accountant in Australia* published a message from the Institute’s general council in response to certain advertisements that appeared in newspapers seeking recruitment for accountants. *The Australian Accountant* reprinted this message in its October 1971 edition. The Institute and the Society were concerned about the use of certain terms in the education criteria of those advertisements. The required criteria for target candidates were “unqualified”, “partly qualified” or “nearly qualified”. In 1975, a message from R. F. Munro, executive director of the Society, appeared in *The Australian Accountant*. Munro (1975c) cautioned aspiring accountants about such advertisements, particularly regarding the use of terms that reflected badly on the status of accounting as a profession. Munro (1975c) also held a view that such advertisements misrepresented facts regarding gaining membership of professional bodies, especially in the case of the Society.

In a joint message dated 9 May 1974, G. W. Burg (president of the Society) and E. H. Burgess (president of the Institute) stated that both bodies were considering ways of protecting the public from those persons who called themselves accountants but had not acquired adequate professional qualifications. Among other steps, state registration and statutory recognition of the profession was on their agenda (Anon. 1974). This discussion demonstrates that despite the failure of the first merger attempt in 1969, the spirit of cooperation between the two bodies remained alive. Factors such as protecting the image of the profession and raising the status of Society members led both bodies to restart merger discussions.

### 6.2.1 The Society failed to give status to its members in public practice

The Institute had followed an approach of listing its MIPP as principals in a separate category. Documentary evidence does not show when this practice started, since archival materials used for examining the first merger attempt do not mention it. This practice created a sub-boundary between the Institute members involved in public practice and those who
were not in public practice (Arndt & Bigelow 2005; Gieryn 1983; Lamont & Molnár 2002). The Society made a similar attempt to create a separate category for its MIPP in November 1974 when its general council accepted a plan to establish an approved list of principals in public practice with effect from 1 July 1976. This was an attempt by the Society to demarcate its own members based on the nature of their professional work by creating a sub-boundary. However, it was challenged by Ian Proctor a British Petroleum accountant, himself an MNIPP, who brought a motion against this change. The motion was supported by 57 per cent of members, while less than 20 per cent of the Society’s members cast their vote (McKeon 1975a). E. S. Robinson (1975), a member of the Society, opposed the introduction of such a list and wrote in a letter to The Australian Financial Review that “the list would create an apparently elite class of accountants” (Robinson 1975).

Another letter, by P. J. Wood, stated: “In my view the Society’s first duty is to its total membership, not to work for the effective upgrading of some at the expense and downgrading of others” (1975, p.9). Hence, the Society’s MNIPP engaged in boundary protection and defeated attempts at demarcating MIPP and MNIPP (Fournier 2000; Gieryn 1983; Persson 2010). However, this did not stop the Society’s MIPP with dual membership from only using their title associated with membership of the Institute (Irving 1966). As discussed in earlier chapters, “the boundary-work concept includes boundary setting, maintenance, protection, management, shifting, blurring and bridging and so on” (Grbic 2010, p. 109).

When Proctor launched his opposition, the Society’s and the Institute’s leaders believed that “defeat of the Proctor resolution was crucial to the success of the move to integrate the two bodies” (McKeon 1975b, p.4). Ian Vassie, federal treasurer of the Society, supported the idea of establishing a separate list for public practitioners and said “we want public practice members to do the job properly so they don’t let the Society down” (McKeon 1975b, p.4). Failure to establish a list of MIPP meant that the attempt by the Society to create a special status for MIPP did not succeed (McKeon 1975a; Wood 1975). Consequently, the Society accepted the idea of merging with the Institute (Anon. 1976b), although, as discussed earlier in this chapter, various other factors played a key role in creating circumstances to mount the second merger attempt.

In later years, the Society expressed that the growing complexity and variety of professional affairs was a matter for concern (ASA 1977). It also expressed a concern about the increasing criticism and scrutiny of companies’ financial affairs from different sections of the
community and the associated criticism of the accounting profession. The Society recognised that its challenges included upgrading the skills of members, and the organisation and structure of the profession, which needed re-examination to meet such challenges (ASA 1977). The next section provides a summary of joint works undertaken by both bodies, which played a favourable role in the mounting of the second merger attempt.

6.2.2 Joint work

Soon after the failure of the first merger attempt, a joint standing committee comprising members of the respective executive committees of each body was formed to consider matters of mutual interest (ASA 1970). Various subcommittees were also formed to avoid duplication of efforts, to discuss educational policies and professional development, and to discuss ways of speaking with one voice on professional matters with both the Commonwealth and the state governments. A joint committee specifically examined ways to achieve statutory recognition of the profession. Changes were also made to the qualifying examinations (ASA 1970). During 1971, an improved liaison was established between the ARF, the Institute and the Society (ASA 1971).

Further, in 1972, both bodies extended cooperation into the areas of joint accounting pronouncements and related affairs of the IAA (ASA 1972). The Legislative Review Committee of the Society worked closely with the Parliamentary and Laws Committee of the Institute. The Accounting Principles Committee also consulted the Institute regularly on the form and content of accounting pronouncements. In addition, the Audit Practice Committee worked closely with a similar committee of the Institute (ASA 1972). The outgoing president of the Society D. P. Williams said in his message that the relationship between the Institute and the Society reached its peak in 1972 when both bodies jointly hosted the Tenth International Congress of Accountants (Williams 1973).

The Society reported that 1974 was a year of cooperation with the Institute, which included major achievements, such as the restructuring of the ARF and the formation of many joint committees (ASA 1974). Working jointly, the Institute and the Society had established satisfactory lines of communication with both national and state governments (ICAA 1975). This strengthened the idea of speaking with one voice with governments. In 1974, the Society’s general council approved the Professional Orientation Year (POY), which applied to all provisional members who wanted to advance to associate status from 1 April 1976.
(Henderson 1975). It was mentioned that the POY would “assist Provisional members to develop into effective accountants” (Henderson 1975, p. 5). Both bodies worked closely on matters affecting the accounting profession and this created favourable conditions to recommence merger discussions. The role of the Society to invigorate the IAA by assisting financially and otherwise is discussed in the next section, including the importance of having a professional body such as the IAA, as projected by both bodies.

6.2.3 The Institute of Affiliate Accountants

As a result of the failure of the first merger attempt, the Society failed to achieve professional elevation for its members by merging with the Institute and thereby did not gain the Chartered Accountant title for members. Consequently, the Society supported the creation of a subprofessional accounting category. This was an attempt to elevate the status of the Society members by creating a professional category of lower professional standing than that of the Society members.

The subprofessional body was the IAA. The Society gave administrative support to the IAA by letting its properties to the IAA and by publishing news about the IAA in the Society’s journal (ASA 1970). The IAA and its progress were regularly mentioned, even in the 1971 annual report (ASA 1971). For example, the financial statements of the Society showed the IAA as an expense category in the income statement. In 1970, the Society spent AU12,500 on the IAA, which rose to AU45,476, AU60,073 and AU70,090 in 1979, 1980 and 1981, respectively.

The Society was keen to create a subprofessional category, and this was evident in the 1972 annual report, which mentioned that the development of a second tier of professional category would assist in raising the status of Society members:

As it is the policy of the Society to raise the status of its members, it will be appreciated that the development of a second tier to undertake many of the routine duties and responsibilities in the financial field within Commerce, Industry, Government and Public Accounting will allow the professional accountant to devote more attention to the higher levels of management (ASA 1972, p. 6).

By 1980, the membership of the IAA reached 4,000. The Institute also supported the IAA by providing advice and appointing observers on the IAA council. The Institute was in
agreement with the Society regarding the creation of a second-tier professional accounting body to undertake routine tasks (ICAA 1980).

6.2.4 Financial situation of both bodies

This subsection compares the financial results of both bodies. Table 6.1 provides the Society’s total income and surplus from 1970 to 1981.


<table>
<thead>
<tr>
<th>SN</th>
<th>Year</th>
<th>Revenue/Income (SAU)</th>
<th>Deficit/Surplus (SAU)</th>
<th>Deficit/Surplus (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1970</td>
<td>777,686</td>
<td>89,966</td>
<td>11.57</td>
</tr>
<tr>
<td>2</td>
<td>1971</td>
<td>774,090</td>
<td>23,541</td>
<td>3.04</td>
</tr>
<tr>
<td>3</td>
<td>1972</td>
<td>947,863</td>
<td>102,598</td>
<td>10.82</td>
</tr>
<tr>
<td>4</td>
<td>1973</td>
<td>974,468</td>
<td>(18,707)</td>
<td>−1.92</td>
</tr>
<tr>
<td>5</td>
<td>1974</td>
<td>1,290,194</td>
<td>(42,503)</td>
<td>−3.29</td>
</tr>
<tr>
<td>6</td>
<td>1975</td>
<td>1,873,575</td>
<td>86,293</td>
<td>4.61</td>
</tr>
<tr>
<td>7</td>
<td>1976</td>
<td>1,679,516</td>
<td>211,930</td>
<td>12.62</td>
</tr>
<tr>
<td>8</td>
<td>1977</td>
<td>2,277,991</td>
<td>(28,238)</td>
<td>−1.24</td>
</tr>
<tr>
<td>9</td>
<td>1978</td>
<td>2,732,549</td>
<td>177,886</td>
<td>6.51</td>
</tr>
<tr>
<td>10</td>
<td>1979</td>
<td>3,115,410</td>
<td>(37,120)</td>
<td>−1.19</td>
</tr>
<tr>
<td>11</td>
<td>1980</td>
<td>3,548,949</td>
<td>(270,931)</td>
<td>−7.63</td>
</tr>
<tr>
<td>12</td>
<td>1981</td>
<td>4,163,494</td>
<td>(53,729)</td>
<td>−1.29</td>
</tr>
</tbody>
</table>

Source: Annual Reports, ASA 1970–1981

The Society experienced four good years when its surplus was more than 6 per cent of its revenue. For six years, the Society suffered a deficit, including a low point in 1980 at minus 7.63 per cent of the total income. Despite suffering deficits in 1979, 1980 and 1981, the Society spent SAU45,476, SAU60,073 and SAU70,090, respectively, on the IAA, and SAU125,768, SAU156,206 and SAU160,151, respectively, on the ARF. The costs of integration attempt reported in 1980 and 1981 were SAU223,935 and SAU34,385, respectively. Table 6.2 presents the financial results of the Institute from 1970 to 1981.


<table>
<thead>
<tr>
<th>SN</th>
<th>Year</th>
<th>Revenue/Income (SAU)</th>
<th>Deficit/Surplus (SAU)</th>
<th>Deficit/Surplus (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1970</td>
<td>285,618</td>
<td>8,791</td>
<td>3.08</td>
</tr>
<tr>
<td>2</td>
<td>1971</td>
<td>305,720</td>
<td>(17,489)</td>
<td>−5.72</td>
</tr>
<tr>
<td>3</td>
<td>1972</td>
<td>428,406</td>
<td>41,813</td>
<td>9.76</td>
</tr>
<tr>
<td>4</td>
<td>1973</td>
<td>450,113</td>
<td>153,945</td>
<td>34.20</td>
</tr>
<tr>
<td>5</td>
<td>1974</td>
<td>466,678</td>
<td>(59,007)</td>
<td>−12.64</td>
</tr>
</tbody>
</table>
For the same period, 1970 to 1981, the Institute’s financial situation was much better than that of the Society. It incurred a deficit in only three years of that period and, generally, despite surplus being low, did not suffer a deficit in other years. In 1979, 1980 and 1981, the Institute spent $AU81,000, $AU198,408 and $AU128,966, respectively, on ARF. Unlike the Society, the Institute did not financially support operations of the IAA.

As shown in Table 6.3, the financial results of both bodies reveal an interesting trend in the years under study, that is, 1970 to 1981. The Society’s income was more than twice the size of the Institute’s until 1976 when the Institute registered nearly two and a half times the income growth and overtook the Society’s income for the first time. For the four years of 1978 to 1981, the Institute’s income was consistently higher than that of the Society.

### Table 6.3: Comparison of the Institute’s and the Society’s Revenue

<table>
<thead>
<tr>
<th>SN</th>
<th>Year</th>
<th>Society Income</th>
<th>Institute Income</th>
<th>Society Income/Institute Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1970</td>
<td>777,686</td>
<td>285,618</td>
<td>2.7</td>
</tr>
<tr>
<td>2</td>
<td>1971</td>
<td>774,090</td>
<td>305,720</td>
<td>2.5</td>
</tr>
<tr>
<td>3</td>
<td>1972</td>
<td>947,863</td>
<td>428,406</td>
<td>2.2</td>
</tr>
<tr>
<td>4</td>
<td>1973</td>
<td>974,468</td>
<td>450,113</td>
<td>2.2</td>
</tr>
<tr>
<td>5</td>
<td>1974</td>
<td>1,290,194</td>
<td>466,678</td>
<td>2.8</td>
</tr>
<tr>
<td>6</td>
<td>1975</td>
<td>1,873,575</td>
<td>777,954</td>
<td>2.4</td>
</tr>
<tr>
<td>7</td>
<td>1976</td>
<td>1,679,516</td>
<td>1,911,146</td>
<td>0.9</td>
</tr>
<tr>
<td>8</td>
<td>1977</td>
<td>2,277,991</td>
<td>2,273,808</td>
<td>1.0</td>
</tr>
<tr>
<td>9</td>
<td>1978</td>
<td>2,732,549</td>
<td>2,959,466</td>
<td>0.9</td>
</tr>
<tr>
<td>10</td>
<td>1979</td>
<td>3,115,410</td>
<td>3,328,134</td>
<td>0.9</td>
</tr>
<tr>
<td>11</td>
<td>1980</td>
<td>3,548,949</td>
<td>3,740,656</td>
<td>0.9</td>
</tr>
<tr>
<td>12</td>
<td>1981</td>
<td>4,163,494</td>
<td>4,711,678</td>
<td>0.9</td>
</tr>
</tbody>
</table>

As shown in Table 6.3, the financial results of both bodies reveal an interesting trend in the years under study, that is, 1970 to 1981. The Society’s income was more than twice the size of the Institute’s until 1976 when the Institute registered nearly two and a half times the income growth and overtook the Society’s income for the first time. For the four years of 1978 to 1981, the Institute’s income was consistently higher than that of the Society.

### 6.2.5 Membership of both bodies
Tables 6.4 and 6.5, respectively, show the statewide membership and the percentage of statewide membership of the Institute for the period under study, that is, from 1970 to 1981. During the 12-year period, the membership share of New South Wales declined, while Victoria’s share increased little. The decline in New South Wales’ share of the total membership of the Institute was around 11 percentage points. The population share of New South Wales was 36 per cent in 1970, and by 1981, it had fallen slightly to 35 per cent (ABS 1992). This demonstrates that New South Wales was over-represented in the Institute’s membership by around 19 per cent in 1970 and 9 per cent in 1981. Conversely, all other states, including Victoria, were under-represented in the total membership of the Institute. The population share of Victoria in the total Australian population was 23 per cent in 1970 and 27 per cent in 1981, while its share in the total membership of the Institute was 22 per cent and 22.53 per cent in 1970 and 1981, respectively. The data reveal that membership of

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**Table 6.4: Statewide Membership of the Institute**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New South Wales</td>
<td>3,146</td>
<td>3,253</td>
<td>3,415</td>
<td>22</td>
<td>3,286</td>
<td>3,357</td>
<td>3,529</td>
<td>3,702</td>
<td>4,097</td>
<td>4,346</td>
<td>4,919</td>
</tr>
<tr>
<td>2</td>
<td>Queensland</td>
<td>489</td>
<td>505</td>
<td>531</td>
<td></td>
<td>570</td>
<td>591</td>
<td>652</td>
<td>734</td>
<td>819</td>
<td>893</td>
<td>1,043</td>
</tr>
<tr>
<td>3</td>
<td>South Australia</td>
<td>368</td>
<td>366</td>
<td>401</td>
<td></td>
<td>469</td>
<td>534</td>
<td>573</td>
<td>592</td>
<td>666</td>
<td>709</td>
<td>803</td>
</tr>
<tr>
<td>4</td>
<td>Tasmania</td>
<td>113</td>
<td>113</td>
<td>121</td>
<td></td>
<td>127</td>
<td>128</td>
<td>148</td>
<td>151</td>
<td>156</td>
<td>162</td>
<td>185</td>
</tr>
<tr>
<td>5</td>
<td>Victoria</td>
<td>1,269</td>
<td>1,303</td>
<td>1,425</td>
<td></td>
<td>1,557</td>
<td>1,585</td>
<td>1,718</td>
<td>1,867</td>
<td>2,077</td>
<td>2,236</td>
<td>2,576</td>
</tr>
<tr>
<td>6</td>
<td>Western Australia</td>
<td>368</td>
<td>382</td>
<td>424</td>
<td></td>
<td>467</td>
<td>498</td>
<td>558</td>
<td>586</td>
<td>642</td>
<td>701</td>
<td>787</td>
</tr>
<tr>
<td>7</td>
<td>Overseas</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>427</td>
<td>526</td>
<td>645</td>
<td>723</td>
<td>816</td>
<td>875</td>
<td>989</td>
</tr>
<tr>
<td>8</td>
<td>Total</td>
<td>5,753</td>
<td>5,922</td>
<td>6,317</td>
<td></td>
<td>6,903</td>
<td>7,219</td>
<td>7,823</td>
<td>8,355</td>
<td>9,273</td>
<td>9,922</td>
<td>11,305</td>
</tr>
</tbody>
</table>

Source: Annual Reports, ICAA 1970–1981

**Table 6.5: Statewide Membership of the Institute (%)**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New South Wales</td>
<td>54.68</td>
<td>54.93</td>
<td>54.06</td>
<td></td>
<td>47.6</td>
<td>46.5</td>
<td>45.11</td>
<td>44.31</td>
<td>44.18</td>
<td>44.18</td>
<td>43.87</td>
</tr>
<tr>
<td>2</td>
<td>Queensland</td>
<td>8.5</td>
<td>8.53</td>
<td>8.41</td>
<td></td>
<td>8.26</td>
<td>8.19</td>
<td>8.33</td>
<td>8.79</td>
<td>8.83</td>
<td>9</td>
<td>9.23</td>
</tr>
<tr>
<td>3</td>
<td>South Australia</td>
<td>6.4</td>
<td>6.18</td>
<td>6.35</td>
<td></td>
<td>6.79</td>
<td>7.4</td>
<td>7.32</td>
<td>7.09</td>
<td>7.18</td>
<td>7.15</td>
<td>7.13</td>
</tr>
<tr>
<td>4</td>
<td>Tasmania</td>
<td>1.96</td>
<td>1.91</td>
<td>1.92</td>
<td></td>
<td>1.84</td>
<td>1.77</td>
<td>1.89</td>
<td>1.81</td>
<td>1.68</td>
<td>1.63</td>
<td>1.64</td>
</tr>
<tr>
<td>5</td>
<td>Victoria</td>
<td>22.06</td>
<td>22</td>
<td>22.56</td>
<td></td>
<td>22.56</td>
<td>21.96</td>
<td>21.96</td>
<td>22.35</td>
<td>22.4</td>
<td>22.54</td>
<td>22.79</td>
</tr>
<tr>
<td>6</td>
<td>Western Australia</td>
<td>6.4</td>
<td>6.45</td>
<td>6.71</td>
<td></td>
<td>6.77</td>
<td>6.9</td>
<td>7.13</td>
<td>7.01</td>
<td>6.92</td>
<td>7.07</td>
<td>6.96</td>
</tr>
<tr>
<td>7</td>
<td>Overseas</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td>6.19</td>
<td>7.29</td>
<td>8.24</td>
<td>8.65</td>
<td>8.8</td>
<td>8.82</td>
<td>8.75</td>
</tr>
<tr>
<td>8</td>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td></td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Annual Reports, ICAA 1970–1981

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22 Includes overseas members.
the Institute was concentrated in New South Wales. However, during the 12-year period under study, the membership share of New South Wales declined and was replaced with other states and overseas memberships.

Table 6.6: Membership Classification of the Institute (%)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Members in practice as principals</td>
<td>50.54</td>
<td>50.47</td>
<td>48.49</td>
<td>49.2</td>
<td>48.75</td>
<td>46.87</td>
<td>44.56</td>
<td>44.94</td>
<td>43.45</td>
<td>42.48</td>
<td>42.53</td>
</tr>
<tr>
<td>2</td>
<td>Members employed in practice</td>
<td>21.58</td>
<td>22.78</td>
<td>26.14</td>
<td>25.3</td>
<td>26.6</td>
<td>27.43</td>
<td>27.42</td>
<td>26.43</td>
<td>25.26</td>
<td>24.38</td>
<td>23.08</td>
</tr>
<tr>
<td></td>
<td>Total members in public practice</td>
<td>72.12</td>
<td>73.25</td>
<td>74.63</td>
<td>74.5</td>
<td>75.35</td>
<td>74.3</td>
<td>71.98</td>
<td>71.37</td>
<td>68.71</td>
<td>66.86</td>
<td>65.61</td>
</tr>
<tr>
<td>3</td>
<td>Members not in practice</td>
<td>27.88</td>
<td>26.75</td>
<td>25.37</td>
<td>25.5</td>
<td>24.65</td>
<td>25.7</td>
<td>28.02</td>
<td>28.63</td>
<td>31.29</td>
<td>33.14</td>
<td>34.39</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Annual Reports, ICAA 1971–1981

Table 6.6 provides a comparison of MIPP and MNIPP and shows a decline in the proportion of MIPP. For the 11-year period from 1971 to 1981, the proportion of MIPP steadily decreased, with a total fall of 6.5 percentage points. MIPP were further divided into categories: those working as principals and as employees. MIPP as principals registered an eight percentage point decrease from 1970 to 1981. Chapter 2 of this thesis highlighted that boundaries of the Institute were created based on the notion that public practice was a superior vocation and that the Institute mainly represented MIPP. However, as Table 6.6 shows, during a 11-year period, the share of the Institute’s MIPP as a proportion of the total members decreased by around 6.5 percentage points. This decreasing proportion indicates that the argument used to create the Institute’s boundaries, namely that it was a professional body mainly representing MIPP, became weaker. Hence, the organisational strategy of the Institute was in a continuum of modifications because boundaries are dynamic structures that keep changing (Annisette and Trivedi 2013; Brodkin 1998; Gieryn 1983; Ignatiev 1995).

Table 6.7: Statewide Membership of the Society

<table>
<thead>
<tr>
<th>SN</th>
<th>Year</th>
<th>New South Wales</th>
<th>Victoria</th>
<th>Queensland</th>
<th>South Australia</th>
<th>Western Australia</th>
<th>Tasmania</th>
<th>ACT 23</th>
<th>Overseas</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1970</td>
<td>11,315</td>
<td>10,146</td>
<td>3,288</td>
<td>2,894</td>
<td>2,749</td>
<td>632</td>
<td>-</td>
<td>2,133</td>
<td>33,157</td>
</tr>
</tbody>
</table>

23 The ACT division was formed in May 1972.
Tables 6.7 and 6.8 provide a comparison of the Society membership from 1970 to 1981 across various states and their respective membership percentages. Victoria’s membership of the Society was 8–9 percentage points over-represented in relation to its share of the population of Australia for this period. This reveals that a regional focus in the professionalisation of accounting from the last decades of the 19th century and the early 1900s was still somewhat prevalent, since Victoria was the home state of the Society. However, New South Wales was neither under- nor over-represented in the membership compared with its population share. In the case of the Institute, membership share of New South Wales and Victoria declined from 77 per cent in 1970 to 66 per cent in 1981, revealing

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24 The ACT division was formed in May 1972.
that in comparison, the Society had more representation from the rest of the states for all the years under study.

However, the Institute’s membership was primarily concentrated in the two states of New South Wales and Victoria throughout the 1970s, and in 1981, these two states still dominated it. The combined population of these two states was 59 per cent of the Australian population in 1970 and 62 per cent in 1981. This finding demonstrates that the early trends of regionalism were not so prevalent because the number of professional bodies had reduced to three. However, the impact of early regionalism could still be observed as far as membership of the Institute was concerned, with the concentration in New South Wales. The following sections discuss how the second merger attempt failed mainly because of opposition from Western Australia, indicating a regional revolt against the leadership of the Institute with membership concentrated mainly in New South Wales and Victoria.

6.3 The Merger Proposal

In the case of the first merger attempt, the leadership of the Institute took the initial step to initiate merger discussions, which has been discussed in Chapter 5. In the case of the second merger attempt, the Institute again approached the Society to initiate integration discussions in 1974 (ASA 1981). This was the second attempt by the Institute leaders to modify its traditional strategy of being an exclusive organisation and to make changes in organisational boundaries (Annisette and Trivedi 2013; Brodkin 1998; Gieryn 1983; Ignatiev 1995), whereas the Society members had already supported changes to its traditional strategy of market control in the case of the first merger attempt. Further, the literature shows that changes in boundaries are supported by individuals in lower status groups (Lamont & Molnár 2002).

The 1975 annual report of the Institute mentioned:

At the November 1974 meeting the National Council unanimously approved a recommendation from its Forward Planning Committee that an approach be made to the Australian Society of Accountants suggesting that discussions should be held to determine whether a basis existed for full integration of the profession in Australia (ICAA 1975, p. 9).

This proposal was addressed and approved in February 1975 at a meeting of the general council of the Society (Anon. 1976b). Both bodies together formed an Integration Sub-
A financial journalist commented that “a key factor behind the Institute taking the first step was financial” (McKeon 1975c). However, data presented in Table 6.2 does not show that the Institute was in any major financial crisis.

A former president of the Society G. W. Bottrill commented on merger talks and wrote that the executive committees of both bodies were regularly meeting for a full and frank discussion to ensure that there was a single voice representing the accountancy profession in Australia (Bottrill 1975). The presidents made a statement that “it has now been unanimously decided by their respective councils to reopen discussions on the integration of the two organisations” (Bottrill 1975). It was also mentioned that integration could only succeed if it was on “fair and proper terms” and if members had given enthusiastic support (Bottrill 1975, p. 131). According to the Society’s president Rex Thiele (1975) the unity of both bodies was also 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). In his letter, G. W. Bottrill wrote that after jointly hosting the Tenth International Congress of Accountants in Sydney with the Institute, a close working relationship had emerged between the two bodies (Bottrill 1975). The Institute’s annual report also mentioned that both councils agreed that before developing any plan, the views of members should be sought in members’ meetings and through sending a letter (Bottrill 1975; ICAA 1975). McKeon (1975c) of The Australian Financial Review commented on the idea of members’ meetings:

The meetings will allow the councils of both bodies to assess rank and file sentiments and so avoid the problems involving the last formal unity move in 1969. If the rank and file indicates it does not want integration, the matter will be deferred indefinitely (p.11).

On 9 May 1975, the executive director of the Society R. F. Munro wrote to members referring to a series of meetings of members to gain opinions on the idea of merger (Munro 1975a). These meetings were held throughout Australia in capital cities and several country towns between June and August 1975. According to the Institute’s annual report, these meetings will allow the councils of both bodies to assess rank and file sentiments and so avoid the problems involving the last formal unity move in 1969. If the rank and file indicates it does not want integration, the matter will be deferred indefinitely (p.11).

---

25 G. W. Bottrill was vice-president of the Society during the first merger attempt in the late 1960s and president in 1974.

26 The first meeting was planned at AMP Theatre, 535 Bourke Street, Melbourne on 18 June 1975 (Munro 1975a). Further meetings were planned as follows: Sydney, 23 July 1975; Adelaide, 14 August 1975; Perth 15 August 1975; and Brisbane 30 July 1975 (Munro 1975b).
meetings were valuable and proved useful to guide the ISC about the opinions of members in relation to the potential merger (ICAA 1975). This was an additional step through which both bodies made an attempt to study the mood of their members in relation to support for the merger. In particular, for the Institute, this was an attempt to overcome the issue of detachment of its leaders from its members, which had led the Institute members to engage in boundary protection work in the case of the first merger attempt (Fournier 2000; Keohane & Milner 1996; Milner 1996). By taking its members into confidence, the Institute made an attempt to avoid circumstances that would lead to further boundary protection work by its members. Attendance ranged from 20 to 200 members (Anon. 1976a).

Apart from attending meetings to express their views on a merger, members were also requested to present their opinions on the idea of merger by sending in letters. Out of 191 letters received, only three were against the merger (Munro 1975a). Munro (1975a) also mentioned that both bodies had decided not to publish members’ letters in their respective journals. As a result, other than the claims by the professional bodies, no independent evidence exists to show how many letters were in favour of merger and how many were against it. Examining the vote outcomes, as shown in later sections of this chapter, support from the Institute and the Society members, even when combined, was not even close to 98.5 per cent. McKeon (1975c) indicated that both bodies were cautious about merger discussions, stating:

The Institute and the Society Councils want to avoid embarrassment and will launch a referendum on the matter only if integration is sure to succeed (p.11).

Hence, members’ opinions were requested in meetings and by letters. In September 1975, the Institute and the Society issued a progress report on merger discussions following the actions taken since sending out the letters dated 17 March 1975. Both bodies also outlined the objectives of integration (Anon. 1975). These were:

- to demonstrate, nationally and internationally, that there is in Australia one profession of accounting, speaking with one voice
- to enhance the technical standards of members in all fields, and the ability of the profession to serve the community
- to obtain optimum utilisation of the human, financial and other resources of the profession, by avoiding duplication of activities, services and administration
• to establish uniform ethical standards for the profession enforced through common investigation and disciplinary procedures
• to provide all members with greater opportunities to benefit from association with accountants in fields other than their own; to encourage and facilitate the interchange of ideas and experience between accountants in commerce, the government and public practice and the academic field to their mutual benefit
• to strengthen the status of accountants by having one strong professional organisation and to dispel the confusion in the public mind caused by different professional designations each claiming its own status (Anon. 1975)

The presidents of both bodies submitted a report to the ISC on letters received from members about their opinion on the idea of merger and on views expressed by members in meetings held throughout Australia. The ISC also considered various operational and procedural issues in the period leading to integration and after integration. The ISC formed an opinion that it should proceed with the objective of producing a draft proposal for the integration of the profession (Anon. 1976a). A finding of members’ meetings was also that there were several misconceptions held by members of both bodies, even at the highest levels. To assist in overcoming this issue, some exploratory “position” papers were prepared and exchanged among committee members of both bodies (Anon. 1976a). In addition, many background papers were prepared on topics related to relevant procedures and operations if integration were to proceed (Anon. 1976a). Based on reviews of members’ meetings and their opinions reflected through letters, it was decided in 1975 to defer the plan for integration. It was also decided to conduct further discussions with members before proceeding with the integration plan (ICAA 1975). The 1975 annual report of the Institute reported that based on members’ views the integration plan would be postponed, even though, as previously mentioned, both bodies had received 191 letters of which only three were against the proposed integration attempt. Thus, claims by the bodies seem to self-contradictory. An article was published by McKeon (1975b) in *The Australian Financial Review* in October 1975 that provided further information on integration progress.

Following this deferment, the views of members were reviewed again and their opinions were included in the integration process. This review followed development of an exposure draft containing 10 proposals for integration, which was released on 14 July 1976 (ASA & ICAA 1976). This was the first version of the proposals that led to the second merger attempt. The
exposure draft was released at a press conference in Sydney, which was attended by the president of the Society R. H. Henderson, the president of the Institute J. H. Jamison, and the chairperson of the ISC, P. C. E. Cox (ICAA 1976). A highlight was the proposed name, specified as “the Australian Institute of Chartered Accountants”, with the basis of incorporation being the Royal Charter. In the proposed united body, practical accounting experience was mandatory at three years in one or more areas of commerce and industry, the government or public practice (ASA & ICAA 1976).²⁷

Institute members actively opposed various aspects of the exposure draft. The ISC continued to work on those aspects during 1976 and drafted alternatives to those proposals to which there was active opposition. No further information was provided regarding which aspects were not acceptable (ICAA 1976). Unlike for the 1969 merger, this time, both bodies first issued the exposure draft for members’ comments before issuing the final proposals (Anon. 1976c). Members were asked to provide written comments on the proposal by 24 September 1976 (Anon. 1976d). The Australian Accountant summarised the gains from integration as follows:

Integration will enhance our ability to provide improved services for our members at reasonable cost, eliminate existing duplication of activities and problems of communication between two bodies, make it easier for outside bodies to deal with the profession and the profession with outside bodies, and enhance the profession’s status (Anon. 1976a, p. 394).

The Institute had arranged for the IPC to address members at different branches, but attendance was very low, which the president of the Institute termed as disappointing (ICAA 1976).

6.3.1 Further progress on merger

Along with the progress on merger discussions, the Society and the Institute continued to represent jointly the Australian accounting profession overseas, including at the Eleventh International Congress of Accountants held in Munich, Germany, on 11–14 October 1977 (ASA 1977). During that year, the ARF made eight tax-related submissions and 12 submissions related to other matters on behalf of the Society and the Institute to various governments (ASA 1977). Therefore, these submissions at least made joint representations on

²⁷ This requirement was a departure from the Institute’s current requirement of practical work experience under a public practitioner.
behalf of both accounting bodies. Additionally, both bodies continued to arrange joint seminars on professional matters. For example, on 7 August 1979, both bodies organised a one-day seminar in Victoria on public accounting (Anon. 1979a).

As the years passed, both bodies published joint accounting statements and contributed to debate about integration. For example, the Society in its 1977 annual report stated that “the increasing complexity of the affairs of the profession provides a powerful case for integration” (ASA 1977, p. 10). It also argued for the benefits of integration and stated, “in many ways there is substantial duplication of work which could be averted” (ASA 1977, p. 10). As discussed in chapter 5, discursive claims by both bodies had changed in an attempt to foster a public image of Society members being equal, or at least not significantly inferior, to Institute members. This contrasted with the Institute’s traditional discourse, which was marked by claims of superiority, and enabled the Society to call on Institute members to adopt a long-term view on integration:

Members should weigh carefully the long-run advantages of a unified professional body against what seem to them to be sacrifices. Members should understand that no desirable goal is attained without some cost (ASA 1977, p. 10).

When one compares the second integration attempt with the first, the development process of the integration proposals of the former involved detailed and lengthy steps, including ongoing consultations with members. Both bodies continued to work on developing proposals that took into consideration the objections of members on the 1976 draft proposal (ASA 1978, p. 6). The ISC of the Society and the Institute met frequently during 1977 and considered the first draft merger proposal released in 1976 (ASA 1977).

The Society president reported that in early 1978, the ISC of the joint standing committee of the Society and the Institute had produced the next draft version of integration proposals. These proposals were submitted to divisional and state councils of both bodies. A professional accounting firm undertook a survey to study the support for these proposals by members of both bodies. The national councils of both bodies made an assessment that, based on this survey, the merger was unlikely to achieve acceptance from the requisite number of members of the two bodies. Details of the survey were not reported and documents that were accessed did not provide further details beyond what was reported in the annual report. The Society president accepted that this outcome slowed down the impetus for integration and he
called 1978 a disappointing year for the integration of both bodies (ASA 1978, p. 6). Just as details of the minutes of meetings of the ISC were not available, further details, such as when and why merger discussions were put on hold or slowed down, were not available. The only other sources of information related to this outcome were annual reports or other documents available in public archives.

After the setback in 1978, discussions resumed in the following year, and the Society’s annual report noted 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). It is not clear what triggered this change. Both councils also agreed that it was necessary to put integration proposals to the members of both bodies as soon as possible (ASA 1979). To do so and to speed up the process, J. D. Norgard, chairperson of the Australian Broadcasting Commission, was appointed as independent chairperson of the IPC, which was a new committee.

The president of the Society mentioned that the Society was committed to unity and believed that accounting was a single profession; therefore, integration was necessary (ASA 1979). The formation of the IPC was termed a new phase in integration discussions by the Institute. The aim of forming the IPC was to create a favourable opinion among members of both bodies for the integration. The target vote deadline was 30 November 1980 (ICAA 1979). Even in the early stages of IPC meetings, it was clear that the initial draft proposals were unlikely to be accepted by members and that significant changes in the integration proposals were needed. Issues of contention were the entry requirements for joining the integrated body, the conditions for granting practising certificates and the constitution and composition of councils (Anon. 1981j; Hale 1981; Kelly 1981c).

Table 6.9 provides details of the IPC and its members, and 10 members represented both bodies with equal representation from the Institute and the Society. The IPC comprised the presidents and executive directors of the two bodies, together with three other nominated members from each organisation. In the first 18 months of formation, the IPC used the 1976 proposals as a starting point and reviewed all proposals, assisted by qualitative and quantitative market surveys and the views of subcommittees in every state (Anon. 1981a).

Table 6.9: Final Integration Policy Committee

<table>
<thead>
<tr>
<th>SN</th>
<th>Name</th>
<th>Designation</th>
<th>SN</th>
<th>Name</th>
<th>Designation</th>
</tr>
</thead>
</table>

134
The annual report of the Institute mentioned that even after nearly a decade of first forming various joint committees, a strong bond and cooperation existed between both bodies and that many joint activities initially started in the early 1970s continued (ICAA 1979). Further, the 1980 annual report of the Institute mentioned that the joint standing committee was an instrument for coordinating joint policy matters (ICAA 1980). It appears that these arguments were presented to support the merger discussions, which were progressing very slowly.

In his discursive claims in favour of merger, the president of the Institute W. G. Phillip wrote in the 1980 annual report that the Institute was not rich in physical assets and was facing many challenges. He made specific discursive claims in favour of integration:

> During the last five years a relatively small group of members have worked hard to develop a proposal which provides for the Institute to merge with the Australian Society of Accountants. At the time of writing these notes the decision of members regarding the proposal is not known (ICAA 1980, p. 3).

The president of the Society P. J. Lanigan wrote an editorial in July 1980 about the integration moves. Lanigan (1980) stated:

> The greatest single hurdle to integrate is to be found in the different membership patterns of the two bodies. The typical member of the Institute combines high technical standards with substantial practical experience in general public accounting—and is naturally cautious about any membership change that might possibly erode his special status in the profession.

> On the other hand, our own members have the advantage of belonging to a great organisation which is already integrated in the sense that its 45,000 members include most of the accountants in business and government, as well as many thousands working in private practice (p. 355).

The Society reaffirmed its public support for integration, stating in its annual report that:
At a time when suggestions have been made in several countries that there may be a case for government intervention and statutory control of the accountancy profession by formal enactment of accounting standards where the public interest is involved—accountants in Australia can still afford the doubtful luxury of two organisations duplicating the vital functions of regulating the profession (ASA 1980, p. 7).

The president of the Society stated that over the years, efforts to achieve integration had not been successful because of the difficulty of devising an integration formula that would be sufficiently attractive to the members of both bodies to win the required special majority of the votes in each organisation (ASA 1980).

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). After circulation of proposals to members, both bodies had decided that the formal vote would not be taken until there was a reasonable chance of its acceptance. The next subsection provides details of the national survey of their members conducted by both bodies to determine the level of support for the proposed merger.

