CRISIS IN ACCOUNTING: THE EMERGING IDEOLOGY, PRACTICE AND STRUCTURES WITHIN THE PROFESSION.

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ABSTRACT

In recent years, the accounting profession has come in for considerable criticism mainly on the grounds that it has not been successful in adapting to the changing environment, and in regulating the activities of its members. The extent and seriousness of these criticisms suggest that the accounting profession is facing a crisis. This thesis investigates the nature of the crisis, the profession’s response to the crisis and the consequent fundamental changes that are taking place in terms of its ideology, practice and structure.

A review of the crisis and the changes that are taking place within the accounting profession shows the crisis and changes to be multi-dimensional. The literature on the sociology of professions indicates that the distinguishing feature of a profession is its ability to maintain occupational control and to resist the general trend of organisational control affecting most occupations. Occupational control is found to be based on a public interest ideology, leading to a technical/rational approach to practice and supported by appropriate organisational and regulatory structures. The multi-dimensional nature of the research question led to the use of an interpretive approach to carry out the study. Accordingly, the study focuses on the interactions between the profession and other individuals and institutions in society with the objective of fitting them into a purposeful set of institutional aims, structures and practices.

This investigation highlights inadequacies in the foundations of the concept of occupational control. For example, a historical analysis of the professional ideology shows it to be lacking in meaning in the current environment, and the technical/rational approach to practice is found to be incapable of coping with the multiplicity of values and beliefs in accounting practice. It is also shown that the self-regulatory structures in place are inadequate to meet the demands of changing organisational structures.

It is argued that these inadequacies have arisen mainly due to the exclusion of private interest from professional ideology; values and beliefs from professional practice; and external regulation and organisational control from professional structure. The thesis then provides suggestions for addressing the issues related to such inadequacies. For example, with respect to practice, an alternative model based on the concept of ‘reflective practitioner’ is suggested. Furthermore, an inquiry into the recent changes in the New Zealand Accounting profession is carried out as a case study with a view to identifying one professional body’s attempt to address the inadequacies affecting professional ideology and structures. The thesis concludes by suggesting that the traditional concept of occupational control has lost its relevance to such an extent that an alternative concept, i.e., ‘occupational franchise’, would be a more appropriate description of the accounting profession in the context in which it operates at the present time.
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LIST OF ABBREVIATIONS

AAA American Accounting Association
AARF Australian Accounting Research Foundation
AICPA American Institute of Certified Public Accountants
APB Accounting Principles Board (US, superseded)
APB(UK) Auditing Principles Board (U.K)
ASA Australian Society of Accountants (superseded)
ASB Accounting Standards Board (UK)
ASCPA Australian Society of Certified Practising Accountants
ASOBAT A Statement of Basic Accounting Theory
CACA Chartered Association of Certified Accountants (UK)
CGA Certified General Accountants’ Association of Canada
CICA Canadian Institute of Chartered Accountants
CIMA Chartered Institute of Management Accountants (UK)
CIPFA Chartered Institute of Public Finance and Accountancy (UK)
FASB Financial Accounting Standards Board (US)
GAAP Generally Accepted Accounting Principles
ICAA Institute of Chartered Accountants in Australia
ICAEW Institute of Chartered Accountants in England and Wales
ICANZ Institute of Chartered Accountants of New Zealand (proposed)
ICAS Institute of Chartered Accountants in Scotland
IIA Institute of Internal Auditors (US)
IMA Institute of Management Accountants (US)
NZSA New Zealand Society of Accountants
SMAC Society of Management Accountants of Canada