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THE CHANGING ROLES OF ACCOUNTANTS IN INDUSTRY

Volume 1 of 2

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Ph.D.

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October, 1984

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SUMMARY

Both accountants and their professional associations have come under pressure in recent years to move with a changing environment. A research project was established therefore in order to study the present roles of accountants in industry, to consider how such roles have evolved, and to consider ways in which these roles might change in the future. Apart from these specific objectives, the thesis also attempts to come to terms with some of the major philosophical and theoretical challenges that face sociology.

Given these broad aims, and given a limited amount of previous research, the approach was to derive tentative classifications and propositions from empirical investigation, rather than to test preconceived hypotheses. Data was obtained primarily from ninety-nine structured interviews with both accountants and other managers from twelve industrial enterprises.

Aside from studying specifically the changing roles of accountants in industry, the following areas were investigated: the historical development of industrial organisations, accounting systems, and the professional accounting bodies; the process of occupational entry, socialisation, and career paths of accountants; and the current education, training, and career development of, and labour market for, accountants in industry.

Despite variations according to accountants' positions, the sample's work characteristics and orientations were found to be similar to those of managers from other areas. In fact most accountants were more concerned with 'getting on' than committed to a career in accounting or to any particular professional association or employing organisation. While there was a move towards a more general business involvement for the majority of the sample, there was also in some cases an increasing demand for specialist accounting skills. In conclusion, although an eventual technological substitution for the work of accountants in industry is thought to be unlikely, their work is becoming more liable to evaluation and intervention from those outside their occupational group.

KEY WORDS: Sociology Accounting Managers Professions Careers

Acknowledgements

Most importantly my thanks go to John Child for his constant sound advice and his confidence in me over a number of years. Secondly, I would like to thank the staff of Ealing College of Higher Education, and in particular Jim Tubb, for their support during the period in which the majority of the research was undertaken. Thirdly, where would I have been without Rossie, Hazel and Susanne, super-typists - many, many thanks.

I am also very grateful to my family and a number of very good friends who have stood by me, and been a major source of strength over what must appear to them to have been an incredible amount of time on an incomprehensible project. They are not far wrong!

Finally, my thanks to Joan for her continued support and tolerance, and for her love, which have made the last couple of years not only bearable but positively enjoyable; her views have also improved the thesis significantly.

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1. INTRODUCTION

Some of the earliest known writings date back to 4000 b.c. and appear to be commercial records created to account for physical things by marks scratched into clay (Keister, 1965). Indeed it has been suggested that writing was developed not to write books but to keep books (Hoffer, 1966). Accounting in some form or other has thus been common to all developed societies, but it is only with the advent of capitalist societies and in particular with what Marx has termed 'manufacture' that it has come to achieve its current pervasive influence as the 'language of business'. There can be no doubt that financial and accounting techniques are now of fundamental importance to our society, and that accountants form a very significant occupational group working in diverse areas in many countries.

Although accountants in this country emerged as an occupational group towards the end of the last century, they were not generally regarded as forming one of the 'established' professions until the inter-war years. There are now over one hundred and fifty thousand qualified accountants however in the six main professional bodies, at least sixty thousand of whom work in industry. Qualification with any one of these bodies is acknowledged to be a stepping-stone towards a successful career in almost any work environment (industry, commerce, public practice, government or education); being a Chartered Accountant, moreover, has often been accorded a status not far below that of being a doctor or solicitor (Gerstl and Hutton, 1966).

Qualified accountants can now probably be found on most major decision making bodies.

Despite a recent growing interest in 'accountants, organisations and society' (witness the journal of that name) surprisingly little sociological research has been undertaken; indeed there is probably not one well-known study that would spring to the minds of any interested parties since Simon and his colleagues' investigation of the controller's department in 1954. Moreover work in related areas has tended to concentrate on narrowly defined topics from what might be termed a 'functionalist' perspective (see Appendix 1).

The vital role that industrial accountants play in our society and the sparsity of previous research together justify this investigation.

Since Victorian times and the writings of Dickens to our present era and the sketches of Monty Python, the accountant has typically been portrayed as a rather unimaginative, conservative and introverted sort of character not known for 'his' flexibility or communication skills. Whether or not such stereotypes bear (or have ever borne) any resemblance to 'reality', they are being regarded increasingly as unsuitable for to-day's accountants who live and work in a constantly changing environment. Flexibility and the ability to communicate are now generally viewed as important attributes for any accountant.

The increasing scale and complexity in business life, the growth in international trading, the current economic climate, changes in

technology and in particular information technology, a call for greater accountability of those entrusted with society's resources, and shifts in emphasis from the rights of shareholders alone to those of employees and consumers, have all led to pressures being placed on both accountants and their professional organisations. In particular, in the light of certain well publicised collapses on the stock market, there has been found to be a gap in expectations as to the auditor's responsibilities between auditors themselves, and the public and users of financial statements. The apparent inability of the professional bodies to formulate any clear statements of practice on a number of issues, and especially that of accounting for inflation, has also created further external and critical pressures.

At the same time there has been an increasing heterogeneity of membership with accountants working in many areas within various different environments. There have thus arisen a number of groups with different and sometimes conflicting interests: industrial accountants as opposed to practising accountants (for example the Hundred Group within the Institute of Chartered Accountants in England and Wales - ICAEW); small practitioners as against large firms of practising accountants; new 'specialist' societies in areas such as insolvency, corporate treasurership and internal audit. These conflicts are notwithstanding the competition between the three main bodies - the Association of Certified Accountants (ACA), the ICAEW, and the Institute of Cost and Management Accountants (ICMA).

As far as accountancy is concerned at any rate, Child and Schreischeim (1978) correctly summarised the situation when they stated that the authority enjoyed by professional associations on behalf of their members was becoming subject to external limitations at the same time as their ability to represent a common view was being threatened by increasing heterogeneity of membership.

Tricker reiterated this latter point in a recent ICAEW report:

"Inevitably, with the increasing complexity of the subject and growing specialisation, there is less homogeneity in interests across the membership. The unanimity which was associated with a shared set of expertise and common interests has been lost. Members no longer have the same aspirations in their professional qualification, nor the same expectations of the Institute."
(1983)

The pressures on the professional accounting bodies are evident from the nature of some of their recent reports (for example, the Hillebrandt report on "The Changing Role of the Finance Function", 1978; the Flint report on "The Impact of Change on the Accounting Profession", 1980), and from a review of the professional accounting literature. It is perhaps no coincidence that the ICAEW has recently appointed an external firm of public relations consultants.

The organisation and structure of the 'profession' as a whole has in fact attracted the interest of all the major bodies, with the ICAEW

producing the Tricker report (1983), the ICMA now stressing the importance of their separate identity (see Norkett, 1984), and the ACA still upholding their belief in the need for registration (see leading article in *Certified Accountant*, December, 1983). It is interesting to note in this respect that both the ICMA and the ACA have recently tried to have the word 'chartered' included in their official title. The Chartered Institutes have in particular also been concerned about the education, training and development of accountants in industry (see, for example, the Allen report, 1977; the Julien report, 1980; articles in *Accountancy* in November, 1983, and January, June and July, 1984).

Thus it is commonly acknowledged in the professional press that both accountants and their professional associations are under pressure to move with a changing environment. Concern has in particular been expressed about the organisational structure and integration of the various associations, and the education, training, and career development of accountants in industry and commerce. These factors add further arguments for an investigation of "the changing roles of accountants in industry".

The final justification for this investigation however is a personal and sociological one. The research represents a sociological 'voyage' in which I attempt to come to terms with some of the major philosophical and theoretical challenges that face sociology: the nature of and relationships between individual experiences and meanings, organisational structures and processes, and wider changes

in society; the paradox of the control an individual has over her or his actions and yet the lack of control people feel they have over 'the way things are'; the tensions between stability, order and consensus in societies on the one hand, and conflict and the potential for radical change on the other; and finally the idea that all sociological study has philosophical and theoretical underpinnings that should be related to a person's own values and beliefs. The following comments from Watson reflect my own views exactly:

"To attempt to deal with theoretical and methodological issues of this nature within one study which is also, and primarily, intended to throw light on a substantive area of social life is indeed ambitious. But I have in this work been willing to take the risks involved in over-ambitiousness since I believe that it is only through taking such risks and rejecting the over-developed task specialisation and almost parochial theoretical exclusiveness of much contemporary work that sociology will avoid losing its way - the way established by its founding fathers and classical writers." (1977, p.xiv)

2. DEVELOPMENT OF THE RESEARCH

2.1 Introduction

2.2 Research Objectives

- (a) Personal background and orientations
- (b) Research objectives and applications
- (c) Outline of thesis
- (d) Summary

2.3 Philosophical & Theoretical Assumptions

- (a) Classification of social theories
- (b) Philosophical & theoretical assumptions
- (c) Summary

2.4 Approach to the Research

- (a) Previous literature
- (b) Approach to the research
- (c) Summary

2.5 Research Methods & Sample

- (a) Research methods
- (b) Definition of 'accountants in industry' and 'role'
- (c) Research sample
- (d) Summary

2.6 Conclusions

2.1 Introduction

One of the difficulties of the social sciences (and indeed the natural sciences)¹ is that the researcher is a part of and a product of the society which she or he is observing. This problem has long been recognised and was discussed by Spencer, for example, in the latter half of the nineteenth century:

"For the interpretation of human conduct as socially displayed, everyone is compelled to use, as a key, his own nature - ascribing to others thoughts and feelings like his own." (in Thompson & Tunstall, 1971, pp. 34-5).

In other words it is being suggested that the social scientist's personality and biography must necessarily influence her or his work (see Freund, 1972, pp. 54-5). The assumption here is that sociology cannot be 'value free'. Indeed it could be said that theorising is a "self-transforming operation where what one operates on is one's knowledge of the society as part of one's history, biography, and form of life" (Blum, in Douglas, 1971, p.313).

Consequently, before outlining the research objectives and applications, and the forthcoming chapters in this thesis, section 2.2 indicates some aspects of my biography and my orientations to sociology that have influenced the nature of this investigation.

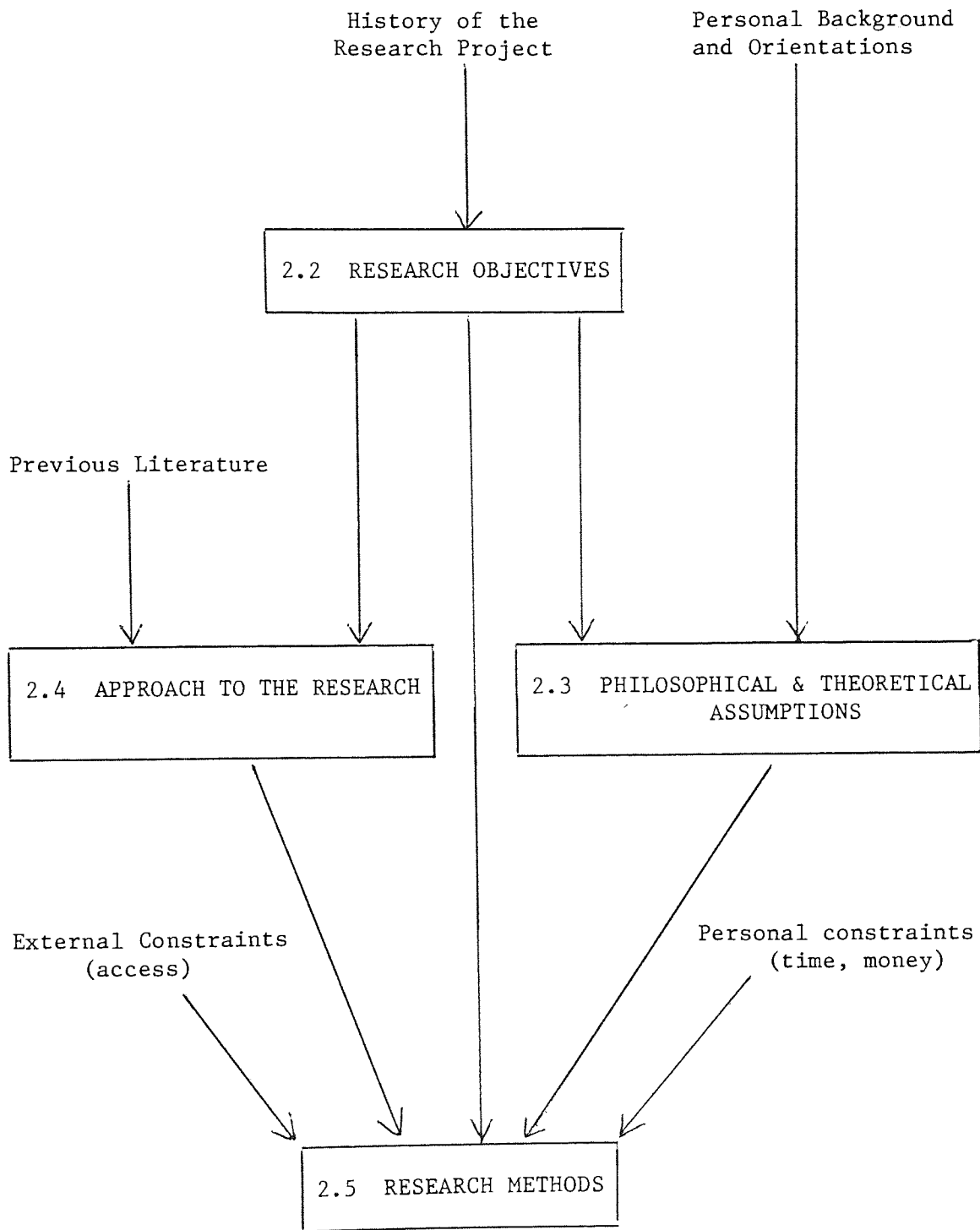
Another important assumption made here is that certain fundamental theoretical and philosophical assumptions underlie any piece of research. Given this initial claim it is contended that the underlying assumptions behind any study should be recognised and assessed by researchers to ensure that they are consistent with their personal values and beliefs. Having indicated my own orientations to sociology in section 2.2, section 2.3 outlines the philosophical and theoretical assumptions behind this investigation.

It is also thought that the general approach to any research should be related to the nature of both the phenomena being studied and the previous literature in the area. Section 2.4 explains why an 'exploratory' approach is adopted in this investigation - the aim being to explore the area and to gain further knowledge from which tentative classifications and propositions might be derived rather than to test specific hypotheses.

Finally section 2.5 discusses the research methods and samples, and provides a definition of both 'accountants in industry' and 'roles'.

Figure 2.1.1 indicates the nature of each of these four sections and how they are all interrelated. It can be seen that the research objectives evolved from my joining a research project being established at Ealing College of Higher Education (section 2.2); the research brief and my own personal orientations towards sociology led to certain philosophical and theoretical assumptions being made about the project (section 2.3); the research objectives and an analysis of

Figure 2.1.1 Development of the Research



previous literature determined the approach to the research (section 2.4); and, given certain constraints, the research methods were related to the research approach, the research objectives, and the philosophical and theoretical assumptions (section 2.5).

2.2 Research Objectives

Following a number of reports and articles in the professional press concerning the changing environment in which accountants work, and the need for the accounting bodies and their members to move with that changing environment, a research project was set up at Ealing College of Higher Education in September, 1978, to study "The Future Role of Accountants in Industry". The objectives for the present study developed from my joining this research project and so this section combines the history of the project at Ealing and its rationale with my own career path or biography. The research objectives, its possible applications, and the nature of the ensuing chapters of this thesis are then outlined, and they should be viewed in the light of my own orientations towards sociology.

(a) Personal background and orientations

Having always enjoyed and succeeded at mathematics at school, I went to university to undertake a degree in the same subject. During the first two years of my degree I gradually became more and more disenchanted with the subject, and so I changed to what could be termed a 'management studies' course, involving statistics, operational research and industrial sociology. I thought that this course might be more relevant to my future career while utilising the mathematical knowledge I had already obtained.

Although I spent little time on industrial sociology I felt it was an area that would interest me and, despite an initial desire not to continue academic study, I eventually became a research student in the subject. Looking back, I think my interest in industrial sociology grew as I realised that it could help me understand the world about me and could help explain certain injustices in the world that I felt existed. Gouldner expressed these sentiments very well when he stated:

"Much of any man's effort to know the social world around him is prompted by an effort, more or less disguised or deliberate, to know things that are personally important to him; which is to say, he aims at knowing himself and the experiences he has had in his social world (his relationship to it), and at changing this relationship in some manner. Like it or not, and know it or not,

in confronting the social world that theorist is also confronting himself." (1971, p.41).

I had no idea which aspects of the subject I wished to study and having begun unsuccessfully a number of projects on a variety of topics, I 'happened' to concentrate on the sociology of occupations and, in particular, professionally organised occupations. It was suggested, and I thought it reasonable, that I should concentrate on one particular 'profession' and so the problem now became one of choosing a suitable 'profession' in which to conduct my research. Accountancy seemed a good prospect for three reasons: first, the techniques it employed and the role it seemed to play bore some relation to my previous education in respectively mathematics and management studies; secondly, as is the case with most graduates, some of my friends and acquaintances had become accountants; finally, a brief survey showed that not much previous research had been conducted on accountants.

Following an initial study on trainee Chartered accountants in Birmingham, I obtained a post as Research Assistant at Ealing College of Higher Education to help conduct a project on "The Future Role of Accountants in Industry." A one-year contract was extended for a further year, after which I managed to gain a research grant for nine months from the Social Science Research Council². While at Ealing I registered on the Doctoral Programme at the University of Aston Management Centre, and I was fortunate enough to be able to work

full-time towards a doctorate at the same time as fulfilling my obligations as a Research Assistant.

Perhaps the most significant factors to emerge from my background are: first, my previous education had been largely in what might be called 'quantitative techniques' (that is, mathematics, statistics, operational research); secondly, I had received no previous education, training or experience in accounting; and thirdly, my interest in industrial sociology had stemmed from a more general desire to understand the nature of society and its institutions.

The relevance of the first factor will become apparent when discussing research methods: qualitative methods were selected not because of my own inadequacy at applying quantitative techniques but because I view such techniques as often being inadequate for the purposes ascribed to them. The fact that I had little knowledge of accountancy or the roles of accountants made it more difficult for me as an observer to understand and to interpret how accountants view their social situation (to the extent that a social situation is simply what it is defined to be by its participants, this is certainly the case³); on the other hand, however, it may have made it easier for me to step outside the taken-for-granted routines of the accountant and to identify social conventions and ideologies. The third factor means that it was precisely the identification of these social conventions and ideologies that primarily interested me - this will now be explained in more detail.

As a research student I developed certain orientations towards sociology. It seemed to me that although people generally regard themselves as having 'minds of their own' and believe that they can act as they choose (at least to some extent), they also probably feel that they have no control over certain things that happen to them and certain aspects of society. To put it another way people are often free to choose, but not in circumstances of their own choosing. Various systems, codes and institutions in society are 'taken for granted' and appear as 'facts of life' over which people have no control, even though they are simply the products of the actions and interactions of other human beings.

The fact that society is created by people, but that they also feel constrained by it, was referred to by Berger as the fundamental 'paradox of social existence' (1966, p.149); indeed, according to Gouldner (1971) the social sciences only developed as a result of this paradox becoming recognised after the French Revolution. It may be that the emphasis on 'freedom' and 'free will' in the Western world serves only to highlight the tension between people being in charge of their destinies, and people being constrained by a social world that appears to be independent of and external to them. It is suggested that this tension can lead to people being estranged from the social world in which they live.⁴

The challenge of sociology for me is to explain the nature of social structures, systems and processes without reifying them or attributing to them an existence independent of the meanings and actions of

individuals; it is to combine different levels of analysis, and "to grasp history and biography and the relations between the two within society" (Mills, 1970, p.12). At the same time it is acknowledged that it is extremely difficult to submit adequate interpretations of large scale societal structures and processes without resorting to functionalist explanations (Wagner, 1964, p.583). As Weber stated:

"For purposes of sociological analysis two things can be said. First, this functional frame of reference is convenient for purposes of practical illustration and for provisional orientation. In these respects it is not only useful but indispensable. But at the same time if its cognitive value is over-estimated and its concept illegitimately 'reified' it can be highly dangerous. Second, in certain circumstances this is the only way of determining just what processes of social action it is important to understand in order to explain a given phenomenon." (Weber, 1968, p.15).

Sociological understanding will not necessarily promote human interests, and it is not sufficient to change society; nevertheless I would agree with Child when he states:

"Social science can assist the process of change through its scrutiny of the conventional wisdom, ideology and prejudice which still pervade many aspects of our social life. By identifying social conventions for what they are, the social scientist helps to create an awareness of the possibilities for

alternative modes of action and organisation which may provide benefits not previously achieved." (1973, p.234).

Similarly Mills suggested that it was "the social scientist's foremost political and intellectual task to make clear the elements of contemporary uneasiness and indifference" (1970, p.20) and that "to ask sociological questions, then, presupposes that one is interested in looking some distance beyond the commonly accepted or officially defined goals of human actions" (ibid. p.41). He advocated the development of the "sociological imagination", which enables its possessor:

"... to understand the larger historical scene in terms of its meaning for the inner life and the external career of a variety of individuals. It enables him to take into account how individuals, in the welter of their daily experience, often become falsely conscious of their social positions" (1970, p.11).

Many philosophers have also considered the importance of demystifying the social world: Mannheim advocated the development of "ecstasy" - that is, the act of stepping outside the 'taken-for-granted' routines of everyday life; Sartre warned of "bad faith" by which people become alienated from their true being through accepting and imprisoning themselves in a role that others demand of them; and Russell suggested

that our age needed, amongst other things, compassion and a "determination to eschew pleasant myths".

These are all views with which I would agree, and it is the recognition of "conventional wisdom, ideology and prejudice" that I take to be the central aim of the social sciences.

(b) Research objectives and applications

Having outlined some important aspects of my own background, the history of the project at Ealing College will now be considered, and its development upon my becoming a Research Assistant.

Over ten years ago Hastings regarded accountancy as "...a professional body at a critical moment in its history" (1968, p.36). Many more academic and professional commentators have expressed concern about the roles of accountants and the accounting profession since then, and it may be that as Montagna suggested the rate of change to-day makes for a constant stream of crucial stages for the accounting profession (1974, p.185). Articles with such foreboding titles as "The profession....and the crisis ahead", or "Profession in peril" were not uncommon in the accountancy press at the time the project was being set up.⁵ It was thought by some that accountants had not progressed in step with an environment which was seen to be changing and growing in turbulence:

"Criticism heaped on accountants' heads....is not more than the profession deserves. The profession's practices have lagged behind the evolving needs and requirements of modern business life...the lag has exposed some alarming deficiencies in the attitude and abilities of accountants." (Heller, 1977).

The pressures for change had also been noted by professional bodies: the Institute of Chartered Accountants of Scotland had commissioned a

report by David Flint on 'The Impact of Change on the Accounting Profession' (1980); and the Hundred Group, a group of finance directors from major industrial companies, had set up a Working Party to examine "both internal and external pressures, currently influencing the function, for their likely impact upon the general direction of future change" (1978).

More detailed examination of the effects of economic, social, political and technological developments upon the roles of accountants in industry will be under taken in later chapters (see, in particular, chapter seven). Suffice it to say for the moment that accountants had been coming under closer professional and public scrutiny.⁶

Given a perceived need by the representatives of the accounting bodies that their members should move with a changing environment, much discussion revolved around methods of educating and training accountants. It was in the light of this debate and a desire to set up an accounting degree that a research project was established at Ealing College of Higher Education. The project team was to consist of a Research Assistant working under the supervision of A J Tubb, the Head of the Finance and Accounting Division.

The aims of the project were to provide:

"(1) a profile of the type of person required to fill the future role of an accountant;

(2) an investigation of the style and form of education and training that will be needed to meet that profile."

Upon taking up the post of Research Assistant it was agreed that I would be totally responsible for all aspects of the project and would report developments to my supervisor at regular intervals to ensure that I stayed within the bounds of the original research brief. I was unhappy with the formal aims of the project, however, as I felt they begged the question of who required a particular type of person to fill the future role of an accountant: if they meant the type of person required by managers in industry, or by the professional accounting bodies, then the aims would involve the acceptance of managerial or professional ideologies. I was also unhappy with the implicit conception of there being a single "future role" and a single "profile" for accountants.

The research objectives were modified, therefore, and they became: "to study the present roles of accountants in industry, to consider how such roles have evolved, and to consider ways in which these roles might change in the future". It was thought that such analysis would have implications for the future education, training and career development of accountants in industry.

It was also intended that the results of the research would prove useful to a number of groups of people: the professional accountancy bodies in the light of the debate on the changing roles, and future education, training and career development of accountants in industry;

industrial organisations; and prospective accountants or students of accountancy - particularly those undertaking accountancy degrees. Finally, at a more general level, it was hoped that by providing a rigorous and honest empirical investigation based on a clearly defined theoretical and philosophical framework, the study might be able to raise some questions, inspire some thoughts, 'identify some social conventions', and help develop the 'sociological imagination'.

(c) Outline of the thesis

Given the above research objectives there are a number of types of investigation that could be undertaken. Different 'types' of investigation will depend upon the philosophical and theoretical assumptions made, the approach to the research that is adopted, and the research methods and samples that are employed. Details of these areas with respect to this investigation are given in the next three sections. The aim now is simply to describe the general nature of this thesis by outlining briefly each chapter, how they fit together and why they occur in the order they do; it is hoped that their relationship to both the research objectives and my own orientations to sociology will become apparent.

The thesis is concerned with accountants working in industrial organisations, the large majority of whom are also members of a professional association. Chapter three provides an historical review of the development of industrial organisations, accounting systems and the professional accounting bodies. Apart from giving a useful background to the topic under investigation, it was thought that in order to understand fully the roles of accountants in industry, there was a need to comprehend industrial organisations, accounting systems, accountants and their professional associations as they have been in the past, and indeed to understand how and why they developed in the first place (see section 2.3).

Empirical data was collected primarily from structured interviews with both accountants and other managers from twelve industrial enterprises. Chapter four presents much of this data in the form of twelve case studies. Although necessarily descriptive these case studies have been included in the main content of the thesis and at its outset in order that the reader can appreciate the nature of the research material, and so that the interviewees and their comments can be located within the context of their work situations. Chapter five draws from the empirical data and from previous literature in order to analyse accountants' present roles and how they have changed in recent years.

Chapter six begins to analyse why accountants' roles have changed and how they might change in the future by looking at various influences 'external' to any individual accountant, and in particular at economic and business pressures, and organisational structures. In other words this chapter places accountants' changing roles in the context of 'external' changes outlined in the case studies (chapter four), which in turn can be seen in terms of wider historical developments (chapter three).

This analysis is continued in chapter seven which considers the work orientations of accountants, the orientations of other managers to the work of accountants, and the relationships between accountants and other managers. Whereas chapter six suggests that accountants' roles are contingent upon certain wider developments and various contextual factors, chapter seven emphasises that changes in accountants' roles

(and indeed wider developments) are the product of individual actions that in turn stem from individual meanings and orientations.

In the same way that perceived changes in accountants' roles were placed in the context of wider organisational changes and historical developments, so accountants' perceptions and orientations should be placed in the context of individual changes and historical developments, that is in the context of individuals' biographies. Chapter eight therefore looks at the occupational entry, socialisation, and career paths of accountants.

The analyses undertaken in chapters five, six and seven, when viewed in the context of chapters three, four and eight, allow speculation about the ways in which accountants' roles might change in the future - this is undertaken in chapter ten. Chapter ten also considers the implications of these results for the future education, training, and career development of accountants in industry; however, before this can be done it is necessary to understand the current education, training and career development of accountants in industry, and this is undertaken in chapter nine. Finally chapter ten assesses the extent to which the research objectives have been met, the theoretical framework upheld and the research approach justified; particular emphasis is also given to the potential areas for future research.

(d) Summary

This section has shown how the objectives for the present study developed from my joining a research project that had been set up at Ealing College of Higher Education. In other words this investigation has been influenced both by the history of the project prior to my appointment as a Research Assistant, and by my own personal background and orientations to sociology. In particular it was thought that my previous education in quantitative techniques, my lack of any education, training or experience in accounting, and a general desire to understand the nature of societies and their conventions and ideologies have affected the nature of this research.

The research objectives were defined as: "to study the present roles of accountants in industry, to consider how such roles have evolved, and to consider ways in which these roles might change in the future."

It was thought that such analysis would have implications for the future education, training and career development of accountants in industry. It was also intended that the results of the research would prove useful to the professional accountancy bodies, industrial organisations, and students of accountancy.

2.3 Philosophical and theoretical assumptions

This section begins by explaining why it might be useful to construct an analytical framework for classifying social theories and research based on a philosophy of science and a theory of society. A scheme developed by Burrell and Morgan is thought to be particularly helpful and so this is then outlined. The remainder of the section is concerned with locating within Burrell and Morgan's framework the present study by identifying its philosophical and theoretical assumptions. It is shown how these assumptions have been influenced by both the research objectives and my own personal orientations.

(a) Classification of social theories

There are a number of reasons why it is important to recognise and acknowledge the principal theoretical and philosophical assumptions behind social theories and research in general. These reasons are illustrated by examples from work relating to the organisational and social aspects of accounting.

First, a map or classification of research according to its underlying assumptions can be used to find a way through the wealth of material available, the aims of which are sometimes confusing and the results conflicting. It will be seen that the multi-disciplinary nature of management accounting and the consequent variety of theories subsumed under its heading, masks the fact that they tend to stem from similar perspectives towards society and the social sciences (see section 2.4a).

Secondly, by making explicit the basic assumptions behind different pieces of work, it is hoped that a greater tolerance and awareness of research from alternative disciplines and perspectives may be encouraged. Without such an awareness there is a danger that people may become entrenched within well-defined and righteously guarded positions; unproductive claims and counter-claims may proliferate and constructive academic debate may be stifled.⁷

Thirdly, commonly held views and taken-for-granted 'facts' often rest upon assumptions that are not recognised and thus not assessed.

Unless such an assessment is undertaken there is a danger that ideology is unquestioningly accepted as fact and 'myths' are developed and nurtured. At present 'myths' would appear to abound in both the organisational and the accounting literature (Boland, 1982; Bourn et al., 1982; Meyer and Rowan, 1977; Westerlund and Sjostrand, 1979). 'Awkward' questioning of accountancy's relationship to prevailing sectional interests is relatively unexplored.

Fourthly, a map or classification may not only be useful as a way of organising previous literature, but it may also point the way towards new areas of investigation and the discovery of previously uncharted territory. As will be seen, alternative conceptions of society exist and are capable of being incorporated within an accounting context (see Appendix 1); it may be that fresh insights can be gained on old problems by viewing them from a different perspective (Hopwood, 1972).

Finally, in any research it is suggested that individual values, philosophical assumptions, theoretical backing, and research methods should all be related to each other and to the aims of the research (see section 2.1). Such consistency has not always characterised accounting research (Dyckman et al., 1978).

There has been much debate on the relationship between philosophy and the social sciences: for example, Dahrendorf (1959), Runciman (1963), Dawe (1970), Friedrichs (1970), Robertson (1974), Keat and Urry

(1975), Benton (1977). However until recently accounting researchers have tended to ignore its ramifications. Given the connection between organisation theory and management accounting (Sathe, 1978), the recent work by Burrell and Morgan (1979) which reviews and groups organisational research according to its principal theoretical and philosophical assumptions provides a useful bridge between the two areas. Moreover their classification can incorporate, at least partially, all the schemes proposed by the writers cited above. Consequently Burrell and Morgan's work is utilised here both to group and review previous studies relating to the organisational and social aspects of accounting (see section 2.4 and, in particular, Appendix 1), and to identify the assumptions behind the present research.⁸

Before detailing the nature of their framework, however, it should be stressed that it is being used in this chapter purely as a tool to aid the understanding of a very complex area. It would be foolhardy to maintain that all social science could be uniquely and meaningfully classified with respect simply to two dimensions (for example, their 'objective-subjective' dimension consists of four sub-scales which are not always well related). The aim of this chapter is neither to discuss the extent to which social science literature can be pigeon-holed in such a manner, nor to debate the relative merits of Burrell and Morgan's particular scheme: the aim is to direct attention to what are thought to be very important underlying issues behind accounting research in general and this study in particular.

The Burrell and Morgan framework is constructed from two independent dimensions based on assumptions regarding the nature of social science and the nature of society respectively. The social science dimension in turn consists of four distinct but related elements: assumptions about ontology, epistemology, human nature, and methodology.

Ontology concerns the nature of 'reality'. On the one hand the social world and its structures can be regarded as having an empirical, concrete existence external to, independent of and prior to the cognition of any individual. At the other extreme reality is depicted as existing only as a product of individual consciousness - the external social world consists simply of concepts and labels created by people to help them understand reality and negotiate a shared conception of its nature with others.

Epistemology is concerned with the nature of knowledge - what forms it takes and how it can be obtained and transmitted. One end of a continuum assumes that knowledge can be acquired through observation and built up piecemeal; at the other extremity knowledge is attributed with a more subjective and essentially personal nature - the social world can be understood only by acquiring first-hand knowledge of the subject under investigation.

Assumptions about human nature refer to the relationship between human beings and their environment. People's behaviour and experiences can be regarded as being completely determined and constrained by their external environment or, on the other hand, people can be viewed as

being potentially autonomous and free-willed, and capable of creating their own environment.

The three sets of assumptions outlined above have direct methodological implications. If the social world is treated as the same as the physical or natural world, then methods from the natural sciences tend to be utilised to locate, explain and predict social regularities and patterns - statistical techniques are often used to test hypotheses and to analyse data collected by standard research instruments, such as questionnaires and surveys. Alternatively, if the subjective experiences of individuals and the creation of a social world are stressed, then methods that allow insight into an individual's inner self are emphasised - for example, participant observation and in-depth interviews.

Although analytically distinct, there are often strong relationships between the positions adopted on each continuum, and so Burrell and Morgan integrate them within an "objective-subjective" dimension - one end emphasising the objective nature of reality, knowledge and human behaviour, the other stressing subjective aspects.

The other major dimension defines two alternative and fundamentally different approaches to society: one is concerned with regulation, order and stability and sets out to explain why society tends to hold together; the other focuses on the fundamental divisions of interest, conflicts and unequal distributions of power that provide the potential for 'radical change'.

These two independent dimensions were combined to form four mutually exclusive frames of reference: functionalist, interpretive, radical humanist, and radical structuralist (see figure 2.3.1). In order to do this Burrell and Morgan created a dichotomy between "objective" and "subjective" approaches, even though the dimension relating to social science assumptions was constructed as a continuum (see Morgan and Smircich, 1980). This dimension is regarded here as continuous, thus allowing certain works or schools of thought to straddle Burrell and Morgan's 'objective/subjective' divide.

The next section will consider the location of the previous research on both accountants and the organisational and social aspects of accounting within the above framework. The rest of this section will establish the philosophical and theoretical assumptions underlying the present study - these were influenced by both the research objectives and in particular my own personal orientations (see section 2.2a).

Figure 2.3.1 Burrell & Morgan's Four Sociological Paradigms



(From Burrell & Morgan 1979, page 29)

(b) Philosophical and theoretical assumptions

If assumptions about the nature of social science tend towards the 'objective' end of the dimension outlined above, then people are seen as being constrained by the social world in which they live, and this world is perceived as being composed of external and independent 'objects' and relationships. With such an approach behaviour is often attributed to 'collectivities' such as organisations; for example, Comte stated that a society "is no more decomposable into individuals than a geometric surface is into lines, or a line into points" (see Lukes, 1968, p.119). It would seem, therefore, that "a purely structural or functional sociology is endemically in danger of reifying social phenomena" (Berger and Luckmann, 1966, p.208) - that is, social constructs are accorded the power of thought and action. However, it is precisely this reification or objectification of social phenomena that can lead to people being estranged from the social world they help create; it is suggested that, to this extent, a purely objective sociology represents an accommodation to the alienation of people, rather than an effort to transcend it (see Gouldner, 1971, p.53).

A "subjective" approach on the other hand places emphasis on individual meaning and consciousness - as Laing pointed out, "persons are distinguished from things in that persons experience the world, whereas things behave in the world" (1967, p.53). In particular the ontological assumption behind this approach is that reality is only a

product of individual consciousness; in its extreme form this leads to 'solipsism' which denies that external objects of any sort (for example, trees) have an independent reality. A general problem with 'interpretive sociology' is how to cope with the common-sense belief of a social world without implying the empirical and independent existence of social phenomena.

One way of trying to overcome this hurdle is to acknowledge that our own realisation of the world about us is at least to some extent a common-sense experienced shared by others. People bring to any relationship a stock of 'common sense understandings' by which they 'typify' others - it is in this way that they are able to calculate the probable response of others to their actions, and to sustain communication with them (see Giddens, 1976, p.29). Understanding of the conduct of others is thus seen to be obtained through a process of interpretation, or 'typification', rather than by direct observation. These typifications are learned throughout people's lives, and they are continuously modified or re-affirmed in their everyday experiences.

"The social reality of everyday life is thus apprehended in a continuum of typifications which are progressively anonymous as they are removed from the 'here and now' of the face-to-face situation". (Berger and Luckman, 1966, pp.47,8).

Unfortunately studies focusing on the analysis of meaning and consciousness still seem to have problems in coming to terms with the

common-sense notion of a social world. Despite their theoretical perspective, empirical investigations tend to assume at some stage the existence of an independent external social structure (see Burrell and Morgan, 1979, p.276). Indeed in this study the research objectives themselves (the study of "the changing roles of accountants in industry") tacitly imply the existence of a social world external to, independent of and prior to the cognition of any individual. My own orientations however stress the importance of the ways in which people interpret and attribute meanings to their social world. It would seem therefore that, in the words of Watson:

"The theoretical scheme to which I am... moving has, then, to combine a concern with meanings, individual motives and so on, with recognition of the need to use structural concepts in analysis." (1977, p.14).

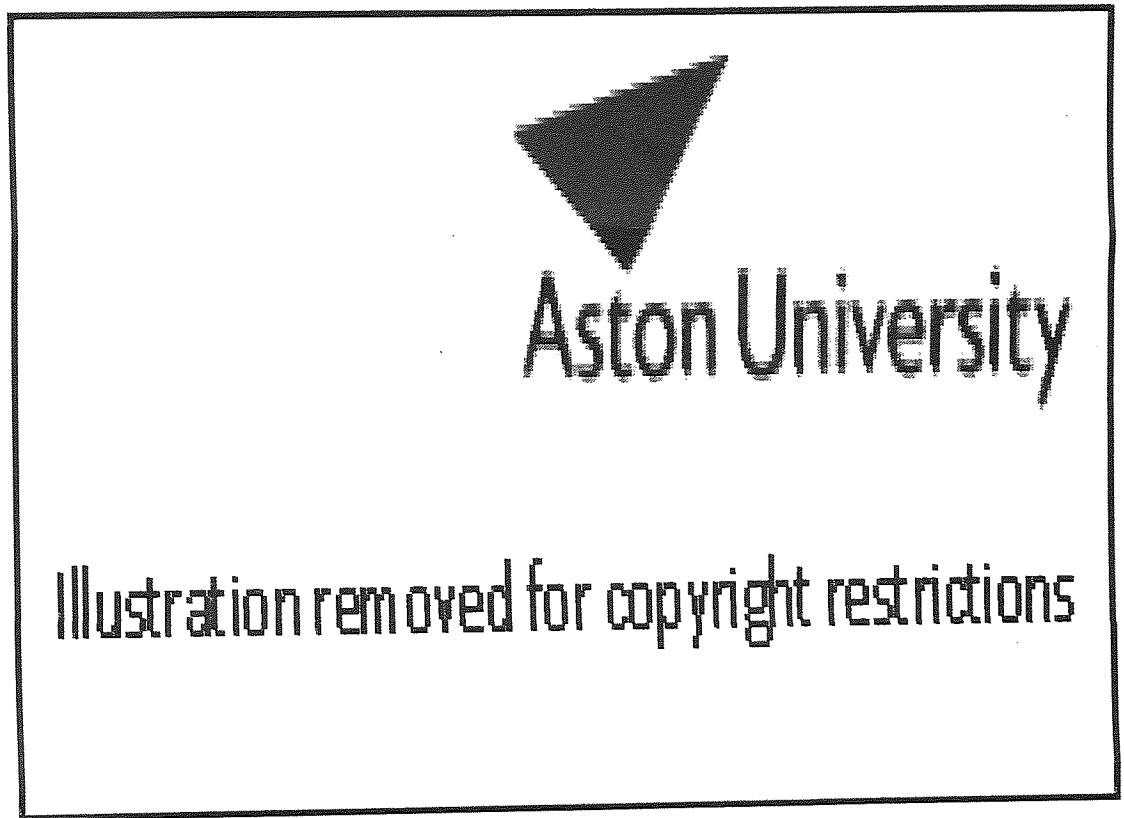
The assumptions made in this study with respect to the nature of social science therefore are that the social world can be regarded as being external to and independent of any individual, but that attention should be paid to the ways in which common-sense understandings of it are socially constructed, sustained and changed. People will be viewed as being constrained by the social world, at least to some extent, but also as being able to interpret it, assign meanings to it and influence it. With respect to epistemology the next section suggests that knowledge of the area currently being researched will not be obtained in the same way as commonly undertaken in the natural sciences, but that some forms of generalisation and

classification will usefully be made. Finally, the appropriate research methods given the above assumptions are discussed in section 2.5. As far as the 'objective-subjective' dimension is concerned this stance is very similar to that of 'social action' theory (see Burrell & Morgan, 1979, pp 83-87)⁹ - it can be positioned just to the right of centre in Burrell & Morgan's framework (see figure 2.3.2).

From this frame of reference 'typifications' are seen to be learnt, modified and re-affirmed throughout people's lives, but they are also thought to be given to people by the past history and present structure and language of their society (Silverman, 1970, p.132). This kind of approach still leaves a number of questions unanswered however: language may 'pre-define' social reality, but who defines the language? Certain common-sense understandings may be shared by others but how does this come about? Their resolution requires consideration to be given to the ways in which the processes of acquiring common-sense understandings are themselves socially structured. This issue in turn revolves around assumptions relating to the nature of society: on the one hand shared understandings may be regarded as a sign of harmony, stability and order in society; alternatively they may reflect the success of forces of domination in society.

It is the latter viewpoint to which I would adhere and which will be followed in this study. Society is seen to be composed of contradictory elements and to be pervaded by systems of power and domination which lead to inequalities in all aspects of life - whether it be in terms of power, economic wealth, or physical and mental

Figure 2.3.2 Location of Study within Burrell & Morgan's Framework



(From Burrell & Morgan 1979, page 29)

health. A theme central to this stance is that of 'totality': this is the idea that all parts reflect the totality, and that the totality shapes and is present within each part. An implication of this notion is that one cannot understand any aspect of a capitalist society without first understanding capitalism itself in its entirety.

The importance of this notion for the present study was realised only after the data had been collected. It became apparent, for example, that the roles of accountants in industry were changing as the result of certain changes in the economic environment and in the structure of industrial organisations (see chapters six and seven). In order to understand matters at an individual and organisational level it became necessary to consider more general trends,¹⁰ and these were felt to be explained most adequately by employing theories relating to the development of capitalist societies. In other words, it was thought that in order to understand the roles of accountants in industry, there was a need to comprehend accountants and industrial organisations as they have been in the past, and indeed to understand how and why they developed in the first place (see chapter three). An assumption was made that accountants and organisations could not be understood without first analysing the social processes and structures in which they were thought to exist.

Nevertheless the underlying concern of this study is with integration and order in society, even if this is achieved through the domination of particular interest groups - as such the perspective is more akin to a Weberian than a Marxian one. In terms of Burrell & Morgan's

framework therefore the study must be seen as part of the "sociology of regulation" rather than the "sociology of radical change" - it can be positioned just below the centre of the vertical axis (see figure 2.3.2).

(d) Summary

The central aim of this section has been to state explicitly the philosophical and theoretical assumptions that underpin the present study of "the changing roles of accountants in industry". This endeavour has been undertaken because it is felt that an appreciation of such assumptions is essential if a thesis is to be in accord with ones own values and beliefs and if research objectives, methods and analysis are to be consistent. A framework developed by Burrell & Morgan and based on two dimensions relating to assumptions about the nature of the social sciences and of society has been employed to aid classification.

The position of this study with respect to the 'objective-subjective' dimension evolved from a desire to understand and study various social phenomena without reifying them, while also acknowledging their appearance as objective 'facts of life'. Thus although it is realised that people 'create' their own social worlds which are peculiar to themselves, it is also assumed that there is an underlying form and pattern in human affairs such that certain structures can be analysed as external empirical entities. Similarly it is assumed that people can influence their environment even though their lives may seem predetermined by the social structure around them. Finally it is suggested that efforts should be made to obtain an insight into individuals' subjective experiences, but that knowledge can also be gained of patterns and regularities that are seen to exist in the

social world. The stance taken in this study therefore lies almost midway between the two extremes.

With respect to the nature of society the perspective adopted again lies almost midway between the two extremes: the study is primarily concerned with 'regulation' in society, even if this is seen to be achieved through the domination of certain interest groups.

2.4 Approach to the Research

This section is concerned with the general approach to the research rather than the precise research methods employed. It was thought that the research approach should logically be related to the nature of both the phenomena being studied and the previous research (see figure 2.1.1). Thus the investigation of a particular accounting technique, for example, is likely to require a different approach to that of studying accountants' roles; similarly research of an area that has already been extensively investigated and documented might well involve a different approach to that of surveying a previously uncharted region.

The section begins by analysing briefly the previous theoretical and empirical work relating to both the organisational and social aspects of accounting, and accountants themselves as members of industrial organisations and a professionally controlled occupation. Given these findings and the nature of the research objectives, attention is then turned to the research approach that will be adopted in this study.

(a) Previous literature

A brief resume of much of the relevant literature is given in Appendix 1. It is not the intention here to analyse or assess particular works in any detail, as this will be done when appropriate to the findings of the present study. The aim now is purely to consider the philosophical and theoretical assumptions upon which various works have been based. The previous section indicated how such an endeavour would in general serve a number of important purposes¹¹; it was also undertaken in order to obtain a broad understanding of the subject area, to ensure that the current study would not duplicate any earlier research, and to help determine the research approach.

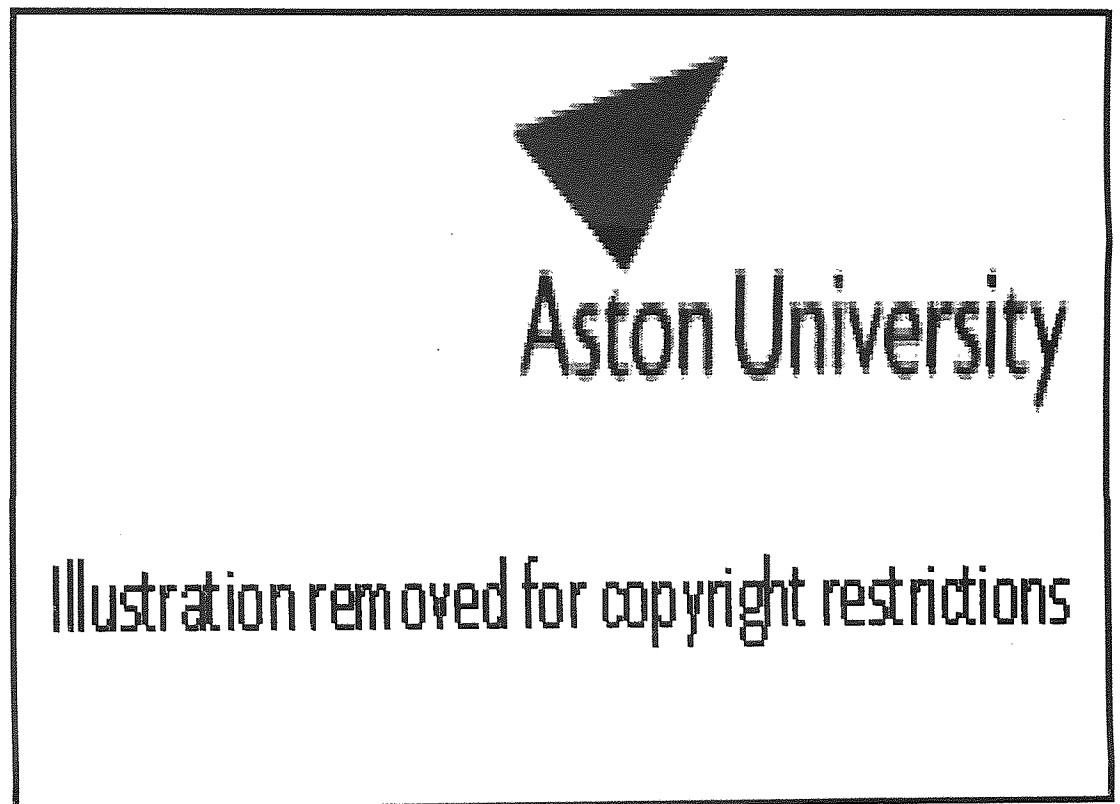
It was seen in the last section how Burrell & Morgan (1979) defined four mutually exclusive frames of reference by combining two independent dimensions based on assumptions regarding the nature of social science and the nature of society. The former dimension, however, is regarded here as continuous, thus allowing a particular school of thought to traverse their 'objective/subjective' divide. This adapted framework is used as a tool to aid the analysis of research concerning accountants and the organisational and social aspects of accounting. The literature has been split into three main categories ('functional', 'interpretive' and 'radical'), two of which straddle Burrell & Morgan's mutually exclusive paradigms. The 'functional' category has been further divided into three sub-groups - 'objectivism', 'social systems theory', and 'pluralism'. The location

within Burrell & Morgan's framework of each group is indicated in figure 2.4.1.

Appendix 1 discusses each of these categories in turn and comments on the works which are seen to lie within them.¹² It should be noted however that the allocation of studies to a particular category or school of thought is not always easy because the assumptions behind them are usually implicit and often confused; as such classification has been based purely on a personal and subjective assessment. Nevertheless, by organising the literature in this way it can be seen that the majority of work falls into the 'objectivism' and 'social systems theory' categories, and has thus been based on similar assumptions with respect to the nature of social science and society; these are now considered in a little more detail.

Societies, organisations and control systems have generally been seen to have an empirical existence independent of and external to any individual's cognition. This has often led to their reification, and needs and goals have commonly been imputed to such abstract entities. It would seem that the shifts from mechanic to organic analogies and from closed to open systems have not marked essentially different conceptions of reality, but rather have reflected varying complexities of similar models. Similarly contingency theory can be regarded as a synthesis of previous functional schools rather than a major new departure. The implication throughout has been that optimal accounting and control systems could be designed for any particular situation, given the ability to master its inherent complexity. The

Figure 2.4.1 Location of Previous Accounting Studies within Burrell & Morgan's Framework



(adapted from Burrell & Morgan, 1979, pages 29, 30)

question of optimal for whom has not been raised.

Research methods have been dominated by the use of questionnaires and structured interviews with the resultant data usually being analysed by means of complex statistical techniques. An underlying assumption has perhaps been that if relationships between variables can be established, then these can be extrapolated into more general 'laws' governing the design of accounting systems. Little attention has been paid to questions of individual understanding, meanings and actions, or the influence of a researcher's own perceptions.

Although the view of people as being economically rational has generally been replaced by more complex models incorporating social and work satisfaction, and acknowledging individual information processing constraints, people's behaviour has still been regarded as predictable given systematic investigation.

An enterprise has typically been envisaged as a 'unitary' phenomenon in which the goals of all its members can be satisfied simultaneously. Thus much attention has been paid to the dysfunctional consequences of accounting and control systems; the assumption has been that these are in some way deviant and as such should be cured. Through its emphasis on the necessity of having harmonious integration of different parts to achieve the goals of the organisation as a whole, a 'unitary' approach deflects attention from the possibility of different individuals and groups having competing and conflicting interests and varying amounts of power. The fact that the notion of dysfunction

itself raises the question of functional or dysfunctional for whom, has been ignored (Burrell & Morgan, 1979). Similarly the ability of the 'dominant coalition' within an organisation to directly influence formal structural arrangements has been underplayed (Child, 1972). The dividing line between when such an approach ceases to become a method of analysis and becomes an ideology supporting management and the status quo can be very fine (if indeed it can be drawn at all).

In recent years it has been acknowledged that researchers know little about accounting in action, how it interacts with other organisational processes, and how it contributes to organisational effectiveness and adaptability. Some of the taken-for-granted assumptions behind a lot of accounting research have therefore begun to be questioned; it has sometimes been assumed for example, that organisations are coherent units functioning in order to achieve specified goals, that people act in a consistent and purposeful manner towards certain rational ends, and that management accounting information is provided in order to aid decision making. Such questioning appears to have produced a gradual shift towards alternative approaches: pluralism, interpretive theories and radical theories. This may mark two broad trends in accounting research: first, an increasing emphasis on subjective interpretations and the processes whereby individual structures of meaning are socially generated, sustained and modified; and secondly, an increasing interest in the dynamics of change at both organisational and social levels. Accompanying these trends has been a growing questioning of the validity of traditional scientific methods for researching social issues - indeed it may be that "emphasis has been

placed on the rigour and sophistication of the research methodologies rather than on the formulation and analysis of research questions and perspectives" (Hopwood, 1979b).

(b) Approach to the research

It has been shown that research into the roles of accountants in industry is scant. Work in related areas has tended to centre on accounting and information systems and procedures (and in particular on budgeting)¹³; moreover it has generally adopted a 'functionalist' frame of reference and employed traditional scientific research methods such as the statistical hypothesis testing of data collected from questionnaires and structured interviews.

The objectives of this research are to study the present roles of accountants in industry, to consider how such roles have evolved, and to consider ways in which these roles might change in the future. It is suggested therefore that the nature of the phenomena being studied and the paucity of previous research not only legitimise but also make logically appropriate an exploratory approach. The aim is to explore the area and to gain further knowledge from which tentative classifications and propositions might be derived rather than to test specific hypotheses;¹⁴ the emphasis is on the generation of future research rather than the verification or otherwise of previous theory.

It is perhaps interesting to note that these two basic strategies of scientific investigation can be related to two types of probability - 'classical' probability and 'subjective' probability. In analysis employing the former, a hypothesis is established, the probability of a certain situation arising is then estimated, and this probability is

regarded as significant or not according to whether it is above or below a pre-determined level - the hypothesis is thus accepted or rejected. The use of 'subjective' probability, on the other hand, allows the researcher to assign a probability or probability distribution to a hypothesis and the likelihood of this hypothesis is then revised in the light of empirical evidence by the use of Bayes' theorem - a 'feedback' model. (see Powell, 1975). Quantitative analysis in the social sciences is dominated almost exclusively by 'classical' probability: perhaps more attention could be devoted to the application of 'subjective' probability techniques.

Although it is acknowledged that it is impossible to undertake any research without some preconceptions, there are no explicit a priori hypotheses or models. Previous empirical research suggested a number of organisational and other contextual variables that might affect the roles of accountants, for example, but it was not thought appropriate to make a commitment to any particular selection of factors prior to obtaining comments from managers themselves. In an area of inquiry that is in its infancy it may be that:

"... prior assumptions about the objective characteristics of social situations which are often made at an early stage of the research process (in the form of hypotheses and operational definitions) serve to mask important features of social reality." (Glaser and Strauss, 1967).

(c) Summary

Consideration has been given to the previous literature relating to accountants in industry in order to determine the areas of interest for the present study and how they could best be investigated. The advantages to be gained from classifying research according to its underlying philosophical and theoretical assumptions were noted in section 2.3 and so this procedure has been carried out for the accounting literature (see Appendix 1).

Although there would appear to be a burgeoning mass of work on the social and organisational aspects of accounting not much research has been undertaken on accountants themselves. Moreover, most of the research as a whole can be regarded as having adopted a 'unitary' perspective within a 'functionalist' frame of reference.

It was suggested therefore that the broad aims of the study as stated in the research objectives, and the limited amount of previous work on the roles of accountants in industry, together make it logically appropriate to adopt an exploratory approach. The aim is to explore the area and to gain further knowledge from which tentative classifications and propositions might be derived rather than to test specific hypotheses.

2.5 Research Methods and Sample

Having decided the most appropriate approach to the research given both its objectives and the extent of previous work in the area, the precise methods of enquiry and data collection may be examined. The research methods should be related to the research approach, to the research objectives and the nature of the phenomena being studied, and to the philosophical and theoretical assumptions behind the study (see figure 2.1.1). As Burrell and Morgan have stated:

"The wholesale incorporation of methods and techniques taken directly from the natural sciences needs to be severely questioned. The problem of developing methods appropriate to the nature of the phenomena to be studied remains one of the most pressing issues within the whole realm of social science research." (1979, p.399).

This section begins therefore by considering the research methods employed in this study and the factors influencing their selection. Suitable definitions of 'roles' and 'accountants in industry' are then formed which enable the derivation of a sample for empirical investigation while also providing a fruitful basis for theoretical discussion. Finally attention is turned to the research sample itself and some details are given of the accountants and other managers interviewed, and of the industrial organisations in which they worked.

(a) Research methods

The previous section suggested that the objectives of the study and the paucity of previous research made it most appropriate to adopt an 'exploratory' approach in which the emphasis would be on exploring and then generating ideas from the subject area. In this way it was hoped that the directions of inquiry and the interpretation of data would "arise out of, and remain grounded in, the empirical life under study" (Blumer, 1969, p32). The research methods therefore need to be flexible enough to allow for variations in the focus of inquiry and sufficiently intensive to enable a thorough understanding of the subject of inquiry - the researcher needs to get close to the particular area of social life being studied.

A number of accounting researchers have begun to recognise the possibilities of an exploratory approach and the methodology it involves (for example, Otley & Berry, 1980, & Otley, 1980). Some researchers from the University of Bath in particular have also been developing theories that are 'grounded' in their empirical data (for example, Rosenberg et al, 1982).

It was stated earlier that the research methods should also be related to the research objectives and the nature of the phenomena being studied. In this case the primary concern is the changing roles of accountants in industry, and so both the theoretical frame of

reference and the research methods should be chosen such that they facilitate analysis of change.

Both Tricker (1978) and Hopwood (1979a), for example, have noted the pressures for accounting and accountants to respond to a wider changing environment. As noted in section 2.3 it may be that in order to understand changes in organisations, accounting systems and accountants' roles it is necessary to comprehend them as they have been in the past, and indeed to understand how and why they developed in the first place (see chapter three). It follows that historical analysis should play an important part in this study; as Mills stated:

"Our chance to understand how smaller milieux and larger structures interact, and our chance to understand the larger causes at work in these limited milieux thus require us to deal with historical materials." (1970, p.165)¹⁵

Finally, if the empirical work is not to be 'abstracted' from its theoretical context (Burrell & Morgan, 1979), the research methods should be compatible with any assumptions made about the nature of the social sciences. In this particular case, therefore, the methodology adopted should lie somewhere between the rigorous scientific tests and quantitative analysis characteristic of the natural sciences and the exclusive attention to qualitative subjective insights paid by 'interpretive' sociologists (see section 2.3). The formal experimentation, hypothesis formulation and statistical testing common to many empirical 'functionalist' studies has to be replaced by more

qualitative methods that assist the researcher in understanding individuals' interpretations of the social world around them.

The importance of and a desire for more subjective and interpretive knowledge about accountants and accounting has been noted in the accounting field. A report of the 'schism' committee of the American Accounting Association for example suggested in 1978 that the articles in certain accounting journals were too heavily quantitative and that they emphasised "intellectually tractable" problems at the expense of direct realism. Similarly, as part of the continuing debate on the gap between accounting academics and practitioners, Tomkins and Groves stated in a recent discussion paper that:

"Academics in accounting, or at least a significant proportion of them, need to place less emphasis on 'detached' mathematical analyses, surveys and laboratory tests and more into detailed fieldwork where they can focus upon studying how practitioners perceive the world of accounting, what issues concern them, why these issue are important." (1978, p.7).

Given the three considerations outlined above perhaps the most appropriate type of investigation would be a longitudinal one involving some form of 'participant observation'; such a study could employ a number of techniques ranging from documentary evidence and interviews to direct observations and participation, and would enable the researcher to gain a good insight into both individuals'

interpretations and the dynamic process of change. The limited financial and time resources available for this project, however, as well as the greater problems of access arising from more detailed and lengthy investigations, precluded such an analysis.¹⁶

In the event data was collected primarily from structured interviews; these were composed mainly of 'open-ended' questions in order to allow respondents flexibility in their replies, and they were tape-recorded and then transcribed in full in order to obtain the necessary quality and richness of information.

While it is acknowledged that the selection of a limited number of quotes from lengthy interviews can be misleading, a simple check on the research findings was obtained by sending a general 'feed-back' report and a specific case-study to each of the organisations sampled for their comments. It was hoped that this procedure might also help develop favourable attitudes on the part of industrial managers towards future researchers and the academic community in general. The nature of these 'feed-back' reports and the way in which access to organisations was negotiated is recorded in full in Appendix 4.

In order that the reader may assess the representativeness and relevance of the quotes selected, more detailed analysis of respondents' replies are also included at a number of points throughout the thesis and in Appendix 5. Finally, full transcriptions of all the interviews have been stored at Ealing College of Higher Education.

Unfortunately, people's opinions obtained through questionnaires or interviews only reflect their interpretation at one point in time and are dependent at least to some extent upon their current interests and experiences; in other words, the meanings attached to past experiences may be reconstituted and rearranged as current interests change:

"... all knowing and meaning arise from reflection, from a background glance... Since the attention is directed backward from a specific point in time, whatever is occurring at the moment will influence what the person discovers when he glances backwards... Restated loosely, the present interests of the actor determine the meaning of his lived experiences." (Weick, 1969, pp64-67).

Thus people's statements or 'accounts' should be interpreted in the context in which they were made and in terms of the interests of those making them (see Watson, 1977, pp. 18,19). The importance of history has already been underlined and it is suggested that its use at various levels of analysis may enable a better understanding of such 'accounts' by placing them in the context of individuals' biographies as well as wider historical and social structures.¹⁷

The initial interview schedules were constructed following informal discussions and extensive pilot interviews with managers and members of the professional accounting bodies. These schedules were revised slightly after the first organisation had been investigated, and then again after a further two organisations had been studied. Finally a

small 'follow-up' survey was conducted at the end of the research in order to ensure that similar information had been obtained from all the organisations investigated and in order to probe in more detail into certain areas. Details of these discussions and interview schedules and the process of their development are given in Appendix 3.

Before being able to select a sample of interviewees it is necessary to define the population from which they are to be drawn; the next section will therefore consider what is meant by 'accountants in industry', as well as 'role'.

(b) Definition of 'accountants in industry' and 'role'

The Concise Oxford English Dictionary defines an 'accountant' as a "professional keeper and inspector of accounts". Accountants to-day do far more than simply keep and inspect accounts, however, and a more wide-ranging description of the functions of accountants, such as the following, might appear more appropriate:

"As a professional group accountants are an influential body of people engaged in the collection, processing and interpretation of accounting and financial data, and offering a service to management both on an internal and external basis." (McKenna, 1978, p4).

There are some commentators however who would suggest that accountants are not, or at least should not be, restricted solely to the handling of accounting and financial data.¹⁸

The problem with functional definitions - that is, definitions which seek to define a group of people in terms of the functions and tasks they perform or their particular social roles (see Hall, 1969, p.5) - is that they are static. The definitions given above demonstrate the fact that, as Glautier and Underdown state:

"... the last fifty years have seen considerable progress in accounting method, and the accountant of fifty years ago would

not recognise much of what presently passes for accounting."
(1974, p.24).

A different approach was adopted by Dobson (1968) who defined a 'management accountant' as someone who is concerned not only with 'accounts' but also with the 'fringe subjects' of which the management accountant has to have knowledge in order to do his 'accounting' satisfactorily; a 'fringe subject' was further defined as one which did not have its origins in management accountancy or its ancestors, or which was the concern primarily of people other than management accountants.

A number of important questions arise from this definition: Of which subjects must the management accountant have knowledge? With which subjects are people other than management accountants primarily concerned? The answers will surely vary over time and in different cultures; more importantly, why must management accountants have a knowledge of certain subjects? It is suggested that any definition which intimates that specific areas necessarily fall within the province of a group of people is in danger of accepting the rhetoric and ideology of that group.

A functional definition then is both static and culturally specific, and it tends to be based on those functions put forward by the very group of people which are being studied. Finally, in this particular instance where the investigation is concerned with the changing roles of accountants, any definition of accountants according to the

function or roles that they currently perform logically precludes any dynamic analysis.

The first two definitions cited above referred to accountants as 'professional' people. In Britain there are six major professional accountancy bodies and they hold a virtual monopoly over all forms of accounting service; indeed the phrase 'accountancy profession' is often used to mean all those who practice accountancy. To restrict the use of the word 'accountant' solely to those who are members of a professional association, however, is to accept what such associations would desire to be the case - that is, professional ideology. In fact there are many individuals in industry who for various reasons have never become qualified professionally but who nevertheless do the same work as their qualified colleagues - as such it would seem reasonable that such people should be included in any definition of 'accountants in industry'. Similarly there are many individuals in industry who are professionally qualified accountants, but who work in entirely different areas (marketing, for example) - again it would seem reasonable that such people should not be included as 'accountants in industry'.

A profession can be regarded as an institutionalised form of control over an occupation (see Johnson, 1972), and it is the occupation of accountancy, rather than the profession, to which all accountants belong. 'Accountants' may thus be viewed simply as members of an

occupation, and it is this latter concept to which attention will now be turned.

The 1951 Census of Population gave the following definition of 'occupation':

"The occupation of any person is the kind of work which he or she performs, due regard being paid to the conditions under which it is performed; and these alone determine the particular group in an occupation classification to which the person is assigned."
(Gould and Kolb, 1964, p.474).

This is a purely functional definition and as such it is open to the criticisms outlined earlier. An alternative approach was adopted by Taylor (1968) who regarded ideology and identity as being central to the notion and experience of occupation. The idea of 'identity' was developed further by Watson (see also Salaman, in Esland & Salaman, 1980, p.35) who viewed an 'occupation' as:

"... (largely) full-time employment on a part or the whole of a range of tasks which are identified under a particular heading or occupational title by both those employed on these tasks and by a wider public. Before one can be said to belong to an occupation one has to share some common identity with others doing similar work. And this identity has to be recognisable to a substantial public outside this group." (1977, p.48).

To the extent that members of an occupation share 'specific work experiences', they have certain understandings and interests in common. In order for a 'common identity' to develop, however, members must be aware of their common understandings and interests. An advantage of this type of analysis is that it highlights one of the purposes of occupational or professional ideology: that of promoting and reinforcing a common identity through the development of consciousness and the articulation of shared understandings and interests. Ideology also helps to legitimise to the wider public an occupation's claims for a separate identity and exclusive domain (see Mok and Maimon, 1979).

For the purpose of this study 'accountants in industry' are defined simply as those members of the occupation of accountants who work in industry; the occupation in turn consists of those who regard themselves as accountants and who are generally recognised as such by the public outside.

Such a definition is clearly a very loose one and this reflects the fact that an occupation has no clear-cut objective boundaries. However, this does not mean that occupational boundaries are not important; on the contrary, as Taylor stated, "although malleable and fluid the notion of boundary maintenance is one of the most persistent and important aspects of the concept of occupation" (1968, p.13). It is the process by which boundaries are maintained or modified, rather than their precise delineation, which is of prime interest. A study of the changing roles of accountants in industry is, at least to some



extent, a study of the changing boundaries of the occupation of accountancy.

This definition of accountants in industry can be utilised for the selection of a suitable sample; as Watson stated:

"The fact that one can, as I have found in my researches telephone almost any large employing organisation and, successfully, ask for the personnel manager or officer is in itself sufficient to warrant the use of the title 'occupation'." (1977, p.48).

The same could be said of accountants, and the sample employed in this study was obtained by asking the person with whom initial contact was made in each industrial organisation (often the Finance Director - see Appendix 2) as to who the organisation's accountants were - a selection was then made from these.

In practice all accountants were members of the accounting or finance function of a company and they reported either directly or indirectly up to the head of that function. It should also be noted that clerical accounting staff were not generally considered as 'accountants', and so the sample was in effect limited to those at least "one position hierarchically above that of clerical supervisor" (see Hopper, 1980, p.403).

The concept of 'role' is used in this investigation in order to explain the similar actions of numbers of people in similar situations in an organisation. A person's role is not taken to be the sum total of others' expectations and interpretations of the person in that role however, 'role' is regarded here simply as a patterning or typification that people use to explain and predict. The point is that people tend to perceive others in 'roles' rather than that there are such things as roles into which people fit (Bowey, 1976).

(c) Research sample

One of the areas of interest concerning the roles of accountants in industry was their relationships with other managers; consequently interviews were undertaken with both accountants and non-accountants. Similar questions were asked of each group (see Appendix 3), and this enabled a check to be made on whether or not accountants' perceptions were generally different to those of other managers.

Accountants in industry occupy a number of different positions and undertake a wide range of functions; thus in order to consider the broad spectrum of roles they might play it was necessary to interview managers from a variety of functions and organisations. In fact a total of one hundred and fifteen interviews were undertaken with fifty-seven accountants and forty-seven non-accountants (eleven accountants were interviewed twice) from seventeen companies belonging to twelve different industrial organisations.

Appendix 2 outlines the sample of organisations and it can be seen that the sites investigated ranged from small functionally organised independent enterprises to medium-large divisions of large multi-national corporations. The organisations were selected such that a wide range of sizes and structures were incorporated, from both London and the West Midlands, but to some extent the sample reflects simply those organisations in which for various reasons access was gained. All the organisations except Organisation I were involved in

manufacturing and together they produced a wide range of goods for various industries.

Figures 2.5.1 and 2.5.2 outline the job titles of the samples of accountants and non-accountants interviewed (more details of the samples are given in Appendix 2). The samples were not selected according to statistically acceptable random methods. The sample of accountants was constructed so as to allow for variation in what were seen to be the important variables (for example, age, level of responsibility, professional qualification, nature of job); similarly, the non-accountants were selected so as to cover the main areas of management. Within any particular organisation the selection of interviewees depended on the nature of that organisation and the accessibility of the managers.

Figure 2.5.1 Sample of Accountants

A	Job Titles		
	Accountants		24
	financial	9	
	management	5	
	cost	2	
	product	2	
	others	6	
	Managers		10
	accounting	4	
	financial	2	
	planning	2	
	other	2	
	Directors		4
	financial	3	
	commercial	1	
	Controllers		3
	financial	2	
	cost	1	
	Others		4
			—
	TOTAL		45 Accountants

28 job titles contained the word 'accountant' or 'accounting'

20 job titles contained the word 'financial' or 'finance'

17 job titles contained the word 'manager' or 'management'

A further twelve accountants were interviewed during the follow-up survey or while collecting information on the career development of accountants.

Figure 2.5.2 Sample of Non-Accountants

A Job Titles

General Managers		8
general manager	2	
managing director	2	
factory managers	2	
others	2	

Production or Engineering Managers		11
production	4	
engineering	4	
works	3	

Sales or Marketing Managers		13
sales	5	
marketing	5	
commercial	3	

Other Managers		8
(management services, personnel, transport, etc.)		

TOTAL:	40	Non-Accountants
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A further seven personnel or training managers were interviewed for information on the career development of accountants.