**6.3.2 Australian National Opinion Poll survey**

The Australian National Opinion Poll (ANOP), a market research company, was appointed in August 1980 to conduct, first, an initial study incorporating qualitative assessment of members’ views concerning draft proposals and, second, a quantitative study of members of both bodies regarding support for the draft proposal. The sample size was 500 Society and 1,000 Institute members. The technique used was the telephone survey (Anon. 1981h). The survey findings provided valuable input to the IPC; the integration proposal booklet was developed from ANOP’s August 1980 survey and was published on 10 March 1981 (Anon. 1981h). The survey indicated that there was sufficient support for integration from Society members and reasonable support from Institute members, which fell short of the required two-thirds majority28 (ICAA 1980). Following this, many changes to the proposals were made at the national council meetings of both bodies and at the meetings of the joint standing committee held on 3 and 4 August 1980. After this, the IPC refined the integration proposals.

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28 The required majority for passing the unity proposals in the case of the Institute was two-thirds and in the case of the Society was 75 per cent (Lanigan 1980, p. 355).
In May 1981, the ANOP was again appointed to design and carry out a major quantitative study to explore the level of support for merger and to reveal any remaining problem areas. The sample size was 1,500 members drawn from both bodies: no further details were provided on the members surveyed belonging to each body separately. The method was a telephone survey completed between late May and 8 June 1981 (Anon. 1981i, p. 483). The poll indicated that only 56 per cent of the Institute members supported the merger. After this, both bodies decided to defer the integration poll (Kelly 1981b). It was also decided that further modifications to the plans and further consultations with members were necessary to achieve the required majority. By the end of 1980, proposals were refined in light of the members’ reactions (ASA 1980).

Vic Prosser (1981) also wrote in the May edition of the Institute’s journal in an attempt to convince young Professional Year (PY) graduates to support the integration. Further, in the Integration Forum (see Section 6.3.3) the IPC wrote that although support for integration was increasing, if votes were taken, it was unlikely that the required two-thirds majority support would be achieved (Anon. 1981j). Moreover, the ANOP survey revealed that the majority of CAs wanted a distinction between members in practice and members not in practice (Hale 1981). After the June survey, a further survey was conducted by the ANOP in October, which showed that 66 per cent of the Institute members were in favour of merger, while 90 per cent of the Society members favoured it (Kelly 1981c; Uren 1981).

6.3.3 Integration Forum and attempts to gain support

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 the members. They also started an Integration Forum in the Society and the Institute journals covering opinions, discussions and views of members and other commentators on the merger proposals. This continued until a vote was undertaken. The Integration Forum was initiated to take feedback from members and make necessary changes to proposals.

The first Integration Forum appeared in the February 1981 issues of journals of both bodies, which summarised the development of the integration proposals. The first Integration Forum also provided details of changes in the aims and objectives of the Institute (Anon. 1981a). Both bodies recognised their common interest by agreements to work together, which included work on the ARF as well. The International Accounting Standards Committee had
country-based representation, and both bodies agreed to have joint nomination. Policy matters were dealt with by a joint standing committee comprising executive committee members of the two bodies. Further, both bodies established special committees in each state with the responsibility of providing a two-way communication channel to members. These committees arranged meetings of members throughout Australia. One of their responsibilities was to receive critical comments on the exposure draft and pass it to the IPC (Anon. 1981a).

The Integration Forum also mentioned that “integration does not only affect the members of both bodies. It is of great interest to the financial and business community, to State and Federal Governments, and to educators” (Anon. 1981a, p. 93).

The Integration Forum of the Institute’s journal of May 1981 published around 10 letters from members, which were received after the release of final integration proposals. Of these letters, only one was against the merger. At the June 1981 Integration Forum, the IPC discussed the adoption of the title CPA replacing CA, but a view was taken that CPA would not be acceptable to the Institute members and the idea was dropped (Anon. 1981e). Barnes (1981 p. 572), an associate member of the Society, wrote that in his view integration was unlikely to succeed because larger accounting firms were not approached to issue statements in support of the integration. Further, Barnes (1981) expressed his opinion that the Institute’s leaders were also not decisively in favour of integration.

Although both bodies were moving ahead with merger discussions, they did not fully cooperate with each other on all matters. The *Accountancy Age* reported on 26 September 1980 that the Institute had failed to publish a tax practice statement for the third time because the Society had refused to support it at every attempt (Anon. 1980). In October 1981, for the first time, a joint meeting of the national councils of both the Society and the Institute was held in Sydney. It was decided unanimously at this meeting to put the issue of integration to a postal ballot of members (ASA 1981; Crook & Brolly 1981). During early November 1981, Price Waterhouse (PW) joined the public discourse in support of merging the two bodies. PW’s senior partner R. G. Lee said that “integration was in the best interests of both the profession and the public” (Anon. 1981f, p.9). Lee added that a united profession could develop technical and ethical standards more strongly (Anon. 1981f).

Before the appointment of Norgard, the IPC was known as the ISC and was headed by a member of the Institute, namely P. C. E. Cox. Norgard was appointed because he was independent of both bodies (McKenon 1979). Cox’s letter dated 10 December 1981 appeared
in *The Australian Financial Review* and criticised the merger proposals in their final form before they went to a vote. Cox (1981) said that he was a fellow of the Institute and a member of the council of the Institute in 1969 when the first merger attempt had failed. He was president of the Institute and was chairperson of the ISC from the time of its formation before being removed so that J. D. Norgard could be appointed as chair. Cox (1981) also mentioned that he had advocated in 1979 that the Institute withdraw from integration talks before he was removed:

> I deplore what I perceive as a degradation of the Institute by our National Council with their attempt to integrate the Institute with the Australian Society of Accountants regardless of the consequences to the Institute (p. 7).

In response, a letter appeared in *The Australian Financial Review* on 15 December 1981, which attempted to neutralise Cox’s criticism (Agars & Neilson 1981). The July edition of the Integration Forum published a classification of the members of proposed integrated body. There would be 28 per cent MIPP and the rest would be MNIPP. In the July 1981 edition of the Integration Forum, letters from the Society members were published and all members were in favour of a merger attempt (Anon. 1981g).

<table>
<thead>
<tr>
<th>Category</th>
<th>Public Practice</th>
<th>General Practice</th>
<th>Government</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>16,102</td>
<td>28,172</td>
<td>7,584</td>
<td>5,010</td>
<td>56,868</td>
</tr>
<tr>
<td>Per cent</td>
<td>28</td>
<td>50</td>
<td>13</td>
<td>9</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Anon. (1981g)

A letter from the former registrar of the Western Australian state division of the Institute H. M. Kitson was published in the Society’s journal, demonstrating strong support for the merger (Anon. 1981g). The publication of a letter from the Institute’s former Western Australian registrar could be viewed as a way of assuring Society members and others that the Institute’s leadership, whether current or former, was in favour of merger.

The August Integration Forum in the Society’s journal expressed a concern by the IPC that the integration proposal may fail and that failure could be caused by the fact that many members would vote against unity without even reading the proposals (Anon. 1981i). The August edition published letters from members, but it is noteworthy that all these letters were from Institute members and all were in favour of the unity attempt (Anon. 1981i).
6.3.4 Final moves

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 the IPC chairperson Norgard (1981). The integration proposals included letters from both presidents. The proposals mentioned four focus areas for the merger:

- development of the status of the profession with the general public, business and government and the educational requirements
- regulation of the accountancy profession
- the profession’s technical and ethical standards
- the optimum organisation of the profession (ASA & ICAA 1981, p. 9)

The proposal offered detailed explanations of the above four issues. On the issue of status development, the fear of loss of status by the Institute members was acknowledged:

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 & ICAA 1981, p. 9).

The public claims by leaders of the professional bodies were countering discursive claims by the Institute members. The argument of sameness was a central plank and any loss of status was termed as a short-term cost when compared with the long-term benefits. The linguistic claims included that technical standards were issued jointly by both bodies and that the ethical standards of both bodies were also identical (ASA & ICAA 1981, p. 12). Hence, these linguistic claims were used to promote the merger.

The leaders expanded discursive arguments to foster a merger, linking it to the issue of regulation of the profession:

Government, both State and Federal, will continue, in the interests of their members—the general public—to exercise control over the profession through legislation. The profession needs to have a strong voice with governments. The strength will come more easily from one professional body (ASA & ICAA 1981, p. 11).
The name of the proposed body in the original 1976 proposals was retained: “the Australian Institute of Chartered Accountants”. There were two categories of members, Associate Chartered Accountant (ACA) and Fellow Chartered Accountant (FCA). The basis of incorporation was Royal Charter (ASA & ICAA 1981, p. 15). The admission requirements were completion of an approved degree or diploma at an approved university or college of advanced education. Within both memberships, there would be two streams, public practice and general practice. Experience requirements included three years’ work with MIPP or general practice based on members’ choice and completion of a professional program for a relevant stream (ASA & ICAA 1981, p. 16). All members aiming to enter public practice would be required to obtain a public practice certificate (ASA & ICAA 1981, p. 18). Further, it was proposed that in the first two years following the date of integration, the national council of the proposed body was to be elected by and from regional councils, so that its composition would be one-third MIPP, one-third members in general practice, and the remaining one-third members from either category (ASA and ICAA 1981, p. 21).

Thus, it was boundary construction work to ensure that there was at least one-third representation of MIPP on the national council. Arndt and Bigelow (2005) found similar boundary construction in the case of US hospital administration work, which is a female-dominated occupation. The processes were constructed to ensure male dominance in senior positions in hospital administration roles. Similarly, in the merger proposal, inclusionary processes were created to ensure the presence of MIPP in the national council. Table 6.10 shows that MNIPP would comprise 72 per cent of total members of the merged accountancy body, which means based on a simple majority, the national council could be controlled by a majority of members in general practice.

The national council of the proposed body would be selected based on quotas for each state, as shown in Table 6.11.

**Table 6.11: National Council Representation in the Integrated Body**

<table>
<thead>
<tr>
<th>Regional Council</th>
<th>In Public Practice</th>
<th>In General Practice</th>
<th>In Any Category</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>VIC</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>QLD</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>
Table 6.12 shows changes in the designation of the Society members and the proposed status upgrade of Senior Associate to FCA.

**Table 6.12: Status Upgrade for the Society Members**

<table>
<thead>
<tr>
<th>The Society</th>
<th>New Body</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associate (AASA)</td>
<td>Associate Chartered Accountant (ACA)</td>
</tr>
<tr>
<td>Senior Associate (AASA (Snr.))</td>
<td>Fellow Chartered Accountant (FCA)</td>
</tr>
<tr>
<td>Fellow (FASA)</td>
<td>Fellow Chartered Accountant (FCA)</td>
</tr>
<tr>
<td>Life member</td>
<td>Life member Chartered Accountant</td>
</tr>
<tr>
<td>Honorary</td>
<td>Honorary member Chartered Accountant</td>
</tr>
</tbody>
</table>


In the proposed titles shown in Table 6.12, there was a clear status upgrade for the Society members who were senior associates. Under the proposed titles, they were designated as becoming FCAs (ASA and ICAA 1981, p. 24), which was an upgrade of status from being a senior associate member (Lamont & Molnár 2002).

**Table 6.13: Comparative Membership of the Society and the Institute**

As at 31 December 1980 (3,500 members overlap)

<table>
<thead>
<tr>
<th>The Society</th>
<th>The Institute</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
</tr>
<tr>
<td>Public Practice as Principals</td>
<td>5,417</td>
</tr>
<tr>
<td>Public Practice as Employees</td>
<td>2,889</td>
</tr>
<tr>
<td><strong>Total Public Practice</strong></td>
<td>8,306</td>
</tr>
<tr>
<td>Government</td>
<td>7,584</td>
</tr>
<tr>
<td>Commerce/Industry/Others</td>
<td>24,795</td>
</tr>
<tr>
<td>Academic</td>
<td>1,409</td>
</tr>
<tr>
<td>Retired</td>
<td>3,053</td>
</tr>
<tr>
<td><strong>Total Non-Public Practice</strong></td>
<td>36,841</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>45,147</td>
</tr>
</tbody>
</table>

To pass the integration proposal, a two-thirds majority of a special meeting of the Institute was required. In the case of the Society, the requirement was 75 per cent of members voting in favour of change (ASA & ICAA 1981, p. 27). Backmaster, an associate member of the Society, wrote in the Integration Forum of September 1981 that “it would be a tragedy if the current integration proposals were rejected” (1981, p. 571).

The final integration proposals were released on 15 November 1981 with the return of a postal ballot by 21 December 1981. Peter Agars (1981), president of the Society, expressed a fear that based on the ANOP final survey, some members might not vote in favour of integration. The release of the final integration proposals attracted criticism from the Institute members in Singapore who strongly opposed the move by both bodies. Eight hundred accountants in Singapore were members of Australian bodies, of whom about 720 were Society members and 97 were Institute members (Anon. 1981b). After the release of the final proposals, both the Society and the Institute received letters from their members expressing their opinions regarding the merger. Both the Society and the Institute claimed that 90 per cent of members were in favour of the integration (McKenon 1981). According to Chong (1981), the officials of the Institute believed the membership was divided, with a possible slight majority in favour of integration. Fearing that integration might fail, the president of the Institute stated on 27 April 1981 at the New South Wales Congress of the Institute that, “members must take the long-term view and not the short-term view of matters which affect you personally” (Kelly 1981a, p. 3).

After the ballot closed on 21 December 1981 and members had voted, the results were announced on 8 January 1982 in a joint press release by the Society president P. D. Agars and the Institute president D. G. Neilson. The results of the members’ poll revealed that the councils of the two bodies had not been empowered to proceed with integration. The membership of the Society overwhelmingly supported the merger proposal, but the Institute failed to deliver the minimum vote required to enable a merger to proceed. In the case of the Society, 90.1 per cent of members supported the merger attempt with a response rate of 65 per cent, while in the case of the Institute, 56.5 per cent of members supported the move with a response rate of 74 per cent (Anon. 1982a; ASA 1981; ICAA 1981; Miles 1982). The outcome was similar to the ANOP June survey, which showed 90 per cent of the Society members and 56 per cent of the Institute members in support of the merger attempt (Anon.

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29 Presumably around 17 were members of both bodies.
The ANOP survey of September, which showed that the Institute members’ support had risen from 56 per cent to 66 per cent, was questioned and its validity challenged (Anon. 1982c).

The Society president said that, “it is 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). In the aftermath of the failure, the Society promptly started a reassessment of the scope and direction of the Society objectives to meet their needs and challenges. After extensive consultation, a document titled “Forward Plan” was prepared (ASA 1981). Peter Agars stated that members had a strong feeling that after the failure of integration, positive steps were necessary to maintain the Society’s leadership in the profession (ASA 1981).

Following the failure, the executive director of the Society Geoff Vincent said that “cooperation with our colleagues of the Institute of Chartered Accountants in Australia will continue and will be enhanced in many areas” (ASA 1981, p. 3). According to Vincent, the Society was also paying special attention to professional development of its members (ASA 1981). The national council reported that 90.1 per cent of Society members supported the integration, which demonstrated “members’ understanding of the significance of issues and their recognition of the importance of a unified profession” (ASA 1981, p. 6).

The co-regulation of the profession was a new development in 1981. The newly formed National Companies and Securities Commission held meetings with the Society and the Institute to form an Accounting Standards Review Board. This enabled the avoidance of outright government regulation (ASA 1981). Casper (1982, p. 140), a member of the Society, wrote a letter to the editor of the Society’s journal, The Australian Accountant. In the letter he stated that “now that integration is dead may I, through your columns, respectfully suggest that dual membership of the Society and the Institute cease forthwith, especially in regard to Divisional and National Councillors and that we manage our own Society for our members and no one else”.

Further, Neilson said that “some Chartered Accountants had indicated they feared their interests would be swamped by the bigger membership of the Society while others were unwilling to share the title ‘Chartered Accountant’” (Crook & Brolly 1982, p. 7). He also expressed that from 1969’s first integration attempt, the support from the Institute members rose to 56.5 per cent in 1981 from 41.8 per cent in 1969 (Brolly & Cook 1982). Neilson also
said that the “two bodies would work to achieve the objectives of integration without the corporate integration itself” (Crook & Brolly 1982, p. 7). He added:

In the future, I think we will be working closely together in matters such as education, ethical rulings and professional conduct. But there would be no plans for another referendum in the next few years although I would hope that we could have a merger in some years (Crook & Brolly 1982. p. 7).

After the failure of the integration attempt, the Society issued a press release on 8 January 1982 stating, “Australia’s largest professional accountancy body has forecast major changes to its entry standards and to the continuing education of its members” (ASA 1982a). The press release stated its appreciation of the Society members for supporting the integration attempt and regretted that, despite the Institute council’s first step towards unity, members did not support the proposal. It was also 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 1982a). The Society outlined four key areas of work for the future: technical competence of members, professional image and voice, organisation and management of the Society, and the ethical standards of members (ASA 1982a).

McKenon (1982, p. 43) reported

While pursuing the cause of integration publicly, many officials and councillors were privately pursuing the interests of their body. In the professional standards area there were disagreements. The Institute decided to issue standards on tax practice, independence and quality control. The Society stepped back from applying its imprimatur.

Crook (1982) also downplayed the status of Society members, stating that Institute members would not want an association with “riff-raff” and praised the PY program of the Institute, saying that it was a difficult program and many people had repeatedly failed it. Those who passed and become CAs deserved to be called KCMG: Kindly Call Me God (Crook 1982, p.7).

The next section provides responses to the research questions and conducts an analysis of the findings using a theoretical framework.

6.4 Discussion and Analysis
Two significant findings emerge from this chapter: 1) the traditional organisational strategies of both bodies were modified; and 2) there was a successful protection of the Institute’s boundaries by its members and, consequently, the preservation of the different organisational strategies of each body. These respective findings are presented in conjunction with four of the five research questions of this study.

6.4.1 Reasons for mounting the merger attempt

The first research question is “What were the reasons for mounting the second merger attempt between the Society and the Institute?” The three types of reason were first, reasons that jointly affected the Institute and the Society and second and third, reasons specific to each body.

Several common reasons assisted in mounting the second merger attempt. There was a challenge to professional accountants’ status in 1971, when a series of advertisements appeared in newspapers seeking accountants. Target candidates of the advertisement were individuals without accreditation from either of the two bodies (Anon. 1971). Then, there were challenges to the legitimacy of the profession when, in the early to mid-1970s, a series of corporate collapses resulted in the criticism of accountants and auditors (Henderson 1997). These factors contributed to the mounting of the second merger attempt; the legitimacy crisis was a common factor between the first and second merger attempts, as Carnegie and O’Connell (2012) found in their study, which referred to the first merger attempt. Both bodies were also aware of government intervention and statutory control to regulate the accounting profession in several other countries (ASA 1980, p. 7). All these factors provided strength to the idea of a second merger attempt.

In addition, both bodies claimed that statutory recognition of the accounting profession could be achieved by using the stronger lobbying power that a united body would have (Thiele 1975). J. D. Norgard, who was chairperson of the Australian Broadcasting Commission and an independent chairperson of the IPC, joined the public discourse in favour of the merger. Norgard (1980) wrote in September 1980 that the integration of the profession was important as it would enable accounting bodies “to speak up with one voice, loud and clear”. This argument had been used in the case of the first merger attempt (Anon. 1968b; Gynther 1967b, p. 290), but was re-presented in the second merger attempt. In response to an interview question about the reasons for again attempting a merger, Miller said:
Because the leaders of the professional bodies were great people of foresight, ethics and vision. They thought in a small country like Australia it was counter-productive to have competing resources with two bodies so it occurred to the leaders of both bodies that it should be singular (2015).

The society had its own reasons for mounting the second merger attempt. As mentioned in Chapter 5, many of the Society’s MIPP did not disclose their membership with the Society and, because they held joint membership, they only disclosed their membership with the Institute when conducting their public practice. The Society was concerned that its members did not have a generic title similar to CAs (ASA 1967a). As discussed in Section 5.2, to overcome such issues, the Society attempted in 1976 to create a separate list for its MIPP to endow them with special status compared with the Institute’s members (Anon. 1976b). This motion was voted down, with opposition from 57 per cent of voting members (McKeon 1975a). Therefore, the attempt to create a sub-boundary between its members, similar to the approach adopted by the Institute, failed and demarcation of the Society’s members based on their involvement in public practice did not succeed (Fournier 2000; Gieryn 1983; Lamont & Molnár 2002; Persson 2010). This provided incentives to accept the Institute’s offer for merger discussions.

Reasons that were specific to the Institute included changing the composition of its membership profile. Over the years, the share of the Institute’s members involved in public practice was on decline. Yet, the Institute was formed by granting a Royal Charter to 28 accountants in public practice (ICAA, 1969), which means the very formation of that body was based solely on MIPP. However, gradually the proportion of MNIPP increased and the boundaries formed around MIPP shifted to that of the elite professional title of CA. For example, in the period of 11 years from 1971 to 1981, the proportion of MIPP steadily decreased, with a total fall of 6.5 percentage points (ICAA 1971–1980, 1981a), which meant that the exclusivity status of the Institute was gradually becoming weaker, which provided additional leverage to its leaders for presenting arguments in favour of the merger.

Geoff Neilson, who was president of the Institute at the time of the merger attempt, provided some insights on what the leadership of the Institute believed while proposing changes in their traditional strategies. Neilson stated:

I think the Institute generally felt at a national level the merger was desirable. Competition between two bodies was not good for Australia. We were part of the global accounting
profession and once united it would be very significant body in terms of numbers. So I think the motivation was to have a united accounting profession in Australia, which was a very significant part of the world accounting profession. The feeling was very strong in the National Council. The main motivation was to form a significant world-class professional accounting body (Neilson 2015).

For decades, the Institute leadership had claimed to be exclusive, but the statement by Neilson (2015) indicates that they were prepared to alter their exclusivity strategy.

In their study of the healthcare profession, Nancarrow and Borthwick (2005, p. 897) argued:

The healthcare professions have never been static in terms of their own disciplinary boundaries, nor in their role or status in society. Healthcare provision has been defined by changing societal expectations and beliefs, new ways of perceiving health and illness, the introduction of a range of technologies and, more recently, the formal recognition of particular groups through the introduction of education and regulation. It has also been shaped by both interprofessional and profession-state relationships forged over time.

In summary, changes in context, external pressures, challenges to professional titles, legitimacy crisis and internal changes led to this move, which shows that boundaries are dynamic structures (Gieryn 1983; Nancarrow & Borthwick 2005).

6.4.2 Strategies adopted by both bodies in merger attempt

The second research question was linked with strategies adopted by the Society and the Institute in mounting the second merger attempt that were centred around modifying traditional strategies of “‘exclusiveness’ versus market control” adopted by both bodies (Macdonald & Ritzer 1988, p. 257). To achieve successful modification of their organisational strategies, the bodies initiated many joint activities. Only a year after the failure of the first merger attempt, a joint standing committee comprising members of the respective executive committees of both bodies was formed to consider matters of mutual interest (ASA 1970). Both bodies continued to issue statements projecting the merger attempt, which was a way of gaining support from their members. For example, the Society argued, “the increasing complexity of the affairs of the profession provides a powerful case for integration” (ASA 1977, p. 10).
Both bodies had jointly established satisfactory communication lines with various state and federal governments representing the profession (ICAA 1975). Many joint submissions to various governments on legal and tax matters were also made (ASA 1977). These actions were based on arguments for the ability to speak effectively with one voice with governments and eventually assisted leaders of both bodies to present the case for merger. As mentioned previously, joint actions included representation at the Eleventh International Congress of Accountants held in Munich, Germany, on 11–14 October 1977 (ASA 1977). To gain support from members, both bodies issued a few joint letters written by their presidents. This included sending a joint letter to members informing them about the decision to restart merger discussions (Bottrill 1975; ICAA 1975). In the case of the first merger attempt, the Institute took the initiative for merger, and this was also the case in the second merger attempt (ASA 1981).

Chapter 5 and earlier sections of this chapter have addressed that boundaries in the Australian accounting profession were initially created around MIPP with the formation of the Institute in 1928, which had adopted an exclusivity strategy by gaining a Royal Charter (Anderson & Chandler 2005; Carnegie et al. 2003; Carnegie & Parker 1999; Edwards et al. 2013; Macdonald & Ritzer 1988; Parker 2005). Similarly, the Scottish accountancy bodies had sought to adopt exclusivity in Royal Charters (Lee 1995, p. 51) which “was a deliberate act to publicly separate Chartered Accountants from other accountants”. The Society had adopted an alternative organisational strategy linked with market control (Macdonald & Ritzer 1988), while in the British context, the Society of Incorporated Accountants in England had adopted the market control strategy targeting a broad membership base both in public and private sectors (Lee 1995).

Contrary to their traditional approach, in the case of the second merger attempt, both bodies were modifying their traditional strategies (Annisette & Trivedi 2013; Edwards et al. 2005; Macdonald & Ritzer 1988, p. 257). The Institute had made some changes in 1973 when in the Supplementary Royal Charter, its objectives were amended to remove the imputation that its sphere of activity was largely public practice (Anon. 1981a). The Society’s Annual Report of 1971 refers to the ongoing debate about raising the profile and status of the Society members (ASA 1971). A joint statement issued by both bodies as part of the first exposure draft, which was released in August 1976, indicated a departure from traditional strategies. It contained a statement issued by both presidents that “we believe that integration is a natural and logical
culmination of the development of accountancy in Australia” (ASA & ICAA 1976, p. 8). A month after the release of the first draft proposals *The Chartered Accountant in Australia* summarised the rationale for the merger:

> The accountancy profession is under increasing public scrutiny and it is likely that pressure for greater accountability by the profession itself will increase. A pooling of the talent, initiative and resources of our joint memberships will strengthen the profession to meet this challenge, whereas if both bodies were to continue as separate organisations our respective standing and influence could well diminish (ASA 1976, 94).

This rationale clearly departed from a discourse of superiority and showed a shift from the earlier claims of the Institute. However, despite leaders of the profession engaging in a discourse of sameness of both bodies, it was estimated that a major section of the Institute members did not support the merger with the Society (Anon. 1979b). With this assessment in mind and to convince the members, the Institute’s executive director, Vic Prosser, made public claims that “approximately 30 percent of our members are [were] not currently in practice at all—but occupy positions in commerce, industry, government, academic bodies or elsewhere” (1979, p. 13). Further he added that “one of the real strengths of the Institute is its diversity of membership” (Prosser 1979, p.13). This public discourse was used as a strategy to assist in strengthening the case for modifying the traditional boundaries of the Institute.

According to Gracia and Oats (2012, p. 308), “Boundaries are ubiquitous in modern social life and the work of creating and maintaining boundaries is particularly evident within professions, their regulation and operations”. Over time, an exclusionary discourse can change to include individuals who were earlier excluded. The leaders of the Institute changed their discursive arguments from exclusivity to that of forming a larger body that would have exclusive status because of its size, yet have more control over the market for accounting services. In a similar situation, the racial boundaries of “white” identities were expanded over time in the US. Initially, it excluded Irish and Jews; however, with the expansion of “white” identity, Irish immigrants (Ignatiev 1995) and Jews (Brodkin 1998), who were earlier cast as racial “non-whites”, were included as “white” (Annisette & Trivedi 2013).

Both bodies learned from the failure of the first merger attempt and made a few changes in their approach to plan and execute the second merger. A major change was consultation with members on the idea of merger at meetings conducted throughout Australia (Anon. 1976a; Munro 1975a). Members who could not attend meetings were asked to express their opinions
by sending letters (Munro 1975a). Neither body disclosed the contents of letters to the other (Munro 1975a), which indicates a selective disclosure. Further, both bodies regularly issued statements and reports on the progress of merger (Anon 1975a). This was a strategy to keep members involved and to gain their support.

In 1979, J. D. Norgard, chairperson of the Australian Broadcasting Commission, was appointed as independent chairperson of the IPC. Various surveys were conducted by the ANOP (Anon. 1981h) to assess the level of support for the merger attempt. This was a different approach from the first merger attempt. Major discussions on the merger were undertaken at national and general council levels, and between councils and the unity committee, which was a common strategy between the first and second merger attempt. The expansion of organisational boundaries and the inclusion of a larger number of the Society members were projected with various public arguments, such as the one presented by W. G. Phillip:

> Whatever the ultimate results will be, I firmly believe that it will be in the best long term interests of the accounting profession if the two major bodies could merger to become a more forceful group in the community. The pressures of today from governments, special interest groups, large corporations and others are such that we must not provide opportunity for the profession to be divided (ICAA 1980, p. 3).

Phillip continued his discourse by arguing that to retain the status of a profession, all sectional groups of people working in public practice, the government, academia or in commerce needed to work together, putting aside their sectional interests (ICAA 1980). This was particularly important to maintain and improve respect and support from the community (ICAA 1980). Phillip also added that in recent years, there were “increasing expectations of leadership from senior politicians” (ICAA 1980, p. 3). During the final stages of the integration process, in March 1981, the proposals were again sent to members of both bodies for their comments and opinions. The proposals mentioned that “The Society members in particular will benefit from the more clearly defined professional and ethical standards that are embodied in these proposals” (ASA & ICAA 1981, p. 4). Hence, the discursive claims show that both bodies had modified their traditional organisational strategies.

### 6.4.3 Reasons for merger attempt failure
The third research question concerns factors that contributed to the failure of the second merger attempt. On similar lines as indicated in the fifth chapter, there are two angles in the analysis when responding to the third research question. A major reason for the failure was the detachment of the Institute leaders from the members (Lee 2010; Shackleton & Walker 2001). A second consequential reason was that the Institute members engaged in boundary protection because the leadership could not convince them of the claimed benefits associated with the proposed merger (Fournier 2000; Gieryn 1983; Persson 2010). The overwhelming support of changes in professional boundaries from the Society members is also discussed.

As shown in Chapter 5, the reasons for the first merger attempt’s failure were similar to those for the second. However, in the case of the second merger attempt, both bodies tried certain strategies to reduce the chances of failure. The then vice-president of the Society, John Miller, spoke about the leaders of both bodies moving ahead with their plan for changes in traditional boundaries while the Institute members were opposing this strategy. Miller (2015) added some other dimensions as well:

Key factors were the failure of Chartered leaders to understand how deeply the younger members felt about the Professional Year. There was no strategy to cope with those feelings. Charter leaders sadly didn’t do the research; therefore, they were not able to take any corrective actions. There was a geographical thing. Australia is a big country with a small population. The charter was very much Sydney centric. In Perth and Brisbane there was a feeling of resent that this was driven by head office. I think votes were quite bad in Perth and Queensland as a result. So I think the Chartered Institute leaders who were essentially accountants and business people didn’t understand marketing and the need to really find out what their members wanted.

John Miller shifted the burden of failure to the Institute leaders. The Age reported on 6 October 1979, “The merger has always been backed by the chiefs of the two bodies but has run into strong grass-roots opposition, especially in the Institute” (Anon. 1979b, p.3). The Institute leaders had realised that a significant portion of its members did not agree with them on the issue of merger and support from members was weak. To assess the level of support, ANOP was appointed and surveys were conducted in March and May 1981, which showed that support from the Institute members was insufficient. The March 1981 survey results showed that support for the merger from the Institute members was short of the required two-third majority (ICAA 1980) while the May 1981 survey results showed that support for the merger from the Institute members was only 56 per cent (Kelly 1981b). In the case of the
accounting profession in the UK, Lee (2010) and Shackleton and Walker (2001) found detachment of leaders a reason for the failure of various merger attempts.

After the first merger attempt, it was clear that the Institute members did not support the merger move. To overcome that issue, the Institute had arranged for the IPC to address members at different meetings, but attendance was very low, which the president of the Institute termed disappointing (ICAA 1976). Even at the early stages of IPC meetings, it was clear that the initially prepared draft proposals were unlikely to be accepted by members and that significant changes in integration proposals were needed. Issues of contention were entry requirements for joining the integrated body, conditions for granting practising certificates and the constitution and the composition of councils (Anon. 1981j; Hale 1981; Kelly 1981c). According to Lanigan (1980, p. 355), the greatest single hurdle to integrate was the different membership patterns of the two bodies, which was mainly between MIPP and MNIPP, or in other words, changes in the then-established boundaries of both professional bodies, which had been moulded by their respective histories.

A difference from the first merger attempt was that steps were taken to overcome members’ objections. After the May 1981 ANOP survey, which showed a low level of support from the Institute members, the merger vote was deferred (Kelly 1981b). During the period when the integration poll was postponed, the proposals were amended in July 1981 with a view to increasing support from the Institute members. The three main changes were first, granting fellow status to all Institute members who had been members for at least 10 years or had completed the PY of study and had been members for three years (Hale 1981); second, all existing Institute or Society members who had been members for 10 years and had been principals and/or employees in public practice for three years would qualify for a public practice certificate; and third, other members transferring to public practice were required to complete 12 months in the employment of a public practice certificate holder (Kelly 1981c). One other amendment was the reduction of the period to become a fellow after completing PY from 10 years to three (Anon. 1981j). This was mainly to assist in overcoming the opposition of younger members of the Institute (Hale 1981) and to counter boundary protection by the Institute members. In addition, leaders of both bodies jointly initiated an Integration Forum in February 1981 in the official journals of both bodies.

The second merger attempt failed because of successful boundary protection by Institute members (Fournier 2000; Persson 2010). Their argument was that the “merger could lead to a
dilution of entrance requirements to the Institute” (Anon 1981b, p.9). In the June 1981 edition of Integration Forum, W. S. Kierath, a member of the Institute, objected to the unity attempt and particularly to having two types of membership: members with public practice experience and members with no public practice experience or training. Kierath (1981) argued that the merger could be between public accountants of the Institute and the Society but merger between all members of both bodies was unacceptable to the Institute members.

From these discursive claims, it is clear that some Institute members were not in favour of changes in the boundaries of the professional association and engaged in boundary work to protect the boundaries of their Institute. According to Lamont and Molnár (2002, p. 168), boundaries “are an essential medium through which people acquire status and monopolize resources”. Any changes to boundaries are likely to lead to boundary protection (Fournier 2000; Persson 2010). Evidence of boundary protection is found in the comments of McKenon (1981, p. 9) who stated:

Out in the accounting world there is opposition to integration, especially among NSW members of the Institute. In 1969, when integration proposals were last placed before members, the younger NSW members of the Institute voted strongly against them.

McKenon (1981, p.9) further stated:

In recent months there have been signs that the 1969 Institute resistance remains roughly the same. A straw poll conducted late last year by Australian National Opinion Poll indicated support of about 56 percent.

At the June 1981 Integration Forum, the IPC engaged in public discourse stating that for the previous 10 years the education policies of both bodies were identical, with each body requiring the candidates to obtain an approved degree or diploma at an approved university or college of advanced education (Anon. 1981e). Most letters published in the June 1981 edition of Integration Forum in the Society’s journal were from Institute members and were generally in favour of the merger. These letters included a letter from R. N. H. Denton, FCA and former president of the Institute from 1978 to 1979. Further, a letter from C. J. Hurford, MP, Shadow Minister for Industry and Commerce, appeared, which was also in support of the merger of the two bodies. Hurford (1981, p. 354) claimed that “while we are divided, standards suffer, if this continues, governments will find it necessary to intervene in the regulation of accounting to a far greater extent than hitherto in order to protect the interests of
the public”. These are examples of steps taken by both bodies and especially by the Institute to gain support from its members to vote in favour of the merger attempt and to thereby counter boundary protection.

There is further evidence of attempts to counter the boundary protection work. On 1 May 1981, W. G. Phillip wrote a three-page letter to members as the Institute president. Phillip (1981b) particularly referred to younger members opposing the integration. In his discursive claims, Phillip (1981b) tried to remove fears that only a small portion of the Society members would be eligible to receive a public practice certificate. His views were based on the fact that nearly 3,500 of the Institute members were also Society members. This formed around 30 per cent of the Institute membership. Further, he argued that after integration the public practice certificate would be issued only after passing the Institute’s PY program. Phillip (1981b) concluded his letter by saying that

Integration will give us one body, one voice and the opportunity to improve our educational standards and professional competence of all members. In short, it will give us a stronger and better profession and that must be of great benefit to all accountants – and especially younger ones.

In June 1981, Norgard stated that if members were not willing to take the long-term view then the integration prospects would be problematic (Anon. 1981d). In December 1981, Norgard stated that “the concern I have is that some accountants might not read the documents and may vote with what I might call a referendum approach” (Anon. 1981h). Norgard also indicated that the first attempt in 1969 failed because of the opposition of young members of the Institute (Anon. 1981h).

There was strong support for the merger attempt from the Society members. Goodall (1981), an AASA, strongly supported the merger and claimed that the public image of the profession would improve. Goodall (1981) wrote, “my only complaint is why has it taken so long?” Hegan (1981), another AASA, also strongly favoured the merger between the two bodies, while Mullen (1981), also an AASA, stated that the ability to speak with one voice on accountancy matters was a major advantage of a united profession. The overwhelming support of 90.1 per cent of Society members and its reasons have been argued in Section 5.4.3 in Chapter 5, which indicated that individuals in lower status groups accept changes in traditional strategies and boundaries readily (Milner 1996; Keohane & Milner 1996). Usually, for lower status groups, if changes to boundaries lead to status upgrade, then that becomes
group mobility (Lamont & Molnár 2002). Therefore, the failure of the second merger attempt is attributed mainly to boundary protection work by Institute members as a response to the proposed modification of the strategy of exclusivity. The boundary protection by many of the Institute members was an attempt at protecting “professional identity” (Gieryn 1983; Guo 2012).

There are numerous examples of linguistic claims by Institute members opposing the merger (Annisette 2017). The August 1981 issue of the Institute’s journal published letters from ACAs. Most of these letters voiced strong opposition to the merger proposals. Shorrock (1981), who was a recent PY graduate, stressed:

> As a member who recently passed the Professional Year programme, I am disappointed that the integration proposals do not recognise the enormous amount of time and energy involved in completing a year that had a dramatic effect on not only myself but also on my wife and family. At this stage I am not prepared to vote for a proposal which would grant equal status to those members of the Society who have undertaken only a twenty-hour professional orientation programme. (1981, p.19)

Shorrock’s (1981) discursive arguments are also evidence of boundary protection. J. H. Barber, an ACA, noticed some prejudice and wrote to the editor of the Institute journal:

> Every single letter against the issue was accompanied by the editor’s comments explaining away any points raised. I feel this severe form of prejudice should be avoided (1981, p. 14).