(d) Summary

The research methods of this study were determined by the research approach, the research objectives, and the philosophical and theoretical assumptions behind the research. The exploratory nature of the research and the emphasis on the generation of ideas and theories that can subsequently be inspected in more detail require the use of methods that are flexible enough to allow for variations in the focus of inquiry and intensive enough to enable a thorough understanding of the subject area. The project's focus on the changing roles of accountants necessitates methods that facilitate the analysis of change. Finally the philosophical and theoretical assumptions made in section 2.3 demand research methods that acknowledge the importance of individuals' interpretations of their social world.

The above considerations and the limited time and financial resources available led to structured interviews composed primarily of 'open-ended' questions being adopted as the main research tool. It was hoped that the use of history both at a wider structural level and in terms of individual biographies would help overcome some of the disadvantages of collecting 'snap-shot' data.

Before being able to select a sample of interviewees it is necessary to define the population from which they are to be drawn: in order to avoid accepting occupational or professional ideologies, 'accountants in industry' were defined as those members of the occupation of

accountancy who work in industry: the occupation was, in turn, seen to consist of those who regard themselves as accountants and who are generally recognised as such by other people. Such a definition is a loose one and this reflects the fact that an occupation has no clear cut objective boundaries: indeed it was suggested that a study of the changing roles of accountants in industry is, at least to some extent, a study of the changing boundaries of the occupation of accountancy. 'Role' was defined as simply the patterning or typification that people use to explain and predict the actions of others.

One of the areas of interest concerning the roles of accountants in industry is their relationship with other managers; consequently interviews were undertaken with both accountants and non-accountants. Moreover, accountants in industry occupy a variety of positions and undertake a wide range of functions; thus, in order to consider the broad spectrum of roles they might play it was thought most appropriate to interview a sample of managers from a variety of different positions and organisations.

2.6 Conclusions

It was stated earlier in this chapter how sensitivity to history at various levels of analysis may enable a better understanding of people's statements or 'accounts' by placing them in the context of individuals' biographies as well as wider historical and social structures. In a similar fashion this chapter has discussed the development of this research project by placing it in the context of my own biography and orientations as well as its history at Ealing College of Higher Education and previous research in related fields. Figure 2.1.1 outlined the way in which the research developed such that the research objectives, the philosophical and theoretical assumptions behind the research, the research approach and the research methods were all interrelated.

The research objectives are: "to study the represent roles of accountants in industry, to consider how such roles have evolved, and to consider ways in which these roles might change in the future". Given these objectives there are a number of different approaches and theoretical perspectives that could be adopted. The one adopted here and the outline of this thesis can be related to my own orientations to sociology.

Throughout this research, while it is acknowledged that people create their own social worlds which are peculiar to themselves, it is also assumed that there is an underlying form and pattern in human affairs

such that certain structures can usefully be analysed as external empirical entities. Similarly it is assumed that people can influence their environment even though their lives may seem heavily constrained by the social structure around them. These tensions between 'objective' and 'subjective' approaches are evident throughout the ensuing thesis, and it is thought that they reflect at least to some extent the tensions experienced by many people during their everyday lives.

Given the broad research objectives and the limited amount of previous work on the roles of accountants in industry, it was decided to explore the area and to gain further knowledge from which tentative classifications and propositions might be derived, rather than to test specific hypotheses.

All of the above considerations and the limited time and financial resources available led to structured interviews composed primarily of 'open-ended' questions being adopted as the main research tool. Interviews were conducted with a wide range of both accountants and non-accountants from a variety of different industrial organisations.

Finally, the study is primarily concerned with 'regulation' and control in society, and this is seen to be achieved through the domination of certain interest groups. An assumption is also made that accountants and organisations cannot be fully understood without first analysing the wider social processes and structures in which they exist. The next chapter therefore attempts to understand how and

why accountants and industrial organisations developed and to relate this to the evolution of capitalist societies in general.

Notes

1. The influence of society upon the natural sciences is increasingly being recognised in journals such as Radical Science.
2. Now renamed the Economic & Social Research Council
3. W. I. Thomas proposed a fundamental theorem for the social sciences: "If men define situations as real, they are real in their consequences."
4. Simmel, for example, stated that the individual had "become a mere cog in an enormous organisation of things and powers which tear from his hands all progress, spirituality, and value in order to transform them from their subjective form into the form of a purely objective life" (1950, p.422); Berlin expressed similar sentiments more strongly when discussing some of Marx's ideas:

"Money for instance, which played a progressive role in the days of liberation from barter, has now become an absolute object of pursuit and reverence for its own sake, brutalising and destroying man whom it was invented to liberate. Men are divorced from the products of their own toil and from the instruments with which they produce: these

acquire a life and status of their own, and in the name of their survival or improvement, living human beings are oppressed and treated like cattle or saleable commodities. This is true of all institutions, churches, economic systems, forms of government, moral codes, which, through being misunderstood, become more powerful than their inventors, monsters worshipped by their makers - the blind unhappy Frankensteins whose lives they frustrate and twist." (1963, in Bottomore, 1973, p.62).

5. See, for example, 'Accountancy', February, 1974, p.50 and February, 1978, p.58.
6. See Child and Schreisheim, 1978.
7. See for example the debate between Jackson (1982 and 1983), and Ackoff (1982), Checkland (1982), and Churchman (1982) in the Journal of Applied Systems Analysis.
8. Anyone interested in organisation theory or the methods of the social sciences is strongly recommended to read Burrell and Morgan's book, and it has been used extensively throughout this and the following section.
9. One of the chief exponents of 'social action' theory was Silverman (1970), but it developed primarily from the work of Weber. In order to try and avoid 'reification', Weber borrowed

the notion of 'verstehen' or 'interpretive understanding' from Dilthey and used it as a methodological tool so that the social meaning which lies behind social action could be understood.

10. Mills considered the ability to trace social structure among 'a variety of milieux' (including personal milieux) a part of the 'sociological imagination': "what we experience in various and specific milieux, I have noted, is often caused by structural changes. Accordingly, to understand the changes of many personal milieux we are required to look beyond them" (Mills, 1970, p.17).
11. This endeavour was also one advocated by Hopwood with respect to accounting (1978).
12. I am indebted to Burrell and Morgan (1979) for the ideas and to Trevor Hopper for much of the following text on the philosophical and theoretical assumptions behind various studies relating to accountants and accounting systems in industry (see a forthcoming article by Hopper and Powell, 1985).
13. In 1976 Hopwood wrote that "a great deal of behavioral work on accounting focused on ever smaller problems at the very time that wider perspectives continued to develop outside the accounting fraternity"; in 1979 he stated:

"For a number of reasons, budgeting, and particularly the operation of participative processes in the budgetary

context has been singled out for special attention, with hardly any consideration being given to the functioning of other management control and reporting systems, in the use made of costing analyses, to those processes which constitute financial planning practices in organisations and to the role of financial appraisal in investment decision making."

14. For further discussion on these two approaches see Driver and Mock (1975), and Tiessen and Baker (1977).
15. See also Berger (1966, p.191) concerning the importance to sociology of both history and philosophy.
16. With respect to access, Hopwood commented:

"Organisations may be willing to accept technically orientated inquiries or more superficial organisational investigations, but it is far from obvious that they have encouraged or indeed are likely to encourage more questioning inquiries into the origins, nature and consequences of their management practices." (1979a).

17. Mills noted the relevance of one for the other (1970, ch.8); Gouldner too thought that the concepts of history, culture, society and biography were essential to sociology (1971, p.510).

18. For example, Professor Flint stated in his report for ICAS:

"There is, however, some discussion that the definition of accounting should be widened to include dealing with all information which is concerned with accountability, which would bring within accounting not only non-monetary data but also non-quantifiable data." (1980, p.15).

3. HISTORICAL REVIEW

3.1 Introduction

3.2 Development of Capitalism

- (a) Capitalism and management control
- (b) Stages in the development of capitalism
- (c) Problems with Marxist analysis
- (d) Summary

3.3 Development of Capitalist Enterprises & Accounting Systems

3.4 Development of the Accountancy 'Profession'

- (a) Occupations and their professional organisation
- (b) Development of accountancy occupation and professional associations
- (c) Summary

3.5 Conclusions

3.1 Introduction

It was suggested in the previous chapter that one cannot understand any aspect of a capitalist society without first understanding capitalism in its entirety. It was thus thought also that accountants and organisations could not be understood without first analysing the social processes and structures in which they were seen to exist. The next section therefore considers the development of capitalism.

It should be stressed that these statements represent necessary rather than sufficient conditions for the study of accountants in industry: in other words it is not thought that the changing roles of accountants can be determined from the nature of the process of capital accumulation.

It was also noted in chapter two that there was a need to comprehend accountants and industrial organisations as they have been in the past, and indeed to understand how and why they developed in the first place. Section 3.3 discusses briefly the development of accounting and accountants within the context of the enormous growth in the scale and scope of industrial enterprises over the past two hundred years.

Another important area for study in this thesis is the development of the occupation of accountancy and the organisation of accountants within various professional associations - this is considered in section 3.4.

3.2 Development of Capitalism

This section draws heavily from the works of Marx in order to consider first the nature of 'capitalism', and secondly certain 'stages' in the development of capitalism. Finally some problems with orthodox Marxist analyses are outlined, and attention is paid to the attempts of various people to up-date and revise Marx's theories in the light of developments since the turn of this century.

Marx's works have been used as the basis for this section as they provide arguably the most comprehensive analysis of the development of capitalism and certainly the most influential. Discussion of Marx's theories is necessarily limited, however, and it serves simply to outline some important theories and arguments that are central to much debate in this area; it is not meant to imply the adoption of a Marxist standpoint. Indeed the Marxist legacy is thought to be a heterogeneous, complex and often contradictory one that is impossible to embrace or reject completely (Tomlinson, 1982, p.8).

(a) Capitalism and management control

According to Marx a distinguishing feature of capitalism (or the process of capital accumulation) as opposed to other modes of production is the purchase and sale of labour power. In other words, individual 'workers' are able to sell their labour power (or their capacity for labour) for limited periods of time in exchange for money; moreover 'workers' are obliged to sell their labour power because it is the only commodity they possess - they do not themselves own the means of production. In the purest form of capitalism therefore Marx described two clearly distinguishable 'classes':

"One, of people who own nothing but their labour power and who must sell that labour power to subsist - the workers. The second, of people who buy labour power and who use that commodity, combined with other commodities such as raw materials and tools or machines... to produce commodities which they sell for money - the capitalists" (Friedman, 1977, p.10).

If it is acknowledged that human labour can produce more than it consumes, then the purchase of labour power also makes possible its exploitation through the appropriation by the 'capitalist' of any surplus value that is created. Any surplus value that is created belongs to the 'capitalist' as part of the legal contract governing the purchase and sale of labour power.

An important point to stress however is the fact that the 'capitalist' is only buying the potential inherent in labour power, and that this potential has to be realised. The 'worker' still retains her or his own capacity to work, and may or may not exercise it:

"Labour power can be bought, but between the purchase of labour power and the real appropriation of useful labour comes a wedge: the will, motivation and consciousness of the worker drastically affects the work force's productivity" (Edwards, 1978, p111).

Since the 'worker' sells her or his labour power to the 'capitalist', the labour process becomes the responsibility of the 'capitalist' and in order to employ that labour power effectively (that is, to achieve profit) its potential will have to be realised. In Marxist terms then, given the antagonistic relations of production and the existence of two mutually opposed 'classes', management under the capitalist mode of production involves 'work of control and surveillance' as well as 'work of coordination and unity' (Carchedi, 1975).¹

As stated earlier, 'capitalism' is the process of capital accumulation. According to Marx the accumulation of capital is not only possible, but also necessary if an individual 'capitalist' is to remain in existence; continual reinvestment in more productive techniques is essential if the capitalist is to be able to produce and sell commodities as cheaply as her or his competitors. In other words the 'capitalist' is driven by the pressures of competition to obtain

as much surplus value as possible;² the means the 'capitalist' employs may vary from the enforcement upon the 'worker' of the longest possible day to the use of machinery to increase the productivity of labour. Whatever the means the search for greater efficiency is inevitably linked with control, surveillance and exploitation; as Marx put it:

"The directing end and aim of capitalist production, is to extract the greatest possible amount of surplus-value, and consequently to exploit labour-power to the fullest possible extent. As the number of cooperating labourers increases, so too does their resistance to the domination of capital, and with it the necessity for capital to overcome this resistance by counter-pressure. The control exercised by the capitalist is not only a special function due to the nature of the social labour-process, and peculiar to that process, but it is, at the same time, a function of the exploitation of a social labour-process, and is consequently rooted in the unvoidable antagonism between the exploiter and the living and labouring raw material he exploits". (1954, p.313).

The resistance of cooperating labourers to the "domination of capital" is a central theme of Friedman's work (1977) and he distinguishes two major types of strategies employed by 'capitalists' to exercise authority and control over labour power - 'responsible autonomy' and 'direct control'. The former attempts to harness the adaptability of labour power and to win its support and loyalty to the process of

capital accumulation; the latter tries to force 'workers' into certain paths of action by close supervision and the minimising of individual responsibility. One aspect of an orthodox Marxist approach is that by basing analysis around antagonistic relations of production, or the inherent conflict between employer and employee, it stresses the importance of the managerial function of 'direct control' over and above that of 'responsible autonomy'. However, as Littler (1982) states, along with labour's resistance to subordination lies the fact that 'workers' have an interest in maintaining the capital/labour relation and the viability of the units of capital which employ them. Any system of control must take into account the consciousness of 'workers':

"Within capitalism there is a perpetual tension between treating workers as a commodity to be hired and fired and harnessing their ingenuity and cooperativeness. Thus there is a twofold nature to the capital/labour relationship. If the contradictory nature of the capital/labour relationship is accepted, then this changes the character of the control relation. Control should be seen in relation to conflict and sources of conflict and in relation to the potential terrain of compromise, bargaining and consensus". (Littler, 1982, pp. 34,35).

A central concern of management then becomes the problem of controlling the labour process while operating it on a voluntary contractual basis - this involves the use of authority and the

acceptance of management's 'right' to control. The importance of employers' strategies in controlling labour and accumulating capital will be considered again later in this section.

When considering the assumptions relating to the nature of society in chapter two it was stated that society is seen to be composed of contradictory elements and to be pervaded by systems of power and domination which lead to inequalities in all aspects of life. It was also suggested that the underlying concern of this study is with integration and order in society, even if this is achieved through the domination of particular interest groups. This stance can be related to the comments above: whereas an orthodox Marxist approach might concentrate on the potential for radical change stemming from the antagonistic relations of production, this study focuses more on the strategies adopted by employers to maintain order and control while accumulating capital.

(b) Stages in the development of capitalism

For various reasons, such as the common use of means of production, cooperation enables more to be produced by a group of people than if they worked separately (given the same amount of effort). Thus the cooperation of individuals working together, whether in the same or in different but connected areas, enables an employer to extract more surplus value. Early 'capitalists' made use of this simple fact in 'domestic industry', whereby materials were distributed on a piecework basis to 'workers' for manufacture in their own homes, and in various sub-contracting and 'putting-out' systems (for instance, the taking of contracts by mine workers either directly or through the mediation of the 'butty' or sub-contractor). In this way managerial authority and control over the labour process was delegated:

"Capitalism in its early stages expands, and to some extent operates, not so much by directly subordinating large bodies of workers to employers, but by subcontracting exploitation and management." (Hobsbawm, 1969, p.297)

However such forms of production were plagued by problems of irregularity of production, embezzlement and unevenness in the quality of goods (see Braverman, 1974, p.63; Marglin, 1974, pp. 93-4). Moreover, as Pollard (1968) pointed out, the 'domestic' system prevented the further development of the division of labour and the advantages to be gained thereby.

The breakdown of the processes involved in the making of a product into many separate operations performed by various different 'workers' increased the productivity of labour beyond what was achieved under simple cooperation. Marx termed this next period of capitalist development 'manufacture' and placed it as occurring roughly between the middle of the sixteenth century and the last third of the eighteenth century. From a Marxist point of view it is the permanent interest of the employers of labour power (or 'capitalists') to cheapen its cost and to create an increasing mass of profit (or surplus value) that leads to the detailed division and scientific organisation of the labour process. In other words the most compelling reason for the division of tasks amongst different people is not the great increase in the quantity of work possible from the same number of people, but the cheapening of a task's individual components. As Braverman stated, when reiterating a point made by Babbage in 1832:

"... the labour power capable of performing the process may be purchased more cheaply as dissociated elements than as a capacity integrated in a single worker." (1974, p.81).

In this way "... every step in the labour process is divorced, so far as possible, from special knowledge and training and reduced to simple labour" (ibid., p.82); thus 'hand' work tends to be separated from 'brain' work, and 'execution' tends to be separated from 'conception'.³ Indeed Berg writes:

"The jenny shops, hand-loom weaving sheds, glass and paper factories, early machine works and foundries were all premised on the division of labour, standardisation and the employment of as much unskilled labour as possible." (1979, p.7).

The high functional differentiation and fragmentation of roles should not therefore be seen as the result simply of a process of 'rationalisation' whereby activity is increasingly based on science, calculation, technique and rules. On the contrary the interests of individuals rather than ideas or concepts such as 'rationality' will determine economic policy (Weber, 1947). Weber coined the phrase 'elective affinity' to refer to the fact that people create or choose ideas ('elective') and that these fit in with their interests ('affinity'). In this way manifestations of rationality can be related to the interests of particular individuals and groups (Watson, 1977, p.26), and in particular to the interests and desires of 'capitalists' (Forbes, 1975). Thus the division of labour may not have been the result of a search for a technologically superior organisation of work so much as for an organisation which guaranteed to the entrepreneur an essential role in the production process (see Marglin, 1971, cited in Watson, 1977, p.27; see also Clawson, 1980).

The setting up of factories in the second half of the eighteenth century, characteristic of 'manufacture', was probably undertaken because of the increased control arising from the centralisation of employment and factory discipline. As Friedman noted:

"... the rise of the factory system predated both the introduction of power to the labour process and any technical change in machine design or organisation of work for which factories were particularly suitable." (1977, p.87).

Factories did not constitute a major form of productive enterprise until over a hundred years later however, and until this time the average size of plants and enterprises was small (see Hobsbawm, 1969, p.72). The transition to 'modern industry' was based on a very few industries (primarily cotton), and it was not until railway construction stimulated faster growth in iron, steel, coal and other metal working and engineering industries that larger units of production were introduced and increasing amounts of capital became available for investment. An important characteristic of this phase of capitalism noted by Marx was "the continual change in methods of production which occurs in labour processes where machines have already been introduced" (see Friedman, 1977, p.18). In Marxist terms, the labour process was adopted to the surplus value producing process, and it became technically divided and organised along the lines dictated by the desire of capitalists to create an increasing mass of surplus value.

In summary, the emergence and growth of factories, the increasing division of labour and the introduction of machinery to replace labour power not only improved productivity but also facilitated management

control through order, precision and measurement (Berg, 1979, p.6). Although not as influential as Braverman (1974) suggested or as rigorous as Taylor (1899) recommended, the 'principles of scientific management' were often employed, and they can be viewed as an advanced form of 'direct control' (see Friedman, 1977, p.92) whereby time and motion study was utilised to sub-divide and allocate activities within tasks amongst different employees. This limiting of both a task's range and its discretionary content refers to the 'fragmentation' of the labour process, as opposed to 'specialisation' in which only the task range is restricted (Littler, 1982). Although a number of craftsmen remained whose attitude towards their work encouraged a policy of 'responsible autonomy' on the part of management, the movement from 'domestic industry' to 'manufacture' to 'modern industry' may be charted as progressive increases in managerial 'direct control' over productive activity (Friedman, 1977, p.99) and in the 'fragmentation' of the labour process.

(c) Problems with Marxist analysis

A number of people have attempted to up-date and revise Marx's theories in the light of developments since the turn of this century. In particular Lenin described five trends and called this latest stage of capitalism 'imperialism', or the 'monopoly stage of capitalism'.

Baran & Sweezy (1966) developed this point further and by emphasising the growth of giant corporations who are able to a large extent to choose the prices they charge, they replaced Marx's law of the tendency of the rate of profit to fall by the law of the tendency for the surplus to rise. The essential component in their study of 'monopoly capitalism' was that Marx's analysis of capitalism was perceived to rest upon the assumption of a competitive economy, whereas contemporary advanced capitalist societies are characterised by monopoly (1966, pp. 17,18). As Braverman stated:

"The atomized and competitive model of capitalism, in which the individual owner of capital... and the capitalist firm were identical, and production in each industry was distributed among a reasonably large number of firms, is no longer the model of capitalism today". (1974, p.251).

Since Marx's time unevenness in the size and power of individual capitalist firms has become more pronounced.⁴ The increasing scale and complexity of firms will be considered in more detail in the next

section, but two factors are discussed briefly here as they have posed problems for those endeavouring to extend Marx's theories.

First, the scale of capitalist enterprise was constrained by the availability of capital until the introduction of 'limited liability' for registered companies in 1855; this provided the legal structure necessary for the accumulation of sums of capital that far exceeded the total of the capital of those immediately associated with an enterprise. One of the main features of 'monopoly capitalism' has therefore been seen to be the development of the joint-stock company and the perceived separation between its legal ownership and its control, or 'real economic ownership'.

Secondly, the increasing size and complexity of firms and the accompanying problems of coordination and control have led to a proliferation of management functions within first the sphere of production, and then other areas such as marketing and finance. 'Monopoly capitalism' has thus been marked by a huge growth in while-collar personnel: managers, 'professionals', and a mass of lower status functionaries from middle-managers, supervisors and inspectors to clerks and typists:

"The concept of control adopted by modern management requires that every activity in production have its several parallel activities in the management center: each must be devised, precalculated, tested, laid out, assigned and ordered, checked and inspected, and recorded throughout its

duration and upon completion. The result is that the process of production is replicated in paper form before and after it takes place in physical form... This paper replica of production, the shadow form which corresponds to the physical, calls into existence a variety of new occupations, the hallmark of which is that they are found not in the flow of things, but in the flow of paper." (Braverman, 1974, pp. 125, 6).

Although these functions were once undertaken by privileged staff who worked closely with their employers, with the development of 'modern industry' and 'monopoly capitalism' 'scientific management' techniques began to be applied to office work. The processes of rationalisation and mechanisation had the same effects on white-collar employees as their factory counterparts, and tasks were increasingly fragmented. Nevertheless the maintenance of managerial authority and control has come to involve more people, more 'specialisation', and more delegation, and there has arisen a hierarchy of employees even within management itself. To quote Braverman at length once again:

"Corresponding to the managing functions of the capitalist of the past there is now a complex of departments, each of which has taken over in greatly expanded form a single duty which he exercised with very little assistance in the past. Corresponding to each of these duties there is not just a single manager, but an entire operating department which imitates in its organisation and its functioning the factory out of which it grew. The

particular management function is exercised not just by a manager, nor even by a staff of managers, but by an organisation of workers under the control of managers, assistant managers, supervisors, etc. Thus the relations of purchase and sale of labour power, and hence of alienated labor, have become part of the management apparatus itself". (1974, p.267).

Thus whereas in the purest form of capitalism there is one 'capitalist' owner who also undertakes the 'functions of capital' (or 'work of control and surveillance' - see Carchedi, 1975), with the joint-stock company ownership is separated from control which in turn is undertaken by a structure of people who also perform the 'function of the collective worker'. The determination of two distinguishable classes based on antagonistic relations of production thus becomes problematic. Johnson (1980) attempted to resolve this problem by suggesting that it is only those who generate and sustain the definitions which underline systems of control and surveillance that carry out the 'functions of capital'; those who carry out the routine day to day procedures associated with such systems are undertaking 'functions of the collective worker'. This distinction is still not clear in practice however.

In short, discussions that derive managerial practices and forms of the division of labour from the logic of capital accumulation (based on the purchase and sale of labour power) tend to lead to dichotomies that are difficult to substantiate. The distinction between

'conception' and 'execution' for example is problematic even when reformulated in less crude terms (Brighton Labour Process Group, 1977)⁵. As another example, Braverman's (1974) notion of 'deskilling' and the polarisation of the labour force does not consider adequately the complementary process of 'reskilling' (Edwards, 1979). Finally, as has just been argued, the division between those who perform the 'functions of capital' and those who perform the 'functions of the collective worker' is by no means clear.

(d) Summary

A number of recent authors have argued against a determining link between the logic of capital accumulation and the development of the labour process, and against an exclusive concern with the production process (for example, Littler, 1982, and Tomlinson, 1982)⁶. While not denying the importance of these areas in particular and Marx's works in general, attention has begun to be paid to the nature of modern capitalist enterprises, the variety of forms they take, and the importance of employers' strategies in controlling labour and accumulating capital.

Cutler et al. (1978, p.92) recognised that capitalist units of production can be conceptualised in a number of different ways: they are at the same time sites of production, loci of economic calculation and measurements, economic agents which buy and sell commodities and pay taxes, and organisations which have a specific legal status. Indeed these authors suggested that following the 1844 Joint-Stock Companies Act the joint-stock company itself became a legal agent and an agent of capital:

"Possession and function with regard to capital remain united in the enterprise, an economic subject quite distinct from Marx's idle and functionless money capitalist." (1977, pp. 155,6).

The notion of an enterprise as a conglomeration of different practices, linked to each other but in a variety of ways which may be complementary or contradictory, was put forward by Tomlinson (1982, pp. 59, 60); thus the 'size' of an enterprise for example depends upon which aspect is being considered - the legal unit, financial unit or unit of command say. This type of conception of the enterprise can be related to Donzelot's (1980) notion of families as the points of intersection of a variety of practices (for example, medical, judicial, educational, psychiatric) which define the family in a variety of ways; thus the family is not seen to have any essential function or clear-cut boundaries.

Friedman (1977, pp. 25-6) suggested that 'monopoly capitalism' resulted not so much in changed organisational goals as in senior management acquiring a wider choice of instruments in order to achieve the goals of capital accumulation. Emphasis was thus given to the ability of employers to determine managerial practices and forms of the division of labour, given the constraints of wider capitalist market and commodity relations. Three levels of 'structuration of work organisation' were distinguished by Littler (1982): first, the area of work design at the level of the division of labour and technology; secondly, the structure of control over task performance, including monitoring systems; and finally, the wider framework of the capital/labour relationship arising from the relation of job positions to the labour market.

The importance of the external labour market will be considered further in chapter nine; the notion of the capitalist enterprise as forming its own internal market mechanisms is introduced in the next section on the development of capitalist enterprises and accounting systems. Accounting systems of course include monitoring systems and form part of the structure of control over task performance.

3.3 Development of Capitalist Enterprises & Accounting Systems

This thesis is concerned specifically with the changing roles of accountants in industry. A major factor in the development of accountants and accounting in general has been the evolution from small to large scale industrial production. It has been suggested that in order to lower the cost of conducting economic activity in increasingly large and complex hierarchical structures, those who controlled business organisations found it necessary to develop new structures and new accounting information systems that would aid decision-making and control (H. Johnson, 1980). This section considers therefore the evolution of such structures and systems within the context of the enormous growth in the scale and scope of industrial capitalist enterprises over the past two hundred years.

The economic advantages to be gained from specialisation and the division of labour were noted in the previous section. An increase in the size of an industrial organisation or unit of production may be necessary if full advantage is to be gained from the introduction of complex and expensive machinery. However, as emphasised by the early entrepreneurs, although there may be technical, marketing, or indeed financial advantages in growth, management difficulties tend to work in the opposite direction. It is by no means obvious why continuing growth in the size of firms and in the length of administrative

hierarchies should lead necessarily to greater efficiency and increased profits.

Back in 1937 Coase suggested that business firms exist because they provide a system for transmitting certain information and for organising certain activity at lower cost than the market. More recently economists have again begun to study business enterprises as substitutes for market mechanisms: economic activity is seen as operating either through decentralised market systems in which autonomous entities conduct transactions, or through centralised hierarchical systems in which a single administrative entity spans both sides of transactions (H. Johnson, 1980, p.1; Williamson, 1975, p.xi). Thus the modern hierarchical firm can be regarded as one which began to administrate internally the three fundamental economic functions of coordination, performance monitoring, and (somewhat later) resource allocation (Chandler & Daems, 1979). It should be noted however that due to the nature of the labour process it is only a particular set of people, in this case managers (or in Marx's terms the 'capitalist' class), who are responsible for the design and control of such economic functions.

The concepts of 'bounded rationality' (the limited ability of people to solve complex and uncertain economic problems) and 'opportunism' (the tendency of people to pursue deceitful strategies) were introduced by Williamson (1975) to explain why the costs of arranging economic activity may be less within a firm than in the market. He suggested that a firm could employ a wide range of controls and

incentive devices (often incorporated in the accounting system) which encourage employees to suppress 'opportunism' and to conform to the goals of those who run the entity; the curtailment of opportunism, in turn, enables an organisation to take advantage of its ability to factor complex problems into several interdependent parts which managers can handle one by one - thus alleviating some of the consequences of 'limited rationality'. Although this type of analysis does not consider why people are 'opportunistic' (are they encouraged to be so by the society in which they live or are they 'naturally' deceitful?), it does highlight the importance of employers' strategies for control and the different levels of work structuration (cf. Friedman, 1977, Littler, 1982 - see the previous section).

The fundamental business unit during the early days of the industrial revolution was the individual proprietorship or partnership, and the entrepreneurs who owned these enterprises also managed them; indeed they often "fulfilled in one person the function of capitalist, financier, works manager, merchant and salesman" (see Payne, 1974, and Pollard, 1968, p. 296).

As enterprises grew in size however control moved beyond the span of command of an individual or group of partners. Non-owner managers became necessary not only due to the size of a business (for example the scattered units of ironworks or lead mines), but also to keep

control and curtail 'opportunism' when the owner-manager was away (acting as seller or buyer perhaps). Any administrative staff was very small though, and consisted of only a few managers, accountants, book-keepers and/or clerks who performed a wide variety of function:

"Many of these clerks were also occupied on so many other routine jobs, now performed by specialists, such as timekeeping, quality control, travelling, draughtsmanship, as well as copying out by hand duplicates of letters and preparing accounts in several fine copies, in multi-coloured copperplate hand, that the marvel is that they could perform their duties at all." (Pollard, 1968, p.268).

Conditions, therefore, were similar to those of a theoretical private capitalism in which the capitalist-owner performs a 'work of supervision and management' over a collective labour-force undertaking functions determined by the detailed technical division of labour. In practice though there was also likely to be a number of foremen or supervisors, and a limited managerial or administrative staff.

Up until the industrial revolution accounting methods had developed along three main routes: the master and steward system, developed primarily from the administration of large landed estates; the mercantile system, arising out of the practices of overseas merchants and bankers; and the accounting developed by manufacturers operating the 'putting-out' system. None of them however fully met the industrialist's problems among which could be counted "the sheer

volume of his operations, the quantity of fixed capital involved, and the inability of a single head to supervise, check and control a complex industrial enterprise" (Pollard, 1968, p.245).

One of the major accounting developments was "the adoption of regular, periodic returns in place of the ad hoc, waste book or journal type of book-keeping, the forcing of the natural rhythm of work into a strait-jacket of comparable sections of time" (Pollard, 1968, p.252). Pollard saw this as a response to the quest for control over large businesses with unreliable managerial staff at a time of unprecedented change; it might also be interpreted, perhaps, as a response to the regularity imposed on industrial labour, and especially mechanised factory labour, by the "tyranny of the clock, the pace-setting machine, and the complex and carefully-timed interaction of processes" (Hobsbawm, 1969, p.85).

A contemporary view certainly was that any large enterprise which had to be indirectly administered invited fraud and mismanagement; thus, for example, in 1816 Sir Robert Peel stated:

"It is impossible for a mill at any distance to be managed unless it is under the direction of a partner or a superintendent who has an interest in the success of the business." (Quoted in Pollard, 1968, p.34).

Certain aspects of book-keeping and accounting, therefore, were developed in order to improve control and surveillance (or to

encourage employees to suppress 'opportunism'). Pollard provides some other functions of accounting at that time:

"These included the estimates of costs and revenue in order to establish which methods of production or which departments to adopt, enlarge, reduce or wind up. They would also include the calculation of total profits of the enterprise and its value, for the purposes of dividend distribution or for the valuation of partners' holdings, for sale or probate." (1968, p.257).

The extent to which accountancy was used by managers to guide their business decisions is uncertain. Pollard thought that such a use was minimal, but McKendrick (1970) argues that some historians have tended to concentrate on business methods during boom years and have thus ignored the successful techniques which withstood the rigours of the periodic slumps⁷. Thus on the one hand Josiah Wedgwood's advanced cost accounting techniques were seen as helping him avoid bankruptcy after the 1772 depression (a fate that befell even the most accomplished of firms), but on the other:

"So handsome were the profit margins which he could normally expect, and so high the prices which he could regularly charge, that the incentives towards anything more than routine costing were usually rather slight." (McKendrick, 1970).

The importance of the general economic climate for the development of accounting techniques is a theme that is still relevant today (see chapter six).

Throughout the nineteenth century manufacturing and trading partnerships continued to grow, but they generally remained 'single-activity multi-process' firms⁸, and did not adopt a corporate form of organisation. By the mid-1860's the legal structure had existed that would allow fundamental changes in the structure of individual enterprises, but departmentalisation seems to have been the only main development:

"Departmentalized structure in this period developed in two main forms. One was a division of functions among partners and the members of their families, so that each became in effect a departmental head, with one or two paid managers under him. The other, in its ideal type form, centred on a single managing director, partnered by essentially inactive directors, and a group of fairly evenly matched managers branching out below him". (Pollard, 1968, p.308).

In 1844 parliament simplified the formation of joint-stock companies by substituting registration for the formal chartering that had been required, and in 1855 it became possible for companies registered under the 1844 act to obtain certificates of limited liability; nevertheless by 1885 limited companies accounted for, at most, five to ten per cent of the total number of important business organisations

(Payne, 1974). Although Lord stated that the growing "number of different processes carried on by one employer, and the increase in the ground to be covered in supervision, made the introduction of wage-earning foremen and managers essential" (cited in Pollard, 1968, p.308), Payne suggests that there was little movement towards the differentiation of management from ownership and the elongation of organisational hierarchies:

"What is surprising is the tenacity throughout the nineteenth century of forms of business organisation characterised by a marriage of ownership and control almost as complete as that encountered during the Industrial Revolution." (Payne, 1974).

In fact it seems that vendors retained their hold over their businesses to a great extent even after the burst of large mergers at the close of the nineteenth century (ibid). Up until this time therefore owners nearly always managed their enterprises; those few that hired managers rarely employed as many as four or five, and they retained a close personal relationship with their managers, often making them partners in the firm - Chandler termed such enterprises 'personal' ones (1976, p.28).

'Entrepreneurial' enterprises on the other hand were ones staffed by salaried managers but still controlled by the owners - the shares tended to be in the hands of the entrepreneurs who founded the company, or their families. Finally, as firms grew larger and as

their activities were extended and diversified, full-time salaried career managers who owned little or no stock took over positions in top as well as middle and lower management. Owners became rentiers more concerned with the dividends than the operation of these 'managerial' enterprises.

Chandler states that although by the end of World War I the large managerial firm was becoming commonplace in the United States, in Britain it was still a rarity; many large firms had become entrepreneurial, but a few were still personal ones owned and managed by a small group of partners.

It seems that these entrepreneurial and family enterprises often joined with others in the same industry, either in an informal cartel or a more formal holding company to control price, output and competition in general. Although the holding company was also used in the United States as the legal form to carry out mergers, it was rarely used as an administrative device. The most profitable mergers there were ones which vertically integrated two or more primary functions such as manufacturing, distributing, purchasing or transportation in what has been termed a 'unitary' form of organisation (see H. Johnson, 1980, p.9).

"By 1917 over 85% of the 278 largest manufacturing enterprises had concentrated their functional activities into separate departments and were administering them through departmental headquarters. Only 15% continued to

operate their multi-unit enterprises through a number of autonomous, legally controlled subsidiaries." (Chandler & Daems, 1979, p.13).

The 'unitary' organisation factors the operations of each distinct function into separate departments (that is, a department for manufacturing, one for selling, and so forth), and it creates one central office both to co-ordinate the departments and to direct their diverse activities towards common goals. The structure allows for two degrees of management specialisation; some managers concentrate on economic performance within each department, while others concentrate on co-ordinating the performance of the various departments (Williamson, 1975, p.139). Thus priority can be given to the combined performance of the enterprise's parts acting jointly, rather than to the separate performance of individual parts.

The 'unitary' or centralised functionally departmentalised structure required appropriate systems for transmitting information and instructions if management were to overcome problems of 'bounded rationality' and employee 'opportunism'. A steady flow of information from the operating departments to the central office was desired on output, sales, purchases, and rate of internal investments for example. In particular this type of structure encouraged the development of accounting procedures and criteria that would help management make decisions about new capital investment - for example, return on investment (see H. Johnson, 1980, p.11). Accountants were still likely to be centralised and to report directly up the finance

function, but the establishment of a central office led to the development of new accounting techniques and the further specialisation of accountants' roles (for example, treasurers).

Perhaps the most elaborate management accounting system used to control performance in a 'multi-activity' organisation with a 'unitary' structure was that created by the DuPont Powder Company in the United States between about 1903 and 1915. The most important re-organisation in Britain, however, did not take place until 1920 when Nobel Industries explicitly initiated the DuPont structure. During the inter-war years large British enterprises grew primarily by merger and acquisition rather than by internal expansion, and very few of these mergers and only a small number of the existing holding companies followed the example of Nobel Industries (Chandler, 1976, p.44).

Meanwhile, as American multi-activity enterprises diversified into new product lines or geographical areas, top management found it difficult to co-ordinate the firm's daily operating activities and to plan its long-run policies. As such, following the severe inventory crises brought about by the recession of 1920-1921, DuPont and General Motors introduced a multi-divisional form of organisation (Chandler & Daems, 1979, p.14). Operations management became decentralised with division managers becoming responsible for co-ordinating and controlling all operating functions for one product line or sales region. On the other hand, "top management, relieved of responsibility for co-ordinating the operating activities of various divisions, could

concentrate exclusively on planning company-wide policy and assuring that the performance of each division conformed to such policy" (H. Johnson, 1980, p.22).

In terms of accounting systems more emphasis was placed on company-wide measures of performance, such as return on investment, and on increasingly sophisticated forecasts and detailed budgets. Indeed, a unique development at General Motors was to place at the very core of its accounting control system forecast information about expected future events (H. Johnson, 1980, p.14). Many accountants in this type of organisation now worked alongside and reported directly to divisional management, while retaining a functional responsibility to the finance function at the central office. The central office itself grew in size and more specialist positions became available for accountants (for example in tax, securities, internal audit, cash control, and accounting development).

Whereas in the United States the multi-divisional form of organisation was first adopted in the 1920s and 1930s, only two of the fifty largest quoted manufacturing companies in the United Kingdom in 1948 (Unilever & ICI) had adopted a comparable structure (Chandler, 1976, p. 44). Moreover, while in Britain it evolved largely out of the loose-knit, decentralised holding company⁹, in the United States it replaced the centralised, functionally departmentalised structure. These differences in formation may help explain Channon's findings that American multi-divisional organisations generally had larger and more comprehensive general service and financial staffs, a clearer

distinction between policy and operations, and more sharply defined duties and functions for the general office and the divisions (Channon, 1973, Chapter 7). The differences in the make-up and functions of the general office between the two countries may, in turn, have led to Britain having less extensive and less sophisticated overall control and planning in these types of organisation (Chandler, 1976, p.26).

After the Second World War British enterprises continued to grow more by merger than internally, but the motives may have been more to expand and to diversify into new markets rather than to control competition in existing ones. It was only then that the holding company form of administrative structure proved to be inadequate and that large British industrial enterprises increasingly turned to adopting some variation of the multi-divisional form. Indeed by 1970 seventy-two of the hundred largest industrial enterprises were administered through some variation of the multi-divisional form (the comparable figure in the United States was eighty-six per cent - see Channon, 1973, pp. 73 and 86). Moreover in 1976 the largest one hundred firms accounted for almost half of all manufacturing output (Hannah, 1976, p.5).

As has been shown the growth of the firm and the separation of ownership from management occurred on a much larger scale and much earlier in the United States than it did in Britain. One contributory factor would seem to be that the family provided the fundamental motivation and basic building block of the British (and European)

business enterprise (Chandler and Daems, 1979, p.18). Many family concerns refused even to contemplate the adoption of the joint-stock organisation:

"It is arguable that in the mid-nineteenth century, British industrial organisation characterised by the family firm, became partly ossified at a relatively immature level of development, and that this structure remained largely undisturbed even when the legal obstacles to the growth of firms were removed in the mid-1850's." (Payne, 1974).

Payne also stated that the entrepreneurial characteristics of independence and self-sufficiency retarded growth by mergers; if vigorous competition made the maintenance of complete independence suicidal, absorption into amalgamation could often be postponed, if not altogether avoided, by temporary association with rivals through a trade association (1967). Indeed Chandler and Daems suggest that of the three instruments for co-ordination (monitoring and allocating market mechanisms, administrative mechanisms, and mechanisms based on multi-lateral interagency arrangements) Europeans until recently appear to have favoured the third (1979, p.19). As Hannah states:

"One insistent and powerful incentive to change - the pressure of competition - was, however, somewhat muted in Britain compared with the United States, particularly in the period between the 1930s and the 1950s, when restrictive practices and cartel arrangements (which were illegal in the

United States) proliferated in Britain as firms attempted to protect themselves against the depression by reducing the penalties of failure." (1976, pp. 12-13).

Finally, of major importance is the fact that for various reasons, a mass market did not appear in Britain until after the Second World War (see Chandler & Daems, 1979, pp. 18-19).

This section has looked at the development of organisational structures and accounting systems in Britain since the industrial revolution. Such an overview has necessarily been brief and a linear, uniform process has not meant to have been implied. While the centralisation and concentration of capital (Marx, 1954, pp 714-5) into a small number of large units has been noted, the different processes of development in the United States and Britain were recorded, and a wide range of forms of organisational structures are still seen to occur. In other words although the multi-divisional form of organisation is predominant in large capitalist enterprises this should not be regarded as a homogeneous type (Allen, 1978), and a great many other forms of structure such as 'unitary' and 'holding company' also exist (in fact all these forms are evident in the case studies described in the next chapter). It has also been suggested that in order to lower the cost of conducting economic activity in increasingly large and complex hierarchical structures, those who

controlled business organisations found it desirable to develop new structures and accounting information systems (see H. Johnson, 1980).

3.4 Development of the Accountancy 'Profession'

The previous chapter suggested that a study of the changing roles of accountants is, at least to some extent, a study of the changing boundaries of the occupation of accountancy. Moreover a 'profession' can be regarded as an institutionalised form of control over an occupation. This section considers the development of the accountancy 'profession', or in other words some of the ways in which the boundaries of the occupation of accountancy have been maintained and modified.

Attention is paid first to previous sociological literature on the 'professions'. In particular discussion centres on professional ideology and rhetoric, external legitimation, a profession's sponsors, segmentation and internal control. The theoretical debate is then related to a brief historical analysis of the professional accountancy bodies.

(a) Occupations and their professional organisation

Much of the early literature on the sociology of work assumed that there was a qualitative difference between 'professions' and other occupations, even though no agreement could be reached as to their distinguishing characteristics (McKinlay, 1973). Durkheim (1957), for example, saw the need for wider professional ethics to be established and visualised a democracy with professional bodies providing the linking pins between the state and individuals. A number of other writers have forecast a central and beneficial role within western societies for professionally organised occupations (for example, Bell, 1973; Galbraith, 1967; Halmos, 1970). Indeed 'professionalism' has commonly been associated with altruism and service by both professional and academic commentators (for example, Barber, 1963; Carr-Saunders & Wilson, 1933; Goode, 1957; Lewis & Maude, 1952).

In 1915 Flexner introduced another popular theme for researchers by delineating six determining criteria for the 'professions': intellectual operations coupled with large individual responsibilities; raw materials drawn from science and learning; practical application; an educationally communicable technique; a tendency toward self-organisation; and increasingly altruistic motivation. More recent attempts at lists of determining criteria include those of Cogan (1953), Greenwood (1957), Hickson & Thomas (1969), and Millerson (1964). In this way continua have been constructed ranging from the 'true' or 'established' professions (such as medicine or law), through the 'semi-professions' (such as nursing

or teaching), to the 'non-professions' (see, for example, Vollmer and Mills, 1966; Ritzer, 1971). Caplow (1954) & Wilensky (1964) on the other hand determined a "natural history of professionalism" based on the typical process by which established 'professions' in the United States had evolved.

Such analyses have tended to be culturally and historically specific, and have not considered why various traits are commonly associated with the 'professions'. It was not until the latter half of this century that it was perceived that much of the theory had been derived from professional rhetoric. Statements by people in the 'professions' had become part of the 'sociology of the professions' and the works of sociologists had in turn helped define and maintain a professional culture (Elliot, 1972; Johnson, 1972). In other words the 'professions' were defined simply by that - the 'professions' of their members:

"As a result, we often simply report as fact what the professionals we study believe to be the case... What professions say about themselves in justification of their priveleged status above ordinary occupations might better be studied as political ideology than as an indication of intrinsic differences between professions and other types of occupations." (Daniels, 1975).

Hughes (1960) was one of the first to note that work on the 'professions' was in part a study of social advancement and the

collective efforts of occupations to increase their power in relation to others. One of his pupils, Becker (1962), developed and expanded his work and suggested that occupations will attempt to appropriate as many features of the 'symbol' of being a profession as possible (codes of ethics, extended periods of training, a body of knowledge, a service ethic, and so forth) in order to raise their prestige and legitimise their position. Unfortunately few authors followed their example and little attention was given to the 'power' of professionally organised occupations until the work of Johnson in 1972; more recently Johnson has studied the professions and their relation to the class structure (1975). In 1976 Parry & Parry regarded 'professionalisation' as a culturally specific occupational strategy, particularly relevant during the nineteenth century, directed chiefly at the achievement of upward collective mobility.

In order for an occupation to raise its prestige and market position however it will require the support of 'relevant others'; important 'sponsors' (Mok, 1977) might be the state, other occupational groups, organisations in which the occupations work activities are carried out, and/or the public at large. As is indicated in the next section all of these 'sponsors' have been important in the development of the professional accounting associations.

'Professionalism' can be likened to 'unionisation' in that both can be thought of as strategies, albeit ones based on different market capacities, adopted by groups of people in order to advance or maintain their market positions.¹⁰ Professional associations have

been able both to promote and then to utilise the educational advantages and the 'indeterminacy' (Jamous & Peloille, 1970) of the functions of their members by adopting a policy of exclusion; their power has been increased by emphasising their 'irreplaceability'. Unions on the other hand have stressed solidarity, and have obtained power (although perhaps generally only in a reactive mode) through the threat of pervasive, and often immediate, disruption.

It is necessary however to be wary of reifications such as 'occupational strategies' (see Watson's comments in 1976 on an article by Timperley & Osbaldeston, 1975). In other words it is only people that can have strategies - in this case they will be those who organise and who are on the various decision making committees of professional associations. One danger of reification is that a 'profession' comes to be regarded as a unified body of people with the same orientations and the same objectives. However, as Bucher & Strauss (1961) note, occupations are "loose amalgamations of segments pursuing different objectives in different manners and more or less delicately held together under a common name at a particular period of history". It will be seen that segmentation has been an important aspect of the history of the occupation of accountancy.

In summary members of professionally organised occupations generally enjoy relatively privileged positions in society. The job of those who run the professional associations thus becomes one of not only maintaining their members' advantageous positions, but also justifying

this to the occupation's various sponsors at the same time as trying to ensure internal cohesion and unity. The various professional 'traits' such as codes of ethics, standards of entry, emphasis on service and so forth, that were detailed in much of the earlier academic literature can thus usefully be regarded as means of trying to achieve this. It should be noted however that the authority enjoyed by associations on behalf of their members may currently be becoming subject to external limitations at the same time as their ability to represent a common view is being threatened by increasing heterogeneity of membership (Child & Schriesheim, 1978).

(b) Development of accountancy occupation & professional associations¹¹

Analyses of the development of the accountancy occupation and its professional associations, as opposed to the relating of 'important' events in their histories, are unfortunately very limited. Consequently the following discussion provides simply a brief overview, and serves to highlight the influence of certain 'sponsors' and the importance of segmentation for the occupation.

Although accounting techniques had been developed for many centuries, it would seem that in England accountancy was usually practised as a sideline to more lucrative occupations such as auctioneering, rent collecting or stockbroking; alternatively in Scotland accountants developed from lawyers who assisted in managing the estates of bankrupts and others deemed unfit to look after their own affairs (Carr-Saunders & Wilson, 1933; Stacey, 1954). The appearance of accountants in public practice in listings from city directories can be traced back to the end of the eighteenth century (Stettler, 1980). The emergence of societies for their mutual benefit and advancement however did not occur until the middle of the nineteenth century - initially in Scotland (Edinburgh and Glasgow in 1853, and Aberdeen in 1866). The first English association was formed in Liverpool in 1870, and in 1880, following a merger by royal charter, the Institute of Accountants in England and Wales (ICAEW) was established, incorporating members from regional bodies from Liverpool, London,

Manchester and Sheffield. The ICAEW was set up as a 'professional' organisation similar to that of legal bodies, and adopted an ethical code, examinations and articles of clerkship.

Carr-Saunders & Wilson stated that "the appearance of secretaries and accountants at a particular date may be traced to the enactment of particular statutes" (1933), such as the Winding-Up Acts of 1848 and 1849 (see also ICAEW, 1966; H. Watson, 1976). Perhaps the most significant of the early Companies Acts and Bankruptcy Acts was the Companies Act of 1862:

"The Companies Act of 1862 may well be termed 'the accountant's friend', for it provides him with an occupation (and incidentally with remuneration) at the inception, during the progress, and in the liquidation of public companies." (Brown, 1905).

The influence of governmental legislation upon the development of accountancy and its professional associations is one of the major themes running through the various histories. It should be remembered, however, that legislation is the product of political struggles and that accountants themselves may have an input into these. Indeed the secretary of the Institute of Accountants in London was invited to attend a Select Committee of the House of Commons to consider and report on the Companies Acts of 1862 and 1867. Since then representatives of the accountancy occupation have been able

increasingly to tender advice on proposed legislation and to achieve prominence in public affairs:

"In everyday life, members of the profession are well-nigh omnipresent on committees, bench, departmental inquiries of State, and are consulted on matters of national importance by the government and governmental agencies." (Stacey, 1954).

In other words, representatives of the accountancy occupation have been able at least to some extent to determine its destiny.

The acceptance of accountancy as a respectable occupation was not immediate however; indeed a learned judge at that time is reported to have referred to solicitors as gentlemen and to have suggested that the encroachment into bankruptcy cases by "an ignorant set of men called accountants was one of the grossest abuses ever introduced into law" (Justice Quain reported in Worthington, 1895, p.73). The situation was not aided by the fact that people had only to put up a plate and designate themselves as such in order to become 'accountants'. The gaining of support from the prestigious occupation of law was another important factor in the development of accountancy.

The most prestigious form of recognition for an occupation in Britain at that time was the granting of a royal charter. The strategy of the early founders of these accountancy associations to raise their status by modelling them on the 'true' professions is witnessed by a

resolution of a committee (later to become the Institute of Accountants in London) back in 1870:

"... it is highly desirable, in order to maintain and secure the efficiency of the profession, that steps be taken to form an Association of Accountants, and to be incorporated by Royal Charter." (reported in ICAEW, 1966, p.5).

However the efforts of the ICAEW in particular to raise the status of its members, by increasing the exclusiveness of its qualification, resulted in a pool of unqualified accountants who began to form rival associations. This segmentation of the occupation has been fundamental to its development. Although various attempts were made early on at registration, while the established organisations were engaged in bids for closure and professional status yet more associations sprang up. Indeed much of the history of the occupation up to the 1930s can be seen in terms of the ways in which the established associations and 'qualified' accountants sought to protect themselves from the intrusion of those whom they perceived to be 'unqualified'.

A factor that encouraged the growth in associations was the Finance Act of 1903 which authorised members of any incorporated society of accountants to plead in front of Income Tax Commissioners. The Income Tax Act of 1918 had a similar effect, as did the anticipation of registration within the profession. Altogether ten more societies were formed between 1903 and 1930. All these new associations but two

catered for accountants ordinarily coming within the technical jurisdiction of established societies but not meeting their membership requirements; the two exceptions were the Institute of Cost and Works Accountancy (ICWA) and the Institute of Municipal Treasurers and Accountants (IMTA) which claimed speciality status by extending the boundaries of accountancy techniques and by virtue of the confinement of its members to a particular type of employment respectively.

The demand for qualifications in accountancy at this time was enormous; as Stacey (1954) commented: "no profession can boast of such unparalleled expansion - there was a livelihood for accountants whatever their qualification". Necessary conditions for this growth were the industrial revolution, the consequent devolution from small to large scale production, the emergence of limited liability companies, and the Companies Acts that followed. In 1900 it was required that every limited company appoint an auditor who was to be given statutory rights, including the right of access to books and papers, and the right to require directors and officers to supply information and give explanations. By 1908 the concept of the private company had also been introduced and a company's auditor was required to report to the shareholders whether the balance sheet was properly drawn up and 'true' as shown by the books and the information provided.

The growth in numbers within the occupation was paralleled by its increasing status. This was reflected in its relationship with the

legal 'profession'; in 1894 a judge stated in an after-dinner speech that the ICAEW had:

".....found the accountants of England a scattered host, and had made them into an organised army, trained, disciplined, drilled and banded together to do battle for the great principle of commercial and financial integrity in this country, while preserving the thorough efficiency and unsullied character of a great and growing profession."
(reported in ICAEW, 1966, p.40).

Many of the smaller bodies came to resent the priveleged status and monopoly of function obtained by the ICAEW and the Society of Incorporated Accountants and Auditors (SIAA) however - particularly with respect to municipal audits and those of Friendly Societies. Although these areas did not provide a great deal of employment in themselves, the element of state sanction and recognition involved made the eligibility of members of new associations for work in these areas essential. Continued appeals and demands from various bodies, and in particular the London Association of Accountants Limited, led eventually to a re-examination of the basis of the privelege of the ICAEW and SIAA. In 1929, the Select Committee of the House of Commons on Local Legislation recommended registration and the reorganisation of the profession on a unified basis similar to other learned professions. The ICAEW argued that an overall dilution of the standards of the profession would result and that this would militate against the public interest; the ICAEW alone was largely responsible

for halting registration at this time. The position of dominance obtained by the ICAEW in 1930 is reflected by the numbers of its members which were twice those of the SIAA and ten times that of most other bodies. Indeed Sir William Plender, in evidence on behalf of the ICAEW in 1929, indicated that out of a total of 5,518 companies, not less than 4,971 had their accounts audited by Chartered Accountants.

A number of new societies were again formed in the 1940s, probably stimulated into being by registration proposals aired during the war and formulated in the Public Accountants Bill in 1945. Interest in registration was curtailed however by the Companies Act of 1948 which gave the ICAEW, the three Scottish societies (which merged into the Institute of Chartered Accountants of Scotland - ICAS), the Institute of Chartered Accountants in Ireland (ICAI), the SIAA, and the ACCA monopoly over the audit functions defined in the Act. In 1957 the SIAA was dissolved and the majority of its members absorbed by the ICAEW. The three Chartered Institutes and the ACCA continue to be the only bodies authorised to audit the accounts of companies; the ICWA (now the Institute of Cost and Management Accountants - ICMA) and the IMTA (now the Chartered Institute of Public and Finance Accountants - CIPFA) form the two other main bodies.

While the public practitioners had laid down the foundations of the occupation, the consolidation of accountancy as a true 'profession' could not have been attained without the advance of its industrial members. Although the process had begun long before the 1930's it was

around this time that accountancy became widely recognised as a qualification and a particularly suitable background for industry and general management; this was aided by the absence in Britain of alternative education and training for industry, trade and commerce. Between 1913 the proportion of non-practising accountants in the three major bodies, the ICAEW, SIAA, and ACCA (founded by amalgamation in 1939), increased faster than the proportion of practising accountants in their membership (Stacey, 1954, pp. 241-8). Indeed many students began to enter accountancy with the intention of moving into industry or commerce upon qualification (Howitt, 1950).

In fact when comparing the engineering and accounting 'professions' H Watson attributes differences in their development and relative status at least partly to the passage of accountants into general managerial positions:

"Accountancy became a management qualification. It was looked on as a suitable and relevant background in Britain but to a lesser extent in the US and elsewhere. While the accountancy organisation needed to do little in the way of active pressuring for this career structure, they did much by not promoting the narrow specialism that the engineering Institutions became preoccupied with. The Chartered Accountants have not sought to found professional status on speciality status in relation to other specialist reference groups, but have willingly encouraged a generalist image and the development of their members in a wide range of work

settings. At the same time as engineers sought to advance the status of specialities, accountants encouraged the idea that the occupation should be seen as a fit avenue for general management positions, a stance that Engineering Institutions could not take." (1976, pp. 266,7).

(c) Summary

One of the main points to come out of this section's brief overview of the accountancy 'profession' is its segmented nature, and the competition between various accountants' associations. The 'sponsors' of the occupation in its social advancement have been the state, in terms of a royal charter and governmental legislation, industrial organisations (following the industrial revolution - see section 3.3), and at least to some extent the legal 'profession'.

3.5 Conclusions

The aim of this chapter has been to consider briefly the nature of industrial organisations, accounting systems, managers, and accountants and their occupational associations, and to understand how and why they evolved. In order to do this developments in these areas have been placed in the context of wider social processes such as those of capital accumulation and realisation (that is, capitalism), and the increasing technical division of labour. However it has also been stressed that these wider processes should not be regarded as by themselves determining the above developments or as being themselves the inevitable result of immutable 'laws'; on the contrary efforts have been made to indicate that the detailed division of labour and the introduction of factories, for example, can be related to the interests and desires of particular individuals and groups.

It has been seen that although there has been an increasing concentration and centralisation of capital, there are still an enormous variety of forms and structures of capitalist enterprise. It was also suggested that industrial organisations can be viewed in a number of ways: they have no essential function or clear cut boundaries. Thus an organisation could be regarded as a site of production, a legal entity, an internal labour market, a network of units of command, or the locus of various economic and financial measurements say. A number of these conceptualisations will be employed during this thesis.

Similarly accounting systems and accountants themselves might also usefully be regarded in a number of ways. Thus accounting systems might be viewed as systems of control and surveillance, as aids to management decision making or management of the monetary resource, or as the means for fulfilling statutory requirements, for example. Accountants could be seen as employees undertaking tasks peculiar to their occupation, as managers, as professionals, or as individuals with certain career aspirations and expectations. All these interpretations are correct as such concepts have different meanings for different individuals in different contexts - they will all be utilised in the course of this investigation.

Notes

- 1 The 'work of co-ordination and unity' is part of any complicated economic process and, as Braverman noted, is brought into being by the very practice of cooperative labour:

"Even an assemblage of independently practicing artisans requires co-ordination, if one considers the need for the provision of a workplace and the ordering of processes within it, the centralisation of the supply of materials, even the most elementary scheduling of priorities and assignments, and the maintenance of records of costs, payrolls, materials, finished products, sales, credit, and the calculation of profit and loss." (1974, p.60).

- 2 As Marx stated:

"The development of capitalist production makes it constantly necessary to keep increasing the amount of the capital laid out in a given industrial undertaking, and competition makes the immanent laws of capitalist production to be felt by each individual capitalist, as external coercive laws. It compels him to keep constantly extending his capital in order to preserve it." (1970, p.555).

- 3 It is acknowledged that such simple dichotomies are not sustainable in practice: no human labour can be wholly either of 'conception' or of 'execution'.
- 4 In Britain in 1975 the top one hundred manufacturing companies accounted for just over half of all output, compared with sixteen per cent in 1909 (Winkler, 1975, pp.24,5).
- 5 This is not to say that capitalist enterprises do not involve the differentiation of certain functions such as direction, supervision, co-ordination, and manual labour; as Cutler et al. note "... there may be a distinction between the 'responsibility' for the performance of certain tasks and their execution such that one devolves to the processing agent and the other to his employee" (1977, p.256).
- 6 With respect to the over-riding attention given to the production process Littler emphasises that surplus value has to be not only produced but also 'realised':

"What this implies is that the realisation of surplus value (ie. finding markets, selling in those markets and making a profit) may be more crucial than the production of surplus value for certain firms, certain industries or during certain periods." (1982, p33).

- 7 In fact identical comments were made by Pollard (1968, p285); it may be that more examples of early sophisticated cost techniques will come to light as more research into individual business histories is undertaken (see for example Stone, 1973).
- 8 H Johnson (1980) regards 'activity' as being synonymous with 'function' in the sense of the manufacturing function, for example. A 'process' is seen to be one of several elemental tasks which comprise an 'activity'.
- 9 In fact between 1950 and 1960 the holding company form had become the most widely used by large British industrial enterprises (see Chandler, 1976, p.27).
- 10 It should be noted that a number of authors have predicted the merging of, or at least increasing similarities between, these strategies (see, for example, Friedson, 1971; Goldstein, 1955; Lansbury, 1973).
- 11 This section has drawn heavily from, in particular, the works of Brown (1905), ICAEW (1966), Stacey (1954), and H. Watson (1976).

4. CASE STUDIES

- 4.1 Organisation I
- 4.2 Organisation II
- 4.3 Organisation III
- 4.4 Organisation IV
- 4.5 Organisation V
- 4.6 Organisation VI
- 4.7 Organisation VII
- 4.8 Organisation VIII
- 4.9 Organisation IX
- 4.10 Organisation X
- 4.11 Organisation XI
- 4.12 Organisation XII

This chapter investigates the changing roles of accountants in industry by considering the qualitative data collected from structured interviews with forty-five accountants and forty-seven non-accountants. Information was obtained from sections A, B, C & D of the interviews given to both accountants and non-accountants, and in particular from answers to the questions "Can you think of any ways in which the roles of accountants have changed in this organisation over the years?" (See Appendix 3). If respondents did not refer to computerisation, they were also asked the question "What effects, if any, has the introduction of computers and electronic data processing had upon the roles of accountants in this organisation?"

The questions referred to all accountants within an organisation rather than specific individuals and there were two reasons for this: first, accountants change roles frequently in their careers and thus to ask individuals how their own particular role had changed would not necessarily provide information on how roles in general were changing; secondly, it was thought that non-accountants might be unwilling to talk about, or at least be less open about, the roles of specific accountants.

Since the respondents spoke about all accountants in their particular organisation, the data is presented in the form of twelve case studies - one for each organisation (chapters 4.1 to 4.12). As is demonstrated in chapter six the nature and structure of an organisation has an important influence upon the roles of accountants and so the opportunity is taken in this chapter to give some

background information on each organisation, and to locate the comments of interviewees within the context of their work situations.

4.1 Organisation I

Background

Organisation I was a large, multi-national, multi-divisional corporation that primarily supplied the construction industry; it was incorporated in 1961 as a subsidiary of an overseas parent company and became independent in 1964. Area divisions were established to serve the needs of local markets, and a strategy of expansion overseas was pursued, particularly in Western Europe. When diversification took place by means of integration both forwards and backwards in the production process regional groupings were again set up. In the past seven to ten years there has been an increasing trend towards diversification, and a number of 'new business' acquisitions have been made; the Group has also entered the United States' market.

At the time of the investigation, the Group was split into United Kingdom and overseas operations; the former was composed of four operating divisions and one services division. Research was conducted within two operating companies (Organisations Ia and Ib), one from each of the two major divisions; these two divisions were organised on a regional basis. All operating companies were run fairly autonomously:

"Group policy seems to be one of as much decentralisation as possible. Companies are controlled by their bank account and, in particular, by their return on capital." (General Manager, Ib).

Although Organisations Ia and Ib were very different types of company the fact that they were part of the same Group led to certain similarities. First, no distinction was made between management accountants and financial accountants - they were all termed simply 'accountant'; the fact that the operating companies were generally small (the two investigated only had one qualified accountant) made this more feasible. Secondly, all accountants reported directly to their General Manager but maintained well defined responsibilities towards the accounting function (in fact this function rather than general management was responsible for the hiring and firing of accountants):

"... on the one hand he is a commercial accountant in the management team; on the other he is responsible to the divisional chief accountant, attempting to impose a uniform accounting system." (Group Accounting Development Manager)

Thirdly, there were no personnel, organisation and methods, or systems functions, and so accountants were usually required to be the 'link' with various Group service organisations; chapter four indicated that accountants 1 and 2 were responsible for various personnel and office administration functions.

Organisation Ia

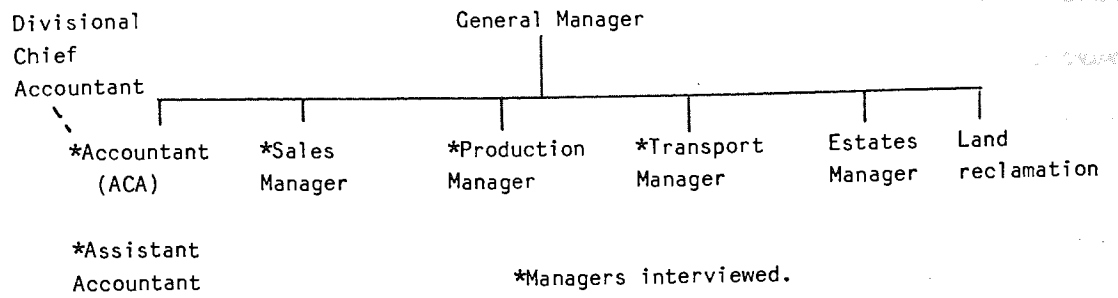
Background

Organisation Ia was a small/medium sized company that mined and sold aggregate; the main emphasis was on selling but environmental problems, and in particular the ability to restore land property, were becoming increasingly important. Figure 4.1.1 outlines the company's management structure.

Managerial positions had not changed very much over the past ten years, although some functions had become centralised; for example, much of the figure work which had been done at the quarries was now done at the head office - this had reduced the number of staff and made the company more flexible.

The sales ledger, purchase ledger, payroll, and financial forecasting systems were computerised, but only the last two had occurred in the past ten years; the forecasting system in particular had saved a lot of 'number crunching'. At the time of the investigation, the company's data was processed in batches on the Group's central computer; a new computer was being installed shortly and it was hoped that the company would obtain 'on-line' terminals.

Figure 4.1.1 Management structure of Organisation Ia



Changing roles of accountants

Organisation Ia had to undertake a large number of administrative procedures for the Group, and it was seen to be very accountancy oriented. The Production, Sales and Transport Managers emphasised the routine aspects of the accountant's work, preparing information for Group, and thus they did not think his role had changed much:

"On the main they would appear to be just gathering information from us and compiling it into a management accounts every month ... and their time is geared to that almost exclusively. They certainly haven't changed, not in the ten years I've been with them, it has been the same old thing day after day, month after month - it's so monotonous it's unbelievable." (Transport Manager).

"My accountant is a super fellow, very efficient, very much under pressure, doing his thing as laid down by the Group procedures. ... There should be 'sales accountants' or 'commercial accountants' - our accountants are strictly accountants doing the accounting plans, the budgets, etc. It's an established Group with established systems - how can you change that?" (Sales Manager).

The General Manager, on the other hand, thought that the accountant had definitely become more involved in the day-to-day operation of the company as a member of the management team advising and providing a

service. The Accountant himself felt that his role had changed from that of a book-keeper, being involved in the "nuts and bolts of things", to one of an administrator, being more involved in computerisation and the way the systems operated; the amount of time-tabled activities and the day-to-day problems involving administration and personnel, however, prevented him from having sufficient time to perform the role that he would like:

"I must admit I don't get as much time as I'd like to sit down and look at these things from afar; one seems to be so tied up with day-to-day commitments. We have management meetings at which that information is discussed and I have to produce a report each month for the General Manager, which means that I've got to sit down and look through them. I don't think I'm able to look through them as much as I'd like to, or in the way I'd like to."

Organisation Ib

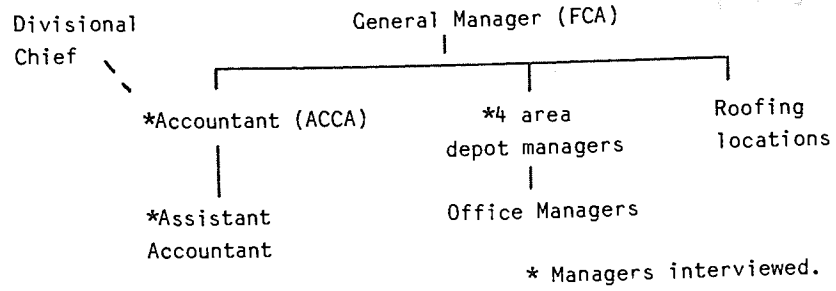
Background

Organisation Ib was a small/medium sized company of building material suppliers where the emphasis was on service to small builders; the company was composed of a number of regional depots and offices, and a small, purely administrative head office. Many timber merchants, D.I.Y. stores and iron mongers are now diversifying into builders' materials and so the company was facing increasing competition; the policy was to stock a wide range of products and to try and attract the general public (who were not accustomed to using builders' merchants). Figure 4.1.2 outlines the company's management structure.

Group involvement in the company related mainly to buying: for example, the buying officer at divisional level decided on suppliers, and controlled the computerised price files. Apart from accounting policy decisions financial involvement was very small.

The pay-roll, an integrated sales and purchase system, and a financial forecasting package for budgets were already undertaken on a mini-computer which had terminals at four of the depots; it was hoped that the nominal ledger and a stock control system would follow within the next year. A complete set of standardised accounts was sent to the Group (via the division) every month, but the internal running of the company was done more and more from the computer output -

Figure 4.1.2 Management structure of Organisation 1b



Management accounts tended to confirm simply what the computer reports suggested. In fact the accountant was not so involved in the design of accounting systems as before, because this now involved the computer departments at divisional and Group level.

Changing roles of accountants

The Area Manager had not noticed any real change in the role of the accountant but the General Manager and the Accountant himself perceived significant changes. The Accountant had only been with the company a year and a half but he knew a lot about the way the role had changed because the General Manager had formerly been the company's accountant. When control had been organised centrally through a hand-operated accounts system the accountant had been very much involved in man management and the production of accounts; with the mini-computer much of the administration was now done at the depots, and the accountant's role had become one of controlling five different locations:

"The accountant's role has changed from being one akin to Mohammed on the mountain, to one of performing continuous internal audit and appraisal." (Accountant).

4.2 Organisation II

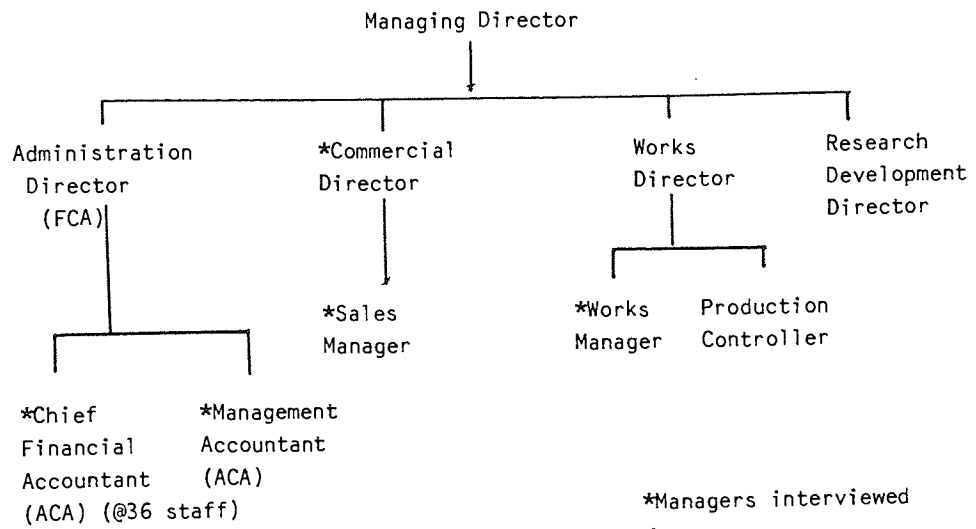
Background

Organisation II was a small/medium British subsidiary of a large, foreign-owned, multi-divisional corporation that manufactured electrical, thermal, telephonic, and other industrial components. The Group as a whole was regarded as being oriented towards engineering, but the emphasis within Organisation II was definitely on sales. Production within the subsidiary (which accounted for about sixty per cent of its turnover) was fairly labour intensive and not very mechanised - it tended to be in reasonably small batches.

The Group's involvement in the running of the subsidiary was also described as very extensive, but this may only have been due to its recent poor performance - it is suggested that this reflected not only poor productivity on the shop-floor, but also a lack of control stemming from antiquated accounting systems (it was not until the end of 1980 that management became aware of that year's significant loss).

Research was undertaken at the main site which included the head office and the largest factory; there was another small factory in Scotland and five small area branches (akin to sales offices). Figure 4.2.1 outlines the organisation's management structure at the time of the investigation.

Figure 4.2.1 Management structure of Organisation II



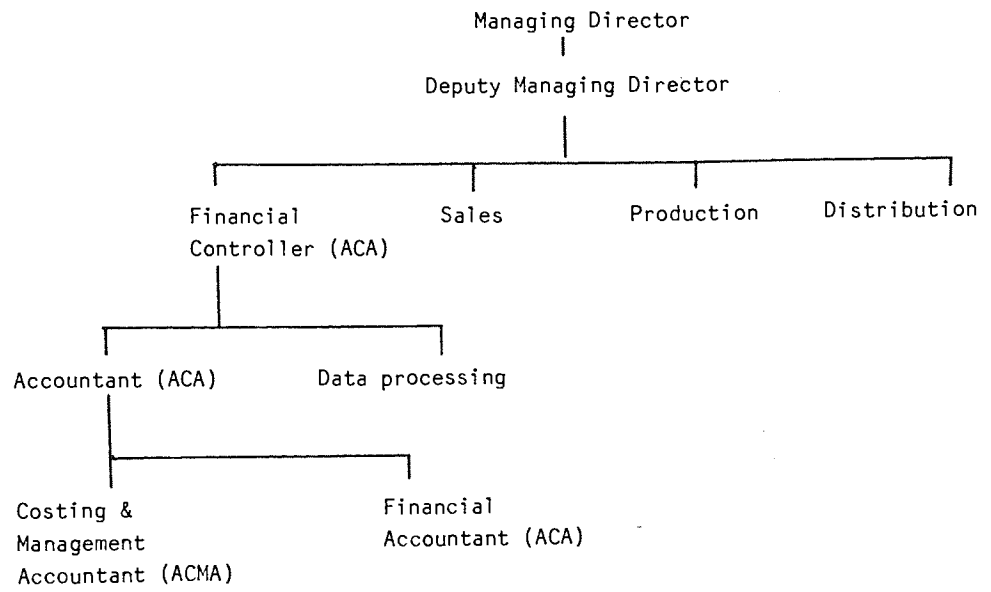
A new computer had been acquired in 1979 and the sales ledger, purchase ledger, general ledger, pay-roll and inventory control were in the process of being computerised; micro-processors were also beginning to be used for budgets and forecasts. At the time of the investigation the control systems were rather fragmented in that a number of computers were being used, both 'in-house' and at the Group head office; the plan was for there to be just two systems - one 'in-house' and one at Group.

The chief Financial Accountant also wanted the department re-organised, and the introduction of more qualified accountants:

"I would like more qualified, younger support such that I could combine the experience of people already here with more up-to-date methods ... basically to get rid of a very poor accounting system."

His proposals had in fact been adopted by the time of the follow-up interview; figure 4.2.2 outlines the new management structure (he had become Financial Controller, and the Management Accountant had become Accountant).

Figure 4.2.2 Re-organised management structure of Organisation II



Changing roles of accountants

The greatest changes were noted by the Commercial Director who had been with the company for twenty-two years:

"One would have to go back approximately eight or nine years - then there was a very definite change; because up to that point, quite definitely the accountants within this company produced financial information, financial returns, they did the book-keeping, and they presented the information ... and there it ended. Gradually it has been introduced that they not only produce the reports but they comment on the reports and comment on the alternative courses of action and produce information which helps us to plan our budgets and our forecasts. This is happening very much still although a little while ago it took a backward step because we had to start again with younger people ... but it's still going on."

He regarded these changes as being aided by the use of direct 'on-line' computers which caused more departments to undertake work formerly done exclusively within the costing or financial accounting department. A similar situation was envisaged by the Sales Manager, although he felt that the accounts and sales departments were temporarily drifting further apart at the time of the investigation due to the introduction of a new computer:

"It's almost going to be impossible to separate certain functions of accounts and certain functions of sales - you could almost say sales ought to take over credit control, or vice versa".

The Works Manager's comments related to the level up from which accounting information was built: whereas budgets had been constructed by the accounts department based on historical information, they were now being formed with the aid of the Works Director, himself, and the Production Controller; he thought that the accountants should go back as far as the foremen however.

The antiquated and fragmented control systems in existence in Organisation II, together with the introduction of a new computer meant that the accounting and administrative functions were very muddled at the time of the investigation - as such it was perhaps difficult to determine quite how the roles of accountants had changed. Moreover the organisation had a relatively new team of accountants - the Chief Financial Accountant had worked there a year and a half, and the Management Accountant three years.

Neither of the accountants thought that their roles had changed much during their short stay although the Management Accountant felt that the company had become more financially aware - in the past the accountants had been employed at a very low level. The current computing system, however, meant that both accountants had to spend a great deal of time on the 'preparation of accounts' (see chapter five).

"We have to do quite a bit of 'back-of-the-envelope' type jobs in order to hold the thing together. Oh ... there's so much manual stuff." (Management Accountant).

4.3 Organisation III

Background

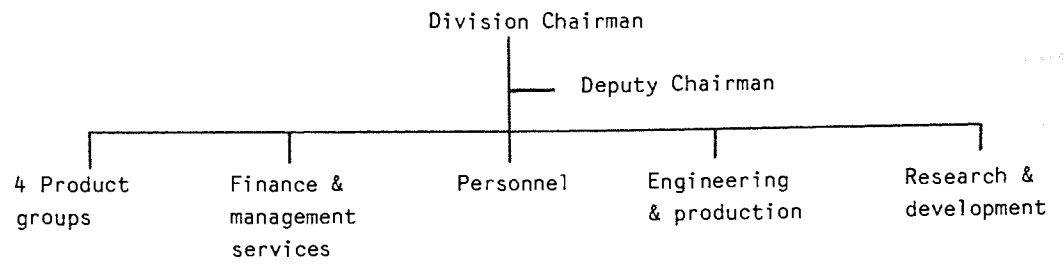
Organisation III was a very large, multi-national corporation dealing in chemicals and 'related products' that was formed in 1926 following the merger of four leading British chemical companies. The structure (partly inspired by McKinsey & Company) was multi-divisional based upon both products and geography, with divisions based in the United Kingdom having pan-European responsibility for a range of products, and a number of foreign 'divisions' having territorial responsibility for the complete range of the corporation's products.

Pay-rates were negotiated nationally and overall strategy was determined by the Group; otherwise the involvement of the Group head office in the day-to-day affairs of the various divisions was minimal.

Research was undertaken in a plastics division (which can be regarded as approximately one ninth of the size of the company as a whole), and figure 4.3.1 outlines its management structure.

Production was primarily of a large batch or continuous process nature. The key area within the division was marketing. The division was divided into four business areas (corresponding to different product groups), and there were four factories situated in the north of England and in Scotland. Research was undertaken within the central accounts department and within one of the product groups;

Figure 4.3.1 Management structure of plastics division within Organisation III



figures 4.3.2 and 4.3.3 outline their respective management structures.

One of the major changes in the division (and in the other divisions) over the past ten years had been the adoption of pan-European responsibilities. Whereas it used to dominate the United Kingdom market, with entrance into the EEC the division became just one of many European producers; the costs and prices of the associated company in France, for example, were now considered before making any sales there.

Another major change had been the fall in employees (perhaps as much as 30% over the past ten years). Although there had been two sudden drops corresponding to the closure of various plants, the fall had stemmed more generally from an impetus to economise and rationalise, this in turn was seen to be the result of the current recession and the strength of sterling when competing internationally.

Product Group Accountants had existed since 1964, but in 1971 they were re-located from a central pool and began to work alongside their marketing colleagues in the different business areas and servicing departments - they reported to the Product Director while maintaining a dual responsibility to the accounting department and the Deputy Chief Accountant.

Figure 4.3.2 Management structure of central accounts department within Organisation III

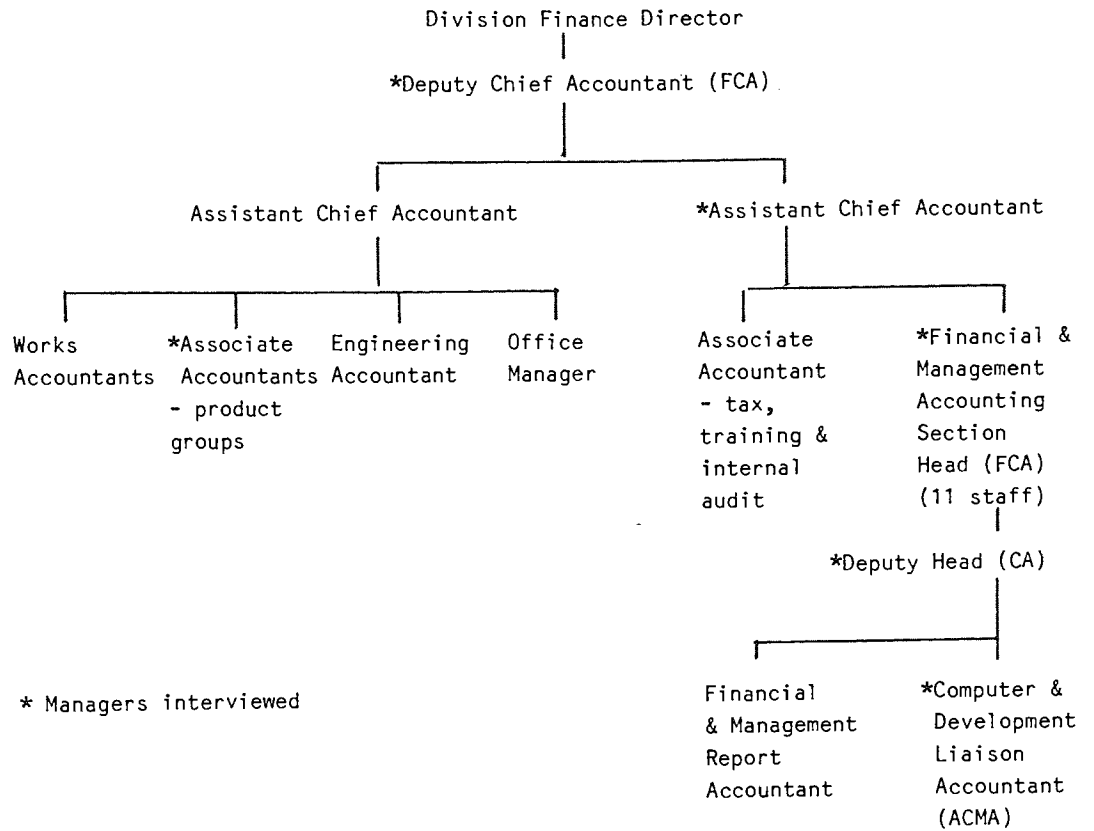
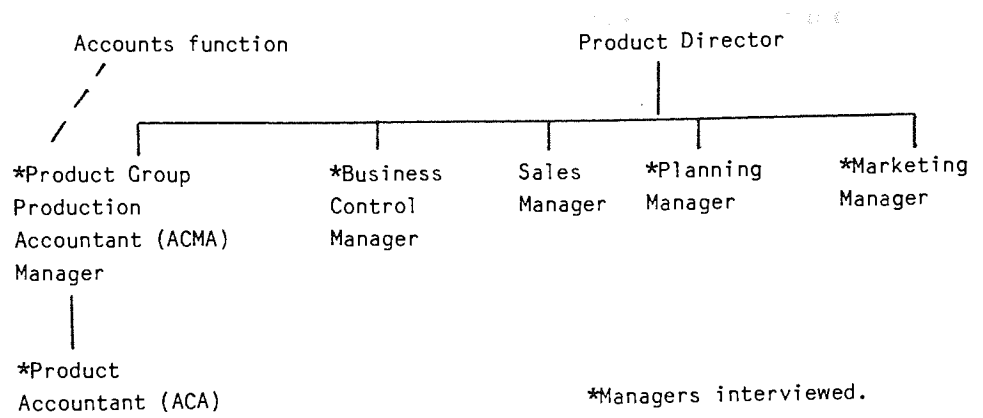


Figure 4.3.3 Management structure of a product group within Organisation III



Accounting systems were heavily computerised and emphasis was given to keeping up with the latest technological developments - witness a specialised Computer Liaison and Development Accountant.

Changing role of accountants

The changes in the roles of accountants in Organisation III were seen to be related primarily to the decentralisation of the accounting function. The Planning Manager, the Marketing Manager, the Business Control Manager, and the Product Group Accountant all thought that the product group accountants had become more involved in the management team:

"They have a considerable role in portraying what is happening in our business, and therefore they have a considerable influence. They have become much more a part of the management team over the last ten years." (Planning Manager).

"I think that because of the organisation we now have with accountants allocated to specific products, they have far more information and understanding of the job than they had before this organisation was in being." (Marketing Manager).

"They have got closer to businesses - the mere fact that they're located in this block is just a simple example of the change." (Business Control Manager).

"Probably as recently as five years ago, routine reports were issued and questions may have been asked, and decisions may have been made, but the decisions and the information were not necessarily connected. Now the accountant has a much closer

dialogue with management generally, and with other disciplines; and this had led to the accountants becoming as much a part of the team as the marketer or the planner." (Product Group Accountant).

The Planning Manager commented on there being two types of accountant, product group accountants and others; with respect to the latter the Business Control Manager noted the greater importance over the years of what he described as "extra-mural, non-productive work" stemming from outside agencies such as the government, the Price Commission, and the Common Market. Generally it was thought that product group accountants would become more involved in the business areas, while central accounting roles would become more mechanistic and more heavily computerised.

The two 'central accountants' and the 'specialist accountant' interviewed (see chapter five) highlighted the importance of computerisation on the changing roles of accountants. The precise effects were uncertain however in that both the Business Control Manager and the Computer Liaison and Development Accountant thought that a fantastic effort was required with respect to software in order to acquire, manipulate and represent data to the level required by the business; computerisation did not necessarily allow the accountant more time to "sit back and interpret the information". Their comments were supported by those of the Deputy Head - Financial and Management Accounting Section, who spent quite a lot of time on data processing

and the preparation of accounts - areas which he felt should not be his responsibility:

"I really should be free to pursue the interpretation of information, rather than the actual manual provision of such. It is extremely difficult to find the time to sit back and think of what you are doing or think of something new ... there is so much routine work."

Finally the effects of changes in the general economic and business climate were also noted:

"It was a technical company and not in such a competitive world thirty years ago. Now people are much more aware of the need to be financially secure, and let that dominate the business rather than technical factors." (Planning Manager).

4.4 Organisation IV

Background

Organisation IV was a large multi-national engineering company founded in the late nineteenth century which, although it had diversified its products' line substantially after the second World War, was still primarily concerned with the manufacture of automobile and aircraft components; the emphasis had always been on engineering and advanced technology. The company had acquired a dominant position in the market following a number of acquisitions during the inter-war period and this had been protected by a series of restrictive agreements with other manufacturers. Competition had increased with the breakdown of this cartel, and it had been further intensified in the late 1960's when automobile manufacturers adopted a policy of multi-sourcing following a series of strikes among component manufacturers. The current recession and the declining demand in the United Kingdom had led to greater emphasis being attached to international activities:

"For most of its existence however [Organisation IV] had the security of a very strong and growing home market in which it had established a pre-eminent position, and we achieved substantial export business, both direct and indirect, by virtue of the sales of British vehicles and engines in foreign markets. These are advantages that we no longer enjoy. Vehicle production in Britain has been declining since the early nineteenth seventies and the sales abroad of British vehicles are now in a very

adverse ratio to those we import. ... For [Organisation IV] this has meant a deliberate and planned shift of emphasis to turn ourselves into this more international company." (The Chairman's review to shareholders and employees, 1979).

There has been a continuing programme to reduce the workforce over the past few years and the number of employees fell by almost eight thousand in 1981. The corporation can be regarded as having a product-based, multi-divisional structure based on the eight main operating companies (including a world-wide service company) - each of them being responsible for their own international trade. A central office set policy and monitored the performance of these companies but it had very little involvement in their day-to-day running; the industry as a whole was under such pressure that the ability to put long-term plans into effect was also severely constrained by the short-term necessity of survival. Investigations were conducted within two of the largest operating companies.

Organisation IVa

Background

Organisation IVa was an expanding company that in recent years had relied largely on its strong market position in equipment relating to the diesel engine. Production was primarily large batch or of a mass, flow-line type with some subsequent assembly, and was highly mechanised; the emphasis was on product development and high standards of quality control. Overseas sales were very important and a recent breakthrough had been made into the North American motor industry. Nevertheless adverse trading conditions had affected the company and as a result over two thousand employees had left in 1981 and had not been replaced; moreover, seven smaller and older factories had been closed - their work being drawn back into the main-stream factories.

The company had been decentralised about ten years ago and it was now split into a number of divisions which, although controlled centrally through the finance and personnel functions, remained fairly autonomous. The change had probably taken place because of the increasing size of the company and the need for greater accountability, and it had coincided with a new General Manager - he had provided the driving force. Although improving accountability decentralisation had some drawbacks in that problems arose with transfer pricing and with "winning a pound off the other businesses rather than off the customer."

Research was undertaken within one of the manufacturing divisions and within the central finance function (which can be regarded as another division). Figure 4.4.1 outlines the management structure of the company and the central finance function; it can be seen that some functional positions had been retained after the re-organisation. Figure 4.4.2 outlines the management structure of the manufacturing division investigated.

Ten years ago the central finance department had been responsible for the general ledger and the financial accounts and these had been separate from the monthly management accounts; the two would not necessarily agree at the end of the year and there was a danger that significant mistakes could occur. Following decentralisation each division began to employ its own Finance Manager and Management Accountant and they reported to the divisional General Director; each factory also started to undertake its own financial accounts, and these were cleared by the auditors at that level before being sent to the company's head office for consolidation.

Computers had been employed before decentralisation but it was probably this change in organisation that had accelerated the computerisation of the general ledger, the establishment of a company financial data base, and the integration of the financial and management accounts. An internal audit department was also introduced to ensure that individual business areas were functioning properly.

Figure 4.4.1 Management structure of Organisation IVa and its finance function

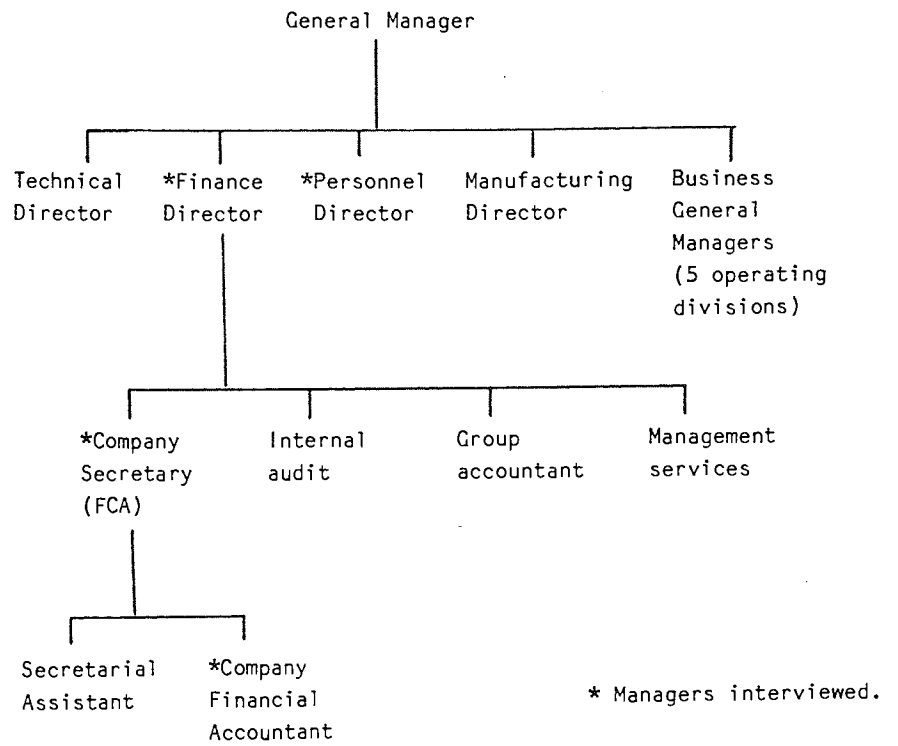
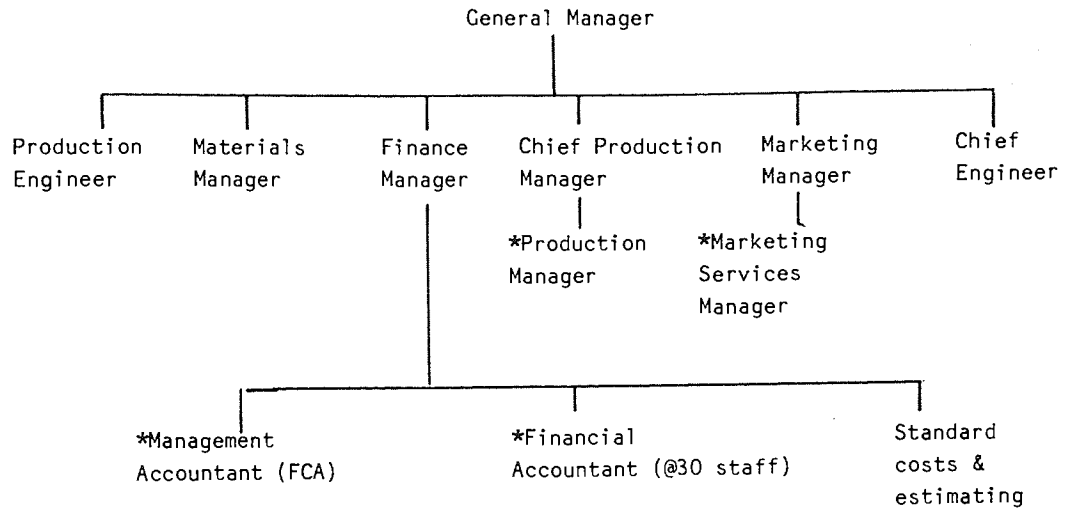


Figure 4.4.2 Management structure of manufacturing division within Organisation IVa



*Managers interviewed.

Changing roles of accountants

Although computerisation had led to more information being produced more quickly its effects on the roles of the accountants were uncertain; the Management Accountant found that he spent more time trying to decide what information was relevant and thus did not necessarily get more involved in its interpretation; the Company Financial Accountant noted the greater interface between financial and management accounting - in fact he now took the role of a management accountant for the central area; and the Financial Accountant thought that he worked more closely with systems analysts designing and implementing systems. More general economic pressures were also noted by the Financial Accountant:

"I think generally speaking our reputation as a function has probably increased over the years: the cost of the money to finance new projects, products, or whatever is so expensive that the financial people's influence is considerable."

His colleague emphasised a trend from routine 'number crunching' to greater involvement in decision-making:

"I think from about five years ago probably a bit less, there has been a change in attitude. Before then I think the finance function was seen essentially as a number crunching function that produced information and didn't do a lot with it. The process has been started whereby the finance function is beginning to try

and use the information that it has, to present it in a more meaningful way, and to influence the people who use it, and the decisions made within the business ... to become more visible." (Management Accountant).

Communications between production, in particular, and accounting departments had apparently been bad for a number of years, but there was now said to be a "definite business directive to try and make people understand each others problems". There was little doubt that relationships had improved:

"We didn't use to get much information from accountants, but that has got better, and it seems to be improving all the time. They used to be very, very distant on a working basis - we knew them and they was about all." (Marketing Production Manager)

The Machines Production Manager thought that these developments were partly due to changes in the manufacturing management team: the Senior Production Manager had worked for a long time on an operation team with the Finance Manager and was seen to be very keen on controlling expenditure - this attitude had been readily adopted further down the line.

The Marketing Services Manager on the other hand commented on the division of the company into customer categories, each controlled by a team of executives including an accountant, whereby accountants were

being exposed to the "hard day-to-day dialogue, and experience of the gamble in running a business".

Organisation IVb

Background

Organisation IVb was the largest company in the Group (about twenty-three thousand employees in 1980) and it manufactured automobile components - the emphasis was on engineering and advanced development work. Production was heavily mechanised and of a small batch, large batch, and mass assembly-line nature. Marketing tended to be oriented around changes in customers' models (either 'face-lifts' or completely new designs), and these were responsible for sudden fluctuations in business. The steady decline in the number of vehicles produced in the United Kingdom over the past decade had reduced the organisation's basic market by more than a third.

Vigorous efforts had been made to counteract this falling demand by expanding exports and overseas activities, but the work force had nevertheless been reduced by over three thousand in 1980. In 1981 demand fell even more both at home and overseas, and there was a consequent further reduction in the United Kingdom labour force of twenty-five per cent - this was accompanied by a major re-organisation of the company's structure (including some factory closures).

At the time of the investigation the company was split into four electrical divisions, a service factories division (which supplied parts for the electrical divisions), a parts and service division, and a central services division - these divisions contained about thirty

factories. The original idea at their formation about seven or eight years ago, was that the six operating divisions feeding into the centre would run themselves and produce a minimum amount of information. At least one manager felt that the divisions were no longer as autonomous as they should have been, however:

"What is tending to happen, because of personalities I think, is that the centre have tried to retain control of everything to a much greater degree than they ought." (Financial Accountant).

Late in 1980 a 'major re-organisation of the company's structure' was begun, the aim of which was to complete the decentralisation planned many years earlier. It was hoped that the central functions would be further decentralised and that the other divisions would become more autonomous - these divisions were also to be re-arranged so that most of three of the electrical divisions, and the service factories division, would be combined to form one 'mega-division'.

Research was undertaken within the central services division, an electrical manufacturing division, and the parts and services divisions; figures 4.4.3, 4.4.4 and 4.4.5 outline their respective management structures.

Ten years ago a Factories Administrator had been responsible for all the financial aspects of each factory (standard costing, estimating, and general administration, as well as accounting) and he had reported directly to the Finance Director at head office - the Factories

Figure 4.4.3: Management structure of central services division within Organisation IVb

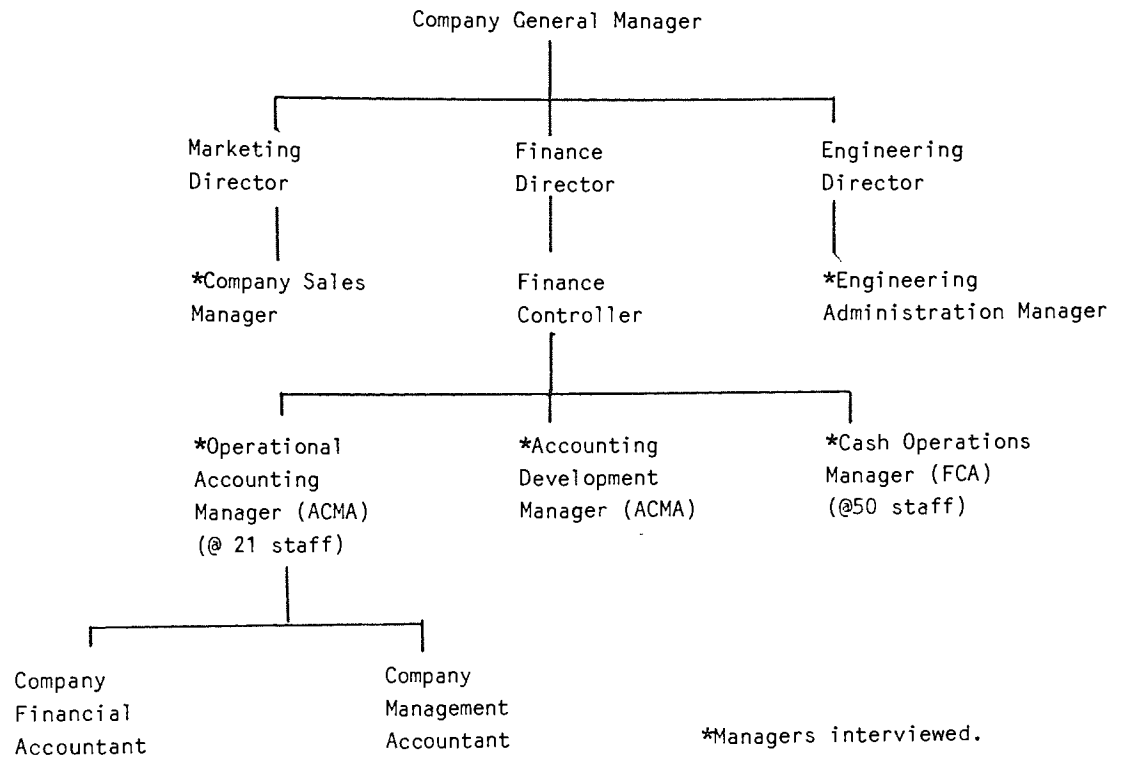
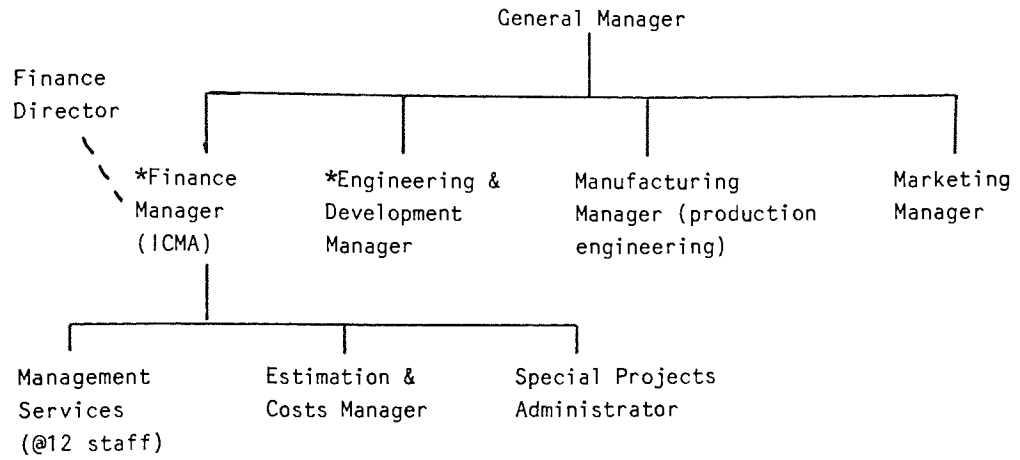
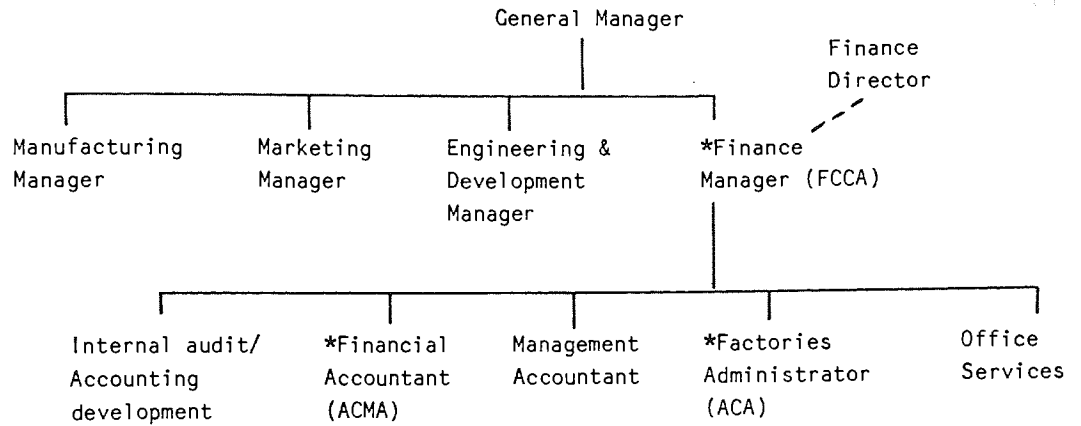


Figure 4.4.4: Management structure of electrical manufacturing division within Organisation IVb



* Managers interviewed.

Figure 4.4.5: Management structure of parts and services division within Organisation IVb



*Managers interviewed.

Administrators now reported to the Finance Manager of their division, and it was the Finance Manager who was responsible to the Finance Director. The Engineering Manager explained this change in the following manner:

"In those days you had a lower-middle management man with his nose nearest to the grindstone knowing what was going on, trying to convince a very senior man in the Finance Director that it was the right or the wrong way to go. Now, in the Finance Manager, you've got a man who knows what's going on and who's in a senior enough position to make it happen if he really wants to."

Whereas in the past each division had developed its own reporting packages, the lay-out was now being standardised throughout the company. The monthly management and factory accounts were separate from the financial accounts (indeed the two sides had hardly ever spoken to each other before decentralisation according to one manager) but a new system was being installed which would enable them to become fully integrated.

Changing roles of accountants

None of the accountants interviewed in the central services division had been with the company for very long, but they spoke of the changing roles of accountants in more general terms:

"I think the role is changing from the isolated approach of churning the figures out, to communication with line managers as part of the decision making process of the business - and therefore a bigger emphasis towards management accounting if you like." (Accounting Development Manager).

"Probably the most important thing that has happened in recent years is that in the past the accountants were mainly involved in things that had happened, albeit just recently happened; now I think accountants realise that it's a means of learning what to do for the future. The most important task of accounting now I think is to project forward, to monitor, and to keep changing those projections forward as he understands what the situation is." (Cash Operations Manager).

Although the Finance Manager of one of the divisions thought that there had not been any change in accountants' roles in recent years ("I think once you involve them in the management decision making, then you can't go much further than that"), the other interviewees all felt that the finance function had become more involved in the business thinking, rather than just generating figures:

"I think there has been a tendency in years gone by, from my own experience, to stand back and just report on the facts and have no influence; now I think we are getting much more involved. ... we're in there amongst it." (Financial Accountant).

"I think the accountants are now taking, along with a lot of people, a greater interest in the business. In other words, in the past I've always felt that the accountants were solely concerned with the bottom line, and they must now be concerned with investment for the future. A much better involvement in the business, a quicker response in producing figures, an understanding of what is required of all the sections of the business." (Engineering Manager).

"I see a greater trend towards accounting by exception, throwing out variances and highlighting areas where performance is better or worse than planned." (Finance Manager - manufacturing division).

The increasing involvement and influence of accountants was thought by two managers to be largely the result of wider changes in the economic environment:

"I think that at a time when your profit is cut to the bone and your cash has to be conserved, then he's much more important to the division than at other times when things are a little slack. Bearing in mind the trends that have been going on lately, I

think he's going to be much more involved." (Financial Accountant).

There is no doubt that computers had taken a lot of the drudgery out of the compilation of data, and that more information was being reported both more accurately and quickly; however, reservations were expressed about the volume of information:

"I think generally that computers don't reduce the work of people; people demand more information from the computers and therefore they generate work themselves." (Finance Manager - manufacturing division).

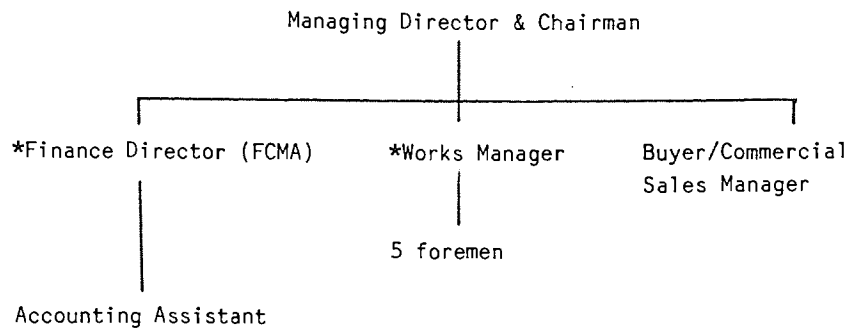
4.5 Organisation V

Background

Organisation V was a small engineering company that manufactured taps and gauges, primarily for the automobile industry. It was established just over twenty years ago by four people, one of whom was the Finance Director at the time of the investigation (he has since retired). The factory was fairly heavily mechanised and production was generally in small or medium sized batches. The emphasis was clearly on engineering. Figure 4.5.1 outlines the company's management structure.

A mini-computer had been installed about six months prior to the investigation and all the basic accounting routines, including budgets and forecasts, were computerised. Budgets were produced annually, but priority was generally seen to be on the costs of day-to-day operations rather than planning future profits or cash-flow. Recent pressures had led to the need for certain economies and nearly twenty employees had been made redundant (a quarter of the work force).

Figure 4.5.1: Management structure of Organisation V



*Managers interviewed.

Changing Roles of Accountants

Neither of the interviewees felt that the role of the accountant had changed very much - the advent of the computer had simply enabled him to provide more information more quickly:

"Twelve months ago it was a different matter: I could ask for it and it'd take time to get it because it was all done manually ... but now I'm getting the information. As it stands at the moment, I'm fully in the picture of everything that goes on." (Works Manager)

4.6 Organisation VI

Background

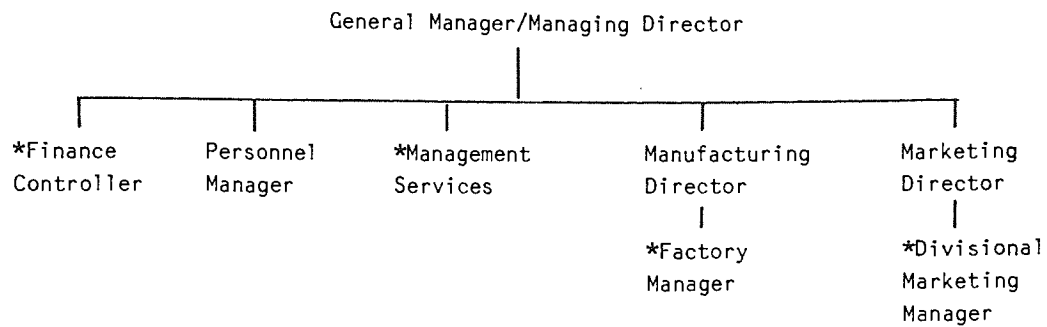
Organisation VI was a large manufacturing company based in the United Kingdom which reported via a European office to the parent company in America. The company was divided into three independent profit centres (for domestic, surgical and export goods) and a separate export division for products transferred to other companies within the Group.

The company had begun to report through a European office around the time, and primarily as a result of Britain's entry into the Common Market. There was now a move towards having only one or two manufacturing sources in Europe for any particular product or range of products.

The company consisted of two medium sized factories and a head office. The form of production was generally process or large batch, and apart from packaging most of the operations were mechanised. The main emphasis was seen to be on marketing, but the current pressure to reduce costs, together with recent developments in computer-based technology, meant that more attention was now being paid to production.

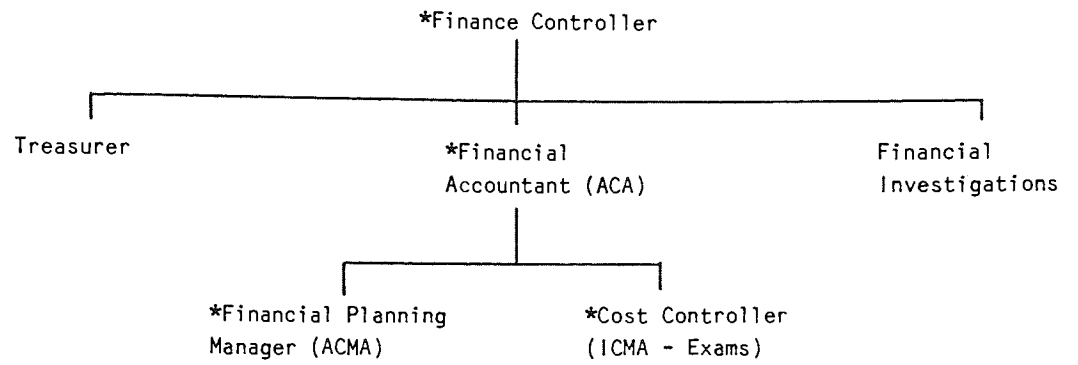
Investigations were conducted on the main site which contained the head office and one of the factories. Figures 4.6.1 and 4.6.2 outline

Figure 4.6.1: Management structure of Organisation VI



*Managers interviewed.

Figure 4.6.2: Management structure of finance function within Organisation VI



*Managers interviewed.

the management structure of the company and the finance function respectively.

The structure of the finance function and its information systems were seen to have changed little in the past ten years. All staff reported up the finance function to the Finance Controller, although some had strong responsibilities to other functions - the Cost Controller, for example, related very closely to the manufacturing management.

The accounting systems were set up around fifteen years ago and were divided into operating accounts and legal entity accounts; all aspects of the former were now computerised apart from much of the budgeting and forecasting. The financial planning section in particular was also beginning to make greater use of micro-processors.

Changing roles of accountants

All the accountants interviewed thought that whereas the company had traditionally had an accounting function that concentrated on pure accountancy (just preparing accounts for audit and tax, and reporting and advising on past results) more information was now provided for management; the accountant had become more of a 'business manager' and more a part of a functional team:

"There's no doubt a definite trend towards being more involved in providing positive data for decision making, and being more involved in the final decision making." (Cost Controller).

The Marketing Manager also thought that the accountants had become far more involved in the total running of business, and that there was a far closer communication between accountants and marketing:

"I think they play a far bigger role in the business than they used to, and I think they have far more responsibility in playing that role now. Where in the old days they were probably very, very negative to new ideas, probably they now understand that being negative will only play a short-term influence on the business ... that there is such a thing as risk and gamble."

He still did not class accountants as risk takers however. Equally ambiguous comments were made by the Management Services Manager: on the one hand he stated that accountants were still doing the same job

as twelve years ago - accounting for moneys and fighting to get accounting schedules off to the head office in America; on the other hand he noted that they played "a more leading role in determining how the company will spend its money. It's not enough just to record the facts ... you've got to predict ... and that is happening more."

It was generally agreed that computerisation had enabled more information to be obtained that much faster, and had taken a lot of the chore out of the accumulation of data. This was seen to be particularly important at medium management level, where it gave people more time to review and interpret the data:

"Computerisation is a big asset in terms of reducing the amount of clerical activity. It certainly gives us a facility to summarise and appraise data a lot more. It makes us more effective, in the sense that it gives us possibly more time to look at the figures and make suggestions. It can also be a problem in the sense that having set up our systems possibly ten to fifteen years ago they need changing, and you lose the flexibility." (Cost Controller).

The Cost Controller commented on the influence of the nature of a particular product and its market. He suggested that when a product market was uncertain there was more involvement in the future, and it became more difficult to predict actual costs; it therefore became more important for other managers to appreciate the financial aspects. This was the explanation he provided for the fact that he had noticed

a significant increase in the marketing people's appreciation of cost changes since he had had moved from the company's other factory which provided goods for a more stable market.

The changing economic climate was also seen to affect the roles of accountants:

"Particularly since the advent of inflation which has hit so many people in a cash situation, senior management has realised how important the financial figures and cost figures are." (Cost Controller).

"It's all according to what the financial situations are out in the total market place that dictates the accountants' strength I always think; and when the bank rate goes up to twenty per cent they become more important. Money is very, very important now, and so they take bigger decision play in the total business ... and rightly so." (Marketing Manager).

The Marketing Manager and Factory Manager noted that non-accountants understood the financial implications of what they did far better than they ever used to, and thought this a contributory factor:

"I think as an overall influence there has been a trend, and that is that all of the managers in manufacturing are certainly infinitely more aware and able to see the financial side than they were ten years ago." (Factory Manager).

Finally, more than one interviewee commented on the influence of the Finance Controller in fostering better relationships and understanding between the different departments. In fact he was not a qualified accountant but a business graduate from America and his particular interest in marketing may explain the enthusiastic response of the Marketing Manager. It is interesting to note that following this investigation, and following a year when budgeted sales proved to be very optimistic, the former Finance Director (who had been moved to the European head office temporarily) was restored to the head of the finance function.

4.7 Organisation VII

Background

Organisation VII was the British component of a large multi-national manufacturing and distribution corporation based in America. Investigations were undertaken at the main factory (employing around five thousand people), and at the British company's head office (which also contained marketing and administrative staff and employed over eight hundred people). The Group was split between the United States and Canada, and an international division; the latter was divided into a number of regions including a European one, and this was, in turn, composed of twelve non-manufacturing companies and three manufacturing companies (in Britain, France and Germany).

The company had a tradition of producing high quality goods and its prices were thus relatively high; as a result of that business policy, financial considerations were thought to be secondary to issues concerning quality. Much of the production was highly mechanised and of a continuous process nature, combined with the preparation of a product for sale by large batch or mass-production methods; some small-batch work was also undertaken.

At the time of the investigation the company was undergoing a major re-organisation in order to rationalise the research, development, production and capital expenditure between the three associated European manufacturing companies, as well as the co-ordination of the

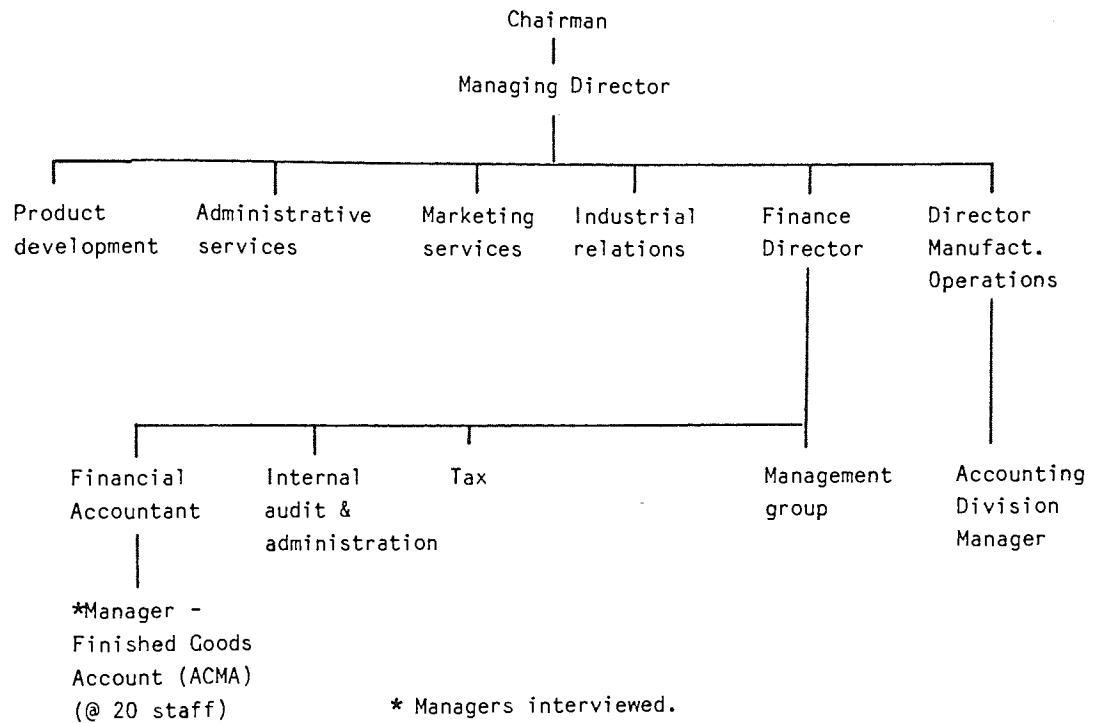
marketing activities of the twelve non-manufacturing companies; the re-organisation was at least partly inspired by Britain's entry into the Common Market and the gradual elimination of tariff barriers.

The aim of this 'targeting' scheme was to enable costs, prices, manufacturing and distribution to be arranged world-wide: all manufactured goods would go to a central distribution area within each country, and then the regional distribution areas would obtain stock from any of these national distribution centres. Europe would become more like a single marketing and production entity: the price the British company charged to the European marketing organisations, for example, would be laid down by the parent company in America and each manufacturing company would concentrate on fewer products (one of the British factories ceased production in 1979). In fact the British company now only produced about a third of what it sold in the United Kingdom.

Organisation VII was changing from a fairly autonomous marketing and manufacturing company to a division of an international corporation; as such performance could no longer be assessed by statistics relating to profitability and return of capital, but was judged rather by international comparisons of costs.

A Marketing services division manager and a manufacturing division manager had been appointed as a start to the company's re-organisation. Figure 4.7.1 outlines the management structure of

Figure 4.7.1: Management structure of Organisation VII and its finance function



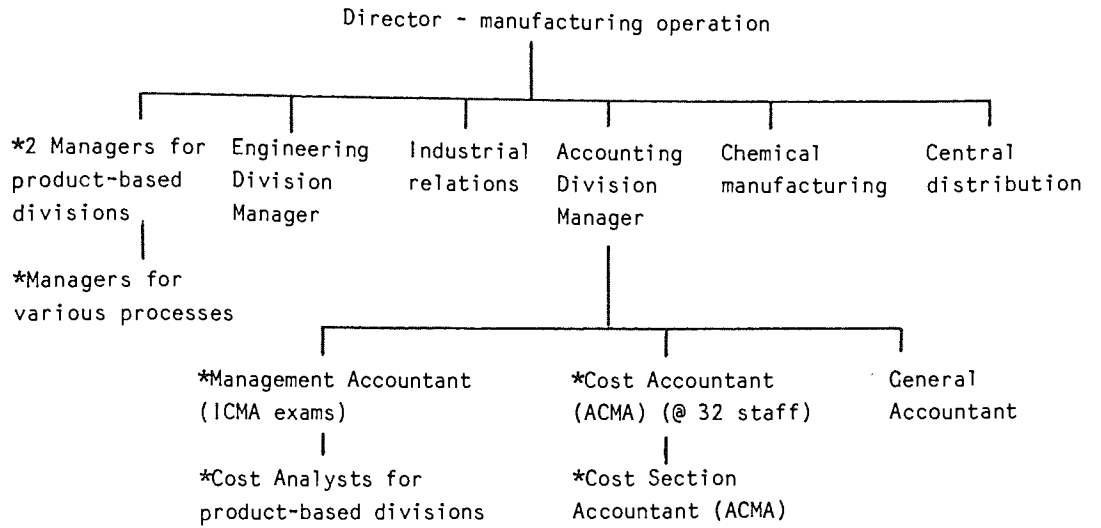
the company and the finance function and figure 4.7.2 indicates the nature of the manufacturing operation.

The finance and accounting department had been decentralised about six years ago to the extent that 'cost analysts' worked alongside production management; they still reported directly up the works factory finance function however. A distinction had been made between 'cost accounting', 'management accounting', and 'general accounting': general accounting covered the pay-roll, the cashier's department, the general ledger and so forth, and was concerned primarily with 'financing'; the management accounting department dealt with ad hoc matters such as economic surveys and capital investigations and was closely involved with production management; cost accounting was fairly routine and covered the areas in between such as period cost reports, budgeting and forecasts. The accountant interviewed at head office noted the importance of constraints imposed by statutory requirements:

"It's getting to the stage now where you've got two separate sets of accounts - you've got the financial accounts that you report for statutory and consolidation purposes, and you've got the management accounts that people use to run the company. That's a ludicrous state to be in ... and it's quite a sharp division, yes." (Manager, Finished Goods Account).

As a result of the decision to rationalise and co-ordinate the international Group's throughout Europe, the British company was

Figure 4.7.2: Management structure of manufacturing operation within Organisation VII *



* Managers interviewed.

altering its management structure from what was essentially a product-based organisation to a process oriented one. This involved the restructuring of the finance function: by the time of the follow-up investigation the Cost Accountant had adopted a technical advisory role and his staff had been merged with those of the Management Accountant.

Much of the accounting was computerised but the systems were not seen to be as advanced as in many other companies. The manufacturing operation had a number of on-line systems but some of these had been developed over ten years ago at a time when accountants were reporting solely historical data - consequently they were not really suited to planning for the future, collecting information for 'one-off' projects, or answering 'what if' questions. As one accountant described it: "It's a bit of a sort of dotting the i's and crossing the t's system." A lot of manual support was still required and although a complete modernisation of the present rather antiquated accounting system had been mooted, this had not yet been authorised due to the enormous expense involved.

Changing roles of accountants

Apart from the Cost Analyst who had only been with the company for three years, all the accountants interviewed in Organisation VII thought that their roles had changed. The Cost Accountant felt that accountants were accepted more as part of the management team and he suggested three reasons: pressures of life generally and trying to exist in periods of high inflation; the changing nature of other managers; pressures from the parent company. The first reason was also mentioned by the Cost Section Accountant:

"When I first came it was very much 'lets get the product out of the door', and no one worried too much about how much it had cost us. Over the last twelve to fifteen months, there has been a much greater cost consciousness; they really do now ask for a lot more information and look at it quite closely. ... I think accountants are becoming used more - they're no longer seen as people with quill pens stuck away in an office somewhere telling other people what has happened."

Another factor often referred to was the decentralisation of the finance function:

"I think, certainly up until six or seven years ago, before we introduced analysts, people looked up us as living in an ivory tower. They gave us the information, we added it up and sent it off somewhere. Living with the production people in their own

environment has meant that you've got a much clearer understanding. We're involved in almost every single decision that's being taken in terms of the financial implications now - which we certainly weren't. People are a lot more cost conscious - whether it's necessarily through us making these people available, or whether it's just life itself and the problems of competition ... I'm not sure." (Management Accountant).

"I think managers are becoming a lot more financially aware. Certainly historically the non-accounting managers have I think largely had a fear of the accountants, and the result has been that they've avoided them; they haven't used them as they should have been used, and perhaps you've ended up with a bit of animosity between the accountant and the non-accountant. But the barriers are coming down, and we've done it in this company by putting what are called 'analysts' into the actual operational areas." (Manager, Finished Goods Account).

In fact the 'barriers had come down' to the extent that some accountants were taking managerial posts in other areas. One such ex-accountant was the manager of a product-based division, and his comments supported those of the other accountants:

"I think they are more integrated into the manufacturing process - they are part of the team. Years ago they used to be in a separate department where they just did the balance sheets, etc. The other thing is that there is now much more emphasis on

accounting: the present economic situation and business climate has made it a world for accountants. They're much more involved right the way up the line, particularly at the top level." (Product-based Division Manager).

The other non-accounting managers were not quite so certain in their views however. The Engineering Services Manager felt that a lot of accountants' work was historical and although they spent a lot of time on budgets they only really manipulated the numbers rather than helped managers prepare policy changes for the future; nevertheless he thought that some of the younger accountants had changed their style and tried to make information easier to consume. He also noted the importance of accountants in a recent costs savings exercise and the increasing necessity for tight cost control.

Two types of accountants' roles relating to the two different requirements within the factory were noted by the Planning and Administration Manager - one encompassed a great deal of routine work and was centred around making reports to head office; the other involved the accountant working as part of a team helping run the factory. He believed that the financial division was such that there were very strong pressures on the factory accountants to do head office work, but that the roles of 'management accountants' were changing:

"My concept is that when I first managed a large department, the accounting division was something aloof. Sometimes head office

still gives this impression, but certainly at the present time I think there has been very much a change to them being part of a team of people with their own expertise, rather than a gang who sat aside and pontificated on the rest of the world. I think that means too, that they've probably got much more influence than they had before".

The constraints imposed by statutory accounting requirements were also noted by the 'financial accountant':

"I think the role is going to move further away from the production of historic accounts. It's moving a lot more towards producing financial information, looking ahead in the form of forecasts and variance analysis: but that's constrained by reporting to outside - the statutory requirements. It really depends how that moves, the extent to which the financial accounting side will move."

There is no doubt that computerisation had enabled more information to be produced more easily, but its overall effect on the roles of accountants was uncertain. One problem was that many of the current systems were out of date and little had been done to them since their original installation. Two other problems were also mentioned: one was the training of staff, particularly clerical staff, who were not computer oriented; another was that people lost the expertise to calculate the things done on a computer, and so did not really know what the systems were trying to do.

4.8 Organisation VIII

Background

Organisation VIII was a large multi-national corporation involved in a wide range of product areas and in particular, with various household goods, it had diversified mainly by acquisition, rather than internal growth. It was the oldest British 'conglomerate' although a full paper merger between the three main component companies, had not occurred until 1954. Five separate units (corresponding to the three companies, an overseas unit, and a North American unit) had then been set up and these had operated independently of the main board - a holding company type of structure. The complexities of the business and the election of a new chairman had prompted a McKinsey and Company inspired re-organisation in 1970 to a multi-divisional form of structure based on both products and geographical areas.

At the time of the investigation the Group was divided into a number of geographical regions (there was only a limited staff at regional level) and these regions were then split into various divisions of 'unrelated' products. Individual businesses or divisions were encouraged to regard themselves as free-standing, and company philosophy was to develop the strength of the local managers; apart from in the setting of long-term objectives and strategy the Group interfered little with the divisions, provided they were performing according to schedules:

"When problems (usually financial ones) occur, we'll attempt to persuade, but not instruct; it's not 'you will' as in US owned companies."

The Group manufactured products in forty different countries, and sold its products in over a hundred; in fact seventy per cent of its total sales, and eighty-three per cent of its profits in 1980 arose from outside the United Kingdom. Great emphasis was placed on exports and this was reflected in 1979 by the Queen's Award for Export Achievement. Since the war the company had thrived on the tendency for there to be enough growth in a sufficient number of countries to offset recessions in others; despite a global recession, rising interest payments and the strong pound, the trading profit for the Group in 1980 had risen thirteen per cent compared with the previous year.

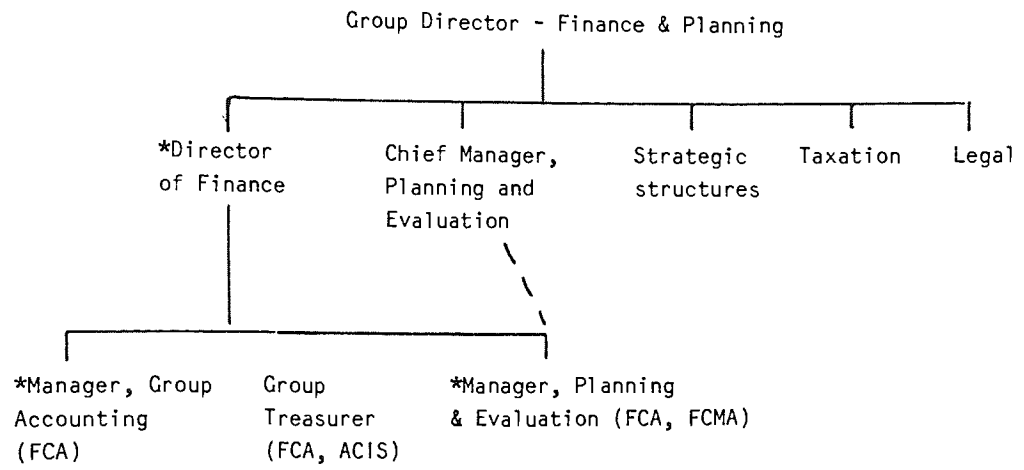
A large central computer had been installed about ten years ago and this provided standard accounting systems for the diverse operating units; it had become very difficult for such systems to cope with the different requirements of the individual businesses, however, and so there was now a move towards more widely distributed processing facilities.

Investigations were undertaken within the Group's head office, and within the leisure division.

Group Head Office

Interviews were undertaken with one of the Regional Directors (three of them worked at the head office) and with various members of the finance, planning and legal services department. Figure 4.8.1 outlines the department's management structure.

Figure 4.8.1: Management structure of Organisation VIII's head office finance, planning and legal services departments



* Managers interviewed.

Changing roles of accountants

The Group Treasurer was sure that there was a perceived need to use accountants more in evaluating courses of action, providing strong recommendations, and decision making. His view was supported by that of the Regional Director:

"I think the role has become a more important one - it has become a much more central part of the management of the business; and I think also the attitude of accountants, particularly the younger accountants, has changed for the better - they no longer see themselves as the book-keeper, but see themselves really as being members of the management team."

Both of them perceived this change as being at least partly the result of wider economic and environmental changes:

"I think it's taken place partly ... because the environment in which businesses find themselves is one which has shifted: originally it was a producer's market, then it was a sales market, now I think they're in the phase (and are likely to remain so for some length of time) where the bias is on the financial side." (Regional Director).

The Group Accounting Manager thought that the accountants in most of the Group's businesses around the world were part of the management team and suggested that this situation had been aided by the creation

of a planning section, both at individual units and at Group head office - it had brought non-accountants within the "total ambit of finance".

Finally, the Group Treasurer considered the effects of computerisation:

"Inevitably computerisation has made a tremendous change in things like our consolidation here. We can spend a lot more time evaluating the figures, instead of just adding them all up. We can and do use models where you say: 'what if?' That has made a big difference."

He also felt, however, that there was a danger in that accountants would not recognise "what the figures are saying"; similar problems were foreseen by the Group Accounting Manager who thought that there were not the people with the middle range of experience necessary for the supply of information to the computer - as such accountants were being required to vet output.

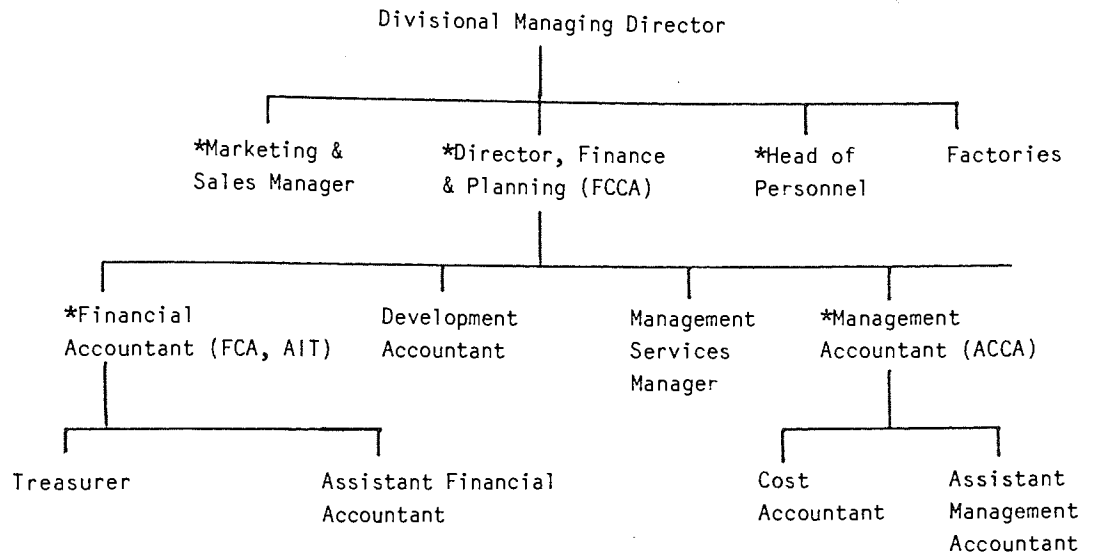
Leisure Division

Until 1976 the leisure division's head office had been the site of a small independent company; when it was taken over by Organisation VIII it was re-organised and it became the centre of a new division consisting of about eight legal entities. Until then budgets had been operated only at a very high level, and then usually on a cash basis, and periodic accounts had been produced only half-yearly and yearly. Much of the past few years had been spent centralising the division and setting up new management information systems. The style of management of the Group was seen to be very different to that of the company before the take-over; the Marketing and Sales Manager suggested that the principal responsibilities of the accountants were now geared towards the needs of the parent company.

As an independent company there had been a Finance Director, a qualified accountant, an unqualified cost accountant, and about six cost clerks; figure 4.8.2 outlines the management structure of the division and shows how the accounting strength had now been built up.

The division was a collection of small companies and so it already had three computers - all of which had to be re-organised. The old systems were being up-dated and a new computer was being introduced over the next six to twelve months.

Figure 4.8.2 Management structure of the leisure division within Organisation VIII



* Managers interviewed.

Changing roles of accountants

Absorption of the original company into a Group organisation had altered the finance structure so much that it was difficult to compare the roles of accountants before and after the change: the number of accountants had increased, the amount of information produced had increased, there were more specialised positions, and there was a greater emphasis on budgetary control and planning.

The Finance and Planning Director thought that the accountants had to be utilised more in the company's financial decisions, but was not sure whether they had actually been able to rise to the demand as yet - this may have been due to the disruption and changes that were still going on. The Management Accountant made similar comments:

"So we've spent an awful lot of our time getting the systems right, being able to provide the information, and we have not spent enough time interpreting this information and getting it into useful information that can be used for decision making and planning and control."

As things settled down the Management Accountant felt that relationships were improving:

"I think we've found over the last six months that ... we're speaking to managers more, and more managers are using our figures a lot more. Particularly during a recession, people are

much keener to get figures than they are when things are going well. ... I think accountants must have to mix more with other managers, it forces them to look ahead, rather than just record what has happened."

The importance of the economic climate was also noted by the Marketing and Sales Manager.

4.9 Organisation IX

Background

Organisation IX was a large multi-national corporation within the food and drink industry. Starting from a base in confectionery in Britain and several Commonwealth countries the original company had begun to diversify mainly by acquisition (rather than internal growth) in the 1960's. A change in the generation of family leadership in 1966 had brought about a structural re-organisation from a functional holding company to the present multi-divisional structure - this structure had been aided by the consultants, McKinsey and Company. Having been unable to generate sufficient product diversity internally, a major merger with a drinks company was undertaken in 1969 - the structure then adopted remained based on the product divisions of the two merging companies.

At the time of the investigation the company was divided into a number of national and supra-national regions (although in 1980 over sixty per cent of the company's trading profit was earned in the United Kingdom), and these regions were then split into various divisions of 'related' products. Regional offices were very small and dealt primarily with national issues such as trade union negotiations and banking arrangements. The Group's head office had little involvement in the day-to-day running of the divisions.

Investigations were undertaken within the head office and one of the factories of a division which made a wide range of food products; most of these were mass produced, but there were some examples of small batch production - manufacture was generally highly mechanised. The critical area was seen to be marketing, and there had been a move away from brand marketing for the customer in favour of large retailing companies who were regarded as the experts at selling to the public.

The division had been established after the 1962 merger, and the divisional head office had been set up in 1972. The organisation had originally been based on traditional functional lines, but the management structure outlined in Figure 4.9.1 indicates that an experiment in 'profit centreing' was underway at the time of the investigation. Much of the internal working of the divisions already revolved around product teams and these had their own marketing accountants who the New Product Development Manager described as "playing a fairly hefty role on the commercial side".

The complications resulting from a wide range of products and the consequent diverse policies on, say, pricing or stock control, had led to the Finance Director and the Corporate Planner in particular formulating plans for product business centres in 1977. A very bad year for the division of 1978 had probably ultimately decided their introduction.

Figure 4.9.1: Management structure of a division of Organisation IX

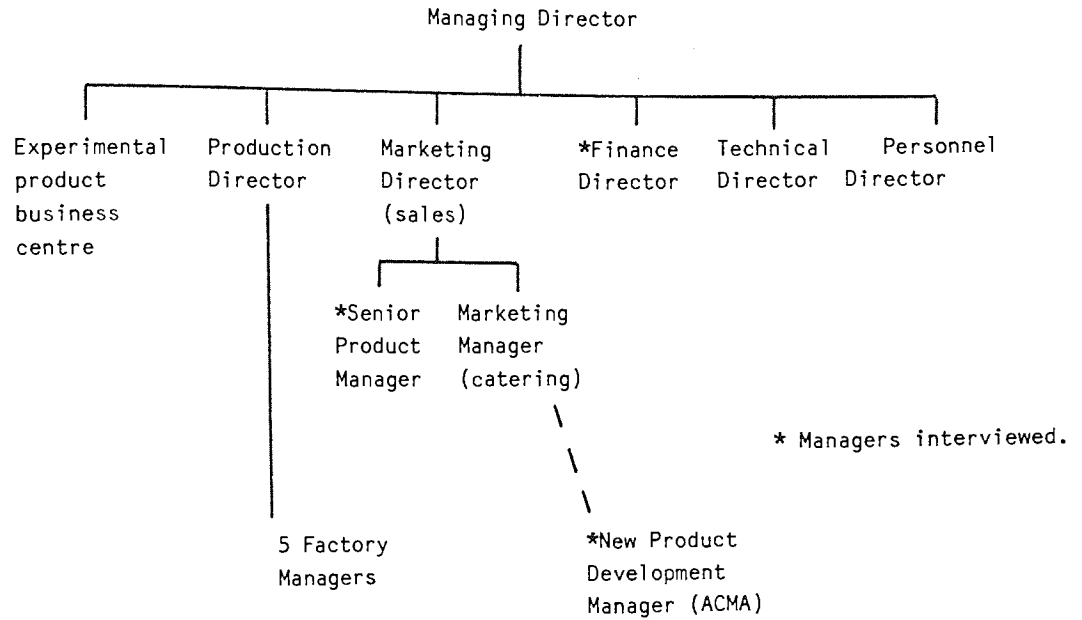


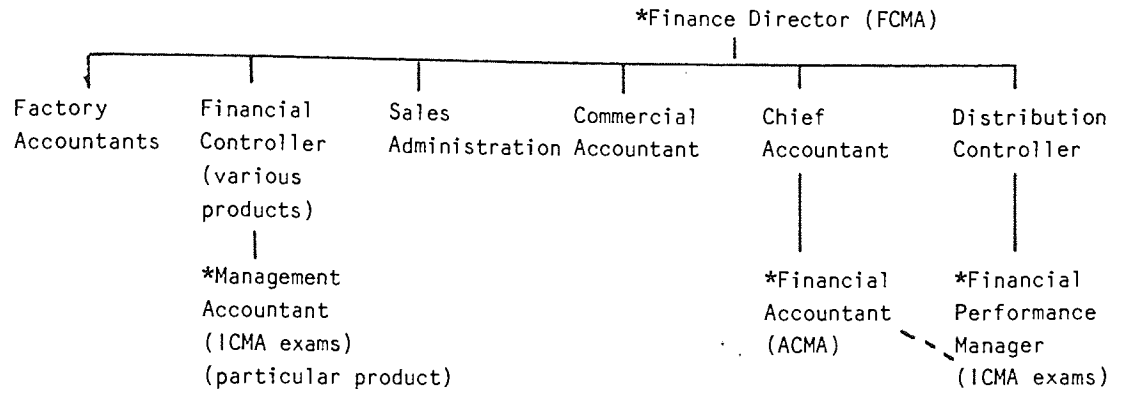
Figure 4.9.2 outlines the management structure of the division's finance function which was organised, at least to some extent, along product lines. The accounting systems were heavily computerised and only the statutory accounts and stock control were done manually.