In his claims, Hines (1981, p. 355), an ACA, expressed a fear of dilution of the Institute members’ powers and argued that in the integrated body with 12,000 Institute and 45,000 Society members, “Chartered Accountants will exercise about one-fifth of the total voting rights”. Hines (1981, p. 355) also commented that “the Society’s educational entry requirements are not comparable with those of the Institute”. Hines (1981) compared the PY program of the Institute with the Society’s 40 hours of attendance at non-examinable professional development courses. Further, he said that candidates who fail the PY of the Institute join the Society because of the lower level of its entry requirements (1981). Hines (1981) made a reference to a statement of the president of the Institute from the March 1981 edition of the Institute’s journal in which it was argued that a united profession had better prospects of gaining the registration of accountants at the federal level. Hines (1981) criticised this reason to push for unity. Therefore, the discursive arguments of the Institute
members opposing the merger attempt was a way of demarcating themselves from the Society members in the same way as scientists apply boundary work in their profession: “their attribution of selected characteristics to the institution of science (i.e. to its practitioners, methods, stock of knowledge, values and work organisation) for purposes of constructing a social boundary that distinguishes some intellectual activities as ‘non-science’” (Gieryn 1983, p. 782).

Miller (2015) explained why younger members of the Institute were against the merger:

> Basically, the view among the Chartered Accountants’ younger people was that the Professional Year was very demanding and appropriate. The Society’s professional orientation program was considered a bit inadequate and I tended to agree with them. But the important thing is that I knew and I was also very confident that the younger people at the Institute would not be supporting the merger. When I told the joint Executives of both bodies that I didn’t think that it would succeed they were very upset with me. I said I am giving you my first hand market research. I said that we were going to have a big problem and sadly I was right and all my colleagues were wrong. I had the view that the merger would fail.

Another example of public discourse opposing the merger is an anonymous young CA who criticised the integration plan and stated, “your proposals seem to be based on the totally false premise that all accountants can be considered as one. But this is not true—we serve different purposes” (Anon. 1981c, p. 18). This member also criticised the argument that members should consider long-term gains and wrote “You talk of long term aims. Does this mean we disregard the present?” (Anon. 1981c, p. 18). This suggests that the sentiments among some young members were quite strong, and they eventually did preserve the boundaries of the Institute.

Further evidence of boundary protection includes a young member of the Institute who anonymously wrote, “We as the Institute members will be overruled by the Society’s members—are their members so dedicated to such standards as the Institute lays down?” (Anon. 1981c, p.18). These discursive arguments and strategies are aligned with literature that shows that with the change of context, where traditional strategies of the Institute changed, members acted to defend the status quo and engage in boundary protection (Fournier 2000; Keohane & Milner 1996; Milner 1996). In his work Gieryn (1983, p. 792) argued that “boundary-work excludes rivals from within by defining them as outsiders with
labels such as ‘pseudo’, ‘deviant’, or ‘amateur’”. The arguments of the Institute members seeking to protect their professional boundaries were thereby analogous to those observed by Gieryn (1983).

On 7 December 1981, Austin Donnelly (1981), a former president of the Queensland division, former general councillor and a member of the Institute for 34 years, wrote a letter to *The News* opposing the merger. Although archival materials show that it was predominantly the younger members who opposed the merger, Donnelly’s (1981) opposition is evidence of boundary protection by experienced members, including those who formerly held leadership positions in the Institute.

A group of CAs opposing the merger published a public notice on 2 December 1981 in *The Financial Review*. The notice mentioned that unity was unrealistic because both bodies did not represent all accountants in Australia and because an integrated profession was not evident in many other countries. It also rejected the argument that a united body would have a single voice on matters of mutual interest by arguing that both bodies were already working jointly. The notice also mentioned that the image of CAs would not improve with the inclusion of the Society members (Anon 1981j).

The response of Miller in his oral history interview aids an understanding of the reasons for the strong boundary protection attempts from Western Australia. When John Miller was asked about the opposition faced from Institute members from Perth and Brisbane and whether regional tensions were still playing a role, he responded:

> Yes, in Australia there is a cultural difference between the west and the east and even between north and south. Back in my professional practice I was advised to be very careful what you do and say in Perth and Brisbane. The chartered institute led from Sydney did not understand personality differences. The reasons are beyond accounting and go back to Federation. There is a long history of this. Western Australia was a reluctant party in the 1901 Federation of Australia. Several times they threatened not to join and subsequently they have threatened to secede. So Western Australia have always had a bit of an issue with the east. I think politics and Aussie [social] rules are now changing a bit, but Western Australia and Queensland are very big states. They are huge states. They don’t socially and

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30 As Poullaos (1994) stated, despite the formation of the Federation, regionalism was quite strong and differences between states were at various levels, such as climate, natural resources, laws, infrastructure and custom duties. Even with the formation of a united Commonwealth “the tensions which held up Federation did not disappear” (Poullaos 1994, p. 51).
politically respond well to directions from Canberra or Melbourne and Sydney. You can see this not only in accounting but also in business and politics (2015).

Thus, John Miller added the dimension of regional pride and tensions to the other key reasons for opposition to the merger given by younger people. The interview response received from the Institute president at the time of the failure of the second merger attempt reaffirmed this. In a response to questions about potential causes that led to the failure of the second merger attempt, Geoff Neilson stated:

We felt it came down to individuals. Two reasons I think. One, members from Western Australia. Some individuals in Western Australia were always a problem for any part of the integration. The second reason would be PY. The recent Professional Year graduates who were mainly younger members felt that their hard won reputation was going to be diluted if the merger had gone ahead (2015).

Susan Crook, *The Age* business writer, wrote “many Chartered Accountants breathed a sigh of relief with the failure of vote on the proposed integration of Australia’s two accounting bodies” (1982, p.7). There is evidence of the Society’s members opposing boundary protection by the Institute members. Peter Privitelli, who was a provisional member of the Society, wrote a letter to the editor of the Society journal in October 1979 and mentioned:

I know for a fact that there are several Institute members who regard themselves as a separate and superior cult to those members belonging to the Society, merely because there are fewer members belonging to the Institute (1979, p. 655).

In summary, the key reason for failure of the second merger attempt was successful boundary protection by the Institute members (Fournier 2000; Gieryn 1983; Persson 2010).

6.4.4 Reactions of various stakeholders

The fourth research question is linked to the reactions of various stakeholders\(^\text{31}\) to the proposals for unification and their subsequent failures. Similar to the first merger attempt, the failure of the second merger attempt did not attract significant interest from stakeholders. The press covered the outcome in a descriptive way only. Based on archival data, only PW, a major accounting firm and a key stakeholder, came out strongly in support of the merger attempt in November 1981. PW’s senior partner R. G. Lee called for support of the

\(^{31}\) Stakeholders include members of each professional body, the government, policy makers, accounting firms and investors.
integration because it was in the best interest of the public and the profession (Anon. 1981f). The Integration Forum of June 1981 reported a letter from C. J. Hurford, Shadow Minister for Industry and Commerce, which was also in support of merger of the two bodies (Hurford 1981). However, larger accounting firms were not taken into confidence nor asked to make any public statements in support of a merger (Barnes 1981). In an interview about the role of the government as a stakeholder, Miller said (2015) “no pressure at all from the government. Pressure on government was from us to protect the term accountant”.

Regarding whether there was any pressure from governments, as stakeholders, on both bodies to merge, Geoff Neilson stated that:

Yes, I believe there was but I can’t be specific about this. When we used to lobby with governments they would occasionally say why don’t you two get together. So I think that was obvious. But we never heard that as a word but it was pretty evident that it was the case (2015).

Thus, existence as two separate bodies would seem to have had implications for their ability to speak with governments; however, there was no active pressure from governments on the bodies to merge. It appears that some stakeholders were supportive of the merger attempt. Documentary evidence did not reflect responses from other stakeholders.

When John Miller was asked about the reactions of various stakeholders to the failure of the merger attempt, he stated:

The government was very neutral. The governments might have welcomed the merger but didn’t put any pressure. The big charter firms were very much for the merger because their clients were mostly members of the Society. There were good marketing reasons for big firms to support the merger and they supported it very strongly. The academicians were generally for the merger. It was the small practitioners in Perth and Brisbane that made merger difficult.

The response indicates that attempts to change the traditional strategies of both bodies and the failure of these because of boundary protection were deemed an internal affair of the accounting profession. This failure did not attract much external reaction. Similar to the first merger attempt, stakeholders outside the accounting profession did not respond to the failure. Documentary evidence does not provide much detail to explain the reasons for this poor response.
6.5 Conclusion

The sixth chapter of this thesis considered the second merger attempt, which was planned for the longest period. The process was also one of the most rigorous among all the four merger attempts. Both bodies had applied the lessons learned from the failure of the first merger attempt to organise the second merger attempt. The integration proposals were initially prepared in 1976 when, at the invitation of the Institute’s national council, the Society’s national council initiated formal merger discussions (ASA & ICAA 1976; ICAA 1975, p. 9). Between 1975 and 1976, the ISC, which consisted of members of both bodies, met frequently to develop the first draft of merger proposals (ICAA 1976). This was followed by a series of meetings of members to seek their opinions and feedback on merger discussions (Anon. 1976c).

After these meetings and after receiving feedback from members, it was agreed that significant refinements to the proposals were necessary before acceptance could be achieved. By 1979, a further set of integration proposals was prepared. Both councils agreed that the ISC had performed everything that could reasonably be expected of it and they resolved to adopt a new approach, which led to the formation of the IPC under an independent chairperson J. D. Norgard (Anon. 1981a). The IPC prepared the final merger proposals, which were put to members of each body for voting in 1981 and were defeated by the Institute members, as was the case with the first merger attempt.

In addition to the process for the development of proposals, consultation with members for the second merger attempt was more carefully planned and each body was more cautious of not repeating the outcomes of the first merger attempt. In the first instance, members were asked to comment on the idea of merger via letters and in person at members’ meetings, which has been discussed in the later parts of this chapter (Anon. 1976c). After this consultation process, the bodies released the first draft of integration proposals. It took about four years to develop the initial proposals. Members were consulted via letters, comments to editors of journals of both bodies and in meetings of members. The initial proposals were amended on different occasions. After working on developing proposals for a few years, it became apparent in the late 1970s that support from Institute members was still insufficient to pass the resolution (ASA 1978).
In fact, the chair of the IPC preparing the integration proposals, P. C. E. Cox, who was representing the Institute at the committee, bluntly called for disbanding of any further discussion. Cox was removed from his post and an independent chair of the IPC was appointed (McKenon 1979). Both the Society and the Institute conducted a survey of its members to read their mood (Anon. 1981h, 1981i, 1981k; Hale 1981; Kelly 1981c; Uren 1981). Both bodies also slowed down merger discussions, restarted them the following year and held a joint national council meeting. Finally, after the longest process among all four merger attempts, the merger vote was taken in 1981 (Agars 1981). However, boundary protection work by the Institute members resulted in failure of the second merger attempt, preserving the existing boundaries.

The next chapter considers the third merger attempt.
Chapter 7: The Third Merger Attempt

7.1 Introduction

This chapter considers the third merger attempt, which, as in the case of each of the other merger attempts, had its own distinctive nuances. Unlike the first two merger attempts, where unity committees or integration committees were established, in the case of the third merger attempt most merger-related decisions, as will be shown, were taken by the presidents of both bodies. The context that led to the mounting of the third merger attempt had some commonalities with that of the first merger attempt. Similar to the first merger attempt, external pressures and developments created favourable conditions for mounting the third merger attempt. Such developments affecting the accounting profession included corporate collapses, rising unemployment, economic recession and one of the biggest stock markets crashes during the period under study, namely, between the late 1960s and the late 1990s (McMahon 2007; Wright 2008).

Chapter 7 has four sections. The next section provides details on the background to the third merger attempt, including post-second-merger attempt developments. Joint work by the two bodies on matters of mutual interest, the membership and financial positions of both bodies and a time-specific corporate crisis are also discussed. The third section provides details of the merger talks, which took place in two stages. The first round of merger talks started when the Institute president made a unilateral offer in June 1989 to the Society's members to join the Institute, provided they had accumulated 10 years of experience. This created friction between the two bodies, and they initiated some formal merger talks. However, those talks were scrapped after a few months. The second round of merger talks started a year later in September 1990. The third section also examines the postfailure context of the merger attempt. Finally, the fourth section provides a discussion and analysis using the theoretical frameworks applied in this thesis and provides responses to the four research questions within the context of the third merger attempt.

7.2 Background

After the failure of the second merger attempt, the president of the Institute issued a statement about the postfailure position, stating that:
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 (Anon. 1982b).

In line with this statement, the Institute decided to prepare long-term plans for joint work using the overall objectives stated in its charter (Prosser 1982c). The executive director of the Institute, Vic Prosser, wrote that both bodies decided to put integration aside (1982c). After the failure of the second merger attempt, the Institute concentrated on growing its membership since its membership grew by an average of 5.9 per cent per annum from 1982 to 1991 (ICAA 1982–1991), while the corresponding figure for the Society was 3.3 per cent (ASA 1982–1991). One of the strategies for increasing membership was centred around making the PY more popular among students. Vic Prosser wrote:

Chartered Accountants lead the accountancy profession in providing business, governments and individuals with a wide range of financial and management services—for which they have the highest professional training and experience (1986a, p. 4).

To achieve targets of expansion and increase the membership base, the Institute even created a full-time position of Director of Marketing and Public Relations to coordinate marketing and to enhance the professional reputation of CAs and the Institute (Prosser 1986a, p. 4).

In his oral history interview dated 27 February 2015, the then president of the Society John Miller, who was the incoming president after the failure of the second merger attempt, provided details of the Society’s alternative plans in the postfailure context. This plan was termed “Plan B” or “Forward Plan” for the 1980s, which gave special attention to organisation and management, integrity and independence, technical competence and professional image and voice (Agars 1982a). As a result of pursuing this alternative plan, the Society made numerous structural changes and streamlined its decision-making processes (ASA 1982). John Miller wrote that the Society made both financial and organisational progress in 1982. Although the Society had become aggressive in projecting itself as the main accounting association with a series of advertisements and other campaigns, it had kept the options of working jointly with the Institute where necessary. As the annual report of 1982 mentioned, “a strong relationship will be maintained with the ICAA where it is in the interests of the community and members” (ASA 1982, p. 2).
After the failure of the second merger attempt, the Society adopted the professional title of Certified Practising Accountant (CPA) under the “Professional Schedule” issued in March 1983 for its members (ASA 1983, p. 2). The CPA title was approved by members in March 1984 at the annual general meeting (AGM) of the Society. The president of the Society J. E. Tomlinson referred to the adoption of the CPA title by members as a “historic vote to enter a new era of technical excellence and professionalism” (ASA 1984, p. 1). This adoption was a major development for the Society since its members previously lacked a professional title, especially when compared with the Chartered Accountant title of the Institute members. The Society’s adoption of the professional title CPA was an attempt to draw boundaries around its membership, in the way Institute boundaries had settled around membership of that body. This was a step towards exclusivity associated with the branding of a professional service. The change was not against the traditional strategy of market control that the Society had adopted, but did mark an attempt to define its boundaries more precisely.

Other major developments included the preparation of a draft *Accountants and Auditors Bill* and the formation of the Accounting Standards Review Board. Regarding the former, the president of the Society R. J. Cotton mentioned that “If enacted the Bill will clear protection to the name ‘Accountant’ ensuring for the first time that the public will be readily able to discern the qualified from the unqualified” (ASA 1983, p. 2). The preparation of this draft Bill was an unsuccessful attempt to create legal boundaries around the term “accountant” (Gieryn 1983, 1995, 1999; Gieryn, Bevins & Zehi 1985) and formalise differences between accountants and non-accountants (Grbic 2010). Similar unsuccessful attempts were made in the UK (Macdonald 1985; Shackleton & Walker 1995).

In 1982, Vic Prosser wrote that the Society, the Institute and the ARF had made submissions to the National Companies and Securities Commission for gaining legislative backing for accounting standards (Prosser 1982a). In May 1982, the Institute and the Society made a joint submission to the National Companies and Securities Commission seeking statutory backing for its accounting standards (Prosser 1982b). In 1984, Miss S. Bonnici became member number 50,000 of the Society (ASA 1984). In 1986, the Society celebrated the centennial of the founding of its earliest predecessor body, the IIAV (ASA 1986). From these developments, it can be argued that both bodies were planning to move forward independently and the spirit of unity that was observed soon after the failure of the first merger attempt was now missing.
7.2.1 Joint work

Although another merger attempt was not on their agendas during the 1980s, both bodies were involved in several joint activities. Such joint activities included joint international representation at the International Federation of Accountants, at the International Accounting Standards Committee and at the Confederation of Asian and Pacific Accountants. On the home front, joint work was in relation to the ARF, the joint standing committee and the Australian Taxation Research Foundation (ASA 1984). In 1986, the Institute and the Society jointly hosted the eleventh Conference of the Confederation of Asian and Pacific Accountants in Melbourne (ASA 1986). The Society and the Institute established a joint task force (JTF) in 1988 to study issues and problems faced by students in relation to the funding of accounting education by governments. The presidents and executive directors were meeting four times per annum in the joint standing committee to discuss matters of mutual interest (Sharpe 1983). These joint activities were centred on domestic matters affecting the profession and international representation of the Australian accounting profession.

7.2.2 Membership of both bodies

This section compares and discusses membership of the Society and the Institute. Table 7.1 provides a comparison of membership of both bodies from 1982 to 1991.

<table>
<thead>
<tr>
<th>Years</th>
<th>Society Members</th>
<th>Institute Members</th>
<th>Institute MNIPP (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>46,681</td>
<td>12,673</td>
<td>35.4</td>
</tr>
<tr>
<td>1983</td>
<td>49,549</td>
<td>13,389</td>
<td>36.5</td>
</tr>
<tr>
<td>1984</td>
<td>51,942</td>
<td>14,284</td>
<td>37.3</td>
</tr>
<tr>
<td>1985</td>
<td>52,759</td>
<td>15,042</td>
<td>38.9</td>
</tr>
<tr>
<td>1986</td>
<td>53,608</td>
<td>15,710</td>
<td>40.2</td>
</tr>
<tr>
<td>1987</td>
<td>54,536</td>
<td>16,327</td>
<td>43.3</td>
</tr>
<tr>
<td>1988</td>
<td>56,103</td>
<td>17,526</td>
<td>43.5</td>
</tr>
<tr>
<td>1989</td>
<td>57,453</td>
<td>18,609</td>
<td>43.7</td>
</tr>
<tr>
<td>1990</td>
<td>59,582</td>
<td>19,775</td>
<td>44.1</td>
</tr>
<tr>
<td>1991</td>
<td>62,465</td>
<td>21,219</td>
<td>44.3</td>
</tr>
</tbody>
</table>


Table 7.1 shows that in the case of the Institute, the share of MNIPP progressively increased during this period. Between 1978 and 1981 the number had increased from 28.6 per cent to 34.4 per cent (ICAA 1982). The rate of Society members involved in public practice was at
21.45 per cent in 1982 (ASA 1982), which grew to 21.93 per cent in 1987 (ASA 1987). In 1990, MIPP were 22.07 per cent (ASA 1990). Table 7.2 compares MIPP and MNIPP of both bodies for years 1981 and 1987.

**Table 7.2 Comparison of the Society’s and the Institute’s MIPP and MNIPP in 1981 and 1987**

<table>
<thead>
<tr>
<th></th>
<th>The Institute</th>
<th></th>
<th></th>
<th>The Society</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1981 Per cent</td>
<td>1987 Per cent</td>
<td>1981 Per cent</td>
<td>1987 Per cent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public practice</td>
<td>7,796</td>
<td>66</td>
<td>9,265</td>
<td>57</td>
<td>8,306</td>
<td>18</td>
</tr>
<tr>
<td>Not in public practice</td>
<td>3,925</td>
<td>34</td>
<td>7,062</td>
<td>43</td>
<td>36,841</td>
<td>82</td>
</tr>
<tr>
<td>Total</td>
<td>11,721</td>
<td>100</td>
<td>16,327</td>
<td>100</td>
<td>45,147</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Henderson (1988, p. 6)

Analysis of the data presented in Table 7.1 and 7.2 shows that the difference between membership size of the Institute and the Society registered a decline during the period under study. In 1982, the Society membership number was 3.7 times that of the Institute. This number decreased to 2.9 in 1991, revealing that the membership growth of the Institute was faster than that of the Society. The average rate of membership growth between 1982 and 1991 was 3.3 per cent for the Society, while it was 5.9 per cent for the Institute. Table 7.2 also reveals that while the Society’s level of MNIPP was at 78 per cent in 1990, the Institute registered 44.3 per cent. The historical construction of the boundary between the two organisations was based on the perceived superior status of professional accounting work undertaken in public practice (Gieryn 1983; Grbic 2010). Table 7.1 demonstrates that the share of Institute members engaged in public practice was showing a declining trend. This meant that the traditional basis of boundary construction was getting weaker; that is, fewer Institute members were engaged in public practice. However, although the gap between the MNIPP of the two bodies was becoming smaller, it was still a significant gap. After initial boundary construction around MIPP, the Institute boundaries had settled around membership of that body.

Henderson (1988) presented a paper at the Annual Congress of the ASA held in April 1988 in Adelaide. Among many other comparisons, he presented a table that compared MIPP and MNIPP in 1981 and 1987 for both the Society and the Institute. Henderson (1988) found that between 1981 and 1987, the Institute’s MIPP had dropped by 9 percentage points while the
Society’s MIPP had increased by 4 percentage points. In 1989, out of the total membership of the Institute only 56 per cent were MIPP and 44 per cent were MNIPP (Boreham 1989). Henderson (1988) also argued that the profession was becoming more uniform and it was the right time for both bodies to unite.

7.2.3 Financial position

Table 7.3 provides details of the income and deficit or surplus of the Society from 1981 to 1991. The highest surplus was in 1982 at 15.98 per cent of the annual revenue or income, while the worst years were 1981 and 1990. Between 1981 and 1991, the average surplus of the Society was at 4.28 per cent. From 1981 to 1985, the Society spent a total of more than $AU500,000 on supporting the IAA. This was a considerable expense, especially in 1983, 1984 and 1985 when the Society’s surplus was not significantly high. In 1981, the Society incurred a deficit but in all other years its financial result was in surplus.

Table 7.3 Income and Deficit/Surplus of Society (1981–1991)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue/Income (SAU)</th>
<th>Deficit/Surplus (SAU)</th>
<th>(SAU)</th>
<th>Deficit/Surplus (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>4,163,494</td>
<td>(53,729)</td>
<td>IAA expense 70,090</td>
<td>−1.29</td>
</tr>
<tr>
<td>1982</td>
<td>5,488,494</td>
<td>876,975</td>
<td>IAA expense 86,857</td>
<td>15.98</td>
</tr>
<tr>
<td>1983</td>
<td>5,778,260</td>
<td>398,992</td>
<td>IAA expense 130,111</td>
<td>6.91</td>
</tr>
<tr>
<td>1984</td>
<td>7,615,840</td>
<td>551,025</td>
<td>IAA expense 195,388</td>
<td>7.24</td>
</tr>
<tr>
<td>1985</td>
<td>10,893,000</td>
<td>372,000</td>
<td>IAA expense 88,000</td>
<td>3.42</td>
</tr>
<tr>
<td>1986</td>
<td>17,169,000</td>
<td>498,000</td>
<td></td>
<td>2.90</td>
</tr>
<tr>
<td>1987</td>
<td>19,131,000</td>
<td>656,000</td>
<td></td>
<td>3.43</td>
</tr>
<tr>
<td>1988</td>
<td>21,719,000</td>
<td>836,000</td>
<td></td>
<td>3.85</td>
</tr>
<tr>
<td>1989</td>
<td>26,000,000</td>
<td>623,000</td>
<td></td>
<td>2.40</td>
</tr>
<tr>
<td>1990</td>
<td>28,652,000</td>
<td>208,000</td>
<td></td>
<td>0.73</td>
</tr>
<tr>
<td>1991</td>
<td>34,312,000</td>
<td>519,000</td>
<td></td>
<td>1.51</td>
</tr>
</tbody>
</table>

Average surplus (%) 4.28

Source: ASA, 1981 to 1991

The Society had provided full administrative support to the IAA since 1972, and the IAA was shown as an expense category in the Society’s income statements (ASA 1984, p. 4).

32 The name of this body was changed to National Institute of Accountants in 1988. To avoid confusion, this chapter continues to refer to this body as IAA throughout the discussion.
Table 7.4 Income and Deficit/Surplus of Institute (1981–1991)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue/Income (SAU)</th>
<th>Deficit/Surplus (SAU)</th>
<th>Deficit/Surplus (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>4,711,000</td>
<td>64,000</td>
<td>1.36</td>
</tr>
<tr>
<td>1982</td>
<td>5,264,000</td>
<td>62,000</td>
<td>1.18</td>
</tr>
<tr>
<td>1983</td>
<td>5,948,000</td>
<td>88,000</td>
<td>1.48</td>
</tr>
<tr>
<td>1984</td>
<td>6,294,000</td>
<td>53,000</td>
<td>0.84</td>
</tr>
<tr>
<td>1985</td>
<td>7,285,000</td>
<td>153,000</td>
<td>2.10</td>
</tr>
<tr>
<td>1986</td>
<td>8,413,000</td>
<td>268,000</td>
<td>3.19</td>
</tr>
<tr>
<td>1987</td>
<td>10,328,000</td>
<td>406,000</td>
<td>3.93</td>
</tr>
<tr>
<td>1988</td>
<td>11,592,000</td>
<td>647,000</td>
<td>5.58</td>
</tr>
<tr>
<td>1989</td>
<td>15,430,000</td>
<td>838,000</td>
<td>5.43</td>
</tr>
<tr>
<td>1990</td>
<td>18,649,000</td>
<td>(312,000)</td>
<td>−1.67</td>
</tr>
<tr>
<td>1991</td>
<td>20,217,000</td>
<td>1,348,000</td>
<td>6.67</td>
</tr>
</tbody>
</table>

Average surplus (%) 2.74

Source: ICAA, 1981 to 1991

Table 7.4 provides details of the financial results of the Institute from 1981 to 1991. With the exception of 1990, when the Institute incurred a loss, it reported surpluses in all other years. However, similar to the Society, the level of surplus fluctuated across these years but registered an upward trend after 1984 with the exception of 1991. The average surplus as a percentage of total annual revenue or income between 1981 and 1991 was 2.74 per cent.

7.2.4 Professional branding

As mentioned, in addition to the two major bodies the IAA had a presence as a third body in Australian accounting. The IAA had grown to 7,300 members in 1988 and had its own plans for expansion. The Institute and the Society filed a legal case against the IAA and demanded that IAA members should not be counted as part of the accounting profession, but Justice Hempel dismissed this claim as inadmissible on the grounds that it was a matter of inference from any factual material that might be presented to court as to what comprised “the profession” (Walker 1988, p. 95). Further, neither body could prove in court with documentary evidence their claims of IAA members having lower standards (Walker 1988). This episode provided a potential motivation for the merger of both bodies to counter the rising influence of the IAA. It also represented a failed joint attempt at boundary construction by both bodies around the term “accountant” using state-sanctioned restrictions. By seeking to do so, they intended to exclude IAA members initially and then all other individuals

33 The case was fought in December 1987 between the Australian Society of Accountants and the Institute of Chartered Accountants, the plaintiffs, and the IAA and the Commissioner for Corporate Affairs, the defendants.
involved in accounting work who were not members of either of these two bodies. However, this attempt to create legal boundaries around who could be referred to as an “accountant” or as part of “the profession” did not succeed.

The Society was conscious of the need to improve the professional brand and image of its members and the accounting profession in general. Its attempts included a substantial volume of advertising and promotional campaigns targeting its professional title of CPA. The Society claimed that such campaigns were “successful in raising and maintaining the profile and public awareness of both the Society and the profession” (ASA 1987, p. 2). Conversely, Vic Prosser wrote about the Institute’s attempts to improve the brand and image of the Chartered Accountant title (Prosser 1987). In 1988, the president of the Society, Elizabeth Alexander, also pointed out that the Society needed to improve its visibility and standing, citing objectives of the Society that included the aspiration of high professional standing for its members.

The 1988 annual report of the Society stated that its mission, which was adopted from the Memorandum of Association of 1952, was “To support, protect and advance the character, status and interests of the accountancy profession generally and particularly of accountants being of the Society” (ASA 1988, p. 4). To achieve this mission, it mentioned five main objectives, which were technical competence, integrity and independence, professional image and voice, community service and organisation and management. The third objective, “professional image and voice”, was described thus: “to enhance the standing of accountants in the community”. Elizabeth Alexander wrote in her message to members that “We have lifted our profile with the major media and will continue to ensure that our voice in public affairs matches the strength of our membership” (ASA 1988, p. 6). She indicated that a merger with the Institute was not on the Society’s agenda at that point in time:

There are many challenges facing the Society. Each of these provides us with a great opportunity to grow stronger and to further ourselves as the pre-eminent accounting body in Australia and one of the leading accounting bodies in the world (ASA 1988, p. 7).

This message also shows that the Society was aiming at gaining exclusivity or, in other words, stepping away from its traditional strategy of market control.

In 1988, the Society’s executive director Michael F. McKenna reviewed the organisational and management structure of the Society (ASA 1988, p. 8). In his plan for 1989, McKenna
also aimed at increasing interest among existing members to join the CPA program and to target new members towards gaining CPA membership (ASA 1988, p. 9). From these actions, it can be argued that the Society was working towards improving its profile and image. One way to achieve this was to improve the public standing of its professional title CPA to provide its members with a comparative advantage against Institute members, who had the Chartered Accountant title.

7.2.5 Financial crisis and corporate collapses

Before the mounting of the third merger attempt, global share markets suffered a severe downturn on 19 October 1987. This became known as Black Monday, which saw the worst share market collapses since 1929. The impact on the Australian stock market was much bigger and the market took longer to recover than those of other countries. By the end of 1987, Australian shares had crashed by 50 per cent, whereas the US markets had fallen by only 35 per cent (McMahon 2007). This demonstrates that the stock market crash, which started outside Australia in the US, affected Australian capital markets significantly. This also contributed to the financial crisis of the early 1990s, as summarised by Ian Macfarlane, the governor of the Reserve Bank from 1996 to 2006. Macfarlane (2006) argued that:

A number of well-known businesses that had been bought by highly geared acquirers had to be sold in distressed circumstances and two of the Big Four private banks incurred losses and had to be recapitalised.

Macfarlane (2006) further stated that “the recession started in the September quarter of 1990 and lasted until the September quarter of 1991”. During the recession, Australian gross domestic product fell by 1.7 per cent, employment fell by 3.4 per cent and the unemployment rate rose to 10.8 per cent. Similar to all recessions, it was a period of disruption and economic distress. It was particularly deep in Victoria, where a disproportionate share of the financial failure occurred. Employment in Victoria fell by 8.5 per cent compared with a fall of 2.1 per cent for the rest of Australia. Macfarlane (2006) stated that it was Australia’s “deepest post-war recession”. Macfarlane (2006) further stated that numerous financial institutions failed around Australia, including the State Bank of Victoria, the State Bank of South Australia, the Teachers Credit Union of Western Australia and the Pyramid Building Society, as well as several merchant banks, a mortgage trust and a friendly society. In 1990, Victoria’s Pyramid Building Society collapsed with debts in excess of $AU2 billion (Macfarlane 2006).
According to Wright (2008), the State Bank of South Australia, owned by the Government of South Australia, collapsed in 1991 with a debt of $AU3 billion.

Gottliebsen (1990) addressed the issue of an ethical crisis faced by the accounting profession using the case study of the failure of Rothwells Merchant Bank and the sentencing of Laurie Connell. Gottliebsen (1990, p. 14) cited Rothwells investigator Malcolm McCusker, who criticised the auditors of Rothwells, KMG Hungerfords:

> As appears from the evidence [the auditor] was fully aware that Rothwells was being used by Connell for very extensive borrowing during the year. The auditor saw no ledger cards or computer print outs relating to any of the debts.

McCusker also criticised Rothwells’ accounting treatment of doubtful incomes, which were recorded as income in the statements. With such high-profile corporate collapses, the accounting profession was facing a serious problem and the proposed merger of both associations occurred at the right time (Gottliebsen 1990).

Section 7.2 provided a snapshot of circumstances that assisted in creating conditions favourable to the mounting of a further merger attempt. Section 7.3 discusses the subsequent merger talks, merger vote and its outcome.

### 7.3 Merger Talks

The merger talks took place in two rounds. The first started when the Institute president made a one-sided decision on 2 June 1989 and invited Society members with 10 years or more experience to apply for Institute membership. This step was criticised by the Society and, as a result, the Institute withdrew this offer. The second started in September 1990, which eventually led to a merger vote but did not attract sufficient support from Institute members. The next subsections discuss these two merger talks and their eventual failure.

#### 7.3.1 First merger talks

The earliest discursive evidence of a renewed focus on unity comes from an editorial in Accountancy Week, which published a statement by Clyde Dickens, president of the Society, from his address to the Victorian State Congress. Dickens said, “I find it most regretful that we are two separate bodies with similar ideals” (Thomas 1987, p. 153). During the same period, the officials of the Institute expressed their concern that “We will not be able to unite
until we can convince the younger members” (Thomas 1987, p. 153). Dickens wrote further about the issue of the unification of the two bodies in the 1987 annual report. Dickens also mentioned that the issue was not new and that a united body was more effective in running the operations of the profession and in exerting influence over governments.

In addition, Dickens continued his discursive argument and mentioned that the reasons for previous failures were “unfavourable comparisons made between the Society’s orientation to the work place program and the Institute’s Professional Year” (ASA 1987, p.3). He also claimed that the CPA program was extremely effective and efficient in selecting members from eligible graduates and in orientating them to the work place. Dickens further added that whether a merger with the Institute proceeded or not, the Society was planning to increase its lobbying power with the government and with influential people (ASA 1987, p. 3). He made the first formal proposal for merger of the two bodies at the bi-annual meeting of joint committees of the Institute and the Society held in early 1988 (Anon. 1988a). Dickens made an ambitious proposal to proceed with a postal ballot by the end of 1988 (Anon. 1988a). However, in the case of this third merger attempt, evidence shows that while the Society president made public statements about a merger, formal talks were unable to proceed. In other words, the high-status group, that is, the Institute, had to agree to make changes in its organisational boundaries, and unless its leadership showed interest, a merger proposal could not proceed. This proved correct when the Institute made a unilateral decision and its president Peter Middleton announced on 2 June 1989 via a press release that the national council of the Institute had decided to initiate discussions with the Society to achieve a peak accountant body in Australia (Middleton 1989a). This was a membership strategy to strengthen the Institute that then led to formal merger discussions.

The Institute’s proposal had the following terms:

- the Institute to be the vehicle for the creation of the peak body
- the retention of a Royal Charter
- the Institute’s name to remain unchanged
- the designation “Chartered Accountant” to be the only ongoing professional designation
- the immediate admission to membership of the Institute as CAs of all Society members with at least 10 years’ Society membership
the accommodation of all other categories of the Society members with appropriate pathways to full membership (Prosser 1989, p.22)

Peter Middleton also had a meeting with Joe Abraham, the then president of the Society, on 1 June 1989 at which they discussed the proposal of the Institute. Commenting on the Institute’s one-sided merger proposal, Nick Burton Taylor, former president of the Institute, said in his oral history interview:

The Institute made a pre-emptive offer to the Society under Peter Middleton’s Presidency, which was essentially for the Society to fold into the Institute. It was a far more aggressive approach that was more in all honesty a takeover proposal than a merger proposal. It was, not surprisingly... resoundingly rejected by the Executive and then the Council of the Society (2016).

Joe Abraham said that “the Institute’s move was a surprise and its campaign was largely directed to increasing its own membership” (McKnight 1989a, p. 43). This proposal was unacceptable to the Society because it would discriminate against most of its members and it had argued that merger could only be accepted on equal terms, as the Society president said in a press release on 3 June:

It must be clearly understood that such a merger can only take place on the basis of recognition of the equality of qualifications and professionalism of the members of both bodies (Abraham 1989c, p. 1).

Anticipating opposition from certain factions of the Institute, the president wrote to the PY candidates and graduates assuring them that the unity of profession was in the best interests of the profession (Middleton 1989b). Those Society members who did not meet the requirement of the specified length of experience in years were to be placed in a separate category of “provisional members” until they completed a separate PY program that would enable them to become full members (McKnight 1989a). The conditions of the Institute had implications regarding the rights of the Society members under the Institute’s proposal. For example, the associate members would only be able to vote on matters affecting them, which meant the rights of some of the Society members would be eroded (Kohler 1989). Gieryn (1983) argued that boundaries are dynamic structures that change with the context, and the proposal from the Institute president to only include the Society members with a specified length of experience in years showed that the Institute leaders were proposing changes in the
boundaries of the Institute. As argued earlier in this thesis, the boundaries of the Institute were based on membership of that body. This move was also a modification of the traditional strategy of exclusiveness, which the Institute had adopted since its formation. This was not a complete transition, as the inclusion of Society members was based on a condition that would still exclude many members who did not meet the requirement. However, this proposal would create sub-boundaries between the Society members who were eligible for full membership of the Institute and those who were not and would be labelled as “provisional members”.

On 3 June 1989, David McKnight (1989a) wrote in the *The Sydney Morning Herald* that the proposal was prepared hastily, which took Joe Abraham by surprise. Paul Luker wrote in *The Age* of 3 June 1989 that the “ICAA [had] stunned its sister professional organisation” (1989a, p4) with its proposal. The Society’s executive director Michael McKenna said “We did not like the approach they took. It was cheeky and unfortunate, but a positive sign towards unification” (Bowerman 1989a, p.4). The presidents of the Institute and the Society met on 7 June 1989 when the Society president made it clear that the Institute’s proposal in its current form was unacceptable to them (Abraham 1989d). Abraham (1989e, p. 1) commented, “Genuine merger talks must be held rather than unification on the basis of one body inviting members to join the other body”. The initial proposal of the Institute only needed a simple majority of its members to be approved, compared with the 66.67 per cent which would be required for a full merger with the Society (Porter 1989a). There was no discussion on the remaining Society members. The Society saw the proposal as a bid to weaken its organisation because it would only accept more senior Society members as eligible for membership (Luker 1989b). This was termed a “reverse takeover” bid by the Institute (Murrill 1989a).

In June 1989, the national council of the Society met and discussed the proposal by the Institute president regarding the specified length of experience in years (Anon. 1989a). The national council discussed two options, including a counteroffer to the Institute members to join the Society. The second and preferred option was to:

… work towards the creation of a unified body as is the Society’s policy, and as sought in the ICAA proposal, on the basis that it is fair, equitable and acceptable to the Society members (Anon. 1989a, p. 3).

The policy regarding the mooted merger of the two associations as adopted by the national council of the Society was released on 19 June and was covered by the media. It suggested a
discussion of the merger proposal with the Institute (Anon. 1989; Porter 1989a; Luker 1989b). The Institute’s response to the Society’s 19 June counterproposal was positive and Peter Middleton expressed satisfaction that the Society had “the desire to discuss merger issues”, but the Institute was not prepared to engage in merger talks if the merger involved the loss of its charter (Murrill 1989a, p. 25). Moreover, the high-status group tended to reject changes in its boundaries that posed a threat to their status (Keohane & Milner 1996). Following these developments, the presidents of the Society and the Institute, Joe Abraham and Peter Middleton respectively, along with senior representatives of both bodies met on 20 June and issued a joint statement that there was a firm basis for achieving unity of the profession (ASA & ICAA 1989a).

Senior executives of both bodies, which included presidents and executive officers, met a few times in June and July of 1989 and these were noted as almost daily discussions (Dunstan 1989). On 27 June, they made an announcement that both bodies were planning to set a timeline to achieve a merger (Dunstan 1989). Ryan (1989) stated that the Society planned that by 31 July 1989 both bodies would reach an agreement regarding a merger proposal. This would be followed by gaining approval from the national councils by August so that voting on merger could be held after November 1989, with a target date for achieving a merger set for 1 January 1990 (McKnight 1989b).

In July 1989, Peter Middleton wrote to Institute members providing them with updates of the merger discussions (Middleton 1989c). In July 1989, the Institute issued a pamphlet explaining the benefits of merger to gain support from its members. According to this document, in a combined body, MIPP would drop to 29 per cent and MNIPP would be 71 per cent (ICAA 1989a). Both bodies maintained merger talks during August 1989, and it was decided that talks would be furthered based on an initial proposal from the Institute, which had the condition of a specified length of membership for Society members joining the Institute as members. The name of the proposed body was the Institute of Chartered Practising Accountants (Murrill 1989b). The location of the head office of the new body was likely to be Sydney because the Australian Securities Commission was also based in Sydney (Anon. 1989c). The Institute was seeking other interested Society members with less than the specified length of experience in years to complete its PY program, which took up to four years to complete (Murrill 1989b). These incidents indicate that the starting point for merger discussion was changes in the traditional strategies of the Institute and the Society, which
were based on exclusiveness and market control, respectively (Macdonald & Ritzer 1988). In various mergers of the British accounting associations, changes in organisational strategies and professional boundaries were often the starting point for initiating merger discussions (Walker & Shackleton 1995). The case of the third merger attempt was similar to the UK context, and serious merger talks started only when both bodies agreed to change their traditional strategies.

7.3.2 First merger talk failure

By the end of August, merger discussions were on the verge of breakdown and the main issue of contention was the inclusion of Society members with insufficient experience based on the rules specified. The Institute did not want to include these members in the merged body, while the Society was firm that these members should be included (Anon. 1989c; Murrill 1989c). In August 1989, the Institute president wrote a letter to the Society president asking that the Society give up the CPA title if it wanted to see merger discussions go ahead. However, at the heart of the deadlock were the 9,000 Society members who did not have at least 10 years of experience and the 5,500 “grandfathered CPAs” who did not have any formal qualification when they were granted the CPA upon its introduction. These members also had less than 10 years of experience. The Institute did not want these 14,500 members to become members of the merged body without gaining further qualifications (Bowerman 1989c). This shows that although changes were proposed using the traditional strategies of the Institute, which were based on exclusiveness (Macdonald & Ritzer 1988), the Institute leaders did not want to fully relax the boundaries constructed around the membership of that body or, in other words, around the right to use the title CA. They aimed to do that by controlling who could use the professional title Chartered Accountant and only allowing Society members with the specified length of experience in years to join the Institute if the merger was successful. Therefore, this was a model that would create sub-boundaries within the membership of a single large body, which would include a large membership of the Society divided using a boundary drawn on specified length of experience in years (Gieryn 1983). This was an attempt to separate Society members into “superior” and “inferior” categories, based on a specified length of experience (Jasanoff 1995, p. 53).

On 7 September 1989, the Society formally informed the Institute about its decision to break off merger discussions. The Society also issued a formal press release announcing that merger talks had failed (Abraham 1989a). In his statement, Joe Abraham said, “I am very
disappointed that we have been unable to achieve a unified accountancy body on a basis that was fair, equitable and acceptable” (Abraham 1989b). Institute president Peter Middleton expressed disappointment over the Society’s decision to terminate merger discussions and said that the Institute was prepared to reopen discussions based on current proposals (Anon. 1989d; Luker 1989c; McKnight 1989c).

After the merger talks had been terminated, the Institute added to the public discourse in a letter to its members on 11 September 1989 outlining the reasons for the failure of the initial merger talks. This letter also made it clear that the Institute was not prepared to dilute the quality of the Institute’s PY program and its services (Middleton 1989d). After the breakdown of the merger, Professor Murray Wells of the University of Sydney criticised the Institute, stating that “the Institute’s young Turks still believe they are superior” (Dobbie & Boreham 1989, p. 125). Professor Wells further commented that the Institute’s proposal of a virtual takeover of the Society was not a good idea. Professor Bill Birkett of the University of New South Wales agreed with Professor Wells (Dobbie & Boreham 1989). These are evidence of discursive arguments in support of the merger from outside the profession (Annisette 2017)

In their usual discursive arguments, the CAs would claim their professional title was of higher quality than the CPA; however, Mary Hines, Director of Financial Services recruiting with Morgan & Banks, provided a counter-discursive claim on the PY program of the Institute:

They [Institute members] believe they have the higher qualification because of the Professional Year. But an employer doesn’t care whether the accountant is one or the other, as long as they are professionally qualified (Dobbie & Boreham 1989, p. 125).

She further said:

The Institute has always seen itself as elitist but the employers do not. When a client is seeking a well-qualified accountant for a middle-management job, they want the best person for the job, and that isn’t necessarily someone from the Institute (Dobbie & Boreham 1989, p. 125).

After the failure of merger talks, the Society published full page advertisements in newspapers entitled “Strong words from 57,091 Australian Accountants”. The advertisements were placed in eight national newspapers to create awareness about the CPA professional
brand and to attract future members. It included claims that the Society was the “body that represents the real strength of the Australian accounting profession” and that “no other body even comes close” (Murrill 1989d, p. 13). This decision was perceived as a step by the Society to pursue its own agenda and initiatives away from a merger (Middleton 1989e).

In November 1989, the Society developed a proposal to change its name to the Australian Society of Certified Practising Accountants (ASC PA). Joe Abraham said that more than half of the Society members were CPAs, and hence, the name change was logical (Lewis 1989). It was estimated that in 1990, 60 per cent of the Society members held the title of CPA (Eastwood 1990a). The name change proposal was successful because Society members overwhelmingly supported it (Eastwood 1990c).

On 6 November 1989, Peter Middleton issued a media release about the failure of merger talks, which came two months after the Society issued a media release to formally announce that it had withdrawn from merger discussions (Middleton 1989e). Middleton (1989e) expressed disappointment that the Society had withdrawn from discussions in September 1989. However, Middleton (1989e, p. 1) also mentioned that “over recent weeks every effort has been made by the Institute to bring the Society back to the discussion table to resolve the remaining hurdles”. Middleton (1989e) also mentioned that the Institute was prepared to discuss modifications in proposals but, as discussed earlier, the Society had withdrawn from discussions. The 6 November 1989 statement by the Institute president formally scrapped the first merger talks.

7.3.3 Second merger talks

In September 1990, nearly a year after they had broken down in 1989, merger discussions started again (Briggs 1991). The documentary evidence does not show a clear trigger. The early evidence of a second round of merger talks can be observed from the statement of the Society president Ken Eastwood in his October 1990 message, which was published in The Australian Accountant. In this message, the name of the proposed new body was the Institute of Chartered Accountants and Certified Practising Accountants in Australia (Eastwood 1990d).

The rationale for merger was provided as follows:

- a greater ability to contribute to the financial and economic policy of Australia
an ability to provide higher level of service to the community

a stronger voice with government, particularly in the fields of education, taxation, business and finance

stronger professional, ethical and accounting standards

an improved ability to self-regulate the profession

an improved level of professional development

an improved capability to conduct research into relevant areas of accounting and finance

an enhanced opportunity to gain statutory recognition of the professional status of accountants (Eastwood 1990d, p. 5)

Ken Eastwood and the Institute president Gerry Allen finalised the unity proposal. The final decision regarding voting on unification was entrusted to the national presidents, deputy presidents and executive directors of both bodies (Eastwood 1990e). This means that, unlike for the first two merger attempts, the bodies did not establish a unity committee.

During 1990, significant progress was made on the issue of unification. The joint merger proposals were released and sent to members in December 1990 (Anon. 1990b; ASCPA & ICAA 1990a). In the 1990 annual report of the Society, it was also mentioned that the final proposal distributed to members was a compromise, but that it provided a firm basis for unification (ASA 1990). Both bodies hired Worthington DiMarzio, a market research firm, to conduct a survey on the viability of unification. Research found that support from Institute members was not sufficient for the proposals to succeed, although with significant efforts, it was expected to rise to 67 per cent, which was just more than the two-thirds required for majority support (Anon. 1990a, p. 109).

Along with the release of merger proposals, a two-page pamphlet was circulated to members presenting key benefits of and strong arguments for unification of the profession. Key arguments for unification were greater resources, cost effectiveness and the ability to speak with one voice. The date for the return of the ballot was 20 March 1991 by 5pm (ASCPA 1991a). The merger date was proposed as 1 July 1991. The united body would have four categories of members, namely ACA, CA, Associate CPA and CPA. According to the arrangement, fellows and other members of both bodies who had attained at least 10 years of aggregate membership of the two bodies were entitled to describe themselves either as a CPA
or CA. The use of both titles by the same member was prohibited (ASCPA & ICAA 1990a). The merger proposals also stated that:

Members with under 10 years’ full membership will be able to use only the designation of the body of which they were a member, until they reach 10 years’ full membership (ASCPA & ICAA 1990a, p. 5).

Although it was a compromise from the earlier position where all Society members would become CAs, Eastwood (1990d) was confident that the united body would be able to modify the titles.

As per the proposals, the initial national council would consist of 36 members, 18 from each body, but would be reduced at a later stage to 19 (ASCPA 1991). The size of divisional councils and representation in the proposed national council of the merged body was as follows:

Table 7.5 Proposed Divisional and National Councils of the Merged Body

<table>
<thead>
<tr>
<th>SN</th>
<th>State</th>
<th>Size of Divisional Council</th>
<th>Representation in National Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>New South Wales</td>
<td>15</td>
<td>6</td>
</tr>
<tr>
<td>2</td>
<td>Victoria</td>
<td>15</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Queensland</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>South Australia</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Western Australia</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>Tasmania</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>ACT</td>
<td>9</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: ASCPA 1991, p. 4

Going forward with this merger plan, both bodies conducted joint market research and the findings suggested that Society members support of the unification was strong. However, some sections of the Institute members needed more convincing about the benefits of a united profession. They believed that their professional standards were higher than those of the Society members and did not want to see these diluted through merger (Eastwood 1990f). Ken Eastwood said that if merger was to succeed, then it was necessary that members overcame their ingrained prejudices and approached unity with an open mind and real commitment (1990f). Eastwood (1990f) also wrote in his December 1990 message in *The Australian Accountant* that the CPA program was a high-quality one and it shared a common syllabus with the PY program of the Institute. According to Eastwood (1990f), the proposed
new body would combine the best features of both bodies. In March 1991, Eastwood further argued the case for a merger, citing reasons such as duplication of activities and waste of resources. Similar to his message in December, Eastwood (1991c) compared the CPA program and the PY program of the Institute and claimed that they had the same standards. However, in a letter to the editor of Charter, Henry Leong, another Institute member, did not agree that the Society had similar education standards for its members compared with the PY of the Institute (1991). Further, Leong (1991) feared that the Society members would outnumber the Institute members in the united body.

Nick Burton Taylor wrote a letter to members on 11 December 1990 and announced that unification discussions at formal and informal levels had been taking place for 18 months. Taylor (1990) mentioned that for the entire period since discussions began, a series of meetings had taken place between the two bodies. The Institute also had discussions with members and members’ groups across Australia on the issue of a future merger attempt. Taylor (1990) also wrote that “The proposal is a compromise in some organisational respects and, with the deeply felt views of our respective members”. Taylor (1990) also assured that members would be kept informed and that special meetings would be arranged to allow members to express their opinions. He further indicated that amalgamations of accounting bodies had been part of the evolution of the accountancy profession in Australia.

In a message to the Institute members, Taylor (1991a) pointed out that both bodies were involved in many joint projects, such as formation of the ARF, joint accreditation of tertiary education courses and joint representation of the profession. Taylor (1991a) further wrote that despite much cooperation on many fronts, both bodies were facing issues in relation to the unification. He said that “we have enjoyed the odd tussle in resolving the unification proposal” (p. 3). Among the challenges faced by the profession, there were pressures from the Society and business community to improve the standing of the accounting profession, its reputation and the development of accounting standards. According to Taylor (1991a), a unified profession could achieve such improvements more effectively and he asked members to support the creation of one accounting body.

The date of a general meeting for passing a special resolution related to the merger of both bodies was fixed for 22 March 1991 (Anon. 1991). The Institute issued a joint briefing paper outlining the rationale and benefits of unity. The rationale also included financial benefits at the micro and macro levels. Macro-level benefits included the cost reduction of running a
single marketing campaign for a united body compared with the dual campaigns run separately by the two bodies. Collective benefits also included the improved ability to push for wider recognition of the term “accountant” to strengthen the case for self-regulation with minimal government interference in the profession. Other benefits included the improved journal and library resources of the united body, better services for members and high-quality postgraduate training in different areas of employment. The ability to influence government decisions through increased lobbying powers was also mentioned as a potential benefit. The briefing paper stated:

Senior politicians and public servants have stated on many occasions that the development of laws affecting accountants and business in Australia would be much simpler and more effective with a unified accounting profession (ICAA 1991c).

The Institute ran a special campaign entitled “The colleague to colleague campaign”. This campaign was internally known as a “proxy-gathering” campaign. The colleague to colleague campaign was reliant on the influence of members on their colleagues and the Institute published a message for those collecting proxies: “we must ensure that proxies are completed and despatched promptly” (ICAA 1991e, p. 2). Nick Burton Taylor requested influential members participating in this campaign to write letters to at least 100 members requesting them to vote for unification. Other members were encouraged to use letters rather than telephone calls when running this campaign. Contrary to initial suggestions of contacting 20–30 members, the colleague to colleague campaign briefing paper suggested that each member participating in this campaign should contact 10 members advocating a “Yes” vote to unification. The divisional and state councils were requested to identify such individuals who exerted influence among members. There was a separate strategy to contact partners and members of the largest 15 accounting firms to gain their support (ICAA 1991e).

The campaign kit also included a list of potential questions and answers (Q&A) that Institute members were likely to ask. The Q&A document had a message from the Institute’s national council: “Having decided that unification of the Institute and the Society is highly desirable, Council is urging members to support the proposal” (ICAA 1991b, p.3). The Q&A document stated that if the proposed unification attempt failed, further attempts would not be considered. Supplementary materials with the campaign kit also mentioned the expected cost of unification for the Institute, which was about $AU20 per member (ICAA 1991b). There were also details about the Professional Entry Programme (PEP), which would replace the
Institute’s PY program and the CPA programs of both bodies. The unification proposal claimed that the PEP would incorporate the best features of both programs (ASCPA & ICAA 1990a). Postunification, from January 1992, all new registered graduates would be entered through the PEP and this would move professional standards to a higher level. One question addressed representation on the national council of the new body. The period between unification to the AGM of 1992 was proposed to be a transitional period during which there would be equal representation of members of both bodies. However, after that, representation would be proportionate to membership (ICAA 1991b). This meant that former members of the Society could control the national council.

The proxy-gathering campaign attracted criticism of members. As one of the Institute members, Tim Blue from the accounting firm Robert Morrison Darwin, pointed out:

They [the Institute] are not only aggressively marketing unification and stifling dissent but also will be conducting the vote by way of appointing proxies, where individual members are identified on their ballot, as against using a secret ballot. This is a constitutional referendum and not a shareholders’ meeting. This [ballot] methodology does not inspire the confidence of ICAA members, nor does it reveal to the public the balanced professionalism the ICAA must maintain if it is to have any relevance in the Australian community (1991b, p. 60).

Blue (1991b, p. 60) further argued that:

It seems that the big firms are pushing hard for unification in the hope that one large accounting body will be able to counter any attempt by the federal government to regulate the profession.

As discussed earlier, aside from Blue’s (1991b) comment, many other reasons led both bodies to start merger talks. The method adopted in proxy gathering did not ensure the anonymity of voters and members could be identified, including those voting “No”. Blue (1991b, p. 60) further stated that “Fear of being identified as someone who voted ‘No’ and probably against the advice of their employers was not the right thing”.

Executive chairperson George Bennett of Australia’s largest accounting firm KPMG Peat Marwick supported the merger. This firm prepared a document for circulation to its staff outlining its position in support of the merger. It included discursive arguments to eliminate duplication and reduce costs (Lewis & Mawson 1991). George Bennett (Blue 1991a, p. 60)
articulated other discursive claims, including that many politicians were in favour of the merger and had “demonstrated their support for unification by lobbying senior members of the Institute”. Graham Walters, a partner at KPMG Peat Marwick, explained the official argument of his firm in supporting the merger as follows:

Unification is in the best interests of the Australian business community and the profession. Too much time is spent debating the details of unification rather than concentrating on the need for unification and achieving that end (Walters 1991, p. 76).

Other discursive claims included damage to the reputation of the accounting profession at international levels because of high-profile corporate failures (Eastwood 1990b). In addition to KPMG Peat Marwick, other accounting firms that openly supported merging included Ernst & Young and Arthur Andersen & Co (Bowerman 1991c). Bruce Knowles, chairperson of Ernst & Young, and John Burrows, national managing partner of Arthur Andersen & Co., openly supported the merger (Bowerman 1991c). Moreover, the media commented that in comparison with previous mergers, the third merger had “received considerable support from some of the largest Chartered Accountant firms, government and business leaders” (Minter 1991, p. 7).

Blue (1991b, p. 6) quoted Vic Prosser’s discursive argument in support of a merger and quoted the issue of political pressures for a merger:

In business and political circles, there is an overwhelming belief that a divided profession damages our efforts to resolve successfully the major issues on which we must face governments. My experience shows how dangerous it is for one organisation to give one point of view to government, business and the media, while the other organisation presents a different picture. Over the years we’ve tried to minimise government regulation by working with Canberra and state governments. To a great extent this has been successful, but increasingly we find our representations in Canberra and the states have been hampered because the Institute and the Society are often approached separately by the government on issues. Often public servants and politicians use our separate identities to undermine our submissions and arguments.

Blue (1991b, p. 61) also summarised various arguments supporting the merger, as quoted directly below.

The case for:
The profession will speak with one voice in industry, commerce and government.

Whichever are the more demanding professional standards are the ones that will be adopted by the merged organisation. Enforcement of higher standards will be vigorous, with consistent controls placed over the whole profession.

The Institute members will enjoy increased representation in commerce.

Unification will end the anomaly of two organisations providing duplicate services, and will release resources for use on professional issues.

Annual savings of between $AU3 million and $AU5 million can be made through greater efficiencies.

Subscriptions will be lower and better controlled.

This is the last chance for unification. The alternative is costly and counter-productive competition.

Better resources [will be available] for postgraduate training.

Marketing campaigns [can be conducted] for the whole profession rather than competing against each other.

The arguments in favour of merging show that the Institute was modifying its traditional strategy of exclusiveness. As argued earlier, in addition, there was also an attempt to redraw the boundaries of the Institute.

7.3.4 Merger proposal, vote and failure

The final merger proposal was dated December 1990, which was less than three months before the vote was undertaken. A joint message from both presidents was printed on page 1 of the proposal:

We are aware of the increasing demands being placed on us and on our colleagues in virtually every area of professional activity. A united body would, we believe, give the profession more effective representation to government, to business and industry organisations, to educational and other institutions as well as to the general community (ASCPA & ICAA 1990a, p. 1).

The Institute needed a 66.67 per cent vote in favour of the merger and the Society a 75 per cent vote in favour to make the proposal successful (Lewis 1991a). 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 & ICAA 1990a, p. 10)

In the merger proposal that he had favoured about 19 months earlier on 2 June 1989, Peter Middleton had suggested the inclusion of all the Society members with at least 10 years’ experience as full members, that is, as CAs, of the merged body and the accommodation of all other members with pathways provided to gain full membership (Prosser 1989). These discussions broke down when the Society withdrew from discussions on 7 September 1989 (Abraham 1989a). However, the final merger proposals of December 1990 were very similar to those Peter Middleton had suggested on 2 June 1989. The documentary evidence does not reveal anything about why the Society agreed to the same proposal that it had rejected initially. Table 7.6 provides a comparison of existing professional titles of both associations and the proposed professional titles in the merged body as per the new proposal.

This was a proposal to create sub-boundaries between “us” and “them” (Gieryn 1999; Lamont 1992, 2000; Liu 2015) by bringing changes to the Institute and Society boundaries. It was an attempt to modify the boundaries of the professional title of the Institute, namely CA, by relaxing them. However, in this instance there was a proposal to draw sub-boundaries between the Society members having professional experience of a specified number of years, which was at least 10 years. Thus, in the redrawn boundaries, the Society members without such experience would be excluded from holding the Chartered Accountant title. Society members with the specified length of experience in years would gain elevation of their professional status since they were given a choice to use either the CPA or the Chartered Accountant title. Gieryn (1983) pointed out that boundaries are continuously drawn and redrawn. If the proposal succeeded, it would create differences between the former members of the Society as well, especially those who would adopt the title CA, while others could only use the CPA title.

<table>
<thead>
<tr>
<th>SN</th>
<th>ASCPA</th>
<th>ICAA</th>
<th>Merged Body</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Australian Society of Certified Practising Accountants</td>
<td>The Institute of Chartered Accountants in Australia</td>
<td>Institute of Chartered Accountants and Certified Practising Accountants in Australia</td>
</tr>
<tr>
<td>2</td>
<td>Fellow CPA</td>
<td>Fellow CA</td>
<td>Fellow CPA or Fellow CA</td>
</tr>
<tr>
<td>3</td>
<td>CPA &gt; 10 years</td>
<td>ACA &gt; 10 years</td>
<td>CPA or CA</td>
</tr>
</tbody>
</table>

Table 7.6 Comparative Professional Titles
The merger announcement was made in January 1991 and attracted wide media coverage (Anon. 1990b; Clafton 1991; Howard. 1991). The research conducted by both bodies in advance of the merger showed that support from the Institute members would not be sufficient for the merger proposal to pass (Bowerman 1991a). In a response to this projected outcome, Society president Ken Eastwood’s discursive argument was that “if we feel we are not getting the response from the membership we must delay the vote until it is possible to have their fears allayed” (Bowerman 1991a, p. 2). However, Nick Burton Taylor had a different viewpoint and said that the chances of successfully merging the two bodies had improved since Christmas of 1990. Taylor added, “there is a beat of optimism around the place that wasn’t around before Christmas” (Bowerman 1991a, p. 2).

The Institute produced a video featuring well-known people, such as BHP Chief Brian Loton, Opposition Spokesman John Howard and former corporate regulator Henry Bosch. This video was an attempt to influence Institute members to vote in favour of the merger attempt. Vic Prosser wrote an article in New Accountant advocating a “Yes” vote for the merger. Prosser (1991a) used various rationales, including the current inability to speak with one voice to the government, businesses, other professions, educators and the general community. The presidents of both bodies made statements in the public discourse in an attempt to convince members of their respective bodies. Nick Burton Taylor said that:

If the vote fails, the two bodies will move into more competitive positions. A negative vote will effectively translate into our members saying they wish to remain separate identities and this separateness would then have to be developed by each accounting body (Howard 1991, p. 10).

Ken Eastwood was appreciative of the fact that the Society members had overwhelmingly supported the previous two mergers. Eastwood argued:

In the first vote in 1968, 88.5 per cent of the Society members voted in favour of the merger. In 1981, 90 per cent voted yes. On both occasions, the Institute members blocked the merger. This time we expect about 85 per cent of Society members to agree. While this is easily in excess of the 75 per cent we need to accept the merger proposal, it seems the longer it goes, the more reluctant our members are to join forces (Howard 1991, p. 10).
In February 1991, the Institute conducted a survey of its members to examine support for the merger of the two bodies (Lewis & Lawson 1991). The survey found that 49 per cent of Institute members were in support of the merger compared with 85 per cent support among Society members. Both bodies had planned to conduct 100 meetings with members to gain support for the merger proposal during four weeks in late February and March (Lewis & Lawson 1991). The survey involved telephone discussions with 800 members of the Institute and the Society, and it revealed that support from the Institute’s New South Wales members was insufficient (Anon. 1991h). The viewpoint of Vic Prosser appeared again in *New Accountant* on 7 March 1991. Prosser (1991b) projected a strong case for the merger and repeated the arguments mentioned several times in this discussion already. Prosser (1991b, p. 22) stated that the chairperson of the Australian Securities Commission, Tony Hartnell, supported the merger and argued that “Unification will be both welcome and beneficial in establishing more effective working relationships in the interest of the profession and the public”.

Ken Eastwood wrote a message for Institute members in its journal, *Charter*. Eastwood (1991b) made a final attempt to persuade them to vote for the merger proposals. Eastwood (1991b) argued that they should consider the long-term benefits to the profession, improvements in standards of training and professional services, and the possibility of gaining statutory recognition as a united body. Another example of public discourse was a message from 12 individuals that appeared in *The Financial Review* on 1 March 1991 in support of the merger proposal. These individuals included managing directors, chief executive officers (CEOs) and the director general of the Department of the Premier of New South Wales (Anon. 1991e). The message referred to the challenges faced by the Australian economy, the future role of the accounting profession in the business community and the ability of a united profession to face such challenges (Anon. 1991e).

An article appeared in *New Accountant* on 21 February 1991 (Anon. 1991d) that presented the views of a dissident group from Perth, with Kim Bradbury, principal of a small public practice in Perth, as its spokesman. The dissidents expressed concerns about the potential decline in professional standards in the postmerger period in the event of a successful merger; their discursive arguments were based on the fact that the majority of the Society members had not undertaken a postgraduate program that was equivalent to the Institute’s PY program (Anon. 1991d). Further, the dissidents also argued that the Institute did not recognise the
Society’s CPA program as equivalent to its PY program (Anon. 1991d). The information presented in Table 7.7 was used by dissidents from Perth who argued that in the new body, the Society members would dominate democratically, “would swamp” the Institute members and would be in a strong lobbying position (Anon. 1991d, p. 18).

### Table 7.7 Membership of the ASCPA, ICAA and New Body

<table>
<thead>
<tr>
<th>SN</th>
<th>Member Category</th>
<th>ASCPA (Before Integration)</th>
<th>ICAA (Before Integration)</th>
<th>After New Body</th>
<th>New Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Institute members</td>
<td>20,000</td>
<td>20,000</td>
<td>20,000</td>
<td>25</td>
</tr>
<tr>
<td>2</td>
<td>Fellow CPAs</td>
<td>8,000</td>
<td>8,000</td>
<td>8,000</td>
<td>10</td>
</tr>
<tr>
<td>3</td>
<td>CPAs, more than 10 years of membership</td>
<td>16,000</td>
<td>16,000</td>
<td>16,000</td>
<td>20</td>
</tr>
<tr>
<td>4</td>
<td>CPAs, less than 10 years of membership</td>
<td>8,000</td>
<td>8,000</td>
<td>8,000</td>
<td>10</td>
</tr>
<tr>
<td>5</td>
<td>Voting associates</td>
<td>17,000</td>
<td>17,000</td>
<td>17,000</td>
<td>22</td>
</tr>
<tr>
<td>6</td>
<td>Non-voting associates</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>13</td>
</tr>
<tr>
<td>7</td>
<td>Total</td>
<td>59,000</td>
<td>20,000</td>
<td>79,000</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Anon. 1991d, p. 18

As discussed above, the dissidents also said that having two specialised bodies meant healthy competition. Moreover, two bodies were not easy for the government to control, unlike one body (Anon. 1991d). The dissidents also downplayed the argument of cost savings and criticised a lack of a detailed report on such claims (Anon. 1991d). However, Hollands (1991), a Society member, commented on a campaign run by the Perth-based CAs against the merger, stating that the claims of higher professional standards and arguments that Society members would bring those standards down showed an element of sheer arrogance in Institute members.

On 18 February 1991, Ken Eastwood wrote a letter to Institute members outlining the benefits of a merger. Along with this letter, a notice for an AGM was issued, during which the merger proposal would be put to the members’ vote. The AGM took place on 22 March 1991 at the Society’s head office in Melbourne at 5pm (Eastwood 1991a). Before the voting, a two-hour discussion and debate was held on the merits of the merger during the AGM of the Institute. Most opposition at this meeting came from younger members of the Institute (Briggs 1991). The Society had already passed the merger vote before the Institute vote and 94 per cent of its members voted in favour of the third merger attempt (Briggs 1991). The
third merger attempt narrowly missed achieving the Institute’s required 66.67 per cent vote in favour, falling short by just 400 votes (Porter 1991). There was another important factual detail regarding the Institute vote. Institute members who had practising certificates were entitled to have two votes, while most of the young Institute members, who were vocally against the merger, had one vote (Anon. 1991g). If every member had been given one vote, then the merger would have failed by an even wider margin (Anon. 1991g). After the failure, the Society president predicted that the fourth attempt might not happen for another 10 years (Porter 1991). However, history has shown that the fourth and last merger attempt was mounted following the shortest gap between any two mergers and was put to the vote inside a period of seven years.

7.3.5 Post third merger attempt failure

After the failure of this third attempt at unification, Society president B. J. Waldron mentioned:

I was very pleased to see the strong support members gave to the Society’s campaign to unify the profession. It was, therefore, disappointing that the Institute was unable to deliver a positive vote albeit by a small margin (ASA 1991, p. 5).

Waldron also said that after the merger failure, the Society had adopted a firm development strategy, keeping issues of cooperation open between the two bodies. He thanked Society members for their support and criticised the lack of support by Institute members: “Unfortunately, a reactionary rump within the Institute of Chartered Accountants proved incapable of understanding the benefits that unification would have brought to the profession and the Australian business community” (Waldron 1991a, p. 5).

Waldron (1991a, p. 5) argued that “we are strong professionally, numerically and financially”, and added that the Society did not need to look back at a lost opportunity; rather, it should focus on its strengths and the challenges of the future. Waldron (1991a) concluded that the Society would continue to cooperate with the Institute in vital areas, such as accounting standards, accreditation of tertiary institutions and international representation of the Australian accounting profession. After the third merger attempt failed, Waldron’s discursive arguments reiterated that the Society was a professional body with high standards and it was the right time to capitalise on its strengths, especially after the failure of the third
merger attempt (Waldron 1991b, 1991c). Waldron (1991e) informed members that the national council of the Society was still in favour of a single national body.

Nick Burton Taylor also said that the Institute had considered strategies in case the merger proposal failed, and that it was now time to examine them (Minter 1991; Thomas 1991). The Institute was considering future membership growth after the failure. In the 1990s, the membership of the Institute grew by 66 per cent and PY enrolments increased strongly as well. For example, PY enrolments in 1990 were 28 per cent more than that in the previous year. Taylor called for members to reinforce their strong commitment to professional standards and said that “we must now turn our attention to the range of pressing issues facing the profession” (1991b, 6). Thus, both bodies had plans to move forward in the wake of the failure. The next section analyses the findings and responds to the research questions.

7.4 Discussion and Analysis

This section provides responses to the research questions, within the context of the third merger proposal. Two significant findings emerge from this chapter: 1) the traditional organisational strategies of both bodies were modified 2) and there was a successful protection of the Institute’s boundaries by its members and, consequently, the preservation of the different organisational strategies of each body. These respective findings are discussed in conjunction with four of the five research questions of this study.

7.4.1 Reasons for mounting the merger attempt

The first question was related to the reasons for mounting the third merger attempt between the Society and the Institute. In other words, the first question was based on finding reasons that led to changes in the traditional organisational strategies of both bodies.

Some overriding common reasons existed for mounting the third merger attempt. Graeme McGregor (2015) explained how the merger attempt was mounted: “I think it started informally. Also fair to say the Institute was seen [to be] keener than the Society. I think they perceived the threat from the Society”. Both bodies had lost a legal case against the IAA, having perceived a threat from that body that motivated the two bodies to unite in their case against it.

Nick Burton Taylor also provided a response to this question from the Institute’s perspective:
There were the standards setting costs and the perception that increased costs, complexity and financial obligation was on the way with the development of those standards and secondly it was a time of very introspective views on professional discipline. It was the time of a number of corporate failures; we had Bond Corp and a number of high profile failures where the auditor was somewhat of a scapegoat. We saw that there was pressure on the standards setting side, public pressure of perception which should be tidied up in terms of a common voice on professional obligations and role that auditors played in corporate world and in the society. We felt a compelling need and particularly on the taxation side of things, to have a common voice and so all of those things compelled to make a case for unification. It was never ever seen as a defensive move it was always seen as a constructive, professional building, national building opportunity (2016).

From Taylor’s statement and other evidence, it can be argued that a professional crisis and challenges from the IAA forced the bodies to take the decision to go ahead with a merger that would lead to modification of traditional strategies of exclusiveness and market control, which were the respective strategies of the Institute and the Society (Macdonald & Ritzer 1988, p. 257). Additionally, on 19 October 1987, share markets around the world faced the biggest collapse since 1929. Just before the third merger attempt, Australia went into an economic recession with gross domestic product falling by 1.7 per cent and the unemployment rate rising. Several financial institutions had failed and had debts of billions of dollars (Macfarlane 2006), and the accounting and auditing professions were criticised by government investigators (Gottliebsen 1990). Peter Agars, deputy president of the International Federation of Accountants and a former president of the Society at the time of the second merger attempt, commented on the corporate collapses, linking them to the accounting profession. Agars said, “In general, the profession is perceived to be partially to blame for the inadequate or late disclosure of the problem of companies and financial institutions” (Bowerman 1991e, p. 2). For both bodies, these factors further motivated merger talks.

Graeme McGregor also provided reasons for mounting the third merger attempt in his interview:

I think continuation of good relations that developed at the senior level of both bodies. We worked successfully at the senior level in something like the Joint Committees where Presidents, Deputy Presidents of each body worked together on key issues. We had a shared responsibility in the Australian Accounting Research Foundation which set the accounting
standards at the time. We alternated the chair of that between the two bodies. At the senior level we could feel the sense of having one powerful body in Australia that spoke with one voice. Through the joint standing committees, we had a common view on most items but every now and then different messages would go out particularly to our politicians. And each body had its own agenda, the Institute had started the process seeking to limit the liability of auditors. Particularly after the corporate crashes where auditors were held liable. At the upper level there was a strong feeling that we should merge (2015).

McGregor (2015) further said, “Clearly an overriding reason to merge was the thought of speaking with one voice. There was also duplication of efforts at the State and National level”. When asked whether there were any perceived financial benefits from the merger, McGregor (2015) said:

It was seen as an advantage by both bodies because a larger membership would have carry-on benefits for higher income and lower cost from lower administration needs. But it was not the overriding reason. It was really carried by a belief that it was silly to have two bodies with the same objective, as one body would be listened to better.

Certain reasons were specific to the Society. In March 1983, the Society adopted the title CPA for its members (ASA 1983). It aimed to lift the professional profile of its members, with its president reporting that a professional marketing firm, Box Emery & Partners, had been hired to assist in projecting the image of the Society in public and professional domains (Alexander 1988a). The objective was to create a brand name for its members so that they could enjoy benefits accruing from the professional status enjoyed by the Institute members holding the title of CA. Australian accountant Elizabeth Alexander made many attempts to create interest among members to gain the CPA qualification and reaffirmed the Society’s objective to improve its national image and visibility in messages that appeared throughout 1988 in different editions of the Society’s journal (Alexander 1988a, 1988b, 1988c).

Meanwhile, slightly earlier than the Society, the Institute had also been working on strengthening its brand and improving the public profile of its members (ICAA 1987). These activities show that the Society was moving away from its traditional strategy of market control and aiming to achieve exclusive status for its members. A proposal to merge with the Institute was an easier way to achieve such status and alter the boundaries of the accounting profession. Professional boundaries are the result of past struggles (Cash 1997), through which professionals distinguish themselves from the others (Gieryn 1983). From oral history
interviews, it appears that the merger attempt was a proactive step taken by both bodies to meet emerging challenges posed by economic recession, corporate collapse and professional threats from the IAA as well to gain the ability to speak with one voice. It can be argued that leaders of both bodies decided to modify boundaries, and in particular, leaders of the Institute offered to modify the arguments of superior occupational status that distinguished their members from Society members (Cash 1997; Gieryn 1983).

7.4.2 Strategies adopted by both bodies in the merger attempt

The second research question was linked to strategies adopted by the Society and the Institute for mounting the third merger attempt. McGregor (2015) revealed that, mostly, the presidents took decisions, where:

Face to face discussions and agreements were made between presidents of each body but of course both of us kept our national councils informed. And I must say that there were voices that didn’t necessarily support the idea of a merger.

Before the Society came on board to discuss the merger attempt, the Institute president had tried to attract the most senior members of the Society, which was more of a “takeover proposal than a merger proposal” (Taylor 2016). However, this strategy failed when the Society president made it clear that such an attempt was unacceptable (Abraham 1989d). For the third merger attempt, the bodies did not form a unity committee and decisions were taken mainly by the national presidents, deputy presidents and executive directors of both bodies (Eastwood 1990e). Similar to other mergers, neither body conducted market research to study the mood of members regarding the merger proposal (Anon. 1990a). To influence Institute members, a video featuring well-known individuals was created, including BHP Chief Brian Loton, opposition Spokesman John Howard and a former corporate regulator Henry Bosch (Boreham 1991). Both bodies convinced various corporate managing directors, CEOs, the director general of the Department of the Premier of New South Wales and the chairperson of the Australian Securities Commission Tony Hartnell to openly support merger (Anon. 1991e; Prosser 1991b). To exert pressure on members to support the merger attempt, both bodies had opted not to go for a secret ballot (Bowerman 1991d). To convince members, Nick Burton Taylor (1991a) wrote in February 1991 that both bodies were facing many challenges and it was important that they work together. As mentioned earlier, the challenges included
corporate collapse, the stock market crash and associated issues confronting the profession (Macfarlane 2006; McMahon 2007).

*Charter* published letters written by Institute members to the editor before the merger vote on 22 March 1991. Leong (1991) stated that there were many voices against the merger, including young accountants from Perth, which contradicts the fact that almost all published letters favoured the merger move or were not critically against it (Leong 1991). Another strategy adopted by the Institute to gain more support from its members was the colleague to colleague campaign. The objective of the campaign was “to maximize the vote to approve unification” (ICAA 1991b, p. 4). The process included creation of a proxy-gathering network of members to advocate the unification of both bodies (ICAA 1991b). These members were expected to contact 20 to 30 other members and ask their intentions regarding voting (ICAA 1991b).