The factory at which investigations were undertaken reported through the Factory Manager to the Production Director at divisional head office; apart from this connection and a number of 'dotted line' relationships with other functions the factory operated as an independent unit. The management structure of the factory is outlined in figure 4.9.3.

There was no sales function on site as all finished goods went straight to the warehouse; the distribution function kept the depots stocked up from these warehouses, and the depots met the demands of the sales force.

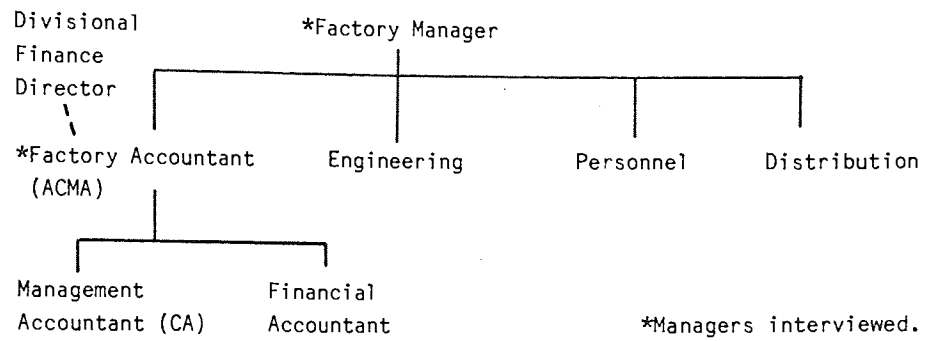
Prior to the decentralisation of the factory in 1972, all accounts had been held centrally (it could have been up to five weeks before the factory saw them), the annual budget had been produced manually (at enormous clerical expense), and the information systems had been very restricted. The division had improved its performance considerably since 1978, and had pulled out of various products that were not financially viable. Two more business centres had been established and the aim was to pay more attention to 'trade-off' decisions (for example, price as against volume, or stock level as opposed to production efficiency) and to make each centre responsible for its own

Figure 4.9.2: Management structure of the finance function within a division of Organisation IX



* Managers interviewed.

Figure 4.9.3: Management structure of a factory within Organisation IX



planning; this would enable head office to consider more strategic plans. These centres had their own production and selling functions, and had incorporated part of the previous finance function; in fact the positions to the left of the dotted lines in Figures 4.9.1 and 4.9.2 were now within business centres. It is interesting to note that the Factory Accountant now reported directly to the Financial Controller of his business centre and only indirectly to the Factory Manager.

The setting up of product-based business centres represents a formalisation of the product teams and planning committees previously in existence and has led to what might be termed a 'matrix' structure - it resembles that of Organisation III which was oriented around product groups.

The division was keen to use mini-computers, but it had encountered stiff opposition from the company's central data processing department.

Changing role of accountants

There were two major ways in which interviewees thought the roles of accountants had changed: first, they now played more of a service role and were more integrated into the management team; secondly, their job functions had widened. The main reason given for these developments were the influence of 'go-ahead' and 'up-to-date' finance personnel, an organisation based around product teams, and the introduction of 'marketing accountants'.

The Finance Performance Manager had noticed a change in the roles of accountants in general and in her own role in particular during the four years she had been working in the division:

"We've always been regarded as a service, but certainly when I joined the accountant was if you like just a glorified book-keeper. Their views on how to run a business and their ability to take an overview of an organisation is now becoming more accepted. There are many more people being trained in the finance function and the scope has grown in that it used to be financial and management accountants - we've now got marketing accountants, we've got business managers, etc. And certainly my job in itself in the past two years has been greatly enlarged: it used to be just a case of producing the accounts and making some comments as to trends and things of this kind - its grown and it's part of the forward planning process."

The tendency to look forward more was noted by the Management Accountant, who also thought that communication between departments had improved - he saw these developments as by-products of the move from financial management to product management.

The Chief Product Manager summarised his views on the accountants' changing roles as follows:

"I think increasingly in the grocery industry, there is a trend towards commercial management rather than specific role playing. From a marketing point of view I certainly see a significant trend towards general management, which means that marketing men have to acquire commercial skills - which include accountancy. I think the same applies for accountants in the opposite direction: an accountant with a broader experience in terms of marketing, and other specific areas is able to make more objective decisions on that basis; and I think there will be an increasing movement into widening job functions - in fact we've had some in this department in the past."

One of those accountancy trained 'hybrids' was the New Product Development Manager; although he felt that there was a gradual leaning to the commercial side amongst accountants, having actually left the department he no longer felt that their role was commercial enough - he thought that they tended to follow the rules too closely and to advise rather than help take decisions.

The Factory Manager differentiated between financial and other accountants; whereas he thought the former would benefit from a closer liaison with the factory, with respect to the latter he stated:

"I remember the time when I started (twelve years ago), when it was taboo to go anywhere near the cost office - they were seen as an end in themselves. I think they are now seen as a service function providing management information to the line ... that's one way they've changed. There's also been to some extent a bit of breach in pure functionalism: whereas in the past, marketing sales, production, accountancy were all in little boxes ... we're beginning to see the growth of general management - people who have multiple skills who can actually control accountants, or accountants control them."

The Financial Performance Manager was not sure that computerisation had necessarily allowed accountants more time to interpret data and plan for the future:

"Now that you've got your hands untied, and a vast amount of straightforward accounting can be shoved on to a computer to produce it, you've hopefully got much more time to give to the other sort of work - the planning. However this has not happened as much as I had hoped because it seems to me, jaundiced as I am, that the more you rely on your computer, the more you think it can do for you, and the more you require an input to be able to produce these things."

4.10 Organisation X

Background

Organisation X was a small/medium sized engineering firm founded in the eighteenth century for the manufacture of artistic brassware. At the time of the investigation the organisation consisted of a holding company and five subsidiaries (based on different activities) spread over two sites - one of these subsidiaries has since been closed. Despite the difficulties being faced by many engineering companies, the organisation was prospering: profits were thirty-two per cent more than in the previous year, and one and a half million pounds was being invested in a new plant.

Until about eight or nine years ago the company had not been very financially oriented: there had been no Finance Director on the board, there had been only two accountants, the Group had produced the accounts for the two subsidiaries it owned, and the accountants had not been attached to these subsidiaries. As one manager put it:

"We were geared to output basically, and at the end of the year, you made a profit or loss."

Then however, a new Group Managing Director and Group Finance Director (who are still there) arrived and they were primarily responsible for

the shift in emphasis towards accounting. The accountants had been decentralised about four or five years ago and the majority of the routine accounting was now done at the Group while the accountant at each subsidiary was more of a 'management accountant' with an advisory role rather than a book-keeping one - "instead of just number crunching as they were before, they're now an active part of the management of the company." (Group Financial Controller).

The Group Managing Director and Group Finance Director both had quite a lot of involvement in the operational running and day-to-day business of the different activities, however.

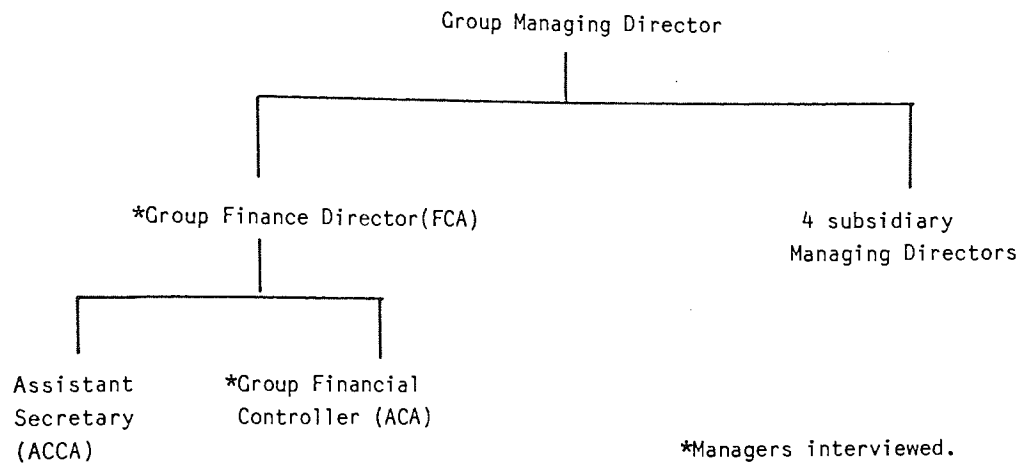
The basic accounting routines (such as sales ledger, purchase ledger, nominal ledger, pay-roll) for all the activities were undertaken on a mini-computer at the Group head office. It was hoped that stock control for the major subsidiary would also be computerised shortly.

Investigations were undertaken at the Group head office and at three of the subsidiaries: companies A,B and C.

Group Head Office

The holding company acted basically as a service function to its subsidiaries, as well as consolidating and presenting the Group's accounts. Figure 4.10.1 shows the Group's management structure.

Figure 4.10.1 Management structure of Organisation X's head office



Company A

Company A was the largest subsidiary, accounting for about sixty per cent of the Group's activities, and it manufactured specialised metal products. The emphasis was on quality and production; production was highly mechanised (apart from inspection) and was undertaken in large batches or continuously. Figure 4.10.2 outlines the company's management structure.

Company B

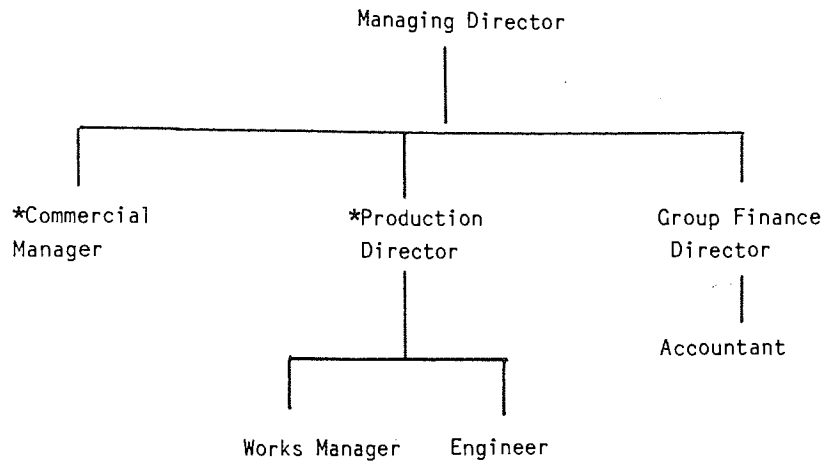
Company B had been set up about six years ago, with the object originally of marketing by direct mail the products of Company A. Since then its role had widened so that at the time of the investigation it was a marketing organisation for collectors' items generally (over half of which were not produced by the organisation) and it also dealt in a broader range of goods, and in particular, jewellery items (again about half of which were not manufactured by the organisation as a whole). This activity had recently been less successful than the others as a result of reduced consumer demand.

Figure 4.10.3 outlines the company's management structure.

Company C

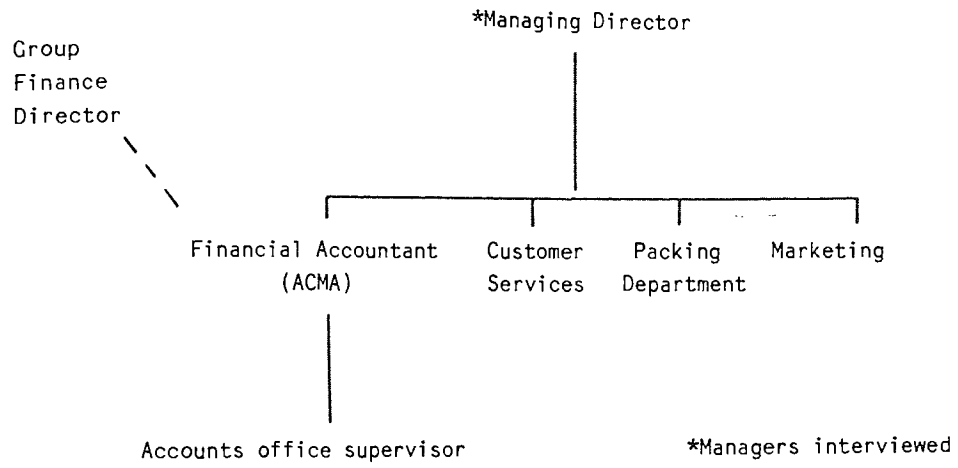
Company C had been established over a hundred years ago in order to manufacture buttons and badges and it had only been taken over by

Figure 4.10.2 Management structure of company A within Organisation X



*Managers interviewed.

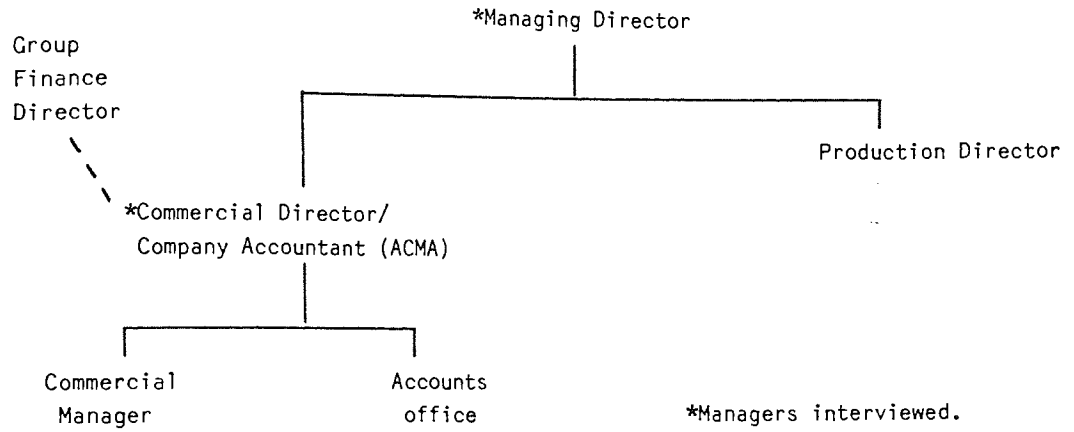
Figure 4.10.3 Management structure of company B within Organisation X



Organisation X in 1973. It was a labour intensive business but it was becoming increasingly mechanised. Although the emphasis used to be on production (which might be small or large batch) greater importance was beginning to be attached to marketing. Figure 4.10.4 outlines the company's structure.

The Commercial director had formerly been Company C's accountant and he was temporarily undertaking both roles; it was suggested that more accountants in the operating companies might move into other management areas in the future.

Figure 4.10.4 Management structure of Company C within Organisation X



Changing roles of accountants

(Company A)

All the interviewees thought that the accountants had become more involved in the management of the organisation and that they took a more active part in commercial decision-making and in the administration of the business:

"They are more geared to the service of, and as an aid to producing results for the company, rather than in a stand-off position as a provider of information - whether or not that information was negative ... Now the accountants will try to provide the next step forward (and often do), and so there's a positive reaction from them; they are more aware and more part of the performance of the company as a whole." (Managing Director - Company C)

"I think they have become more involved in the commercial decisions rather than just being fact recorders - more involved in the administration of the business and in the day-to-day management; but I wouldn't object if they became even more involved." (Managing Director - Company B)

"The change has happened I'd say over the last twelve to fourteen years: the accountants have taken a much more positive control of the running of companies, and decision making (in terms of spending money) is now very much controlled by accountants - and

to a certain extent which way you move into new markets."
(Production Director - Company A)

A number of reasons were given for this change, chief amongst which were the decentralisation of accountants (whereby each subsidiary had its own cost or management accountant) and the change in senior management - 'leadership from the top'; the latter had led to the former.

It should be stressed that the above comments referred to the subsidiary 'cost or management accountants' and that a distinction was often made between them and the head office 'financial accountants':

"There's obviously a clear distinction between the two: the cost accountants are there to provide the management team with financial information about what's happening in the factory, to enable us to make decisions; financial accountants in general in this company look after paying the bills, chasing the money, preparing the accounts, etc." (Commercial Manager - Company C)

"Obviously the response from the management in the operating companies has been better towards management accountants; financial accountants are still some way distant from the operating managers, and there isn't much inter-relationship."
(Managing Director - Company C).

The effects of computerisation upon accountants' roles were uncertain: one manager suggested that it had strengthened their position, another felt that it had improved their image, and a third stated that it had stimulated a greater involvement with other areas of management.

4.11 Organisation XI

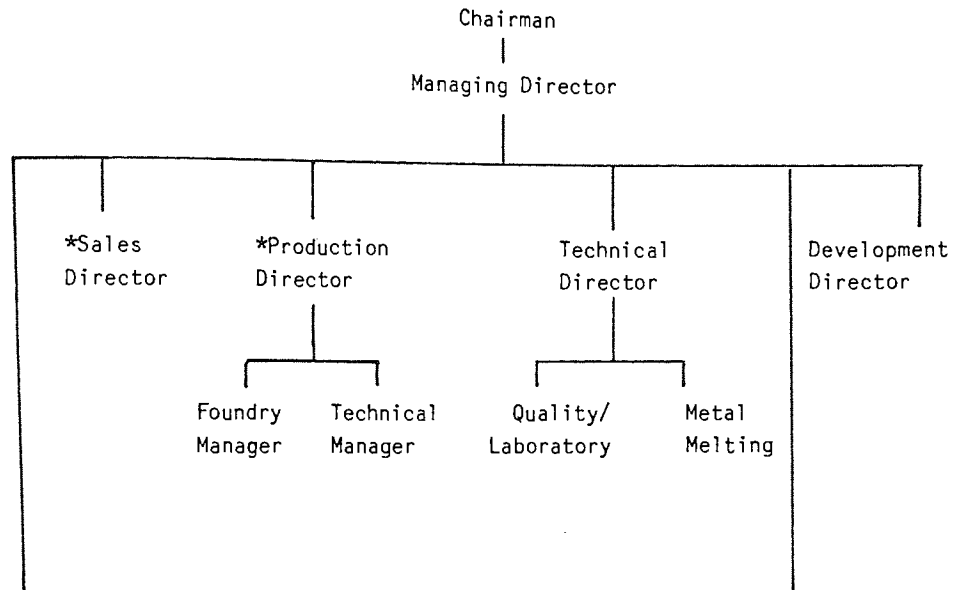
Background

Organisation XI was a large, multi-divisional corporation that manufactured a variety of 'unrelated' products - chiefly steel, metal, plastics, and furniture. It was split into four sections, but a divisional office had been removed about seven years earlier - operating companies reported directly to the Group's head office. The latter kept close control over the capital investment of operating companies, but involvement in their day-to-day running occurred only when performances were 'exceptional'.

Investigations were undertaken in one of the wholly owned subsidiaries within the metal manufacturing division of the organisation. The company had been established in the eighteenth century and had remained as a private family-owned concern until it was taken over in 1975; figure 4.11.1 outlines its management structure.

The subsidiary company had a reputation for the high technical quality of its products and this was maintained by strict quality control throughout manufacture. The products were twenty to twenty-five per cent more expensive than other similar products, and so quality, regularity of supply and prompt delivery had to be guaranteed. The emphasis on technical excellence, quality control, and a good finish to the product meant that manufacture was labour intensive.

Figure 4.11.1 Management structure of a subsidiary of Organisation XI



*Financial Controller/
Company Secretary (ACMA)

*Personnel
Manager

* Managers interviewed.

At the time of the study the work load was tending towards specialised castings which other people could not produce on automated machines, and it was the only growth product in the ferrous trade at that time.

The market was widely based although the majority of products went to material handling industries (for example, earth moving equipment, agricultural tractors, fork-lift trucks); the subsidiary supplied only the commercial vehicle industry and not the automobile industry.

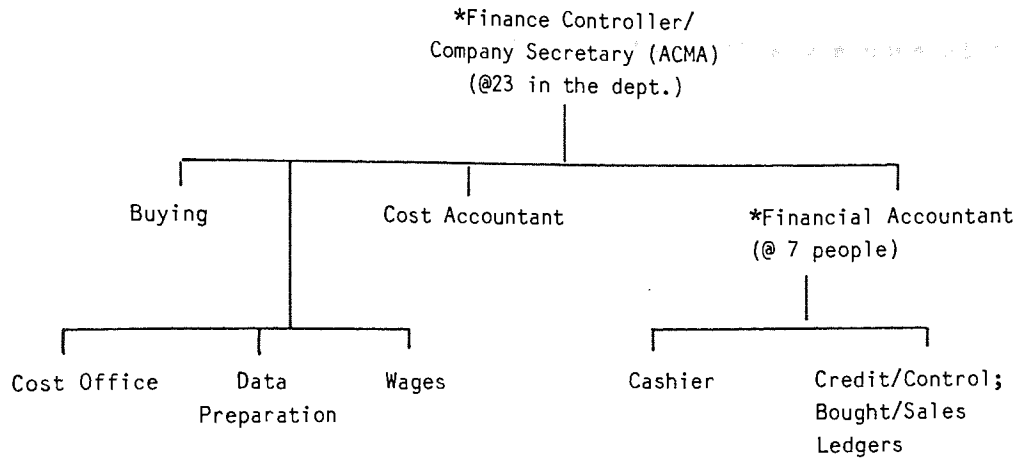
Much of the plant dated back to 1927 and so there was a recurrent problem over finding the necessary investment to replace old machinery. The machine shop, for example, did not have any multi-station machinery, let alone numerically controlled ones.

The subsidiary company was autonomous from the Group holding company in as much as it was totally responsible for its own accounting functions and cash-flow. Nevertheless the Financial Controller stated that hardly a day went by without contact with head office, and that the Group Financial Controller visited them at least once a month - this was probably because of the difficulties the subsidiary was facing, particularly with respect to cash-flow.

The finance department was split into two main sections and figure 4.11.2 outlines its structure.

Apart from inventory control, all the basic accounting routines (including financial forecasts) had been computerised and the

Figure 4.11.2 Management structure of the finance function of a subsidiary of Organisation XI



* Managers interviewed.

subsidiary had direct access to the Group's computing services company. The standard profitability for any product could also be computed and the production plan evaluated - this was unusual for that type of company.

It was discovered that at the time of the investigation plans were being made by the Group to close the subsidiary. An upturn in trade and a reduction in costs then led to these plans being revised - the idea was that the company's administration would be merged with that of other Group companies, but that the manufacturing unit itself would be kept open. Eventually, however, it was decided that it would cost too much in terms of plant renewal to save the company, and much of its work is now being done in the Group's other subsidiaries.

Changing roles of accountants all forms of management information. I

The Financial Controller and his Financial Accountant both thought that the roles of accountants had changed; the former believed they had become more involved in general management and the latter commented on their greater use in planning and looking into the future:

"The accountant is now more and more looked at as an equivalent line manager, if you like, in running the business. Score-keeping is still important and I think in most cases the prime function - it's recognised as the accountant's immediate job; but because of his involvement in virtually all areas of the business, and his experience and training, I think it's only natural that those are put to broader use by general management."

"I think that accountants now are used more at the beginning of the problem than to sort it out at the end; they are asked for advice more than just writing down what the problem is; I think they're used more now than they ever were."

Changes in the roles of accountants were related to the general economic decline by both accountants interviewed as well as the Production and Sales Directors:

"The reality of accounting has changed completely from one of purely adding up pounds, shillings and pence to today, highly

technical presentation of all forms of management information. I think it's a case of necessity ... with the economic decline of the UK and Western Europe, more information is needed let's say to make a professional decision, and not one that's just a matter of pure instinct - which I think in British industry it was." (Sales Director).

Two other reasons for accountants' changing roles were given by the Financial Controller: first, the fact that in many organisations the accountant was the only properly trained and qualified professional meant that complications such as new statutes, industrial relations problems, and so forth often fell into his lap; secondly, accountants were given a more general academic training and so their career expectations were perhaps broader than they used to be - "more accountants look at accountancy perhaps as an initial bridge towards wider management responsibilities".

Relationships between accountants and other functions were seen to have improved along with the changes outlined above:

"... we do have a very good relationship on a daily basis with the Cost Accountant. It used to be very much a 'them and us' situation, but we've worked together whereby we discuss problems together and there's complete freedom of speech; I don't think that sort of rapport exists in most companies." (Production Director).

Although the Financial Accountant thought that computerisation had enabled more information to be provided more accurately, she did not think that its quality had improved necessarily, or that it had given her more time to interpret the information - "other things have come in to take the place of what you did before".

4.12 Organisation XII

Background

Organisation XII was a medium sized engineering firm which had been founded seventy-five years ago and, although it was now a public company, there was still a strong family influence both with respect to the ownership of shares and in the running of the company. The organisation's founder, a typical Black Country entrepreneur, had begun in heavy engineering but had later diversified into domestic appliances; whether planned or not, this combination had proved to be a very good mix with one side always compensating for the other - or at least until recently. Like many engineering companies it was suffering from the current recession: in fact 1980 had been the worst year on record and had led to a high level of borrowing and consequent difficulties.

The whole organisation had been run by one board of directors until about ten years ago, when it had been found to be impossible to adopt the same sorts of guidelines for what were two totally different businesses - one being a multi-production consumer manufacturer and the other a one-off machine tool producer. These two businesses now formed the two major wholly owned subsidiaries of a Group holding company.

The main board was primarily a policy making body and had very little involvement in the day-to-day running of the two divisions. The

senior executives of these divisions sat on the main board and thus took part in both the operating and the strategic decision making.

Investigations were undertaken within the heavy engineering division, and its management structure is outlined in figure 4.12.1.

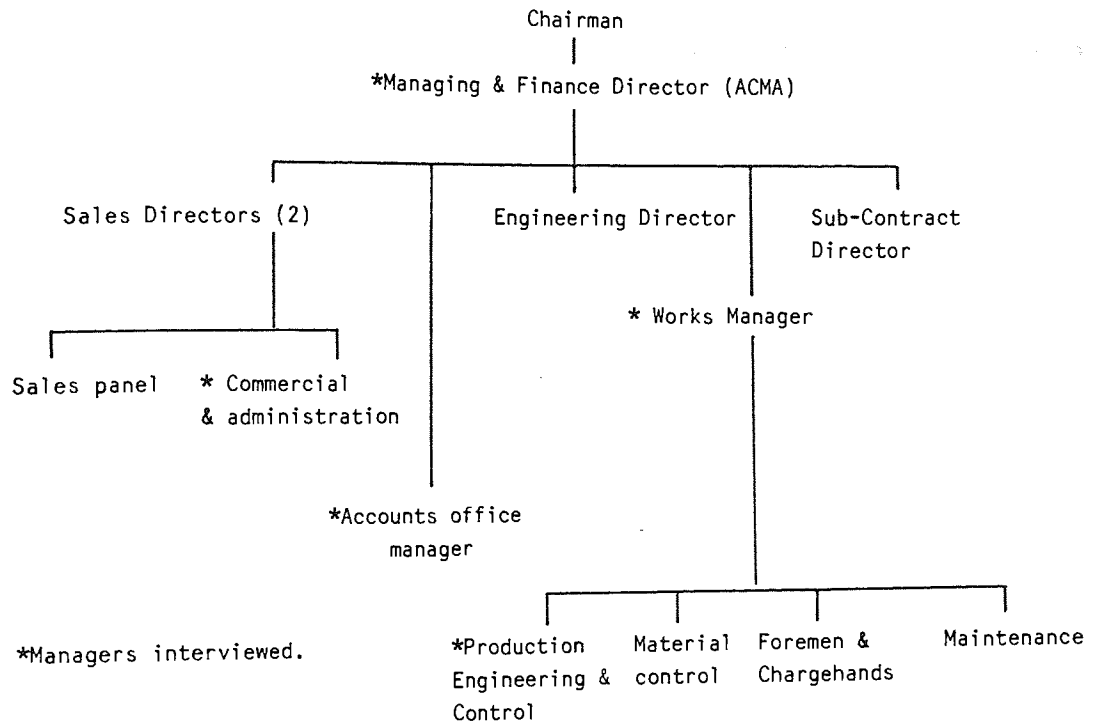
The heavy engineering division was the only remaining British-owned designer and manufacturer of its kind. It had been affected badly by the recession and especially by the decline of the British motor industry which had traditionally formed one of its largest markets; the major proportion of its business now came from abroad and its main competitors were German or American. The emphasis within the division was definitely seen to be on the technical or engineering side, and it was heavily mechanised:

"We're very much engineering oriented here; we've always been chaired by engineering types, and accountants I think have taken the second-class ticket." (Accounts Office Manager).

The fact that the company manufactured very large one-off products to customers' specifications meant that orders or single items were often discussed in isolation and there was not a great deal of reporting - in fact budgets were a fairly recent innovation.

Most of the accounting systems were computerised apart from some of the inventory control, the statutory accounts, and forecasting; computerised financial modelling had been tried a few times but was

Figure 4.12.1 Management structure of Organisation XII's heavy engineering division



extremely difficult given the individuality of each product. The Production Engineering Manager stated that he had used "the most powerful computer available" in his office since 1968, and extensive records had been built up over the years that enabled quick and accurate estimation of a future product's costs.

Changing roles of accountants

The Works Manager suggested that the current difficulties the company was facing meant that the accountants were more influential - indeed they were deciding the company's fate: "... any decision I make has to be decided on how much it's going to bloody cost." He also thought that accountants, through necessity, now understood shop-floor problems a lot better. The general deterioration in trading conditions and the lessening control of the founding family were seen to account for the increasing influence of accountants.

The Commercial Director felt that the accountants were more accepted now even if he thought they were necessary only to record the history, rather than make it. Acceptability was an aspect also noted by the Financial Director, who emphasised the importance of the change in organisational structure:

"I think when I first joined the company seventeen years ago, the accountants were very much divorced from the rest of the management and the role was basically to see that people got paid every week, creditors got paid, we collected the cash in, and once a year we produced the accounts for the shareholders. Very little I felt was played in the running of the business. As a result of splitting the company into the two main divisions and having accountants on site rather than divorced at some centre, we are now able to produce information that people want; and now I feel accountants are accepted as part of the management team

... and accepted as an important part, not just a necessary part."

Relationships with and attitudes towards accountants were seen to have improved as a result of the increasing emphasis on financial matters; the Finance Director also noted the efforts his department had made to improve understanding (these were seen to reflect the efforts being made in industry generally).

"I don't think there's so much a 'them and us' situation. Traditionally the company has always had a conflict between Sales and Production, but I think that has improved dramatically in the last few years. We run a system of management where we feel everyone can fairly and openly criticise another department without hopefully personalities getting involved."

The effects of computerisation were uncertain - the Production Engineering referred to "our failure with computerisation", while the Finance Director thought that it had helped considerably:

"One of the problems before was that accountants tended to be involved with history, and often it was so late it was of no great use; and as a result I think now we're able to involve ourselves more in the forward planning and the budgeting to tell people what will happen rather than what has happened compared with what we said would happen."

More information was available more quickly and more reliably, but additional pressures, such as increased governmental legislation, meant that there was not necessarily any more time to interpret and analyse such information.

5. THE CHANGING ROLES OF ACCOUNTANTS IN INDUSTRY

5.1 Introduction

5.2 The Roles of Accountants in Industry - Theory

- (a) Managers' roles
- (b) Accountants' roles
- (c) Summary

5.3 Empirical Data on the Present Roles of Accountants

- (a) Quantitative survey
- (b) Qualitative data - accountants' perceptions
 - (i) 'Specialist accountants'
 - (ii) 'Sole accountants'
 - (iii) 'Central accountants'
 - (iv) 'Chief accountants'
 - (v) 'Financial accountants'
 - (vi) 'Management or cost accountants'
- (c) Qualitative data - non-accountants' perceptions
- (d) Summary

5.4 Empirical Data on the Changing Roles of Accountants

5.5 Conclusions

5.1 Introduction

Accountants in industry (as defined in this study - see chapter two) are also managers and they undertake certain roles which are common to all managers in whichever area they may work. Consequently the next section in this chapter considers the previous literature on both managers in general and accountants in industry in particular.

Section 5.3 goes on to analyse the empirical data on the roles of accountants in industry collected during this investigation. The sample of forty-five accountants is divided into six groups according to criteria relating to the vertical and horizontal differentiation of labour and the nature of the organisational unit in which they work. Consideration of a small quantitative survey is followed by an examination of the qualitative data in terms of these groups; in both cases findings are related to the previous literature. The qualitative data stems from the interviews with both accountants and non-accountants.

Finally, section 5.4 summarises much of the findings of the previous chapter on the changing roles of accountants as well as respondents' views as to how accountants' roles might change in the future.

It was stated in chapter two that 'role' is taken here to mean simply a patterning or typification that people use to explain and predict the actions of others. Such 'role' perceptions will be related to what people actually do or their observed behaviour, and to what they

are supposed or expected to do. Before considering the previous literature therefore attention will be given briefly to the distinction between these two aspects and to the nature of and relationships between 'activities', 'tasks', 'functions' and 'positions'.

An 'activity' is defined as an element or sequence of elements of individual behaviour that is specifically 'relevant' to the work of that individual within an industrial organisation.¹ Standing, sitting and walking may be things that accountants frequently undertake but they are of little relevance to their work as accountants; the 'collection of information', 'interpretation of information', and 'liaising with other managers' on the other hand are very relevant, and as such are important 'activities' of accountants.

A 'task' is defined as a set of one or more recurrent 'activities' relating to a particular area of work. In other words whereas 'activities' can be thought of as generalisable behaviours (for example, the 'collection of information'), 'tasks' are configurations of behaviour oriented towards certain ends (for example, the 'preparation of monthly accounts'); in its simplest form a task could consist of a single activity. Moreover, whereas an activity is related to one person, a task may be divided between a number of people; thus the 'preparation of monthly accounts', may well be carried out by a group of people - in this case the work of the different individuals involved will need to be co-ordinated and will

thus also require some form of communicative activity on the part of those individuals.

'Functions' are distinguished from activities and tasks in that they contain the notion of 'purpose'. With respect to an individual, a 'function' refers to what that person is appointed or expected to do and as such will often be defined within an industrial organisation by her or his superior(s); the point is that people do not necessarily do what they are supposed to do. An individual may undertake one or more functions or sub-functions and each of these may involve one or more activities relating to one or more tasks. A useful distinction can also be made between technical and managerial aspects of any function: thus an individual may be responsible for the 'preparation of monthly accounts', say, but not carry out any activities associated with its technical execution - in this case the function would be a purely managerial one deciding what should be done and getting other people to do it.

A 'position' refers to the one or more functions intended for performance by a single individual. Although 'position' relates to one person it may be independent of any particular individual within an industrial organisation: the position of Financial Accountant, for example, may be defined by certain functions that are independent of the incumbent of that position. Activities on the other hand relate to what is actually done in practice by an individual - different individuals may carry out different activities in the performance of the same functions.

The above definitions of 'activities', 'tasks', 'functions' and 'positions' have been included here for two main reasons. First, although this thesis is concerned primarily with the 'roles' of accountants and the meanings people ascribe to their own and others actions, these meanings will be related to observed behaviours and to expected behaviours. Secondly, unless a distinction is drawn between the two there is a danger that people's 'functions' are mistaken for what they actually do, and thus ideology is accepted as fact. It is sometimes stated for example, that an important function of the management accountant is to 'provide information for decision making'; however, as noted by a number of recent authors (for example, Burchell et al., 1980) information may in reality be provided for a number of reasons, such as to justify a decision that has already been made. Indeed the notion of 'function' or what someone is expected to do begs the questions 'functional for whom?' and 'expected by whom?'; the fact that much of the literature relating to accountants' 'functions' comes from managerial or professional representatives suggests the answer.

5.2 The Roles of Accountants in Industry - Theory

Some aspects of accountants' work in industry will be peculiar to them as members of the accounting and finance function, while others will be common to all managers. Literature on the work of managers in general has far outweighed that specifically relating to accountants, and so the former will be considered first.² As will be seen some of the most useful information available on the work of accountants has in fact come from more general studies.

(a) Managers' roles

In 1916 Fayol defined the main functions of management as being those of planning, organising, coordinating, commanding and controlling; in the 1930s Gulick expanded this list and coined the acronym 'POSDCORB' to stand for planning, organising, staffing, directing, coordinating, reporting and budgeting (see Mintzberg, 1973). Since then it would seem that many writers have been content simply to add, subtract or replace certain functions (see, for examples: Drucker, 1954; Brech, 1965; Strong, 1965). However, although it has been suggested that the terminology has been standardised (Mackenzie, 1969) and although empirical surveys have been conducted employing similar lists of functions (Horne & Lupton, 1965; Mahoney et al., 1965) it is thought that the precise definition of and distinction between such functions is by no means clear.

Stewart (1967) was aware of these problems and defined a manager's job simply as "deciding what should be done and then getting other people to do it" (while acknowledging that in practice the two areas often overlap); for the moment this simpler classification will be adopted. As noted in chapter three however, management is also subject to the division of labour, and the hierarchical nature of modern industrial organisations is such that managerial functions will occur at different levels. In other words the functions of "deciding what should be done and getting other people to do it" may be common to all managers, but for those lower down the hierarchy they will relate to a limited range of operational activities, while at more senior levels

they will relate to corporate objectives and strategies for their implementation (cf. Glautier & Underdown, 1974).

With respect to managers' activities and tasks, following Carlson's (1951) analysis of nine Swedish company presidents, a number of studies have been based on information collected from diaries recorded by managers themselves (Burns, 1954 & 1957; Copeman et al., 1963; Dubin & Spray, 1964; Horne & Lupton, 1965; Thomason, 1966 & 1967). Unfortunately the diary method requires an unambiguous list of categories for what managers do, and to date this has not been forthcoming.³ Categories such as 'field of activity' (for example, accounting, production, sales and so forth) and 'kind of action' (for example, getting information, taking decisions, advising, inspecting, executing and so forth) have not been precise enough to ensure unique interpretations. Consequently, although there have been a number of important findings relating to the 'characteristics' of managerial work (such as where, how long and with whom they work), little has been discovered about the 'content' of such work (that is, what activities managers carry out in their work and why).

All the research cited above has sought to analyse the work of managers by studying the proportion of time they spend in various different ways. Some findings are common to nearly all of them: a large proportion of time is spent in face-to-face conversation with other people; there is much horizontal and lateral communication; and work is generally characterised by variety and fragmentation. Although some variations were noted between managers at different

levels and in different functional areas, the emphasis was on the similarities of their work.

In 1967 Stewart conducted a diary study of one hundred and sixty senior and middle managers in order primarily to ascertain the different behavioural requirements of various managerial jobs. She delineated five basic job profiles: the 'emissaries', the 'writers', the 'discussers', the 'trouble shooters', and the 'committeemen'. Following this study, she combined a broad interview survey of more than four hundred and fifty managers with an intensive investigation of sixteen, including three accountants (1976). Three new tools for analysing managerial work were developed: a typology based both on the extent to which a job involved contacts with people outside the organisation and on the time spent in contact with seniors, peers and subordinates; a classification of four different types of work pattern; and a typology relating to the demands placed on a manager's job. Her findings are discussed in more detail below (see section 5.2b).

The research discussed in this section so far has relied on managers' own perceptions of their jobs and has often been based on ambiguous pre-determined statements regarding their work. In contrast Sayles (1964) interviewed and observed the behaviour of seventy-five lower and middle managers in a large American corporation over an extended period of time. Emphasis was given to the complex, dynamic and political nature of a manager's work and inter-relationships.

Mintzberg (1973) similarly set out to describe the work content of five chief executives by means of structured observation, but he then tried to develop categories from those observations. His findings on work characteristics support those of earlier researchers: much work at unrelenting pace; activity characterised by brevity, variety and fragmentation; preference for live action; and attraction to the verbal media. With respect to work content managers activities were partitioned into ten groups and each described by a particular 'inter-personal', 'informational', or 'decisional' role; however, their precise definition is by no means clear, and evidence of all roles may be found in any one manager's job at various times. From this study and the previous literature he thought that variations between managers' work could be explained chiefly by the level and function of their job, and by environmental, personal and situational (including time-related) factors.

Although some of the empirical research on the work activities and tasks of managers cited above contains data on accountants (Hemphill, 1959 and 1960; Dubin & Spray, 1964; Horne & Lupton, 1965; Thomason, 1967; Stewart, 1976), little of it is of much value apart from that collected by Stewart. This is because the focus of such research has tended to be on the common aspects of managerial work rather than its variations. If accountants have been considered it has usually been as an example of 'functional' or 'staff' specialists. Mintzberg summarised previous findings when he stated that "managers of staff specialists spend more time alone, are more involved with paperwork, demonstrate the least amount of fragmentation and variety in their

work, spend more time advising outsiders in peer and lateral relationships, and spend considerable time in their specialty functions" (1973, p.131).

(b) Accountants' roles

An idea of the range of duties which accountants in industry, commerce and public services may be called upon to perform can be obtained from professional literature. Three outlines of the areas incorporated within the accounting and finance function were analysed, but although they covered roughly the same ground categorisations within them varied appreciably (Department of Employment, 1973; the Hillebrandt report, 1978; Association of Certified Accountants, 1979). In particular the distinction between management accounting and financial accounting, which is so often assumed, was by no means clear.⁴ It is interesting to note that the ICMA has more recently defined management accounting as "the total range of operational (ie. internal to the business) accounting functions" (see, Management Accounting, June, 1983, p.26) and thus as "everything except external audit", see, Management Accounting, March, 1983, p.25).

Another way of analysing possible finance and accounting functions is to ask the question 'functional for whom?'. In this way a broad distinction could be made between finance and accounting services provided for an enterprise's internal consumption and those given to external agents, such as government agencies, shareholders, and so forth (Brown & Jacques, 1965). This categorisation and a number of others are tabulated in figure 5.2.1.

It can be seen that although classifications varied, there are a number of similarities. The finance and accounting function is thus

Figure 5.2.1 Finance and accounting functions

Source	Services provided for internal consumption by the chief executive and other managers.	Services given to external agents, where the accountant is responsible to the board or beyond.
Brown & Jacques 1965		
Woodward 1967	'Element' function: part of production administration concerned with prediction and control.	'Task' function: raising of funds for initiating or expanding the business, the keeping of accounts, and the determination of financial policy.
Tricker ⁵ 1967	Provision of information for management.	Management of the monetary resources
Brown 1971	Provision of range of data processing and other specified services to executive management.	Work connected with cash flow, investment, taxation, relations, with shareholders, purchase of other companies, insurance and the law.
Glautier & Underdown 1974	Accounting as a management information system.	Preparation of financial accounts and other reports for presentation to the board. Recording transactions as a means of reporting upon the financial position of a firm and changes in its value.

divided here into three broad categories: the fulfilment of statutory requirements; management of the monetary resource; and service to other areas of management. It should be stressed that a particular 'activity' or 'task' may help achieve more than one of these types of 'functions'. It should also be noted, contrary to the writings of both Woodward (1965) and Tricker (1967), that these categories do not refer necessarily to typical accountants' 'positions'.

Tricker's outline of the 'positions' of Finance Manager and Controller in fact provide the best summary of the 'functions' and 'sub-functions' of 'management of the monetary resource' and

'service to other areas of management' respectively; as such they are now given in full:

The Finance Manager

Planning for the use of money.

- in conjunction with the controller, to schedule the programme and monetary requirements of the company plans.

Provision of finance.

- raising capital and other means of long-term finance.
- negotiating shorter-term financial facilities from all sources.

Supervision of the collection of monies.

- arranging customer credit facilities and debt collection.

Organisation of money-handling facilities.

- receipting, custody, banking and payment of company monies.

Investment of company money.

- recommendation of investment policy.
- formulation and control of investment policy.

The Controller

Participation in corporate strategic planning.

- continuous appraisal and interpretation of influences external to the business.
- co-ordination of market forecast, sales objectives and resource allocations into profit plans.
- as a member of top management, participation in the setting of objectives and the development of policies.

Organisation of planning and control systems.

- establishing, administrating, and developing procedures for resource and expense budgeting, setting operating standards and standards of performance, appraisal of capital projects and control of subsequent performance.

Reporting and interpretation of information for management.

- data collection, handling and processing.
- comparison of performance with plans.
- communication throughout management of the information necessary for planning, organising and controlling.

Co-ordination and assessment through managerial controls.

- as an integral part of top management, to co-ordinate and assess managerial performance using budgetary, performance standard, key result achievement and other appropriate feedback control methods.

The 'fulfilment of statutory requirements' relates primarily to the preparation of financial accounts and other reports for presentation

to the board; it corresponds to the requirements of an organisation as a legal entity.

There are also a number of other areas in which accountants may be involved and which have often been considered separately: internal audit, taxation, corporate planning, data processing and information systems, pension funds, insurance, and other legal and 'company secretarial' matters (Department of Employment, 1973; the Hillebrandt Report, 1978).

Having considered the various functions that accountants in industry as a group might undertake, attention is now turned to how these functions and sub-functions are commonly divided between different individuals. It should be stressed that job titles are often simply internal labels created for political reasons, and as such do not necessarily reflect accurately the positions of their incumbents (the Hundred Group, 1978).

Although Tricker (1967) outlined in some detail the positions of the 'Controller'⁵ and the 'Finance Manager' (see above), he explicitly stated that they represented ideal-type positions that did not necessarily correspond to those that exist in practice. The same comment might be made of Brown's (1971) 'Secretary/Chief Accountant', and McKenna's (1978) 'Chief Accountant' and 'Financial Controller'; in fact the latter found that in eighteen of the thirty-two companies that he visited the person in charge of the finance function performed duties which were a cross between the two positions.

In his study of the values of chartered accountants in industry Hastings (1968) suggested that four different types of accounting operator could be found in the finance function: data analyst; accounting systems manager; systems designer; and auditor. Again it seems unlikely that these four types actually correspond to the positions of many industrial accountants. Indeed it may be that they are more closely related to the different managerial and technical aspects of finance and accounting functions: deciding what should be done ('systems designer'), getting other people to do it ('systems manager' and 'auditor') and doing it ('data analyst').

Two of the very few empirical studies in this area were undertaken in America in the 1950's. In 1952 a study of the 'Duties of Financial Executives' by the National Industrial Conference Board described briefly the positions of the 'treasurer', the 'controller' and the 'vice-president of finance' (cited in Dauten, 1955). Far more importantly however, is the now celebrated study of the organisation of the controller's department by Simon, Gretzkow, Kozmetsky & Tyndall in 1954. Before discussing their findings attention will be paid to the two main aspects upon which their analysis was based.

First, they were very interested in the relative degree of centralisation and decentralisation within the controller's department, and this was seen to depend on at least five factors:

- (i) The structure of the accounts and reports (e.g. are there separate cost statements or profit and loss statements for individual units?).

- (ii) The geographical location of accounting functions (e.g. are accountants located in the company's factories?).
- (iii) Formal authority relations (e.g. do accounting units report directly to the operating units whose activities they are recording?).
- (iv) Loyalties (e.g. are accountants encouraged to regard themselves as members of the operating team to whom they are providing a service?).
- (v) Channels of communication (e.g. is there direct communication between accounting personnel and the executive and supervisors of decentralised operating units?).

Secondly, they suggested that accounting information was used at various executive levels to answer three types of questions: score-card questions (e.g. am I doing well?), attention-directing questions (e.g. what problems should I look into?), and problem-solving questions (e.g. which is the best way of doing the job?). They acknowledged however that information used by one manager as a 'score-card' might be used by another as an 'attention-director'.

Employing these two notions, the 'effectiveness'⁶ of different kinds of organisation of the controller's department were considered and they concluded that a considerable degree of separation was desirable between the personnel and units responsible for each of three major

types of functions. In a scheme for the organisation of accounting in large factories they proposed that budget and variance analysis assistance be decentralised to the departmental level within factories, that assistance in special studies be given at the factory level in close cooperation with other staff departments, and that record keeping be conducted through relatively centralised factory-level units. Unfortunately, however, they do not detail the different positions and forms of organisation actually encountered during the research.

Research specifically on the activities and tasks of accountants in industry is very limited. Simon et al. (1954) considered the channels of communication of various accountants within controllers' departments and how those related to three main types of accounting functions (book-keeping, assistance to operating departments in current analyses, and participation in problem-solving); the focus of the study, however, was on the positions of accountants.

Some information can also be gleaned from Hoppers (1980) study of "role conflicts of management accountants and their position within organisational structures", and Newman et al's (1982) monograph on "accountants roles in industrial organisations and access to information". Hopper conducted interviews with twelve 'management accountants' and from these constructed a list of activities and tasks that they undertook; this was divided into four sections - book-keeping activities, regular accounting activities requiring liaison, service activities, and other activities. His analysis

emphasised the notion of accountants providing a service to management and he contrasted two types of accountant - the 'book-keeper' and the 'service accountant'. The former was seen to be concerned "with the implementation and administration of financial systems to enable superiors to specify and measure the performance of subordinates", while the latter regarded the principal task of accountants as being to satisfy the information needs of lower and middle management for self-control. Newman and his colleagues on the other hand found that "maintaining financial records" required the greatest time input from accountants at all levels.

The most useful work in this area however comes from Stewart's survey of two hundred and seventy-four managers that included interviews with seventeen accountants. An intensive investigation of sixteen managers' jobs also included those of three accountants - a Financial Accountant, a Management Accountant, and a Commercial Manager. Her findings are summarised in figure 5.2.2, and it can clearly be seen that different 'types' of accountant may do very different 'types' of jobs, that involve different types of contact, work patterns and demands.

Figure 5.2.2 Jobs of three accountants studied by Stewart

TITLE	TYPES OF CONTACT	WORK PATTERN	DEMANDS
Commercial Manager	Little contact with people outside the organisation; main management takes more than other internal contacts.	Mixture of non-recurrent project work and recurrent systems administration based on time deadlines.	Average demands made by other people and external constraints.
Financial Accountant	Relatively little contact time of any sort.	Much expected and recurrent systems administration based on time deadlines.	Few demands made by external constraints or internal relationships.
Management Accountant	Little contact with people outside the organisation; contacts with people at the same level taking as much time as those with subordinates.	Mixture of non-recurrent project work and recurrent systems administration based on time deadlines.	Lot of pressure from conflicting demands, particularly from peers and other seniors.

(Adapted from Stewart, 1976)

(c) Summary

There has been little analytical work on the functions of accountants in industry, but certain common themes emerge from an investigation of the previous literature. Three broad categories for the finance and accounting function were constructed, therefore, on the basis of these similarities: the fulfilment of statutory requirements, management of the monetary resource, and service to other areas of management.

Management functions have been listed on numerous occasions. The classifications have not been clearly defined however and many of them overlap each other. Consequently Stewart's distinction between "deciding what should be done" and "getting other people to do it" was adopted. The different hierarchical levels of management were accounted for in terms of the range and types of areas about which managers make decisions.

Much of the little research that exists relating to the positions of accountants in industry has merely delineated ideal-type positions as a way of categorising the functions of accountants. The most significant piece of work in this area has probably been that undertaken by Simon and his colleagues in America back in 1954. Unfortunately, at least in its published form, it is oriented towards managers themselves and tends to prescribe certain ways of organising finance and accounting departments rather than describing the different forms of organisation encountered during the research. The only factors mentioned in the literature as possibly influencing the

nature of accountants' positions are the size of a company (although this was simply noted in passing by McKenna), the level of centralisation or decentralisation within an organisation as a whole, and the nature of the accounting information produced (in terms of how other managers used it).

This section has been concerned with the functions and positions of accountants in industry, or in other words what accountants ought or are expected to do. Such an analysis begs the question 'expected by whom?'. It is also important to consider who organises the finance and accounting functions, who expects accountants to perform certain functions, and for what purpose. The answer to the first two questions is generally senior management, and although the answer to the third is often related to the achievement of specific corporate objectives (Glautier and Underdown, for example, refer to the 'goals' of accounting systems), these objectives are also usually determined by senior management. In other words it could be said that the literature cited here has tended to accept uncritically the views of management - it has adopted a managerial frame of reference.

Much of the previous research that has studied the activities and tasks of managers has obtained empirical data by means of diaries recorded by managers themselves. However the use of diaries necessitates having a precise and unambiguous list of activities and tasks that managers might undertake; and it is just such a list that has been lacking. In other words most findings from such research relate to the 'characteristics' of managerial work rather than the

'content'; moreover the reliability of information collected in this way has been questioned (see for example, Marples, 1967). By using questionnaires, interviews or diaries most of the work in this area has also relied upon the perceptions of those being studied; Mintzberg and Sayles were unusual in having carried out some form of observation.

Literature on the activities and tasks of managers in general has far outweighed that specifically relating to accountants; indeed the latter have usually only been considered in terms of 'functional specialists'. Stewart's later work however has shown not only that variations within managerial work are as important as its similarities, but also that it is impossible to generalise about the activities and tasks of accountants. Different accountants may have very different types and levels of contact with other people, different patterns of work, and different levels and forms of pressure. This is borne out by the empirical data collected during this investigation, to which attention is now turned.

5.3 Empirical Data on the Present Roles of Accountants

In order to aid analysis of the wealth of data collected it was decided to break the sample down into a number of more manageable groups. Unfortunately no suitable theoretical scheme could be found in or developed from the relevant literature (see section 5.2), and so groupings of accountants in what were felt from the case studies to be similar types of positions were selected. The six 'types' of accountant now described were thus defined on the basis of what might be thought of as common sense criteria.

In the first place the sample included six accountants the major part of whose job was in a specialised area of accounting or on the fringe of what is commonly regarded as the accountant's sphere. All of these six 'specialist accountants' regarded their jobs as too specialised for the quantitative survey's list of various aspects of an accountant's job to be applicable (see section 5.3a).

Six 'sole accountants' were grouped together because in each case they were the only accountants within a particular company. Six other accountants worked within an organisation's central head office and so they were classified as 'central accountants'.

The remaining twenty-seven accountants in the sample worked in operating units of organisations that contained more than one accountant. Six of this group were the most senior accountant within

a particular operating unit and so they were named 'chief accountants'. A further eight were generally regarded as 'financial accountants' and the remainder have been grouped together as 'management or cost accountants'.

In summary the accountants in the sample were divided into six categories according to the size of the finance and accounting department in which they worked ('sole accountants' and others), the nature of the organisational unit in which they worked ('central accountants' and other), their hierarchical position ('chief accountants' and others), and the nature of the work they did ('specialist accountants', 'financial accountants', and 'management or cost accountants'). In other words the distinguishing variables were the vertical and horizontal division of labour, and the organisational context.

These six categories will be used throughout this section in order to analyse the empirical data. The relevance of such a classification will be reassessed in the light of both the empirical findings and the previous literature. Attention is now turned to the quantitative survey, and later to the qualitative data collected from interviews with the sample of both accountants and non-accountants.

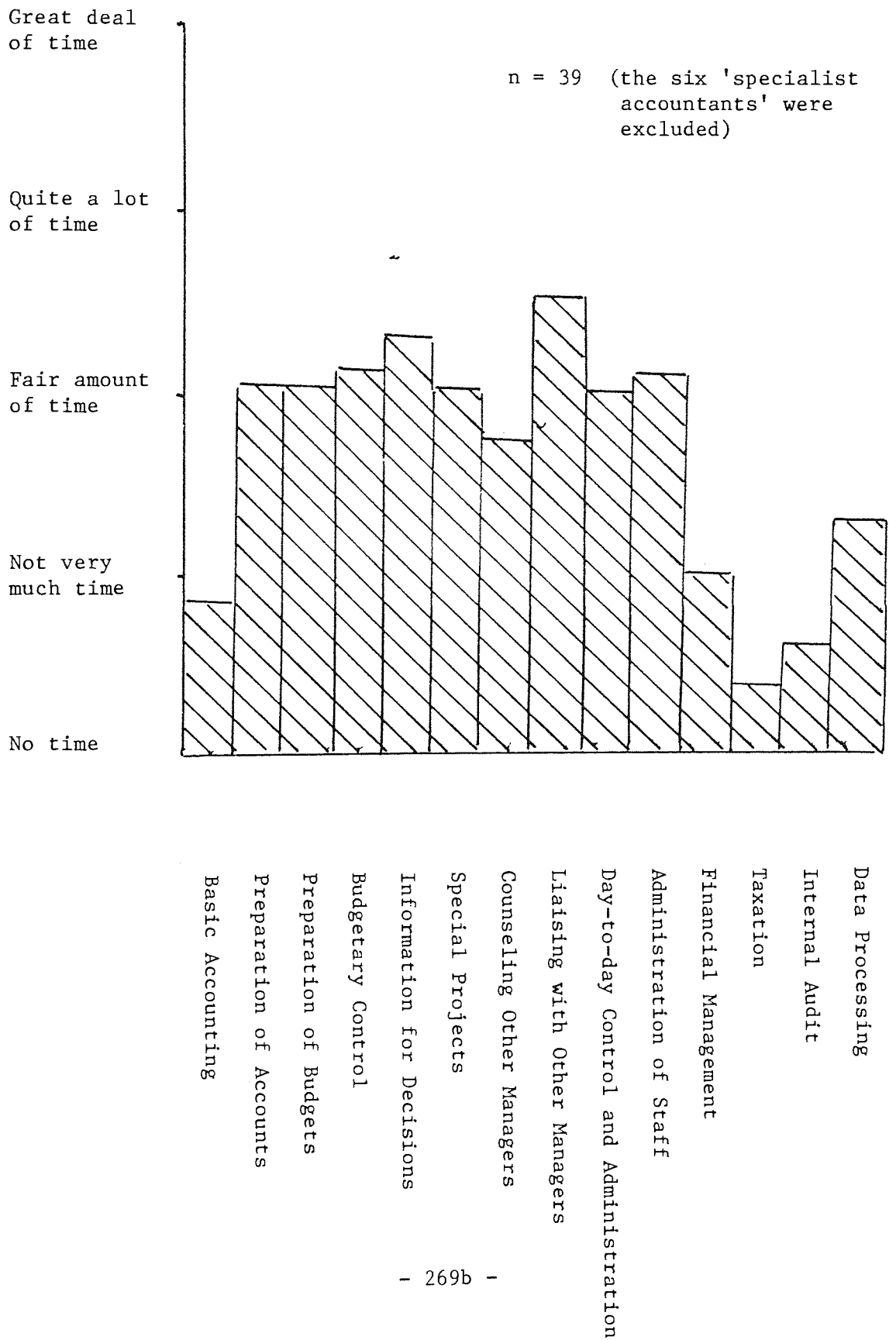
(a) Quantitative survey

In order to obtain some quantitative perceptual data on the importance of various aspects of an accountant's job, the sample of forty-five accountants in the present study were asked to state how much time they spent on each of fourteen areas⁷. The list of aspects of an accountant's job was drawn mainly from professional literature on the training requirements for accountants in industry (see in particular: the department of Employment, 1973, the ACA 1979, and the Hillebrandt Report, 1978) and from the work of Hopper (1978) - a precise list is given in Appendix 3. Figure 5.3.1 outlines the results.

It can be seen that most time was thought to be spent on "liaising with other managers" - as the previous section indicated this activity would seem to form a fundamental part of most managerial jobs. In general the sample of accountants stated that they spent a 'fair amount of time' on all the areas apart from "basic accounting data and subsidiary records", "financial management", "taxation", "internal audit", and "data processing". "Basic accounting" was usually carried out by clerical accounting staff, while the last four of these categories can be regarded as more specialised areas undertaken by only a few of the sample.

A number of other areas not listed were also mentioned by the sample: office maintenance and personnel (for example, the

Figure 5.3.1 Average Perceived Time Spent by Accountants on Various Aspects of their Jobs



Accountants in Organisations Ia and Ib); industrial relations (for example, the Financial Controller in Organisation XI, and the Financial Director in Organisation XII); accounting standards (for example, the Accounting Development Manager in Organisation IVb); company secretarial and legal matters (for example, the Company Secretary in Organisation IVa); and work for governmental agencies (for example, the Chief Financial Accountant in Organisation II).

Appendix 5 gives the average perceived time spent on each area and the rank ordering of the fourteen aspects of an accountant's job according to the different 'types' of accountants' positions outlined at the start of this section. Some differences between the 'types' emerged and these are summarised in figure 5.3.2. It can be seen that both the 'central accountants' and the 'financial accountants' placed relatively more emphasis than other 'types' of accountants on "day-to-day control and accounting administration" and less on the "preparation of budgets". The 'financial accountants' also spent relatively more perceived time on "internal audit" and "basic accounting". Both the 'chief accountants' and 'management and cost accountants' stressed the provision of "information for decisions" more than the other 'types', but placed relatively less emphasis on the "administration of staff" and the "preparation of accounts". The 'chief accountants' also spent relatively more perceived time on "financial management" and "counselling", and the 'management and

Figure 5.3.2 Aspects of their jobs on which different 'types' of accountant placed greater or less emphasis*

	Much greater emphasis	Greater emphasis	Less emphasis	Much less emphasis
Sole accountants				
Central Accountants			Preparation budgets	
Chief accountants	Information for decisions	Financial management Counselling	Administration of staff	Preparation of accounts
Financial accountants	Internal audit	Basic accounting		Preparation of budgets Counselling
Management or cost Accountants	Budgetary control Information for decisions		Preparation of accounts	Administration of staff

cost accountants' relatively more perceived time on "budgetary control".

These results correspond to what might be expected given the criteria for forming the six 'types' of accountants' positions. However, before drawing any firm conclusions about the existence in practice of different discrete types of positions for accountants, it should be noted that variations also existed within the various categories. Rather than conduct more detailed statistical analysis of this quantitative data attention is now given to the qualitative data obtained from interviews with the sample of accountants.

(b) Qualitative data - accountants' perceptions

Further data on the roles of accountants was obtained primarily from their being asked to give a brief description of both their job and the role that they played; additional information, particularly on major contacts and channels of communication, was also gained from sections B and C of the accountants' interview schedule (see Appendix 3). This data is now analysed in terms of the six 'types' of accountants' positions outlined above.

(i) 'Specialist accountants'

Figure 5.3.3 gives the job title and organisation of the six 'specialist accountants'. All of them worked in the head offices of either divisions within medium large or large multi-national corporations or the group corporations themselves. All of them, apart from the Computer Liaison and Development Manager reported directly to the most senior manager within the finance and accounting function or one step below this level. The Cash Operations Manager was the only one who had a large number of staff reporting to him.

Figure 5.3.3 'Specialist accountants'

Accountant	Job Title	Organisation
9	Computer Liaison and Development Accountant	III
10	Company Secretary	IVa
14	Accounting Development Manager	IVb
16	Cash Operations Manager	IVb
31	Group Treasurer	VIIIa
32	Chief Planning and Evaluation Manager	VIIIa

The position of Computer Liaison and Development Accountant had apparently been introduced in Organisation III in order to eliminate the inter-face between the finance function and an overstretched management services department; he described his job as being to seek out and implement new computer technologies.

The Company Secretary's job was related primarily to the 'fulfilment of statutory requirements', but he was also responsible for transport for managers and was the main assistant to the Finance Director - his job was to some extent defined by the desires of his boss.

The Accounting Development Manager acted as a "technical accounting person rather than a line manager, advising on changes in accounting systems, getting feedback, and providing support in implementing any changes"; his main function can be thought of as being related to the 'fulfilment of statutory requirements'.

Both the Cash Operations Manager and the Group Treasurer were concerned exclusively with 'management of the monetary resource'; the former being involved with its internal day-to-day operational control ("responsible for the cash side of the central finance operations"), while the latter concentrated on longer term strategic planning and control of the treasury function (UK borrowings, raising of finance, exchange control and exposure, pledging and mortgaging of assets, and so forth).

The Chief Planning and Evaluation Manager's job was also related to strategic planning "assisting in the production of corporate long-term and short-term plans and the evaluation of projects"; he saw his role as an advisory one to the board and a "first think sort of role - thinking about the future and the way we should be planning our business". It is perhaps debatable as to whether he should be classified as an accountant (despite having a professional accounting

qualification), and in fact shortly after this investigation a separate 'corporate planning' function or department was established.

Contacts varied although for most of this group interaction centred around other accountants. Nonetheless the Company Secretary also had contact with all areas in his role of transport manager; the Computer Liaison and Development Accountant and the Accounting Development Manager had a lot of contact with central management services or data processing personnel; the Cash Operation Manager had daily contact with supplies, buyers and the sales department with respect to cash management; and the Group Treasurer and Chief Planning and Evaluation Manager both had regular contact with senior management from other areas.

(ii) 'Sole accountants'

Figure 5.3.4 gives the job title and organisation of the six 'sole accountants'. All of them worked in small or small-medium operating units and reported to the most senior person there (usually a Managing Director or General Manager). The nature of the operating unit varied however and this probably accounts for some of the differences in their perceived roles. Accountants 1 and 2 worked in small-medium operating companies within divisions of a multi-national corporation; accountant 45 worked in a small-medium division controlled by a holding company; accountants 41 and 42 worked in small subsidiaries of a small-medium company; and accountant 21 was the Finance Director of a small independent company.

Figure 5.3.4 'Sole Accountants'

Accountant	Job Title	Organisation
1	Accountant	Ia
2	Accountant	Ib
21	Finance Director	V
41	Financial Accountant	Xb
42	Commercial Director/Company Accountant	Xc
45	Financial Director/Managing Director	XII

In particular it would seem that some aspects relating to the management of the monetary resource and to the fulfilment of statutory requirements (especially those requiring contact with external

agencies) were likely to be performed at a divisional or group level rather than within the subsidiaries. Thus accountant 45 (who sat on the main board of his group's holding company) and accountant 21 (who was the Finance Director of an independent company) were the only ones responsible for such functions as liaising with auditors, negotiating with banks, company secretarial duties, tax problems and dealing with governmental bodies. Accountant 1 made the following comments:

"In a big group one doesn't have to worry about the actual physical cash; okay, you're concerned about cash flow, but it doesn't affect me if I don't collect from the debtors, or pay the creditors too much".

Otherwise all the 'sole accountants' were responsible for all the accounting functions within their company or division. In addition accountant 45 was heavily involved in communications to the shop-floor and industrial relations, and accountants 1 and 2 were responsible for the administration of the buildings in which they worked and for various personnel functions.

The accountants in the smaller operating units (accountants 21, 41 and 42) tended to perceive themselves as spending more time on collecting and preparing accounting data, and gave priority to monthly operating statements and budgets. Those in the larger units that had more accounting staff (accountants 1, 2 and 45) perceived themselves as spending relatively more time on liaising with other managers, control

and the administration of staff. Accountants 1 and 2 noted the continuous pressures of "preparing all this bumf" for head office and the "strait jacket of having to conform to standards on administration"; accountants 1 and 45 also emphasised the fragmented nature of their jobs and the enormous number of day-to-day problems that cropped up and that had to be fitted in with various time-tabled activities.

Accountant 21, the Finance Director of the smallest company investigated, had only one person reporting to him, and he saw his role as "mainly stewardship - in effect it's controlling the destiny of the company"; in fact his role had probably changed least of all the accountants investigated. Accountant 41, the accountant in the smallest operating company within Organisation X, thought that he was "just a score-keeper in some ways", but also stated that he participated in management decisions. The other four 'sole accountants' however, emphasised the service aspects of their jobs, interpreting and advising other managers; indeed three of them noted the creative nature of their roles:

"Providing a service to the other arms of the company (that is the depots); keeping control over them; providing creative suggestions." (Accountant, Ib).

"Part of the management team - a self-financing profit instigator, advising and counselling management". (Commercial Director/ Company Accountant; Xc)

"A catalyst: posing questions and ideas some of which may be hair-raising; it's a method of prompting people's opinions".
(Financial Director, XII)

All the accountants apart from accountant 2 worked in the same offices as the managers from other functions and thus they all had daily face-to-face contact with other areas; accountant 2 went and saw one of his depot managers every day, and telephoned them all about every two days.

(iii) 'Central accountants'

The 'central accountants' all worked within the central head offices of organisations, reported directly up the finance function, and had a number of accountants and/or accounting staff reporting to them. Figure 5.3.5 outlines their job titles and organisations.

Figure 5.3.5 'Central accountants'

Accountant	Job Title	Organisation
7	Head, Financial and Management Accounting	III
8	Deputy, Financial and Management Accounting	III
11	Company Financial Accountant	IVa
15	Operational Accounting Manager	IVb
30	Manager, Group Accounting	VIIIa
40	Group Financial Controller	X

All the 'central accountants' were concerned primarily with the 'fulfilment of statutory requirements' by co-ordinating and then redistributing information from various operational accounting departments. The perceived time spent on different areas of work varied a great deal however; for example accountant 8 was very much the "legman" of his boss (accountant 7), and as such he indicated that he spent relatively more time on clerical accounting work.

Both he and accountants 11 and 15 noted the pressures of having to adhere to strict schedules and the enormous amount of work that had to be done at specific times (in particular at the end of the year) - the

Operational Accounting Manager, for example, stated that he spent 'quite a lot of time' on the "preparation of accounts" and the "preparation and compiling of budgets" even though these aspects concerned him for only one or two months in the year. Accountants 30 and 40 were the only ones working at a corporate level and this may explain why they spent relatively far more perceived time on 'financial management' than the other 'central accountants'.

Accountant 30, the Group Accounting Manager in Organisation VIIIa emphasised the statutory book-keeping and the "attention - directing" nature of his job; all the other "central accountants" (apart from accountant 15, the Operational Accounting Manager in Organisation IVb, who simply repeated his job description) stressed the co-ordinating, advisory and control aspects of their roles:

"Co-ordinating role for central accounting". (Head, Financial & Management Accounting Section, III).

"Very much role of the liaison with accountants around the patch, and ensuring proper reports are produced at the proper times". (Deputy, Financial & Management Accounting Section, III).

"Very much day-to-day advisory and ensuring correct application of rules; also consolidation at year end". (Company Financial Accountant, IVb).

"Service for rest of the group - particularly the treasury function". (Group Financial Controller, X).

For all the 'central accountants' interaction was primarily with other accountants or administrators.

(iv) 'Chief accountants'

All the 'chief accountants' were the most senior accountant within a particular operating unit - whether it was a division of a large multi-national corporation (accountants 17,19 and 33), or an operating company (accountant 43), manufacturing area (accountant 18) or factory (accountant 36) within such a division. Apart from the Factories Administrator they all reported directly to the head of their operating unit and had indirect responsibilities to a 'central accountant' (for the Factories Administrator those relationships were reversed). Unlike the 'sole accountants', all the 'chief accountants' apart from the Factories Administrator (who was responsible for about eighty staff) had a number of other accountants reporting to them. Figure 5.3.6 gives their job titles and the organisations in which they worked.

Figure 5.3.6 'Chief accountants'

ACCOUNTANT	JOB TITLE	ORGANISATION
17	Finance Manager	IVb
18	Factories Administrator	IVb
19	Finance Manager	IVb
33	Finance and Planning Director	VIIIb
36	Factory Accountant	IX
43	Financial Controller	XI

All the 'chief accountants' were responsible for all the financial aspects of their particular operating unit and in addition accountants 33 and 43 undertook various company secretarial and legal duties. The

former thought that his involvement in these areas and in data processing was due to the enormous reorganisation and setting up of new systems required by organisation VIIIb's recent incorporation within a multi-national corporation. Accountant 43 was also heavily involved in "staff well-being" and negotiating with trade union representatives.

They also all emphasised "providing information for decision-making" and "financial management" (although the latter was not an important activity for the Factory Accountant). The two factory accountants (accountants 18 and 36) noted too the day-to-day pressures of routine work:

"I'd alter it so that some of the routine work would be done away with ... so that in certain instances I've got time to think a bit more about what I'm doing. That's a major problem: there is so much going on, you don't really have the chance to think them through to a logical conclusion." (Factories Administrator).

Accountant 19, one of the two Finance Managers in Organisation IVb (the other one did not give an answer), and accountant 43, the Financial Controller in Organisation XI, perceived their roles as combining statutory requirements with more general managerial aspects:

"In addition to presenting the finance facts of the current

trading and the forward presentation on trading, influencing and motivating colleagues on actions to generate the most cash in the long term."

"Fulfilling statutory requirements, and supporting management - taking off the accountant's hat to an extent, and trying to contribute to the solution of problems."

Accountant 18, the Factories Administrator in Organisation IVb, on the other hand, thought his role was simply to make sure that information produced by the administration department was clearly understood and fully utilised. In contrast accountant 33, the Finance and Planning Director in Organisation VIIb, saw his involvement as being "on a much broader base than a pure financial sense", and his comments were supported by those of accountant 36, Organisation IX's Factory Accountant:

"An advisor and a bit of a prodder, or general stirrer; a devil's advocate if you like, discussing what results mean with managers."

The amount and type of interaction with other areas of management varied between the different 'chief accountants': accountants 17, 18, 19 and 36 had most contact with production and factory management (accountant 19 also had a lot of contact with distribution and marketing); accountant 33 saw managers from all areas daily; and

accountant 43 had daily contact with the sales department and to a lesser extent with personnel and development staff.

(v) 'Financial accountants'

The job titles and organisations of the eight 'financial accountants' are given in figure 5.3.7.

Figure 5.3.7 'Financial Accountants'

ACCOUNTANT	JOB TITLE	ORGANISATION
3	Chief Financial Accountant	II
12	Financial Accountant	IVa
20	Financial Accountant	IVb
24	Financial Accountant	VI
28	Manager, Finished Goods Account	VII
35	Financial Accountant	VIIIb
38	Financial Accountant	IX
44	Financial Accountant	XI

Their jobs revolved mainly around the 'fulfilment of statutory requirements' and 'management of the monetary resource', and they were all responsible for all or part of what were seen to be the 'financial accounting' functions of the operating units in which they worked. The stated job descriptions of accountants 12 and 20, the two accountants from Organisation IV, provide good illustrations:

"I run the department responsible for the accounting of the financial transactions of the division. I also carry out statutory obligations, look after money functions, and advise other managers". (Financial Accountant, IVa).

"I'm responsible for keeping the books of the division, reporting information to the centre for consolidation, cash control, ad hoc exercises." (Financial Accountant, IVb).

In addition accountants 3, 35 and 44 were involved in various legal, company secretarial and taxation matters; and accountants 24 and 38 took part in the production of regular monthly management accounts - the latter having a close connection with the distribution department.

All the 'financial accountants' apart from accountant 28, the Manager Finished Goods Account in Organisation VII, reported directly to a 'chief accountant' (accountant 38 was also indirectly responsible to the distribution department), and they all had a large number of accounting staff reporting to them (although only accountants 3 and 35 had any other 'accountants' reporting to them); the Manager, Finished Goods Account was in charge of the accounting for the finished goods inventory and reported to another 'financial accountant'.

The perceived nature of the roles of the 'financial accountants' varied, but administration, reporting and control were noted more often than explanation and advice; problem solving, creative and more general managerial aspects were not mentioned at all. The following four examples are typical of the group as a whole:

"Making sure that the statutory obligations of accounting are carried out; looking after the money functions of the business".
(Financial Accountant, IVa)

"Collecting, presenting and explaining financial information and variances from budget; advising people on correct accounting methods". (Financial Accountant, VI)

"It's very much a financial accounting department - making sure that accounts correctly reflect the activities of the company". (Manager, Finished Goods Account, VII)

"A bit of an overrated clerk really - keeping the books straight". (Financial Accountant, XI)

It is worth noting that accountant 3, the Chief Financial Accountant in Organisation II, described himself as a "technical expert and the 'external face' of the company" - this was presumably because in many ways he was the 'chief accountant' of a company with a fairly small finance department (see section 4.2). A number of the group were also heavily involved in data processing, but this would appear to have been a temporary activity dependent upon whether computerised accounting and information systems were being up-dated or renewed.

Accountants 12, 20, 28, 35 and 38 all had regular daily contact with marketing or sales departments and buying or distribution departments; they had less regular contact with other areas such as production, engineering, factories, personnel and planning. Accountants 3, 24 and 44, on the other hand, had little regular contact with functions not related to finance.

(vi) 'Management or cost accountants'

The remaining thirteen accountants in the sample were classified as 'management or cost accountants' and their main areas of work were related to providing a 'service to other areas of management' - this included preparing budgets, management accounts and costing information. All the 'management and cost accountants', apart from one, spent quite a lot of perceived time on the "preparation and compiling of budgets". Accountants 5, 6, 23, 26 and 29, in particular, emphasised the "provision of information for decision-making" and "special projects and investigations" - it is worth noting that all five of these accountants worked very closely with managers from other areas. All but three 'management or cost accountants' (accountants 4, 25 and 27) also stressed the advisory or service aspects of their roles, or regarded themselves as part of a management team rather than as pure accountants. Given this basic similarity they undertook a wide range of jobs depending in particular upon the nature and organisational structure of the company for which they worked; consequently each accountant in this group will be considered in turn. Figure 5.3.8 outlines their job titles and organisations.

Figure 5.3.8 'Management or cost accountants'

ACCOUNTANT	JOB TITLE	ORGANISATION
4	Management Accountant	II
5	Product Group Accountant	III
6	Product Accountant	III
13	Management Accountant	IVa
22	Financial Planning Manager	VI
23	Cost Controller	VI
25	Cost Section Accountant	VII
26	Management Accountant	VII
27	Cost Accountant	VII
29	Cost Analyst	VII
34	Management Accountant	VIIIb
37	Management Accountant	IX
39	Financial Performance Manager	IX

Accountant 4 was one of three accountants in a small-medium company, and he described his role as "reporting to management and controlling the cost system"; both he and his 'financial accountant' colleague (accountant 3) reported up to a 'chief accountant', and they regarded themselves as the internal and external face respectively of the company's financial operations. Although he did not seem to spend much time at the factory over the road, accountant 4 had daily face-to-face contact with production and sales managers.

Accountant 13 was in a similar position in that he and accountant 12 (a 'financial accountant') were the only accountants reporting to a 'chief accountant', but they both worked in a decentralised operating unit based in a factory within a division. Accountant 13 saw himself as the factory's accounting representative and he perceived himself as having a lot of contact with the factory management:

"The accounting representative or point of contact for the factory: getting into the position of being able to talk to people, and to highlight performance, and to explain what's happening to the factory managers". (Management Accountant, IVa)

Accountant 34 was the Management Accountant for a newly formed division of a multi-national group corporation; he worked in the division's head office which was on the same site as one of the factories. He reported to the division's 'chief accountant' (accountant 33) and had an assistant and a Cost Accountant for the adjacent factory reporting to him. He stated that a great deal of his time had been spent trying to get the management information systems to tie in with those of the group, and he saw his main priority as reporting to the group's head office on time - this involved him in quite a lot of routine work. His main contact outside of the finance function was with the marketing and factory management on the same site.

Accountants 5 and 6 worked within and for a product group of medium-large division of a large multi-national group corporation. They regarded themselves as an integral part of the management of this product group and had continuous contact with all other areas (particularly marketing and planning) apart from production management - who worked in various geographically separate factories that had their own 'works accountants'. Accountant 6 regarded himself as a 'marketing accountant' and his job was determined to a large extent by

his boss (accountant 5), who in turn regarded himself as a "financial odd-job boy" to the Product Director, and described his role as follows:

"Not a score-keeper of books of accounts, I'm more intimately involved in the management of the business". (Product Group Accountant, III)

Accountants 22 and 23 both reported directly to the Finance Controller, but whereas the Financial Planning Manager worked almost exclusively with the marketing department, the Cost Controller worked next door to and was indirectly responsible to the Manufacturing Director. The latter perceived his role as being a 'positive' one "advising on cost control and management decision making - not a figures accountant".

Accountants 25, 26, 27 and 29 all worked within the manufacturing section of a medium-large company and reported up to an Accounting Division Manager - he in turn reported directly to the Manufacturing Operations Director and was indirectly responsible to the company's Finance Director. Accountants 25 and 27 regarded their section of the finance department as being more concerned with the collecting and reporting of historical cost information rather than its interpretation; the work of the more junior Cost Section Accountant in particular was mainly routine. Accountants 26 and 29, on the other hand, thought they spent far more time providing 'one-off' information to, and answering 'what if' questions for, production and factory

management. They also had much greater contact with factory personnel - in fact accountant 26 stated that he worked at this area more than any other, and his Cost Analysts (including accountant 29) spent a lot of their time actually working in the manufacturing department.

Accountant 37 and 39 were both junior accountants in a medium division of a large multi-national group corporation. The Financial Performance Manager worked with and reported to the distribution department and had daily contact with both sales and distribution management, and to a lesser extent with marketing and factory personnel - her work however revolved very much around preparing and compiling the four-weekly periodic accounts. Although the Management Accountant reported directly to the finance function he was in many ways a marketing accountant and was concerned more with forecasting rather than reporting historical data - he was in daily communication with buying, marketing research and development and factory managers:

"Mainly advisory to sales and marketing - evaluating courses of action and effects on profitability, feasibility of new lines and products". (Management Accountant, IX)

The accountants' perceptions of their own roles adds further evidence to the view that accountants in industry should not be treated as a homogeneous group. Accountants in different types of positions tended to perceive their roles in different ways. Clearly there were

variations within these groups, however, and this may have been the result of individual characteristics (the two 'sole accountants' in Organisation X, for example, held similar positions but viewed their roles in very different ways) or organisational variables (the structure of Organisation VII's finance and accounting department, for example, was such that the 'cost accountants' and the 'management accountants' performed very different roles- see chapter four).

(c) Qualitative data - non-accountants' perceptions

The non-accounting managers were asked a similar question to their accounting colleagues: "How do you see the role of the accountants in this organisation - what role do they play?" The question was a very general one and the replies were understandably varied - figure 5.3.9 attempts to categorise some of the answers.

Eight interviewees stated simply that accountants played a very important role (for example, the Managing Director of Organisation Xb stated that they played "a vital role in the administration of the business and in taking commercial decisions"). A further eight interviewees gave very general financial descriptions such as "they play the same role in this organisation as they would in many other organisations - and that is accounting for the moneys" (Management Services Manager, VII), or "controlling the financial expenditure - advising non-accounting departments on their expenditure and giving advice on means of controlling that expenditure" (Machines Production Manager, IVa). Altogether there were ten references to the 'reporting' aspects of accountants' roles, nine to the 'advisory' or 'service' aspects, nine to the 'general managerial' and 'decision making' aspects, and four to the 'creative' and 'forward-looking' aspects.

Figure 5.3.9 Non-Accountants' Views on Roles of Accountants

Very important role	8
General financial description	8
Particular aspects of roles mentioned	
Production and reporting of financial information	10
Advisory and service role to other managers	9
More general involvement in management	9
Creative role, ... looking towards the future	4
Different types of accountant	12

* 33 Non-accountants answered the question

Finally just over one third of the respondents noted that there were different types of accountant: five of them referred specifically in their answers only to those accountants with whom they had dealings (in fact this may well have applied to other more general responses as well) and seven outlined the roles of two types of accountants. From the latter group two drew a distinction between financial and management accountants, two between financial and cost accountants, one between factory accountants and "others", one between product group accountants and "others", and one between historical accountants and "others"; three examples are now given in full:

"The Product Group accountants have a considerable role in portraying what is happening in our business; they can be very sharp at seeing things more clearly than those enmeshed in it. The others seem to do an enormous amount of figure work - thank God they do it and the less fuss the better..... I don't really know about them". (Product Group Planning Manager, III)

"We've got two types of accountant for a start - we've got financial accountants and cost accountants - and there's obviously a clear distinction between the two. The cost accountants are there to provide the management team with financial information about what's happening in the factory, to enable us to make decisions. Financial accountants in general in this company look after paying the bills, chasing the money, and preparing accounts". (Commercial Director, Xa)

"I consider there are two types of accountant. The cost accountant's role is to advise us on what has happened in the past and to highlight high cost areas for future action - to advise us on a day to day basis as to what is happening at the production scene. The financial accountants are involved more on the corporate side in terms of financial advice to help the decision making in terms of company policy - to raise points that need action in order to improve the profitability of the company". (Production Director, XI)

Although non-accountants were only asked as to the roles of accountants in general, over a third of them noted a difference between various 'types'. In each of these cases a distinction was made between those accountants with whom the interviewee had most contact and either 'financial accountants' or simply 'other' accountants.

(d) Summary

This section has considered some of the empirical data collected during interviews with forty-five accountants and thirty-six non-accountants from a number of industrial organisations. In particular the quantitative data relating to the perceived time spent on various aspects of an accountant's job and answers to the questions "Could you give me a brief discription of your job?" and "How do you see your role in this organisation - what role do you play?" were analysed. A number of points arise from this discussion.

First, accountants in industry undertake a wide range of tasks and functions in a number of areas some of which have little or no connection with 'accounts'. Thus within the sample there were accountants who acted as personnel managers, administrative managers, industrial relations managers and transport managers at various times.

Secondly, many accountants are not simply 'book-keepers' who spend much of their time "maintaining financial records" (cf. Newman et al., 1982); on the contrary the quantitative survey in particular showed that accountants often emphasise the 'service' aspects of their jobs - for example, "counselling", "liaising with other managers" and "providing information for decision making" (cf. Hopper, 1980).

Thirdly, there are similarities between the characteristics of accountants' work and those of managers in general (for example, variety of work, and amount of face-to-face conversation with other

people). It may be misleading to regard accountants necessarily as 'specialists' or even as "managers of staff specialists" (cf. Mintzberg, 1973).

Fourthly, accountants are not a homogeneous group - different accountants may do very different jobs (cf. Stewart, 1976). Differences were found between the six categories of accountants' positions outlined at the beginning of this section, and thus the results suggest certain factors associated with variations in accountants' work profiles: the size of the finance and accounting department, the nature of the actual organisational unit in which accountants work, their hierarchical position, and the functions they perform. The results also lend some support to the notion that the level of 'decentralisation' influences the roles of 'management or cost accountants' (see Simon et al., 1954; Hopper, 1978). Nevertheless there were also variations in accountants' work profiles within the six categories. The validity and relevance of these categories will thus now be reassessed.

It should be emphasised that the categorisation is of accountants' positions. In other words it forms a classification of the ways in which accounting functions, or what accountants are appointed or expected to do, are grouped together and divided between different accountants in various industrial organisations. Thus although one might expect a relationship, one would not expect a one-to-one correlation between what people are appointed to do and what they actually do; similarly one would not expect a one-to-one correlation

between what people are appointed to do and what they perceive themselves as doing.

There are thought to be three main reasons why variations in accountants' work profiles exist within the six categories: these can be viewed in terms of individual, time-related and situational factors.

First, different individuals may carry out different activities in the performance of the same functions. In other words an individual's personality will be an important contributory factor.

Secondly, as stated in chapter two, people's opinions obtained through interviews reflect their interpretation only at one point in time, and are dependent at least to some extent upon their current interests and experiences. Whether or not accountants' work conforms to a regular pattern, they will undertake different sets of tasks at different times, and may thus attach different levels of importance to any given area at different times.

Finally, accountants' positions will reflect, at least in part, the profile of accounting functions ascribed to the location in which they are employed. However, as chapter four indicated, there is an enormous variety in the forms and structures of industrial enterprises, and thus accountants' positions may be specific to a particular organisation. In some instances an accountant's role might

best be described in terms of being an assistant or 'number two' to a more senior manager for example.

In conclusion it is thought that the data reported in this chapter provides tentative support for the categorisation of accountants' positions, sufficient certainly to warrant further analysis. Such analysis could utilise the tools developed by Stewart (1967), particularly if these were developed further (see section 5.5). This work would enable, for example, a better understanding of the likely effects of new information technology upon accountants' roles (see chapter ten).

5.4 Empirical Data on the Changing Roles of Accountants

Although the twelve case studies in the previous chapter were very different, figure 5.4.1 (which summarises respondents' views on the changing and future roles of accountants) shows that there was a certain amount of agreement amongst interviewees that accountants were becoming, and would continue to become, more a 'part of the management team'. The following examples taken from the previous chapter indicate the range of comments included under this general heading:

"More involved in the day to day operation of the company".

"More active and positive part in the management of the organisation".

"More involved in general management - more looked at as an equivalent line manager".

"Closer dialogue with other disciplines".

"Better communication between departments".

"Better understanding of what is required of all the sectors of the business".

Figure 5.4.1 The Changing and Future Roles of Accountants

	Changing Roles		Future Roles	
	Accts	Non-Accts	Accts	Non-Accts
More a "part of the management team"	25	22	19	16
More planning ahead and "looking to the future"	5	4	4	0
Comments relating to computerisation	9	0	10	7
Comments relating to the information produced	6	5	0	0
No change	0	4	5	0
Other	7	5	2	5
No answer	4	2	9	4

* Some accountants and non-accountants gave answers that corresponded to more than one category

"More involved in the final decision making".

"More a central part of the management of the business".

"Much more positive control of the running of the company".

Such comments were often accompanied by suggestions that accountants were less involved in the more routine aspects of book-keeping.

These types of changes have also been recorded by some academic writers (for example, Newman et al., 1982), as well as industrial and professional commentators. The Group Managing Director of Rolls-Royce Motors Limited, for instance, stated:

"It is my contention that accountants are no longer the people who watch the dials in the engine room and ring up to the bridge when something gets overheated; they are, or should be, at the elbow of the man steering the ship on the bridge. They are the financial pilot for the vessel". (Plastow, 1980).

Similarly a report by Flint for ICAS on "The Impact of Change on the Accountancy Profession" (1980) noted:

"In industry, commerce and finance the accountant has become more completely integrated in the senior management group playing a more positive role not only in the provision of relevant financial data but in contributing a viewpoint on decision-taking

... Accounting as an integrative function requires, more than any other specialist function, a knowledge of the other management functional areas".

The last sentence of this quote can be related to the suggestion of a number of interviewees that accountants would become "more business managers with financial skills" and that their role as specialists would decline. In other words it was thought that accountants would have to understand other areas of management rather than rely on the financial awareness of managers from these other areas (see for example, Frith, 1980):

"I think to be effective accountants have got to try and understand more the job functions if you like of the people with whom they interface ... I think it's going to be vitally important for accountants to work alongside people in the production area of the factory, or fronting up to customers ... to get to understand all the problems that the management in those areas face". (Personnel Director, VIIIb).

"The way I see it I suppose everybody is trying to get other managers to understand accountants. I think the boot's going to go the other way: you're going to find that accountants are going to a great deal more trouble to understand the sort of environment they're going into." (Commercial Manager, Xa)

The Commercial Manager had in fact previously been the company's accountant and the previous chapter showed that there were a number of these 'hybrid' accountants (for example: General Manager, Ib; Product Division Manager, VII; New Product Development Manager, IX). Such moves were generally regarded as having been successful and some managers in these organisations thought that there might be "an increasing movement of people who have regarded themselves as purely accountants into widening job functions" (Senior Product Manager, IX); the reverse also applied in some cases:

"We're finding in this organisation that a number of accountants are going into line managers' positions which is something you'd never have dreamed of five years ago. And to some extent we're seeing one or two scientists or engineers coming into accountancy. It's a two way flow." (Management Accountant, VII)

To some extent these moves were seen to be one aspect of a more general trend:

"I think in any job, people have got to realise that the days of the business men are in; and it doesn't matter what department you're in. In other words, there should be no accounting men, marketing men, etc. ... they should all be business men: they should understand the total business". (Marketing Manager, VI).

The other aspect of being "more a part of the management team", that of being more involved in the taking of decisions and the running of

organisations, was often related to wider economic changes (these are discussed in more detail in section 6.2):

"In this company I'd say, if the economic restraints continue, I can see accountants having a greater influence. I think as we get more professional then the financial implications of certain actions should be taken and will be taken more into consideration, where previously a lot was 'gut feel', and 'just do it... and here's the money'. I think rightly there's a lot more questioning about the cash implications - I think that will increase as restraint actually comes on capital investment. There's a request for a great deal more information than has been provided in the past... and that will continue." (Marketing & Sales Manager, VIIIB).

Referring back to figure 5.4.1 it can be seen that thirteen remarks were made suggesting that accountants spent or would spend more time planning and looking ahead rather than presenting and analysing historical data. The following is a typical comment from this group:

"Probably the most important thing that has happened in recent years is that in the past the accountants were mainly involved in things that had happened, albeit just recently happened. But now I think accountants realise that it's a means of learning what to do for the future; the most important task of accounting now I think is to project forward, to monitor, and to keep changing

these projections forward as he understands what the situation is". (Cash Operations Manager, IVb).

Finally, a number of comments were made relating to the nature of the information provided by accountants and/or to the effects of computerisation. The latter are considered in more detail in section 6.4; with respect to the former suffice it to say that there was often seen to have been an increase in the quantity and quality of accounting information, and an improvement in the speed of its production and in its actual presentation.

It should be noted that all interviewees were asked about the changing and future roles of "accountants within their organisation" in general rather than with reference to specific individuals. It is probable that most non-accountants referred to the accountants with whom they had most contact, who in turn were likely to be 'management and cost accountants'; rarely did any respondents draw a distinction between the different 'types' of accountant discussed earlier in this chapter. It might be useful therefore to consider the functions of accountants, rather than their types of positions in this instance.

The general changes outlined so far in terms of accountants becoming 'more a part of the management team' can be related to the increasing importance of the function of 'providing a service to other areas of management'.

Some comments were also made about the 'fulfilment of statutory requirements', and the following are three interesting examples:

"There has been in some ways a steady change over the years with a greater need for financial control, a greater influence through the Price Commission, etc ... and all sorts of extra-mural non-productive work - anything from the Common Market to government demand. So there's a role there coming in, but I don't see that changing very much more in the future - but it's something that wasn't there five years ago say." (Business Control Manager, III).

"I don't really see my type of role changing too much in the near future because whatever happens at the lower level with computers, etc, the government will always be there making changes to accounting rules; there will always be the taxation situations; we'll always have to produce accounts for outside". (Company Financial Accountant, IVa).

"I think the role is going to move further away from the production of historic accounts - it's moving a lot more towards producing financial information looking ahead in the form of forecasts and variance analysis; but that's constrained by reporting to outside, the statutory requirements, and it really depends on how that moves the extent to which the financial accounting side I think will move". (Manager - Finished Goods Account, VII).

It would seem that government legislation and government departmental requirements (for example, tax, Department of Industry census information, Regional Development Grants) have meant more work for some accountants. This can be related to various reports written on behalf of the professional accounting bodies. The Flint Report (1980), for example, noted that the government "has played an increasingly interventionist role in business affairs" and that "the impact of government activity is even more closely discernible in the legislative field"; both these factors and the entry of the United Kingdom into the European Economic Community were seen to have had implications for the roles of some accountants. Similarly the Hillebrandt Report (1978) suggested that much of the government legislation covering "areas such as company legislation, taxation, exchange control, dividend restraint, pay and prices" restricts the activities of companies and that "the finance function is involved directly in the consequential problems". Moreover it would seem that accountants in industrial corporations have had to respond to increased demands from other interest groups apart from shareholders and government agencies (Newman et al., 1982). In particular the disclosure of information to employees in annual reports and for collective bargaining purposes has become more important (see "The Corporate Report, 1975, and the Employment Protection Act, 1975 - these areas are discussed in more detail in section 6.4).

In general then it could be suggested that there have been various pressures for improved and more comprehensive external reporting (witness the current procedure of issuing a series of statements of

standard accounting practice). The function of fulfilling statutory requirements is one that would appear to have grown more complex. It may be that this function and other related areas (such as taxation, pensions, insurance, and company secretarial and legal matters) are becoming more time consuming for certain accountants (in smaller organisations in particular), and are leading to the creation of more 'specialist' accountants in some larger organisations (for example, the Accounting Development Manager in Organisation IVb).

'Management of the monetary resource' would also appear to be becoming more important (see various papers arising from the ICAEW Centenary Conference, 1980) and had led to the creation of 'specialist' positions in some of the larger organisations investigated (for example, the Cash Operations Manager in Organisation IVb, and the Planning and Evaluation Manager in Organisation VIIIa). It is interesting to note that the Group Treasurer in Organisation VIIIb regarded his job as one which had changed a great deal in recent years: "... the concept of treasury management in industry has I think become very much a new job". In fact the Association of Corporate Treasurers was founded in 1979 and Davis and Collier (1983) provide a useful survey of the development and responsibilities of the treasury function.

The results of this survey would suggest therefore that "providing a service to other areas of management" was becoming more important for

most accountants (apart perhaps for certain 'specialist accountants') and that it was becoming the prime function for most 'management or cost accountants'. As such it was often suggested that accountants should understand more about other areas of business and different types of industry, and should become more "general business managers" rather than financial specialists. At the same time "management of the monetary resource" and the "fulfilment of statutory requirements" were becoming more complex and accountants in the head offices of large organisations in particular were being employed in specialist positions within these areas.

5.5 Conclusions

The chapter began by drawing a distinction between what people actually do or their observed behaviour, and what they are supposed or expected to do; definitions were then given of 'activities', 'tasks', 'functions' and 'positions'. The next section discussed the previous research on the functions, positions, tasks and activities of accountants in industry, making sure to consider also the functions, tasks and activities of managers in general. It was found that while there was a wealth of literature on what ought to be done by those working in finance and accounting departments, there was little research either on the ways accounting functions are commonly divided between different accountants or on what accountants actually do.

There are probably two main reasons why attention had been focussed on accountants' functions, or what accountants should do, rather than their positions and in particular their tasks and activities. First, research into what various people think should be happening is far easier than investigating what is actually going on, in that direct observation or participation is not necessary. Secondly, much of the work has been sponsored by those who are being studied (for example, Simon and his colleagues' study was supported by the Controllershship Foundation), and it may be that the sponsors have tended to define the questions or problems that are to be answered. Indeed in this respect it could be suggested that many social scientists act as the 'servants of power' (Baritz, 1960).

There is little doubt that most of the research cited in this chapter has adopted a managerial frame of reference in that the purpose, or 'function', of accounting has been defined by managers. Moreover, by confusing the 'function' of accounting with what happens in practice certain 'myths' have arisen - for example that accountants provide information necessarily to aid decision making.

Section 5.3 analysed some of the empirical data on the roles of accountants in industry collected during this investigation. There were four main findings:

(i) Accountants in industry undertake a wide range of tasks, activities and functions in a number of areas some of which have little or no connection with 'accounts'.

(ii) Many accountants should not be regarded primarily as 'book-keepers'.

(iii) There are close similarities between the work characteristics of many accountants and those of managers in general.

(iv) Different accountants may do very different jobs. In particular some evidence was found for the categorisation of six different types of positions for accountants: 'specialist accountants', 'sole accountants', 'central accountants', 'chief accountants', 'financial accountants', and 'management and cost

accountants'. The results thus suggest certain factors associated with variations in work profiles: the size of the finance and accounting department, the nature of the actual organisational unit in which accountants work, their hierarchical position, and the 'functions' they perform.

Together these four findings question the utility of the accountant as a concept, and they illustrate the diversity of what has hitherto been regarded as a single functional role within management. It has also been seen that the profile of an individual accountant's role will reflect, at least in part, the profile of accounting functions ascribed to the location in which she or he is employed. In other words what comes across is the increasing specificity of accountants' tasks, functions and positions to the particular employing organisation (further information on this area is provided in the next chapter - see section 6.3).

The concentration of the previous literature on variations simply between different managerial functions or departments has meant that it was in general not found to be very useful in interpreting these results. Simon et al.'s (1954) notion of centralisation and decentralisation (later used by Hopper, 1978) has been influential and was relevant in particular in accounting for some of the variations in roles of 'management and cost accountants'. The most important work however has been that of Stewart (1976); a little more attention will now be given to her work as it highlights some areas for future research.

The precise allocation of the sample of accountants to Stewart's twelve 'contact types' was not possible without further details on the amount of contact time that the sample had.⁸ Moreover it is suggested that certain difficulties arise with her classification in that no distinction is made between contacts within or outside of an operating unit or part of an organisation, as opposed to the enterprise as a whole. Many 'financial accountants' for example had a great deal of contact with other people within their department, but far less with managers from other areas; 'central accountants' on the other hand were more likely to have contact with people outside of an operating unit, although if they worked within a division or subsidiary of a large organisation such contact probably centred on managers at head office rather than people external to the organisation as a whole. It is thought that future research in this area might benefit from developing Stewart's work to incorporate distinctions between contact outside of a department, and between contact inside and outside of an operating unit.

In fact this point raises the important issue of exactly what is meant by an organisation and an operating unit. It may be useful for example to consider industrial organisations in terms of legal units, financial units and units of command (Tomlinson, 1982), and these categories could perhaps be built into any future analyses of 'contact patterns'.

Stewart's classifications for the demands or pressures encountered by accountants and their work patterns are both thought to be useful

tools for future research. The latter, however, needs some reconsideration in that accountants may have a lot of periodic routine work say, but much of this may occur perhaps only once or twice a year. Problems arise here also if 'diaries' are used to obtain data.

Finally, the summary of the findings from the case studies concerning the ways in which accountants' roles have changed and might change in the future suggest that while most accountants may require a greater understanding of other areas of business than previously, many accountants are now being employed in more specialist positions, particularly in the head offices of large organisations.

Notes:

1. The notion of 'relevance' was one incorporated by Katz and Kahn in their definition of an activity as a "recurring behaviour sequence which has organisation relevance" (1966, p.179).
2. In fact Tricker suggested that it was "the management aspects of management accountancy that must be considered before the accountancy aspects" (1967).
3. Stewart (1965) provides a more extensive discussion of the diary method; see also Marples (1967) who criticises the "aggregated episode approach" whereby it is assumed that a manager's day consists of a sequence of 'episodes' each having a known duration and being capable of classification in a number of different ways.
4. Although a distinction is often made in both professional and academic literature between 'financial accountants' and 'management accountants' the basis of this division is never made clear. Thus Hopper's (1978) study of 'management accountants', for example, assumes that there is a certain type of accountant called a 'management accountant' that is distinguishable from other types.
5. There is in fact quite an extensive literature within the United States describing the controller's duties and responsibilities and the techniques and tools associated with them (see Henning and Moseley, 1970).

6. Three indirect measures of effectiveness were used, and a controller's department was considered effective to the extent that it: (a) provided informational services of high quality; (b) performed these services at a minimum cost; (c) facilitated the long-range development of competent accounting and operating executives (Simon et al., 1954, p.1).

7. One of the problems with this sort of quantitative analysis is the initial categorisation of aspects of an accountant's job. Some categories represent areas in which accountants might be involved (for example, "data processing"), others outline tasks that accountants might perform together with activities necessary for their execution (for example, "budgetary control - analysis and interpretation of variances"), and still others define actual activities (for example, "liaising with other managers"). Further complications arise because of the 'vertical division of labour' and the fact that respondents may state that they spend time on a particular 'activity' or 'task' when in reality they are only responsible for its execution - for example, they may be responsible for the "preparation of accounts" without actually preparing them.

8. Information on the contacts that the sample of accountants had was obtained from answers to questions in sections B and C of the interview schedules (see Appendix 3).

6 EXTERNAL INFLUENCES

6.1 Introduction

6.2 Economic and Business Pressures

6.3 Organisational Structures

6.4 Computerisation

6.5 Other Influences

(a) The disclosure of information to employees & unions

(b) 'Significant' individuals

6.6 Conclusions

6.1 Introduction

Chapter four placed people's views on the changing roles of accountants in the context of the environment in which they worked; twelve case studies corresponding to the organisations studied were presented without any attempt to inter-relate the findings of each. The previous chapter drew together these findings and highlighted some similarities in respondents' opinions about the current, changing and possible future roles of accountants in industry. It can be seen from both these chapters that certain 'external'¹ influences have been important for accountants' changing roles, and the next two sections of this chapter consider what were seen to be the most significant of these: the economic and business environment, and organisational structures.

Two areas of interest were also thought to be the effects of computerisation and the increasing disclosure of information to and involvement in decision making by employees. Consequently most respondents were questioned on these issues and the findings are discussed in sections 6.4 and 6.5 - it should be noted that these factors were not generally introduced or raised by respondents as being especially significant. Finally, consideration is also given in section 6.5 to particular individuals (senior managers or 'chief accountants') who had been able to influence accountants' roles.

6.2 Economic and Business Pressures

In a paper from the ICAEW Centenary Conference, the Joint Chief Executive of Unigate Limited stated:

"... it really was not very long ago in the '60's and even into the '70's that rather a lot of major companies as well as medium sized and smaller ones were continuing to operate quite happily on a seat of the pants basis, very comfortable, not too much worry about the requirements of these chaps called finance men and they could operate in a fairly isolated way". (Read, 1980).

As was demonstrated in the previous chapter however, a lot of changes have occurred in the past ten years or so and finance men and women have become more important. There has been seen to be a "need for financial 'navigators' rather than historical score-keepers" (Julien Report, 1980).

Twenty-five managers (including thirteen accountants) from ten organisations thought that general economic and business pressures and in particular factors such as deteriorating trading conditions, keener competition, restraints on capital investment, high interest rates, and inflation had helped bring about these changes. Indeed as a result of such pressures accountants were seen to have more influence and to be more involved in other areas of management, decision making

and planning for the future; there was also seen to be a greater request for accounting information and financial control and advice, and a greater 'cost consciousness'. A number of comments expressing such views were quoted in the case studies, and a further three typical examples are given below:

"I think the other thing is that the mood of the industry has changed over the last ten years: it has become more competitive and there is lower growth. And within that environment accurate information from accountants generally has become extremely valuable in making decisions between different commercial policies. This contrasts with ten years ago when whichever decision was made was right, although some were better than others ... one didn't need the same degree of control and financial advice." (Marketing Manager, III).

"I think many years ago [Organisation IV] was a dominant supplier to a strong, healthy UK industry, and the role was very much one of producing costs, which sales and marketing people then applied a percentage mark up to and the customer was presented very much with a take it or leave it attitude. Circumstances are now very difficult - we are under much greater competitive threat and we have a very weak UK base with high import penetration. We therefore have to make many uncomfortable commercial decisions where we may not fully recover our costs in the short term, and have to take business judgements regarding the longer term. In this situation accountants have to be very much more involved in

the business thinking, rather than just generating figures." (Company Sales Manager, IVb).

"Circumstances have forced changes on us all and business has declined. I seem to think that years ago it was much easier to be successful in business than it is today ... and things happened more out of habit than by design. I think accountants, particularly in this company in the past, tended to work on the premise that if the month-end and financial accounts were on time, and we'd made a profit, then that was their job of work done. That's not the case now, accountants realise they've got to do a lot more forecasting and crystal ball gazing just as other members of the management team have to do." (Production Director, XI).

The majority of the organisations investigated had faced problems with cash-flow and declining profitability in recent years. In particular Organisations III and IV had been forced to close down a number of factories and had made significant reductions in their work-forces; organisations IV and XII both supplied the motor industry and so had suffered a severe decline in the home market; and Organisation XI had been closed down following difficulties with respect to cash flow and due to the excessive cost of plant renewal.

Apart from this more general depressed business climate, the precise nature of economic pressures for change within the finance function were detailed by a working party for the Hundred Group in 1978 (the

'Hillebrandt Report'); some of these, which in fact also include structural changes are now listed:

- (a) Increasing concentration of business into a smaller number of hands has stretched the finance function's resources in ensuring adequacy of reporting and system control.
- (b) Inflation has led to problems in the field of pricing and profitability as witnessed by the debate on inflation accounting.
- (c) Expansion overseas has demanded knowledge of new laws, business conditions/practices, taxes, and methods of financing particular to the territory concerned.
- (d) Greater complexity and sophistication of financial markets, the centralisation of banking relationships and operations, and the growth in the number of financing options available have influenced the finance function.
- (e) A growth in expert financial advisory services such as taxation, risk management, cash and currency management and funding have affected the finance function.

The first two aspects together with the political pressures outlined in the previous chapter (such as increasing government legislation and

departmental requirements) have affected in particular the 'function' of fulfilling statutory requirements.

The last three pressures have influenced in particular the 'function' of financial management. Indeed Clements (1980) suggested that "the predominant theme running through the operations of the Treasury function from time to time has been determined by the burning financial and economic pressures of the times". He went on to consider why the detailed day to day operations of the treasury function (such as fund raising, and cash and foreign exchange management) had become much more important in recent years; among the reasons he listed were "the growth of world trade", and "the development of world money markets and world capital markets". Similarly, Davis and Collier (1983) suggest that it took the volatile environment of the 1970's, with floating currencies and rapidly moving inflation and interest rates, to trigger the development of treasury departments.

Finally the economic 'recession' and increasingly competitive environment has affected the roles of accountants in providing a service to management; this is evident from the comments of the respondents cited earlier in both this section and the previous chapter. Special emphasis in this respect was given by a number of interviewees to the need for greater 'cost management':

"Well, I think they've taken a more active role in the cost management of this factory. I mean one of the crucial problems

this factory is facing is getting its unit costs down; and although we've done a lot of work over the last seven or eight years to get our numbers of employees down, and our productivity up, and to streamline our product range, we still need to do a lot more work on picking out where we can really make some major financial savings." (Engineering Services Manager, VII).

There has also been a growing interest in planning and forecasting as past performance has become less reliable as an indicator of likely future performance. Thus there has been a move away from annual strategic plans to more continuous strategic management, from the use of historic cost to current cost reports on profitability, and from the extrapolation of historic trends to more sophisticated decision models that can answer questions of a 'what if' kind. The greater emphasis on the future is equally applicable to 'management of the monetary resource' as well as 'service to other functions' - the Group Treasurer in Organisation VIII, for example, noted the increasing use of 'what if' models.

In conclusion it would seem that general economic and business pressures have affected all the main 'functions' of accountants in industry. Particular accountants have been affected to a lesser or greater extent and in different ways however (for example the role of the Finance Director in Organisation V, the smallest company, would appear to have changed little despite requests for more and different

sorts of information). Attention is now turned to one factor that might help account for some of these variations - organisational structures.

6.3 Organisational Structures

An important aspect of the history of industrial accountancy has been the growth in the size of industrial enterprises (see chapter three). In fact the evolving nature and organisation of accounting work in business corporations can be related to the development of new structural forms (H. Johnson, 1980). The pressures for change within the finance function as a direct result of the "increasing concentration of business into a smaller number of hands" and "expansion overseas" have already been outlined above. When considering "The Impact of Change on the Accountancy Profession", Flint (1980) also noted that one of the significant changes of recent decades had been the growth in size, the diversity of interest and the geographical dispersal of companies and groups of companies.

These trends can be seen in the brief 'backgrounds' to the twelve case studies outlined in the previous chapter: Organisation I had followed a strategy of diversification and expansion overseas since the late 1960's; Organisations III, VI and VII had reorganised their structures to take into account the gradual elimination of tariff barriers within the European Economic Community; Organisation IV had made a deliberate policy in the late 1970's to become more of an international company; Organisation VIII had diversified largely through acquisitions following the merger of three main companies in 1954, and now placed great emphasis upon exports and sales outside the United Kingdom; Organisation IX had diversified mainly through

acquisitions in the 1960's and had undertaken a major merger in 1969 in order to aid product diversity; Organisation VIIIB had been a small independent company until it was taken over in 1976; and Organisation XI had been primarily family owned and managed until it was taken over in 1975.

Care must be taken over the meaning of 'size' however: it may refer to a financial unit or a unit of command, say, and these may not be coterminous with the legal unit.² As Tomlinson elaborated:

"This would be true of the typical multi-plant large firm in Britain where each plant is a unit of command but may not be a financial unit, and also commonly true within particular production processes within a plant". (1982, p.133).

The important point to note is that most of the growth of large firms in Britain in the twentieth century has been due to the growth of multi-plant enterprises rather than growth in the scale of plants (Prais, 1976). It can thus be suggested that much of the expansion of the scale of the capitalist enterprise (ie. the legal unit) can be linked to the financial organisation of modern capitalist economies rather than any technical rationality or efficiency (see Tomlinson, 1982, p.59).³

The changes in organisational structures accompanying growth in the legal size of companies were discussed briefly in chapter three. The current predominance of the 'multi-divisional' form of organisation

among the larger companies (Scapens et al., 1980) is reflected in this study's sample: only Organisations V, X, and XII had not adopted such a structure. There are many variations between divisional companies, however, as the case studies in chapter four bear witness. In fact Allen (1978) noted that divisionalised organisations should not be regarded as a homogeneous type, but that managers can and do exercise at least thirteen distinct combinations of organisational choice in establishing or reorganising a divisionalised company. Similarly Scapens et al. (1980) considered a variety of factors when investigating the control of capital investment projects in divisionalised companies: length of time divisionalised; basis of divisionalisation; relationships between divisions; the relationships between divisions and head office; divisional operating autonomy; divisional responsibility for capital expenditure; and control of divisional investment projects. The relationship between information and financial control systems, and organisational structures is a complex one (see for example, Piper, 1976, who highlighted the importance of the level of 'task complexity'). In fact there is no reason to suppose that there is a 'determinable' connection (Den Hertog, 1978); different accounting systems may be one aspect of the 'strategic choice' process through which the dominant coalition in an organisation exercises its influence (Child, 1972).

Nonetheless there may be a number of common accounting problems and changes associated with divisionalised organisations. Andrew (1980), for example, outlined a number of these in his talk on the evolution of management accounting for business in the 1950's and 1960's given

to the ICAEW centenary conference. Several of them were also noted in the case studies: with inter-divisional trading the problems of setting acceptable transfer prices become apparent (see Organisation IVa and IVb in particular); a consequence of segmental or divisional structure was that increased problems arise in designing acceptable forms of reporting to the central board (the pressures on accountants to conform to group procedures was noted in Organisations Ia, VII and VIIIb); the need to reconcile divisional reports on product contributions with the total group profits often provides an impetus to the development of integrated cost and financial accounting systems (see Organisations IVa and IVb for example). Andrew also noted a trend towards the setting up of profit centres (compare Organisation IX), while the Hillebrandt Report (1978) commented on "an increasing tendency to form informal groupings, eg. accounting/production/marketing teams at various levels to attack specific problems" (this was evident in Organisations IVa, IVb and IX).

More important however is the division of labour within the finance and accounting function that results from the formation of large multi-national, multi-divisional companies. It was noted in section 5.4 how developments such as those outlined above may simply lead to a change in the time spent on and importance attached to certain tasks for accountants in small organisations, whereas in large organisations 'specialist' positions may be created. A good example of this is provided by Trow in a paper presented at the ICAEW centenary conference on the treasury role within smaller companies. He noted

that although the treasury role "exists to a greater or lesser extent in virtually any commercial structure", it becomes more defined the larger and more complex the organisation; he goes on to explain:

"... it only requires there to be two operating companies with common ownership requiring finance and there is immediately an opportunity to minimise cash availability by considering these two companies as one. It would, as I am sure you must be well aware, be costly to hold funds on current account in one company while the other was borrowing on overdraft and paying interest."

(1980)

It was in this way that centralised banking and eventually a centralised treasury role was seen to evolve.

Organisation VIIIb provides a good example of the way in which accounting roles are altered as a result of wider changes in organisational structures. The organisation's head office had been the site of a small independent company until it had been taken over by a large, multi-national, multi-divisional group organisation - the site now formed the centre of a new division consisting of about eight legal entities. Chapter four indicated how there had been a radical reorganisation of the accounting and reporting systems and structure of the finance function following the take-over; a greater specialisation, for example, was noted by the Financial Accountant:

"Having worked for two different organisations, pre- and post-1976, I have seen quite a change in the way [Organisation VIIIb] manage a business as distinct from the way that ... [an independent publicly quoted company] ran their business. The major changes are that the style of management is different without any doubt, the demand for information is greater, and as a result the structuring within the finance and planning area tends to be different. I'd suggest that the role perhaps has become more specialised as a result of a different type of structured accounting department."³

One aspect of the division of accountants' labour often associated with the 'divisionalisation' of industrial organisations is 'decentralisation'. In this study nineteen managers (including eleven accountants) from seven organisations mentioned 'decentralisation' as a reason for changes in the roles of accountants in their own organisation. The following quotes from accountants are representative of these replies:

"I think certainly up to six or seven years ago, before we introduced analysts into the area, people looked upon us as living in an ivory tower. ... Living with the production people in their own environment has meant ... we're involved in almost every single decision that's being taken in terms of the financial implications now." (Management Accountant, VII).

"We decentralised about three or four years ago, we've moved accountants from Group and attached one with each subsidiary, which has meant that ... the accountants have been able to contribute much more to the management and success of the operating subsidiary. So instead of just number-crunching as they were before, they're now an active part of the management of the company." (Group Financial Controller, X).

"... as a result of splitting the company into the two main divisions, and having accountants on site rather than divorced at some centre, we are now able to produce information that people want. And now I feel accountants are accepted as part of the management team, ... and accepted as an important part, not just a necessary part." (Financial Director, XII).

Organisations VII, X and XII were not the only ones to have 'decentralised' their accountants. 'Product Group Accountants' had existed since 1964 in Organisation III, and in 1971 they were relocated from a central pool in order to work alongside their marketing colleagues in the different business areas and servicing departments. In the early 1970's Organisations IVa and IVb 'decentralised' such that each division began to employ its own Finance Manager and Management Accountant and they reported to a divisional General Manager, with the Financial Director maintaining only functional control. In Organisation IX the accountants at the factory investigated had been 'decentralised' in 1972, and

'decentralised' product business centres had begun to be introduced in 1978.

Organisations Ia, Ib and XI were operating companies within divisions of group corporations and the accountants within these operating companies (Organisations Ia, Ib had only one accountant, while Organisation XI had three) reported to their 'local' Managing Director. In terms of "formal authority relations", "geographical location", "loyalties" and "channels of communication" (Simon et al., 1954) therefore, these accountants could be regarded as 'decentralised' with respect to the organisation as a whole; on the other hand with respect to the operating company, the accountants in Organisation XI might be regarded as 'centralised' in that they reported up the finance function.

In Organisation II the accountants were 'centralised'. In Organisation VI the Cost Controllers were hierarchically 'centralised' in that they reported directly to the Finance Controller, and geographically 'decentralised', in that they worked alongside manufacturing management (see Hopper, 1980). In both cases the structure of the finance function and its information systems were seen to have changed little in recent years. Organisation VIIIb was undertaking a major reorganisation and it was not clear as to the final structure of the new Division's finance and accounting department. Finally Organisation V had only one accountant, and so the notion of 'decentralisation' was not applicable.

It is clear that the structure of an organisation influences the roles of its accountants in that it affects the structure of the finance and accounting function and thus the actual 'positions' of the organisation's accountants. An area that has received much attention is that of 'decentralisation' (Simon et al, 1954), especially in connection with 'management accountants' (Hopper, 1978). However, not only do 'management accountants' need to be defined, but the concept of 'decentralisation' should also be clarified. In particular 'decentralisation' ought to be related to the nature of an organisational unit; it might be useful here to explore the nature of and relationships between legal, financial and command units. It should be noted that a close correspondence between the divisionalised form of organisation and a particular distribution of influence over decisions should not be assumed (Allen, 1978, p.363). With respect to the nature of the work of 'decentralised' accountants clearly they will have a lot of contact with the non-accountants with whom they work, but it is not certain whether their pattern of work or the nature of the pressures they face is likely necessarily to be any different to 'centralised' accountants (cf. Stewart's typologies, 1976).

6.4 Computerisation

During the 1970's some limitations of complex centralised data processing systems became apparent, and many management reporting systems were seen to be too inflexible. With the advent of silicon chip technology and cheaper, smaller, more powerful computers, many systems started to be divided into more manageable parts; ever more sophisticated terminals, mini-computers and micro-computers have provided the necessary access to centrally stored programs and data while permitting localised processing - what has been termed 'distributed data processing'. Whatever the current situation it is clear that the very rapid developments in computer technology, and the related advances in programming languages and commercial applications, have affected industrial organisations in general and the roles of many managers in particular. Consequently, it was decided to investigate the influence of computerisation upon the roles of the accountants in the twelve organisations studied here.

Before considering the effects of computerisation upon individual accountants it might be useful to summarise briefly the situation in each of the organisations studied. All organisations had 'on-line' access to computerised data apart from Organisation Ia where data were still processed in batches on the group's central computer. The rate of change was evident from the fact that new computing systems were being installed in Organisations Ib & II, were expected to be installed shortly in Organisations Ia, IVb & VIIb, and were hoped for in

Organisation VII. Only organisations II, IVa, VI & VIIa had micro-processors at the time of the investigation, but many more were considering their introduction. It was too early to assess the effects 'personal computers' might have on the roles of accountants, but the following two comments are worth noting:

"Computerisation has undoubtedly enabled managers to react a lot faster than they used to, and that will continue. Personally I think computerisation itself is changing, and we're going into the era of self-help. Accountants are going to have to programme their own systems - either with smaller mini-computers, or easier languages." (Factories Administrator, IVb).

"During the sixties and seventies we had those large main-frame systems, and the mystique of programming and data processing departments - that's all changing. Whereas one had to rely on these people writing strange languages, it's now turning and we're coming into a situation where the equipment is coming back into the accounting area and where the accountants can again be in control of their own destiny." (Financial Accountant, VIIIb).

When asked about the changing roles of accountants all respondents were also questioned about the effects of computerisation if these had not already been mentioned. Figure 6.4.1 outlines the results for both accountants and non-accountants - the comments of the former were understandably more comprehensive than those of the latter.

Figure 6.4.1 The Effects of Computerisation

Non-accountants (n=36 [*])	
No real change	8
Hope/expect/is less routine work	8
Definite change	5
Other comments	6
No answer	13

Accountants (n=45 [*])	
More detailed, more accurate and more consistent information more quickly	17
Less routine 'number crunching'	19
More interpretation and analysis	8
Problems of 'garbage in, garbage out'	7
Problems of basic accounting skills disappearing	5
Other comments	3
No answer	8

* A number of accountants and non-accountants made comments that covered two or more of the above categories.

The first thing to notice about the replies of the non-accountants is that about half of the sample did not give an answer or made comments that were not directly relevant; this is thought to be an indication that the effects of computerisation upon the roles of accountants were not of great concern to them, rather than that there was a lack of liaison between accountants and other managers. Indeed only five non-accountants thought that their accountants' roles had definitely changed. The following quote from the Sales Director of Organisation XI is typical of three respondents who noted improvements in the financial information they received:

"I think it's had a dramatic effect on their role... Let's say they're able to program in such a manner that you get financial information more easily and put in a way that I can understand and make a decision from without having to wade through a tremendous amount of figures." (Sales Director, XI).

Two others remarked on the increasing overlap of duties and responsibilities between different departments - this was something which the Company Financial Accountant in Organisation IVa had also stressed (see also McGregor, 1960, Whisler, 1970). The following example highlights this as well as the greater possibility for accountants to interpret and analyse information rather than simply produce it:

"As one goes on to direct on-line computers then more and more departments are undertaking work which formerly was exclusively work done either within the costing department or a financial

accounting department; and the accountant's role becomes very much the manager's role in planning the type of information, the flow of information, interpreting the information, and so on.... rather than the actual execution." (Commercial Director, II).

A further eight non-accountants made similar comments but tended to talk in terms of what they thought would or should happen:

"I wouldn't say it has altered to that extent yet, but I think it will do. I'd like to think it may well give accountants a greater opportunity to use their knowledge of the systems, the figures, etc., in a more creative manner, rather than just adding up. We're really I think in the transition stage in that sense." (Factory Manager, VI).

"I would like to anticipate that computers will get him away from bloody 0-shitting, and will get him into the situation where he will be able to give more time to financial advice. I often think, the poor bloke he's there all bloody day giving bloody information in the hope that someone uses it. Their role should be one of interpreting and advising." (General Manager, Ia).

"I suppose it ought to have meant that there's less slog in routine work. I think it must be happening in some areas,... but my friends tell me they still have quite a lot of low-grade clerks slogging away. But I don't see that it alters the sort of

high-level aspect of thinking what to do with the data they've collected." (Planning & Administration Manager, VII).

The third quote was included because it indicates that computerisation may have a different effect according to 'level'. The effects of computerisation upon the numbers of accounting staff is discussed in chapter nine. The extent to which middle management in general have been affected on the other hand has already received much attention in the academic literature, albeit without any firm conclusions (Hofer, 1970, Hunt & Newell, 1971 and Blau et al., 1976, provide useful summaries of the early research observations).⁵

Finally, about a quarter of the non-accountants felt that computerisation had not led to any real changes in the roles of accountants. The two examples given below emphasise the importance not only of 'level', but also the nature of an organisational unit, and the 'functions' an accountant performs:

"Computers haven't changed their role at the level I deal with them. I'm sure it's occurring at the lower levels of information gathering and transmission,... but it's not really very different at the higher levels." (Planning Manager, III).

"It's restricted in its benefits to our company, but that's just the way we're set up. We're a production unit, and the holding company has got the computer; they do all the chasing the money, sending the bills out, etc. so it doesn't really affect us. The

bulk of our contact is with the cost accountant and he doesn't use that machine." (Commercial Manager, Xa).

Of the thirty-four accountants that made pertinent comments about the effects of computerisation, thirty-two stated that it had led to 'better' financial information being given (that is, more detailed and/or more reliable and/or more accurate and/or faster information) and/or that it had decreased the amount of routine 'number crunching' necessary; the latter remark was often accompanied by the suggestion that more planning, interpretation and analysis of financial information could be undertaken.

"I think really electronic data processing has just been an aid to us to speed up the reporting... it's certainly made the reporting more consistent, and now we're hitting report dates regularly." (Financial Accountant, Xb).

"In a way it has taken the drudgery out of a lot of accounting... Inevitably it has made a tremendous change in things like our own consolidation here. We can spend a lot more time evaluating the figures, instead of just adding them all up. We can and do use financial models where you can ask 'what if ...?' - that's made a big, big difference." (Group Treasurer, VIIIa).

"I think having a computer on the floor actually helps a lot, because it does mean you can have your own styled reports coming out. I think a few years ago when you had to do all these

reports manually you did suffer really because you were doing the slog actually preparing the report, rather than actually interpreting it. We have a lot of time to sit and think about what the reports say, and to interpret them for other people; because whilst they may be quite understandable to us, I think if they were issued cold to other functions without any commentary they might find them a bit difficult." (Management Accountant, IX).

These results accord with two earlier empirical studies undertaken by Hofer (1970) and Dale (unpublished manuscript reported in Hunt & Newell, 1971), and support the view that the computational part of an accountant's job will be computerised and the communications part will become more important. In as much as computerisation allows accountants to spend more time interpreting and analysing financial information, it can also be regarded as a factor behind accountants' increasing involvement in management decision making processes. The extent to which accountants did actually spend more time interpreting and analysing data was by no means clear however. There were in fact seen to be a number of hindrances most prominent among which were the production of more and more information, and what is commonly known as 'GIGO' (or 'garbage in, garbage out'); the next three examples illustrate these points of view:

"I think one of the problems of introducing computerised systems is that it does affect the role of accountants - people tend not to look very carefully at the figures coming out... and there is a danger that with fairly tight deadlines they haven't got time

to look at it. This is happening at the moment. ... Computerisation has undoubtedly taken a lot of number crunching away from accountants - what tends to happen is a greater degree of analysis is undertaken, and there is always a risk that no more time is actually spent interpreting information." (Computer Liaison & Development Accountant, III).

"I don't know whether the Board is able to make better decisions because of the mass of paper we now produce for them - what I call 'eyebrow-raisers'. We produce lots and lots of computer reports, which sometimes I feel go into the Board, ... they look at them, ... they raise their eyebrows, ... and they say 'Hmmm!'" (Company Financial Accountant, VIa).

"Yes it has made a difference without a doubt... One of the problems however has been to check the relevant accuracy of a lot of the basic information. It comes back to 'rubbish in, rubbish out'; but people will say because it has come out of the computer system it must be right." (Management Accountant, VII).

Finally, a problem noted by five accountants was the possible disappearance of basic accounting skills at the lower management and clerical accounting levels (this can be related to the gradual disappearance of the highly experienced but unqualified type of accounting clerk - see chapter nine):

"One of the difficulties in the future is that traditional book-keeping methods are no longer used. I think such knowledge is still necessary because you still have to think in double-entry terms even when dealing with computers... There's so much stuff done by computers nowadays that people have just lost that knowledge - it's only when something goes wrong and you have to reconstruct something, you find people haven't got a clue".
(Accountant, Ia).

In conclusion computerisation has clearly had an effect on the roles of many accountants, but the nature and extent of any changes were difficult to assess.⁶ There were two main reasons for this.

First, many companies investigated were in a state of flux with respect to computerisation. This in turn reflects both the rate of change in technology in this area in general, and the fact that micro-processors were beginning to be introduced. Whether or not accountants will in the future "again be in control of their own destiny" remains to be seen; it may be that the challenge in the "1980's is that of securing a correct balance between company wide systems imposed by central management, and systems tailored to the needs of subordinate management at all levels in the company" (Reid, 1980). In any event the effect is unlikely to be the same for all accountants.

This relates to the second reason which is that it is unwise to generalise. Computerised management information systems can take many forms and can be introduced in a variety of ways - they may lead to situations in which accountants spend more time planning, interpreting, analysing and communicating, but this will not necessarily be the case. It was also seen that the effects of computerisation may vary according to the 'functions' and level of an accountant, and the nature and size of the organisational unit in which she or he works (cf. Hofer, 1970) - in other words according to the 'type' of accountant (see chapter five). Unfortunately the data collected in this study was not sufficiently detailed to suggest any particular correlations or relationships in this respect.

In short, particularly given the enormous changes that have occurred and are likely to continue in this field, it is thought to be foolhardy to make any generalisations or predictions on the basis of limited empirical data and observations. It should be remembered however that, as yet, computers cannot impinge greatly on the judgemental or 'service' aspects of accountants' work.

6.5 Other Influences

It has been suggested that over the past decade the right of managers to manage with responsibility almost exclusively to the shareholders has increasingly been questioned (Reid, 1980). More attention is now being paid to users of financial information other than shareholders, investors and financial analysts; in particular current recommendations on the disclosure of information to employees⁴ and participation in decision making by employees and their unions means that accountants are being confronted by new types of information users (Parker, 1978). The effects of these influences upon the sample of accountants were studied and are reported in this section. This section also considers the influence on accountants' roles of particular senior managers of 'chief accountants'.

(a) The disclosure of information to employees and unions

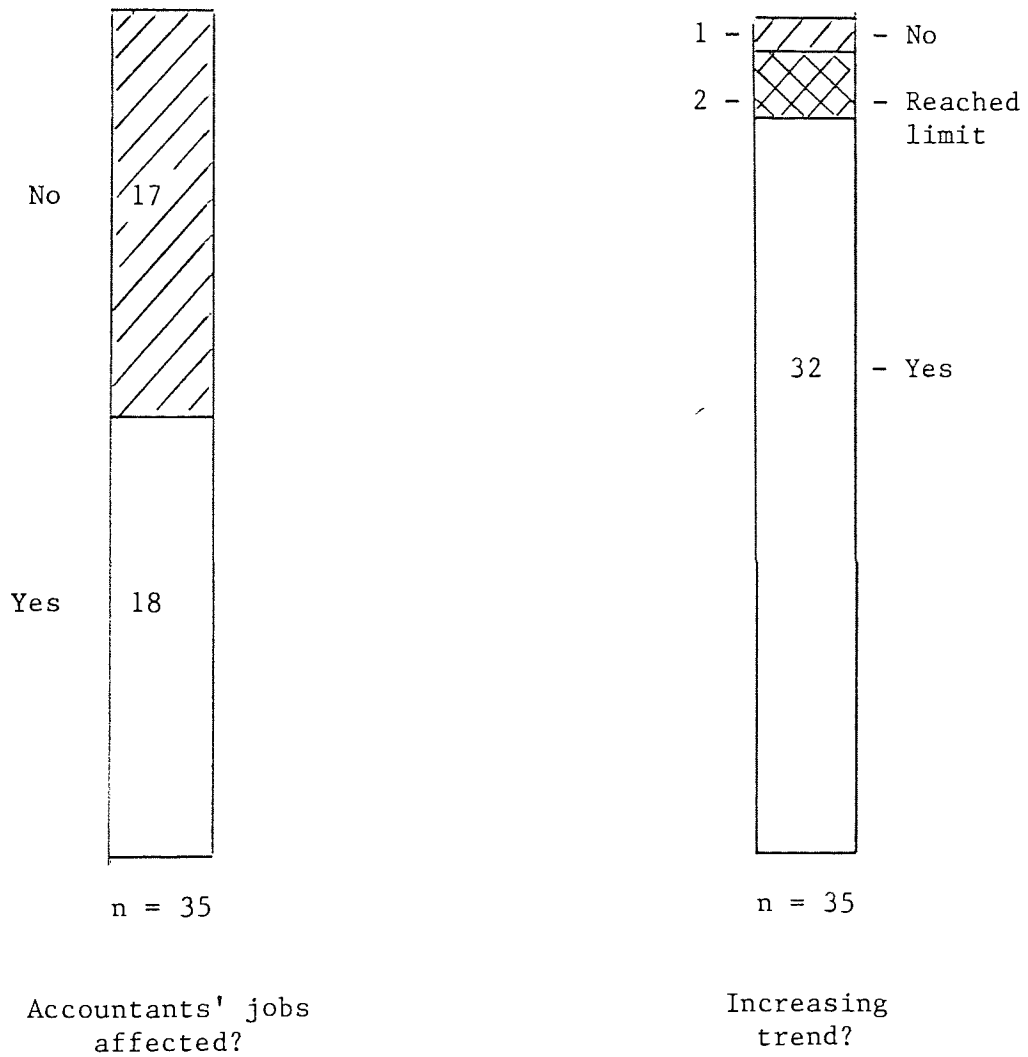
The sample of accountants were asked the following two questions:

- (a) "There has been a growth in white-collar unionism and in the disclosure of information to and participation in decision making by employees. Has this affected your job at all?"
- (b) "What about the future - do you think you will have to provide more information to employees and form closer contacts with the unions? (Do you regard this as a good thing?)."

Figure 6.5.1 summarises the results. It can be seen that about half of those who answered the first question thought that their job had been affected, while the large majority of respondents felt that there would be a requirement for the provision of more information to employees and/or closer contacts with unions in the future.

Several respondents who thought that their jobs had not been affected related this to the low level of unionisation in their particular area or organisation as a whole. Others stated that they already made a point of explaining their actions to their staff and allowing them to participate; indeed employees may not always desire further involvement:

Figure 6.5.1 The Disclosure of Information to and Participation in Decision Making by Unions and Employees



"They're not really interested in the disclosure of information. I have attempted to explain to punching people why we must retain working capital in the company and not pay suppliers willy-nilly ... but I'm not sure they understand or even wish to understand."
(Accountant, Ib).

Although many accountants felt that their jobs had only been slightly affected, others noted significant changes. The following quotes from three different organisations illustrate such changes, and emphasis the concomitant requirements for the education and training of employees:

"Yes ... we present to every employee the financial results; a marketing, manufacturing, and finance man attend at a number of sessions to answer any questions posed by people top to bottom in this place; we also have here a training scheme whereby we have presentations to non-accounting people to make them aware of the jargon, etc." (Financial Planning Manager, VI).

"We certainly now on a regular basis have periodic meetings with union reps about the productivity performance over the past four weeks; every six months we review the financial results of the specific areas that the union reps come from. We also communicate down the line in terms of the company results. The analysts go into their own departments and discuss with the unions and the employees the total results of that area. So there's a lot more involvement, and often we are management's

mouthpiece in terms of standing up and telling people what's actually happened. We're also getting involved, and have done for the past three or four years, in our education and training area in terms of putting on courses for non-accountants: there are three courses a week now, with a half-day for clearing up any financial questions." (Management Accountant, VII).

"It's affected my job: involvement in staff well-being, and the unions or representatives, is now becoming a significant aspect of accountancy in terms of running a department; and it's something that isn't going to go away - it can't be ignored. In bald figures there would be about twenty per cent of every day available to me that isn't at the moment, if we didn't have that sort of environment of staff being organised into unions. I'm not saying it's bad; it's just different, and has to be recognised." (Financial Controller, XI).

With respect to future developments Organisation V was such a small organisation that the Financial Director did not think it would become unionised or that there would be a need for any additional formal disclosure of information. He was the only respondent to answer in this fashion. Two other accountants found it difficult to perceive how any more could be done in these areas in their organisations than was already being done; for example, the Head of the Finance and Management Accounting Section in Organisation III stated:

"I don't think we can provide much more information than we do at the present time. Our disclosure - what we call 'communication of business information' - is already far in advance of anything we were doing a few years back. ... We do give a lot of information to employees on a very regular and a very disciplined basis, whether at plant level or generally, and there is a lot of consultation that goes on."

When questioned a further twenty-two out of the thirty-two interviewees who thought that more information would be provided to and closer contacts maintained with employees, suggested that this was probably a good thing. The following three quotes are typical examples:

"Certainly a tremendous amount of effort is now put in to be able to clearly and precisely disclose to employees information which would be useful to them to judge how the company is doing, what opportunities are available, and what benefits can be provided [Good thing?] Very good - I think it has to be increased even more with the recessionary tendencies we're going to have." (Financial Accountant, VI).

"I think more information will be available because of technology..... I don't see it as a continuous thrusting demand for more and more. I think there is such a dearth of information though that quite rightly the demand is there for a certain amount." (Finance and Planning Director, VIII).

"I will be called upon to produce more information for the , if you pardon the phrase, rank and file union men at the depots, because these unions are officially calling for more information. [Good thing?] Oh yes ... I'm more than happy to provide it - we're not here as a secret service. I mean we literally are a business, and we're all just a part of it." (Financial Performance Manager IX).

On the other hand ten respondents expressed strong reservations about the apparent trend towards greater disclosure to and increasing influence of unions in this area:

"I personally don't think we ought to have to, but there's a lot of pressure from the clerical unions to get more and more information. At the end of the day though they should be looking after their staff's interests, and not running the business - they do seem to get that emphasis wrong in certain instances." (Factories Administrator, IVa).

"I've mixed views on that. I think anything that helps to educate the people to appreciate the company they're in is worthwhile; but just giving information to union people I think you could have a boomerang effect. I don't think the unions as yet have learnt to be responsible - it's still us and them." (Cost Accountant, VII).

"I'd like to see people taking an intelligent view of matters, but I'm afraid a lot of the union information that is sent out as guidance is not very good ... in fact I'd say it's inflammatory. It's all very much wrapped up with bargaining rather than informing ... which is unfortunate." (Group Financial Accountant, X).

It is interesting to note that while accounting is often seen as an objective unbiased source of information, its disclosure to unions can produce reactions that acknowledge, if only tacitly, the flexibility of accounting measures and the possible variations in their interpretation (cf. Burchell et al., 1980).⁷ It may also be that accounting will increasingly provide a common language or medium for negotiation and debate (see for example: Cooper et al, 1981; Bourn et al., 1982). In fact there is evidence that at national level trade unions view financial information as an important power resource in negotiation with employees (Trades Union Council, 1974), but that there is very little enthusiasm on the part of union negotiators at plant level for increased information disclosure (Mitchell et al., 1980; Owen and Broad, 1983).

In conclusion the greater disclosure of information to employees and unions had affected the roles of some accountants - whether or not particular 'types' of accountant were affected more than others was uncertain however.

(b) 'Significant' individuals

The aim of this part of the section is not to try and determine the relevance of individuals' orientations, relationships, personalities or career situations (these are discussed in the next two chapters), but to highlight the importance of what have been termed 'significant' individuals. Respondents from five organisations commented on the influence of particular middle or senior managers or 'chief accountants' upon the roles of their accountants.

In Organisation IVa the accountant in charge of the electrical division was seen to have been influential by a number of interviewees; the Production Manager Machines referred also to the senior production manager when considering why certain changes in accountants' roles had occurred:

"Oh, I think because of the changes that have taken place in the executive and the manufacturing management team. The senior production manager is someone who's very keen on keeping control of our expenditure and was previously, for a long time, on an operations team with the division's chief accountant, and although I wouldn't pretend they're big mates they understand each other, and they try to relate that to every day working."
(Production Manager Machines, IVa).

The Financial Controller in Organisation VI had clearly had an impact on the organisation (although as the case study indicated it was not necessarily seen to have been a beneficial one), and the Marketing Manager had been particularly impressed:

"Your attitudes change to the type of person who is running a department. ... We've got a very good financial man ... and, therefore, certainly my attitude towards accountants has changed." (Marketing Manager, VI).

It was very clear from the interviews and the other information picked up during the investigations of Organisations IX and X that the Financial Director of the former and the Group Managing Director and Group Financial Director of the latter had introduced a number of important changes into their finance and accounting functions. The following two quotes reflect more wide-spread opinions in their organisations:

"In a very simple way I'd say part of this change stems from our FD, who's very closely involved with the ICMA, and who's made it a point that we should have an extremely good training scheme. ... And I think this feeling that he wanted to give an impetus to the finance function has permeated through to the lower levels of the organisation." (Financial Performance Manager, IX).

"It's leadership from the top: a new Group MD who's financially very able and aware and uses accountancy as a strong tool; a good

quality Group FD who's also shown it to be a very useful tool; and better quality accountants as it's evolved." (Managing Director, Xc).

Finally in Organisation XII, although the Financial Director referred to the personalities and approach of the accounting function in general, it is thought that he had himself played more than "a fair part" in the greater acceptance of accountants:

"I think we are accepted a lot better now. I think that's partly because of personalities, ... and I think I've played a fair part in this: we've tried to bring accountancy and its terminology down to a level that everybody understands - to try and take out the mystique. But I think more than anything a more friendly and workmanlike approach by the accountants has resulted in them generally being more accepted." (Financial Director, XIII).

In conclusion it has been suggested here that relatively senior managers or managers responsible for the finance and accounting department within an organisational unit can influence significantly the roles of 'their' accountants. Clearly however certain key individuals from other functions who have a dislike of the accounting function may be instrumental in ensuring that the roles of accountants remain unchanged. The point is that whether particular individuals are seen to introduce change or whether processes of change are

thought to 'throw up' certain leaders, key people in hierarchical industrial organisations are likely to implement change, or at least to initiate its implementation; not enough emphasis has perhaps been paid to this area in sociology in the past.

6.6 Conclusions

This chapter has considered various influences external to the respondents that were thought to have affected changes in accountants' roles. Change in organisations and in other areas of society is an extremely complex process which is influenced by and impinges upon numerous factors, some of which appear to be 'trends' that are outside individual control, while others are more clearly related to individual orientations and actions. Even within an industrial organisation it is extremely difficult to trace exactly how change is brought about or evolves. The influences reported in this chapter are not mutually exclusive but are all inter-related (thus changes in organisational structures may be influenced by wider economic or business developments say, or indeed by computerisation⁸). Moreover as has been seen, whatever the wider pressures and trends, change within industrial organisations is often introduced or put into effect through the effort of particular 'significant' individuals.