In such meetings, if the views expressed by members were positive, the next step was to encourage them to attend the special general meeting. If the views were neutral, the next step was to explain the benefits of unification and ask members to vote as soon as possible. If the members expressed objections to the merger attempt, the strategy was to discuss relevant issues briefly and, if their objections reduced evidently, to encourage them to attend the special general meeting and vote as soon as possible. If their views did not change, the discussion was terminated. This campaign was structured with three individuals in charge of running the network, Allen Blewitt, Bill Tuck and Helen Dickinson (ICAA 1991b). This was a defence mechanism anticipating boundary protection work where boundary protection included attempts to preserve the boundaries of the Institute (Fournier 2000). The CPA library resources provided access to the Institute’s presentation kits for this research, which were prepared for use at the meetings of members. Such kits included some compelling reasons for a unification attempt:

Each of us is well aware of the daunting problems confronting the business community and, indeed, the Australian economy as a whole (ICAA 1991d, p. 6).

Members of our profession are being attacked because of their involvement in some of the more prominent corporate failures (ICAA 1991d, p. 6).

Following the 1989 unification initiative, a group of well-respected members of the Institute and the Society began informal discussions on the best way of proceeding with
unification of our profession. They believed then—and are even more convinced now—that unification of the profession is an opportunity we dare not let slip (ICAA 1991d, p. 6).

The complex development of our profession has helped to produce the present situation where many people outside the profession are confused about our different designations and professional expertise (ICAA 1991d, p. 7).

These arguments were used to convince Institute members to support the merger attempt. However, the attempt failed, which is examined in the next subsection.

7.4.3 Reasons for the merger attempt failure

There are two angles in the analysis when responding to the third research question. First, there was detachment between leaders and Institute members (Lee 2010; Shackleton & Walker 2001). Second, Institute members engaged in boundary protection work and preserved the existing boundaries. Within this response, overwhelming support to changes in professional boundaries from the Society members is also discussed.

The third research question explored key factors that contributed to the failure of the third merger attempt. In his oral history interview, Graeme McGregor (2015) outlined reasons for the failure, and said:

I can say that the key people who sold the idea were the Presidents and Deputy Presidents, most discussions took place with them. There was a problem with the younger Institute members who recently completed the Professional Year program. They thought they were giving up hard earned advantage. I was told that it was really a group of younger people from the southern suburbs of Sydney who were very strongly against the merger. They were influencing other younger people which is why it failed.

When asked if something else could have been done by both bodies to gain support for the merger attempt, Graeme McGregor (2015) said:

As I said before we carried the vote, they did not. I believe we should have taken more time and should have done more marketing and instead of sending letters to members more face to face interaction would have helped. It would have helped rank and file members. I don’t think it would have swayed [the] vocal group in the Institute in Perth because they had a very strong view. The CPA program was only in [its] formative stages and had been going
for only five years. They still thought it was mickey mouse that included distance learning through Deakin University.

Nick Burton Taylor gave reasons for the failure, especially talking about the Perth campaign:

I think we failed at the executive level and executive leadership level in convincing the executives of the Western Australian branch of the merits of merger. The executive there gave tacit approval for the dissenting voice and whilst that was laudatory at one level, it gave credibility to a dissenting voice which then I think grew to a level that cost us a successful outcome. So, I think we failed at the organisational level to have our own team as believers, the executive team particularly in Western Australia, and that led into pockets of natural dissent and as you are aware in Western Australia there is a traditional animosity to things federal and things imposed via national structures so that has to be handled very carefully and I think we allowed that gap to exist and then that gap was exploited by the opponents of unification (2016).

Taylor further added:

Of course, there were traditional reasons around a brand which had been in existence very successfully for 60 years as to why change and so that resistance that’s involved in all of these sort of referenda, that was a pocket that was always going to be there and they remained (2016).

These statements indicate the detachment between leaders and members of the Institute, which led members in Perth to go against the former’s decision. The dissenters included senior members, such as Tony Connolly, a partner in Pannell Kerr Forster, Perth, who argued, “We’re being treated like little boys [sic] by the executive of both bodies” (Anon. 1991b, p. 7).

Connolly was also critical of the fact that the Institute had proposed that the voting in relation to the merger was to be at a special meeting in Sydney on 22 March 1991 and not by postal ballot (Anon. 1991b, p. 7). Nick Burton Taylor said that after the failure of the 1981 merger, the proxy system was included in the charter of the Institute. Although he preferred a postal ballot, the legal department had suggested the use of proxy or in-person voting (Bowerman 1991d). According to Bowerman (1991d), both the Institute and the Society were claiming that if a third attempt failed, this was the last chance to merge the two bodies because after significant expense and efforts neither body would be able to make another attempt. Clearly,
this discursive claim did not prove correct because a fourth attempt was mounted within seven years.

John Greeve, a Chartered Accountant from West Perth, expressed strong support for the ‘No Vote’ campaign in a message to The Financial Review editor, which was published on 12 March 1991. Greeve (1991) compared the $AU9,000 cost of the ‘No Vote’ campaign against the $AU500,000 spent by the Institute on mounting the merger attempt. Greeve (1991) held the Institute’s national executive accountable for not releasing details of surveys and PW research and commented that it was likely that those reports showed that Institute members were against the merger. On the issue of the merger, Greeve (1991, p. 7) further commented, “Whilst it has been said that leadership is the prerogative of the Institute executive it can equally be said that the grass roots members are at odds with the leadership”. This discussion and reaction of the Institute members via letters, organised campaigns and otherwise shows that leaders of the Institute did not understand the members’ mood and were detached from members (Lee 2010; Shackleton & Walker 2001).

In a letter to the Institute’s journal Charter, Graham Edmonds, a Partner of Mann Judd, criticised the merger and stated that “unification, particularly the promoted “compromise” will, paradoxically, be self-descriptive”. Edmonds also downplayed the proposed advantages of a merger and specifically criticised the notion of the purported benefits of “speaking with one voice” (Edmonds 1991, p. 8). However, Vic Prosser responded to Edmonds and stated that:

Those of us who deal frequently with Government have been repeatedly assured that unification will lead to a more efficient and effective relationship between the profession and government and its instrumentalities (1991, p. 8).

An Institute national councillor, Bruce Riley, who claimed to have support from two other councillors, joined the public discourse against the merger. Riley stated, “I have fairly strong reservations as to whether the merger would produce the big picture benefits cited” (Anon. 1991b).

Frank P. Cornelius, an Institute member, wrote a letter to the editor of The Financial Review, which was published on 26 February 1991. Cornelius (1991) criticised the national executive of the Institute for proceeding with the merger vote and for spending $AU1 million, even though an Institute survey showed support from members for a merger being at less than 50
per cent. Cornelius (1991) also criticised the voting process, which did not involve a secret ballot. Bowerman (1991c) analysed the situation during the last few weeks before the merger vote of 22 March and reported strong opposition and criticism of the Institute’s executive, including the expenditure of $AU500,000 for the merger proposal.

Next, boundary protection by Institute members is discussed. In a letter to The Financial Review editor published on 13 March 1991, Deborah Garlick (1991, p. 7), a CA from Perth, expressed a concern that with the proposed merger of two bodies many CAs such as her “were going to lose recognition as fully qualified Chartered Accountants”. Garlick’s (1991) statement was consistent with arguments of “No Vote” proponents who had made similar claims regarding loss of professional status if the merger attempt succeeded (Anon. 1991d; Blue 1991b, p. 61). In a letter to the editor of The Financial Review on 15 March, Charles Sugar, a member of the Society, attempted to respond to Deborah Garlick’s letter, claiming that unity of the profession should be above personal loss of status (Sugar 1991). On 14 March 1991, eight days before the merger vote of 22 March, an article by Steve Lewis published the claims of the Perth-based antimerger group. Lewis (1991b, p.2) wrote, “A group of Chartered Accountants campaigning against the merger of two accounting professional bodies is claiming victory, one week before voting closes in the controversial election”.

Anthony Hardwick, a member of the Institute, wrote in The Australian on 15 March 1991 that six of the largest national accounting firms were supporting the merger so that they could increase their lobbying power with the government. Hardwick (1991a) asked all members to vote “No” to the merger proposal. The returning officer of the Institute, Vic Prosser, gave a statement on 14 March 1991 that, per his estimates, almost 67 per cent of Institute members had voted in favour of the merger (Lewis 1991c). According to Prosser, he was forced to make this announcement after the Perth-based group propagated confusion by claiming that 80 per cent of votes cast were against the merger (Lewis 1991c).

Noake (1991, p. 7), an associate member of the Institute, criticised the merger attempt and the argument that a merger would enable the profession to speak with one voice to governments and regulators and stated that “the bases for a merger are not sound”. Some Institute members wrote letters to editors raising various queries. Robert Morrison, an Institute member from Darwin, expressed concerns via a letter to the editor of The Financial Review over the lack of information available to Institute members about the merger, including with respect to the
financial position of both bodies. Other letters also criticised the merger and commented that it would be unreasonable to expect Institute members to accept dilution of their hard-earned professional titles (Anderson 1991; Fisher 1991). The Society and the Institute had differences of opinion on the postunity condition of offering their programs overseas. The Institute was against offering chartered accounting programs outside Australia, but for the Society, overseas students were the third-largest group after students from New South Wales and Victoria (Ryan 1991).

Boundary protection was a well-coordinated campaign by a group of Institute members in Perth (Anon. 1991c). Apart from Kim Bradbury, other members were Frank Cornelous, Brad McVeigh, Joe Pier and John Greeve (Anon. 1991c). This group published an advertisement in *The Financial Review* on 5 March 1991 urging Institute members to “vote no to the merger”. This advertisement listed 15 members and their phone numbers, including that of Kim Bradbury. The advertisement also included a sentence that referred to the support extended by accounting firms for the merger attempt, stating “This is your vote as a member, not that of a firm” (Anon. 1991f). These are examples of public discourse against the merger attempt (Annisetette 2017). Bradbury further said:

> Members of ICA in Perth believe we have a commercial advantage; why should we give it away? There has been an enormous amount of rushing around … the ICA executive is just trying to force people to accept it (Bowerman 1991b, p. 2).

Bradbury also revealed the group’s strategy to oppose the merger move, which centred on a collective campaign against the merger, including issuing personal contacts, mail-outs and some press advertisements (Bowerman 1991b). The arguments against the merger attempt were very strong and were an attempt at boundary protection by members. Blue (1991b, p. 60) also wrote that:

> The strongest opposition from the Institute members seems to be among recent graduates of the Professional Year, who feel their blood, sweat and tears might be wasted in a merger with the Society.

The case against:

- Professional standards will be compromised.
- The term ‘Chartered Accountants’ will be devalued in the market place with a corresponding loss of marketability.
The Institute will be placed under the control of the Society majority.

‘One voice’ will simply mean one less voice.

The present position of cooperation between the ICA and the ASCPA on vital issues is preferred—two heads are better than one.

One body is easier for the government to control.

The much-touted economies of scale are a myth. They have never been verified and in the majority of cases only represent a downgrading of facilities.

The way in which the current vote is being carried out represents an erosion of democratic principles.

The size of the new body means it is less personal—‘big is not beautiful’.

Amalgamation may lead to a loss of benefits of reciprocal membership enjoyed by the Institute members (Blue 1991b, p. 61).

The Perth group of Institute members demanded the resignation of Nick Burton Taylor if the merger failed. They also criticised the Institute’s national executive for not funding a “No Vote” campaign. They sent letters to all the Institute members, a strategy funded by second-tier accounting firms from Perth, including PKF, Hendry Rae Court, Bentleys, Ferrier Hodgson and Nelson Parkhill (Bowerman 1991c). Such were the boundary protection strategies adopted by Institute members (Fournier 2000; Persson 2010). In their studies of race-based social boundaries, Perry (2002), McDemott (2002) and Wray (2004) found similar arguments used by members of the perceived high-status group to protect their boundaries. For example, their studies found that white people maintained their ethnic boundaries by disassociating themselves from black people by labelling the latter as inferior. The dissident members of the Institute used similar arguments, for instance, that “after integration, the public will no longer be able to rely to the same extent on those standards previously expected of Chartered Accountants” (Anon. 1991d, p. 18). Hence, they labelled Society members as having lower professional standards, which has been an approach used in race-based boundaries (McDemott 2002; Perry 2002; Wray 2004).

7.4.4 Reactions of various stakeholders
The fourth research question concerns the reactions of various stakeholders to the proposals for unification and their subsequent failures. McGregor (2015) said in his interview that there was no reaction to the merger from the government, stating that:

It was bit reverse. We had lobbied outside people to come out publicly to support a merger to show that there was widespread public support for merger. I think they didn’t care and they had higher priorities.

Australia’s largest accounting firms KPMG Peat Marwick, Ernst & Young and Arthur Andersen & Co. openly supported the merger (Bowerman 1991c). However, Graham Edmonds, a Partner of Mann Judd, CAs from Brisbane, criticised the merger attempt (Edmonds 1991, p. 8). After the failure, Professor Murray Wells of the University of Sydney and Professor Bill Birkett of the University of New South Wales criticised members who voted against the proposal (Dobbie & Boreham 1989).

Responding to a question by the researcher on the reactions of stakeholders, Taylor (2016) contributed a perspective of people who were involved in the merger attempt:

There was a feeling of spent energy because a lot of people put a lot of energy into the whole process but to be honest the B team had done a pretty good job of coming up with some plans to really come out of the box sparring and that’s what happened and so it was an interesting observation of human behaviour. You sort of finish a book and you get to the last chapter which is quite exciting and you put it down and close your eyes and think wow that’s a great book and then you look around the room for a minute and then someone else pushes a book in front of you. You start reading the new book and your mind travels to the new book and that’s exactly what happened.

Hence, in Nick Burton Taylor’s view, there was not much reaction to the failure and both bodies moved to the next chapters. The last research question for this study focused on the long-term ramifications of the unsuccessful merger attempt for the Australian accounting profession, and on this matter Nick Burton Taylor responded:

Well I think it enhanced the process of accounting standards moving into the government and international control. We influenced the international accounting standards through various appointments and everything but we lost as a profession the domestic influence on the sort of standards that we once might have had (Taylor 2016).

Stakeholders include members of both professional bodies, the government, policy makers, accounting firms and investors.
Thus, one of the long-term ramifications was that the profession lost control over the process of setting standards.

7.5 Conclusion

This chapter examined the third merger attempt. Similar to the first two attempts, it failed because the Institute members voted against the proposed merger. Both bodies had developed an ongoing understanding about the need to work together, which was kept alive before and after the mounting of the third merger attempt. As Chapters 5 and 6, which examined the first and second merger attempts, respectively, have shown, the traditional strategy of the Society was modified and it moved from market control towards exclusivity, an approach observed across all four merger attempts. A similar, related issue was the lack of a recognised professional title for Society members, which was a matter of concern for the Society leadership, as evidenced from archives before the mounting of the first merger attempt. After the failure of the second merger attempt, the Society adopted the CPA title in March 1983, which made it possible for its members to have an exclusive professional title. This was part of Plan B, which was adopted by the Society after the failure of the second merger attempt, along with many other changes in its structure and operations. Moreover, the IAA membership was growing, which posed a professional challenge to both bodies, forcing them to engage in merger discussions.

The membership size difference decreased between 1982 and 1991, the period under study for the third merger attempt. During this period, the Institute’s membership grew at double the rate of the Society membership. In addition, the financial position of both bodies fluctuated. The stock market crash and corporate collapses added background context to the mounting of the merger attempt. The third merger attempt had a unique development in that the president of the Institute made a unilateral decision to invite senior members of the Society to apply for membership of the Institute. Although this step attracted a backlash, it did lead to the initiation of merger talks. It was rejected by the Society but by September 1989, this offer had sparked interest and a first attempt to initiate merger discussions was filed within three months. It took one more year to restart the merger discussions of September 1990. By December 1990, both bodies had issued the merger proposals (ASCPA & ICAA 1990a).
As in the first two attempts, the third merger attempt talks were initiated by the Institute. The third attempt also failed, but it was not to be the last attempt and one more unsuccessful merger attempt was made, which is examined in Chapter 8.
Chapter 8: The Fourth Merger Attempt

8.1 Introduction

This chapter examines the fourth and last merger attempt, which was mounted by the Society and the Institute in 1998, in a relatively brief time after the third merger attempt. From the commencement of initial discussions about a merger, which took place between the presidents of the two bodies, to the point of the merger vote, the period was the shortest among all four merger attempts. Similar to the first three merger attempts, the fourth merger attempt failed because of insufficient support from Institute members. After the failure of the third merger attempt, both bodies and their leaders had reaffirmed their stand to work jointly on matters of mutual interest (Taylor 1991c). The idea for the fourth merger attempt was formed at a meeting between the Institute president, Rob Ward, and the Society president, Denis Cortese, during the International Accounting Congress in Paris in 1997. According to Boymal (2016), it was Rob Ward who initiated the idea of again attempting a merger and he drove the early discussions. Therefore, in the case of all four merger attempts, it was the Institute that initiated the merger discussions. Within a few months, the merger discussions led to the finalisation of a merger proposal, for which voting was held on 14 December 1998.

This chapter is structured in five sections. The next section provides the background context to the fourth merger attempt, along with a discussion of the scenario after the failure of the third merger attempt and how both bodies reacted and adopted different strategies. It also includes a discussion on joint work, the financial position of both bodies and their membership levels. Section 8.3 discusses the merger attempt, including the background and the timeframe. It also provides details of the efforts made by members of the Institute who opposed the merger attempt. Section 8.4 provides an overall discussion and analysis of the fourth merger attempt. Summarising and concluding comments are provided in the final section.

8.2 Background and Context

The failure of the third merger attempt, which went to the vote on 22 March 1991, forced both bodies to adopt alternative strategies and issue statements to support their decision to go ahead with the merger. For example, the Society adopted a new mission statement and the
Institute president called for more cooperation between the two bodies (ASA 1992a; Taylor 1991c) since the merger had failed owing to a lack of sufficient support from Institute members. In his monthly message in *Charter*, Nick Burton Taylor, the president of the Institute, referred to the merger failure and the challenges facing the profession, including external pressures, which meant that both bodies needed to work cooperatively on matters of mutual interest. Taylor (1991c) wrote in one such message:

> Following the unification vote in March, I advised our membership that both the ICA and the ASCPA have a responsibility to support the accountancy profession and that we must place strong emphasis on how best to meet our future community obligations. In the light of the continuing debate and the attempt to allocate blame for corporate collapses it is imperative that the accountancy bodies cooperate with each other for the good of the profession to ensure a common approach and truly effective liaison with government in addition to the maintenance of standards (Taylor 1991c, p. 66).

In addition, Taylor wrote that the Institute had a record intake of PY candidates in 1991 (Taylor 1991b, p. 59). He used this to present the case that the Institute would be able to achieve its own strong membership growth. Further, in the same edition of the Institute’s journal, Taylor argued that 45 per cent of Institute members were not in public practice, which reflected the diversity of the Institute’s membership base (Taylor 1991b). This discourse was used to defend the decision to seek a merger with the Society, which had a larger share of its total membership not involved in public practice.

Following the failure of the third merger attempt, the president of the Society, Brian Waldron, pointed out that although he was disappointed with the outcome, he was not looking back. Waldron stated, “work on the merger meant that significant new initiatives of the Society were put on hold and these can now forge ahead” (Cohn 1991, p. 20). One of those initiatives was adopting a new mission statement, which was “to lead the Australian accounting profession” (ASA 1992a, p. 1). In addition, the objectives of the Society as a professional accounting body were revised as follows:

- **Intellectual capital**: To use the intellectual capital of members and promote research to advance the knowledge base of the profession
- **Professional growth**: To facilitate the maintenance and development of member competencies throughout their professional careers
- **Integrity**: To maintain the highest level of professional standards and integrity of members in the interest of the community

- **Representation**: To represent the profession in the community

- **Organising and management**: To ensure that the Society’s structure and management meet the needs of members in a rapidly changing environment (ASA 1992a, p. 1)

Another response to the failure of the third merger attempt was the increased emphasis on the quality of services offered by CPAs and the establishment of 10 specialist centres of excellence to offer support to members. These centres aimed to enhance the public credibility and authority of CPAs and the Society as a professional association (ASA 1992a). In summary, the new objectives indicated that the Society was aiming to provide leadership within the profession in its own right; the idea of another merger seemed unrealistic. These objectives were quite comprehensive and covered many aspects.

A key development was that the Society recorded a 21 per cent increase in enrolment for membership compared with the 1991 figures. In addition to the official journal of the Society, *The Australian Accountant*, a new journal, *Financial Forum*, was initiated. An ASCPA Guide to Financial Services and a Members Handbook were also published in 1991 (ASA 1992a). The Society also reviewed its organisational structure and identified three key areas based on the report of the Structural Review Task Force, namely, membership services, utilising the intellectual capital of members and continuing professional development (Cohn 1991, p. 20). The next section discusses developments within both bodies between the third and the fourth merger attempt.

### 8.2.1 Society and Institute developments

In 1993, the Society completed 40 years of operation since its formation from the merger of three accounting bodies in 1953 (ASA 1993a). It reported that in 1993, it organised 900 seminars, conferences and workshops attended by 40,000 members accumulating more than 200,000 hours in professional development activities. The significant amount of professional development hours offered was owing to an annual requirement of 20 hours of professional development for every member (ASA 1993a).

The Institute also made progress in different areas, including developing a new strategic plan, a new mission statement and a new logo among other initiatives. In 1992, the Institute
finalised its strategic plan for 1992–1996, which was approved by its national council in October 1991 (ICAA 1992). This plan was finalised after the failure of the third merger attempt. The new plan had various objectives, such as establishing the Institute as the leader of the Australian accounting profession, forming new strategic alliances and achieving financial strength. Building relationships with external stakeholders, including state and federal governments, was also identified as a key priority (ICAA 1992).

The Institute’s mission was finalised as follows:

To be the pre-eminent professional accountancy body in Australia by providing leadership and by maintaining an environment in which Chartered Accountants meet the highest quality of professional standards and thereby positively influence the national economic well-being of Australia (ICAA 1992, p. 2).

In 1994, the Institute commenced offering its PY program overseas, with Hong Kong being the first overseas location. This was known as the Professional Year Offshore (ICAA 1994). In July 1995, the PY Offshore program commenced in Singapore and Malaysia as well (ICAA 1995).

In 1994, the Institute launched the CA logo for the first time, which was designed to strengthen the profile and positioning of CAs with business and the community. In April 1994, the Society admitted member number 70,000. Around 8,000 of its total members were in Asia, which made it one of the biggest overseas professional accounting bodies in that region (ASA 1994a). The official journal of the Society, The Australian Accountant, exceeded publication of 79,000 copies per month in 1994 (ASA 1994a). In 1995, the Society started CPA Online, an online service for its members. The national council approved the formation of the Asian division of the Society (ASA 1995a), which was established in 1996 and afforded representation on the national council of the Society. In 1996, the Indonesian branch of the Society was also established. Another development in 1996 included the Society hosting a month-long tour of 20 Chinese officials from the Chinese Institute of Certified Public Accountants (ASA 1996a).

The 1996 annual report of the Society provided details of its organisational and operational structure, including 60 national and divisional committees, which together had 450–500 meetings throughout that year; additionally, 200 technical discussion groups were organised (ASA 1996a). In 1996, the Society reported that public awareness of the CPA professional
title was 74 per cent, a rise from 63 per cent in 1994 and 55 per cent in 1993 (ASA 1996a, p. 33). By 1997, such awareness had reached 76 per cent (ASA 1997a). Further, in 1996 the Society organised congresses in Hong Kong, Papua New Guinea and Europe. The Hong Kong congress was one of the most successful and attracted more than 400 attendees (ASA 1996a, p. 34). By 1996, the Society had opened branches in Europe, Hong Kong, Indonesia, Malaysia, New Zealand, Papua New Guinea and Singapore (ASA 1996a, p. 35). In 1997, the Society established its branch in Fiji. Additionally, as membership numbers grew, the Society appointed a Director of Members Services and a Director of Intellectual Capital (ASA 1997a). The Society also reviewed and restructured its operations to ensure that customers were the main focus and services for members were improved. Further, the Society’s business plan was revised, with new objectives clearly focused on enhancing members’ competitive advantage and professional status (ASA 1997a, p. 5). In the explanations related to its objectives, the Society added that it expected its members to be “well trained, up-to-date experts who have high levels of education and participate in ongoing professional development” (ASA 1997a, p. 6).

In 1997, the Society signed an agreement with the Capital University of Economics and Business in Beijing, which made it possible for Chinese students to study Deakin University’s Master of Professional Accounting program in China, which incorporated the CPA program. The Society was the first international body to enter into such an agreement with the Chinese Institute of Certified Public Accountants (ASA 1997a). In 1997, the Society prepared 88 submissions to various governments, including making representations to the Australian Tax Office on matters affecting the profession (ASA 1997a). The CPA Online system was offering online services for its members to access 300,000 catalogues from the library, including, for instance, news affecting the profession, employment opportunities and tax rulings (ASA 1997a). In 1997, the Society arranged 1,222 events in Australia and Asia on issues related to the accounting profession (ASA 1997a). Both bodies were making significant developments and advances in their own right. The next section provides an overview of their joint work on matters of mutual interest.

8.2.2 Joint work

In addition to making progress on different fronts separately, both bodies continued their mutual work on common matters affecting the profession. The Institute president wrote in his message that the Society and the Institute were extending cooperation in several areas,
including the quality review process that each body conducted for its own organisation (Taylor 1991c). The 1992 annual report of the Society provided greater details of areas of joint work, which included accounting standards, international representation, education and other areas of mutual interest, such as a campaign to limit the liability of auditors (ASA 1992a). In 1992, the Society and the Institute revised the terms of their joint standing committee, adding four compulsory meetings of the combined executive committees in one year to facilitate cooperation and understanding between the two bodies (ICAA 1992). In his annual message, the president of the Society briefed members about joint work with the Institute concerning the setting of accounting standards (ASA 1993a).

In 1993, the Institute reported in its annual report that both bodies were extending the cooperative efforts that were put in place in 1992. The joint standing committee included the full executive committees of both bodies and it met every three months, both formally and informally in an open forum (ICAA 1993). The joint standing committee was responsible for ensuring the adoption of a joint approach on matters of importance to the accounting profession, including areas such as accounting standards, international affairs, limitation of auditor’s liability, quality control, accounting education and many other technical matters (ICAA 1993).

In 1994, the Society and the Institute together established the Urgent Issues Group (UIG) initiative. According to the Society’s 1994 annual report, the UIG would “seek to anticipate problems affecting financial reporting practices in Australia and to provide timely guidance on interpretation of existing accounting standards and guidance on the treatment of emerging issues” (ASA 1994a, p. 15). In 1995, the Society and the Institute agreed to work on a policy for the harmonisation of national accounting standards with the international accounting standards. Both bodies also agreed that while working on such harmonisation, no compromise would be made to the Australian standards. It was agreed that accounting standards would be prepared in such a way that they met domestic needs as well as achieved automatic compliance with international standards (ASA 1995a). The Society and the Institute continued to fund the Australian Accounting Research Foundation (ASA 1996a). In 1996, the Society developed and released CPA Vision 2020. This vision document identified eight key “member values” to address: status, competitive advantage, skills currency, information support, representation, personal growth, career progression and fellowship (ASA 1996a).
8.2.3 Membership and financial situation

Table 8.1 provides details of the Society’s membership and depicts its growth from 1991 to 1998.

Table 8.1: Society Membership

<table>
<thead>
<tr>
<th>SN</th>
<th>Year</th>
<th>Members</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1991</td>
<td>62,465</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>1992</td>
<td>65,539</td>
<td>4.92</td>
</tr>
<tr>
<td>3</td>
<td>1993</td>
<td>68,929</td>
<td>5.17</td>
</tr>
<tr>
<td>4</td>
<td>1994</td>
<td>73,460</td>
<td>6.57</td>
</tr>
<tr>
<td>5</td>
<td>1995</td>
<td>77,721</td>
<td>5.80</td>
</tr>
<tr>
<td>6</td>
<td>1996</td>
<td>81,082</td>
<td>4.32</td>
</tr>
<tr>
<td>7</td>
<td>1997</td>
<td>84,116</td>
<td>3.74</td>
</tr>
<tr>
<td>8</td>
<td>1998</td>
<td>86,881</td>
<td>3.29</td>
</tr>
</tbody>
</table>


In 1992, 81 per cent of Society members were male and 19 per cent were female. Victoria represented 31 per cent of total members while New South Wales represented 28 per cent of members, followed by the other states (ASA 1992a, p. 16). Victoria’s share of Australia’s national population was 25.5 per cent; hence, the state was over-represented in the membership of the Society by about 6 percentage points. In contrast, the population of New South Wales was 34 per cent of the Australian population (ABS 1992), revealing that of New South Wales was under-represented in terms of its membership share by 6 percentage points. In 1992, MIPP and MNIPP of the Society accounted for 21 per cent and 69.5 per cent of its total members, respectively, with retired members at 9.5 per cent (ASA 1992a, p. 16). The share of members in Victoria fell to 29 per cent in 1994 and that of New South Wales to 27 per cent, reflecting increased membership from other states and overseas. The share of female members increased to 22 per cent in 1994, while MIPP was also at 22 per cent (ASA 1994a, p. 18).

By 1995, there were 10,000 Society members based in Asia, which led to the development of the Asian division. Victoria’s membership share of the Society fell to 28 per cent in 1995, and female membership represented 24 per cent. The MIPP portion was steady at 22 per cent (ASA 1995a). The annual report of 1996 showed that 23 per cent of the Society’s 81,082 members were below the age of 30, while 52 per cent of members were aged less than 40 years (ASA 1996a). In 1997, of the total membership of the Society, the share of Victoria
was 27 per cent and that of New South Wales was 26 per cent. Female members constituted 27 per cent of the total membership, while MIPP was at 22 per cent (ASA 1997a, p. 17). In 1998, 29 per cent of the Society members were female, which reveals a trend of increased representation of females in the accounting profession; the same year showed 19 per cent MIPP, which was a decrease from 1997 when MIPP represented 22 per cent (ASA 1998, p. 14). In 1999, female members rose to 30 per cent, CPAs were 47 per cent, and MIPP fell to 17 per cent. Further, 23 per cent of members were below 30 years of age and 51 per cent below 50 (ASA 1999b, p. 29). Overall, membership of the Society increased, as shown in Table 8.1, but the share of MIPP decreased, which presented further strength to the arguments of the Institute members who opposed a merger with a body that mainly represented MNIPP.

Table 8.2 provides details of the Institute’s membership and depicts its growth from 1991 to 1998.

<table>
<thead>
<tr>
<th>SN</th>
<th>Year</th>
<th>Members</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1991</td>
<td>21,219</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>1992</td>
<td>22,633</td>
<td>6.66</td>
</tr>
<tr>
<td>3</td>
<td>1993</td>
<td>24,011</td>
<td>6.09</td>
</tr>
<tr>
<td>4</td>
<td>1994</td>
<td>25,350</td>
<td>5.58</td>
</tr>
<tr>
<td>5</td>
<td>1995</td>
<td>27,240</td>
<td>7.46</td>
</tr>
<tr>
<td>6</td>
<td>1996</td>
<td>29,403</td>
<td>7.94</td>
</tr>
<tr>
<td>7</td>
<td>1997</td>
<td>29,798</td>
<td>1.34</td>
</tr>
<tr>
<td>8</td>
<td>1998</td>
<td>30,868</td>
<td>3.59</td>
</tr>
<tr>
<td>9</td>
<td>1999</td>
<td>32,429</td>
<td>5.06</td>
</tr>
</tbody>
</table>


In 1992, 44 per cent of the Institute members were from New South Wales, while 24 per cent of its members were from Victoria (ICAA 1992, p. 22). As stated above, Victoria had a 25.5 per cent share and New South Wales a 34 per cent share of the Australian population (ABS 1992). This shows that Victoria was slightly under-represented in terms of its share in the total membership of the Institute, while New South Wales was over-represented by 10 percentage points. In 1992, 19.5 per cent of members were below 30 years of age, while 55 per cent of members were below 40 years. MIPP represented 32 per cent of the total membership, employees in public practice 23 per cent and the remaining 45 per cent comprised MNIPP (ICAA 1992, p. 23). The numbers of MIPP of the Institute and employees
in public practice are comparable with the Society’s MIPP because that figure also consisted of employees in public practice. For example, as discussed earlier in this chapter, the Society’s MIPP were 21 per cent in 1992, but this figure also included employees in public practice. Conversely, MIPP and employees in public practice combined in the case of the Institute was 55 per cent.

According to the Institute’s 1998 annual report, by that year the female share in the Institute’s membership was 20.5 per cent (ICAA 1998). In 1999, the Institute’s MIPP decreased to 46 per cent from 55 per cent in 1992. This number included both principals and employees in public practice (ICAA 1999). This means that by the time the fourth merger attempt was mounted, for the first time the Institute did not have a majority of MIPP. It is reasonable to expect that this might have created a more favourable circumstance for the Institute’s members to support a merger with the Society. However, the outcome shows that not even the MNIPP supported a merger. The Society also had higher female representation at 30 per cent in 1999; as aforementioned, female membership of the Institute was 20.5 per cent in 1998.

Table 8.3 shows the Society’s revenue and the total surplus or deficit in dollars and as a percentage of revenue for the years 1991 to 1999.

Table 8.3: The Society Revenue and Surplus/Deficit

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue/Income (SAU)</th>
<th>Deficit/surplus (SAU)</th>
<th>Deficit/Surplus (% of Revenue)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>34,312,000</td>
<td>519,000</td>
<td>1.51</td>
</tr>
<tr>
<td>1992</td>
<td>36,230,000</td>
<td>656,000</td>
<td>1.81</td>
</tr>
<tr>
<td>1993</td>
<td>39,420,000</td>
<td>1,024,000</td>
<td>2.60</td>
</tr>
<tr>
<td>1994</td>
<td>42,141,000</td>
<td>1,217,000</td>
<td>2.89</td>
</tr>
<tr>
<td>1995</td>
<td>44,227,000</td>
<td>(944,000)</td>
<td>–2.13</td>
</tr>
<tr>
<td>1996</td>
<td>45,759,000</td>
<td>(2,734,000)</td>
<td>–5.97</td>
</tr>
<tr>
<td>1997</td>
<td>51,835,000</td>
<td>2,962,000</td>
<td>5.71</td>
</tr>
<tr>
<td>1998</td>
<td>56,391,000</td>
<td>2,542,000</td>
<td>4.51</td>
</tr>
<tr>
<td>1999</td>
<td>64,874,000</td>
<td>2,003,000</td>
<td>3.09</td>
</tr>
</tbody>
</table>


Between 1991 and 1994, during a four-year period, the Society earned a moderate surplus and the surplus increased slowly. However, the next two years saw the Society record a deficit of $AU944,000 in 1995 and a deficit in excess of $AU2.7 million in 1996. David
Boymal was treasurer of the Society in 1997 and discovered the reasons behind this staggering deficit. In his oral history interview, he stated:

The CPAs [Society] had got themselves into some financial difficulty. Well, it wasn’t long-term financial difficulty, they had a bad year, which was a result of mismanagement and I then was Treasurer in the year that we had to put things right. The CPA would get commissions arising from whenever an insurance bit [contract] was sold or a computer was sold or anything else from a service provider to a member which is introduced by the CPA. The marketing manager hadn’t lined up those commissions and they were accounting the year before for anticipation to receiving commissions and the commissions weren’t forthcoming because they’d messed it up.

Over the next three years, the financial situation of the Society improved; it recovered from the financial problems and registered a surplus of 5.71, 4.51 and 3.09 per cent of revenue in 1997, 1998 and 1999, respectively.

Table 8.4 shows the Institute’s revenue and total surplus or deficit in dollars and as a percentage of revenue for the years 1991 to 1999.

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue/Income (SAU)</th>
<th>Deficit/Surplus (SAU)</th>
<th>Deficit/Surplus (% of Revenue)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>22,265,000</td>
<td>1,348,000</td>
<td>6.05</td>
</tr>
<tr>
<td>1992</td>
<td>23,430,000</td>
<td>1,485,000</td>
<td>6.34</td>
</tr>
<tr>
<td>1993</td>
<td>24,827,000</td>
<td>1,095,000</td>
<td>4.41</td>
</tr>
<tr>
<td>1994</td>
<td>26,727,000</td>
<td>207,000</td>
<td>0.77</td>
</tr>
<tr>
<td>1995</td>
<td>29,623,000</td>
<td>586,000</td>
<td>1.98</td>
</tr>
<tr>
<td>1996</td>
<td>32,838,000</td>
<td>1,937,000</td>
<td>5.90</td>
</tr>
<tr>
<td>1997</td>
<td>34,844,000</td>
<td>1,394,000</td>
<td>4.00</td>
</tr>
<tr>
<td>1998</td>
<td>38,275,000</td>
<td>1,178,000</td>
<td>3.08</td>
</tr>
<tr>
<td>1999</td>
<td>41,256,000</td>
<td>1,135,000</td>
<td>2.75</td>
</tr>
</tbody>
</table>


Between 1991 and 1993, the Institute’s financial situation was quite strong, while 1994 and 1995 registered a surplus of only 0.77 and 1.98 per cent of revenue, respectively. However, in 1996, the surplus was 5.9 per cent, while after that there was a steady decrease in the size of the surpluses, in both dollar and percentage terms, despite revenue increasing in each year. In 1997, 1998 and 1999, the surplus was at 4.0, 3.08 and 2.75 per cent of the total revenue, respectively. Overall, for the period covered by the two tables above, the Institute’s financial
results were much better than the Society’s. The average surplus of the Institute was 3.9 per cent of revenue, while the comparable figure of the Society was only 1.6 per cent. The next section discusses the merger attempt process and its outcome.

8.3 Merger Attempt

The earliest mention of the fourth merger attempt was in Brian Waldron’s report to members in September 1991, which stated “National Council at its August meeting in Canberra passed a resolution to reaffirm the Society’s support for a single body to represent the profession” (Waldron 1991a, p. 5). However, despite this early discursive argument in support of another merger attempt, the actual formal discussion and initiation of a merger attempt did not occur until much later. The documentary evidence shows that it was early in 1998 when both bodies started formal talks about the merger attempt. This is verified by articles in accounting journals that covered the public announcements (Anon. 1998f, 1998j, 1998m). David Boymal, president of the Society at the time of fourth merger attempt, affirmed this in his oral history interview of 8 February 2016. By 1996, both organisations were engulfed in a branding war. As one of the articles published in Charter mentioned:

The branding war was the cause of great angst in the past two years. It escalated with the very public brawl between the Institute and the Society in July 1996 over the strengths and weaknesses of the CPA program and the ICA Professional Year (Anon. 1998l, p. 7).