The influences considered in this chapter (economic and business pressures, organisational structures, computerisation, and the disclosure of information to employees and unions) were seen to have affected different accountants in different ways. Unfortunately the data was not sufficiently detailed to enable particular correlations and relationships to be analysed. Nonetheless the evidence suggests that the size and level of an organisational unit, the level of an

accountant, and the functions that she or he undertake may be important determining variables - or in other words, an accountant's type of position may be significant. It is also thought that the nature of an organisational unit in particular required further clarification.

Notes:

1. 'External' is taken here simply to mean external to or beyond the apparent control of an individual.
2. A 'financial unit' refers to any unit that is "financially self-producing", while a 'unit of command' refers to "any unit subject to a degree of unity of command such that important decision-making capacities exist at the level of command in relation to that unit" (Tomlinson, 1982, p.133).
3. See also Prais (1976) and Cutler et al. (1977, 1978).
4. 'The Corporate Report' in 1975 urged fuller disclosure to employees and the Employment Protection Act of 1975 and ACAS Code of Practice of 1977 required companies to provide information necessary for collective bargaining.
5. It should be noted that these studies were conducted in the context of centralised 'main frame' computing.
6. More general discussions of the managerial implications of micro-electronics can be found in Forester (1980), Twiss (1981), and Child (1984).

7. The possibility of variations in interpretation is highlighted by reports such as those produced by Ruskin College for union negotiators at Fords and by Counter Information Services (eg. Anti-Report, Number 5, 1973, on British Leyland).

8. See Mumford and Banks, 1967; Withington, 1969; Argyris, 1970; Hofer, 1970; Whisler, 1970; Blau et al., 1976. One of the most common findings of these and other studies relating to the effects of computerisation upon organisations is that the numbers of clerical employees are reduced - this is discussed further with respect to clerical accounting staff in chapter nine.

7 ACCOUNTANTS' WORK ORIENTATIONS AND RELATIONSHIPS

7.1 Introduction

7.2 Accountants' Orientations to their Work

7.3 Non-accountants' Orientations to Accountants

7.4 Relationships between Accountants and Non-accountants

(a) Disagreements between accountants and other managers

(b) Attitudes between accountants and other managers

(c) Summary

7.5 Conclusions

7.1 Introduction

It was suggested in chapter two that this study was concerned with understanding action rather than observing behaviour (cf. Silverman, 1970); it is concerned not only with what accountants do, but also with the meanings they and relevant others ascribe to their actions. It was also stated that "people will be viewed as being constrained by the social world, at least to some extent, but also as being able to interpret it, assign meanings to it, and influence it". In other words behaviour is not seen to be determined by technological, organisational, environmental or other 'contextual' factors; on the contrary, people act in accordance with their own interpretations or definitions of a situation - although such interpretations are never completely free from outside influences and constraints (cf. Rose, 1962).

Some of these outside influences and constraints were discussed in chapter six; this chapter considers the interpretations or definitions ascribed by respondents to the work situation of accountants. In particular section 7.2 looks at accountants' orientations to their work, section 7.3 assesses non-accountants' orientations to accountants, and section 7.4 considers the relationships between the samples of accountants and non-accountants.

7.2 Accountants' Orientations to their Work

The amount of time that the sample of accountants stated they spent on various aspects of their job was outlined in chapter five. In order to understand better accountants' orientations to their work and what their involvement in such areas meant to them, they were also asked as to the amount of time they thought they ought to spend on each aspect (see figure 7.2.1) and the amount of satisfaction they obtained from each aspect (see figure 7.2.2).

The former question was answered by respondents in terms of whether they felt they should spend more or less time on each area, rather than in absolute terms - consequently figure 7.2.1 illustrates the results in relative terms. It can be seen that the sample as a whole did not think they ought to alter their patterns of working to any great extent: it was felt perhaps that some more time could have been spent on 'counselling other managers', and a little less on the 'preparation of accounts'. The findings were similar for the six 'types' of accountants' positions (see Appendix 5) and the only noticeable differences were as follows: the 'sole accountants' thought they ought to spend more time on 'day-to-day control and administration'; the 'central accountants' and 'management and cost accountants' felt they should spend more time on the 'administration of staff'; and the 'management and cost accountants' thought they ought to spend less time on 'budgetary control'.

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Figure 7.2.1 Time Accountants Felt They Ought to Spend on Various Aspects of Their Jobs

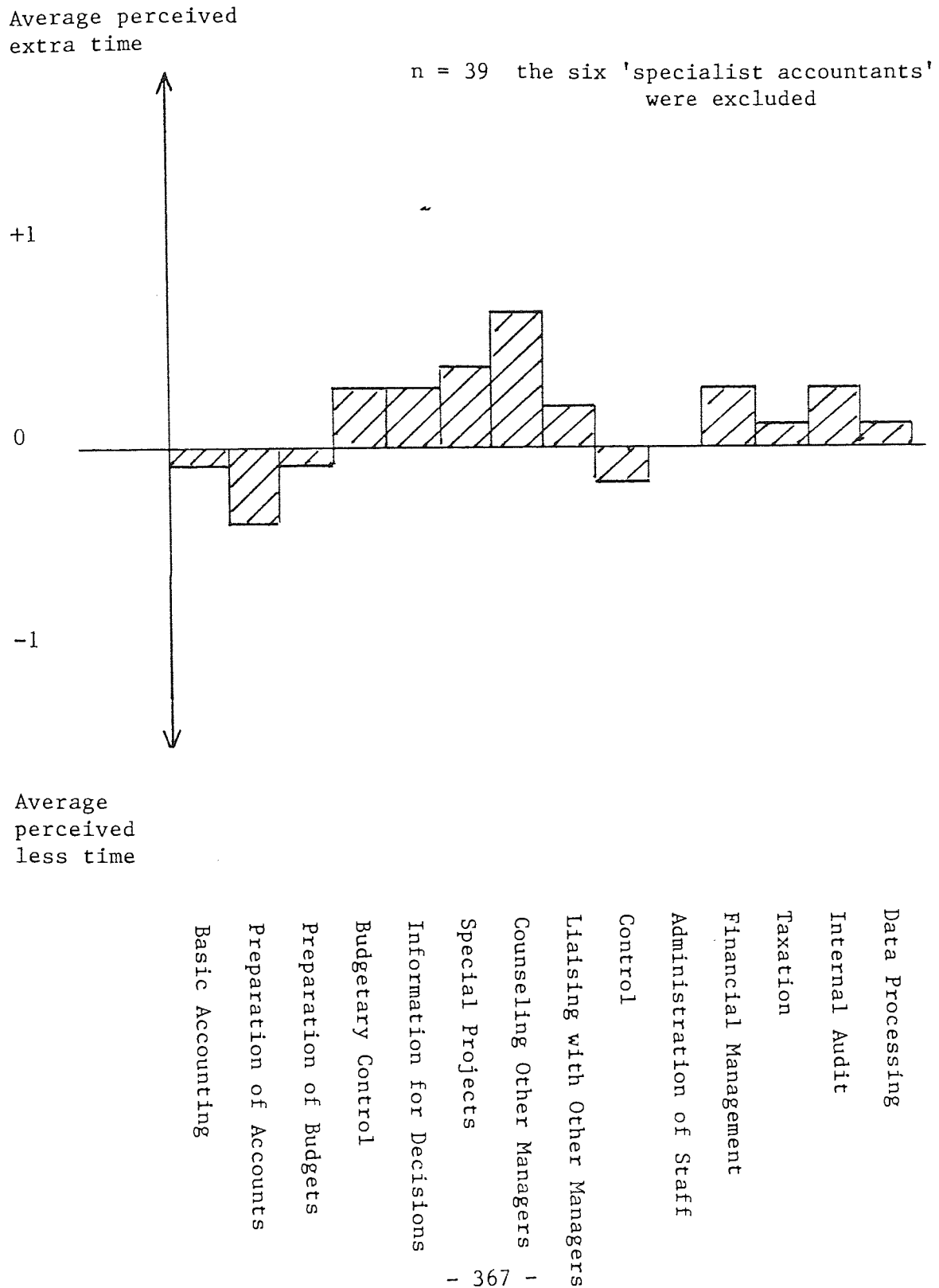
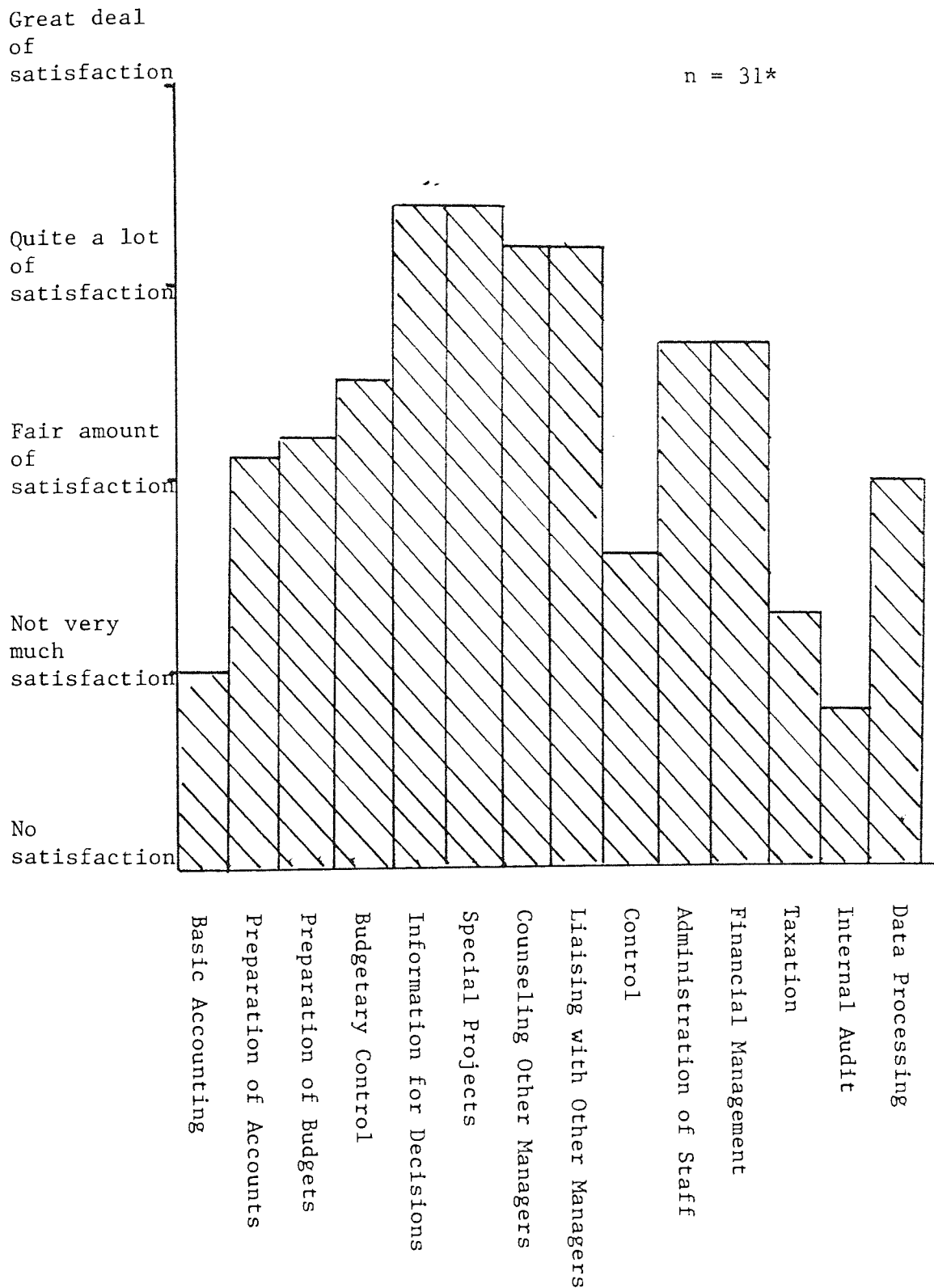


Figure 7.2.2 Perceived Satisfaction Accountants obtained from Various Aspects of Their Jobs



* No 'specialist accountants' and no accountants from Organisations I, II & III were asked this question.

Figure 7.2.2 shows that most satisfaction was obtained by the accountants from 'providing information for decision making', 'special projects and investigations', 'counselling other managers', and 'liaising with other managers'. In fact every respondent obtained at least a 'fair amount' of satisfaction from all of these four aspects of their jobs. 'Counselling other managers' and 'liaising with other managers' also attracted the most additional comments:

"If I've learnt anything in about the last year, it's that the more you can chat to other people, the better you are going to be." (Operational Accounting Manager, IVb)

"My philosophy is that you can be the best technician in the world, but if people don't understand you, you might as well not be there." (Cost Analyst, VII)

"Most satisfaction I think always comes out of that one (liaising with other managers), because you learn more by talking to other people and with other people and listening to their experiences and so on." (Group Accounting Manager, VIIIa)

The data was analysed in more detail with respect to the various 'types' of accountants' positions (see Appendix 5) but the results were again similar for all groups. There were only four noticeable differences: the 'sole accountants' obtained relatively more perceived satisfaction from the 'preparation of budgets'; the 'central accountants' thought they received relatively less satisfaction from

'liaising with other managers'; more satisfaction was obtained from the 'administration of staff' by 'financial accountants' than other groups; and both the 'chief accountants' and the 'financial accountants' felt they got relatively more satisfaction from 'data processing'.

The main point to emerge from these findings is the sample's general orientation towards the 'service' and communication aspects of their jobs. This can be related to Watson's (1977) results when he asked one hundred personnel managers what most appealed to them about their work. The most popular response categories were as follows: "involvement in the business, influencing decisions or policies, working at a senior level, the politics" (thirty-nine); "working with people, contact with people, etc." (thirty-two); "the variety in the work" (twenty-two); and "helping or developing people" (sixteen). Whereas the second and fourth areas refer to what might be termed the 'people-oriented' aspects of the job, the first category relates to what might be termed the 'managerial' aspects.

The similarities between the two sets of results are reinforced by the answers of the sample of accountants to the following question: "If you could redesign your job so that it was more satisfying, what would you like to have changed if anything?" Their interest in and desire for more involvement in the 'managerial' aspects of their jobs is indicated in figure 7.2.3. Before considering the categories in more detail it should be noted that there were two main differences in

Figure 7.2.3 Changes in Their Job Desired by Accountants

No change - satisfied with current job	12
Better staff, improved accounting systems, and/or more freedom from external financial constraints	9
Less day-to-day clerical routine	12
More involvement in management thinking, decision making, and/or financial planning	15
Other comments	5
	—
Total number of comments	53*

* Eight accountants made comments that fell into two categories.

respondents' replies according to the 'types' of accountants' positions.

First, four out of the six 'chief accountants' were reasonably satisfied with their jobs to the extent that they could not think of any changes they would like to make; this may have been because they had a certain amount of control over what they did:

"I have no constraint as to what I get involved in." (Finance Manager, IVb)

"I think I've got it pretty well sewn up - there's plenty of variety." (Finance and Planning Director, VIIIB)

Secondly, half the 'financial accountants' referred to the need for better staff and accounting systems and/or the desire to be free from outside constraints:

"I'd like to have more highly qualified younger back-up ... basically to get rid of a very poor accounting system." (Chief Financial Accountant, II)

"I think we should be autonomous as a division; I think the centre have tried to retain control of everything to a much greater degree than they ought to." (Financial Accountant, IVb)

Apart from these two differences the sorts of replies according to the various 'types' of accountants' positions were similar (see Appendix 5); consequently the other categories will be treated as representative of the comments of the accountants in general.

It can be seen that a third of all respondents suggested that they wanted to be more involved in the general management of, planning for, and/or decision making within the business. The following three accounts are typical examples:

"I suppose I would personally like more time to manage and to plan the financial destiny of the Group." (Group Treasurer, VIIIa)

"Yes, I suppose the one thing you don't get very often is that you don't really make the final decision. I think that is always taken away from the accountants, but that would be the one way of improving the amount of satisfaction." (Management Accountant, IX)

"I'd like to see them in fact bringing us more into things because it used to be: 'Oh well, you're in a cupboard somewhere producing accounts for us ... we don't really want you to take part in any wider spectrum of decision making'. Although they're making better use of us now, the accountant is still viewed as an afterthought in some departments." (Financial Performance Manager, IX)

Over a quarter of the accountant interviewees expressed dissatisfaction with the amount of time spent on day to day 'fire fighting' exercises and routine clerical work. Half of these comments were accompanied by statements suggesting that respondents wanted more time to 'sit back and think' about what they were doing and more time to appraise, interpret and communicate the information they had collected. The following three quotes give some idea of the general nature of such comments:

"I must admit I don't get as much time as I'd like to sit down and look at these things from afar; one seems to be so tied up with day to day commitments. I have to produce a report each month for the General Manager ... and I don't think I'm able to look through them as much as I'd like to, or in the way I'd like to." (Accountant, Ia)

"I think this job could be made a lot easier if we could get the routine side of things going - which would leave more time to at least monitor the two guys that work closest to me such that I'm doing appraisal rather than just number crunching shall we say." (Operational Accounting Manager, IVb)

"I'd like to get rid of quite a lot of routine. I waste an awful lot of my time sorting out the day to day problems which for the most part aren't necessary. ... I find there's such a sort of fire fighting exercise going on a lot of the time you don't get enough time to maybe sit back, plan, think about it, help people

to understand it, and care for the staff." (Cost Section Accountant, VII)

Watson (1977) also asked his sample of personnel managers what they most disliked about personnel work. One of the two relatively large groupings of responses related to 'administration', 'routine', 'paper work', 'keeping statistics', 'records', 'salary forms', and so forth. A dislike of such areas may in fact be common to a number of occupations.

Finally, in order to determine to what extent respondents' orientations were influenced by their views relating to the organisation as a whole, both accountants and non-accountants were asked: "How well do you think this organisation uses the resources it has in its accountants?" Figure 7.2.4 outlines the results.

All respondents were reluctant to criticise their organisation and those that were not happy with the way accounting resources were utilised tended to talk in terms of "things could be better" or "not the optimum use". Given the small numbers involved it is very difficult to determine if the accountants' responses varied according to their positions; it is worth noting though that three out of the five 'sole' accountants that replied thought that their organisation could make better use of them (see Appendix 5). Overall, however, about three-quarters of the sample thought that accountants were used at least fairly well; eight interviewees also noted that they were

Figure 7.2.4 Use of accountants by organisations

	Accountants	Non-accountants
Could be better	10	5
Fairly well	21	17
Well/very well	11	6
No answer	3	8
Total	<u>45</u>	<u>36</u>

being used better than they had been in the past. Finally, five accountants suggested that some of their colleagues were being under-utilised, with qualified staff being employed virtually as clerical assistants.

These answers compare favourably to those of the personnel specialists in Watson's (1977) study who were asked the same question. He states that about half of his interviewees were unhappy about the extent to which or way in which the personnel function was being used, although things were often seen to be 'improving'.

The accountants' answers to all the questions analysed in this section indicate that in general the sample were fairly satisfied with both their jobs and the way they were utilised by their employing organisations. Although there was some indication that there might be differences in accountants' work orientations according to the positions they held, the sample was too small to draw even any tentative conclusions. It should also be remembered (as was noted in section 5.3d) that individual time-related and situational factors will make any strong correlations unlikely.

In short, the main conclusion to emerge is that most accountants favoured what Hopper (1980) termed 'service' activities, as opposed to 'book-keeping' ones. In other words the 'people' and 'managerial' aspects of their jobs seemed to be ones that gave respondents the most

satisfaction, in preference to routine number crunching and day to day 'fire fighting' and administration.

Despite the amount of "expected and recurrent systems administration" necessary for many accountants (Stewart, 1976; see chapter five), it was the "non-recurrent project work", providing information for decision making, interpretation, and the giving of advice that the majority of the sample seemed to desire. Like managers in general (see chapter five) and personnel managers in particular (Watson, 1977), most accountants showed a "preference for live action" and an "attraction to the verbal media" (Mintzberg, 1973). Such findings contrast with those of earlier studies such as Woodward's in 1965 - she suggested that the ill-feeling between accountants and 'line' managers was due at least partly to accountants' reluctance to accept the role of management accounting as a servicing or supporting function.

7.3 Non-accountants' Orientations to Accountants

In order to obtain some idea of how non-accountants viewed the work of their accounting colleagues, the sample of non-accounting managers were asked: "Are there any things you would like the accountants to do that they do not do at present, or any activities that you would like them to do differently in any way?" The results are outlined in Figure 7.3.1.

It can be seen that eight interviewees referred to accountants' lack of understanding of other areas of business, or indeed of business in general; the following are typical examples:

"I'd like to see a lot of accountants get involved and see what we actually do, so they can understand their decisions which they make about the business a little more." (Marketing Manager, VI)

"I'd like the accountants in fact to be more knowledgeable of the overall business principles ... and as much I'd like to see the reciprocal case of managers having more knowledge of finance and its workings." (Factory Manager, IX)

"I'd like them, perhaps at the training stage, to have more background knowledge about the sort of industry they're going to work in ... like engineering. It's commonly accepted I think that all managers need to know something about accountants, but

Figure 7.3.1 Changes in accountants' jobs desired by non-accountants

Better understanding of other areas of business, or business in general	8
More involvement in management thinking, decision making, &/or forward planning	8
A greater awareness of the need to take risks	5
Changes in technical aspects	8
Dependency upon 'type' of accountant or upon individual characteristics	5
No change - satisfied with current situation	7
People making comments unrelated to any of the above categories	3
Total number of comments	<u>44</u>

* Total number of respondents = 36.

accountants don't necessarily need to know that much about engineering." (Commercial Director, Xa)

Organisation Xa's Commercial Director was not the only person to note a disparity in background knowledge between accountants and managers from other disciplines; it was suggested by a few managers, however, that accountants did not appear to have the time to obtain such an understanding (for example, Organisation XI's Sale Director).

A further eight interviewees wanted accountants to become more involved in the more general managerial aspects of business:

"I'd like to see them gain more involvement in the management team of a company, using their accounting skills to complement the management team, not using them in the book-keeping aspect to monitor the team." (Commercial Director, II)

"Well I'd like to see them have more initiative, in that a lot of their work is historical. Although they do a lot of work on budgets, which are supposed to be the plans for the future, they really only manipulate the numbers in many ways, rather than try and help managers prepare policy changes for the future which would have certain economic advantages." (Factory Engineering Services Manager, VII)

"I'd like to see them get more involved in commercial decisions than they do at present." (Managing Director, Xb)

Such remarks can be related to Hopper's (1980) finding that other managers often resented accountants because they were seen to be outside the management process; accountants were criticised for absenting themselves from management meetings, or, if present, "they were often perceived as being unwilling to initiate studies, provide alternatives or add personal judgements or managerial implications to reports".

Closely related to these replies were five comments relating to the conservatism of accountants and their reluctance sometimes to become involved in the taking of risks (which was seen as an essential element of 'commercial' decision making). Organisation XI's Commercial Director expressed this view as follows:

"I think with a new product, you design it, you manufacture it, and at some stage you have to take a sort of risk with those things which the accountants perhaps wouldn't recommend."

(Commercial Director, XI)

Technical changes in accounting systems and the way information was collected and reported were mentioned eight times, and in particular three managers stated that they wanted "a little less precision with a little more speed" or "more accurate information, more quickly."

Finally, seven respondents (from six different organisations) were quite satisfied with what accountants did, and five suggested that it

depended very much on the individual accountant and/or the "type" of accountant.

The three areas of accountants' roles that other managers most often suggested they would like altered can be related to a more general image or stereotype of accountants that perhaps still flourishes. Traditionally accountants have been regarded as preoccupied with their own techniques and the manipulation of figures (Elgin, 1965; Young, 1973), over-cautious and conservative (Bishop, 1976, Tricker, 1967), introverted and lacking in social skills, and inflexible (Ellis and Child, 1973).

In order to try and determine the extent to which non-accounting managers held such stereotypical views, they were all asked a further three more specific questions: "Do you think accountants have an adequate knowledge of your job and the difficulties your department faces?"; "Some would say that accountants tend not to be 'team men' and are not very good at communicating the information they collect - do you think this is true in this organisation?"; and "It has been suggested that most accountants are rather conservative and risk-averse - from your own experience in this organisation, do you think that this is so? Do you think that they should be?" The answers have been categorised roughly and are outlined in figure 7.3.2. In some cases respondents referred to the answer they had already given to the more general question discussed above - these earlier replies have been included in the analysis shown in figure 7.3.2.

A number of interviewees were uncertain because they felt that it was impossible to generalise and that it depended upon the nature of the individual - in particular this applied to the second question concerning accountants' integration within management and their ability to communicate. The majority of respondents also appeared to refer only to the accountants with whom their department had most contact - their answers did not necessarily apply to all accountants:

"You've got to be careful what you mean by an accountant. In the case of the Factory Accountant, he reports to me, he is a senior member of the major body on site making policy decisions, he works very closely with the departmental managers, and I believe his knowledge of the business function is very good. I would be critical of accountants in general, however, and again that applies more to financial accountants." (Factory Manager, IX)

It is not clear to what extent such comments about accountants in other areas represent well-informed opinions or merely reflect popular impressions and more general stereotypes.

On the whole the understanding of accountants was thought to have improved, and this was attributed to both changes in organisation structures and overall company policies:

"I've got to say yes. In fact if we did not have this situation where we're trying to integrate with each other, then the answer would be no; there is a definite business directive here to try

Figure 7.3.2 Non-accountants' orientations to certain commonly held views about the roles of accountants

Accountants do not have an adequate knowledge of other areas of business (n = 36)	Agreed	13
	Disagreed	9
	Uncertain	11
	No answer	3
Accountants are not 'team men', and are not very good communicators (n = 36)	Agreed	6
	Disagreed	13
	Uncertain	17
Accountants are rather conservative and 'risk averse' (n = 36)	Agreed	11
	Agreed, but good	16
	Disagreed	5
	No answer	4

and make people understand each other's problems." (Marketing Services Manager, IVa)

"Yes....in the last five or ten years there has been a very deliberate policy by both the accountants and the production personnel to get together - some of it is a matter of personality, but I think it has worked very well." (Planning & Administration Manager, VII)

Thirteen of the thirty-six non-accountants, however, still did not think that accountants had an adequate knowledge of their areas of business; as in the earlier more open question, some managers felt that this was not so much a matter of attitude but rather the result of accountants not having sufficient time to obtain the necessary understanding. The following three accounts give an idea of the general flavour of these replies:

"I think that perhaps accountants generally don't feel qualified or welcome to intrude, or perhaps are nervous of some of the problems they would encounter. As a general rule I'd say they'd not be too aware of the problems my department faces." (Factory Manager, VI)

"I think a lot of departments are like this - they're in their own sort of pocket, their own line of experience, and have a lack of breadth perhaps. I think greater interchange could overcome it - I'd like to get one of our analysts and send him out with

one of the reps for a month." (Marketing Career Development Co-ordinator, VII)

"No....Partly because I think the financial department here, which is very, very good, in my estimation, just hasn't got the time at the moment to set themselves apart and get the basics of a technical knowledge. I think if they don't get it in their education and training, they won't get it in industry - because they won't have the time to do it." (Sales Director, XI)

Twice as many respondents thought that the accountants in their organisation were 'team men' and were 'good at communicating the information they collect' as did those who felt that they were not - despite the question being phrased in a manner that was more likely to prompt a negative response. A number of interviewees emphasised how matters had changed in this respect:

"If I go back ten years I suspect they probably weren't ... but this has got progressively less true, because we've got many more what I think of as 'management accountants' nowadays, rather than accountants just concerned with figures." (Product Group Planning Manager, III)

"I think that it's improves a hell of a lot in this organisation. I think that if you take the operating budget here at this factory, the way it's presented is largely to suit line

management - the formatting, the explanation of the variances and so forth is set in a style that line management can understand." (Factory Manager, IX)

Indeed the desire for accountants to try and get information across as simply as possible was illustrated by the accountants in Organisation VIIIb who were organising a one-day finance course for non-financial people that would be taken round to all the sites in the division.

Although eighty per cent of non-accountants thought that the accountants in their organisation were generally rather "conservative and risk-averse", only thirty per cent felt that this was necessarily a bad thing. Not all of this latter group were as extreme in their views as the Marketing Career Development Co-ordinator:

"I think it is so, yes. In fact that single factor could cripple British industry, because the only way you can expand and operate is by risk. We're tending to button ourselves down too much by what we should do, by what the book says, and removing this sort of entrepreneurial spirit." (Marketing Career Development Co-ordinator, VII)

The comments of the New Product Development Manager are particularly worthy of note in that he was a qualified accountant and had only recently been transferred from the accounting department:

"Yes... I feel a lot of them would benefit from getting more involved commercially and taking off the pure accounting hat if you like. There are those accountants who are still very much historical type accountants and a lot of them tend to follow the rules too closely; there are also one or two who who're a little

more commercially aware, and they'll bend the rules and they'll use the art form rather than the science form - and more people are getting that way because of the pressures the business is putting on them really." (New Product Development Manager, IX)

Those that thought it was appropriate for accountants to be risk-averse often stressed the importance of reliable, unbiased information.

"They are conservative, but it would be dangerous if accountants were entrepreneurial. I am one hundred percent anti them being more entrepreneurial. You need consistent factual advice - accountants must be an anchor, they must be totally reliable; you have to know that the information is 100% factual; and straightforward." (General Manager, Ia)

"I think by nature accountants are not risk takers, but if you talk to them and explain in some detail the risks you are running, he can often add to or qualify the risk. I think it'd be fair to say that sometimes for people like myself it's good to have an accountant who can stand away from it and say 'Have you thought of this?'" (Sales Manager, II)

"Yes...and it's a good thing they do take that attitude because I'm very much aware that engineers get carried away, and you need an accountant or someone with their feet very much on the ground

to pull the pendulum back." (Engineering Administration Manager, IVb)

The replies of this group probably reflect the thin dividing line between 'conservatism' per se and 'sound financial advice'. The Regional Director of Organisation VIIIa expressed this well when he stated that while a certain amount of conservatism on sound financial grounds made for "a good balance in business", it should not be a question of attitude so much as one of "pointing out the financial restraints and weighing up the financial implications of any actions".

Finally five of the thirty-six non-accountants interviewed did not feel that their accountants were too conservative, although clearly differences were seen to exist between individuals:

"There's great variance between individuals. I'd say that our particular Product Group Accountant does not suffer from over-conservatism. I do not see it as a problem within our product group and I believe that reflects our organisation; I think that in organisations where accountants are retained in a central pool, in a windowless room cut off from day-to-day commercial decisions, then they could be over-conservative."
(Product Group Marketing Manager, III)

"No I don't think I would describe our accountants here as ultra-conservative. I think that they're of an enquiring mind actually. From the contacts I've had they don't seem to stick to what they see on paper, but they're prepared to think well beyond in a much more global sense about whatever problem it might be."
(Personnel Manager, VIIIb)

The personal flexibility of accountants in the work place was tested by using a measure developed first by Pym (1966) and then by Ellis & Child (1973). In particular all interviewees were asked five questions that Ellis & Child found formed a dimension relating to a 'preference for a varied work environment' (see Appendix 2 for details of the questions) - figure 7.3.3 outlines the results.

It can be seen that all respondents showed a marked preference for a "varied work environment" and that no significant differences existed between accountants and non-accountants, or between different 'types' of accountants' positions. In fact the average total scores for both groups were higher than for any functional specialism tested by Ellis & Child (who had found that finance managers scored appreciably less than nine other types of manager). Indeed in the entire sample of seventy-six managers questioned in this survey there was only one (the accountant in Organisation Ia) who scored less than a total of five. There is no obvious explanation for the discrepancy in the results of these two studies.

Figure 7.3.3 Managers' preference for a varied work environment

	Accountants (n = 45)	Non-accountants (n = 31)
Average total score** for five questions	8.2	8.6

* Non-accountants from Organisations I & II were not asked these questions.

** The maximum score possible was ten, indicating a strong preference for a varied working environment; the minimum score possible was zero.

When questioned about their orientations to accountants, the non-accountants tended to refer to those with whom they had most contact (often, but not necessarily, 'management and cost accountants'). Where distinctions were made between different types of accountant, it was usually between their accounting 'colleagues' and 'other accountants'. Although respondents' comments on 'other accountants' were not as favourable, it is not certain whether these represented informed and considered judgement, or were rather the product of ignorance and more general traditional images.

Despite some trenchant criticism, non-accountants' orientations towards accountants were fairly positive overall. Most non-accountants were reasonably content with accountants' knowledge of other areas of business, and with their involvement in and communication with the 'management team'. To the extent that accountants were regarded as conservative, this was equally likely to be viewed as necessary as unacceptable.¹

The changes in accountants' jobs desired by non-accountants were often precisely the ones desired by accountants themselves - particularly with regard to involvement in management decision making and planning. Such changes had not come about, perhaps, because of the constraints placed upon accountants by the amount of "expected and recurrent systems administration", and day-to-day 'fire-fighting'. Nonetheless things were thought to have improved in many cases and this was seen as the result partly of general pressures upon business, as well as

changes in organisation structures and company policies (including the education and training of non-accountants in financial matters).

7.4 Relationships between Accountants and Non-accountants

(a) Disagreements between accountants and other managers

In order to learn about the nature of the relationships between accountants and non-accountants, both groups were asked if there were "any disagreements or areas where conflict most readily occurs"; figure 7.4.1 outlines the results.

About half of both groups did not think that there were any "real disagreements" although many respondents (particularly the non-accountants) referred to differences in approach or occasional conflicts due to clashes of individual personalities. Such differences in approach could be between accountants and any other function, although sales or marketing were mentioned most often, as the following quotes demonstrate:

"I'd say no. The only differences are of approach really - maybe in dealing with customers, where there's an obvious contention between the sales department wishing to keep things sweet, and the finance department wishing to put the financial boot in!"
(Financial Controller, XI)

"Disagreement is not in any technical sense - it's more about business philosophy. If you take the extremes, I'd say the sales and marketing end is more creative, with the financial department

Figure 7.4.1 Disagreement between accountants and other managers

	Accountants	Non-accountants
Not really any disagreements	22	17
Disagreements, if not conflict	23	17
No answer	0	2
Total	<u>45</u>	<u>36</u>

putting on the constraints linked to their terms of commercial viability." (Marketing and Sales Manager, VIII)

"Not specifically ... no. Where we might disagree is their interpretation of the operating performance of the factory vis-a-vis the explanations I might give. In other words they would be looking at it from a theoretical viewpoint and interpreting the figures per se, whereas I'd be giving practical explanation for the various variances." (Factory Operations Manager, IX)

"No ... although there's obviously disagreements because accountants and engineers think completely different." (Works Manager, XII)

Most interviewees thought that "conflict is a bit too strong a word to use" but half of the sample of both accountants and non-accountants referred to areas of possible disagreement.

Three accountants (all from Organisation IV) spoke about the problems of 'decentralised businesses' and 'winning a pound off the other departments rather than off the customer'. Another three noted that disagreement was "not so much over what we do, but what we produce" - in other words over the speed and accuracy of information they had to produce. The majority of difficulties, however, can be related to the accountant's role of "putting the damper on things".

"Yes ... the main disagreement is that I impose a certain amount of control over people, and as the accountant I tend to take a reasonably prudent line - which obviously goes against the grain in certain instances. You get people who always come up with good feasible plans for spending money and you just tend to put a damper on." (Factories Administrator, IVb)

"Yes ... I think one of the unfortunate things is the accountant tends to be the wet blanket in most of the discussions and you seem to be always pointing out the disadvantages of various proposals they've got, or you appear to be criticising them because they've gone over budget." (Management Accountant, VIIIb)

Disagreements were found to occur in most areas of management (buying, distribution, engineering, management services, marketing, production, and sales were all mentioned), although marketing and sales departments were referred to most often. Three typical examples are given below:

"Sometimes there is possible conflict with marketing when we're talking about a customer who hasn't paid: where I might want to take one line, and there might be commercial reasons for not taking such a hard line - that's particularly relevant when we're talking about stopping supplies as a weapon to force someone to pay." (Financial Accountant, IVa)

"Particularly with marketing who are obviously trying to make sure the customer is kept satisfied to the extent of bending systems a little bit; our responsibility is to try and keep them within the system. Similarly with stock, I think occasionally the distribution people resent our influence that we place on stock control up there." (Manager Finished Goods Account, VII)

"Yes ... in particular where we attempt to maximise the credit taken from suppliers; we're in almost daily disagreement with the buying office who are anxious that we don't upset relations with the good suppliers. We also have the occasional problem with some of the subsidiary managers when we're chasing hard to get money in from debtors - and again they tend to be anxious that we don't upset customer relations." (Group Financial Controller, X)

It should be noted that although these three statements are from 'financial accountants' or 'central accountants' there was no general difference apparent between the various 'types' of accountants' positions in the answers to this question.

Seven of the seventeen non-accountants who felt there were areas of disagreement with their financial colleagues referred to technical aspects such as the management information and control systems and the speed, accuracy and detail of accounting data. A further seven managers commented on the cautiousness and rigid approach of accountants:

"I think it occurs when an accountant generally seems to stick very much to the book, whereas in an enterprise often the best results are achieved just outside of the norm. In other words I think the area of conflict might be that the accountant won't take any risks, whereas the marketing guy knows that everything's based on guesswork and risk." (Marketing Career Development Co-ordinator, VII)

Some managers gave examples of how accountants had given advice that was judged as being 'commercially' inappropriate; such examples referred to the insufficient weighting placed on investment with a certain amount of risk as opposed to immediate returns, or the flexibility required in the pricing and marketing of products:

"There was one particular company which we had the opportunity to purchase, and the accountants looked at it and said it was only worth X. In that context they weren't strong enough, they weren't commercial enough to say, it may be worth X today, but let us sit down with the sales manager of the area and ask what effect it will have on the market." (Sales Manager, Ia)

"The main area is that the less experienced accountant, particularly the cost accountant, seems to come into industry (and for the first few years in industry) with the idea that a product costs X and therefore it should be sold at X plus - without any due regard for the market price for the product, where the cost is immaterial." (Commercial Director, II)

"You could well say, I know there's a market for this product (and I've actually seen this happen) and you know there's very little competition; you know there's business there, but the accountants look at it and say: 'It's not particularly profitable, we could earn our money better in the bank, say.' And I've seen this happen very recently in fact." (Production Director - Company A, Organisation X)

(b) Attitudes between accountants and other managers

The sample of accountants was asked if they thought that "managers' attitudes towards accountants and accountancy" had "changed at all over the years"; at a more personal level the sample of non-accountants were asked if they thought that their own attitudes had changed at all. The results are summarised in figure 7.4.2 below.

Only six accountants thought that the attitudes of other managers had not changed, but remained in line with what might be regarded as the traditional stereotype; for example, Organisation IVb's Operational Accounting Manager stated:

"I think other managers tend to view us as demons within industry, which have this sort of big control of money, and are pretty tight fisted, and all the rest of it."

Generally, however, managers' attitudes were considered to have improved: seven accountants expressed this view strongly, and a further twenty-one noted at least a slight change. The nature of such replies is indicated by the following examples:

"I think there is less suspicion about accountancy now than there was; accountants are now looked upon more as someone who can give assistance in controlling their departments rather than someone who is to be avoided." (Finance Director, V)

Figure 7.4.2 Attitudes between accountants and other managers

	Accountants	Non-accountants
No change	6	5
Improvement in attitudes	28	20
No answer	2	0
Total	<u>36*</u>	<u>25*</u>

* Managers from Organisations I, II & III were not asked this question.

"I think there's no doubt that in the days when I started you were regarded very much in the light of the Gestapo - you were on the management side watching them. You still get the odd criticism, and some of it derives not from accountants as such, but from the system of accounting: it's a man-made thing and therefore it's full of imperfections and based on conventions."
(Financial Planning Manager, VI)

"People who I would say were absolutely totally anti-accountant, in that they couldn't see what use they were, ... now see a need perhaps to get some advice from the accountant, that they can play a role in helping to take decisions. In this company the attitude always was that unless you actually got your sleeves rolled up, and went on to a press or a mill, you weren't actually producing anything, and you were a drain on the organisation."
(Financial Director, X)²

Three accountants suggested that attitudes had only improved amongst those managers who were involved in a close working relationship with accountants, and one reckoned it only applied to young managers:

"The older generation are very, very wary of accountants - I think they saw them as enemies somehow, as if they were all trying to catch them out. But I think the newer managers are realising that they can get quite a lot of help from accountants, rather than aggro." (Financial Accountant, XI)

The main reason for improved attitudes was thought to be the greater "cost consciousness" and financial awareness of non-accountants; this was in turn seen to be the result of current economic pressures and the increased competitiveness of industry (see chapters four and six), more formal financial training for non-financial managers, and a greater day to day involvement of non-accountants with accountants. The last factor can be related also to the decentralisation of accountants and a changed approach on the part of accountants. Four statements illustrating the different influences are now given:

"Yes.....if for no other reason than that they realise they're going to be judged largely in the end result by the financial figures. So it means that they're more and more interested in all the aspects which go to make up the final financial results, of which costs are one aspect." (Cost Controller, VI)

"I think the exposure of most of our managers to financial matters through the training schemes that we have has taken away a lot of the mystique - which is a super thing." (Group Accounting Manager, VIIIa)

"There's still at times a little bit of an 'us' and 'them' situation - that we hand down the tablets of stone and they have to implement them. But gradually, through having accounting people living with them on a day to day basis, they can understand our problems, and we can understand theirs." (Management Accountant, VII)

"I think it's partly because of the personalities and I think I've played a fair part in this: I think we've tried to bring accountancy terminology down to a level that everybody understands, to try and take out the mystique. But I think more than anything a more friendly and workman-like approach by the accountants has resulted in them generally being more accepted."
(Finance Director, XII)

Five of the non-accountants felt that their own attitudes had not changed, but only three of these had unfavourable attitudes in the first place. One manager commented on the improvement in the younger accountants who he felt were now being recruited on the basis of their personalities as well as their qualifications; nevertheless, in general he thought that accountants were "pernickety for detail, and usually lacking in personal skills and the ability to communicate with colleagues" (Marketing Career Development Co-ordinator, VII).

By far the main reason given for a more favourable reaction towards accountants was the greater awareness of the need for financial control obtained by non-accountants as they progressed up the managerial hierarchy:

"I started here as an apprentice ... I must admit it's only my own mind, but I always thought: 'Oh, the accountant, he holds the purse strings, we can't get anywhere, we can't do anything, he stops everything.' But you begin to realise just what is involved in accountancy." (Works Manager, V)

"Being a non-financial man when I first started, I tended to be wary of accountants in the sense that I was conscious of feeling they would be trying to pull the wool over my eyes if I wasn't careful. Clearly as one's knowledge and comprehension of accounting practices increases, so one's ability to discern the role of the accountant more clearly, and the increasing trust that would result from that." (Chief Product Manager, IX)

"Oh yes, definitely ... there again it has had to change with career development. In the lower levels of management I detested the accountants (maybe because I felt they were policemen) but as one progresses through the hierarchy of management you become less functional in terms of the discipline you were trained in, and obviously every decision you make in senior management has some financial implication. In all honesty it wasn't until I got into perhaps middle management that I really understood the real reason to make a profit. Now that sounds bloody awful, but it's a fact of life, and I just wonder how many others are in the same position." (Production Director, XI)

Five of the respondents also remarked on the greater involvement and understanding of accountants; the following two quotes are representative examples:

"I suppose if you go back a few years, when I was a foreman, I used to think that they didn't understand any problems except their own - they were only interested in publishing information.

But I think that situation has changed and it has improved - they are conscious of a lot of the problems that other areas and other departments have, and they're actively trying to do something to improve their situation. There is a better understanding nowadays." (Machines Production Manager, IVa)

"I think the old sort of ivory tower syndrome is fast disappearing from accountants - and they're becoming much more practical individuals. I think they do now understand other functions far better than they did say ten years ago. I think accountants' attitudes to other functions have changed."
(Personnel Manager, VIIIb)

(c) Summary

Within any group of people working together there are likely to be disagreements and even conflicts between different individuals and personalities. Moreover within any complex organisation based upon the horizontal and vertical division of labour there are likely to be certain in-built strains and conflicts between departments and functions: different individuals and groups may be working towards different and to some extent competing goals; short-term objectives may conflict with long term objectives; different individuals and groups may be in direct competition with each other for limited resources. In other words, within any industrial company there are likely to be certain structurally based ambiguities and conflicting criteria. Whereas some might view this as an unfortunate consequence of complex organisations, others might regard it as an essential component of any organisation and as a sign of its health. Indeed controlled conflict or competition might be regarded by some as the driving force of contemporary Western societies.

The fact that fifty per cent of all respondents thought that there was a certain amount of disagreement between accountants and other managers should not therefore be regarded as unusual. People's comments usually referred simply to clashes of personality or "differences of approach" - these being evident between all areas but in particular between accountants and marketing and/or sales personnel. The most common reference was to the cautiousness of

accountants and their acting as a 'wet blanket' on proposals; on the other hand, as the previous section showed, it was acknowledged that there was a need for "sound financial advice" and for someone to "keep their feet on the ground". As stated earlier there would appear to be a thin dividing line between financial prudence and unnecessary conservatism.

There is little doubt that overall attitudes between accountants and non-accountants had improved. Accountants thought this was due to non-accountants being more aware of an accountant's role and the need for financial advice; this in turn was seen to have arisen because of the changing economic climate, the decentralisation of accountants, the training of non-accountants in financial matters, company policies, and the deliberate efforts of accountants themselves. Non-accountants' attitudes had tended to improve as they ascended the managerial hierarchy and become more involved with accountants and more aware of their roles and the importance of financial information.

7.5 Conclusions

It would seem that the sample of accountants were in general fairly satisfied with their jobs. Moreover the areas that gave them the most satisfaction and on which they desired to spend more time were the 'people' and 'managerial' related ones, rather than day to day 'fire-fighting' and routine administration. Both accountants' focus of activity and their orientations would appear to be moving away from the traditional score-keeping functions towards attention-directing and more complex problem-solving aspects (see Simon et al., 1954, and McDonough, 1971); there were more "service-aids" in the sample than there were "book-keepers" (cf. Hopper, 1980). In fact the 'work orientations and relationships' of accountants sampled showed greater similarities rather than variations between different 'types' of positions.

The desire for accountants to become more involved in the 'management team' and to play a bigger role in decision making came from non-accountants (cf. Helfert et al, 1965) as well as the accountants themselves. Although there may be unique pressures upon some accountants relating to the amount of "recurrent expected activities" that have to be undertaken and the deadlines that have to be met, the similarities between the work and orientations of accountants and other managers was apparent (Stewart, 1976; Mintzberg, 1973; Watson, 1977).

As with personnel managers (Watson, 1977) and perhaps managers in general, there are certain in-built ambiguities and strains in the

roles of most accountants. In particular there would appear to be a thin dividing line between financial prudence and "non-commercial" conservatism.

From the previous literature and the comments of the interviewees, there would appear to be little doubt however that the relationships between accountants and other managers had in general improved. Although there are a number of influences upon and reasons for this change, the most immediate cause would appear to be the greater interaction between the two groups, and thus a better understanding of each other's roles. The mere fact that accountants do now sometimes move into other areas of management is an indication of the greater integration between different functions. As McKenna (1978) noted the notion of separate and perhaps conflicting 'staff' and 'line' organisations (see Dalton, 1959) would seem to be no longer a particularly useful one.

Reasons given by interviewees for changing attitudes and improved relationships included the general economic climate, organisational changes and in particular the decentralisation of accountants, formal company policies, and the financial education and training given to many non-accountants. Further discussion and analysis of these influences was undertaken in chapters four and six, and these can be related to the wider historical developments outlined in chapter three. Similarly it might be useful to relate the work orientations of accountants to their own historical developments, that is their

biographies. The next chapter therefore considers the career paths and orientations of the sample of accountants.

Notes:

1. It is interesting to note here how a number of managers referred to the 'neutrality' and 'unbiased' nature of accounting information. The possible flexibility of accounting measures and meanings, and the ways these can be utilised to achieve different ends are discussed briefly in the 'interpretive theories' section of Appendix 1; it is suggested that an emphasis on the 'neutrality' of accounting information reflects professional and managerial ideology.

2. The Financial Director of Organisation X was only given the Career Development Advisor's interview schedule (see Appendix 2), but he also made a number of other more general comments.

8 CAREER PATHS & ORIENTATIONS

8.1 Introduction

8.2 The Process of Occupational Entry - Theory

8.3 Empirical Data on Accountants' Occupational Entry

- (a) Background details
- (b) The process of occupational entry
- (c) Summary

8.4 Occupational Socialisation and Career Paths - Theory

8.5 Empirical Data on Accountants' Occupational Socialisation and Career Paths

- (a) Professional orientations
- (b) Career paths & orientations
- (c) Summary

8.6 Conclusions

8.1 Introduction

Chapter six considered the influence of various contextual factors, such as the economic climate, organisational structures, and level of computerisation, upon the roles of accountants in industry. In other words, changes in the functions performed by industrial accountants, and in particular changes in the way such functions have been brought together in different job positions, were related to wider developments in society. Such general trends, however, are composed of and fashioned by changes in the roles of many individual accountants over a period of time. At the individual level, although influenced by the situations in which they find themselves, accountants' views and actions are not wholly determined by external events and forces. The work orientations and relationships of accountants were discussed in the previous chapter. This chapter will look at accountants' career paths and orientations, and 'professional' orientations, and consider how they relate to their work orientations and changing and possible future roles.

The concern here is not only with the series of clearly defined positions and statuses held by any individual, but also with "the moving perspective in which the person sees his life as a whole and interprets the meaning of his various attributes, actions, and the things which happen to him" (Hughes, 1937). In other words the concern is not only with the objective facts of accountants' career paths but also with the way in which they view their careers - a more subjective approach.

Sections 8.2 and 8.3 deal with the 'process of occupational entry'. This particular 'rite of passage' has been awarded special significance in sociological literature, and it is a major event in the lives of most working people. As Hughes (1971) stated: "... a man's work is one of the things by which he is judged, and certainly one of the more significant things by which he judges himself." ¹

If the whole cycle of an individual's life is considered, however, from pre-school days to retirement, then occupational entry becomes just one move, albeit an important one, in a person's 'career'. The concern here is thus "with a time-scale that goes beyond just working careers and with showing how the individual's career before entering work affects both that entry and the likelihood of subsequent adjustment" (Speakman, 1975).

Sections 8.4 and 8.5 go on to discuss the 'occupational socialisation' of accountants in industry and their subsequent career paths and orientations.

8.2 The Process of Occupational Entry - Theory

Employment exchanges had already been established by the early twentieth century in order to assist people in finding work and so ameliorate the problems of unemployment. It would seem that the early writings on occupational choice developed from a vocational guidance perspective that was concerned with matching the right person to the right job (Roberts, 1968). The origins of this approach can be seen in the writings of Parsons; a more recent exponent is Roe (1956). The "differential psychologists", as they have been termed (Roberts, 1975), assumed that people have different abilities, interests, values and personalities and that, within limits, occupational choice could be regarded as a reflection of an individual's character and self-image (Roe, 1956); thus they attempted primarily to correlate occupational categories with personality variables.

Although concerned with the development of an individual's personality the "differential psychologists" tended to view occupational choice as occurring at one point in time. The "developmental psychologists" on the other hand regarded occupational choice as an evolving sequence of vocational decisions, and drew from the writings of educationalists and child psychologists concerned with general development.² Ginzberg and his associates (1951) were the first to attempt a comprehensive "developmental" theory, although Super (1953) roundly criticised their work for not giving sufficient emphasis to the role of the social environment in structuring an individual's conception of his or her interests, abilities and capacities. As Beilin (1955) demonstrated

however, both works were based on similar concepts and as such are liable to similar critiques.

Such "developmental" theories were tested by both Chown (1958) and Roberts (1968) but were not supported by their findings. The latter went on to suggest that they resembled reality typically only in the case of those more privileged individuals who were able to make genuine career decisions. The conclusions of Ginzberg et al. in particular were based on a "definitely privileged" sample in terms of economic position, family support and status in the community; indeed the sample was specifically chosen so that "the external environment interfered as little as possible with their freedom to pursue any occupation."

The theories were primarily American in origin and it may be that they are more applicable to that society. Indeed Speakman (1975) suggested that they might have helped provide and maintain an occupational ideology for those engaged in vocational guidance in the United States - the aim of vocational guidance being to adapt people to the system rather than helping adapt the system to people's desires (Ingleby, 1974). From a sociological view point these practice-based psychological theories were clearly insufficient: "...the importance of the self-concept in terms of choosing an occupation that coincides with one's aspirations, need for self-actualisation and self-fulfilment would seem to be far from the actual situation where educational qualifications, family background and the local job

opportunity structure are the limiting factors for most school-leavers" (Speakman, 1975).

The notion of "development" and the emphasising of occupational choice as a process were combined with the concept of socialisation and 'role theory' by a number of sociologists (for example, Miller and Form, 1951; Musgrave, 1967). Musgrave, for example linked three types of role socialisation with four stages of occupational maturation: pre-work, entry into the labour force, socialisation into the job, and job changes. As the name suggests, what has been termed the "individual-ambition" model paid little attention to the social structure and to limitations on access to certain positions (Speakman, 1975). The possibility of role conflict or different meanings being placed on work were also rarely, if ever, discussed (Coulson et al, 1967) - indeed a value consensus throughout society was generally assumed. In short, these "developmental" sociological theories have tended to regard people as actors or puppets playing specific roles.³

A second strand of thought from sociologists concerned with occupational choice can be related to the theories of decision making within organisations. Back in 1945, Simon suggested that all decision making is a matter of compromise:

"The alternative that is finally selected never permits a complete or perfect achievement of objectives, but is merely the best solution that is available under the circumstances. The

environmental situation inevitably limits the alternatives that are available, and hence sets a maximum to the level of attainment of purpose that is possible." (1945)

In this way people can be regarded as "satisficing" rather than "maximising" in their decisions, and as "subjectively" rather than "objectively" rational (Simon, 1957 and 1959). Although rarely acknowledged the ideas of these early organisational theorists are integral to much of the literature on occupational choice (for example, Blau et al, 1956).

The "decision making" approach introduced the notion that circumstances beyond the control of an individual could contribute significantly to occupational choice. Both Caplow (1954), and Katz and Martin (1962) in their study of nurses, argued that 'choice' is sometimes fortuitous and that a conscious decision is not always made. On the other hand Sherlock and Cohen (1966) provided an interesting empirical survey of dentistry recruits in which career choice seems to have been made as a "rational compromise between desired rewards and the realities of access". Thus two general approaches were seen to exist: one stressing the 'adventitious'⁴ nature of occupational choice of the lack of any conscious choice, the other emphasising the 'purposive' process whereby "occupational choice represents the culmination of a process in which hopes and desires come to terms with the realities of the occupational market situation" (Ford and Box, 1967).⁵

Generally then, whether value orientations were given and emphasis given to the decision making process, or whether attention was paid to "role socialisation", individual ambitions, expectations and preferences were seen as important determinants of occupational choice - albeit tempered by the social structure. To some extent these two approaches can be viewed as sociological formulations of the ideas originated by the "differential" and "developmental" psychologists.

In 1968 Roberts observed from his empirical work that: (a) most occupational mobility had not been anticipated in people's ambitions; (b) although many failed to enter chosen jobs, few were dissatisfied; (c) 'ambitions' represented people's true vocational aspirations to a large extent. From this evidence he concluded that "...ambitions are in fact products of careers" and that occupational choice might not be the key factor determining entry into employment. Similarly Hayes (1971) suggested that "occupational choice and work experience could be viewed as important contributors to the development of an occupational self-concept, rather than outcomes which are dependent upon the crystallisation of the self-concept in occupational terms" (own emphasis added).

As opposed to Musgrave's "individual-ambition" model, Roberts' "structure-opportunity" theory stated that:

"....careers can be regarded as developing into patterns dictated by the opportunity structures to which individuals are exposed, first in education and subsequently in employment, whilst

individuals' ambitions, in turn, can be treated as reflecting the influence of the structures through which they pass." (1975).

Although Krause (1971) noted that comparative perspectives on the relationship between aspirations and opportunity indicated clear patterns in strikingly different political regimes throughout Western industrial societies, Roberts stressed the relevance of his theory to modern Britain. One main reason given for this was that job opportunities in Britain are structured according to the way in which the output of the educational system is graded.

It is now generally accepted that the form of schooling obtained (private, grammar, secondary modern or differing streams within comprehensive schools) is significantly correlated with class - for example Liversidge, (1962) and Abrahamson (1965). Elder (1965), amongst others⁶, has demonstrated how educational attainments are in turn related to the type of schooling. Finally, it has been shown that educational qualifications rather than aspirations determine the timing and level of entry into the occupational structure (The Crowther Report, 1959). Moreover the weight of evidence suggests that schooling has a profound effect on pupils' aspirations anyway - school-leavers' ambitions become related to the streams through which they pass in secondary education (Veness, 1962; Ashton, 1973). Speakman (1975) summarises these arguments neatly as follows:-

"This implies that the education system offers differential access to skills and qualifications for children from different

class backgrounds, thus affecting the range of occupations open to choose from on leaving school and setting up barriers to choice for a great many. But it is not just in terms of the formal requirements necessary to enter certain kinds of work that the stratified system is apparent; it is also reflected in the orientations to work that arise through the socialising influence of the school and which can often be seen to correspond with the orientations that are developing concurrently through the influence of the family."

The influences of the family, the neighbourhood and peer groups have been well documented - for example, Keil at al (1966), Carter (1962), Thomas and Wetherell (1974), Coleman (1961), and Haas at al (1961). Images of society can also be transmitted from generation to generation and it may be that "manual workers are more likely to view their class situation as relatively fixed while non-manual employees see the class structure as a ladder that an individual may climb up or down according to his own abilities and ambitions" (Mackenzie 1975; see also, Lockwood, 1966). In this way, Pahl and Pahl (1972) suggest with respect mainly to middle-class bright students that "good academic hurdlers ... are not only learning that deferred gratification is the price of success, ... but also the acceptance of expectation that life is made up of stages". As Krause (1971) stated forcefully:

"In the absence of major changes, then, the entire educational system functions for a significant segment of the population as a

'coding-out' device - gentle lowering these students' early aspirations and hopes while refusing to provide them with the technique to 'make it'; all this is done in a way that makes the experience one that seems self-generated."

Early theories of occupational choice developed by psychologists were based on and most applicable to a small privileged sector of society. Since then much literature has acknowledged the importance of social class as a stratifying variable, influencing the process of occupational entry. Relatively less attention, certainly until recently, has been given to the significance of gender and race as stratifying variables - perhaps researchers have once again tended to concentrate on the more powerful groups within society. There are strong inequalities of opportunity in entering certain types of work for both women (for example, Mackie and Patullo, 1977) and black people (for example, Braham, 1975; Phizacklea and Miles, 1980). Sex-role aspects of occupational stereotyping, for example, begin in very early childhood, are continued throughout schooling, and are reinforced by wider social values and mores.⁷

The process of segregation, however, does not stop short at secondary education: first, the guidance and counselling systems often have class and sexual distinctions built in (for example, Cicourel and Kitsuse, 1968) secondly, the processes of selection by employers are likely to contain certain biases (for example, Blackburn and Mann, 1973).

In conclusion it would seem that in Britain the opportunity to enter certain occupations is dependent at least to some extent on one's social class, sex and race, through mediating variables such as education, family and neighbourhood. Moreover, the extent to which an individual is aware of a 'choice' amongst limited occupational opportunities will also vary according to his or her social and cultural background (see, for example, Glaser and Straus, 1964, and Haystead, 1971). Indeed it could be suggested that the notion of 'occupational choice' is itself simply part of a wider ideology that emphasises individual endeavour and responsibility. In short a person's approach to employment and entry into an occupation should be regarded as processes and should be "understood in terms of situational adjustment as well as 'prior orientations'" (Watson, 1977).

8.3 Empirical Data on Accountants' Occupational Entry

Having considered the academic literature relating to the process of occupational entry in general, this section will look at the way in which accountants in this country enter their occupation. The primary source of material for this section is the responses of the accountants interviewed. The previous section highlighted the importance for occupational entry of factors such as class, sex, race and education, and so the 'background details' of the research sample will be studied first.

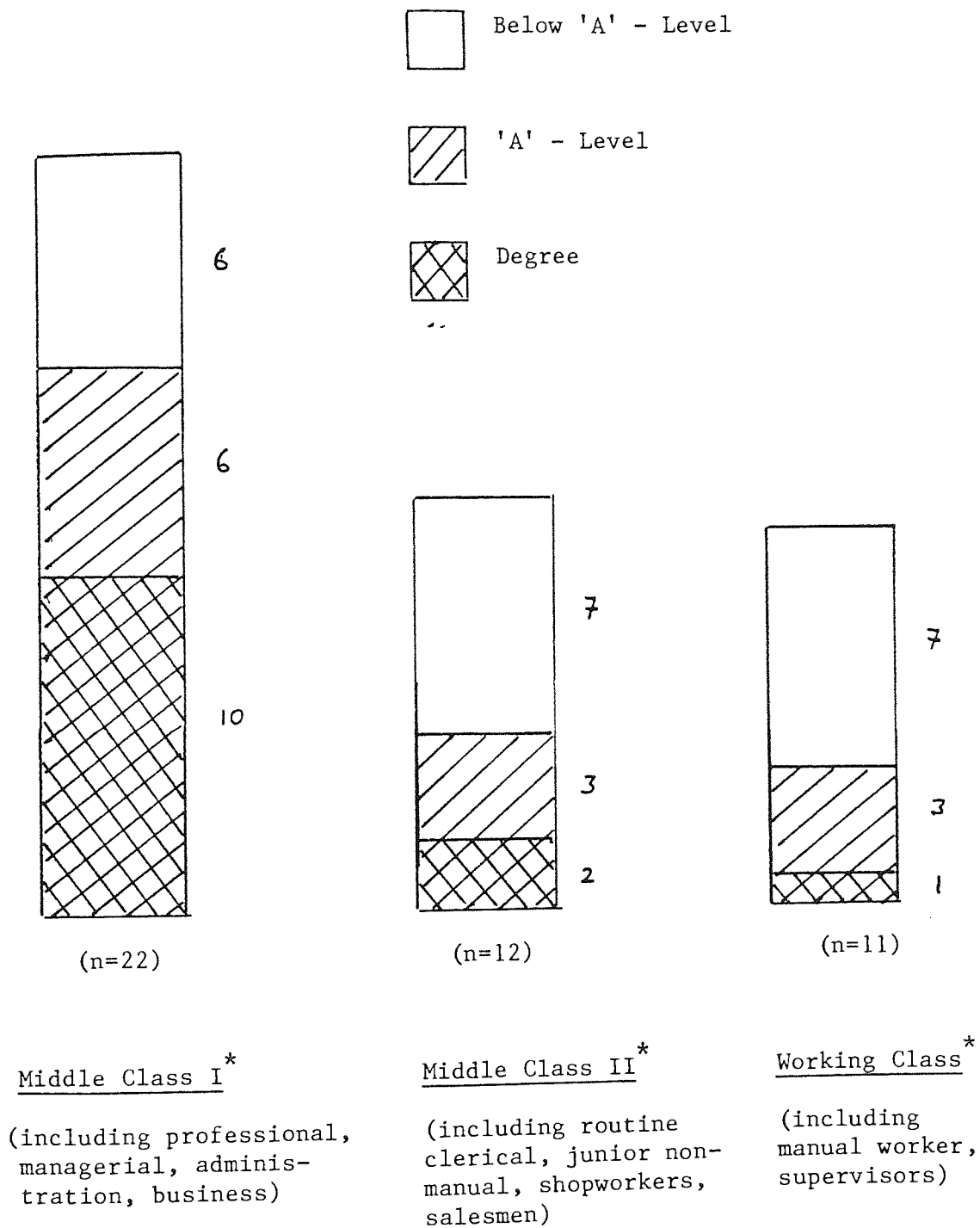
(a) Background details

An indication of the social background of the accountants was obtained by asking them for their father's occupation (when the respondents were sixteen years of age) and for the highest educational qualification they had obtained. Figure 8.3.1 classifies the sample's educational attainments according to social class of origin.

It can be seen that about three-quarters of the sample were from middle-class origins and about one half were from Middle class I. These figures are higher than in both Pahl and Pahl's (1972) study of managers and their wives (in which fifty-seven per cent were of middle-class origin), and Watson's (1977) study of personnel managers (in which sixty-seven per cent were of middle-class origin). Accountancy is a prestigious professional occupation and these results are in line with the suggestion made earlier that people from a higher social class of origin are more likely to obtain higher status jobs. An important reason for this is that educational attainments are significantly correlated with social class through the mediation of forms of schooling (see the previous section). This relationship is clearly indicated in figure 8.3.1 with around fifty per cent of the Middle Class I respondents having degrees, as opposed to about twenty per cent and ten per cent respectively for Middle Class II and Working Class interviewees.

It should also be noted, however, that educational attainments were closely related to age: seven out of the eleven accountants under thirty years of age were graduates, and all thirteen graduates in the

Figure 8.3.1 Educational Attainments of Accountants By Social Class of Origin



* Register-General classification of socio-economic status

sample were under forty years old. This fact reflects the changing entry requirements and policies of the professional accounting bodies (see chapter nine); as such it highlights the influence of the wider labour market and the selection procedures of employers upon the opportunities for occupational entry.

Only two out of the sample of forty-five accountants were women. Although the professional accounting associations have been recruiting an increasing number of women (Silverstone and Williams, 1978) they still comprise a very small percentage of the total membership. Respondents in Silverstone and Williams' study gave five main reasons for the lack of women chartered accountants: first, accountancy was considered a man's occupation; secondly, there was inadequate and inappropriate careers advice; thirdly, training was lengthy; fourthly, there was considerable male prejudice within the profession; and fifthly, women were conditioned to put the domestic life first. As was stated in the previous section it would seem that early conditioning combined with differential education, inadequate careers advice and biased selection procedures contribute to girls choosing alternative occupations. Three quotes taken from the above survey illustrate these points:

"Children are brainwashed into thinking there are careers for men and careers for women - the two don't overlap and accountancy falls into the 'careers for men' group."

"When I signed articles, the local careers adviser said it

had never occurred to him that women could become accountants."

"I was discouraged by a University careers officer from committing myself to a further three years of exams as he considered this was a waste of time for women."

Fogarty et al. (1971) in fact cite a report for 1968 from the Oxford University Appointments Board which notes that half of all openings for articles with solicitors and accountants in private practice were closed to women.

There was only one black person in the sample and he had been raised and educated primarily in India. Although his father was a diplomat and he appeared to have had little trouble in obtaining articles with a large firm of practising Chartered accountants in London, he had moved into industry mainly because "partnerships in the profession are limited for foreigners". It is not suggested that the particular circumstances of this individual are representative in any way of black accountants in general working in this country, but the fact that there was only one black accountant in the sample reflects the wider labour market situation.

Finally, figure 8.3.2 breaks the sample down into four groups according to the professional association in which people qualified. It should be remembered that there are two main routes to becoming a qualified accountant in industry (see chapter two): first, working in industry while qualifying with the ICMA or ACA; secondly, working in a

Figure 8.3.2: Accountants' Membership of Professional Associations

I C A E W	16 ¹
I C M A	21 ²
A C A	5 ³
NONE	3

¹ One accountant was also a member of ICAS; one other Chartered accountant had begun his accountancy training in industry.

² Two accountants from ICMA had begun their training in a professional practice.

³ Four of the five Certified accountants had been trained in industry.

'professional practice', qualifying with the ICAEW or ACA, and then transferring to industry. Although no precise figures are available, about one third of ICAEW members, one half of ACA members, and three quarters of ICMA members work in industry (see Solomons, 1974, p.7); this would mean that around fifty per cent of accountants in industry belong to the ICAEW, thirty per cent are members of ICMA and twenty per cent belong to the ACA. It would seem, therefore, that the sample of accountants in this study are not representative of the wider population in terms of professional membership.⁸

It is also worth noting that there were no substantial differences between the members of the different professional bodies in terms of educational attainments, social class of origin, or age.

(b) The process of occupational entry

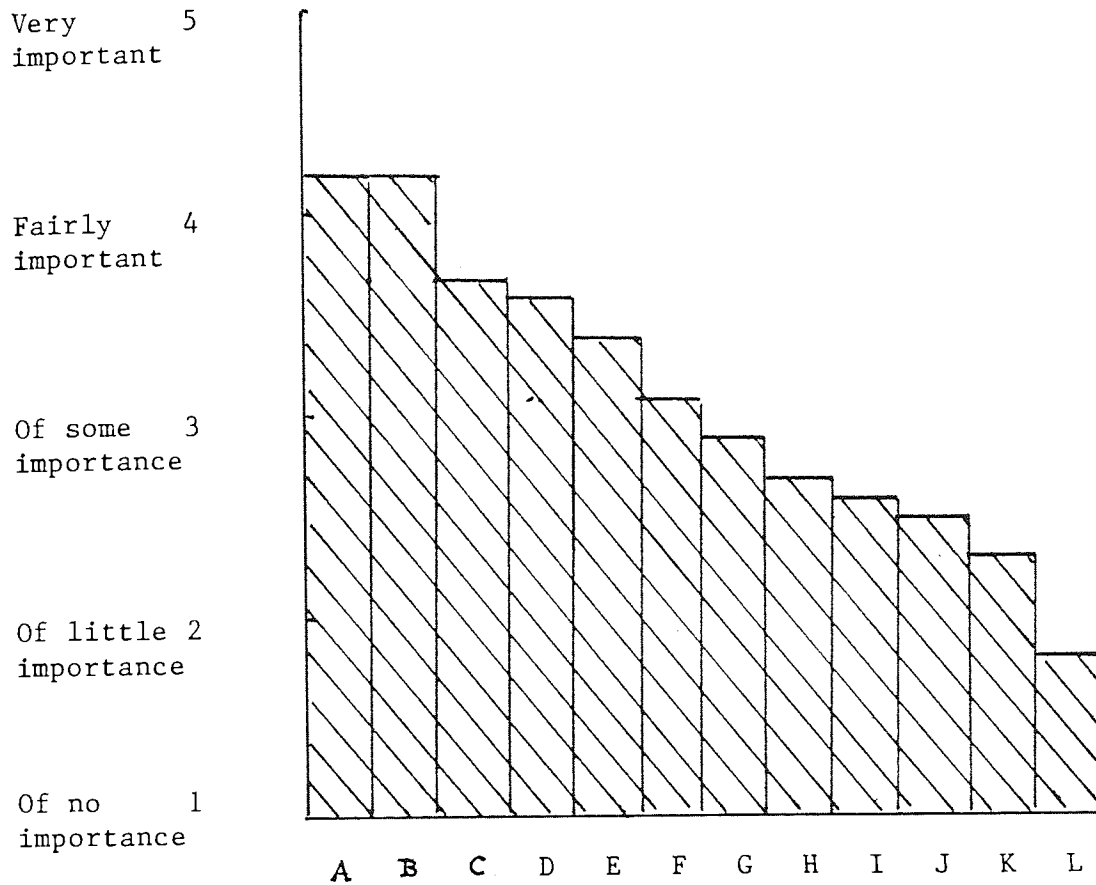
Every accountant was asked to state how important each of twelve factors was in determining their eventual choice of accountancy - for most this necessitated a reconstruction of events that took place anything from ten to forty years previously. Figure 8.3.3 outlines the results.

It can be seen that the two most important factors were thought to be 'the prospect of earning a good income' and 'the career opportunities open to an accountant once qualified'. 'The opportunity to do interesting and skilled work' was fifth in order of importance.

The results were also analysed to see if there were any relationships between 'occupational choice' and social class of origin, educational attainments or professional qualification (see Appendix 5). The reasons given for 'choosing' accountancy were in fact very similar for all groups, although those from a 'working class' background were more likely to emphasise 'the status an accountant enjoys', and those with degrees were less likely to have been influenced by other people.

It is impossible to determine to what extent people's answers reflected how they actually felt when they entered the occupation, but some comparable evidence can be found in an unpublished report from research conducted by the writer on trainee Chartered accountants in Birmingham (Powell, 1978). A questionnaire survey of one hundred and

Figure 8.3.3: Importance of Various Factors in Occupational Choice of Accountants



- A The prospect of earning a good income.
- B The career opportunities open to an accountant once qualified
- C The probability of finding a secure job once qualified
- D An interest in figures and/or previous accounting experience
- E The opportunity to do interesting and skilled work
- F The opportunity to exercise leadership
- G The status an accountant enjoys
- H The influence of other people (eg. family, friends, teachers, careers offers)
- I Chance
- J The opportunity to meet and work with other people
- K The opportunity to be helpful to others or useful to society
- L Being unable to enter another preferred occupation

* Values given are average scores in terms of the scale shown.

eighty trainees showed that 'career opportunities' was the most significant factor (with a mean score of 4.7 on the same scale), 'future income' was second (with a mean score of 4.3), 'security' was third (with a mean score of 4.2), and 'the opportunity to do interesting and skilled work' was fourth (with a mean score of 4.2); 'an interest in figures and/or previous accounting experience' was not included as a possible factor.

The rank order of the two sets of average responses is the same, and both sets highlight the importance of potential career advancement and material gains over and above more intrinsic rewards such as an interesting job (cf. Hayes, 1971).⁹ It would appear that the accountants viewed "life as being made up of stages" and had accepted "deferred gratification as the price of success" (cf. Pahl and Pahl, 1972).

A fuller understanding of the process of occupational entry was obtained by asking all the accountants: "Can you tell me briefly how it was that you became an accountant in the first place?" The replies have been divided into three groups (see Figure 8.3.4) according to the respondents' processes of occupational entry; such a categorisation is necessarily somewhat arbitrary but it allows the descriptive data to be interpreted more readily.

The first group all began their training in industry (one later moved into a small firm of practising accountants) but had not decided to

Figure 8.3.4: Three Types of Occupational Entry into Accountancy

A	Those who obtained a job in industry before deciding to train as an accountant.	18
B	Those who held a degree in business studies, economics and accounting, or management science.	8
C	Others:	
	Those who emphasised being good at mathematics or interested in figures.	12*
	Those who emphasised the influence of family, friends and/or careers advisors.	10*
		19
	Total	45

* Three accountants gave answers that fitted both categories.

become accountants upon entering industry; the following two accounts provide good examples:

"I studied maths and economics at school and to some extent was steered into these subjects. Like most people I had no idea about life or a career. It was obviously in my mind to do something in the commercial field ... and I happened to answer an ad. for a temporary cost clerk; I had no idea what it was but nevertheless after two months I found it fascinating. The Chief Accountant suggested I study accountancy in my own time ... and so I did." (Financial Controller, XI).

"I was looking for a job and a career and I was interested in accountancy because I was good at maths and reasonably so at English, and because I was told that accountancy was all about figures and writing reports. I discussed it with the Principal at my college and he suggested a commercial apprenticeship scheme; you got job training and a groundwork in all aspects of the business ... eventually I ended up in the accounts department ... and things developed from there." (Finance Director, XII).

Only two of the accountants from this group were graduates, and only a further six had any 'A' levels. The typical scenario for an accountant from group A might be as follows: someone who, whatever their social class of origin, had obtained relatively few educational qualifications and had decided to work in industry; having obtained some experience of business, possibly as an accounts clerk, they had then decided to train to become an accountant by taking evening

classes or correspondence courses. The extent to which such a process of entry can be regarded as "purposive" or "adventitious" depends on the stage at which one considers the process; for the Financial Controller of Organisation XI for example (see above), the becoming of a temporary cost clerk might be thought of as "adventitious" but the studying to become an accountant was very much a conscious decision.

Group B consists of eight graduates in subjects that were related to business and contained at least elements of accounting. Members of this group were thus reasonably well aware of what entry into the occupation might entail, and all of them can be regarded as 'choosing' accountancy rather than drifting into it; such a choice was equally likely to be made because of future career prospects or other 'instrumental' reasons as it was to be based on interest in the nature of the work per se:

"I was looking at professional jobs while at university; accounting interested me to some extent and my degree was helpful - it would have been no help in any other profession. I considered the future prospects and took the decision." (Chief Financial Accountant, III).

"I was interested in finance and had a fascination with the business world; I was always mathematically inclined and fascinated by figures - accountancy seemed the ideal opportunity. I joined the profession first for three months, but I was so thoroughly bored that I left. I had only seen one side of the picture at university - my lecturers advised Chartered

accountancy, and the Chartered institute was the only one to come round." (Cost Section Accountant, VII).

Two out of the four people from this group who had started work in a professional practice had done so primarily because of the training that was provided, and had always considered moving into industry once they had qualified:

"I didn't want to go directly into industry - management are concerned primarily with day-to-day problems and tend not to look towards long-term career structures. And if you compare industry's post-graduate education with the profession, purely in accountancy, it just doesn't rate at all. I saw the profession as a good training ground and one that would keep my career options open." (Factories Administrator, IVb).

The four graduates with 'relevant' degrees who began their accountancy training in industry had done so because they found it a far more interesting and satisfying prospect, and in some cases because of their background:

"The idea of auditing just didn't appeal. I wanted to be in there where things were happening, and being part of what was happening, rather than standing by and just checking what had happened." (Manager, Finished Goods Account, VIII).

"I considered the profession, but it was quickly dismissed. I come from an industrial background, my father was a driller, and

I've always wanted to work in an industrial environment. I'm also more interested in the now and the future, rather than the past." (Cost Analyst, VII).

The final group, group C, consists of nineteen accountants only three of whom were graduates and five of whom had begun their training in an industrial company. About half of this group had noted the importance of being good at mathematics or interested in figures at school and about half had been influenced in their decisions by other people - particularly their fathers. Further comments suggested that for most of this group accountancy represented not so much the 'best possible option' as a reasonable choice given certain 'instrumental' career orientations. Between them the following four accounts illustrate the range of comments that were made:

"I was involved with maths at school; in fact I started Pure and Applied Mathematics and Physics 'A'-levels, but I gave up after a year. ... I was bored and my friends were out earning a living. I wanted a career with a financial reward using economics and maths, and accountancy seemed to fit both subjects. I wasn't sure which body, but certainly not Chartered - it didn't suit my background; my father was a toolmaker in industry, and so I joined the ICMA." (Operational Accounting Manager, IVb).

"My father was an accountant and he suggested that accountancy was a way to get a really good, well-paid, secure job, and that you could get to the top if you had the necessary talent." (Cash Operations Manager, IVb).

"I was reasonably good at maths at school; I didn't know what I wanted to be, but accountancy seemed to be a profession which offered a fairly good standard of living and the Chartered was by far the most important qualification - I never considered industry." (Manager-Group Accounting, VIIIa).

"I had no clear career vocation on leaving school ... my father recommended it. I joined his firm of auditors ... I don't think security was important; what was important was the opportunity to earn a good income and go from job to job." (Group Treasurer, VIIIa).

As can be seen the reasons given for moving into industry or joining a firm of practising accountants were various,¹⁰ but few interviewees if any mentioned the intrinsically more interesting nature of the work.

Finally five of the respondents from group C had definitely taken an 'adventitious' route into the occupation and had 'drifted' into accountancy by chance or because other possibilities had fallen through:

"I didn't know anything about accountancy - it was a negative choice. A sports career was halted by injury and the careers master said 'you're good at sums, ever thought of management accountancy?' ... I wasn't all that sure what an accountant's role really was, but the more I found out about it the more I liked it." (Management Accountant, VII).

(c) Summary

The sample of accountants were predominantly white, middle-class and male, and this reflects the situation for accountants in general. About one quarter of the sample had degrees and about one half had obtained at least one 'A'-level. The relatively high educational attainments of the sample compared with the general population as a whole was particularly noticeable amongst the younger accountants (seven out of the eleven accountants under thirty years of age being graduates) - this is thought to reflect the changing entry requirements and policies of the professional accounting bodies (see chapter nine). Finally, the influence of their families was noted by a number of interviewees.

These results, therefore, suggest that entry into an occupation is a developmental process and that the opportunities open to people are structured by their sex and race, by the family and social class into which they are born, and by the education and socialisation they receive from birth. It should be stressed, however, that opportunities are limited rather than closed: thus there were seven people in the sample of various ages who had a working class background, who had no 'A'-levels, and yet who had qualified as accountants with one of the three major professional bodies.

Although there was the occasional individual who appeared to have been 'fascinated' by figures or by the business world (for example, the Cost Section Accountant, VII), the large majority did not seem to have

any strong urge to become accountants because being an accountant would per se fulfil their aspirations or ambitions. To the extent that any 'prior orientations' were discernible amongst respondents they tended to be 'instrumental' ones. In other words people were concerned to have a career, to earn a reasonable amount of money, and to 'get on in life' - accountancy was an occupation that appeared to be more or less interesting and that would enable them to fulfil such aims. These findings reflect to some extent the fact that whereas people interested in some professional occupations (medicine for example) tend to have to make an early commitment to their career (Hutchings, 1963), accountancy can be entered after having completed a degree and after having begun work in industry or commerce. Indeed industry can be viewed as providing an opportunity for postponing commitment to any specific field (this in fact may be industry's main attraction for the arts graduate - see Acton Society Trust, 1962).

The notion that people adjust to the situation they find themselves in and that occupational choice and work experience can be viewed as important contributions to aspirations and ambitions (cf. Roberts, 1968; Hayes, 1971) is borne out to some extent by those who obtained a job in industry before deciding to train as accountants (group A).

In conclusion the findings of this study would support the idea that the opportunity to enter certain occupations may be limited for some people because of the social and economic structure of society. Moreover occupational choice (to the extent that a choice exists) would appear both to be the product of and to influence individual

aspirations and orientations. The distinction between 'adventitious' and 'purposive' entry into an occupation is not thought to be a particularly useful concept as it ignores the developmental nature of the process of entry; moreover, it is difficult to determine exactly what is meant by 'purposive' or rational outside of the subjective interpretations of the individuals themselves.

If people do not openly 'choose' an occupation to coincide with whatever they desire, neither does occupational entry become totally determined by the situation in which people find themselves; in other words "there is a dialectical relationship between human effort and social constraint" (Watson, 1977, p 84).

8.4 Occupational Socialisation and Career Paths - Theory

The previous section investigated the process of occupational entry for accountants, and more specifically the transition from an educational institution to the occupation.¹¹ Another important aspect of a person's 'career', but one which has received less discussion (Flude, 1977), is the process by which an individual develops her or his relationships within a 'chosen' occupation.

Although 'occupational socialisation'¹² is a continuous process, occurring upon entering employment and throughout people's careers (Carter, 1962), it is thought to be particularly important for new entrants to an organisation or occupation. It has thus been studied mainly with respect to trainees;¹³ Berlew and Hall (1966), for example, describe the position of a new manager as follows:

"As a new member, he is standing at the boundary of the organisation, a very stressful location, and he is motivated to reduce the stress by becoming incorporated into the 'interior' of the company. Being thus motivated to be accepted by the new social system and to make sense of the ambiguity surrounding him, he is more receptive to cues from his environment than he will ever be again, and what he learns at the beginning will become the core of his organisational identity."

The majority of the literature has concentrated on 'professional socialisation' - the work of Geer et al (1968) is a notable exception.

It will be useful now, therefore, to consider briefly some of the more general literature on the 'professions'.

Much of the early writing on the 'professions' followed the line adopted by Flexner in 1915, by trying to formulate the essential characteristic or traits that distinguish 'professions' from other types of occupations.¹⁴ To the extent that consideration was given to individual members of the 'professions' (for example Cogan, 1953; and Ritzer, 1971), it was generally assumed that they obtained specialist knowledge and skills from an extended period of education and training (usually controlled by the profession), and that they behaved according to certain standards of conduct (usually laid down in the professions code of ethics). 'Professionals' were regarded as altruistic and as being motivated by a service ethic rather than by self-interest and pecuniary gain.

Certainly until the work of the 'Chicago school'¹⁵ and in particular Becker (1962), professional ideology tended to be accepted as fact. The orientations of professionals were taken as given, and the process by which people came to adopt such values and attitudes were not questioned. Moreover, membership of a profession was usually taken to imply a career until retirement; as Greenwood (1957) put it:

"Professional work is never viewed solely as a means to an end, it's the end itself. ... Self seeking motives feature minimally in the choice of a profession; of maximal importance is affinity

for the work. ... To the professional person his work becomes his life."

Although this quote implies that only a certain type of person was likely to choose to enter a profession, when attention turned to the induction of entrants it was generally agreed that they underwent an "acculturation process wherein [they] ... internalize the social values, the behaviour norms, and the symbols of the occupational group" (Greenwood, 1957). Other studies showed that in addition to learning technical skills students acquired the values, attitudes and self-concept of a 'professional' (see for example, Merton, 1957). Although there was debate as to the significance of different factors in the socialisation process (see Kadushin, 1970, as opposed to Ondrack, 1975, for example) and the effectiveness of various training programmes (Corwin, 1961), occupational recruits were still seen to be instilled with more or less enduring values, attitudes and identities (Elliot, 1972).

In this way, most early theorists conceived of a conflict between 'professionalism' and bureaucracy.¹⁶ Society was often seen in terms of rather simplistic dichotomies such as industry as opposed to the 'professions', or free-enterprise as opposed to service.¹⁷

Accompanying the emergence of modern forms of capitalism, however, has been the creation and enlargement of various industrial and managerial 'professions' such as accountancy, banking, engineering, advertising, surveying, architecture, and industrial psychology. Consideration of

the orientations of the increasing numbers of such 'professionals' employed in bureaucratic organisations was stimulated by Gouldner (1957, 1958), who described differences between what he termed 'cosmopolitans' and 'locals'. A 'cosmopolitan' orientation was seen to manifest itself in working for professional goals and the approval of colleagues throughout the professional world, in focussing on a professional career, and in a concomitant lack of loyalty to and effort for the organisation. A 'local' orientation, on the other hand, referred to a lesser commitment to the profession, more concern with the goals and approval of the organisation, and the focussing on an organisational career.

These categorisations have been disputed (for example, Goldberg et al, 1965), and added to (for example: Glaser, 1963; Abrahamson, 1965; Kornhauser, 1962). Bureaucratic organisations have been regarded both as providing areas of conflict for professionals (for example: Scott, 1966; Wilensky, 1964; Harries-Jenkins, 1970) and as reinforcing professional orientations (for example: Engel and Hall, 1971; Miller and Wagner, 1971).

Although discussion continues (for example, Sorenson and Sorenson, 1974), a general criticism of such work might be that too much emphasis has been given to 'prior orientations' and not enough to the way they might change in different situations and circumstances.¹⁸ Similarly, there has been a tendency for 'socialisation' to be considered purely in terms of the fitting of an individual into a role defined by and desired by other people in a society, occupation,

organisation or group (Schein, 1971; Moore, 1969). People have been regarded as passive receptacles into which new characteristics can be placed (Elliot, 1972).

Geer et al (1968) were exceptional in that they gave priority to the individual by studying the way in which people try to learn about persons, places and things in order to be able to control their situation. 'Learning the ropes', as they described it, was seen to consist of : "... attempts to master where things and people are, the niceties of rank and privilege, who expects him to do what, at what time, for how long: what the values are - which ones can or must be broken, which followed to the letter".

With respect to industrial scientists, Marcson (1960) noted how their orientations changed, and Glaser (1963) noted the effects on these of organisational structures and in particular organisational goals. The ways in which people adjust to the situation in which they find themselves, however, were demonstrated most forcefully in the medical profession. Indeed, Becker et al (1961) wrote of their study 'Boys in White':

"The proposition that immediate situations exert a compelling influence on individual conduct has pervaded our entire book."

Similarly, Friedson (1970) stated:

"There is some very persuasive evidence that 'socialisation' does not explain some important elements of professional performance half so well as does the organisation of the immediate work environment. [Such studies] ... reinforce my belief that ... a significant amount of behaviour is situational in character - that people are constantly responding to the organised pressures of the situations they're in at any particular time."

People react to the situations in which they find themselves and their orientations change. An important question is whether any patterns can be found in such changes. Kronus (1976) found that trainee pharmacists identified with the group that had the most power in their work situation; he thus concluded that the "basis of the situational adjustment process is power". Similarly Hastings and Hinings (1970) found that power was an important variable in determining the "role relations and value adaptations" of chartered accountants working in industry.

On the other hand, Watson (1976) noted how the concept of a 'professional' could be used as a 'resource' by Personal Managers as and when required. In other words there are certain values commonly associated with the notion of being a 'professional', and it might be advantageous for people who belong to a professional occupation to invoke these on occasions. In this way accountants may not so much be 'cosmopolitans' or 'locals' as 'cosmopolitans' and 'locals' depending on the particular circumstances in which they find themselves.¹⁹

If attention is now turned to people's career paths it may be useful to consider Haystead's (1971) utilisation of a 'decision tree' model. In this model the branches of a 'decision tree' represent different stages of a person's career path and the different possible channels through the social structure. The 'nodes' represent 'choice points', and 'awareness contexts' (see Glaser and Strauss, 1964) are employed to indicate the extent to which an individual is aware that a choice exists and possesses full information. Although clearly a very crude representation it serves to highlight the fact that once movement has been undertaken along a particular 'branch', the opportunities for future movement are restricted to certain 'sub-branches'; the further a person moves along one 'branch', the harder it becomes to 'move back' and proceed along another.

In other words an individual may find that there are certain 'side-bets' which commit her or him to particular channels within society (Becker, 1960). Initial entry into a particular occupation or structure sets an investment going, and not to follow through with this investment could mean the loss of an irreplaceable amount of time (Sofer, 1970). This is because in our present society careers are generally related to age (see, for example: Buhler, 1935; Miller and Form, 1951; Rapoport, 1970; Sofer, 1970) and both social institutions and cultural expectations emphasise 'age-graded mobility' (Becker and Carper, 1956). Moreover, people's orientations to their occupation, organisation, and career may well vary according to the stage in their career that they have reached (Sofer, 1970).

In short, circumstances and contingencies beyond the control of an individual may contribute significantly to the career path she or he may follow, and the career 'choices' she or he may (or may not) make. Moreover as people travel along various 'branches' of their careers, they will continually adjust to the situations in which they find themselves and to the expectations of others. People's orientations change - including their orientations to their career so far. Careers are complex, dynamic processes even though viewed retrospectively they may seem like simple, logical progressions.

8.5 Empirical Data on Accountants' Occupational Socialisation and Career Paths

The previous section indicated how members of professional occupations have often been regarded as having completely different orientations to work than their non-professional colleagues. Such orientations are thought to be the product of 'occupational socialisation'. From such literature it might be thought that accountants trained in practice would have different orientations to their 'profession' than those trained in industry. This section considers both the professional orientations, and the career paths and career orientations, of all the accountants sampled in this investigation.

(a) Professional orientations

It has often been suggested that professionals working in bureaucratic organisations might suffer from conflicting values and orientations (see the previous section). The sample of accountants in this study were thus asked if they could recall any situations in which obligations to their professional association had been in conflict with work required of them by their employers.

Only five of the forty-two qualified accountants admitted to recalling any occasions of conflict, and of these five three were 'sole accountants'. The following comments are representative of this group:

"Yes... a credit squeeze situation. Accountants are expected to bend things at times, and I've had to refuse to take a certain approach. Ways of presenting information can be biasing, but providing misleading information is where you've got to be a bit careful - 'massaging the figures'." (Cash Operations Manager, IVb).

"There was one instance at a previous firm, where a few things were going on that I didn't agree with professionally, ... and that was one of the contributing factors to why I left really." (Financial Accountant, X).

" Definitely. I stuck by my professional principles, I argued the case, ... and won through. Fudging the figures is obviously one, but that's a day in the life now. The real one is being put under pressure to falsify records in a stock take which was audited; another one was to deceive a group of people in a head office by fudging a capital appraisal request in giving a totally false presentation of the facts. There's no doubt about it, it damaged my career at the time ... though later it over-compensated itself." (Financial Controller, XI).

Although many other accountants acknowledged that they had to 'cut corners' sometimes, they did not regard this as 'unprofessional' in any way. In general the majority of the sample did not feel that there were strong conflicting pressures:

"As an accountant I'd like to think that everything is categorically checked, hand on my heart accurate - but in no way is it. And whereas I wouldn't say it's exactly trying to pull the wool over people's eyes, it can virtually amount to that if you like. It's not exactly unprofessional - you do the best job you can at the time with what's available." (Operational Accounting Manager, IVb).

All accountants were also asked if they were familiar with their professional association's ethical code, and whether they thought it was relevant to them in their job. The vast majority had read it and were what was often described as "reasonably familiar" with it. Just

over half of the respondents however did not think it was very relevant - a number of them suggested that this was because of their role within the organisation, or because they felt they were at too low a managerial level:

"I'm reasonably familiar - it's something I needed for the exams, but you tend to forget. It doesn't really effect me too much because I'm the internal face." (Management Accountant, II).

"I tend not to worry about that side of things - more my own ethics I suppose; but I'm probably not at the level where it becomes a problem - I'm not reporting results to outside shareholders." (Factories Administrator, IVb).

"It's not particularly relevant to me in this job since it's a large company. It may be relevant to company and senior accountants, but it's passed down in the form of company procedures - I'm aware of them in that form and I assume that the company standard practices conform." (Manager - Finished Goods Account, VII).

There were no discernible differences in terms of type of role, professional qualification, age, or any other variable between those who regarded their association's ethical code as relevant and those that did not. In fact the splitting of replies into two groups may be misleading in as much as people from both sets stated that it was as

much a question of personal ethics as anything else - see the comments of the Factories Administrator above, and the two following quotes:

"Yes, it's relevant accountants should always act with integrity - I believe that's the prime function of the accountant; so it is important, yes." (Product Group Accountant, III).

"It's relevant, though I can't say I know it chapter and verse. It all depends on your own scruples. I think you have to follow it, and be seen to be straight and honest with people you deal with in order to gain respect." (Management Accountant, IVa).

Finally the sample of accountants were asked a further two questions: "Have you attended any meetings, conferences, lectures, etc, connected with but outside your actual job in the past year or so?"; and "Do you do any reading relevant to your job but beyond what is formally required, including the reading of professional journals?"

Nearly all the respondents at least glanced through the journals pertaining to their particular professional association and read any relevant articles; many read a great deal more including other professional journals, the financial press, and books relating to various areas of management or business. About half the sample had been on courses in the previous year, but these were not usually ones run by the professional bodies. Only six accountants regularly

attended or assisted in the organisation of professional meetings or courses. As the Allen report stated:

"We find that the non-practice based accountant is not in close contact with his Institute, does not see it as a major source of help in his duties and will need to be convinced that there has been a change from the present dominance of involvement with those members in practice." (1977, 2.2).

It might be thought that those accountants who had undertaken their training with a practising firm (see figure 8.3.2) would have undergone a process of socialisation more akin to the classical professional model. Whether or not this was the case, they did not appear to have "internalised the social values, the behaviour norms, and the symbols of the occupational group" (Greenwood, 1957) any more than their counterparts who qualified in industry.

Further support for this suggestion is provided by the reasons given by the eighteen interviewees who had begun their training with a practising firm for their move into industry.

Eight of this group stated that they had moved into industry simply for further experience or because of difficulties in obtaining a partnership due to lack of financial resources. Only two of these eight kept in contact with the practising side of the profession and considered returning there however; one such respondent was the Financial Accountant from Organisation VIIIb:

"After eight years in the profession I wanted some business experience. I like to think I'll never lose contact with the profession; being responsible for the statutory accounting side I have a very close contact with auditors ... and my tax qualification means I keep fairly well up to date there."

It would seem that the other ten accountants had left the 'profession' because they did not enjoy the work. Indeed, as two of the following remarks indicate, some of them had never intended to stay in the first place:

"I always intended industry as I didn't enjoy auditing and I didn't want to specialise in tax or computers - I wanted more general aspects, more influence, to feel more useful. I wasn't happy that my work was having any significant effect on people making decisions - even as a senior manager." (Chief Financial Accountant, II).

"I intended staying in the profession for three to four years, and then moving into industry. I really wanted to be involved in what was going to happen, as auditing was far too much looking back at what had happened." (Chief Planning and Evaluation Manager, VIIIa).

"The professional environment would have driven me up the wall because of its mundane Dickensian nature, low pay and lack of opportunity." (Finance and Planning Director, VIIIb).

These results are in accord with the findings of a questionnaire survey of trainee chartered accountants undertaken by the writer in Birmingham in 1978. This survey showed that twenty-seven per cent of one hundred and two students who had just begun their training contracts, and forty-four per cent of seventy-eight students who were taking their final examinations, expected to move to a job in industry within two years of qualifying. Some gave reasons such as "more money", "better opportunities" and "the best way to the top" that related to career prospects, but many stressed factors associated with more interesting work and greater job satisfaction. The following were some typical comments:

"Go into industry and serve a more useful role. Sometimes I question the value of an audit."

"Move into industry because it's less cut-throat and I think I'll obtain greater job satisfaction in doing something more creative and positive."

"Industry - for the chance to be involved in the productive process (via the assessment of profitability) instead of a legalised parasite."

On the whole it would seem that accountants in industry do not conform to the stereotype portrayed by professional ideology. Moreover, apart from the six accountants involved in the affairs of their professional association perhaps, none of the sample can be regarded as having a

'cosmopolitan' orientation. Although it is thought that some felt a certain commitment to their professional association and the notion of being a 'professional', others regarded their qualification as a 'meal ticket', albeit a very important one, and simply tried to ensure that they did not lose it. As the General Manager of Organisation Ia, who was a qualified accountant, stated: " I might as well hang on to it just in case." As another example, the Finished Goods Account Manager in Organisation VII remarked:

"In fact to be perfectly honest, once I qualified the only obligation I've got to the professional body is giving them their £25/30 yearly membership fee. I've got very little contact with them apart from that. ... I'm not particularly impressed with the professional body - they are preoccupied I believe with the profession and not with the industrial accountant."

When all these results are considered along with those of section 8.3, by no means can it be assumed that professional accountants are generally "motivated by a service ethic rather than by self-interest and pecuniary gain"; neither can it be stated that "self-seeking motives" featured "minimally in their choice of a profession" (Greenwood, 1957). As Child (1982) stated, evidence for a serious conflict of values between accountants and business is notable by its absence.

(b) Career paths and orientations

Every accountant was asked to give a brief outline of the history of their career to date and from this was obtained the number of organisations that each had worked for, the number of years they had spent in their present organisation, and the number of years they had spent in their present job. Figure 8.5.1 outlines the results.

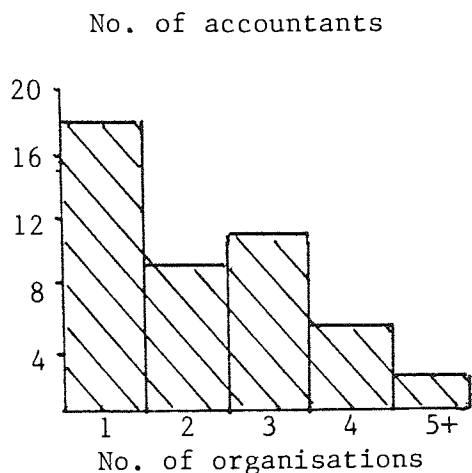
There is a danger in placing too much significance on such aggregated statistics, but it can be seen that in general the sample of accountants had not worked for many organisations. This is supported by the fact that they had spent an average of around ten years working for their present organisation. It is perhaps worth noting that out of nineteen accountants who had been in their current organisation for over ten years ten had in fact only worked for the one organisation. Only eleven out of the twenty-five accountants who had qualified within industry however had remained with the organisation in which they had trained; moreover four of these were still trainees strictly speaking.

From these crude statistics it would seem that the route to qualification does not influence accountants' organisational mobility: accountants who trained within industry did not appear to have any greater commitment to a particular organisation than their counterparts who had been socialised in the 'profession'.

Figure 8.5.1 Job & Organisation Mobility of Accountants

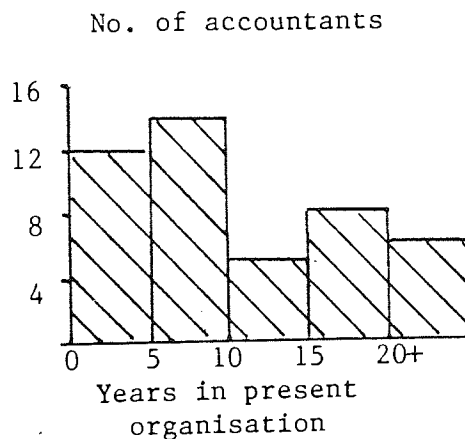
(a) Number of organisations

Mean = 2.2



(b) Years in present organisation

Mean = 10.3 years



(c) Years in present job

Mean = 2.7 years

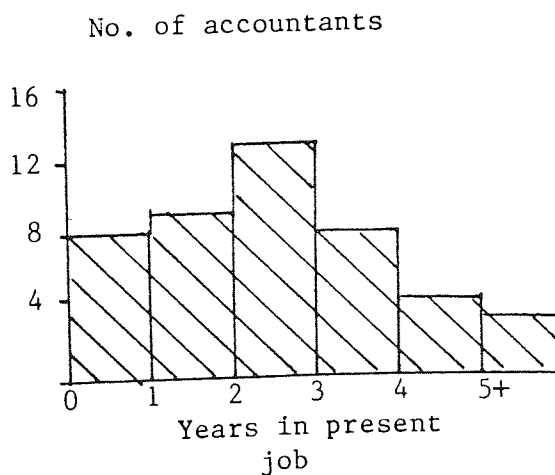


Figure 8.5.1 also suggests that accountants in industry change their actual jobs fairly frequently - two thirds of the sample had been in their current position for less than three years. From considering the types of jobs that each had undertaken it was apparent that most of the accountants had obtained a fairly wide range of experience, both in terms of the functions performed (for example, 'financial accounting', 'management or cost accounting', and 'specialist' work - see chapter five) and the nature of the units in which they had worked (for example, plant or factory, divisional and head office levels).

This was less likely to have been the case for certain Chartered accountants who were employed as central or 'specialist' accountants (for example, the Company Secretary in Organisation IVa, and the accountants sampled in Organisation VIIIa), but more likely to have occurred with the young graduates who were training or who had qualified while working in industry. The varied experience of most young graduates in particular probably reflects two factors: first, the nature of the training schemes employed by many large companies such as Organisation VII and Organisation IX (see chapter nine); secondly, their career aspirations and their appreciation of the usefulness of all-round accounting experience in their career development (see below).

In order to gain a better idea of the career expectations and aspirations of accountants the sample were asked a further two questions: "What are your career expectations - what do you expect to be doing for the next five years, say?"; and "How ambitious are you

career-wise, and how ideally would you like your career to develop in the future?" Figure 8.5.2 categorises the sample according to how ambitious they regarded themselves. Figure 8.5.3 outlines the respondents' perceptions of the likelihood of their ever moving out of accountancy, into general management for example.

Three accountants described themselves as 'very ambitious', and certainly for two of them this could be related to their occupational choice and early ambitions:

"I saw accountancy as a route to getting a good top business job, and I still see it that way." (Costing Accountant, VII).

"I would like to be appointed as a Financial Director to a thriving company, standing on its own two feet in a booming economy; that's my ambition and it has been since leaving school." (Financial Controller, XI.)

Another two accountants in the 'ambitious' category were over forty years old and in fairly senior positions (Finance and Planning Director, VIIIb; and Financial Director, XII) but they could still be regarded as ambitious. In fact these two were among four respondents from this category who thought they would probably move into a general management position. The other two were the Costing Accountant from Organisation VII, cited above, and the Commercial Director from Organisation Xc:

Figure 8.5.2 Ambitiousness of Accountants

Ambitious	16
Fairly ambitious	15
Not really ambitious	5
No longer applicable	9

Figure 8.5.3 Likelihood of a Future Move out of an Accounting Position

Probable	7
Quite possible	6
Possible - considered it	3
Unlikely - not considered it	9
No longer applicable	9
No answer	<u>11</u>
	45

"I think I enjoy accountancy, I enjoy the involvement, I enjoy the discipline ... but after a certain period of time there is only a certain amount that you can give as an accountant - and I would like the total involvement of management." (Commercial Director, Xc)

A further four 'ambitious' accountants thought it quite possible they would move out of accountancy, but five out of the fourteen who gave an answer regarded it as unlikely.

Fifteen accountants described themselves as 'fairly ambitious' or 'quite ambitious' although three of them thought they were less ambitious than they had been - two of these three were fairly senior managers. By 'fairly ambitious' it would seem that most accountants were concerned to have a steady or 'logical progression' to their career and that they would take any career opportunities that arose; the following two comments are typical:

"I'm ambitious enough that if I get a promotion I'd take it. I do not particularly want to do the top job if it involves twelve hours a day, day in day out; but certainly just below that top job, I'd like to reach one of those positions if I could." (Cost Analyst, VII)

"Job security, reward, etc. - these are things I do regard highly. Let's put it this way, I don't see myself as Chairman of ICI, but nevertheless I shall continue to pursue an active path

and seize opportunities as they present themselves." (Financial Accountant, VIIIb)

Three of this second category stated that they would probably move into general management some time in the future (including the two fairly senior accountants just mentioned). A further two thought that such a change was certainly possible; an example was the Accountant in Organisation Ib:

"I'm not sure ... I'd like to think general management because in this group to go further into accountancy would take me out of the openness of this job, where I am constantly interacting with other managers and being at the root of making money for the company ... it's quite exhilarating. In a more closeted atmosphere I'd be a go-between between the Board and the operating accountants on the more esoteric effects of accountancy - that's quite boring to my mind."

Five of the respondents did not appear to be ambitious but were quite happy with their current position. Although most wanted to make a 'worthwhile contribution' and desired a certain level of responsibility, a satisfying job seemed to be more important than career progression. For four of this group family and other interests were increasing in importance. The two accounts given below illustrate these points:

"I'm not tremendously ambitious at all really. I would obviously like a more responsible job, but I married fairly late, I've got a very young family, and ... enough's enough - I've been moved around so much I'd now like to stay put." (Deputy Head - Financial and Management Accounting Section, III).

"No great ambitions I'm afraid; provided I get a job with sufficient interest, then I'm quite happy. I'm at an age where, ... well ... family commitments, etc., I've settled down. I don't think I'd be terribly happy sort of stagnating in an organisation, but one of the points of this company is that something is always happening." (Accountant, Ia)

Finally nine accountants, who were all over forty-seven years old, felt that their careers were at an end and that the questions were no longer applicable to them. As stated earlier, in our current society job mobility and career opportunities generally decrease as people become older. Factors such as job security, the importance of spending time with their family, the importance of not having to move house again, and the desire to pursue other interests outside of their work, were mentioned by such respondents:

"I didn't really achieve the ultimate goal in terms of being the top man of an organisation, ... and I never did think I could in this company. At some point obviously I decided that I was going to stay with this company rather than chase that ambition. You get to a point in your career of course where you realise your

limitations, ... and of course you get to an age where I think it's true to say that it's difficult to move." (Finance Manager, IVb).

"The opportunities within the company are becoming much more restricted, especially from the level I'm at. And I'm at an age now where to contemplate going elsewhere isn't really on. Also there are other factors: I've got a family with three children, the younger ones are going through 'O's and 'A's, and I wouldn't want any upheaval for a few years." (Factory Accountant, IX).

In conclusion three quarters of the sample of accountants under fifty years of age were at least 'fairly ambitious', and their comments suggested that they were likely to be more committed to their careers than to either their occupation or profession, or their particular organisation. About a quarter of those who were at least 'fairly ambitious', and who gave an answer, thought it probable that they would move into a more general management position at some stage in their career; a further quarter felt such a move was 'quite possible'. It should be remembered at this point that three of the 'non-accountant' interviewees were in fact qualified accountants - the General Manager in Organisation Ib, the Division Manager in Organisation VII, and the New Product Sales Manager in Organisation IX.

Although many respondents expressed a certain amount of loyalty to the organisation in which they worked, this was often seen to be dependent on the organisation providing the opportunities for them to gain promotion, further experience, and/or financial rewards. Accountants, like many professionals, would appear to be especially sensitive to what they perceive as inadequate career opportunities (Kleingartner, 1967). The following were typical comments:

"_____ is a big company: they offer you security and they've also got concerns throughout the world; I was hoping to go overseas for a couple of years, but the opportunities seem to be a bit remote. But if you can get your experience and stay with the same Group, then you've got that security." (Management Accountant, VIIIb).

"It's a very good company to work for - I've no disgruntles about the company. It's a very, very big organisation, and I'd like to think that perhaps they could fulfil my needs somewhere. But, on the other hand, if another opportunity arose which attracted me, I'd certainly go and have a look at it." (Management Accountant, IX).

It is interesting to note that two out of the three interviewees who did express a strong attachment to the company for which they worked, did not have a professional qualification. As the Company Financial Accountant in Organisation IVa stated:

"_____ have been very good to me, they've looked after me very , very well; I have no desire actually to say 'stuff you, I'm going somewhere else'. It's very difficult to move around in the accounting world unless you have a piece of paper, an accounting qualification ... so in a way I'm a little bit tied I suppose."

The respondents' career orientations, both in terms of how ambitious they were and whether they considered moving away from an accounting position, were also investigated in relation to their social class of origin, their educational attainments, their professional qualification, the way in which they entered the occupation, and their 'type' of position (see Appendix 5). The main findings from this analysis are now outlined, although the numbers of accountants in each category are too small to draw any firm conclusions.

Eight out of the eleven accountants who did not have any 'A'-levels and who were young enough to consider further progress in their careers were 'ambitious'; this is a higher proportion than would normally be expected given that just under forty-five per cent of the population as a whole were 'ambitious'. Seven of these eight, moreover, thought it at least quite possible that they would move out of an accounting position at some stage in their careers.

On the other hand eight out of eleven accountants with degrees who answered the question relating to their future career expectations thought it unlikely they would move away from accountancy. This fact is supported by the finding that although six out of the eight accountants sampled with related degrees were 'ambitious', an

unexpectedly high figure, they all felt they would stay in an accounting position.

With respect to professional qualifications there was some evidence to suggest that those accountants who had trained with the ICMA were more ambitious than the rest of the sample; in fact eleven out of the sixteen ICMA accountants sampled who were young enough to consider further progress in their careers were 'ambitious'.

There was no apparent significant differences in career orientations according to people's social class of origin. As far as the 'types' of positions that the sample held were concerned, the numbers in each category were too small for even tentative suggestions to be made. Given the high mobility of the sample in terms of types of jobs, however, any correlation between 'position' and career orientations would not be expected to be very significant.

It has been shown that most of the sample were what might be termed 'career oriented' when entering accountancy - this is perhaps not surprising in that, as one interviewee put it, "...anyone who qualifies by working three nights a week must be fairly well motivated". Such an orientation can also be related to the background and education of most accountants and their appreciation that "deferred gratification is the price of success" (see section 8.2).

The idea of 'deferred gratification' was noticeable in particular in the early stages of many accountants' careers. It would seem that

many respondents desired a variety of experience at the beginning of their careers not only because they were going through stages of 'exploration' and 'establishment' (Super, 1957), deciding which areas they wanted to work in, but also because a range of knowledge and experience was seen in itself to be advantageous in terms of career prospects:

"I expect to spend another probably eighteen months in my current position; I would then hope to gain experience possibly in the financial planning area, or maybe even financial accounting - through the necessity to have that experience." (Cost Controller, VI).

"Ideally, if I was doing another job, I'd like to see myself eventually in a position in the management accounting function. At the same time I feel I'm in the right place now to learn the basis which I can use in a management accounting function. I'm happy about my career so far - each area I've visited has given me career development. The only thing I've not done is go into a factory for a period." (Manager, Finished Goods Account, VII).

When asked how they expected their careers to develop in the future, the most common response from the younger accountants was that they thought they would stay in their present position for a short while (anything up to three years usually) and then 'move on' in terms of experience and/or seniority.

To suggest that accountants are often 'career oriented', however, is not to suggest that this is the only factor that motivates them; the sample also stated that they wished to do a job that was satisfying and rewarding in other than a financial sense. There are undoubtedly a number of factors that motivate people in their work, and these will be related to the circumstances that a particular individual finds herself or himself in, and will also be linked to each other; for example, as Sofer (1970) noted, promotion may be important to the individual not only from an economic point of view but also in terms of maintaining that person's identity and self respect. However, from the evidence provided in this study at least, it is thought that for accountants "career is one of the most important ways of accounting for the relative importance of other factors and orientations" (Elliot, 1972).

(c) Summary

Accounting is generally regarded as an established profession²⁰ and accountants are commonly viewed as 'professionals'. 'Professionals' have in turn been characterised by the possession of certain values and work orientations that might be at variance with a bureaucratic organisational environment (for example, "altruistic motivation" or "working for professional goals and the approval of colleagues"). There was little evidence from this study however that accountants experienced any conflicts in this respect.

In general professional codes of ethics were not thought to be very relevant for most of the sample. It would seem that only those accountants who were responsible for the production of statutory accounts were likely to encounter demands that contravened their professional association's ethical code; and in the experience of this study's respondents such occasions were rare.

Personal integrity and other individual values were seen to be important by many, but these were not necessarily linked to being a 'professional'. In fact no differences in orientations were discernible between those who had trained in a professional practice, those who had qualified while working in industry, and those who did not possess a professional qualification at all.

These results are related to respondents' more general views on their professional association. Many appeared to regard membership simply

as a means to an end - that end being a greater personal control over the job market. Indeed many joined a firm of professional practitioners simply in order to obtain a 'meal ticket' that would grant them a good job in industry.

Most accountants (depending upon their age) were fairly ambitious and sensitive to inadequate career opportunities; this can be related to their reasons for entering the occupation and their 'prior' orientations (see section 8.3). In fact it would seem that for most industrial accountants attachment to a 'career' is more important than attachment to a particular professional association or organisation. The fact that about a half of those accountants who were still quite interested in advancing their position considered moving into other or more general management fields, can be related to the changing roles of accountants discussed more fully in chapters four, five and six. The findings of this study, therefore, question the usefulness of the 'cosmopolitan' and 'local' typology.

8.6 Conclusions

Apart from establishing their own internal disciplinary procedures and codes of ethics, the professional accounting institutes also determine their own entry requirements (see chapter nine). Prospective members of some professional bodies (in particular the ICAEW) used to have to pay for their 'articles', and so entry was limited to those who were reasonably well off financially. This chapter has shown that membership is still closely related to social class, even though entry is now increasingly being controlled by educational standards. It should also be noted that professional accountants are predominantly white and male as well as middle class. It is suggested therefore that further analysis of the ways in which the professional accounting bodies control the nature and volume of their members might be worthwhile, and this is undertaken in the next chapter.

Much professional writing and some academic work has argued (or at least assumed) that 'professional' people, and thus by implication accountants, are in some way different to 'non-professional' people. It follows from this thesis that those accountants in industry who are not members of a professional association (for examples, both the Company Financial Accountant and Financial Accountant in Organisation IVa) should in some way be different to their 'professional' colleagues; this was not borne out in the results of this investigation.

"Self-seeking motives" featured highly in the occupational 'choice' of many accountants and professional membership was often viewed simply as a means to an end. Indeed for some respondents accountancy itself was regarded only as a suitable stepping stone in a prospective general management career. In short the notion that a 'professional' is committed to her or his subject and to certain distinctive ethics and codes of practice was not upheld with respect to accountants in this study.

Generally accountants' orientations to their career and 'profession' can be regarded as being in tune with, or at least not in conflict with, their changing and possible future roles. The expansion of the scope of accountants' activities and their increasing knowledge of the various management functional areas provides a favourable basis for personal advancement into senior or other managerial positions, and this was a path considered by a significant proportion of the sample of accountants. Similarly any potential conflict of values between the accountant as an employee of a bureaucratic, heteronomous organisation geared to commercial goals (see Larson, 1977), and the accountant as a member of a professional institute with certain codes of ethics and practice relating to the wider public interest, would appear to be of far less concern to accountants in industry than it is to their professional associations (Child, 1982).²¹

The suggestion that accountants in industry change their jobs fairly frequently but not the organisation in which they are employed, together with their increasing movement into or interest in other

managerial posts, lend support to the idea that 'internal labour markets' are growing in importance relative to the 'occupational labour market'; further attention to this area will be given in chapter nine.

In conclusion, the sample of accountants were generally fairly ambitious and career oriented (although not usually in any definite direction), and there was high job mobility in terms of the 'types' of positions they held if not the organisations in which they worked.

Notes:

1. Whether or not Hughes was using 'man' to represent 'human' beings in general or more specifically 'males', the fact remains that men have tended to achieve prestige through their 'public' life, while women have been granted status mainly in the home and in their 'private' life; this can be seen to be the product of a patriarchal society (Gamarnikow, 1982).
2. Buhler's (1933) life stages of growth, exploration, establishment, maintenance and decline, for example, have been used as a starting point by many writers.
3. As such the criticisms of role theory in general are pertinent - see, for example, Wrong (1961) and Coulson (1972).
4. The nub of the 'adventitious' formulation is that "immediate situational adaptations can constitute the pathway of entry into an occupation" (Katz, 1966).
5. In fact, by taking "value orientations as given", Ford and Box (1967) in effect simply considered the making of a decision concerning entry into an occupation - they dismissed the 'adventitious' model as "atheoretical".
6. See, for example, Veness (1962).

7. A number of books have been written in recent years that cover these areas, but the following provide a good introduction: Oakley 1974; Byrne, 1978; Mitchell, 1971; Spender, 1982.
8. There is no immediate explanation as to why there should have been such a relatively high number of Cost and Management accountants in the sample. Unfortunately there is little information on the breakdown of different types of accountant in different areas, industries, organisations, and so forth.
9. It is interesting to note that in Silverstone and Williams' (1978) study of women Chartered accountants the three most important factors in career choice were 'thought the work would be interesting', 'career prospects' and 'aptitude for working with numbers'; these were also the most important factors given by the one qualified woman accountant (the Financial Performance Manager in Organisation IX) in this study.
10. It should be noted that when some of the older respondents began their training it was necessary to pay for articles with some firms of Chartered accountants - or at best trainees were paid purely pocket money.
11. While it is acknowledged that occupational entry may occur at any stage in a person's career, late entry is not common in accountancy - probably because of the amount of education and training that is required for a professional qualification. This

is not the case for personnel managers for example — see Watson, 1977.

12. This is what Musgrave (1967) termed 'tertiary socialisation'.
13. See, for example: Merton et al, 1957; Becker et al, 1961; Berlew and Hall, 1966; Geer et al, 1968; Sofer, 1970; Kadushin, 1970; Mansfield, 1971; Ondrack, 1975.
14. This type of endeavour has continued to be popular even until fairly recently. See, for example: Carr-Saunders and Wilson, 1933; Cogan, 1953; Caplow, 1954; Greenwood, 1957; Gross, 1958; Barber, 1963; Millerson, 1964; Wilensky, 1964; Hickson and Thomas, 1969.
15. The Department of Sociology at Chicago had an important influence upon developments in American sociology from the 1890's until at least the beginning of World War II. Leading members of the 'Chicago School' included E Hughes, G H Mead, R E Park, and
W I Thomas.
16. Weber was an exception here; this may at least partly be explained by the particular social and political structure of Imperial Germany in which he lived and worked.
17. In 1921 Tawney defined a profession simply as a trade for the "performance of duties", whereas industry was organised for the

"protection of rights". A year later MacIver described the growth of the professions as "... part of the movement ... by which the activity of service supercedes the passivity of station" (1922). The contrasting of 'professionalism', and thus altruism and service, with the selfishness and even anarchy of other forms of industrial organisation has continued; for example: Parsons, 1949; Carr-Saunders and Wilson, 1933; Lewis and Maude, 1952; Goode, 1957; Barber, 1963; and Halmos, 1970.

18. It is interesting to note that similar comments have been made more recently with reference to the influential writings of Goldthorpe, Lockwood, et al. (1968) - see, for example, Beynon and Blackburn, 1972.
19. Examples of how accounting itself may be used as a 'malleable resource' by accountants in order to achieve certain ends can be found in Appendix 1 in the section on 'interpretive theories'.
20. H. Watson (1976) gives a number of references that consider the social rankings of various occupations in different countries (for example, Gerstl and Hutton, 1966).
21. Child (1982) provides a useful analysis for accountants, engineers and scientists of: (a) the values attached to work; (b) the personal interests and advancements of occupational members; (c) the exercise of control over the definition and evaluation of tasks.

9 DEMAND FOR AND EDUCATION, TRAINING AND CAREER DEVELOPMENT OF ACCOUNTANTS

9.1 Introduction

9.2 Professional Recruitment, Education, Training and Career Development of Accountants

- a. Entry into the 'profession'
- b. Professional career development
- c. Summary

9.3 Demand for and Career Development of Accountants within the Sample Organisations

- a. Demand for accountants
- b. Recruitment, education, training and career development

9.4 Interviews with Recruitment Agencies

9.5 Conclusions

9.1 Introduction

Certain difficulties faced by professional accounting associations over the education, training and career development of accountants in industry were noted in chapter six, and in particular the problem of finding how to continue the benefits of specialisation with the requirements for a greater breadth of view. It was also noted in chapter eight that further analysis of the ways in which the professional accounting bodies control the nature and volume of their members might be worthwhile. Both these areas are considered in the next section.

Having discussed the part played by the professional accounting associations in the recruitment, education, training and career development of accountants, section 9.3 goes on to look at these areas with respect to the twelve organisations investigated.

Finally the labour market for accountants in industry is considered. There would appear to be very little information available on this topic and so debate stems primarily from interviews undertaken at ten major recruitment agencies. In particular attention is directed to the relative importance of labour markets both as created by professional accounting associations (see section 9.2) and within industrial organisations (see section 9.3).

9.2 Professional Recruitment, Education, Training and Career Development of Accountants

There are six main professional accounting bodies: the Association of Certified Accountants (ACA); the Chartered Institute of Public & Finance Accountants (CIPFA); the Institute of Chartered Accountants of England & Wales (ICAEW), of Ireland (ICAI), and of Scotland (ICAS); and the Institute of Cost & Management Accountants (ICMA).¹ The three largest of these (the ACA, ICAEW & ICMA) account for over eighty per cent of the membership of all six bodies, and an even larger proportion of accountants working in private industry (the large majority of CIPFA members work in the public sector). This section will consider the recruitment, education, training and career development of accountants in industry by only these three bodies.

(a) Entry into the 'profession'²

It has already been noted that a 'profession' can usefully be regarded as an "institutionalised form of occupational control" (Johnson, 1972; see in particular chapter 3). Attention is now given to the ways in which the three major professional accounting bodies control entry into the 'profession'.

When five societies were merged to form the ICAEW in 1880 it was decided that five years service under articles to a member in practice (or three years in the case of a graduate) was a pre-requisite for membership. Annual examinations at preliminary, intermediate and advanced levels were also recommended.³ The custom at that time was for the principal to charge a premium for granting articles and any salary was usually in the form of pocket money.

Since the turn of the century the process of entry into the ICAEW has changed surprisingly slowly; indeed it is only since about 1950 that premiums have been almost entirely discarded and salaries paid. Some other major developments are now outlined. Gradually the criteria for gaining an articulated apprenticeship has changed from financial resources to educational qualifications: a requirement for at least five 'O' levels was changed to a minimum of two 'A'-levels for those joining after September, 1983. In 1945 the 'Universities Scheme' introduced special degree courses with accounting, economics and law as their main subjects at certain universities, and these were accepted in lieu of the professional intermediate examinations

(although candidates were still required to pass the final ones). A reduction of articulated service to four years was also granted in 1963 to graduates from approved universities outside the United Kingdom and to 'sixth formers' in the United Kingdom with a defined standard of education. In 1972 a mandatory foundation course for non-graduates outside the period of the training contract was introduced with appropriate 'conversion courses' for non-relevant graduates.

While the ICAEW has made many efforts throughout its history to maintain its privileged position and to exclude members of other associations, the ACA has adhered to what it terms an 'open door' policy⁴ - the policy in fact which led to its foundation. The president of the London Association of Accountants Limited (the LAAL was by far the largest of three bodies that eventually merged to form the ACCA in 1939)⁵ stated in the first annual general meeting of 1905 that it was "attempting to legislate for that large number of unassociated and unattached gentlemen - a larger number than many are aware - who, having the requisite knowledge, capable experience and training gained from actual practice, are yet barred from membership of the older established societies mainly through the compulsory and often expensive articles enforced by them" (Osborne and Bell, 1954, p.7).

The LAAL introduced examinations in 1920 and generally tightened up its admission requirements, but by 1929 still only fifty-eight per cent of its members had entered through examination. Gradually however changes have been introduced such that the entrance and

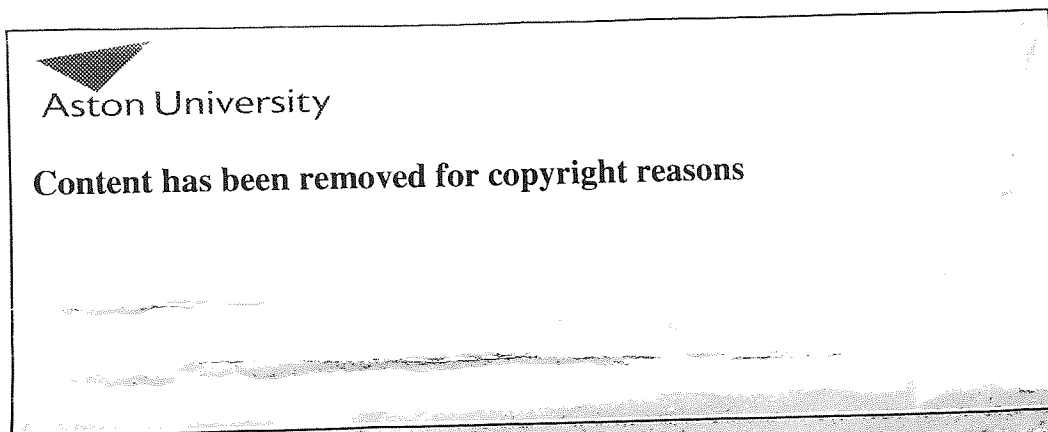
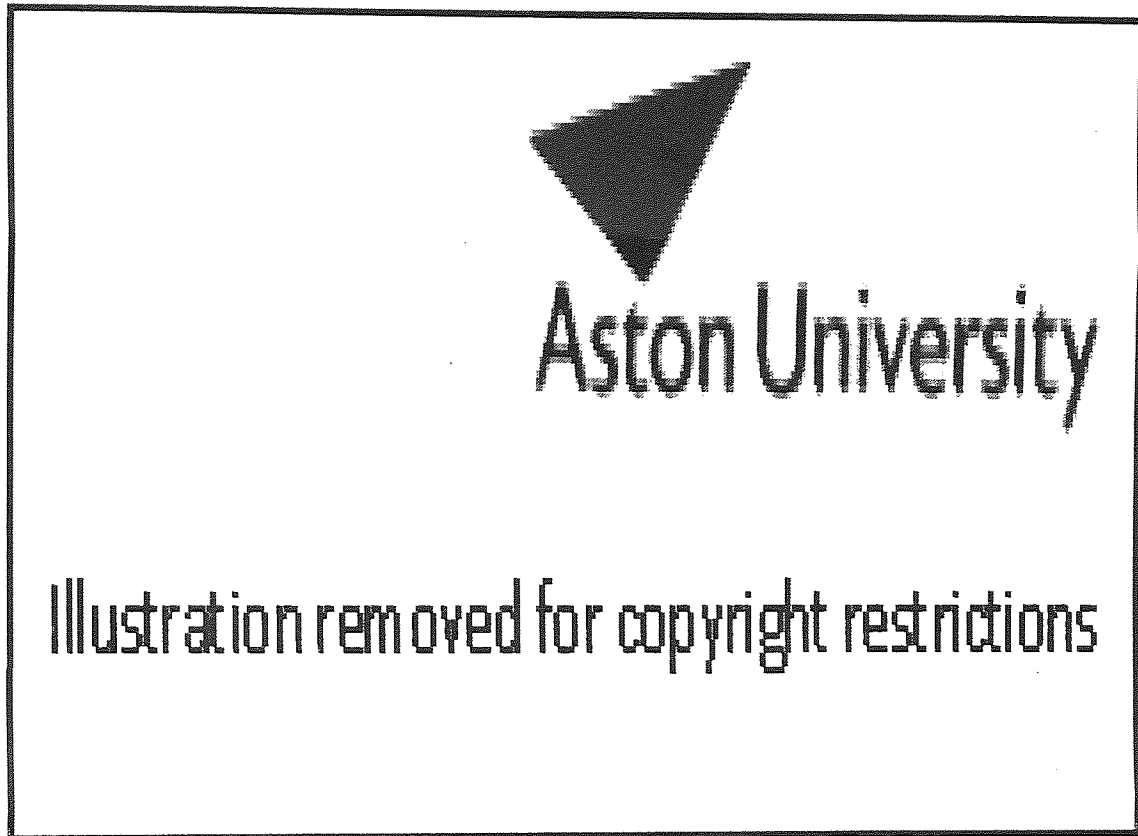
examination requirements are now similar to the ICAEW (see figures 9.2.1 and 9.2.2).

The Institute of Cost & Works Accountants (ICWA) was formed in 1919 in order to "promote the use of scientific methods in Cost & Works Accountancy" and drew the large majority of its members from employee positions in industry. Examinations and some practice requirements were introduced in 1920, but by 1930 it was still possible to gain membership without taking the exams or becoming a 'registered student'. Figures 9.2.1 and 9.2.2 show that the ICMA's entrance and examination requirements are also now similar to the ACA & ICAEW.

Although the education obtained while qualifying with one of the three major accountancy bodies can be regarded as broadly similar, the same does not apply to training and practical experience, as can be seen from figure 9.2.1. In particular Chartered accountants are trained and gain their experience in firms of practising accountants, whereas Cost & Management accountants work in industry or commerce, and Certified accountants may do either. Figure 9.2.3 shows how an increasing proportion of graduates are now amongst the growing numbers of professional accounting trainees wherever they train.

Finally all the major accounting institutions control membership numbers by determining the pass rates in their own examinations. These pass rates have tended to be low and to have got lower as students progress through their training (numerous articles and letters concerning pass rates can be found in any of the professional

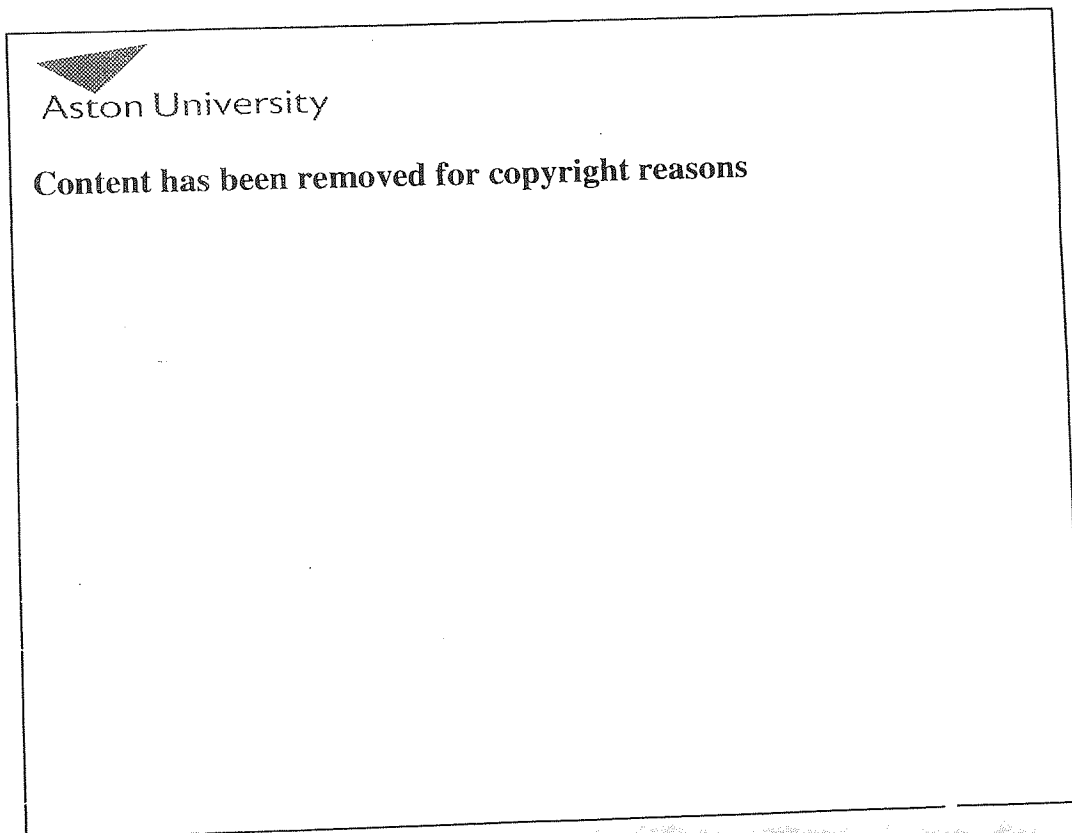
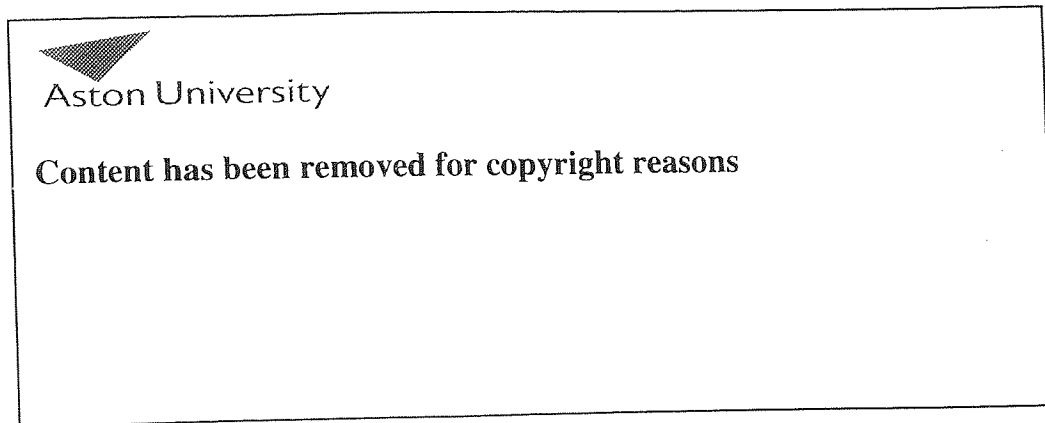
Figure 9.2.1 Entrance and Training Requirements of the ACA,
ICAEW and ICMA



[Information obtained from standard professional literature, 1984]

Figure 9.2.2 Examination Requirements of the ACA, ICAEW, and ICMA

ACA



[Information obtained from standard professional literature, 1984]

Figure 9.2.3 Numbers of Registrations for the ACA, ICAEW, and ICMA:
1964 - 1983



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accounting papers and magazines). As the leader article in a recent edition of Accountancy (October, 1983) stated: "This is ... a time to recognise that what we now offer is an elitist qualification, which the candidate of merely average intellectual competence is unlikely to attain."

There are three main points to emerge from the above discussion: first, the professional accounting associations have control over the initial registration of prospective members (to the extent that certain entrance requirements exist), the knowledge and experience trainees should obtain (by the setting of examinations and the recording of work experience), and the granting of membership itself (in particular through the setting of examination pass rates); secondly, although commonly referred to as the accounting 'profession' and although there is much overlap in the areas covered by the three major accounting bodies, emphasis should be given to the existence of various separate 'professional' associations; and finally, graduates are forming an increasing proportion of the intake of all the main accounting bodies.

With respect to the second point a recent article in Management Accounting stated:

"The ICAEW is concerned about the loss of some of its identity under the CCAB [Consultative Committee of Accountancy Bodies] umbrella, the regional accountancy bodies in Scotland and Ireland are concerned about their separate identities, the Certified

Accountants are preparing a Bill for registration of the profession which could have far-reaching effects, and the management accountants are stressing the importance of their separate identity. Thus the trend of co-operation appears to have halted and may even be in reverse, hastened by disagreement over issues such as the advertising rules and inflation accounting." (Norkett, June, 1984)

(b) Professional career development

Although all the accounting bodies provide various forms of support (such as 'continuing professional education' courses) for qualified members, concern for the further career development of accountants in industry relates primarily to those who have been trained in public practice, and thus stem mainly from the ICAEW. A marked decline in the acceptability of qualified Chartered accountants as entrants to industry was foreseen by Davison back in 1972. The 'Allen report' on "Developing the Accountant in Industry & Commerce" in 1977 expressed similar fears:

"Despite the increased amount of business knowledge now in the syllabus, the newly qualified chartered accountants' knowledge is of limited practical use when entering commerce or industry". (1977, 3.3).

More recently an article in Accountancy entitled 'Training in Industry' stated:

"The Industrial Members Committee believes that, in the absence of an extension of training beyond the practising office, the next 10 to 20 years will witness a decline in the proportion of top financial management jobs held by Institute members. Young people with an industrial or commercial bent may well find it more attractive and appropriate to train for an alternative qualification. ... A consequence of this could be that the

Institute will increasingly become an auditing body. In such circumstances it is difficult to envisage the Institute retaining its standard-setting authority and its leading position in the accounting profession." (November, 1982, p.134)

It has also been suggested that non-practice based accountants are not in close contact with their Institute and do not see it as a major source of help in their duties (eg. the Allen Report, 1977) - this ties in with the results of this study outlined in chapter eight. In 1980 a report of the Hundred Group (comprised mainly of senior financial managers from the hundred largest industrial companies in the United Kingdom) voiced these concerns as follows:

"There are signs that the dominant position of the three Chartered Institutes is being challenged, both by the increasing number of other disciplines in senior finance jobs, and the growing concern amongst Chartered Accountants in industry and commerce with the practice orientation of their own institutes." (Julien Report, 1980, p.13).

The first career stage discussed in the proposed "career development guidelines for accountants in industry and commerce" (enlarged upon in an ICAEW pamphlet in 1979) was clearly designed to help the Chartered accountant overcome any deficiencies in her or his education and training (see also Mumford, 1977). The training of Chartered accountants exclusively within professional firms has thus been

questioned and greater effort in developing training schemes for all types of accountants within industrial companies has been urged (see the Julien Report, 1980; also more recent articles in Accountancy eg. leader, January, 1983; leader and commentary, November, 1983; leader, January, 1984). Attention was also drawn by the Julien Report to the increasing number of industrial associations formed by or with the aid of Chartered accountants - notably the Hundred Group, the Midlands Industry Group & the Scottish Finance Directors (in fact the ICAEW's "Career Development Guidelines for Accountants in Industry & Commerce", 1979, listed seventeen active industrial member groups of Institute District Societies).

More consideration might have been given too to the increasing number of graduates in business related subjects (including those obtaining Master's degrees in Business Administration - MBAs):

"Furthermore, other disciplines within the organisation will encroach on areas of responsibility previously dominated by management accountants. This will become a reality with the increasing output of business graduates, MBAs, and other associated professional managers, who are currently aware of the management information role and are undertaking it even though they are not qualified accountants." (Gale and Kaye, 1984)

The United Kingdom is unique in having such a high proportion of its 'chief financial officers' with accounting qualifications - a report in 1976 by Heidrick & Struggles gave the figure as ninety-two per cent

(about ninety per cent of whom were Chartered accountants) as opposed to thirty-eight per cent in the United States. In fact it is common in France and West Germany, as well as the United States, for graduates in business related subjects to join industrial companies providing or sponsoring further general business training; it would seem that sufficient financial and accounting skills can be obtained in this way in order to control a function which is commonly regarded not so much as a specialist function but more as an integral part of the fabric of the business (see the Julien Report, 1980).

The problems of combining the benefits of specialisation with the growing requirement for a greater breadth of view were noted in chapter six. Indeed the resolution of such difficulties may not be possible within the current structure of the professional accounting bodies. Solomons (1974), for example, has noted the strong case for rationalisation within the 'profession' and for the setting up of specialist bodies linked in a confederation; he acknowledged however that such a possibility ignored a long history of struggle between the various associations. The Tricker Report (1983) has also provided a fundamental appraisal of the 'machinery' of government for the ICAEW.

If the structure of the 'profession' is not changed it may be that new bodies such as the Association of Corporate Treasurers will be established; Davis & Collier (1983), for example, state that it was not reasonable to expect that any existing professional body could service such specialist interests.

In summary, it would seem that the acceptability of a Chartered accountant's training within industry is being questioned. It may also be that 'professional' accountants in general in industry will increasingly be in competition with people from other disciplines, and from more general business graduates.

(c) Summary

A number of accounting bodies have been established over the years and separately they have maintained similar controls over the recruitment, education, training and career development of their members. Between them moreover, they have dominated the labour market for accountants in all fields of work, and have established accounting as a 'traditional' profession.

Contrary to law and medicine however, accounting as a subject of academic study (and commercial education in general) has been relatively slow to develop in the United Kingdom. It has been suggested that this is at least partly due to the accounting 'profession' itself (Stacey, 1954). Certainly the ICAEW has consistently been against both the addition of more general business studies and the closer involvement of universities and technical colleges in its examinations (see, for example, the reaction to the recommendations of the Carr-Saunders report in 1949, and the Solomons report in 1974).

It has been demonstrated in previous chapters in this thesis that there is a growing requirement from managers in industry for accountants to have a broader business understanding and to undertake a more commercial role. It would seem reasonable to expect therefore that the dominant position of Chartered accountants in industry may be gradually eroded, if not directly challenged, by industrially trained professional accountants; this would certainly seem to be likely if

the ICAEW were for any reason unable to recruit such a high proportion of well-qualified graduates. Given that there is no legal requirement for accountants in industry to be members of a professional association, it could also be that graduates from other business related disciplines will find themselves in more financial roles.

At the same time as requiring accountants with a general business understanding, there would also appear to be a demand for specialists in certain areas such as tax and treasury management.⁶ The example of the Association of Corporate Treasurers would suggest that the current professional accounting bodies are unable by themselves to meet such requirements.

9.3 Demand for and Career Development of Accountants within the Sample Organisations

Having considered the part played by the professional associations in the recruitment, education, training and career development of accountants, this section looks at those areas with respect to the twelve organisations studied. Information was obtained primarily from interviews with one or two 'career development advisors' in each organisation (see Appendix 3).