The initial informal discussions started on the initiative of Rob Ward with Denis Cortese during the International Accounting Congress in Paris in 1997. Ward argued 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 (Anon. 1998l). Ward stated that the bodies had already made 57 joint submissions to the government, which demonstrated a capacity over the past few years to formulate a common position (Farnham 1998). This fact shows that in the views of both bodies and their leaders the traditional boundaries were blurring and both bodies were open to negotiating and redrawing them (Allen 1997). After an initial discussion in Paris, both presidents agreed that a merger was a good idea but neither made any comment on the prospect of merger talks in any form until a formal approach was made by the Institute to the Society for serious merger discussions (Anon. 1998l).
Both presidents then tested support for another merger attempt during meetings of the state councils of both bodies for one month. By means of a media release on 18 March 1998, both organisations made a public announcement regarding the formation of a JTF to finalise details on a proposal for a merger between them (Anon. 1998j, 1998k; Dowling 1998; Lawson 1998a). The JTF had seven members: four from the Society and three from the Institute. This team spent six weeks developing the proposals (Farnham 1998). The joint standing committee representing both bodies endorsed the plan to explore opportunities for greater cooperation and the possibility of a merger to create a new professional association (Farnham 1998). After attending the World Accounting Congress in Paris in 1997, Ward stated:

Accounting bodies overseas fail to understand why Australia has two main accounting bodies given the size of its marketplace. Two organisations in a country of this size competing against each other is a waste of resources; we can leverage better together (Anon. 1998l, p. 7).

This was a discursive claim to build ground before the merger announcement was made so that members of both bodies did not receive a surprise. The comment also indicates that the Institute was modifying its traditional strategy of exclusivity, which was a firm basis for gaining the Royal Charter and elite status for its members (Macdonald & Ritzer 1988). In March, Boymal wrote in the *Australian CPA* that the joint negotiating team of both bodies had finalised a merger proposal for members’ consideration (Boymal 1998). As per the proposals, the combined national council would comprise members of the state and national councils of both bodies. From the date of merger, the size of the state and the national councils would be reduced through an annual election in the next four years.

The key elements of the merger proposal included:

- formation of a new professional body of 110,000 members to be called the Institute of Chartered Professional Accountants of Australia
- option to CPAs and CAs to adopt the new designation of Chartered Professional Accountant (CHPA) or use two designations, including the old designation
- development of a new common professional entry program based on the revised CPA program and the Institute’s PY program after the year 2000, while ensuring international recognition for the new program, especially in the US, the UK and Asia
equal representation for existing institutions in a transitional governance structure, which would be phased out within four years

- restriction on increase of CPA membership fees above the inflation level and reduction of CA membership fees to the level of CPA membership fees by July 1999, with the progressive reduction of current CA Public Practice fees in three years (Anon. 1998b)

Farnham (1998, p. 11) stated that “a key feature of the current proposal, and a difference with previous proposals, is that the current member designations would be retained”. The rationale behind allowing members to keep both titles was to attract more members to vote in favour of the proposed merger proposal (Thomas 1998a). The JTF met for the first time on 27 March 1998 with the objective of starting work on the draft merger proposal, which was later released in July 1998 for members’ voting. The merger proposal was named “Project Newpro”. This name was chosen to assist in effectively selling the idea of merger to the members of both bodies. At this meeting, it was decided to take a further six weeks to finalise the merger proposal and for the voting to be undertaken in September 1998 (Anon. 1998l). In fact, in a single meeting, most decisions were taken. The merger proposals had a preliminary period from 1 July to 11 August 1998 when members were asked to send feedback either by calling a special telephone line (1300 366 999) or via Internet, email or the websites of both organisations (Anon. 1998b). Both organisations held briefing sessions throughout Australia and at overseas locations to allow members to express their views and ask questions (Anon. 1998b).

During May 1998 in an interview with the Australian CPA, Boymal responded to a question about how the fourth merger proposal was different from the earlier merger proposals. Boymal stated that the plan was to bring the two organisations together through the establishment of a new professional body, which both memberships would join (Anon. 1998a). Boymal added that both organisations were planning to move quickly on the fourth merger attempt (Anon. 1998a). The merger, in fact, was not a merger of two bodies, but involved the bringing together of two separate organisations with their different titles. So, unlike the first two merger attempts where all the Society members and in the case of third merger attempt Society members with more than 10 years’ experience could adopt the CA title in the event of an agreed merger, the fourth merger proposition had additional leverage.
As the boundary management literature shows, the fourth merger attempt proposal was not altering the traditional boundaries of both bodies completely; rather, new boundaries were drawn and expanded (Allen 2001). The original boundaries between the Institute and Society members would blur in the case of the fourth merger attempt. The negotiated boundaries would keep a distinction between those members of the new organisation who would continue to call themselves CA, CPA or CHPA. This was the result of negotiated boundaries between the two bodies, which were proposed to be redrawn from around two titles to around three titles (Carmel 2006). In a study of health professionals, Carmel (2006) found that when boundaries within an intensive care unit blurred, new boundaries at the organisational level, especially between senior nurses and junior doctors, emerged. Similarly, after the proposed merger, the boundaries between the CAs and CPAs would blur, but new boundaries would be negotiated with the new title of CHPA.

The fourth merger attempt attracted support from some high-profile personalities as well. This included John Shanahan, the Deloitte Touche Tohmatsu audit partner, who stated that the merged body could push to have a financial reporting panel in Australia, similar to the UK. The accounting profession was facing challenges from the legal profession, and the financial reporting panel would assist in solving the jurisdictional disputes between accounting and legal professionals with regards to the corporation law (Anon. 1998l). During late March and April, Institute members were asked to send their views on the idea of the proposed merger and the Institute received 40 merger-related messages via letters, emails and website submissions. An overview of members’ reactions was presented in an article that stated “the letters suggest the joint merger task force has a long way to go before it succeeds in wooing enough ICA members to vote ‘Yes’” (Anon. 1998m).

In July 1998, the preliminary merger proposal was sent to the members of both bodies seeking their reactions to the actual proposal. It was sent in a booklet form titled “Towards a new era—Preliminary Proposal for the creation of a new Accounting Body for Australia”. This was followed by four rounds of quantitative research involving 4,000 members of both bodies, who were surveyed by telephone interview between May and September 1999 (ICAA 1999). Worthington DiMarzio performed this research. The surveys included an equal number of members from both bodies (Anon. 1999b). After a few rounds of surveys of members, and especially the Institute members, it was estimated that support for the merger was at just more than 50 per cent. This led to a potential delay in the merger vote, which was
originally planned for October 1999 (Gettler 1998a). After the preliminary period, the national council of the Society met on 10 August and analysed the outcomes of the joint market research, which had shown that support from the Institute members had increased; however, it was still not sufficient for a merger to succeed. Therefore, it was decided to meet again in September and decide whether to go ahead with the vote (Anon. 1998c). This allowed the Institute to promote further the merger proposal to its members to increase the prospects of success (Anon. 1998c, Anon. 1998g). One of the four preliminary research surveys involving 1,400 Institute members showed that support for the merger attempt was insufficient for it to be likely to be able to proceed (Thomas 1998c). Speaking of the survey of members, David Boymal, president of the Society and Rob Ward, president of the Institute jointly stated:

We were determined not to proceed to a vote without a strong indication of its likely success. It is very pleasing, therefore, to see that research has indicated that it has the necessary majority support (Anon. 1998o, p. 1).

Both bodies also released a joint media statement about the decision to delay the merger discussions with members (ASA & ICAA 1998d). The media release mentioned:

While CPAs are clearly in support of a merger, there is still a relatively large proportion of Chartered Accountants who have moved from ‘no’ to ‘undecided’ indicating that the advantages of merging are being recognised but that more time is needed to cement a ‘yes’ vote. The National Councils have agreed to extend by one month the time for promoting the benefits of the merger so that in the best interests of the profession the merger is given a good chance of succeeding (ASA & ICAA 1998d, p. 1).

Earlier, Boymal had changed the discourse and made it clear that going ahead with a vote and failing was worse than not going ahead with vote. Boymal further added:

Neither party wants egg on its face from being rebuffed by the other. Last time each body turned its back on the other and went back into the bunkers, leaving little cooperation in place. This time, if voting is aborted we will each be able to continue joint planning and activities (Thomas 1998a, p. 84).

According to Boymal, it was better to abort the discussion and continue to work in a coordinated manner than go ahead with a potential to fail, which could also have a negative impact on the relationship between both bodies (Thomas 1998a).
The 1999 annual report of the Institute claimed that “By the last round of research the number of members indicating that they would vote yes was in excess of the two-thirds majority required for the proposal to succeed” (ICAA 1999, p. 4). The same section of the Institute’s annual report also claimed that during this period the number of members who were opposed to merger and were planning to vote “No” had dropped to half (ICAA 1999), while an earlier round of market research showed that 61 per cent planned to vote “Yes” (Anon 1999, p. 12). It was claimed that the more information members received from the Institute, the more likely they would be to not vote against the merger (ICAA 1999). The last round of research showed that 92 per cent of members of the Institute were planning to vote, with 68 per cent supporting the merger (Anon. 1999b, p. 12). After the last round of research, the Society decided to make a public announcement on September 17 about going ahead with the vote on the proposed merger.

Despite these encouraging surveys, the executive director of the Institute, Stephen Harrison, stated the vote was impossible to predict (Leon 1998b). Leon (1998b, p. 36) noted that members of the Institute in the past had claimed that the Society’s postgraduate course was no match for the Institute’s PY standards of eligibility for public practice. Hence, the differences in education standards had proved a stumbling block in previous merger attempts (Leon 1998b). However, Ward continued to work to convince members of the Institute to vote in support of the merger attempt. Ward made strong discursive arguments:

The new body will equip members to compete in the global arena of business. It will enable them to stay in front of the change process and advances in technology, increasing competition from other professions and specialisation, and will address the diverse needs of emerging member groups. Key benefits such as improved resources for researching; developing and delivering better targeted services to members; strong local and global brand positioning; and a more powerful voice with government and in the community. Members in commerce who now vie with MBAs and economists for the top finance spots will also benefit from higher recognition, a stronger brand and programs more keenly targeted to their areas of special interest than is possible with two separate bodies (cited in Anon. 1998i, p. 12).

Ward summarised multiple benefits of a merger, and identified a factor that was absent from previous merger attempts: the competition that accountants faced from other professions, such as law, economics and management (Wildman 1998). Some Institute members had
concerns about the dilution of quality in the Institute’s PY program. Responding to such concerns, Ward, who was also a former National Education Committee chairperson, stated:

As a PY graduate and a past chairman of the New South Wales and National Education Committees, I was naturally keen to ensure that the very best education programme was proposed for the new body. In fact, the new education programme, which will kick off in January 2001 after a two-year transition period, will represent current best practice so that international recognition and reciprocal membership rights are not only retained but enhanced. The new programme will be benchmarked against the highest standards of international recognition (Anon. 1998i, p. 12).

With this public discourse, Ward tried to convince members who were arguing that the education standards of the Society were lower than those of the Institute. Meanwhile, the Institute’s deputy president, Rob Atkinson, presented further convincing arguments to members stating that members could use two designations and explaining that in the marketplace, people tend to differentiate by performance and reputation, not by designation. Atkinson also added that those who had completed the PY would always enjoy its standing as an industry benchmark (Anon. 1998i, p. 12).

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

- September to October: All final details relating to the explanatory statements were to be completed with relevant legal details related to the merger proposal.
- Late October: A meeting of members was to be convened to vote on the merger proposal.
- Early November: An explanatory statement, including details on merger proposals, was to be sent to members.
- Early December: A special general meeting of members would be called to approve or reject the proposal (Anon. 1998d).

The categories of members in the merged body would be Fellow Chartered Professional Accountant (FCHPA), Chartered Professional Accountant (CHPA) and associate accountant (AA) (Anon. 1998d). Although both bodies were engaged in the merger discussions, the Society launched its new television ad campaign in June 1998 to promote the CPA program, which was in direct competition with the Institute’s PY program (Anon. 1998p). In 1998, the Institute released its Visions 2020 paper, which considered the future of the Institute and
provided guidance to members for future skill building, so that they could boost their client base. This plan was to go ahead with its implementation if the merger failed (Anon. 1998p).

In the November edition of the *Australian CPA*, Boymal put forward three broad advantages of a merger, which comprised 1) a better ability to face competition, 2) more resources particularly in the area of intellectual capital and education 3) and better opportunities for marketing and branding of one recognised designation (Boymal 1998b).

8.3.1 Opposition to the merger attempt

A group of Institute members from Perth and New South Wales formed a committee to oppose the merger attempt. The committee was called the Opposing View Committee (OVC). Dennis Robertson, a partner with Sydney firm Weston Woodley and Robertson, was the OVC spokesman. The OVC claimed that the merger attempt was not in the best interests of Institute members and that it would severely dilute the voice of MIPP (Anon. 1998e). This was an attempt at boundary protection, in the same way that the medical profession engaged in boundary management to protect professional boundaries (Allen 1997, 2001; Hunter 2005). The OVC engaged in an organised public discourse to oppose the merger. Their claims were related to discourse of superiority of CAs (Annisette 2017). Robertson argued that the Institute’s MIPP would comprise only 11–12 per cent of the merged body and they would have little say or representation in the affairs of the new organisation (Anon. 1998e).

The OVC was informally called the “No Case” committee and their proposals were termed the “No Case”. The OVC proponents believed that since the failure of the third merger attempt in 1991, the Society had not upgraded its education standards and it demanded that the Institute should support the OVC case equally by bearing the cost of mail to all members (Thomas 1998d). This request was initially denied. However, No Case committee member Alan Pears stated, “In the end the ICA acceded to my ultimatum on November 13 to print and publish it or face a court injunction on November 16” (Thomas 1998d, p. 116). Harvey Pickup, a partner in a small practice of three partners and 10 staff in West Perth and a member of the No Case committee stated:

> The proposal is a sell-out, particularly of younger practice and commerce members’ hard-won Chartered designation and market premium. The ‘yes’ case is long on rhetoric and short on facts; it’s all big-picture and blue-sky compared with the tangible disadvantages. We are much better organised than in the cases of previous merger voting proposals, with
good networks across Australia. When we put the issues to members, many who might have been passive ‘yes’ voters change their minds (Thomas 1998d, p. 116).

The process of merger discussion and vote was brief because of the time span of nine months, which was short compared with those of the previous three merger attempts. This meant that members were not given significant opportunities to express their opinions. However, various media articles reported on interviews with members, especially the “No Case” proponents (Anon. 1998s; Bufflinl 1998; Caruana1998). A young female CA Susan Carter stated:

The ASCPA has suffered losses in the last years. Why would any CA consider themselves better serviced? On a straight financial analysis, we can’t see how we would be better serviced by a bigger body. Also, while the chartered designation may not be important for the Big Five—they don’t even call themselves accountants anymore—there is competition between CAs and CPAs in small firms in the commercial world (Bufflinl 1998, p. 4).

Meanwhile, West Australian CA Frank Cornelius35 stated “The Institute is basically giving away its goodwill free of charge to the much larger and not as well placed Society. Why?” (Bufflinl 1998, p. 4). He also criticised the merger attempt stating, “I believe I speak for many thousands of members who are opposed to this merger proposal. The Institute is not broken. It does not need fixing” (Anon. 1998s, p. 6). A spokesperson for OVC Richard Saunders had a short article published in the November edition of the Institute’s journal. Saunders wrote:

Every aspect of the merger proposal (including the vote) has been rushed. As a result, serious and legitimate concerns of many Chartered Accountants and business people have been either ignored or inadequately addressed by the proponents of the merger. Complacency and inaction (not voting) by those members who have concerns about the merger may lead your Institute down the irreversible path to merger with the ASCPA (1998, p. 3).

A. T. Harris, an FCA from West Perth, wrote a letter to the editor of The Australian Financial Review opposing the merger:


35 Frank Cornelius was also a member of the Institute’s national council and a partner in the Perth-based accounting firm Barrington Partners. In addition, Cornelius was chairperson of the Western Australia State Division of the Institute.
seven years since the last merger attempt the ASCPA has not endeavoured to match the ICAA’s Professional Year standard of eligibility for public practice. The Australian business community is subject to national and international pressures never before experienced, and the accounting profession in general should recognise the important role played by the ICAA in setting the highest standards of public practice and behaviour, comparable to anywhere else in the world. A merger for the sake of size may erode those standards. The public wrangling and division is proof enough that the merger may not work. It should be strongly resisted (1998, p. 22).

A young CA from Victoria Darren Stafford wrote a letter to the editor of Charter. Stafford commented on the proposed merger with discontent and wrote:

Being a recent graduate of the PY program and a current group leader, I find it, at the risk of sounding an intellectual snob, unfair that I, who have been subjected to 18 months of rigorous study of the program, should be put on the same level as someone who has completed five ‘multiple choice’ exams, which, according to my investigations, can all be completed within a three-month timeframe! (1998, p. 8).

Stafford (1998) added another point, stating that in the new proposed body even the members of the Society could call themselves CHPA, while he would prefer the title of CA. However, the risk was that the public would perceive him as “a lesser form of accountant” (Stafford 1998, p. 8). These examples of strong public discourse against the merger attempt shows that the Institute members were protecting their professional identity based on distinguishing themselves from members of the Society (Annisette 2017).

8.3.2 Merger process

Both bodies prepared a common presentation kit to convince members to support the merger proposal. The presentation had eight slides, an eight-minute video, speaking notes and a copy of the preliminary proposal (ASA & ICAA 1998a). The kit also included the suggested format for presentations, which started with a welcome, followed by the video, the slide presentation of about six minutes and a presentation of about five minutes by the proponents of No Case. This was to be followed by a discussion of 20 minutes or more (ASA & ICAA 1998a). The kit also provided the details of No Case and pointed out:

We are obliged to present a balanced case to members. The national councils of the ICAA and ASCPA are in full support of the proposal but we know there will be members who
oppose some aspects. Please provide any representative of the No Case who wishes to speak with an introduction and ample time (say 5–6 minutes to put their case) (ASA & ICAA 1998a, p. 2).

The benefits to members from the merger of the two bodies were listed as follows, with arguments that the merged body would have more resources and capabilities to achieve them:

- status and recognition
- education and training
- global recognition
- standards
- advocacy
- marketing
- intellectual capital (ASA & ICAA,1998b, p. 4–5)

The draft merger proposal included various arguments for representation of the Australian accounting profession by a single body, starting with the ability to provide better marketing of the services provided by accountants. Further, it noted that the combined resources of both organisations would provide intellectual resources to develop new products and services, which members could offer to their clients in a rapidly changing business environment. Stronger advocacy on behalf of the profession was also a key argument advanced, especially when dealing with Australian governments and representing the national accounting profession at the international level. Competition from the non-accounting profession was given a greater emphasis (ASA & ICAA 1998c). The proposal stated:

Our profession is also under threat from outside. The demand for services traditionally provided by accountants is increasingly being met by competitors from outside the profession. In 5–10-years’ time the current level of competition from lawyers, economists, engineers, business consultants and information specialists will be far greater than today. All accountants, whether CAs or CPAs, need a single powerful body representing their interest in this more open and competitive environment (ASA & ICAA 1998c, p. 2).

8.3.3 Merger proposal vote

Early in November 1998, the merger proposal was sent to members of both bodies. In an article in *The West Australian*, Lane (1998, p. 53) stated that the proposed body, the Institute of Chartered Professional Accountants in Australia, would protect and promote the
professional path of accountants more effectively by bringing the two bodies together. This was a descriptive comment that provided the basic details of the merger arrangement. The Institute members voted on the merger proposal at a meeting in Sydney on 14 December, while the Society members voted in Melbourne on the same day. The closing date for sending proxies was 4pm on 11 December (Anon. 1998d, 1998h). The merger vote was covered briefly by press all over Australia (Leon 1998c, 1998d). The result was that out of those members who voted, only a minority 41 per cent of Institute members voted in favour of the merger, while in the Society, 90 per cent of members voted in favour of the merger attempt (Gettler 1998b). The Institute reported in its 1999 annual report that “Just over 6,000 members voted in favour, while nearly 9,000 voted against with just over 50% voted in total” (ICAA 1999, p. 4).

Institute president, Rob Atkinson was not looking back at the failure of this fourth merger attempt and was hopeful about working 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” (Caruana 1998, p. 3). Boymal stated that he was “very disappointed with the outcome, but the current working relationship would continue in areas of mutual necessity and interest” (Caruana 1998, p. 3).

8.4 Discussion and Analysis

This section provides responses to the research questions. Two significant findings emerge from this chapter: 1) the traditional organisational strategies of both bodies were modified 2) and Institute members were once again successful in protecting the Institute’s boundaries and, consequently, the different organisational strategies of each body were preserved. These respective findings are discussed in conjunction with four of the five research questions of this study.

8.4.1 Reasons for mounting the merger attempt

The first research question concerned the reasons for mounting the fourth merger attempt between the Society and the Institute. In other words, the first question was based on identifying reasons that led to changes in the traditional organisational strategies of both
bodies. Boymal summarised the reasons for mounting the fourth merger attempt, which included arguments such as:

Having one body speak on behalf of the profession, rather than two bodies. Remove competition in recruiting people to the profession. Reduce promotional costs that focused purely on recruiting people to one or the other brand (2016).

One of the arguments for mounting the merger attempt was a perceived threat of competition from the legal, economics and other professions (Thomas 1998b, 1998c; Wildman, 1998). Similar to the earlier three merger attempts, the first step for the fourth merger attempt was also taken by the Institute; Boymal endeavoured to explain why:

The CPAs were spending a huge amount of money on marketing and the Institute was therefore required to react or respond to that and so they too must have been spending huge amounts. When you say huge amounts I mean many millions of marketing to counter the very strong marketing of the CPAs. That may have been the financial incentive, but I think more likely the institute having seen that bad result of the CPAs in the two years prior, probably saw it as a once in a lifetime opportunity to make an approach to the CPAs when they thought the CPAs were financially weakened and therefore may have been more obliged or forced to respond. So, I think it was more opportunistic than the chartered themselves being under pressure. They thought the CPAs were under pressure and I think that’s why they made the approach.

As discussed in Section 8.2.3 and presented in Table 8.3 above, the Society suffered deficits of $AU944,000 and $AU2.7 million consecutively in 1995 and 1996. In his oral history interview, Boymal argued that the Institute leaders thought that this was their opportunity to approach the Society. Additionally, both bodies engaged in ongoing joint work. This included work done by the joint standing committee on matters affecting the accounting profession, such as standards setting, international representation of the Australian accounting profession (ICAA 1993) and the establishment of the UIG (ASA 1994a). Ward had argued that the merger attempt was a logical progression as both bodies were involved in many joint projects and had made 57 joint submissions (Anon. 1998l; Farnham 1998).

8.4.2 Strategies adopted by both bodies in the merger attempt

The second research question concerns strategies adopted by the Society and the Institute in each of the four merger attempts. First, unlike in the previous mergers, the Society leaders
were not very enthusiastic initially. Boymal stated, “If there are signs in preliminary polling that the vote may be too close to call, as occurred in 1991, we would abort the process” (Thomas 1998a, p. 84). This was based on the fact that the first three merger attempts were overwhelmingly supported by members of the Society, but all these three merger attempts were voted down by members of the Institute. Boymal further stated:

There were many reservations on the CPA side because of the past failures and, it’s really ironic but we stated to the Institute, we would only proceed if polls indicated that it was going to work (2016).

This shows that for the first time in merger negotiations, the Society set some conditions to avoid facing a similar situation to that faced during the first three merger attempts. Both bodies formed a JTF with seven members, four from the Society and three from the Institute, to develop merger proposals. As discussed earlier, both bodies jointly produced a video supporting the “Yes” case, featuring different accountants who were involved in a range of professional accounting work, such as a partner in the Big Five audit firms, a suburban public practitioner, a commercial accountant, an office bearer involved in government work and a young member (Thomas 1998b).

To convince members to support the merger attempt, a joint newspaper advertisement was placed in papers across Australia along with an open and brief letter containing the names of 31 leading accounting professionals, including the former presidents of both bodies, Professor Philip Brown, Professor Murray Wells and David Crawford (the national chairperson of KPMG) (Thomas 1998b). The aim of the advertisement and letter was to send a message, especially to Institute members, that the fourth merger attempt had widespread support from different sections of accounting professionals involved in many types of accounting work (Gettler 1998a).

Other strategies adopted by both bodies included gaining support from institutions and well-known personalities. For example, the Big Five firms came on board to support the merger attempt (Boymal 2016). To introduce the issue of merger, Ward stated that a country of Australia’s size did not need two organisations competing for resources (Anon. 1998l, p. 7). The deputy president of the Society, Rob Atkinson, dismissed claims that the merger was driven by the Big Five firms and argued that members involved in all types of accounting work were driving the merger (Anon. 1998i, p. 12). This appears to have been a strategy to
gain members’ support because the outcome of the vote showed that these were claims made only by leaders of the Institute. Similarly, Ward made attempts to sell the merger to members claiming that a single professional body would have greater resources to meet the challenges of technology and globalisation.

To develop members’ interest in supporting the merger attempt, the Institute initially ignored the OVC demands. The group then threatened court action, which caused the Institute’s leadership to change its strategy from completely ignoring the demands to acknowledging the existence of the active and organised opposition to the merger attempt by the Institute members (Anon. 1998e). The draft merger proposal was used to argue the merger case by citing reasons of better service quality, lobbying power and international representation (ASA & ICAA 1998c). These strategies were used to gain support for changes in traditional strategies and for changing the boundaries of the Institute, which were based on membership of that body.

Although the aim was to convince members of the Institute to support the fourth merger attempt, the merger proposals in fact ensured that except for the existing members of the Institute, no new members could call themselves CAs, which was an issue of contention. So, members of the Society could either use the new title CHPA, standing for Chartered Professional Accountant, or CPA, or use both the new and the old designations. In other words, unlike previous attempts, in the event of a successful merger vote, Society members would not use the title CA. Similarly, Institute members could use their existing title of CA or the new title. This strategy was used to gain support from members of the Institute.

8.5 Reasons for Merger Attempt Failure

There are two aspects in the analysis when responding to the third research question. First, there was detachment between leaders and members of the Institute (Lee 2010; Shackleton & Walker 2001). Second, the members of the Institute engaged in boundary protection work and sought to preserve the existing boundaries.

Boymal stated that the key reason for failure was that young members did not support the merger, which shows the detachment of the leadership from members. Boymal (2016) stated:

I think it’s probably fair to say that they [CAs] put in much more hours to get their qualification than the CPA member. So the Institute people, particularly the young people
who had just done the course had come to their own conclusion that they had put in a lot harder work than had sort of the equivalent CPA member and therefore they were better and the Institute had been promoting in its marketing this whole idea that it was the superior accounting body, it had the most stringent education and the others weren’t anywhere near it in quality.

Historical reasons that had led to the formation of two bodies initially and then led to the failure of the first three merger attempts also contributed to the failure of the fourth merger attempt. In most cases, archival documents available for both bodies did not contain information about detailed voting patterns. However, the Institute had recorded voting patterns based on states and age of membership for the fourth merger attempt, as presented in Table 8.5.

Table 8.5: Institute Members Voting ‘Yes’ (%)

<table>
<thead>
<tr>
<th>Years of Membership</th>
<th>NSW</th>
<th>VIC</th>
<th>QLD</th>
<th>SA/NT</th>
<th>WA</th>
<th>TAS</th>
<th>ACT</th>
<th>Total</th>
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<td>29.8</td>
<td>34.5</td>
<td>19.5</td>
<td>43.9</td>
<td>45.1</td>
<td>28.6</td>
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<td>32.3</td>
<td>45.5</td>
<td>42.8</td>
<td>42.9</td>
<td>24.2</td>
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<td>70.4</td>
<td>53.3</td>
<td>52.9</td>
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<td>59.3</td>
<td>54.5</td>
<td>58.1</td>
<td>46.4</td>
<td>70.4</td>
<td>53.3</td>
<td>52.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>37.9</td>
<td>48</td>
<td>43.9</td>
<td>48.1</td>
<td>30.2</td>
<td>61.9</td>
<td>54.3</td>
<td>40.6</td>
</tr>
</tbody>
</table>

Source: Anon. (1999e, p.13).

Table 8.5 provides an analysis that shows that members who had shorter periods of membership showed less support for the merger proposal, while the highest support was among members who had more than 11, 16 or 26 years of membership. The lowest overall support for the merger was from Western Australia, while the second lowest was from New South Wales. This outcome of the vote and strong opposition from Institute members in Western Australia and New South Wales was also reflected in the views of the Institute members presented via letters and arguments of organised campaigns, which were run mainly in Western Australia against the proposed merger (Anon. 1998m; Harris 1998; Stafford 1998). Boymal (2016) also stated that the new president of the Institute was not as enthusiastic as the previous president:

Look I suppose in truth the enthusiasm of Rob Ward wasn’t with the next president [Rob Atkinson]. I think with all things like that it has to come from the top, it has to come from the leadership and if the leadership gives any indication of not being enthusiastic then it
sorts of feeds. I was enthusiastic but my counterpart in the Institute was nowhere near as enthusiastic as Rob Ward. Although they kept going with it and the CPAs kept putting pressure on them... they painted themselves into a corner – I think a corner that was hard for them to extract themselves from. So it ended up that I... more by default than anything else, ended up being the main pusher of it.

Hence, Boymal highlighted that lack of strong leadership to advocate the Institute’s view was a reason for the failure of last merger attempt. Boymal (2016) identified another factor around the competitive advantage of having the CA title:

There was one other factor though and that is something that we hadn’t quite appreciated and it was probably more apparent in Western Australia than elsewhere. If you’re in a country town and you’ve got your shingle up that says Bill Smith Chartered Accountant and his competition there is with Arthur Jones CPA... for both of them the distinguishing feature is Chartered Accountant. We hadn’t quite appreciated just how deep this feeling was. I think the point that I made though which is that the value of the designation from a competition point of view in smaller towns.

Proponents of the OVC believed that the actions and process adopted for mounting the merger attempt were too fast and that the concerns of many members of the Institute were ignored (Saunders 1998, p. 3). This was one of the reasons that had unsettled a portion of the Institute members. The arguments of the Institute members included claims that the education standards of the Society were inferior (Harris 1998). After the failure, Boymal stated, “the problem is that the rank-and-file membership of the Institute and its leadership don’t think as one and it is therefore difficult … when they talk and can’t deliver” (Gettler 1998b, p. 15). Hence, detachment of the leadership of the Institute from its members was one of the reasons for failure.

A New South Wales state councillor of the Institute, Saunders, also broke ranks and went public against the decision of his council. Saunders stated, “National Council has now spent over $AU1 million of your money trying to coerce you into a minority position in an ill-defined new accounting body” (Thomas 1998d, p.116). Saunders further stated, “Chartered Accountants could be forgiven for thinking that all state and national councillors would support the merger. This is NOT the case” (Thomas 1998d, p. 116). This points to a detachment of leaders from members of the professional bodies, which was also visible in Britain where a central reason for various unsuccessful merger attempts was the detachment
of office bearers of professional associations from rank-and-file members. Such detachment could be fatal, given that the ultimate authority to approve any merger scheme would vest with the members (Shackleton & Walker 2001).

The Institute president Rob Atkinson wrote:

> While no clear answer is available as to why the result differed from the predicted outcome, the late appearance of the case against merger clearly swayed many to change their minds. The complex and lengthy documentation required by law to be sent to members was undoubtedly another detracting factor. I thank those who participated in the debate, took the time to vote and volunteered their views (ICAA 1999, p. 4).

This reveals that the Institute leaders failed to understand the mood of members accurately. As with the other three merger attempts, the leaders could not convince members of the virtue of the proposed merger and also did not realise that most members were against the proposed merger, which led them to engage in boundary protection work. Atkinson acknowledged in his statement that the leadership misread the level of support offered by the Institute members and stated, “It was always going to be difficult to read that impact but we didn't expect that impact it had. We obviously misread the support we believed we had” (Leon 1998a, p. 3).

### 8.5.1 Reactions of various stakeholders

The fourth research question concerned the reactions of various stakeholders to the proposals for unification and their subsequent failures. The fourth merger attempt attracted support from big accounting firms and other well-known individuals, such as the CEO of Arthur Andersen Chris Knoblanche, who stated:

> We run the risk of looking naive to our market place if we can’t get to a position where we understand what we are as a profession and represent that in a united, consistent manner (Bufflinl 1998, p. 4).

Another major supporter of merger, Professor Ken Leo, Head of Accounting at Curtin University, identified that young Institute members who had recently gained qualification would contribute to the failure of the merger attempt. In fact, he was right (Anon. 1998q). Professor Terry Heazlewood, Head of the School of Finance at Charles Sturt University in

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36 Stakeholders include members of both professional bodies, the government, policy makers, accounting firms and investors.
Wagga Wagga, stated “accounting departments in Australian universities will find life much easier with one large accounting body” (Anon. 1998q, p. 2). Heazlewood further added that a single body would mean each university would not need two staff members acting as representatives of either body. He stated, “At the moment we spend a lot of time liaising with the two bodies in order to attain approval for accounting courses” (Anon. 1998q, p. 2).

When Boymal (2016) was asked about the reaction of stakeholders after the failure of merger attempt, he stated:

> There was no reaction. The big firms I think were attracted with the reduction in the subscriptions because if you’re not spending so much on marketing then you should expect some reduction in subscriptions and the big firms were in the habit of paying the membership subscription of all of their staff. So there was a reasonable amount of cost involved to the big firms and so that’s why the management were in favour but, they quite obviously couldn’t get their younger employees [to support the proposal] and understandably if their employees weren’t paying their subscriptions then that wasn’t enough of an incentive.

The failure of the merger attempt was covered by the press (Caruana 1998; Gettler 1998b; Lawson 1998b; Leon 1998a). Clearly not pleased with the outcome, the Institute’s national president, Atkinson stated, “it appeared the proponents of the “no” case had pitched their case on emotional grounds that the status of Chartered Accountants was at risk” (Leon 1998a, p. 3). This was an attempt to modify the traditional strategies of the Institute, which were based on exclusiveness, being the underlying strategy on which the boundaries of Institute were initially constructed. Hence, when such boundaries were threatened, members engaged in boundary protection. Ultimately, it was the members who would make the final decision about whether to accept the move for merger or not. While leaders of the Institute failed to fully understand the sentiments of members, it was likely that merger would fail. Frank Cornelius, an opponent of merger and member of the Institute’s national council, pointed out that there were many reasons that members of the Institute had rejected the merger, the most important being lower education standards of the Society members. Cornelius added that the Institute members were fearful of the erosion of their prized CA designation (Lawson 1998b): in other words, the exclusive status associated with the title of CA that was developed over many decades and around which boundaries were constructed. Members of the Institute did not want to change those boundaries.
8.6 Conclusion

This chapter examined the fourth merger attempt, which was the last attempt to consolidate the Australian accounting profession. The failure of the last of the four mergers attempts ended efforts across a period of four decades by the leaders of the Society and the Institute to instigate a merger. As this chapter shows, the period between initial discussions on the fourth merger and the final vote was the shortest among all four mergers. From initial discussion to merger vote, the whole process was completed within nine months, between March and December 1998.

The fourth merger attempt was unique because the merger discussions started informally between the presidents of both bodies in Paris. The Society had experienced three merger attempt failures and its leadership was not as keen as it had been in earlier merger attempts. The president of the Society openly admitted that they would like to discontinue merger discussions rather than face another failure (Thomas 1998a). The merger vote was also extended in August one of the many surveys conducted found that there was not enough support from members.

Similar to the other three attempts, the merger discussions for the fourth attempt were initiated by the Institute and were accepted by the Society. Young members, especially from Western Australia, led a structured opposition. For this merger attempt, the Institute retained details in its voting result documents of the length of membership in years and the pattern of support for the merger. This evidence shows that younger members and those with the shortest length of membership in the Institute showed the lowest level of support for the merger attempt. The next chapter provides a comparative analysis of all the four merger attempts.
Chapter 9: Comparison of the Four Merger Attempts

9.1 Introduction

This chapter provides a comparative view of the four unsuccessful merger attempts, primarily considering the similarities and differences that affected the merger attempts. This comparative view is provided to enable viewing these attempts from a macro perspective. While many common themes exist across each of the merger attempts, there are also some differences. A common theme across all merger attempts was that the leaders of the Institute presumably believed that their membership would support the merger proposal, or could at least be persuaded to do so. However, the votes revealed, except perhaps for the third merger attempt where the voting was very close, that this presumption was seriously in error. The members of the Institute, who held claim to a higher professional status, persistently rejected the idea of changes to the longstanding boundaries of the organisation’s membership. This has been characterised as a detachment of the Institute leaders from its members (Lee 2010; Shackleton & Walker 2001).

Another common factor related to the required majority to pass the merger attempt proposals. For a merger proposal to succeed, the Institute needed the support of a two-thirds majority of members. Across all four merger attempts, the Institute members voted well below this threshold, apart from the third merger attempt that almost succeeded. However, a different voting method was used in that case, which boosted the votes of Institute members in favour of the merger attempt. In the case of the Society, the minimum requirement was 75 per cent of members voting in favour of change, which did not turn out to be an issue for any of the four merger attempts.

Apart from these common factors, there were differences as well. For example, the process adopted to mount the merger attempts was different across the four merger attempts. In the case of first two merger attempts, subcommittees of members of both bodies were formed to consider the matter and draft the final proposals. However, for the last two merger attempts, most decisions were taken by the senior leadership, especially the presidents of the two organisations. The process of initiation of merger discussions was also different in each case. A common theme in this process was that the Institute presidents initiated all mergers attempts. Some other such factors are analysed in the following sections.
According to Carnegie and Napier (2002), there is significant potential for the study of accounting developments from a comparative international perspective. However, comparative accounting history also has the potential to expand into the study of accounting history across a period in a comparative social, economic and political context, such as the four unsuccessful mergers studied in this project. This is the focus of the current chapter. Section 9.2 provides a comparative analysis of responses to the four research questions, examining common themes and any differences. Chapters 5 to 8 covered the first to fourth merger attempts respectively, with a focus on the individual merger cases. This chapter provides a macro and overall analysis of the four merger attempts. In other words, this chapter has a comparative accounting history focus (Carnegie and Napier 2002).

Section 9.3 provides a brief discussion of similarities and differences across the four merger attempts. This includes joint work and joint activities undertaken by both bodies from the early 1960s to the time of the final merger attempt and the period immediately after its failure. Across a period of more than three decades, cooperation between the two bodies on matters of mutual interest was a key common theme. The trend also shows that gradually both bodies were getting closer to each other while responding to professional challenges and opportunities. This section also examines a challenge that the Institute faced during the period under investigation, namely, the profile of its membership. The Institute was formed as an association of public accountants that succeeded in obtaining a Royal Charter, but the proportion of its MIPP decreased considerably during the period under study. Factual details and discussion is provided in this section. Subsection 9.3.3 compares and contrasts the official rationales used to mount the merger attempts. The official rationales mostly had common themes, but across the last two merger attempts, the scope of the rationales for, and the objectives of, the mergers expanded to include emerging issues and challenges. The last part of this section examines the Society members’ strong support for and Institute members’ overall opposition to each of the mergers. The last section concludes this chapter.

9.2 Comparative Analysis of Responses to the Four Research Questions

The first research question was “What were the reasons for mounting the merger attempts between the Society and the Institute?” According to Gieryn (1983), boundaries are dynamic structures that can be modified as a response to crisis and internal change and supporters of the merger proposals emphasised arguments such as the ability to speak with one voice, increased lobbying power, international representation, cost reduction and raising standards
of education (Gieryn 1983; Nancarrow & Borthwick 2005). The reasons for mounting the four merger attempts can be summarised as deriving from external pressures and internal motivations. External pressures included the legitimacy crisis faced by the Australian accounting profession, which was a key factor across the first three merger attempts. For the first merger attempt, a legitimacy crisis had resulted from a series of corporate failures in the early to mid-1960s (Carnegie & O’Connell 2012). Similarly, during the second merger attempt, a legitimacy crisis emerged in the early to mid-1970s after a spate of corporate collapses, specifically in the mining and finance sectors (Henderson 1997). Before the mounting of the third merger attempt, the share market crash and related economic recession and corporate collapses once again led to a legitimacy crisis for the accounting profession (Gottliebsen 1990; Macfarlane 2006; Taylor 2016). These circumstances were not visible during the fourth merger attempt, especially as the whole process lasted for a period of nine months only. These conditions indicate that a period of crisis and challenges may precipitate attempts to change professional boundaries, as “creating and maintaining boundaries is particularly evident within professions, their regulation and operations” (Gracia & Oats 2012, p. 308).

Various internal motivations for the leaders of both bodies included the ability to speak with one voice as a united single body; a resultant incentive linked with unity was increased lobbying power in dealing with various state and federal governments (Henderson 1997; Gottliebsen 1990; Macfarlane 2006; Taylor 2016). The international representation of the Australian accounting profession by a single body was also an argument regularly presented by leaders of both bodies. Apart from these factors, other motivations included reduction in costs and in the resources being allocated to rival marketing campaigns by both bodies. Raising of the status of professional accountants was a key motivation for at least the Society leaders, but both bodies agreed on the need to raise the overall standards of accountants’ education (Gottliebsen 1990; Macfarlane 2006; Taylor 2016).

Research shows that relaxing a strategy of exclusiveness by allowing more members to join a professional association can enable greater market control (Macdonald & Ritzer 1988, p. 258) and this has been quite visible in merger attempts. With the shift of focus from exclusivity, growth-oriented organisations allow more individuals to join with less strict entry requirements. This approach enables them to expand their membership base and thereby gain a greater degree of market control. A dominant common theme across all merger attempts...
was that a single body would have the ability to speak with one voice and thereby have stronger lobbying power (Anon. 1968b; Miller 2015; Taylor 2016; Thiele 1975). The second merger attempt projected an important requirement for accounting bodies “to speak up with one voice, loud and clear” (Norgard 1980). For the third merger attempt, the lobbying power of a united body was described as “an overriding reason to merge”, along with avoiding duplication of effort and waste of resources (McGregor 2015). Competition between the two bodies, resulting in duplication of efforts, and cost reduction factors were common across the second, third and fourth merger attempts (Boymal 2016; Neilson 2015). Therefore, intraprofessional rivalry may lead to changes of context, which makes professional boundaries more susceptible to amendments (Nancarrow & Borthwick 2005). These factors, whether they were internal to the bodies or driven by external forces, led to proposed changes in the professional boundaries of both bodies, which were considered potentially dynamic and flexible by leaders of both bodies (Gieryn 1983; Nancarrow & Borthwick 2005).

Question 2 was “What strategies were adopted by the Society and the Institute in each of the four merger attempts?” An analysis of this question across the four merger attempts shows that the mergers were mounted on the basis of modifying the traditional organisational strategies around “exclusiveness versus market control” (Macdonald & Ritzer 1988, p. 257). Hence, changes to traditional organisational strategies were key changes proposed by both bodies across the four merger attempts. The Society was aiming at status upgrade and, thereby, modification of its traditional strategy of market control linked primarily with membership growth (Anon. 1976b; Irving 1966). The upgrade of professional status of its members was viewed as a key motivation to merge with a perceived higher-status organisation, namely, the Institute (Anon. 1976b; Irving 1966; Miller 2015).

For the Institute, conversely, the portion of its MIPP was in decline, which meant the arguments of exclusiveness were becoming weaker (MIPP declined from 72 per cent in 1969 to 46 per cent in 1999) (ICAA 1969, 1999). Contrary to its historical foundations based solely on MIPP, this share was now not enough to claim that the Institute was an organisation of public practitioners. The reasons for the mergers analysed in question one show that the leaders of the Institute were prepared to sacrifice some of the exclusive status of their members, which then led to the proposed changes in professional boundaries (Gieryn 1983). Across all four merger attempts, the language of the Institute leaders shifted from the traditional emphasis on exclusivity in favour of inclusivity, as illustrated by the following
statement: “accountancy is one undivided profession of which public practice is but one segment” (Savage 1969, p.1). Earlier, the Institute leaders would emphasise differences, but they changed their language during the merger attempts in favour of statements such as “Unity is strength. The status of each individual accountant is related to the status and strength of the profession” (Anon. 1991b, p. 7). This change in language used, switching between claims of exclusivity and inclusivity, is explained by Gieryn (1983), who argued that demarcation is based on certain narratives.

Question 3 was, “What key factors contributed to the failure of each merger attempt?” The overall reasons for failure were common across the four merger attempts. They included the detachment of the leaders from Institute members (Lee 2010; Shackleton & Walker 2001) and successful boundary protection by the latter. This detachment is reflected in the statements made by members, which showed that some members were quite angry and this prompted others to express their views as well. Ultimately, Institute members demonstrated detachment by voting against its leaders’ recommendations (Lee 2010; Shackleton & Walker 2001).

Richardson and Jones (2007) found that successful mergers of accounting associations are the result of modification of boundaries by which members of the perceived higher-status associations agree to adjust their self-image to accommodate changes relating to organisational strategy (Richardson & Jones 2007). This was not the case for the four merger attempts because they all failed owing to insufficient support from Institute members. Across the four mergers attempts, the Institute leaders failed to understand that members were not prepared to accept changes in professional boundaries to the extent necessary for a merger to proceed. The evidence shows that Institute members were detached from leaders across all four merger attempts (Lee 2010; Shackleton & Walker 2001), which was also reflected in public discourse by the former. For example, “We’re being treated like little boys” (Anon. 1991b, p. 7), leading to the claim that “the rank-and-file membership of the Institute and its leadership don’t think as one” (Gettler 1998b, p. 15). These sentiments illuminate detachment to the extent that Institute members were quite angry at its leadership for proposing the four merger attempts. It is acknowledged, however, that the third merger attempt came close to succeeding.

Research shows that any changes to professional boundaries may precipitate resentment from members of the perceived higher-status organisations (Fournier 2000), who may then deploy
defence strategies to protect their preferred boundaries (Keohane & Milner 1996; Milner 1996). The common pattern across the four merger attempts is that the younger Institute members, and especially those from Western Australia, were instrumental in opposing all four mergers: see Orr (2014); McKenon (1981) and Miller (2015); Bowerman (1991b), McGregor (2015) and Taylor (2016); and Boymal (2016) for more details in this regard on the first, second, third and fourth attempts, respectively. This means those members were generally more detached and participated in boundary protection activities much more than others.

During the first merger attempt, Institute members engaged in discursive arguments that expressed sentiments such as “we are the persons to make the decision not General Council” (Anon. 1969b). Such statements reveal that some members did not consider themselves bound to follow the recommendations of the organisation’s leaders (Lee 2010; Shackleton & Walker 2001). Boundary protection work for the first merger attempt was achieved with such discursive arguments as the claim that Institute members had worked hard to become CAs and did not want other people to benefit from the same title without the same hard work (Orr 2014). In other words, the boundary protection was an attempt to protect the professional identity (Guo 2012) constructed by the Institute around exclusiveness (Zerubavel 1991).

For the second merger attempt, the leaders of the Institute again did not successfully read the mood of their members; as Miller (2015) stated, there was a “failure of Chartered leaders to understand how deeply the younger members felt”. In addition to individual boundary protection work, the members engaged in organised boundary protection work, which was also the case for the first merger attempt (Anon 1981j). For the third merger attempt, which almost succeeded, boundary protection was a well-coordinated campaign by a group of the Institute’s younger members in Perth (Anon. 1991c), who even extended their discourse through published advertisements calling for Institute members to vote “No” to the merger attempt (Anon. 1991c). Therefore, the opposition by this group to boundary changes was more structured and formal and hence more effective.

The fourth merger attempt failed because of similar reasons, and members conducted the boundary protection work at a more organised level. The campaign committee was officially called the OVC, and its discursive argument was that the proposed merger was against the interests of Institute members and would dilute the voice of its MIPP because the new body would have a significant majority of MNIPP (Anon. 1998e). This was also an attempt to
protect the status of MIPP and their resultant access to resources, such as higher income (Lamont and Molnár 2002). Therefore, consistent with Gieryn (1983), the Institute members constructed labels to distinguish themselves from the Society members and successfully defended the boundaries across the four merger attempts.

The boundary protection work by the Institute members was an attempt to protect their professional identity (Guo 2012), because boundaries “play a critical role in the process of constructing identities” (Zerubavel 1991, p. 193) and in maintaining them. The members of the Institute repeatedly stated that the standards of Society members were lower than that of the Institute (Boymal 2016; Miller 2015; Orr 2014). Boundary protection work often involves use of exclusionary labels, such as “‘pseudo’, ‘deviant’, or ‘amateur’” (Gieryn 1983 p. 792). Across the four merger attempts, the Institute members used similar labels for the Society members to oppose the merger attempts, referring to their “lower technical ability to deal with people” (Orr 2014) and that the “merger could lead to a dilution of standards” (Anon 1981b, p.9) owing to lower education standards of the Society members (Leong 1991). The demarcation between members of the Institute and the Society was based on these arguments in a similar way as scientists have used boundary work (Gieryn 1983) and how Canadian trained accountants distinguished themselves from “foreign” trained accountants (Annisette 2013; Annisette & Trivedi 2013).

Question 4 was concerned with the reaction of various stakeholders after the merger attempts had failed. The analysis across the four merger attempts shows that the attempts to change the traditional organisational strategies of both bodies (Macdonald & Ritzer 1988) and their failure resulting from successful boundary protection (Fournier 2000; Gieryn 1983; Persson 2010) were essentially deemed to be an internal affair of the accounting profession. The failure of the merger attempts did not attract significant public interest, as the lack of evidence shows for the first two merger attempts (Anon. 1981f; Barnes 1981; Neilson 2015; Orr 2014). After the failure of the almost-successful third merger attempt, commenting on the reaction of stakeholders, especially the governments, McGregor (2015) stated that “they didn’t care and they had higher priorities”. The fourth merger attempt attracted big accounting firms and other influential individuals to support the move (Bufflinl 1998). This shows that the Big 4 were foreseeing benefits resulting from a single body linked with better control over the market and lobbying power. However, in relation to the reaction of stakeholders after the failure, Boymal (2016) believed that “There was no reaction”. Hence,
the findings do not provide much context for a detailed discussion in response to the fourth research question.

9.3 Similarities and Differences Across the Four Merger Attempts

This section identifies similarities and differences across the four merger attempts. Although each merger attempt was a unique scenario, various similarities and differences exist among these as regards the reasons for attempting a merger, contexts, merger processes and reasons for ultimate failure. The comparative analysis across the four merger attempts adds further value to the findings and relevance of this study.

9.3.1 Joint work

Among other common issues observed across the four merger attempts is the issue of significant joint activities and cooperation on matters of common interest. Since both bodies started discussions on matters of mutual interest, a first joint committee was established in 1965 (Anon. 1965a) and this trend continued, despite the failure of the first merger attempt. The formation of the ARF was a significant joint achievement before the first merger attempt (Burrows 1996; Carnegie & O’Connell 2012). Therefore, before the first merger attempt was mounted, joint work on common issues had already started about four years earlier. A key development included joint conferences of the two bodies (Carnegie & O’Connell 2012), and eight such conferences were held between March 1967 and October 1968 (ASA & ICAA 1968a). The formal unity committee emerged from these conferences after June 1968, which took all key decisions related to the first merger attempt (ASA & ICAA 1968a).

After the failure of the first merger attempt, and to mount the second merger attempt, a joint standing committee with members from the executive committees of both bodies was formed to work on matters affecting the interests of both bodies. Under the auspices of this committee, different subcommittees were also formed (ASA 1970). Both bodies also regularly consulted in relation to their submissions to various governments (ASA 1972). A major joint work before the second merger attempt was the hosting of the Tenth International Congress of Accountants in Sydney in 1972 (Williams 1973). Both bodies jointly established satisfactory communications with the federal and state governments (ICAA 1975).

Before the third merger attempt, cooperation between the two bodies had increased to include joint activities on matters of accounting and auditing pronouncements, international
representation and government submissions. The joint standing committee, which included the presidents and executive directors of both bodies, was meeting four times a year (Sharpe 1983). After the failure of the third merger attempt and before the fourth merger attempt was mounted, the joint activities between the two bodies continued apace. In 1992, both bodies revised the terms of the joint standing committee with four compulsory annual joint meetings of the entire executive committees to facilitate cooperation and understanding on matters of mutual interest (ICAA 1992). The UIG was established by both bodies in 1994 to address emerging issues faced by the accounting profession (ASA 1994, p.15).

Although all four merger attempts failed, both bodies continued to work together on matters affecting the profession, from right before the first merger attempt and throughout the period under investigation.

9.3.2 Decrease in the Institute’s members in public practice

A common trend relating to the four merger attempts was that the Institute’s MIPP were declining as a proportion of its total membership. The Institute’s Royal Charter was granted to 28 public accountants in 1928 (ICAA 1969), and its predecessor organisation was the ACPA, that is, a national association of public accountants. At the time of the first merger attempt, 72 per cent of the members of the Institute were MIPP (ICAA 1969). After the failure of the first merger attempt in 1972, this figure remained at 72 per cent but it then declined in 1981 to 65.6 per cent of the membership (ICAA 1971–1981). Therefore, during a period of 11 years, the proportion of MIPP declined by 6.5 percentage points.

In 1987, the Institute’s MIPP fell further to 57 per cent (Henderson 1988, p. 6), and by 1992, it had fallen to 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. For example, in arguing in favour of a merger the then Institute president, Savage (1969, p. 1), stated that “accountancy is one undivided profession of which public practice is but one segment” (Savage 1969, p. 1). Meanwhile, Phillip, who was the Institute president at the time of the second merger attempt, stated that sectional groups working in public practice, the government and academia or in commerce needed to work together, putting aside their sectional interests (ICAA 1980). Taylor (1991b) argued that the Institute’s 45 per cent MNIPP showed the strength of the diversity of its
membership. The increasing share of MNIPP was used as an argument to convince members of the Institute, even in the case of the fourth merger attempt (ICAA 1998).

9.3.3 Official rationale and objectives

The mergers of professional associations in Australia were mounted as proactive steps to protect the professional legitimacy of the profession resulting from sudden corporate failures, as in the case of the first three mergers at least, to promote and develop the professional brand and to enhance the lobbying power of the profession (Anon. 1976a; Gottliebsen 1990; Henderson 1997; Macfarlane 2006; Taylor 2016). Mergers of professional associations typically lead to modification of traditional strategies, resulting in changed professional boundaries as a response to professional crisis and internal changes (Gieryn 1983; Nancarrow & Borthwick 2005). Such factors generally influence the decision to mount mergers of professional accounting associations (Richardson & Jones 2007). In the context of British accounting profession mergers, modification of organisational strategies of exclusivity versus market control has been an initiating factor for merger discussions (Walker & Shackleton 1995). This section compares the official rationale and objectives of the four merger attempts by examining the commonality of internal motivations and responses to professional crisis.

The official rationale for the first merger attempt was projected in a jointly issued merger proposal. It stated:

The integration of these two organisations to form one body, comprising some 35,000 members drawn from all sectors of the profession, is a natural and logical culmination of the development of accountancy in Australia. It will strengthen the ability of our profession to meet the many challenges facing its members and facilitate effective action to develop and enforce the standards of accounting appropriate to the rapid economic expansion of Australia (ICAA & ASA 1969, p. 2).

This rationale concentrated on long-term gains for the accounting profession, proposing permanent changes in the boundaries of the professional accounting associations. As a result, the professional boundaries drawn around the membership of the Institute would shift with the formation of one large body with a Royal Charter (Gieryn 1983; Lamont & Molnár 2002). Similar to the stated rationale and objectives of the first merger attempt, the official rationale for the second merger attempt also addressed the challenges that the profession was facing. The rationale for the merger was stated as follows:
The accountancy profession is under increasing public scrutiny and it is likely that pressure for greater accountability by the profession itself will increase. A pooling of the talent, initiative and resources of our joint memberships will strengthen the profession to meet this challenge, whereas if both bodies were to continue as separate organisations our respective standing and influence could well diminish (ASA 1976, p. 9).

The official rationale for the third merger attempt also drew upon the challenges faced by the profession as a key point to argue the case. The ability to speak with one voice and cost-effective operations resulting from one organisation were some other strong arguments. As quoted earlier in Section 7.3.4, the official rationale of 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 & ICAA 1990a, p. 10).

For the fourth and last merger attempt, the rationale also included issues such as the need to raise the professional status of accountants, and to recognise and raise education and training standards in the profession. A stronger lobbying power resulting from a single body was also a key argument (ASA & ICAA 1998c). Across the four mergers attempts, there were more common themes than differences, which included raising the professional status of accountants, enforcing accounting standards, stronger lobbying powers and improving the ability to speak with one voice. There were also some differences in the official rationales across the four merger attempts. For example, unity of both bodies was termed as a natural and logical development for the Australian accounting profession during the first merger attempt (ICAA & ASA 1969). The second merger emphasised that a united profession would better address the accountability of the profession and the benefits of pooling the talents from both bodies, including members and staff.

9.3.4 Society members’ strong support and Institute members’ opposition

This subsection examines the overall response from members of both bodies to the merger attempts. Each of the four merger attempts was overwhelmingly supported by the Society members but rejected by Institute members. Society members were going to acquire a higher professional status across all four merger attempts, if successful. As shown in Table 9.1,
across all merger attempts, the minimum support from Society members was 88.5 per cent while Institute members’ support was low for the first and fourth merger attempts and did not reach a 50 per cent majority. Only the third attempt came very close to success, while all other attempts were far below the set threshold level of support at two-thirds of the vote.

Table 9.1: Comparison of the Four Merger Attempts

<table>
<thead>
<tr>
<th>Attempt</th>
<th>Year</th>
<th>Institute</th>
<th>Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>1969</td>
<td>58.2</td>
<td>11.5</td>
</tr>
<tr>
<td>Second</td>
<td>1981</td>
<td>43.5</td>
<td>9.9</td>
</tr>
<tr>
<td>Third</td>
<td>1991</td>
<td>36.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Fourth</td>
<td>1998</td>
<td>59.0</td>
<td>10.0</td>
</tr>
</tbody>
</table>


The traditional organisational strategy of the Society had a stronger emphasis on market control than had that of the Institute, which favoured a more exclusive strategy based on MIPP dating back to 1928 (Carnegie et al. 2003; Chua & Poullaos 1998; Macdonald & Ritzer 1988). The merger with the Institute would deliver higher status as well as modification to the Society’s traditional strategy, because a single body equipped with a well-known and recognised professional title for members to use would be exclusive while also holding significant market control because of its membership size. This helps explain the strong support of the Society’s members.

The members of the Institute were asked to accept a modification in the traditional strategy of exclusivity (Carnegie et al. 2003; Chua & Poullaos 1998; Macdonald & Ritzer 1988). However, across the four merger attempts, younger Institute members, especially from Western Australia, strongly opposed all the mergers. For example, Shorrock (1981), who was a young recent PY graduate from Perth, commented that he was disappointed that the Institute leaders were ignoring the hard work of its members in gaining membership. He compared education standards of members of the Society and the Institute and rejected the idea of merger. Other examples of discursive arguments against the merger attempts included that of Hines (1981 p. 355), who held similar views: “They have lower technical ability to deal with people and I will not support the merger”. Shorrock’s (1981) and Hines’ (1981) statements are evidence of boundary protection because it appears that some Institute members were not prepared to accept any changes to the boundaries of their body.
Therefore, across all merger attempts there was strong support from members of the Society and insufficient support from members of the Institute and this resulted in all merger attempts failing. The theoretical implications of this outcome are consistent with the findings of previous research that revealed similar trends in terms of reaction from the perceived higher and lower status groups to proposed changes in social and professional boundaries. Those studies found that whenever changes are proposed to social and professional boundaries to make them more inclusive, such changes attract strong support from members in lower status groups because such developments lead to their status upgrade (Lamont & Molnár 2002). However, the individuals in higher-status groups tend to oppose changes in boundaries (Lamont & Molnár 2002; Milner 1996). The findings and analysis across all four merger attempts show closely similar outcomes in relation to the strong support for mergers from the Society members, the perceived lower status group, and opposition to mergers from the Institute members, the perceived higher-status group, with the exception of the third merger attempt. Nevertheless, even then, the Institute support was not enough to effect the merger.

9.4 Conclusion

This chapter examined all the four unsuccessful merger attempts collectively, identifying similarities and differences among them. All four merger attempts failed because of similar reasons, which were discussed in detail in the respective merger chapters and were compared in this chapter. Although the official rationales of all merger attempts did not vary significantly, each merger attempt was a unique case with a different social and economic context that led to the mounting of each merger. Both professional bodies faced different challenges each time. As time passed, the rationales became broader to include issues such as challenges posed to the accounting services market from non-accounting professions and effective international representation of the Australian accounting profession resulting from a united body.

For each of the merger attempts, the leadership making decisions had changed and a structured opposition from the members of Institute involved different players. Hence, some clear differences existed among the four merger attempts, which have been identified and discussed in this chapter. However, many factors and issues were common across all the merger attempts and these also have been discussed in this chapter. Such common factors included continuous opposition from younger members of the Institute, primarily in Western Australia. Despite the failure of the merger attempts, the spirit of cooperation and joint works
continued and both bodies were engaged in matters of mutual interest. The Society’s members overwhelmingly supported all merger attempts because they saw the opportunity for an upgrade in their professional status, but all merger attempts failed because of insufficient support from Institute members. The rationale and objectives put forward to the members had some similarities across all merger attempts. Following the concluding statements of this chapter, the next and final chapter provides an overall summary of this project and examines the implications of the four unsuccessful merger attempts for the Australian accounting profession.
Chapter 10: Summary and Implications

10.1 Introduction

This chapter provides an overall summary of the thesis, discusses the implications of the failure of the four merger attempts and presents opportunities for further research. This project focused on five research questions, of which four were answered for each separate merger attempt, namely, in Chapters 5–8. The fifth and last research question, which explores the long-term ramifications of the unsuccessful merger attempts, is answered in this chapter.

This chapter has seven sections. Section 10.2 provides a summary of the whole thesis. Section 10.3 considers the long-term ramifications of the failure of the four merger attempts, and thereby provides a response to the fifth research question. The impact of the failure to merge is discussed in Section 10.4 from a public interest perspective. Section 10.5 considers the implications of this study for the theoretical frameworks employed. Limitations and suggestions for further research are discussed in Section 10.6. Section 10.7 concludes the chapter and the thesis.

10.2 Summary of the Thesis

This thesis examined the four unsuccessful attempts to unify the Australian accounting profession, covering a period of more than 30 years. The findings of this study were analysed using two complementary theoretical frameworks. The first framework is the “boundary-work” concept of Thomas Gieryn (Gieryn 1983, 1995, 1999; Gieryn, Bevins & Zehi 1985) and Annisette (2017), and the second framework is the “dilemma of exclusiveness versus market control” (Macdonald & Ritzer 1988, p. 257). Using historical data available in public archives complemented by oral history interviews, this study applied a qualitative research method (Anderson 2010). The approach used in this study was critical and interpretative, being part of the “new accounting history” paradigm (Fleischman, Mills & Tyson 1996; Miller, Hopper & Laughlin 1991; Parker 1999). This section provides a summary of the whole thesis, drawing on each of the nine previous chapters.

The thesis began with the introduction and background context to the four unsuccessful merger attempts, including the historical context of the early stages of the professionalisation of accounting in Australia (Carnegie and Edwards 2001). After the early stages of the
professionalisation process, two leading professional accounting bodies finally emerged: the Society and the Institute. This outcome reflected the two distinct organisational strategies adopted by these bodies in terms of MIPP and MNIPP (Carnegie 2016; Carnegie, et al. 2003; Carnegie & O’Connell 2012), and which encapsulated what Macdonald and Ritzer (1988, p. 257) described as “the dilemma of exclusiveness versus market control”. In particular, some accountants, including some leaders of the profession, believed that public practice was a superior domain compared with the roles played by accountants in commerce, industry and the government (Poullaos 1993).

Thus, and in general terms, public practice was associated with exclusivity, while the diverse and numerous functions of other salaried accounting work provided an opportunity for market influence. These notions had a major effect on the historical structure of the Australian accounting profession (Carnegie, et al. 2003). The earliest antecedent bodies of the Society and the Institute were, respectively, the IIAV and the ACPA. The IIAV adopted an inclusive membership strategy, while the ACPA restricted membership to those engaged in public practice (Carnegie et al. 2003; Chua & Poullaos 1998). These organisational strategies subsequently influenced the long-term strategies of both the Society and the Institute. The introductory chapter also briefly introduced the literature review, the theoretical frameworks, the four merger attempts, the research methodology, the motivation for the research and its limitations.

Chapter 2 of this study provided the literature review, sourced from two key branches of the accounting literature: historical studies that covered the Australian accounting profession and studies that examined the mergers of professional accounting bodies internationally. Numerous studies were identified that covered historical developments of the Australian accounting profession and which thereby provided background literature to this project (Carnegie 1993; Carnegie & Edwards 2001; Carnegie, et al. 2003; Carnegie & O’Connell 2012; Carnegie & Parker 1999; Chua & Poullaos 1993, 1998; Gavens 1990; Gavens & Gibson 1992; Parker 1989; Poullaos 1993, 1994). Chapter 2 provided a detailed account of these studies, identified a gap in the current literature and advanced a case for the study of the attempts to merge the Society and Institute.

Chapter 2 also identified the strategies adopted by professional accounting associations in the past to mount various mergers and common themes among different contexts in these studies. The ability to speak with one voice, increased lobbying power and effective control of the
structure and operations of the accounting profession (Richardson & Jones 2007; Shackleton & Walker 1998, 2001; Walker & Shackleton 1995, 1998; Willmott 1986) were some of the common themes evident in actual and attempted mergers of professional accounting associations across Britain and Canada. These themes were also evident in the case of the four Australian merger attempts. A review of this branch of literature identified the need for this Australian study to examine the unique case of four unsuccessful merger attempts.

The research methodology and data collection methods were discussed and explained in Chapter 3. This study used a critical and interpretive research approach, placing it in the paradigm of “new accounting history” (Fleischman, Mills & Tyson 1996; Miller, Hopper & Laughlin 1991; Parker 1999). The research method was qualitative, including the collection, analysis and interpretation of data that cannot be reduced to numbers (Anderson 2010). The primary sources of data were the public archives of CPA Australia, RMIT University library, the State Library of Victoria and other libraries. The oral history interviews conducted complemented the data available in the public archives. The period targeted for this research ranged from the late 1960s to the late 1990s, thus making it a historical accounting study across a period of about 30 years with a key aim to explain the historical context, causes and consequences of events (Bedeian 1998) such as merger attempts. A critical analysis of the findings, which adds meaning to data found in the archives, and responding to the research questions places the study in the critical and interpretive context (Fleischman et al. 1996) as opposed to a conventional and descriptive context.

The research process had three main steps: collection of data from the available surviving archives, including published official and non-official documents; collection of oral history evidence; and the analysis and interpretation of the findings. Various libraries and public archives provided access to documentary data, while interviews with key stakeholders contributed the oral history aspect of the data collection. Documentary data were collected by taking photographs using a high-resolution digital camera. After the data collection for the first merger attempt, data collection for the remaining three merger attempts became more streamlined. The draft notes prepared from documentary sources and the desire to provide comprehensive responses to the study’s research questions led to the oral history interviews. Some of the oral history interviews complemented records in the archival materials, while others also contributed new and valuable information to the study.
Chapter 4 of this thesis articulated the two theoretical frameworks: the “boundary-work construct” of Thomas Gieryn (Gieryn 1983, 1995, 1999; Gieryn et al. 1985) and “the dilemma of exclusiveness versus market control” (Macdonald & Ritzer 1988). The boundary-work construct was the main framework used to understand how both bodies positioned themselves historically, leading to a dichotomy of MIPP and MNIPP. These groups had originally emerged as a result of two different organisational strategies adopted by the Society and the Institute. As discussed in Section 2.3, although boundaries were originally constructed around the notion of MIPP and MNIPP, the boundaries that finally settled around the membership of each body were somewhat modified, although the Institute maintained stricter entry requirements. Such requirements were accompanied by expectations of higher professional standards from the Institute members. The boundary-work construct has been applied in many studies. However, the most relevant explanations that add meaning to the merger failures examined in this study include the reaction to changes in boundaries by the perceived lower-status groups and higher-status groups (Lamont & Molnár 2002; Milner 1996). Individuals in perceived lower status groups, in this case, the Society, support changes in boundaries if that leads to a status upgrade, while individuals in the perceived higher-status groups, in this case, the Institute, tend to oppose such changes since these are perceived as diluting their status (Lamont & Molnár 2002).

All four merger attempts involved two types of public discourses: one by leaders of both associations to promote the mergers and the other by Institute members to oppose any merger with the Society (Annisette 2017). The second framework, the dilemma of exclusiveness versus market control, was applied to understand the historical reasons for the creation of two bodies, with an emphasis on the MIPP and MNIPP dichotomy and the persistence of this tension as a consequence of the failure of all four merger attempts. Within this framework, the study also explained the proposed new business model to be adopted by the new merged body in each of the four cases. The proposed body would be elite because of the possession of a Royal Charter and the historical status related to its title, and it would have effective market control because of the size of its membership.

Chapter 5 considered the first merger attempt between the Society and the Institute mounted in the late 1960s. Since the formation of the Society in 1952, neither body had engaged in much joint work (Zeff 1973) until they faced a legitimacy crisis in the 1960s because of a series of corporate collapses (Carnegie & O’Connell 2012). This brought both bodies
together to work on matters of mutual interest. Eventually, the Institute made an offer to the
Society for merger talks, which was immediately accepted (Orr 2014). A reason for the
enthusiastic response of the Society’s leaders was the perceived lower professional status of
Society members and their lack of a widely known generic title similar to the title of
Chartered Accountant used by Institute members (Irving 1966). Financial challenges being
faced by the Institute may have also provided a motivation for it to seek a merger with the

Both bodies started holding joint conferences, and a formal merger proposal emerged from
these conferences (ASA 1967a). The joint conference group was renamed the “unity
commitee” in 1968 (ASA & ICAA 1968a, p. 7). The final merger proposal was released on 1
August 1969 (ICAA & ASA 1969). The Institute attempted to convince its members to
support the proposal by arguing that accounting was one profession, even though the Society
mainly represented MNIPP (Anon. 1969h). This was a modification from the Institute’s
traditional emphasis on exclusivity, and it thereby sought to permanently change its
boundaries. As announced on 8 December 1969 (ICAA 1970, p. 8), the first merger attempt
failed because of successful boundary protection work by a sufficient number of members of
the Institute (Fournier 2000; Gieryn 1983; Persson 2010), which also indicated a detachment
of the Institute’s leaders from its members (Lee 2010; Shackleton & Walker 2001). However,
the merger proposal received an overwhelming positive response from Society members.

Chapter 6 considered the second merger attempt, which was unique in relation to the time
spent on the process of developing the merger proposal and the time gap between
commencing the merger talks and undertaking the vote, as illustrated in Table 10.1. The
initial step for restarting merger discussions was taken by the Institute (ASA 1981). As with
the first merger attempt, a series of corporate collapses and criticism of the accounting
profession (Henderson 1997) provided a motivation for this merger attempt. Additionally,
both bodies were concerned with the public image of accounting and the lack of regulation
over the use of the term “accountant” (Anon. 1971; Munro 1975c).

Despite the failure of the first merger attempt, joint work on matters of mutual interest
continued (Anon. 1974; ASA 1970). As discussed in Chapters 5 and 9, the leaders of the
Society were concerned that some of its MIPP, who were also members of the Institute,
would not disclose their membership and would only use the Institute title. To give the
Society’s MIPP an exclusive status within that body, it made an unsuccessful attempt to
publish a list of its MIPP (McKeon 1975a). As a direct consequence, the Society readily accepted an offer from the Institute to restart merger discussions (Anon. 1976b). As shown in Table 6.6, the Institute’s share of MIPP in total members declined by 6.5 percentage points between 1971 and 1981, providing a motivation for merger. Before releasing the final merger proposal on 15 November 1981, an exposure draft was issued seeking input from members (Anon. 1976c). In 1979, the IPC was formed with an independent chairperson, J. D. Norgard (Anon. 1981a). Both bodies hired ANOP to conduct surveys to study the support for the proposed merger among their members (Anon. 1981h, 1981i; ICAA 1980). The surveys did not reveal strong enthusiasm for a merger among the Institute members. Therefore, both bodies started an Integration Forum in the journals of both bodies to give members an opportunity to express their views (Anon. 1981a; 1981e).

On the completion of voting, the second merger attempt failed, as announced by both presidents in a joint press release on 8 January 1982. Support from the Institute members had increased from 41.8 per cent in the case of the first merger attempt to 56.5 per cent (ASA 1981; ICAA 1970, 1981). However, this was still insufficient to change the boundaries of the Institute and modify its traditional organisational strategy (Brodkin 1998; Gieryn 1983; Ignatiev 1995). As in the case of the first merger attempt, the merger failed owing to insufficient support from Institute members, while it received overwhelming support from Society members.

The third merger attempt was unique because the initial merger discussions started with the Institute president’s hostile takeover bid to attract members of the Society who had completed a specified minimum period of professional experience. Unlike the first two merger attempts where special subcommittees were established, in the case of the third merger attempt most merger-related decisions, as shown in Chapter 7, were taken by the presidents of both bodies. The context that led to the mounting of the third merger attempt had some commonalities with the context that led to the mounting of the first merger attempt. Similar to the first merger attempt, external pressures and internal developments (Gieryn 1983; Nancarrow and Borthwick 2005) created favourable conditions for mounting the third merger attempt. For example, in 1987, the capital markets suffered a major downturn. Other issues were corporate collapses, rising unemployment and economic recession (McMahon 2007; Wright 2008).
Joint work on matters of mutual interest continued, which included representation at international and government level (ASA 1984; Sharpe 1983). The offer of the Institute’s president to the Society’s members to join the Institute on 2 June 1989 attracted criticism from the Society’s leaders. Effective merger discussions started in September 1990 (Eastwood 1990d) and the final proposal was released in December 1990 (Lewis 1991a). The third merger attempt failed for reasons similar to the first two merger attempts; that is, successful boundary protection work by a sufficient number of members of the Institute (Fournier 2000; Gieryn 1983; Persson 2010) and detachment of the Institute’s leaders from its members (Lee 2010; Shackleton & Walker 2001). However, practising members of the Institute had two votes and the merger fell short of being successful by just 200 to 300 votes.

Chapter 8 examined the last of the four attempts to merge Australia’s two major professional accounting bodies. Similar to the third merger attempt, the presidents of both bodies undertook most merger-related decisions. After meeting in Paris in late 1997, they initiated merger discussions in early 1998 (Anon. 1998l; Boymal 2016). Soon after the failure of the third merger attempt, both bodies resumed talks about common issues (ASA 1992; Taylor 1991c). On 18 March 1998, they issued a joint media release announcing merger discussions. Although a JTF was formed, major decisions were left to both presidents (Anon. 1998j; Dowling 1998; Farnham 1998). A unique element of the fourth merger attempt was that members of both bodies could retain their respective titles or use the new proposed title of “Chartered Professional Accountant” (Anon. 1998b). This was done to attract wider support from Institute members who did not want to share their Chartered Accountant title with Society members (Thomas 1998a).

In addition to other common reasons for the merger attempt, leverage came from the challenges accountants were facing from a legal profession keen to extend its jurisdiction (Anon. 1998l). As with the second merger attempt, a market research firm, Worthington DiMarzio, was hired to study the level of support among members of both bodies for the merger attempt (Anon. 1999b). Unlike the previous three merger attempts, the Society’s leaders showed less interest and were not keen to go ahead with the vote since the surveys undertaken predicted a low chance of success (Thomas 1998a). A group of Institute members opposing the merger called themselves the OVC (Anon. 1998e) and they ran a well-organised, well-coordinated campaign. The vote outcome showed the lowest support from the Institute members among all four merger attempts, with only 41 per cent of the Institute’s
members voting in favour, while support from the Society’s members was at 90 per cent (Gettler 1998b). With the failure of the fourth and the last merger attempt, the long-lasting efforts to fully unify the Australian accounting profession have effectively ceased until date. In the two decades since the failure of the fourth merger attempt, the two bodies have not made any further attempts to merge with each other.

Table 10.1 provides a timeline of the four merger attempts, comparing the start of initial merger discussions, the date of the first public announcement, the date of the first public release of merger proposals and, finally, the date on which the merger vote was undertaken. The initial discussion for the first merger attempt took place in June 1967 and within 13 months, the first public announcement was made in July 1968 that both bodies were engaged in merger discussions. It took another year to finalise the proposal, which went to the vote on 5 December 1969: overall, a smooth process without major issues.