(a) Demand for accountants

A finance or personnel manager for each organisation investigated was asked two questions designed to elicit information on their organisation's changing requirements over the years for accountants. The two questions were: "Do you think your organisation's demand from accountants has changed in the past few years at all?", and "Can you think of any changes that are likely to affect the future employment prospects of accountants in your organisation?" Further information also came from the comments of some accountants and non-accountants when considering the changing roles of accountants in their organisations (see chapter four). The results are now considered for each organisation in turn.

In Organisation Ia it would seem that the numbers of clerical accounting staff had fallen and, to some extent, their places had been taken by unskilled data inputters (often part-time female labour)⁷ who had little or no knowledge of double-entry book-keeping; the Accountant regarded this as a retrograde step. The Accountant in Organisation Ib stated that in 1967 there had been about eighty people in the accounts office and no computer; at the time of the interview there were only twenty people and a mini-computer with terminals at four of the depots - indeed he suggested that the savings in staff had probably paid for the computer. Within Organisation I as a whole, the Group Accounting Development Manager thought that there was a need for far fewer but more highly qualified accountants than there had been - as he said, "the day of the general clerks is over".

Organisation II's Personnel Manager thought that there had been a demand for "higher grade" accountants over the past five to ten years, although the overall numbers probably had not changed. He also suggested that computerised information systems would lead to the removal of a 'skill level': "... I suppose at the lower end we'll be looking for people more with administrative skills than accounting knowledge." It should also be remembered that the Chief Financial Accountant had wanted more qualified accounting support, and that this had been obtained shortly after the initial investigation.

The number of accountants within Organisation III's 'product groups' was seen to have risen in the past ten years, and many 'up-and-coming' young accountants were now placed in these areas. Although it was thought that there would be a continuing demand for good qualified accountants, it was acknowledged that there had perhaps been a gradual decline at the more senior levels through 'natural wastage' and the combining of jobs, in turn due to the worsening economic climate. The numbers of accounting staff, on the other hand, had dropped and this trend was thought likely to continue:

"I think one sees less need for accounting staff generally - less need for the book-keeper type of person, the non-qualified, long-serving, experienced type of chap. There will always be a few around, but the need will be less. In their place there'll still be a certain level of qualified accountants, and for the other staff we'd recruit brighter young girls, who're often very

good, and not so interested in a career." (Deputy Chief Accountant, III).

A concomitant of decentralisation and computerisation in Organisation IVa was seen to be an increase in the number of qualified accountants (about twenty years ago there had been only four of them, whereas now there were around forty). Decentralisation together with the fact that the company was still expanding (a new factory with its own accounting function was being established every two years on average) meant that there was a need for yet more accountants of better quality - the Finance Director had in fact defined the accountants as "too low in professional skills". There had been some reduction in the numbers of clerical staff (particularly those connected with the payroll and other comptometer operators), but it was suggested that this had probably been off-set by an increase in other "computer-oriented people":

"I don't think the computer age has caused a reduction in the amount of people we employ - rather it has changed the type of animal we use, as it were. We have many more computer-oriented people, we have many more punch-girls, and we have many more people preparing reports to put into the computer rather than analysing certain things manually. If I was not an accountant and was doing a more lowly job, I'd probably be more bored by what I'd now be doing - I feel sorry for them." (Company Financial Accountant, IVa).

It was not certain whether or not there had been an overall reduction in the numbers of accountants and accounting staff in Organisation IVb, but there had clearly been an increase in qualified accountants over the past ten years. The organisation was heavily unionised and this was given as a possible explanation as to why computerisation may have led not so much to a reduction in numbers as to the provision of more information and a facility for greater control.

Organisation V was too small for the questions to be relevant.

It seems clear that there had been a reduction in staff in finance and data processing functions in Organisation VI: whereas ten years ago there had been over three hundred staff, at the time of the investigation there were only one hundred and seventy. Many of the clerical employees had gone, and with the introduction of video display units their replacements in the punch room were also seen to be disappearing. Although there were many more qualified accountants than when the Finance Manager had joined the company in 1953, the growth in their number was thought to have stopped in recent years along with more general reductions in staff.

The Administration and Training Manager for the Financial Division of Organisation VII noted that over the past ten years more and better qualified accountants had been recruited in order to satisfy the increasing volume of information required by top management, in fact because not enough qualified people were being recruited from outside on an ad hoc basis a special internal training scheme had been

established. Two of the accountants interviewed also thought that there had probably been a shift from clerical staff to more qualified accountants as a result of the increasing complexity and competitiveness of industry and the decentralisation of the finance function:

"I think generally we have seen that the clerical staff have gradually reduced, but not significantly. But the number of qualified accountants-cum-graduates, certainly in this company, between the ages of twenty-five and thirty-five, has increased significantly. I bet it has at least doubled over the last ten years - and the demands are such that we could even do with more.. (Management Accountant, VII).

"We may well end up with less people, but have to have higher grade people. I mean we've got a lot more senior staff people now than we had ten years ago; but that's not because of computers, that is simply because we've moved far more into the management accounting area and put our cost analysts into production departments." (Cost Accountant VIII).

The Personnel Director at Organisation VIII's Group head office thought that a different type of person was required as an accountant compared with ten or fifteen years ago - accountants had to have a broader appreciation of industry and the requirements of other functions. Although he did not think that the numbers of clerical accounting staff had dropped as dramatically as was often suggested,

he suggested that in the future the organisation might require fewer, better qualified, more experienced accountants - "there will be technicians at the bottom end, but very skilled financiers at the top end maybe". Organisation VIIIb had only been formed in 1976 following the reorganisation of about eight different legal entities; consequently, although there were many more qualified accountants at the centre of the new division (see section 4.8), it was difficult to determine exactly how the demand for accountants had changed.

There would seem to be little doubt that computerisation had led to a reduction in the numbers of clerical staff in Organisation IX, but changes in the demand for qualified accountants were less certain.

Until eight or nine years ago there had been only two qualified accountants in Organisation X and neither of them had been on the board. Following the appointment of a new Group Managing Director and Group Finance Director there had been a shift in emphasis towards accounting, and at the time of the investigation there were seven qualified accountants. Unfortunately no information was obtained on any changes in the numbers of clerical accounting staff.

There were no comments on changes in demand for accountants in Organisation XI apart from the Personnel Manager's suggestion that "the numbers have reduced if anything." Similarly the only relevant statement concerning this issue in Organisation XII was from the Finance Director who thought that the clerical accounting staff had

decreased by about one third - this change was attributed mainly to computerisation.

Although not asked directly, the majority of respondents referred to clerical accounting staff as well as accountants; a summary of the above comments for both groups is given in figure 9.3.1.

It can be seen that respondents from nine out of thirteen organisations thought that the numbers of their clerical accounting staff had declined and four of them related this to the removal of a 'skill level'. In other words experienced clerks or book-keepers were being replaced by unskilled inputters of data (often women working part-time). Computerisation was seen to be a major cause of such changes. These results are in accord with much of the literature on the impacts of computer upon industrial organisations (see, for example, Withington, 1969, Whisler, 1970, and Hofer, 1970), and provided limited support for Braverman's (1974) thesis concerning the 'deskilling' effects of technology (any assessment of his thesis overall however must consider not only all occupations, but also the 'reskilling' effects of technology).

Opinions on the changing demand for accountants were more varied and depended at least to some extent on the time period being considered. Interviewees from six organisations noted that the numbers of their accountants had definitely risen over the past ten years (this was thought to be partly due to 'decentralisation' and to the increasing

Figure 9.3.1 Changing demand for accountants and clerical
accounting staff

<u>Accounting Staff</u>		<u>Accountants</u>	
Less	9	Same, or maybe less, but better qualified	2
Removal of 'skill level'	4.	More over the past ten years	6
		Still increasing	2
		No longer increasing	2
Uncertain	4	Uncertain	5
Not applicable	<u>2</u>	Not applicable	<u>2</u>
	15*		15*

* 15 refers to Organisations Ia, Ib, II, III, IVa, IVb, V, VI, VII, VIII, VIIIa, IX, X, XI & XII; the questions were not applicable to organisations V and VIIIa however.

complexity and competitiveness of industry); two of these however acknowledged that numbers were no longer rising (primarily because of a more general stagnation, in turn seen to be the result of the depressed economic climate). Respondents from Organisations II and VIII (and the Group Accounting Development Manager from Organisation I) stated simply that the current and possible future requirements were perhaps for less, but more experienced and better qualified accountants.

The numbers of accountants employed were not seen to have been affected to any great extent by computerisation, and again this ties in with much of the literature relating to the effects of computers upon middle management (see, for example, American Foundation on Automation and Employment, 1966, Hofer, 1970, and Dale, 1971).

(b) Recruitment, education, training and career development

In order to find out more about the recruitment of accountants of different types for various posts, all 'career development advisors' were asked the following questions: "How do you generally select accountant recruits? Is there any preference made between the various professional accountancy qualifications when taking on young recruits or when trying to fill different posts?" Figure 9.3.2 outlines the results.

Organisation III's Deputy Chief Accountant stated that his company preferred to recruit graduates (whatever the degree) and that "from past experience we would look for Chartered accountants first, although not exclusively".

The 'career development advisors' from five other organisations however indicated a slight preference for Cost and Management trainees, although chartered accountants were likely to be recruited for 'specialist' positions. Organisations IVb, VII and IX in fact had carefully designed training schemes registered with the ICMA, and preferred to 'build' their own accountants; as the Administration and Training Manager for Organisation VII's Finance Division stated:

Figure 9.3.2 Organisations' recruitment policies for accountants

	Organisations
Preference for Chartered Accountants	III
Preference for Cost & Management Accountants	IVb, VII, VIII, IX, XI
"Horses for courses"	VI, X
No preference	II, IVa
No answer	I, V, XII

"Trainees probably do become fairly company oriented and knowing about the company and company methods is probably just as important as the professional training they receive."

Organisation XI was a small firm and so took on very few trainees anyway. Organisation VIII'S Personnel Director noted that there had been very few opportunities to recruit Chartered accountants for specialised roles in the recent past because of the lack of movement in accountancy staff generally; he also made the following comments about the different professional qualifications:

"The other professional bodies seem to provide a more practical and a more comprehensive way of training and, to that extent, the accountants coming from those two bodies seem to be more in tune with industrial requirements than the Chartered accountants. ... My accounting friends would actually subscribe to this view."

The interviewees from Organisations VI and X suggested that there were "horses for courses": they were thus likely to hire Chartered accountants for specialist head office or financial accounting jobs, and probably Cost and Management accountants for other positions. Organisation X's Group Financial Director noted his possible prejudice against Certified accountants, but also added that for management accounting a person's character or personality was more important than the qualification. These factors were also stressed by the personnel managers interviewed in Organisations II and IVa:

"My view is that a lot more depends on the personality and circumstances surrounding an application - like a person's motivation to work for a firm of our size, etc. I'm loath to advertise for any of the three qualifications as 'desirable'."
(Personnel Manager).

The next three questions in the interview given to 'career development advisors' related to the education, training and career development provided by organisations for their accountants: "Does your organisation provide any education and training for accountants?"; "Does your organisation have any set career development policies for accountants?"; and "What are the major problems that your organisation faces with the training and career development of accountants?". Organisation V was too small for the above questions to be relevant, and no answers were obtained from Organisation I or XII; the replies relating to the remaining organisations have been divided into two groups according to their approximate size.

Organisations II, VI, X and XI did not have any formal plans or schemes for the education, training and career development of their accountants - they were not regarded as worthwhile given the number of accountants involved. Nonetheless it was hoped that individuals' particular requirements were fulfilled as and when they arose. Organisation X's Group Financial Director made the following comments:

"We try to develop them by ensuring that they change roles or jobs within the organisation as frequently as possible. Most of the accountants here have had more than one job, ... because I want them to have all-round ability ; we're not looking for blinkered people in this organisation."

Organisation VI was the largest of these four organisations, and the Financial Controller described the development policy as being "one of flexible growth, with a conscious effort to match company requirements with individuals who have shown potential and good performance". A major problem, however, was seen to be the limited number of senior accounting positions available within the organisation - people were inclined to remain with the company for long periods of time, thereby reducing the number of openings.

The main difficulty mentioned by the other three organisations was that, being so small, they could not afford to release people for any 'off-the-job' training - there was no one else to cover their work.

The six larger organisations (Organisations III, IV, IVb, VII, VIII and IX) all had formal planned training schemes, usually registered with the ICMA, and well organised career development policies. The following example indicates the breadth of education and training provided:

"Graduates receive on-the-job training placements to meet ICMA requirements; at a more senior level this division runs some

professional education seminars where experts are pulled in from outside. There are also external courses if there's a specific technical need in one area or another. Individuals are also nominated by managers because they're in a supervisory position, or not very strong in an area, or because they're up and coming, for courses in: action centred leadership, selection interviewing, industrial relations, computers, report writing and communications, and so forth." (Commercial Training Officer, IVb).

The next two quotes demonstrate different aspects of well structured career development policies:

"Within the division we bring them into the central accounts section, and we like to see them spend a period in the computer liaison group. More and more we like them to spend a period in a product group. Good experience, but perhaps less necessary now is a spell at the works as a Plant Accountant - this is the first opportunity to actually manage a group of people and it exposes them to talking about the financial progress of a particular business to groups of plant people. If they have a lot of potential we give them a spell at head office and we like them to have, though it's not always possible, some overseas experience." (Deputy Chief Accountant, III).

"There's a 'management development scheme' which involves an annual formal interview and appraisal of every manager's performance against set objectives; we establish at that

interview training needs and career aspirations. There's also an annual development list of those with the potential to go further both within a division and outside. We then discuss the management development problems and opportunities in the finance function with the Group Accountant and the Managing Director of the Services Division." (Personnel Director, VIIIa).

'Career development advisors' from Organisations III and IVb mentioned the problem of finding the time to release people for courses; the latter in particular noted the difficulty of getting the manager of a department to recognise that trainees were trainees and not to give them a specific job to do - especially in the current economic climate when employment levels are low.

Three other representatives commented on the problems involved in providing adequate career development for aspiring accountants, given the stagnation of business; here are two of these statements:

"The business is not expanding at a fast rate and so the jobs are not being created. There are not the opportunities there were five or ten years ago; people are not moving or retiring to that extent, and so we have a fairly static position. It's a problem in that we're going to end up with even the most modest book-keeper being an ACA. Now that's an exaggeration ... but it's a very real problem." (Personnel Director, VIIIa).

"Three layers down there's an awful frustration - people in their late twenties who've progressed fairly rapidly look up and see what I call 'road blocks'. We tend to lose people at about twenty-eight to thirty - often to be bigger fish in a smaller pool." (Finance Director, IX).

A similar situation existed in Organisation VII where the graduate training scheme was based on the assumption that about fifty per cent would leave the company; the Financial Administration and Training Manager there thought that the chief problem however was selecting enough people of the right calibre.

(c) Summary

In general then the numbers of accountants were thought to have risen over the past ten years or so, while the numbers of clerical accounting staff had fallen. The demand (in terms of quantity) for accountants was not seen to have been altered significantly by computerisation, and although the effects of the depressed economic climate were less certain, young qualified accountants in particular still appeared to be sought after; these results are similar to the findings from interviews with recruitment agencies (see the next section).

The form of recruitment, education, training and career development provided for accountants by industrial organisations clearly depends on their size; in particular small firms find it more difficult to set up training schemes or even to release employees for training. Having said this the main point to emerge from the above results is that there was an increasing demand for cost and management accountants who could be trained in the particular ways of individual companies - in fact six companies had established well-structured and organised training schemes. It is not known however whether the sample of organisations, and in particular the larger organisations, are in any way representative of industry in general.

There was also some evidence that different qualifications tended to dominate at the various levels of the larger organisations; in other words Chartered accountants were more likely to be found in head

offices, while operating company finance functions were more often led and staffed by Cost and Management accountants (cf. Julien report, 1980).

Finally, even if formal training schemes did not exist, it was seen as desirable within most organisations sampled that accountants change jobs or roles as frequently as possible; an obstacle to this was seen to be the limited number of middle and senior management posts available (this accords with the comments made by various recruitment agencies - see the next section).

9.4 Interviews with Recruitment Agencies

Chapter eight considered the 'occupational choice' of accountants in industry. Section 9.2 discussed 'entry into the profession' in terms of the education and training requirement of various professional accounting bodies, and the numbers of student registrations. Section 9.3 analysed the demand for and career development of accountants within the sample organisations. As yet however no attention has been paid to the general supply of and demand for various types of accountant in industry. Figure 9.4.1 gives some indication of this by depicting the growth in the numbers of qualified members of the ICAEW, ICMA and ACA over the past twenty years. There would not appear to have been any shortage of demand for accountants at any stage, and total numbers are still rising by about four per cent a year.

Further information was not readily available and so in order to gain a better idea of the supply of and demand for accountants in industry at various stages of their career, interviews were conducted with people from ten major recruitment agencies. These findings should be treated with some caution in that all the interviews were undertaken with people based in London offices and because many accountants change jobs and companies without the services of a recruitment agency.⁸ The nature of the bias these factors may impose on the results is uncertain.

Figure 9.4.1 Numbers of Qualified Members of the ACA, ICAEW and ICMA: 1964 - 1983

(thousands)

100



0
1964 5 6 7 8 9 70 1 2 3 4 5 6 7 8 9 80 1 2 3

[Statistics obtained directly from the professional accounting bodies]

The interviews were conducted in the first quarter of 1980 and lasted for anything from forty minutes up to two hours; there were only four main questions but these were very open-ended and allowed for further prompting on a number of issues (see Appendix 2). The first two questions were as follows: "Have you any general views or particular information on how the supply and demand for accountants has changed over the years?", and "Can you detect any changes which are likely to effect the future employment prospects of accountants in practice or industry?". Unfortunately none of the agencies kept any detailed records of their clients - or at least they were unwilling or unable to give any "particular information" if they did.

To take the second question first, demand for accountants in industry was still seen to be very high and this was not thought likely to change to any great extent in the near future; as one interviewee put it - "it's not often you come across a redundant accountant".

The effects of the current economic recession were uncertain - some thought that demand had increased along with a greater emphasis on and consciousness of cash-flows and costs; most felt that accountants were the last to be effected in that "when things get difficult firms are keener on the final justification". The Managing Director of a large general managerial selection agency expressed this view as follows:

"Well.... we don't suffer when those around us are screaming. Marketing always feels the draught here first and us last; banking and so forth is in between."

Two other respondents however thought that the market would slow down because companies were no longer recruiting for future roles by "creating a reservoir of people", but only advertising for specific structured vacancies.

Those that commented on the effects of computerisation did not feel that it had reduced the demand for qualified accountants at all (they acknowledged that the situation might be different for clerical staff), but had simply led to the requirement that they should usually have had some experiences of, or at least exposure to, computerised accounting systems (cf. section 9.3). To some extent this handicapped older accountants and those who came from small practising firms. It was also noted that a large number of 'temporary' accountants were commonly required when new computing systems were being installed.

In general demand was seen to be very high for newly qualified accountants, but low for more senior positions; on the other hand there appeared to be a shortage of supply of younger qualified accountants and a great many people competing for the more senior posts. In the middle were what was described as a "great heaving mass!"

All but one of the respondents noted that there was, and always had been, a high demand for young qualified accountants, and that this was reflected in the relatively high salaries they they could command.⁹ At a more senior level, however, demand was seen to have fallen if anything:

"There has been an expansion in jobs available for young accountants at the lower level ... but for every ten at that level, say, there is only one higher up. There will be a lot of competition then, and it will reverberate down."

The main cause for this was seen to be the recession and the economic climate: companies were more likely to promote from within, rather than spend money on an outsider. One interviewee also commented on the influence of internal union pressure - in some companies external applicants could only be considered once all internal avenues had been seen to be exhausted; such pressures favour industrially trained accountants rather than their practice based counterparts.

The number of accountants competing for the more senior posts was high, and four respondents gave examples like the following one:

"Things have not changed at more senior levels - there's still a funnel effect. If we advertise for a newly qualified accountant for up to £10,000 we'll get perhaps half a dozen applicants. Applicants for a £15,000 a year job and over, however, will range from the twenty-seven year old high flier to the forty-five year old chap who's really over the hill."

At the lower end of the market there was seen to be a shortage of newly qualified accountants compared with demand and the supply had apparently reduced - this was thought to be mainly because less

trainees were passing their qualifying exams and because more people were staying in practice or moving into other areas such as management consultancy or software houses for example.

"It's very difficult to tell because the supply has been reduced - they can't get through their finals. For the past three or four years it has been very difficult to get hold of good, young, qualified accountants in any disciplines."

"There has been a big pattern change: five years ago there were a lot of young qualified accountants, while at the moment there are virtually none. They are very highly paid and it's squeezing the salary structure. ... It's the laws of supply and demand."

Finally, one respondent suggested that there had been a recent increase in the demand for people in 'specialist' areas, such as internal audit, tax, and treasury - understanding of the last two was thought to be increasingly necessary for more senior levels.

Comments on differences in supply and demand for accountants according to the size of the organisation concerned were varied. Large companies were thought to be more likely to employ part-qualified and/or ICMA trainees in that they were more likely to have the time and resources to train them. It was suggested that small

organisations increasingly required a 'generalist' with a broad outlook - experience was more important than age or qualification; in a small company the accountant may be the only professionally qualified person and as such could be responsible for not only the statutory accounts but also insurance, personnel, office administration and computerisation. Having said this three interviewees noted that small organisations often took the advice of their auditors and thus ended up with a Chartered accountant. Given the predominance of fairly large organisations within this investigation, these facts may go some way towards explaining the bias in the sample towards Cost and Management accountants.

With respect to professional qualification there was seen to be a certain basic difference in demand according to the type of job: Cost and Management accountants were more likely to be involved in costing or management accounting and working at the operating company level; Chartered accountants were thought to be more predominant in financial accounting, consolidation, and 'specialist' areas, often at the head office level (cf. Julien Report, 1980). Given this very broad distinction comments on the demand for people with different professional qualifications were varied.

Five respondents noted that the 'old school tie' approach was still evident and Chartered accountants were preferred on occasions - this was often seen to be the direct result of the "personal prejudice of the top man". Eight people however thought that the image and

training of the ICMA had improved and/or that the different qualifications were more equal in terms of status:

"There are less people now in industry who are demanding a Chartered qualification - they're all very much on a par. ... Indeed a lot of companies are specifically looking for ICMA and ACA chaps with industrial experience."

"I think the Institute of Cost and Management Accountants has gained in stature and overall image tremendously."

It was generally accepted that the different types of accountant had a very different bias in their training and that those starting in industry were more likely to have had a 'better all-round training' than their counterparts in practice - Chartered accountants were regarded as being of little use immediately upon entering an industrial organisation (cf. Allen Report, 1977):

"Unless he's very lucky, the Chartered chap will have checked people's accounts and been a 'financial policeman'; he'll never actually have prepared accounts, and will have a lot to learn in order to be able to give a 'view' rather than checking, working to a deadline, and so forth."

As accountants progressed up the managerial hierarchy their previous experience and performance was seen to be more important than their actual qualification; in fact two respondents thought there were

probably as many Cost and Management, and Certified accountants at the Financial Controller/Chief Accountant level as there were Chartered accountants. It should be stressed however that Chartered accountants still predominate at the Finance Director level (see Heidrick and Struggles, 1976 and 1980).

It was stated earlier that perhaps more people were staying in professional practice after qualifying - in fact six recruitment managers thought this to be the case. The three most important reasons mentioned were the low pass rates in recent final examinations, the increase in salaries within practice relative to industry (although the latter still remained a little ahead), and the extra two years after passing the professional examinations required by trainees before being granted a practising certificate.

Despite the above comments the recruitment managers were not directly involved with the practising side of the market and so a further two interviews were undertaken - one with a recruitment manager directly responsible for accountants in practice, and one with a personnel manager within a medium-large firm of practising accountants. The former suggested that although the retention rate within practice may have got better, it was still not as good as practising firms desired and there was still a high demand for newly qualified accountants. The latter also commented on both general strategies and his own particular firm's drive to try and improve the retention rate (at that

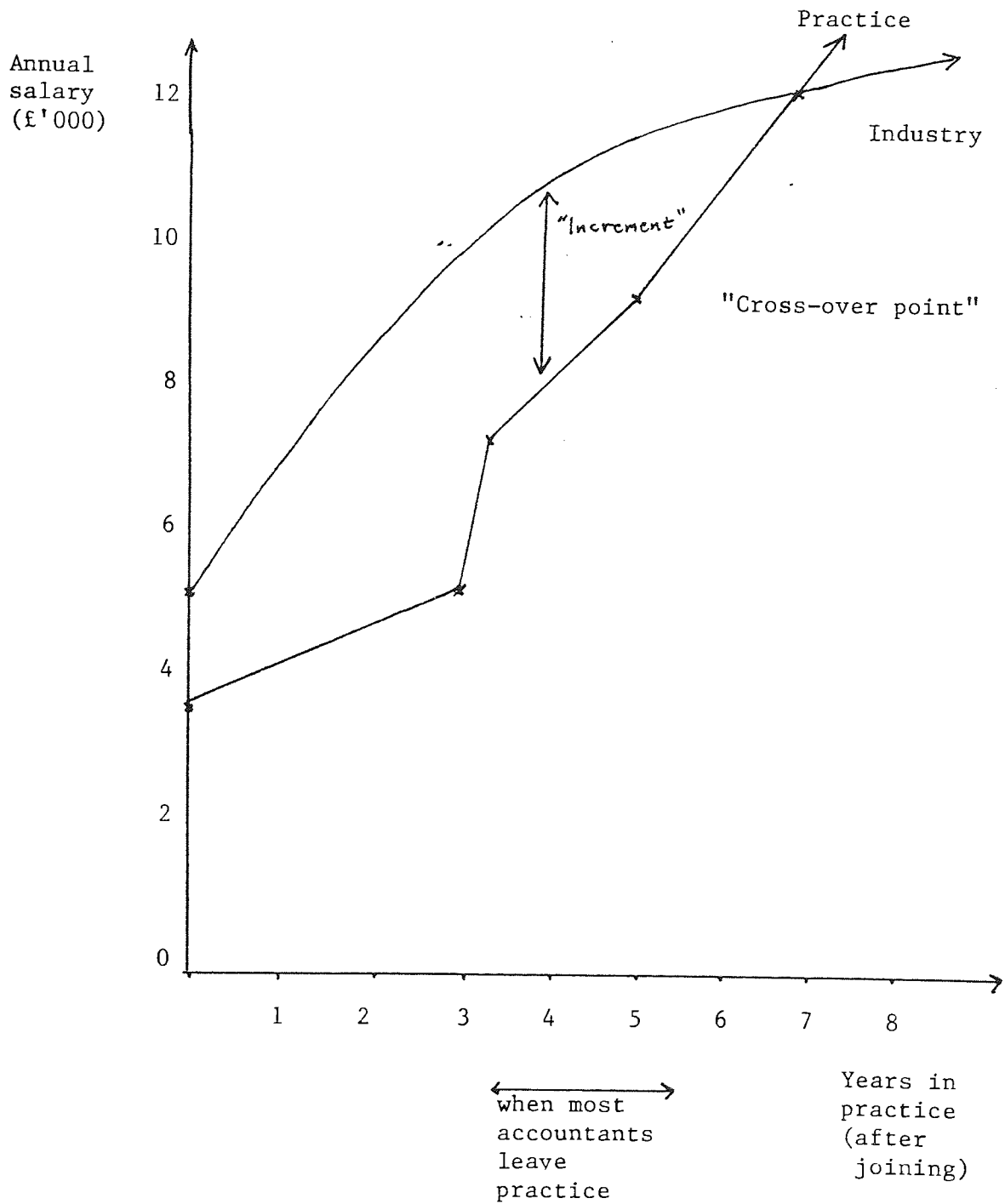
time about sixty per cent of their trainees left within two years of qualification - nearly all through client contacts).

The recruitment manager also noted that people were being made partners at a younger age and that this was leading to career blockages for both managers and junior partners. Such a situation was leading to more people trying to move into industry at a fairly senior level; this however was difficult in that applicants had no industrial experience and yet demanded a relatively high salary - the only method generally was to move into the tax or internal audit areas with a client company.

Finally, the personnel manager outlined the rough nature of the salary scales for accountants in industry and in practice. Figure 9.4.2 highlights two apparently well-known phenomena: the increment in salary gained by joining industry after qualifying; and the 'cross-over point' after seven or eight years when more can be earned within a practising firm.

The other two questions asked of the first ten recruitment managers concerned the career paths and career development of accountants in industry: "Have you any views on the general career pattern of accountants in industry?"; and "Have you any comments on career development schemes for accountants within industrial organisations?".

Figure 9.4.2 Approximate relative salary scales for accountants in industry and practice, 1980



The recruitment manager from a firm of general "executive selection consultants" stated that accountants tended to move around more than people from other disciplines and that there was no standard career path:

"It depends entirely on the individual; there's an enormous variety - more than in the other disciplines put together."

It has already been suggested that accountants with different professional qualifications were taken on for different types of jobs, at least initially, but that as they progressed in their careers previous experience and work records became more important than the actual qualification. Similarly, when asked about the "career pattern of accountants in industry" the recruitment managers tended to talk in terms of general career mobility rather than specific career paths. One interviewee suggested that the average stay for an accountant in any one job was about three years; another suggested that there was probably a 'two year cycle' until accountants were about thirty years old and then there was a 'four or five year cycle'; a third made the following comment:

"The majority make a move within one year of qualification, then again in say two years (preferably internally), then in their early thirties - by which time, given the present market, they hope it's fairly long term."

The majority of respondents agreed that career movement over the age of thirty-five years was very difficult.

The ten recruitment managers were all asked as to their views on accountants moving into general management. Six respondents suggested that many accountants desired to move into general managerial areas ("inside every accountant is a general manager wanting to get out, or so they say"), and five felt that this was in fact the main reason for their taking an accountancy qualification in the first place - it being seen as a good training ground.

It was acknowledged that business had changed and that if accountants were going to progress in their career they would have to be 'financial advisors' rather than 'number crunchers'; it was seen that their work involved much liaison with marketing, production and technical areas and would include a significant general managerial element anyway.

It was not certain to what extent accountants actually succeeded in making the transition into general management, but five recruitment managers suggested that there might be an increasing number of Managing Directors with an accountancy qualification - particularly if there has been "... a marketing bloke at the head for a while say, who introduced loads of new ideas, etc., but couldn't spell 'cash-flow'". As another respondent put it:

"An increasing number are becoming Managing Director, because money is becoming even more important and cash control is vital. The day of the salesman when, by selling a few more products, he could save the company is gone; I'd think that MD's will come from Financial Directors more often than sales in the future."

As far as "career development schemes" were concerned five recruitment managers noted that they were necessary in most large organisations in order to attract recruits; a further three respondents stated that they did not encounter them very much; and the remaining three noted that where they did exist they left a lot to be desired:

"For many, many years people have thought that 'an accountant is an accountant is an accountant' - and it is still adopted by a lot of the senior chaps who're not accountants. Thus accountants are often not allowed to develop properly ... it's very sad."

Finally, two comments were made concerning the difficulty companies were likely to face in trying to satisfy their own requirements and those of the trainee - it is not always easy to move people around, and to some extent companies can only respond to current exigencies.

The results from these interviews with recruitment agencies would seem to confirm a number of aspects outlined in earlier sections and

chapters: while some prefer the superior status of the Chartered accountant, other organisations tend to choose accountants with different qualifications for jobs at different levels; overall the prestige of Cost and Management accountants in particular would seem to have improved; Chartered accountants were seen to be of limited practical use upon arrival in industry; many accountants were interested in, if not actually desired, a move to general management; accountants tended to change jobs fairly frequently; while there was a continuing high demand for a limited supply of newly qualified accountants, the reverse situation applied at more senior levels and 'career blockages' were common. It was also noted that due to the economic recession in particular, organisations were more likely than previously to promote from within rather than hire an accountant from outside.

9.5 Conclusions

This chapter began by considering the ways in which the three major accounting bodies controlled the recruitment, education, training, and entrance of their members. It was seen that between them these bodies have traditionally exerted a large measure of control over the occupation of accountancy. Indeed it might be suggested that accountants enjoy a favourable position in the labour market and in society because of the way in which the occupation is professionally organised (Parry and Parry, 1976). Although commonly regarded as the 'accountancy profession', the various associations are independent of each other and indeed compete with each other for members within the 'occupational labour market'. As Bucher and Strauss stated, professions can be viewed as "loose amalgamations of segments pursuing different objectives in different manners and more or less delicately held together under a common name at a particular period in history" (1961, p.326).

This thesis is concerned solely with accountants employed in industrial organisations however, and who are therefore subject to day-to-day organisational control. As Loveridge and Mok (1979) point out:

"... external bodies can only impose a uniformity of conduct in the regulation of the workplace with the approval and compliance

Siegel (1977) has suggested that employment in larger organisations may generate substantial vertical differentiation among occupational members. Moreover Child and Fulk (1982) state that this tends to be accompanied by the routinisation of lower level work,¹² which thus becomes more accessible to external control, more open to replacement by technology, and cheaper in terms of its labour price. In fact section 9.4 indicated that demand for accountants at lower levels has decreased substantially (primarily due to computerisation). The establishment of a second-tier level (the Association of Accounting Technicians) has created a vertically segmented accounting labour market, and this can be regarded as a way of trying to prevent encroachment by less qualified groups upon the occupational labour market and its established boundaries of competence.

The growing financial awareness of non-accountants and the increasing involvement of many accountants in other management functional areas may also be leading to a blurring of the occupational boundaries. At the same time the establishment of the Association of Corporate Treasurers is evidence of a certain specialisation and horizontal differentiation within the profession. All these factors make it more difficult to define the 'occupational labour market' and more difficult for the professional associations to control it.

Child and Fulk summarise the above discussion neatly as follows:

"Employment in heteronomous organisations subjects occupational members to the constraints of the internal labour market and

potential fragmenting effects of the expansion of vertical differentiation. Thus, the more an occupation's technique is plied within heteronomous organisations, the more difficult is likely to be (1) maintenance of a coherent occupational policy on conduct and standards of work, and (2) the prevention of dilution through the employment of individuals from outside the occupation." (1982, p.185).

Notes:

1. Other bodies include: the Association of Accounting Technicians (formed from the merging of the Association of Technicians in Finance and Accounting and the Institute of Accounting Staff); the Society of Company and Commercial Accountants; the British Association of Accountants and Auditors; the Association of Cost and Executive Accountants; the Institute of Administrative Accountants; and the Association of International Accountants.
2. Historical information given in this section is drawn from a variety of sources, most important among which have been ICAEW (1966), Stacey (1954) and H Watson (1976).
3. The first entrance examination in fact took place in 1882 and was divided into six papers covering book-keeping, auditing, the adjustment of partnership and executorship accounts, the rights and duties of liquidators, trustees and receivers, bankruptcy and company law, and mercantile law with the law of arbitration and awards.
4. The 'open-door' policy refers to the ACA's "determination to place as few artificial barriers as possible in the way of those seeking qualification"; it is not clear how this policy operates currently, given the same educational requirements for registration as the other major accounting bodies, but it is still referred to in the ACA's standard literature.

5. Association of Certified and Corporate Accountants; the name was changed later to the ACA.
6. It is perhaps also interesting to note in this respect that the only difference in the composition of the qualifications of the "chief financial officers" in the United Kingdom between 1976 and 1980 was that members of the Institute of Taxation almost doubled (Heidrick and Struggles, 1976).
7. Morse (1969) noted that in the case of an accounting department preparing for the change-over to electronic data processing, women employees were hired in the expectation of a high turnover:

"It was hoped that the high attrition rate for women would alleviate the problem of reducing the staff when the change-over was finally completed."

8. A National Opinion Poll survey of accountants in 1980 recorded that nineteen per cent regarded recruitment agencies as their first choice for finding out about jobs, twenty-seven thought it was their second choice, and twenty per cent viewed it as their third choice.
9. This was not always the case for Asian accountants as was noted by people from two recruitment agencies.

10. Child (1982) provides a useful summary of some of this literature. In fact Perrow suggested that the issue of professionals in organisations was "certainly the hottest single topic in the field of organisational analysis during the early 1960's" (1979, p.52).
11. As Child and Fulk (1982) note, dependence on the internal labour market is also likely to increase with maturity of years and length of tenure in one employment, since both tend to reduce a person's external market value and ability to advance via inter-organisational mobility.
12. The routinisation of work will only apply to the technical aspects or "technicality" of accounting, as opposed to its "indeterminacy" (see Jamous and Peloille, 1970).

10. CONCLUSIONS AND IMPLICATIONS

10.1 Introduction

10.2 Conclusions

10.3 Assessment of Research

- (a) Outline of thesis and personal orientations
- (b) Philosophical and theoretical assumptions
- (c) Approach to the research and future research
- (d) Research methods

10.4 Implications

- (a) Individual accountants
- (b) Managements employing accountants
- (c) Professional accounting bodies

10.1 Introduction

One main purpose of this concluding chapter is to assess to what extent this investigation has met the aims of the research as set out in Chapter two. Another important aim is to look ahead and speculate as to possible developments relating to accountants in industry and their changing roles. It should be noted that the previous chapters have contained concluding sections, and each section has included a summary; the purpose of this chapter is therefore not to provide a summary of the summaries.

Section 10.2 returns to the original research objectives and draws together main themes running through the thesis relating to the ways in which the roles of accountants in industry have evolved. It also considers why such changes have taken place and speculates as to ways in which accountants roles might change in the future. Wherever possible these findings are examined in the light of broader developments in society and other theoretical viewpoints.

Much time was spent in chapter two detailing the philosophical and theoretical assumptions behind the research, the approach to the research, and the research methods and sample. Various claims were also made concerning the ways in which these should be both related to each other and consistent with a researcher's own values and beliefs. It was acknowledged that the proposed investigation was an ambitious

one and a risky one; section 10.3 assesses the extent to which these aspirations have been satisfied.

Finally, consideration is given briefly to some implications of this research for accountants as individuals, for managements employing accountants, and for the major professional accounting bodies.

10.2 Conclusions

The objectives of this research were: "to study the present roles of accountants in industry, to consider how such roles have evolved, and to consider ways in which these roles might change in the future". It was thought that such analysis would have implications for the future education, training and career development of accountants in industry.

It was seen in chapter five that on the few occasions when attention has been given to accountants in industry they have tended to be regarded as a homogenous group and as examples of 'functional specialists'. The data collected in this study has corroborated that which was implicit in Stewart's (1976) work: there is no such role as 'the' accountant. In other words different accountants may have very different types and levels of contact with other people, different patterns of work, and different levels and forms of pressure. The findings also suggested certain factors associated with variations in accountant's work profiles: the size of the finance and accounting department, the nature of the actual organisational unit in which accountants work, their hierarchial position, and the functions they perform.

The fact that there were also variations in accountant's work profiles within the six categories outlined reflects an increasing specificity of accounting skills, division of labour and tasks to a particular employing organisation. This can, in turn, be related to what has

been termed 'monopoly capitalism' and the greater opportunity for employers to determine managerial practices and forms of the division of labour, given the constraints of the wider capitalist market and commodity relations.

At the outset of this investigation accountants were defined as managers. Apart from the above-mentioned variations in accountants' work profiles, another conclusion of the investigation was that the work characteristics and orientations of the accountants sampled were similar to those of managers from other areas or managerial work in general. In other words accountants were not seen to be simply 'book-keepers' but on the contrary had much variety in their work, expressed a 'preference for live action' and displayed an 'attraction to verbal media' and face to face conversation. Most satisfaction was obtained from the 'people' and 'managerial' aspects of the accountants' work - providing a service, rather than routine 'number crunching' and day to day 'fire fighting' and administration; there was often a desire for more 'non-recurrent project work', 'providing information for decision making', interpretation and the giving of advice.

If attention is now turned to accountants' career orientations then it was seen that the large majority of the sample thought that they had felt no strong urge to become an accountant because it would of itself fulfil their aspirations and ambitions. Any prior orientations tended to be instrumental and reflected the postponement of any commitment to a specific field; accountants were concerned primarily with their

careers, income and security - they wanted 'to get on'. An expansion of the scope of accountants' work and their increasing knowledge of various management functional areas provided a favourable basis for managerial advancement and this was a path considered by a significant proportion of the sample.

Most accountants were fairly ambitious and sensitive to inadequate career opportunities, at least in the earlier stages of their careers, and appeared to be more concerned with 'getting on' than attached to any particular professional association or employing organisation.

The managerial cooperation of many accountants was seen to reflect this underlying concern, rather than any personal attachment to a particular industrial organisation. Where such an attachment was evident (for example amongst unqualified accountants and some accountants in the larger organisations investigated) it reflects the increasing importance of the 'internal labour market' for many accountants. Evidence for the latter also comes from the increasing specificity of the positions of accountants (or the ways in which various accounting functions are divided between accountants) to particular employing organisations.

In fact professional membership was often seen as a means simply of obtaining greater personal control over the job market - a 'meal ticket'. Professional codes of ethics were not thought to be very relevant for most respondents, and few took an active interest in the events and meetings organised by their professional association. Indeed the perceived irrelevance of professional accounting

associations, both as primary points of identification and as sources of information after qualification, questions the usefulness of a professional stereotype. There was no evidence of any conflict experienced by accountants as 'professionals' because they were working in a bureaucratic organisational environment.

The changes in accountants' jobs desired by non-accountants were often precisely the ones desired by accountants themselves, particularly with respect to involvement in management decision making and planning. Given the work and career orientations of accountants, and the orientations to their work of non-accountants, it would seem likely that the increasing emphasis for all accountants on the service, people and general managerial aspects of their jobs will continue. However, while there was a move towards a greater breadth of view for accountants, there was also in some cases an increasing demand for specialist accounting skills in areas such as treasury and tax for example.

It is thought that this desire for a combination of more general 'management' and 'communication' skills on the one hand, and more specialised detailed knowledge on the other, may not be unique to the accounting occupation. Thus in medicine it may be that there will be an increasing demand for 'general practitioners' with an all-round knowledge and good 'bed-side manner', who can refer patients to an appropriate specialist where necessary.

In industry this trend would also suggest an increase in 'project' teams and 'project management' - this being a method employed by some organisations in order in particular to adapt more readily to change. The setting up of product based business centres in Organisation IX and thus the working together of various 'generalists' from different areas in a clearly defined organisational unit can also be related to this theme. A possible scenario for the future then is a smaller, more general 'managerial elite' (Bell, 1973) composed of people from all disciplines and occupations, together with separate groups of specialists from different areas.

Further developments along these lines were envisaged a few years ago by Sir Adrian Cadbury. He suggested that in an environment characterised by instability, slow growth, severe competition and high unemployment, companies would have to cut costs and become more flexible. He thus saw large companies becoming more like federations of small enterprises, with each business unit looking for ways to cut its costs and retaining under its control only those activities essential for its continued survival:

"I would expect tomorrow's companies ... to concentrate on the core activities of their businesses relying for everything else on specialised suppliers who would compete for their custom. Many of these suppliers would be self-employed and this would meet the increasing desire of people to organise their working lives as they wish." (The Guardian, 9th December, 1981)

Peters and Waterman (1982) have also indicated the advantages of smaller, more organic units with 'simple forms' and 'lean staff'.

Whether or not these "specialised suppliers" will be located within or outside an enterprise, or "federation of small enterprises", will depend on a number of factors. In particular the area in which the 'specialists' work and the nature of the information involved will be important. Not only will "core activities" remain within an enterprise, but also those activities whose execution require constant communication and interaction with other areas. The information required for some activities will also be too confidential to allow outside agencies to be involved. Whatever the precise structure, information technology, and in particular 'Value Added Networks' (VANs), will facilitate such developments.

Employment in larger organisations tends to generate substantial vertical differentiation among occupational members and this is often accompanied by the routinisation of lower level work. It is the routine and 'technical' aspects of work that in particular become open to replacement by technology. Thus the effects of computerisation were evident primarily at the lower levels with the disappearance of many clerical accounting staff.

The effects at middle and higher management levels were uncertain. At the time of the investigation however micro-processors and 'personal computers' were only just beginning to be introduced; the situation has changed radically over the past four to five years. It is now

becoming realised that a large proportion of the cost of an office stems from its 'professional' work force, that 'professional' or managerial work involves a great deal of unproductive and routine tasks, and that these areas have not generally been computerised. The use of information technology to improve communications and control and to rationalise work in these areas can thus be expected to reduce the size of managerial and related employment (see Child, 1984, for further details).

However, given that the 'unproductive', routine or cognitively rational aspects of a 'professional's job will be computerised, the 'indeterminant', judgemental and political aspects will remain (Jamous & Peloille, 1970). In other words the communication and 'people' aspects, and the decision making and 'managerial' aspects will remain. Thus, apart from those involved in strategic decision making, certain other categories of managers will be less vulnerable to substitution by new technology because of the judgemental and political components of their role. In particular groups such as buyers, marketing staff and industrial negotiators (Loveridge, 1983), who are involved in personal contact with external parties, will be less open to technological replacement. This is not to say however that such roles cannot be replaced by outside agencies (witness, for example, the increasing use of third parties in 'competitive marketing agreements' within IBM).

Two other bases from which industrial managers might be able to resist the inroads of new technology are outlined by Child (1985):

"First, the more that white-collar workers are strategically placed to be a party to decisions on new technology, the more likely they are to control its application in relation to their own jobs. ... Second, the strength of white-collar groups in the labour market is likely to have a general bearing on their ability to avoid heteronomy and a specific influence on the strength of their negotiating position over any proposals to introduce new technology."

Child goes on to state that strategic location within the workplace organisation is importantly founded upon, amongst other things, the strength of collective occupational organisation including recognition of its members' exclusive credentials. Similarly strength of position in the labour market is closely bound to the power of the occupational association to prevent ready substitution for its members, to control entry to the labour market in terms of required standards and numbers, and to institutionalise segmentation in a manner which favours the career opportunities open to its members.

Defence for industrial accountants against technological substitution for their labour lies therefore in an emphasis on the indeterminant nature of their work on the one hand, and on the significance and value of their professional qualifications or 'credentials' on the other.

It was seen in chapter nine that despite the control over the occupational labour market exerted by the main professional accounting

bodies, and despite the high public standing of accountants, professional accounting qualifications within industry serve primarily as indicators of ability and expertise. There is no reason why graduates from other business related disciplines, for example, could not undertake most financial roles. This in fact is generally the case in America and most European countries, where the accounting and finance function is commonly regarded not so much as a specialist area as an integral part of the fabric of the business.

It is not surprising therefore to find that a recent article on information technology and the future of the management accountant suggested that demand would fall because "...the traditional tasks performed at the assistant management accountant level, such as assisting with the monthly management accounts, phasing budgets, departmental expense analysis, etc will be very easily 'mechanised'" (Gale & Kaye, 1984). It also noted that other disciplines, and in particular business graduates and MBAs, could encroach on areas of responsibility previously dominated by management accountants. Although there was little evidence of this from the case studies undertaken in this investigation, the situation may have changed in recent years (see a forthcoming doctoral thesis by Newman-Price, The University of Aston in Birmingham). Gale & Kaye went on to suggest however that provided management accountants were recognised as general experts, then demand would grow because their value to an organisation would also grow.

To summarise, 'specialist' accountants whose fields of knowledge are continually expanding and whose roles require high levels of judgement, political awareness, and/or close relationships with external parties (for example, treasurers, tax experts, and accountants involved primarily with the design and implementation of computerised information systems) are likely to remain in high demand. The main threat to qualified accountants working in these areas will come from people trained in other disciplines, and from the segmentation of their own occupation into more specialised professional bodies (for example, the Association of Corporate Treasurers and the Institute of Taxation). Demand for accountants in other areas is likely to remain buoyant for those who have a good all round knowledge of both their own subject and business in general, combined with good communication skills, and whose roles require much interaction, personal judgement, and non-routine work.

In chapter five it was concluded that Stewart's (1976) tools for analysing managerial work could, if developed further, help classify different types of accountants' positions. She introduced three new tools: a typology based both on the extent to which a job involved contacts with people outside the organisation and on the time spent in contact with seniors, peers and subordinates; a classification of four different types of work pattern; and a typology relating to the complexity of and demands placed upon a manager's job. It is thought therefore that a greater knowledge of these areas would enable a better understanding of the likely effects of new information

technology on the various different roles and positions of accountants that currently exist in industry.

The above discussion also has implications for the wider debate on the effects of technology on what has been termed the 'service class' (see Goldthorpe, 1982). The 'service class' is thought to be composed of relatively advantaged white-collar groups such as 'professionals', middle-managers, administrators and technical experts, although Child (1985) in fact questions the notion that such people share a common class position.

It was stated above that demand for accountants will remain "for those who have a good all round knowledge of both their own subject and business in general, combined with good communication skills, and whose roles require much interaction, personal judgement, and non-routine work". The question remains, however, as to where such people come from and how such skills and knowledge are obtained. It is thought that these skills cannot simply be taught in academic institutions. On the contrary, the ability to cope with the uncertainty, complexity and political aspects of such roles requires experience. In other words people's previous career experience is important, and consideration of career patterns in general is crucial to this debate. Whereas clerical staff for example are likely to remain as clerical staff (or at best supervisors of clerical staff), trainee professionals, managers, administrators and technical experts may well aim to become, and are likely to be considered as potential, senior managers. It is thus hard to conceive of the disappearance of

those junior and middle managers who are well qualified and trained, and who are on the way up the management hierarchy. It has been suggested in this thesis that there has been an increasing vertical and horizontal division of labour within the accountancy occupation, and thus greater vertical and horizontal segmentation. On the one hand specialised associations such as that for corporate treasurers have been established, and on the other a 'second tier' body, the Association of Accounting Technicians, has been set up.

While most accountants may require a greater understanding of other areas of business than previously, many accountants are now being employed in more specialist positions, particularly in the head offices of large organisations. Thus on the one hand the Cost Controller of Organisation VI was able to suggest that the accountant's "role as a so-called specialist will continue to decline and he'll become more of a business manager", and on the other the Financial Controller of Organisation XI could state:

"I think the days of the all-singing, all-dancing accountant have gone, where in the morning a guy could twiddle around with the tax computations, and in the afternoon just knock up a few budgets - that's gone, because the mental shifts of gear alone militate against it. And the enormous body of knowledge you'd have to accumulate nowadays ... it's virtually impossible to be an expert in all fields; and therefore we're going to get a degree of specialism - more than we've experienced".

The problem of "finding how to continue the benefits of specialisation with the needs for a greater breadth of view" and the difficulties that this poses for the education, training and career development of accountants in industry and commerce has been the topic of much concern for the ICAEW in particular (see the Allen Report, 1977; see also the Hundred Group, 1978, and ICAEW, 1979). Most recently the Julien Report (1980) stated:

"We must therefore be seeking to train finance managers who will be capable and competent members of the general management team, and can also bring the bear the necessary financial expertise. ... We would also stress the necessity for financial specialists in fields such as tax, banking and other treasury matters. These are areas of work which in the past have been considered as only one aspect of the duties of qualified accountants. However, these are now regarded as increasingly demanding specialities which require either accountants who have specialised in these fields or managers who have been trained in the relevant disciplines. The finance function must include such experts, who will preferably combine their special skills with the broader approach mentioned above."

Increasing concern has also been expressed about the structure of the 'profession' and the various member bodies - see, for example the Solomons Report (1974), and the Tricker Report (1983).

The practical and policy implications of these findings for accountants as individuals, for accounting body policies, and for managements employing accountants is considered briefly in section 10.4.

In conclusion this research would suggest that while the roles of accountants are changing and will continue to change, an eventual technological substitution for the work of accountants is unlikely. However their work is becoming more accessible to, and liable to evaluation and intervention from, those outside their occupational group. At the lower levels moreover it would seem that a skill level is being removed.

It might appear therefore that these findings provide evidence of 'deskilling' or an increasing polarisation of skills. However, aside from the 'reskilling' effects of technology and its creation of jobs in other fields, it is thought that the dissatisfaction caused by extensive 'deskilling' would cause employers to adopt a different strategy. In other words management control should be seen in relation to the potential terrain of compromise, consensus, and 'responsible autonomy' as well as conflict and 'direct control' (cf. Friedman, 1977; Littler, 1982). Developments in 'personal computing', and in programming languages and software 'application generators', for example, will provide more satisfying jobs for many employed at the lower levels, although they are unlikely to be accountants.

It is suggested that the major gap will occur not between levels of skill within an organisation, but between those who are employed and those who are not or who are forced to work in low security, low paid or part-time jobs (particularly those in the 'service' sector such as shop assistants, cleaners, waiters and waitresses, and so forth - cf. Braverman, 1974). The gap will thus be between relatively disadvantaged groups such as the less educated, the unemployed, the unskilled, ethnic minorities and women, and the advantaged remainder of society.

10.3 Assessment of Research

As well as the explicit research objectives concerning the changing roles of accountants in industry, the aims of this investigation included consideration of some of the major philosophical and theoretical challenges that face sociology. This section returns to the 'development of the research' outlined in chapter two and reappraises some of the ideas and claims expressed there. Attention is given to the outline of the thesis and my own orientations, the philosophical and theoretical assumptions, the approach to the research and future research, and the research methods.

(a) Outline of thesis and personal orientations

In Section 2.2 it was suggested that a challenge facing sociology was to explain the nature of social structures, systems and processes without reifying them or attributing to them an existence independent of the meanings and actions of individuals. It was also stated that, for the writer, the central aim of the social sciences was the recognition of conventional wisdom, ideology and prejudice for what it is.

The nature and outline of the thesis were articulated in terms of both these orientations and the broad research objectives (in turn justified by the lack of previous research). Given this it was thought that a sociological analysis of the changing roles of accountants in industry could only be undertaken by considering a number of sometimes apparently disjointed areas. If, for example, attention was not given to accountants' work orientations and relationships, then the thesis would have promoted the misleading and alienating view that their changing roles were determined by 'external' forces beyond the control of any individual. If on the other hand consideration had been given only to accountants' work and career orientations, say, then the very real influences of the economic environment and organisational structures would have been ignored.

A major difficulty of this type of thesis therefore is to integrate the different areas of research, and to pull together the various

themes that run through them. It is contended, however, that to concentrate on just one or two areas for ease of analysis would have been to deny the study both intellectual integrity and indeed true sociological status.

Although the identification of social conventions, ideology and prejudice has perhaps not been evident as the major contribution of the research, it is thought that in each area studied certain 'myths' have been recognised; a brief summary of some of these is now given.

In chapter three it was noted that developments in industrial organisations, accounting systems, and so forth, are not determined by wider social processes such as capitalism and the increasing technical division of labour, and that these processes are not themselves the inevitable result of immutable laws. On the contrary it was seen that the detailed division of labour and the introduction of factories, for example, can be related to the interests and desires of particular individuals and groups.

Although there has been an increasing centralisation and concentration of capital it was also suggested that there are still an enormous variety of forms and structures of individual capitalist enterprises. It is not clear as to how all such enterprises are alike apart from the tautological reason that they are all capitalist!

It was also emphasised in chapter three that industrial organisations, accounting and information systems, and indeed accountants themselves,

can all be viewed in a number of ways. It is important to remember, for example, that industrial organisations are social constructs, and have no clear cut boundaries.

A distinction was drawn in chapter five between what people actually do, and what they are supposed or expected to do. It would seem that while there has been a wealth of literature on what ought to be done by those working in finance and accounting departments, little research has been undertaken either on the ways accounting functions are commonly divided between different accountants or on what accountants actually do. Most previous work has adopted a managerial frame of reference in that the purposes and 'functions' of accounting and accountants have been defined by managers. Moreover by confusing the 'functions' of accounting with what happens in practice certain 'myths' have arisen - for example, that accountants provide information necessarily to aid decision making. The chapter also illustrated the diversity of what has hitherto commonly been regarded as a single functional role within management, and thus questioned the utility of the notion of the accountant.

The findings of chapter five when considered alongside those of chapters six, seven and eight, provide a good insight into the applicability of the professional stereotype. The notion that a 'professional' is committed to her or his subject and to certain distinctive ethics and codes of practice, for example, was not upheld with respect to the accountants in this study. Self-seeking motives

featured highly in the occupational 'choice' of many accountants, and professional membership was often viewed simply as a means to an end.

Any potential conflict of values between the accountant as an employee of a bureaucratic, heteronomous organisation geared to commercial goals, and the accountant as a member of a professional institute with certain codes of ethics and practice relating to the wider public interest, would appear to be of far less concern to accountants in industry than it is to their professional associations. These findings support the view expressed in chapter three that a 'profession' is an institutionalised form of occupational control, and that 'professional' traits such as codes of ethics, standards of entry, an emphasis on service, and so forth, represent part of a 'profession's' ideology. The ideology is used to help maintain the advantageous position of a professional body's members, while justifying this to an occupation's various sponsors.

Finally in chapter nine it was noted that what is conventionally termed the accountancy profession is in fact a loose amalgamation of various independent associations that compete with each other for members within the occupational labour market. There is a tendency for articles and reports from members of the ICAEW in particular to refer to the 'accountancy profession', when in fact what is being discussed is solely the ICAEW and the views of some of its representatives.

(b) Philosophical and theoretical assumptions

It was stated in section 2.3 that the objectives for this research themselves tacitly implied the existence of a social world external to, independent of, and prior to the cognition of any individual. My own orientations however led to emphasis being given to the ways in which people interpret and attribute meanings to their social world. As such it was hoped that the research would combine a concern with individual meanings, with a recognition of the need to use structural concepts in analysis.

Chapters seven and eight in particular have concentrated on the orientations of the respondents, or the meanings and interpretations they give to their work and the roles of accountants in industry. Chapters three and six on the other hand have considered the influence of wider social process and structures apparently beyond the control of the individual. Throughout the thesis there have been tensions between understanding the actions of individuals and groups through people's orientations and through the constraints and forces imposed by 'external' contingencies. It is important to realise however that these tensions are to be expected since they reflect the fundamental 'paradox of social existence'; they do not reflect alternative sociological approaches based on different philosophical and theoretical assumptions.

As Weber stated a 'functionalist' type of analysis is not only useful but indispensable for purposes of practical illustration and for

provisional orientation (see in particular chapter three). Moreover it can be the only way of determining just what processes of social action it is important to understand in order to explain a given phenomenon. However reification of social concepts can foster the development of 'myths', and so where possible efforts have been made to relate wider social structures and processes to the interests and desires of particular groups and individuals.

It was also stated in section 2.3 that society is seen to be composed of contradictory elements and to be pervaded by systems of power and domination which lead to inequalities in all aspects of life. Thus although the perspective adopted was one that emphasised integration and order in society, this was seen to be achieved through the domination of particular interest groups. It was found, for example, that professional accountants are predominantly white, male and middle class; the focus of the research was not on the potential that this situation holds for 'radical change' however, but on how the privileged positions of such people are legitimised by, amongst other things, professional ideology, and thus on why the situation is commonly regarded as the 'natural order' of things.

(c) Possibilities for future research

It was suggested when outlining the 'development of the research' that the nature of the topic and the lack of previous research not only legitimised but also made logically appropriate an exploratory approach. The aim was to explore the area and to gain further knowledge from which tentative classifications and propositions might be derived, rather than to test specific hypotheses. The detailed findings have been outlined in the summaries of each section and the conclusions of each chapter, and a more general overview and consideration of various propositions was given in the previous section.

It was also stated in section 2.4 that the emphasis was as much directed to the generation of questions for future research as to the verification or otherwise of previous theory. Attention is now turned therefore to eight main areas that are thought particularly worthy of further investigation.

First, the various notions of 'organisation' that people hold might usefully be studied. The problem is not the formation of a suitable definition of an organisation for this can already be found; Watson, for example, produced the following definition which as he stated retains the purposive aspect of organising without reifying the structure:

"An organisation is a social and technical arrangement in which a

number of people come or are brought together in a relationship in which the actions of some are directed and co-ordinated by others towards the achievement of certain specific tasks." (1977,p.45)

The problem is that people, academics as well as interviewees, tend to use 'organisation' to mean different things at different times. As has already been stated the notion of an organisation is a conglomeration of different concepts and meanings, linked to each other but in a variety of ways. This became apparent when reviewing the relevant literature and analysing the positions of accountants in industry (see chapter five). It was found, for example, that concepts such as 'centralisation' and 'decentralisation' were of limited use because they were derived from and related to people's notions of an organisation.

Secondly, Stewart's typology of managerial work according to patterns of contacts, pressures and work could be extended. Again it was argued in chapter five that a better understanding of patterns of communication requires an appreciation of the nature of an 'organisation' (see above) in that it should incorporate distinctions between contact inside and outside of a department, or 'unit of command', or 'financial unit', say. It is thought that her classification of the demands or pressures faced by manager also needs clarification. Finally, the categorisation of, and the methods employed to collect data on patterns of work must be able to detect regular but infrequent cycles of routine, such as those experienced by

some accountants at month or year ends (see, for example, the Company Financial Accountant in Organisation IV).

Thirdly, there has been little research on the ways accounting functions are commonly divided between different accountants. To the extent that accountants' positions will reflect the structure of their employing organisation, then again a clearer understanding of the nature of organisations is required. Although some distinctions were drawn (see chapter five), there remains a specific requirement following this investigation that further work is undertaken on the positions of, and possible differences between, 'specialist accountants', 'sole accountants', 'central accountants', 'chief accountants', 'financial accountants', and 'management or cost accountants'. Such research could utilise Stewart's managerial work typology, and would be useful for understanding better the likely effects of new information technology upon accountants' roles (see page 544 above).

Fourthly, despite the burgeoning empirical work in the area from in particular the University of Bath's School of Management (Colville, 1982; Rosenberg, 1982; Rosenberg, Tomkins and Day, 1982; Tomkins, 1982), there is still little understanding of how accounting actually operates in practice or what accountants actually do, as opposed to the characteristics of their work. The data obtained in this study were unfortunately not sufficiently detailed for such an analysis.

Fifthly, as was found when reviewing literature for chapter three, there has been no analysis of the development of the accountancy occupation and its professional associations, as opposed to the relating of events in their histories. Such an analysis might consider the roles of the occupation's various 'sponsors' as well as those of the different associations and their elected representatives. In chapter eight it was indicated that the opportunity to become a member of a professional accounting association was limited to all but a well educated and priveleged minority; in chapter nine it was seen that this situation is being maintained by an increasing emphasis on 'graduate entry'. Consideration could thus also usefully be given to the ways in which professional ideologies have been and still are promoted and maintained, and the means by which the nature and volume of members of the professional bodies are controlled.

Sixthly, the tentative theme raised in chapter eight that accountants with degrees, and in particular degrees related to accounting, were less likely to consider moving into non-accounting management positions suggests that some further research might usefully be undertaken in this area. If such a pattern is confirmed then the reasons for it should also be understood: it may be that certain 'value systems' are promoted in institutions of higher education for example, or it may be that graduate accountants perceive their career chances as being better if they stay in an accounting position.

Seventhly, it is thought that there should be some research done on the changing labour market for accountants, accounting technicians and

business graduates. Chapter nine in particular has suggested that internal organisational labour markets are increasing in importance, that accountants are likely to face more competition for their jobs from business graduates, that at the lower levels demand for accounting staff is declining, and that the professional accounting bodies are beginning to encounter problems from both internal differentiation of their membership, and segmentation and the creation of more specialist associations. Research in this area would have important implications for the professional accounting bodies.

Finally, and perhaps most importantly for persons sharing my personal orientations (see chapter two), there has been almost a complete absence of any research on accounting and social change. As noted in Appendix 1 the implication throughout much accounting research has been that optimal accounting and control systems could be designed for any particular situation, given the ability to master its inherent complexity; the question of optimal for whom has not been raised. Indeed whether some accounting research represents a method of analysis or part of the ideology that supports management and the status quo is debatable. 'Awkward' questioning of accountancy's relationship to prevailing sectional interests is relatively unexplored. In short there has been little 'radical' research or proposals concerning financial control, information systems, accounting methods, accounting standards, and so forth, and the potential for social change.

(d) Research methods

It was stated in section 2.4 that in order to understand, or at least to obtain a 'provisional orientation' towards changes in organisations, accounting systems and accountants' roles, it was necessary to comprehend them as they have been in the past and indeed to consider how and why they developed in the first place. Chapter three represents the major part of such historical analysis and it does in fact form an essential component of the thesis, 'setting the scene' for the ensuing empirical work.

It was also thought that the research methods should be flexible enough to allow for variations in the focus of inquiry and sufficiently intensive to enable a thorough understanding of the subject of inquiry. Data was thus collected primarily from structured interviews, composed chiefly of 'open-ended' questions.

People's opinions obtained through interviews reflect their interpretation only at one point in time however, and are dependent at least to some extent upon their current interests and experiences. It was suggested therefore that people's statements or 'accounts' should be interpreted in the context in which they were made and in terms of the interests of those making them. It was found however that the data were not sufficiently intensive to allow such analysis. It is thought in fact that this form of analysis would have required longer, more 'unstructured' interviews, with more than one interview per person, accompanied by observation over a period of time.

Finally, it was argued in chapter two that people's opinions or 'accounts' should be considered in the light of their biographies and backgrounds. In other words, in this instance, "accountants' orientations and relationships" should be related to their "career paths and orientations". In particular it was expected that various Gestalts would emerge: for example, that young, ambitious accountants who had not entered the occupation with an early orientation to that specialism, might be especially receptive to non-accountants' expectations that they become more involved in the managerial process with the possibility of eventual promotion to general management.

The only tentative and partial themes to emerge, however, were those outlined in chapter eight: accountants with no 'A'-levels, or with 'related' degrees, or who had qualified with the ICMA, were more likely to be ambitious; accountants with no 'A'-levels were more likely to consider moving into non-accounting management positions; accountants with degrees, and in particular degrees related to accounting, were less likely to consider moving into non-accounting management positions.

There are thought to be three main reasons why no clear Gestalts were found. First, only forty-five accountants were sampled; thus when the findings of their interviews were broken down into three or four categories and related to another variable with three or four categories, the resulting numbers in any particular 'box' were too small for any firm conclusions to be drawn. Secondly, people are likely to adjust their orientations and expectations to the immediate

context and prospects of their employment. In other words not only individual or personality related, but also time related and situational factors will confuse any 'underlying' relationships; as stated above however the data was not sufficiently 'in-depth' to be able to account for such factors. Finally, it may be that no such 'Gestalts' exist. In fact the findings of this research lend some support to the view that people adapt their actions and orientations dynamically to the situations in which they find themselves, rather than that there are different 'types' of accountant; there was no evidence to suggest, for example, that there are 'financial accountants' who are a different 'breed' to 'management accountants', except with respect to the work they do.

10.4 Implications

This final section considers briefly the practical and policy implications of the research findings for accountants as individuals, for managements employing accountants, and for the professional accounting bodies.

(a) Individual accountants

The findings of this investigation suggest that knowledge of or skills relating to the following four areas will become increasingly important for accountants in industry:

- Communication and 'people' skills
- Decision making and judgemental skills, including the creative ability to analyse situations and to consider alternative procedures which provide 'added value'.
- Knowledge of a particular industry, and of other business functions such as production and marketing.
- Knowledge of developments in information technology and their implications.

While well-qualified candidates with suitable personalities will still find openings in industry whatever route they have taken in their education and training, it should be noted that there is an increasing demand, particularly within larger firms, for accountants who are trained in industry. For those who are sure about pursuing a career within industry, they would be well advised to consider seriously some of the now well-developed industrial accounting training schemes.

(b) Managements employing accountants

Managements ought to be aware of the increasing importance of the four areas outlined above for, and should endeavour to foster such knowledge and skills and to hire people who already possess them.

It is suggested that those organisations large enough to be able to resource their own training schemes, with the assistance of the ICMA for example, should investigate the implications of so doing. Not only do trainees develop a sound knowledge of the particular organisation and its industry, but such schemes can foster the broad understanding and flexibility necessary for many future accounting roles while not precluding later specialisation. It should be noted that a split between 'specialist' and 'generalist' accounting positions does not imply necessarily that individual accountants cannot cross between the two. The 'specialist accountants' in this investigation had various career backgrounds, and there is evidence to suggest that 'specialist accountants' are suitable for more senior general accounting positions, such as Finance Director (Heidrick & Stuggles, 1976). Finally, good organisational training schemes, by stressing the value placed upon individual employees, can help improve or maintain a suitable organisational culture - an essential attribute of all of America's 'best-run companies' (Peters & Waterman, 1982). It is thought that the 'best' graduates will increasingly be attracted by well constructed, comprehensive industrial training schemes if marketed appropriately.

Managers of smaller enterprises have little choice but to employ the most suitable candidates they can find whatever their background or qualifications. There is limited scope for providing young accountants with the variety of experience that is becoming more and more valuable in to-day's industrial environment.

Finally, for managements of medium-sized industrial enterprises there may be increasing scope for establishing joint training schemes for recruits in various functions. As accountants come to work closer with other areas of management, the dividing lines between occupational disciplines become blurred.

(c) Professional accounting bodies

The findings of this investigation suggest that while most accountants may require a greater understanding of other areas of business, many are being employed in more specialised positions. The problems of combining the benefits of specialisation with the growing requirements for a greater breadth of view have certain implications for the education, training and career development of accountants in industry.

The major professional accounting bodies are all aware of these issues and they have been widely discussed in the accounting press and in various reports (for example, Allen, 1977, Julien, 1980, Banyard, 1982). In general there would appear to be a move towards a smaller number of core accounting subjects in trainees' education, along with a demand for a greater knowledge of business in general and information technology in particular, and for better opportunities to develop communication skills and to undertake more specialised accounting options. A requirement for increased and improved professional education after qualification has also generally been recognised.

As far as the ICMA is concerned, the findings from the limited sample of industrial organisations investigated here suggest that the institute is gaining in status, and that ICMA training schemes are becoming increasingly popular among larger enterprises. If the ICMA continue to develop their education and training, and if they continue actively to market their qualification to both companies and

universities and polytechnics, then it is hard to envisage them not growing in terms of both numbers and prestige.

The ACA do not appear to have as 'go-ahead' an image as the ICMA, or the status of the ICAEW. Moreover, like the ICAEW (see below) they are likely to face more and more problems with having to cater for an increasingly diverse membership in practice, industry and commerce.

The Tricker report was commissioned because the ICAEW recognised that the enormous growth in the size of its membership had given rise to a number of groups with different, and sometimes conflicting, interests. Not only does the ICAEW cater for accountants in industry, commerce and practice, but the increasing complexity of accountancy has led to more specialisation, and indeed a number of competing specialist bodies.

The acceptability of a Chartered accountant's training is being questioned by some quarters of industry. Prospective accountants expecting to follow a career in industry may increasingly find it more attractive and appropriate to train for a qualification within industry. In short it is reasonable to expect that the dominant position of Chartered accountants in industry may be gradually eroded.

Bearing this in mind, while the training of Chartered accountants in industry is unlikely in the near future (see, for example, the leading article in 'Accountancy', January, 1984) ultimately it is thought that the ICAEW will have no alternative if it is to retain its

standard-setting authority and its leading position in the 'profession'. The result of such an action is totally unpredictable: while it may open a Pandora's box of professional in-fighting, it may also lead to the integration of the currently segmented 'profession'.