<table>
<thead>
<tr>
<th>Attempt</th>
<th>Initial Discussion of Merger</th>
<th>First Public Announcement</th>
<th>Public Release of Merger Proposal</th>
<th>Vote Undertaken and Failure</th>
<th>Total Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>June 1967 (ongoing meetings since 1964 and initiated by the Institute)</td>
<td>July 1968</td>
<td>1 August 1969</td>
<td>5 December 1969</td>
<td>30 months</td>
</tr>
<tr>
<td>Second</td>
<td>November 1974 (initiated by the Institute)</td>
<td>17 March 1975 (via letters sent to members)</td>
<td>14 July 1976 (first draft) 15 November 1981 (final draft)</td>
<td>21 December 1981</td>
<td>73 months</td>
</tr>
<tr>
<td>Third</td>
<td>2 June 1989, Institute president invited members of Society with at least 10 years of experience to join the body</td>
<td>2 June 1989</td>
<td>15 January 1991</td>
<td>7 September 1989, first talks failed. 22 March 1991, vote failed</td>
<td>21 months</td>
</tr>
</tbody>
</table>

The initial discussion for the second merger attempt started in November 1974, and a public announcement was made within a period of four months. Similar to the first merger attempt, the development of the draft proposal took more than a year and it was released on 14 July 1976. The overall process for the second merger attempt was the longest of all four and lasted 73 months; for the first attempt, it was 30 months and it was the second longest. The third
merger attempt process was unique in that the merger talks started informally when the Institute president made a one-sided offer on 2 June 1989 to the Society’s members with a minimum specified period of experience to apply for Institute membership. Such talks broke down on 7 September 1989. Merger talks started again in September 1990 and were followed by the release of the proposal on 15 January 1991. Within two months, the final vote was undertaken. The merger process for the third merger attempt lasted a period of 21 months.

As discussed in Chapter 8, the fourth merger attempt was the shortest in terms of time spent on the merger process. The discussions started informally between the two presidents in Paris in late 1997. Within a few months, in March 1998, the first public announcement was made, and only nine months elapsed between this announcement and the vote. The time spent on the process shows that the first two attempts took longer because they were the first. The later attempts were, in some ways, building on the earlier attempts and this expedited the process.

Chapter 9 provided a comparative analysis of the four unsuccessful merger attempts, focusing on similarities and differences in the responses to the four research questions within the context of interpretations that were informed by the theoretical frameworks. Across the four merger attempts, one common theme was joint work and cooperation on matters of mutual interest. Before the mounting of the first merger attempt, and despite the subsequent four consecutive failures, both bodies continued to work jointly on issues affecting them. A factor behind all merger proposals was the motivation of the Society’s leaders to provide a status upgrade for its members. This was one of the main reasons for accepting the offer for merger discussions before the first merger attempt, as it was for the subsequent merger attempts. The share of the Institute’s MIPP was in decline as a percentage of total membership, decreasing from 72 per cent in 1969 (ICAA 1969) to 46 per cent in 1999 (ICAA 1999). Therefore, there was a 26 percentage point decline in absolute terms during the 30-year period covered by this study. This was a significant change and signalled that the Institute’s profile was moving in the direction of that of the Society, raising the prospect of sufficient commonality to enable a merger.

While the outcome of each of the four merger attempts was the same and each merger attempt failed because of similar reasons, the pre-merger scenarios and circumstances were different in each case. Major external factors included corporate failures, a stock market crash and threats posed to the legitimacy of profession. Across all merger attempts, each proposed merger was projected in the positive light of a single body being able to meet the challenges
facing the accounting profession as a whole in a much more effective manner. Other common arguments included the ability to speak with one voice, more effective coordination of operations and the enforcement of better standards. As indicated previously, all merger attempts failed because of insufficient support from members of the Institute, who successfully protected the boundaries of their professional body, with only the third merger attempt coming close to succeeding.

During the first half of the 20th century, the Australian accounting profession became characterised by a distinctive binary structure. The four merger attempts by the Institute and Society marked an attempt to overcome this divide and achieve unification. Society members overwhelmingly approved all four proposals, with their vote comfortably exceeding the 75 per cent majority this organisation required to enable a merger to proceed, with lowest vote being at 88.5 per cent in the case of first merger attempt. The Institute required only a two-thirds majority, but the vote of its membership fell short of even this threshold, with only the third merger attempt coming close to succeeding. In short, all four merger proposals were strongly supported by the membership of the Society but comprehensively defeated by the membership of the Institute, except for the third merger attempt. These circumstances evidence not only the persistence of efforts to unite the two bodies, but also the persistence of the obstacles that caused all merger proposals to fail.

The next section provides a summary of the analysis of the findings.

10.3 Long-term Ramifications of the Failure of the Merger Attempts

This section considers the last research question: “What were the long-term ramifications of unsuccessful merger attempts for the Australian accounting profession?” Commenting on the failure of the first merger attempt, Orr stated:

A united profession would have a higher standing and apart from the standing of the profession there would be tremendous benefits to individual members. Young people who want to enter the profession were confused as to why there were two separate bodies. Why one body would accept them and the other body had different entry requirements. We don’t present ourselves as a profession to the general public as much as we should (2014).

The immediate implications of the failure of the second merger attempt were discussed by John Miller, who stated in an interview:
The failure would be seen as a bad public image for the Society. So we had developed a Plan B for me as the incoming President. Plan B was designed to be aggressive; to ensure a strong presence in the media. We also launched the professional schedule, which used the CPA brand and introduced compulsory professional development among other things to create the perception of us as professionals. That was all to do with repositioning the Society as an aggressive professional body (2015).

Thus, the immediate implications of failure were that the Society would lead reforms and engage in a strong marketing campaign that was part of a postfailure Plan B. The impact of the Society’s aggressive campaign on the Institute and the profession in general was also explained by the then Institute president Geoff Neilson in his interview. Neilson stated, “The failure led to a strong campaign of advertising. There was a lot of waste of resources because when the Society was advertising the Institute had to advertise” (Neilson 2015).

After the failure of the third merger attempt, the president of the Institute, Taylor (1991c), referred to the failure in his monthly message in Charter and made a point about the challenges faced by the profession:

Following the unification vote in March, I advised our membership that both the ICA and the ASA have a responsibility to support the accountancy profession and that we must place strong emphasis on how best to meet our future community obligations. I also undertook that the ICA must resist the temptation for easy point scoring where the wellbeing of the profession was concerned (p. 66).

This shows that the president was keen to work with the Society on common issues. After the failure of the last merger attempt, the Society’s annual report of 1998 contained the following statement:

We believe that the response of Institute members was short-sighted and that it has effectively ensured that another merger attempt is unlikely to ever occur again. Unfortunate though it is, unification of the profession is now off the agenda. Our stature, international connections and world class initiatives only stand to be improved. We expect therefore that the Society’s pace of change will significantly accelerate (ASA 1998, p. 4).

These claims in the Society’s annual report proved to be accurate, and since then, no further merger attempt has been made across a period of 19 years until date. The 1999 annual report of the Society shows its strategic goals with a target date for achievement set for 2004. Some
of the key goals included making the Society the best in the region, with a global network and excellent staff (ASA 1999, p. 1). The mission of the Society was presented as “to position CPAs as leaders in finance, accounting and business advice” (ASA 1999, p. 1).

In December 1998, the national council of the Institute decided to conduct a significant review of the Institute’s strategic plan in the first half of 1999 (Atkinson 1999). The Institute also informed its members that although the fourth merger attempt had failed, they were still working with the Society on matters of mutual interest. Stephen Harrison the Institute’s executive director stated “we must continue to tread the fine line that separates competition and cooperation” (1999, p. 6). Harrison further stated, “We will continue to share common ground with the Society as lobbyists to government and builders of the status quo of the profession” (1999, p. 6) and argued:

We may be a small and elite body, with extremely high standards and a homogeneous membership restricted only to Chartered Accountants, but that doesn’t mean we should shut ourselves off from fellow professionals with similar interests and aims.

From these arguments, it is clear that the Institute was keen to continue working on matters of mutual interest.

One of the key reasons for the failure of all four merger attempts was successful boundary protection by a sufficient number of members of the Institute (Fournier 2000; Gieryn 1983; Persson 2010). A key question that arises is why four attempts in all were made despite the failure of earlier merger attempts. From oral history interviews with leaders of both bodies, it appears that the leadership of both bodies had a long-term vision and, with foresight into future challenges facing the profession as a whole, they ultimately mounted four merger attempts. For example, in response to an interview question about the reasons for attempting to merge, John Miller, president of the Society during the second merger attempt, stated:

Because the leaders of the professional bodies were great people of foresight, ethics and vision. They thought in a small country like Australia it was counter-productive to have competing resources with two bodies (2015).

Geoff Neilson, who was president of the Institute at the time of the second merger attempt, provided some insights into what the leadership of the Institute believed when approaching the Society for the second merger attempt. Neilson stated:
I think the Institute generally felt at a national level the merger was desirable. Competition between two bodies was not good for Australia. We were part of the global accounting profession and once united it would be very significant body in terms of numbers. So I think the motivation was to have a united accounting profession in Australia, which was a very significant part of the world accounting profession. The feeling was very strong in the National Council. The main motivation was to form a significant world-class professional accounting body (2015).

This was a step towards changing arguments related to demarcation of accountants (Gieryn 1983). For decades, the Institute leadership had claimed exclusivity for the Institute but the statement by Neilson (2015) indicates that they were prepared to alter their exclusivity strategy in the interests of a united accounting profession. In each of the four merger attempts, members of the national and general councils of both bodies had changed, and new presidents were elected who brought with them their vision for the future and encouraged the mergers because they believed that a single body was in the best interests of the profession and, as a consequence, beneficial for the public (Miller 2015; Orr 2014; Taylor 2016). Hence, a key reason for mounting the four consecutive merger attempts was that the successive presidents of both bodies made decisions that they believed would provide long-term benefits to the profession as a whole. It appears that they essentially ignored past failures and were prepared to start afresh. Still, it is a unique case that four merger attempts were mounted with almost the same outcome every time.

10.4 Broader Public Interest Perspectives on the Failure to Unify the Profession

The Society and the Institute traditionally emphasised the “public interest” in terms of their function and reason for being, and their successor bodies continue to do so today. However, little evidence has been found that broader public interest issues were a key consideration in each of the merger proposals. Rather, as has been shown, debate over whether the mergers should proceed seemed to focus on the implications for the accounting profession as a whole, as well as for the two individual bodies and their memberships. However, while it seems that “public interest” was not at the core of any of the four merger attempts, there have been costs associated with the failure to unify the Australian accounting profession. The most obvious of these are the inefficiencies associated with administering two major professional bodies in a
country that has a population at the time of writing of only 25 million and the confusion that results from having two professional accounting designations: CA and CPA.

Students continue to ask questions about differences in the two designations and are sometimes confused about whether to seek to become a CA or CPA. The answers to these questions are not simple, and different academics may respond differently. There are other “public interest” costs because conflicting interests between two strong professional bodies adds to further confusion. The general public, and accounting students in particular, are also unsure why two bodies exist. The answer to this question, which has been the focus of this thesis, requires an historical exposition that does not always interest impatient accounting students and the wider public.

A further inefficiency emerges from both bodies engaging in marketing campaigns that aim to win over prospective members, as well as employers and members of the public who are seeking the services of a “qualified” accountant. For many years, the Institute adopted the branding motto of “Number One in Numbers”. When the Society introduced the CPA designation, it was promoted as signifying “Not Your Average Accountant”. These campaigns can be defended as efforts of professional bodies to distinguish professional accountants from the unqualified, since the term “accountant” in Australia is not subject to any legislative or other enforceable restriction. However, it also seems likely that campaigns of this kind depict an ongoing intraprofessional rivalry. The Institute’s “Number One in Numbers”, for example, could be interpreted as implying that there is an inferior “Number Two” without actually specifying the name of that professional body. Similarly, the CPA slogan was concerned with hierarchical differentiation. In this way, both bodies engage in the typical behaviour of oligopolistic entities: pursuit of market share through expensive marketing and advertising campaigns that are concerned primarily with brand posturing and that deliver limited public benefits.

However, the dynamics of the Australian accounting profession are complex, and it would be wrong to contend that the continuing binary structure simply manifests in inefficiencies born from the triumph of self-interest. Instead, evidence exists that the two bodies compete in ways that do sometimes deliver public benefits. Accounting students, for example, are well served by the educational and career materials that both bodies provide as they seek to attract new members. Similarly, accounting academics benefit from the support, such as sponsorship of academic accounting associations and conferences and the provision of research grants,
that each body provides. In addition, both the CA and CPA educational programs are highly regarded, a circumstance that may be at least partly attributable to them being competing alternatives for aspiring accountants. In short, while a monopolistic, or at least hierarchically dominant, association may be the more typical model of a profession, there is some evidence that the duopoly that characterises the Australian accounting profession has delivered some benefits. Whether those benefits exceed the associated costs is a complex issue that lies beyond the scope of the current study.

10.5 Implications for the Application of Theory

The theoretical frameworks adopted in this study, and particularly that of boundary work, were extended in their application to the mergers of professional accounting associations. The original boundary-work research involved ongoing efforts to articulate the nature of scientific endeavour and denigrate activities that did not meet this standard. Therefore, the boundary in question was a boundary between disciplines. In the case of this thesis, the boundary in question is a boundary between organisations. This makes it a binary divide: the Institute and the Society could either join or remain apart. In the case of the divide between science and non-science, it is more of a continuum. That is, there are some things that are definitely science, such as chemistry, some things that are somewhat scientific, perhaps some alternative health practices, and some things that are categorically non-scientific, such as fortune telling. The basis of the organisational boundaries of both accounting bodies was not as clearly defined as the distinction between “science” and “non-science”. Hence, the boundary-work framework is extended to a new context involving mergers of professional accounting associations.

This dispute of demarcation in science was not resolved by a formal process, such as a vote. The accounting profession in Australia is not fully regulated, which exposed this profession to a complex merger process with different levels of hurdles that needed to be cleared. At the first level, the leadership of both bodies needed to agree. At the second, and a more critical level, the ultimate success of any merger proposal depended on the members of both bodies, which is where it failed in each case. The removal of a boundary between two organisations requires a formal process which put the framework to a new test. As the outcomes showed, the nature of this process was difficult in the case of the Institute and the Society. Part of this is the reliance on a voting process: this not only gave every member a “say”, but also set a high hurdle in terms of the majority required. If the Institute had required only a simple
majority of 50 per cent, the merger would have been easily attained. Similarly, if the decision had just been up to the leadership, merger would have occurred very easily.

In summary, the merger attempts involved organisational boundaries that were always going to be difficult to cross on account of the involvement of the members of the two bodies. It contrasts with other organisational mergers, including corporate mergers, for which leadership can take respective decisions leading to successful mergers. The organisation boundaries were considered flexible by leaders of both bodies, especially by the Institute leaders. A sufficient number of rank-and-file members of the Institute wanted the boundaries to persist and these stayed resilient with the failure of each merger attempt, apart from in the third merger attempt that was very close to succeeding.

Following Annisette (2017, p. 58), the “discursive realm” associated with “convincing the respective memberships of … merging associations” has been emphasised, that is, the “war of words” over maintaining or moving established boundaries. All four merger attempts were supported by the leaders of both bodies amidst discursive claims of the benefits of “oneness”. However, a second and distinctive discourse was also mobilised at the membership level as some CAs asserted their superiority over the Society members. In this way, the merger proposal and accompanying debate were characterised by two competing discourses: the leaders of the profession emphasising themes of commonality and the benefits of unity, while an activist group of CAs promulgated claims of distinctiveness and superiority, and the fear that these qualities would be lost in a merged body. This study applies and extends the framework of Annisette (2017) and offers the boundary-work framework as a path to examining discursive practice within the context of mergers of accounting associations. This represents an alternative to more traditional frameworks, such as closure theories.

The second framework was “the dilemma of exclusiveness versus market control” (Macdonald & Ritzer 1988, p. 257). Traditionally the Society had favoured a market control strategy (Carnegie 2016), while the Institute emphasised an exclusiveness strategy (Carnegie & Edwards 2001; Carnegie, et al. 2003), but during the four merger attempts both bodies were moving away from these two extremes of organisational strategies. This shows that the framework also applies to situations in which original strategies are modified over time and are not very rigid. This implies that a binary selection of either exclusiveness or market control is not the only choice that professional organisations may have. The organisational
strategies can be modified from being two extremes, that is, either exclusivity or market control, enabling adoption of a more blended approach.

In all four merger attempts, 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 size, 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 of the Institute’s MIPP as a proportion of total members and the Society’s total MIPP being 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. However, the increasing similarities in the organisational strategies were insufficient for both organisations to merge. Hence, all four merger attempts failed.

10.6 Limitations and Suggestions for Further Research

The first chapter discussed some of the generic limitations of a historical research project. A significant limitation of this study is a lack of access to the minutes of the general and national council meetings of both bodies. Additionally, access to the minutes of the unity and integration committee meetings was also not available. As time passes, the sensitivity of resources and information reduces. Therefore, this limitation poses an opportunity for future research projects. Access to these resources may provide additional explanations for, and insights to, the mounting of the four merger attempts and their failures.

The recent successful merger attempt between the Institute and the New Zealand Institute of Chartered Accountants could become the subject of future studies, in particular, within the context of why the Australian Institute was able to merge with a body from another country after failing four times to merge with a local body.

10.7 Conclusion
Beyond the stark voting outcome that defeated all the merger proposals, some more nuanced observations can be made that provide insights into the nature and causes of Australia’s divided accounting profession. First, the fact that all four merger proposals went to the vote reveals that despite some readily discernible differences, the leaderships of the Institute and the Society each saw their traditional organisational strategies as being open to modification, resulting in the development of formal merger proposals for deliberation by members of both bodies before voting on the merger proposition. That is, while there were boundaries within the profession, these were viewed by the leadership of the two bodies as being open to negotiation with the possibility of being redrawn. Second, it was a proportion of the Institute’s members who rejected the merger proposals and, thereby, the revised organisational strategy that their leadership had proposed. In this way, in view of the mandated voting threshold of 75 per cent, the members of the Institute who voted “No” defied the recommendations of their leaders and successfully protected the organisation’s traditional boundaries.

As discussed previously, the boundaries of the Australian accounting profession were created around the different membership profiles of the Institute and the Society and the adoption of distinct organisational strategies in response to the “exclusiveness versus market control” dilemma (Macdonald & Ritzer 1988, p. 257). However, the failed merger proposals highlight that this dilemma is best represented as a continuum rather than a dichotomy: that is, exclusiveness and market control are variables to be traded-off rather than being mutually exclusive concepts as may be presumed. Of necessity, the Society had traditionally prioritised a market control strategy, but it was far from being indifferent to matters of status. Conversely, while the Institute had fared better in the battle for exclusivity, it could not ignore the challenges it faced in terms of achieving market influence and economies of scale, particularly in a country such as Australia with a relatively small and widely spread population.

According to Gracia and Oats (2012 p. 308), “Boundaries are ubiquitous in modern social life” and the work of creating and maintaining boundaries is particularly evident within professions. The general council of the Institute apparently saw its own boundaries as being sufficiently “malleable and expandable” (Fournier 2000 p. 83). In other words, while the Institute had traditionally favoured an exclusivity strategy constructed around the perceived superiority of public practice and its possession of a Royal Charter, the body’s leadership at
least was more receptive to a strategy of inclusiveness. While this would be the business model of the proposed new body, it would retain some vestiges of exclusivity by keeping the Royal Charter and the term Chartered Accountant in the title of the proposed merged body for all fully qualified members, including those who were formerly members of the Society. This certainly marked a “step up” for Society members, and the voting patterns reflect this view.

The failure to fully unify the Australian accounting profession, first attempted in 1969 and replicated in three subsequent merger proposals, has profoundly shaped the dynamics of the profession. In the case of the Society, a key issue it had to initially confront was its lack of a distinctive brand following its failure to gain access to the prestigious Chartered Accountant title. In the early 1980s, following the failure of the second merger proposal in 1981, it introduced a new professional designation of “CPA”. However, this was not the “Certified Public Accountant” designation familiar in the USA and several other countries. Rather, the Australian CPA was a “Certified Practising Accountant”: a clever adaptation of the popular CPA designation to the circumstances of a professional body that had only a small portion of MIPP. The CPA designation, and the more rigorous educational program by which it was earned, raised the prospect of narrowing the differences between the Institute and the Society. This was tested with the merger proposals in each of 1991 and 1998, which emphasised that the Society, at last, had a professional designation that might be deemed at least almost equal to that of CA. However, in each case the Institute membership remained unconvinced and voted down the proposal, although by only a very small margin in the case of the third merger attempt.

New Zealand, located just to the south-east of Australia, was home to a single, broad-based professional accounting association: the New Zealand Society of Accountants. In 1996, this was renamed the New Zealand Institute of Chartered Accountants (NZICA). This change in name did not involve the acquisition of a Royal Charter, but it did establish sufficient commonality to later enable a merger to proceed with the Australian Institute, leading to the creation of the Chartered Accountants Australia and New Zealand (CAANZ) in 2014. Paradoxically, while the Australian Institute was unable to achieve a merger with a broad-based Australian body, despite four proposals to do so, it was able to merge with a broad-based overseas body at the first attempt. Enabling this outcome was the common brand name of CA, even though the origins of this title were completely distinct for the two bodies, and
the sweetener of lower membership fees in the event of merger success. This circumstance highlights the importance given to professional branding and membership self-interest, but perhaps also the extraordinary superficiality of intraprofession machinations: “Boundary work is... permeated by significant strands of arbitrariness and is vested in power relations” (Hazgui & Gendron 2015, p. 1239).

A question also arises about future merger possibilities between CPA Australia and the newly formed CAANZ. However, recent conflict suggests that this seems unlikely. CPA Australia filed a defamation case against the NZICA for which judgement was handed down in August 2015 where Justice Dobson found that NZICA had been successful in its defence against allegations made by CPA Australia of defamation and in relation to an alleged breach of the New Zealand Fair-Trading Act. Accordingly, the relief sought by CPA Australia, a declaration of defamation and monetary damages, was denied. Until 2012, the NZICA held an effective monopoly in New Zealand when the Financial Markets Authority accredited CPA Australia for auditing work, putting it on a more equal footing with NZICA.

Whether the CAANZ and CPA Australia can foresee a merger is a question to be tested in the future only. However, in the course of the four failed merger attempts, the Society’s brand positioning was strengthened and this included the adoption of the CPA brand in 1983. CPA Australia is still a large and dominant body in 2017 with 150,000 members in Australia and overseas, and both CAANZ and CPA Australia are still engaged in a complex interplay of competition and cooperation with each other, both in Australia and New Zealand.
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## Appendix A: Accounting Bodies, Formation, Mergers and Dissolutions

### A1: Accounting Bodies Formed Before 1901

<table>
<thead>
<tr>
<th>SN</th>
<th>Name</th>
<th>Year Formed</th>
<th>Focus</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Adelaide Society of Accountants (ADSA)</td>
<td>1885</td>
<td>Public and non-public</td>
<td>Institute</td>
</tr>
<tr>
<td>2</td>
<td>The Incorporated Institute of Accountants of Victoria (IIAV)</td>
<td>1886</td>
<td>Public and non-public</td>
<td>Society</td>
</tr>
<tr>
<td></td>
<td>(1886–1918)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>The Queensland Institute of Accountants (QIA)</td>
<td>1891</td>
<td>Public and non-public</td>
<td>Society</td>
</tr>
<tr>
<td>4</td>
<td>The Sydney Institute of Public Accountants (SIPA)</td>
<td>1894</td>
<td>Public</td>
<td>Institute</td>
</tr>
<tr>
<td>5</td>
<td>The Tasmanian Institute of Accountants (TIA)</td>
<td>1897</td>
<td></td>
<td>Institute</td>
</tr>
<tr>
<td>6</td>
<td>Federal Institute of Accountants (FIA) (Australia)</td>
<td>1894</td>
<td></td>
<td>Society</td>
</tr>
<tr>
<td>7</td>
<td>The Corporations of Accountants of Australia (CAA)</td>
<td>1899</td>
<td>Public and non-public</td>
<td>Institute</td>
</tr>
<tr>
<td>8</td>
<td>The Society of Accountants and Auditors of Victoria (SAAV)</td>
<td>1900</td>
<td>Public</td>
<td>Society</td>
</tr>
<tr>
<td>9</td>
<td>The Institute of Accountants and Auditors of Western Australia</td>
<td>1900</td>
<td></td>
<td>Society</td>
</tr>
<tr>
<td></td>
<td>(IAAWA)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>The Australian Institute of Incorporated Accountants (IIIA)</td>
<td>1892</td>
<td>Narrow regional focus</td>
<td>Dissolved 1938</td>
</tr>
<tr>
<td>11</td>
<td>The North Queensland Institute of Accountants (NQIA)</td>
<td>1896</td>
<td>Regional focus</td>
<td>Dissolved in 1908</td>
</tr>
<tr>
<td>12</td>
<td>The Chartered Towers Institute of Accountants (CTIA)</td>
<td>1898</td>
<td></td>
<td>Dissolved in 1945</td>
</tr>
</tbody>
</table>

Sources: Carnegie and Parker (1999), Gavens (1990), Gynther (1967a), Maskell (1944), and Walton (1970)

### A2: Parent Bodies of the Society

<table>
<thead>
<tr>
<th>SN</th>
<th>Name</th>
<th>Year Formed</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Incorporated Institute of Accountants of Victoria (IIAV)</td>
<td>1886</td>
<td>First antecedent body of the Society in 1952.</td>
</tr>
<tr>
<td></td>
<td>(1886–1918)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Incorporated Institute of Accountants, Commonwealth of Australia</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(IIACA) (1918–1921)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Commonwealth Institute of Accountants (CIA) (1921–1952)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The Queensland Institute of Accountants (QIA)</td>
<td>1891</td>
<td>Merged with CIA in 1921.</td>
</tr>
<tr>
<td>3</td>
<td>Federal Institute of Accountants (FIA) (Australia)</td>
<td>1894</td>
<td>Foundation body to form Society in 1952.</td>
</tr>
</tbody>
</table>
The Society of Accountants and Auditors of Victoria (SAAV) 1900 Merged with FIA.

The Institute of Accountants and Auditors of Western Australia (IAAWA) 1900 Merged with CIA in 1923.

The South Australian Society of Accountants (SASA) 1902 Merged with CIA in 1922.


The Institute of Public Accountants of Australasia (IPAA) 1907 Merged with CIA in 1929. Regional and state-based bodies (Gavens 1990).

The Institute of Incorporated Accountants of New South Wales (IIANSW) 1908 Merged with CIA in 1930. Regional and state-based body (Gavens 1990).

The Association of Accountants in Australia (AAA) 1910 Foundation body to form Society in 1952.


The Australian Accountants Corporation (AAC) 1922 Merged with Association of Accountants in Australia (AAA) in 1928.


Australian Society of Accountants 1952 Foundation bodies of CIA, FIA and AAA.


Sources: Carnegie and Parker (1999), Gavens (1990), Gynther (1967a), Maskell (1944), and Walton (1970)

### A3: Parent Bodies of Institute

<table>
<thead>
<tr>
<th>SN</th>
<th>Name</th>
<th>Year Formed</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Adelaide Society of Accountants (ADSA) (1885–1891)</td>
<td>1885</td>
<td>Merged with ACPA 1925.</td>
</tr>
<tr>
<td></td>
<td>The Adelaide Society of Accountants Incorporated (ADSAI) (1891–1899)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The Institute of Accountants in South Australia (1899–1925)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The Sydney Institute of Public Accountants (SIPA)</td>
<td>1894</td>
<td>Foundation body to form ACPA 1908.</td>
</tr>
<tr>
<td>3</td>
<td>The Tasmanian Institute of Accountants (TIA)</td>
<td>1897</td>
<td>Foundation body to form ACPA 1908.</td>
</tr>
<tr>
<td>4</td>
<td>The Corporations of Accountants of Australia (CAA)</td>
<td>1899</td>
<td>Foundation body to form ACPA 1908.</td>
</tr>
<tr>
<td>5</td>
<td>Australasian Corporation of Public Accountants (ACPA)</td>
<td>1908</td>
<td>Dissolved to form ICAA.</td>
</tr>
<tr>
<td>6</td>
<td>Institute of Chartered Accountants in Australia</td>
<td>1928</td>
<td>Formed with Royal Charter.</td>
</tr>
</tbody>
</table>
Australia (ICAA)

Sources: Carnegie and Parker (1999), Gavens (1990), Gynther (1967a), Maskell (1944), and Walton (1970)
## A4: All Accounting Bodies Formed in Australia

<table>
<thead>
<tr>
<th>SN</th>
<th>Name</th>
<th>Details</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Adelaide Society of Accountants (ADSA) Later known as the Institute of Accountants of South Australia Incorporated</td>
<td>Formed November 1885. Incorporated March 1886. Merged with ACPA 1925.</td>
<td>Fifteen accountants met on 20 November 1885 to form this body. Initially only open to public accountants, but since 1890, open to non-public accountants who passed the required exam (Gavens 1990). Parker (1961) provided a list of 19 founding members.</td>
</tr>
<tr>
<td>2</td>
<td>The Incorporated Institute of Accountants of Victoria (IIAV) (1886–1918) Incorporated Institute of Accountants, Commonwealth of Australia (IIACA) (1918–1921) Commonwealth Institute of Accountants (CIA) (1921–1952)</td>
<td>Formed 1886. Incorporated 1887. Admission to women allowed in 1918 after being rejected three times in 1899, 1912 and 1916 (Gynther 1967a).</td>
<td>On 3 December 1885, 22 leading Melbourne accountants met and discussed the proposal to form a Victorian branch of SAA (Gavens 1990). According to Marshall (1982, p. 87), Australian accountants were not ready to work ‘under the tutelage of a body which functioned 12,000 miles away’. In their meeting they also rejected ‘burdensome restrictions’ imposed by the ICAEW (Gavens 1990; Graham 1978; Marshall 1982).</td>
</tr>
<tr>
<td>3</td>
<td>The Queensland Institute of Accountants (QIA)</td>
<td>Formed August 1891. (Gynther 1967a).</td>
<td>Initially 18 members formed the QIA in Brisbane on 27 August 1891. Objectives and Memorandum similar to IIAV (Gavens 1990).</td>
</tr>
<tr>
<td>4</td>
<td>The Sydney Institute of Public Accountants (SIPA)</td>
<td>Formed and incorporated May 1894. Merged with ACPA 1908.</td>
<td>Restricted to MIPP and their clerks (Gavens 1990). It became a founder body for the Institute (ICAA).</td>
</tr>
<tr>
<td>5</td>
<td>The Tasmanian Institute of Accountants (TIA)</td>
<td>Formed December 1897. Merged with ACPA 1908.</td>
<td>Initially 12 original members met on 2 December 1897 to form this body. Little is known about its activities, including the extent of its focus on public practice (Graham 1978).</td>
</tr>
<tr>
<td>6</td>
<td>Federal Institute of Accountants (FIA) (Australia)</td>
<td>Formed 1894. Incorporated July 1894 (Gavens 1990). In 1902, an application by a woman to join was rejected with a further rejection in 1911. Finally allowed the entry of women in 1925 (Gynther 1967a). Ran a Journal Federal Accountant (1916–1935 and 1938–1952).</td>
<td>Its objective was to open its branches in other British colonies. This was the first body that aimed to extend its scope to form a global profession, rather than on the basis of regionalism, which had so far been the key feature of the Australian accounting profession (Gavens 1990).</td>
</tr>
<tr>
<td>7</td>
<td>The Corporations of</td>
<td>Formed and</td>
<td>Allowed both types of accountants, public and</td>
</tr>
<tr>
<td>Accountants of Australia (CAA)</td>
<td>incorporated 1899 in New South Wales.</td>
<td>non-public. ‘The decision of Sydney Institute to confine its membership to public accountants made it inevitable that a rival Sydney body would be formed’ (Graham 1970, p. 3). CAA started Australia’s first accountancy journal The Public Accountant in 1901.</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>The Society of Accountants and Auditors of Victoria (SAAV)</td>
<td>Incorporated November 1900. Merged with 6* (Gynther 1967a).</td>
<td>According to Gavens (1990), these bodies may have been formed as a local branch of SAA (London) but were later incorporated as separate entities within Victoria and Western Australia.</td>
<td></td>
</tr>
<tr>
<td>The Institute of Accountants and Auditors of Western Australia (IAAWA)</td>
<td>Incorporated December 1900. Merged with 2* in 1923 with 104 members (Gynther 1967a).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Australian Institute of Incorporated Accountants (AIIA)</td>
<td>Incorporated December 1892.</td>
<td>There is no record that this body amalgamated with another body (Gynther 1967a; Gavens 1990). Its narrow membership focus on county Victoria led to a sharp decline in its membership base and it was dissolved on 14 January 1938 (Carnegie 1993).</td>
<td></td>
</tr>
<tr>
<td>The North Queensland Institute of Accountants (NQIA)</td>
<td>Registered September 1896.</td>
<td>Originally, there were 15 members. In 1908, its former president J. N. Parkes requested that NQIA be removed from the Companies Register because it had not held any meetings during the past five years (Gynther 1967a).</td>
<td></td>
</tr>
<tr>
<td>The Chartered Towers Institute of Accountants (CTIA)</td>
<td>Registered May 1898. Name changed to the North Queensland Institute of Accountants (NQIA) in October 1908 (Gynther 1967a).</td>
<td>CTIA was removed from the Companies Register in 1945 after receipt of a letter stating that it had not functioned for five or six years (Gynther 1967a).</td>
<td></td>
</tr>
<tr>
<td>The South Australian Society of Accountants (SASA)</td>
<td>Incorporated 1902 (Gavens 1990).</td>
<td>Gavens (1990) claimed that no historical records were found about its existence or operations. Merged with 2* in 1922 with 81 members (Gynther 1967a).</td>
<td></td>
</tr>
<tr>
<td>The Institute of Accountants in Central Queensland (IACQ)</td>
<td>Regional focus (Walton 1970).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>The Institute of Incorporated Accountants of New South Wales (IIANSW)</td>
<td>Incorporated in 1908 Merged with 2 in 1930 with nearly 500 members (Gynther 1967a).</td>
<td>Regional and state-based body (Gavens 1990).</td>
</tr>
<tr>
<td>18</td>
<td>The Australasian Corporation of Public Accountants (ACPA)</td>
<td>Formed 1908.</td>
<td>Initial suggested name was the Institute of Public Accountants in Australasia. However, to avoid confusion with the IPAA, a different name was adopted. Its objective was to be a national body with its branches in each state of Australia (Graham 1978).</td>
</tr>
<tr>
<td>19</td>
<td>The Association of Accountants in Australia (AAA)</td>
<td>Incorporated November 1910.</td>
<td>This body was formed after the ACPA and it was formed to serve the interests of commercial accountants. According to Kenley (1964), founders of this body claimed that existing bodies catered more for accountants in public practice.</td>
</tr>
<tr>
<td>20</td>
<td>The Australasian Institute of Cost Accountants (AICA)</td>
<td>Formed 1921.</td>
<td>Was modelled on the basis of the Institute of Cost and Works Accountants Limited (England), which was formed in 1919. Merged with Society in 1966.</td>
</tr>
<tr>
<td>22</td>
<td>The Australian Accountants Corporation</td>
<td>Formed 1922 and merged with AAA.</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>The Institute of Factory and Cost Accountants (IFCA) (1923–1950)</td>
<td>Formed 1923.</td>
<td>This was a specialist institute to promote the ‘elevation of the profession of factory and cost accountants’ (Walton 1961).</td>
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<td></td>
<td>Institute of Taxation and Cost Accountants (1950–1957)</td>
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<td></td>
<td>National Institute of Accountants (1957–1967)</td>
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<td></td>
<td>Institute of Public Accountants (2011–present)</td>
<td></td>
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<tr>
<td>24</td>
<td>International Accountants Corporation and Bookkeepers Institute of Australasia Incorporated (IACBIA)</td>
<td></td>
<td>Gavens (1990) cites article from The Accountant that this was a lower status body and it was possible to join this merely by filling a form.</td>
</tr>
<tr>
<td>26</td>
<td>Victorian Society of Public</td>
<td>Formed August 1934.</td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>Description</td>
<td>Details</td>
<td></td>
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<tr>
<td>27</td>
<td>The Incorporated Association of Cost Accountants</td>
<td>Incorporated September 1936.</td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Association of Practising Accountants</td>
<td>Incorporated November 1938.</td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Society of Commercial Accountants</td>
<td>A paper by Young (1949) makes reference to these two bodies. However, Gavens (1990) could not find any records to trace their origins.</td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Association of Practising and Commercial Accountants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>Australian Society of Accountants</td>
<td>Formed 1952 with the merger of CIA, FIA and AAA.</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Carnegie and Parker (1999), Gavens (1990), Gynther (1967a), Maskell (1944), and Walton (1970)
Appendix B: List of Interviewees

1. Geoffrey Orr interviewed on 17 May 2014
2. James Dunkley interviewed on 26 April 2014
3. Geoff Neilson interviewed on 20 February 2015
4. John Miller interviewed on 27 February 2015
5. Graeme McGregor interviewed on 14 December 2015
7. David Boymal interviewed on 8 February 2016
Appendix C: Interview Questions

The interview questions were divided into the following three parts:

Part 1: Mounting of merger attempts (background):

As a member of a decision-making body of the Society/Institute or of both bodies and as a participant in the unification process:

1. What were the main reasons or pressures that led to the mounting of the first/second/third/fourth merger attempt between the Society and the Institute?
2. What were the key differences, if any, in the specific strategies adopted by the Society and the Institute in the first/second/third/fourth merger attempt?
3. In your view, what were the pressures, if any, from the government, regulatory authorities or from other key stakeholders to merge the Society and the Institute?
4. Were you aware of any threat, perceived or otherwise, to the legitimacy or reputation of the accounting profession in not fully unifying the Australian accounting profession as proposed?
5. What were the favourable implications, if any, for the standing or reputation of the Australian accounting profession in merging the Society and the Institute?
6. Did you know or believe that the Society and/or the Institute may have been facing financial or other difficulties that may have forced either or both bodies to advance the first/second/third/fourth merger attempt?
7. Which key individuals representing the Society and/or Institute were key change proponents in advocating the first/second/third/fourth merger attempt of the professional bodies?

Part 2: Failures of merger attempts

1. What were the key factors, in your view, in which contributed to the failure of the first/second/third/fourth merger attempt?
2. Do you believe that members of the Society and/or the Institute were adequately consulted with, and received sufficient written communication from, the Society/Institute both before and during the first/second/third/fourth merger attempt?
3. What alternative strategies may have been adopted, in your opinion, to improve the membership support for the first/second/third/fourth merger proposals, especially among the Institute members?

4. Which individuals representing the Society and/or the Institute, if any, were influential in opposing the first/second/third/fourth merger proposal and, as a result, at least potentially contributed to the failure of proposal.

5. Are you aware of any other matters that may assist in explaining why the first/second/third/fourth merger between the Society and the Institute was proposed and why the proposal did not succeed?

Part 3: After the failures

1. What were the reactions of various stakeholders (including members of the two professional accounting bodies, the government, policy makers, accounting firms, regulators and investors) to the first/second/third/fourth merger proposal for unification and the subsequent failure of the proposal?

2. What were the long-term implications/ramifications, if any, of the failure of the first/second/third/fourth merger attempt for the structure, operations and reputation of the Australian accounting profession?

3. Has the Australian accounting profession and the public interest been better served by the continuation of the Society (now CPA Australia) and the Institute as separate professional accounting bodies?