

Constructing the governable small practitioner: the changing nature of professional bodies and the management of professional accountants' identities in the UK¹

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Abstract

This article aims at bridging two dimensions that have been often addressed separately by the sociology of professional groups: intra-professional divisions and the governance of professionals. Taking professional accountants as an example, the attempt by the Institute of Chartered Accountants in England and Wales to give an institutional existence to the category of the small practitioner is examined. The plasticity and the polysemic nature of the notion of “smallness”, which refers simultaneously to physical (small/big), geographical (local/global) and moral (anonymous/notorious) characteristics, offer indeed the opportunity to show how these three dimensions have been integrated in evolving organisational arrangements and discourses aimed at legitimising the professional order. It is contended that the definition of what small practitioners are and how they should be dealt with can only be understood as part of a larger issue which concerns the governance of the accountants community and the nature of the professional body. The efforts of the ICAEW’s authorities to problematise the nature of small practice indicates the will to integrate distant modalities of accounting expertise within the same professional space, so as to avoid that the physical and geographical distance between big and small firms might be turned into too conspicuous a hierarchical distinction and to preserve, therefore, the ideal of the community of peers upon which professional bodies have been built.

Keywords: professions – governance – professional organisations – professional regulation - social categories

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*“There is no doubt that one of this board’s biggest problems is to reach a large number of members in practice who do not know what services are available to them. Constantly we receive comments such as “if only I had known that this level of help was available, I could have saved so much time and effort”. Ignorance leads to the myth that the Institute does not understand the practitioners, and does nothing to assist them. It is this kind of myth that leads to calls for constitutional reviews, when the root problem is not the constitution itself, but a lack of communication between the Institute and its members”.*²

Introduction

A recent trend in the study of the accountancy profession is asking researchers to “bring accounting firms in”.³ Traditional areas of research such as the construction of professional identities, the relations between accountancy and the state or accountancy and capitalism, the making and implementation of accounting and auditing regulation... would indubitably benefit from a more careful analysis of the role that firms play in the mechanisms through which specific conceptions of being an accountant and what accountants can do are developed and spread. Yet, little justification for this flight from studies pitched at a more “institutional” level is given, beyond the fact that these institutions may be acting as a sort of

² General Practitioner Board, minutes of the 26 September 1996 meeting, p.3.

screen that conceals what is “really” taking place in terms of the enactment of accounting by its (multiple and varied) actors.⁴

Actually, one of the reasons for the move towards a more firm-based approach lies probably in the fact that research which confers to the professional institution the qualities and attributes of a collective actor has been already quite exhaustive. This research generally tries to understand how “the profession” interacts with other macro-categorisations (such as the state or the capital) within specific contexts.⁵ Although there is an intrinsic interest in ethnographic studies of firms⁶ because it indeed allows one to understand what happens at *that* level, this article departs from the path that these studies have set in that it tries to return to the professional institution. However, instead of looking at professional institutions as a (closed) black box (Latour, 1987), or as the vehicle for the advancement of the interests of the bigger firms in detriment of smaller practitioners or other professional categories (Cooper, Radcliffe & Robson, 1994), I contend that there is still an opportunity to examine these institutions from the inside. In a way, this is what has been done by most neo-Weberian approaches to the constitution of professional status (Larson, 1977; Macdonald, 1985). Drawing on Weber’s class and status groups analysis (Chua & Poullaos, 1993; Chua & Poullaos, 1998), these approaches study the way certain groups close the social space in order to create and then monopolise economic and symbolic rewards associated to a position. The setting up of an exclusive professional association on the model of a gentleman’s club

³ Cooper, D. J. *Accounting, Professions and Regulation: bringing Accounting Firms in*. Paper presented at the Accounting Organisations and Society 25th Anniversary Conference, 26-29 July 2000, Oxford.

⁴ Along the same lines as Cooper, Tony Tinker (For criticism. Unpublished paper, Baruch College, CUNY, 1999 quoted in Cooper, op. cit.) thinks that this institutional screen also obfuscates the researcher’s comprehension. Indeed, the weaknesses of too many studies of the accounting profession is that they do not theorise sufficiently terms such as professional, profession or regulation thus permitting professional ideologies and understandings to dominate those of the researcher.

⁵ See for instance Cooper, Puxty, Robson & Willmott, (1996) on the regulation of auditors in the UK.

⁶ See for instance Anderson-Gough, Grey & Robson (1998), Dirsmith & Cowaleski (1985) and Dirsmith, Heian & Cowaleski (1997) on the socialisation of professionals in big firms. See Cooper, Greenwood, Hinings & Brown (1998) on the relations between nationalism and professionalism, again in a large firm.

(Larson, 1977; Perkin, 1989) or a scientific society (MacMillan, 1999) is integral to the success of their social closure strategies.

It is my intention to tackle what happens after, when the professional community grows and diversifies, when the profession becomes involved in increasingly complex political and socio-economic networks, when the agenda is not any more to make the profession powerful but to administer its power. In her study of British cost accountants, Anne Loft (Loft, 1988) has shown the consequences of the First World War economy on the development of the cost accounting profession and the problems created by the decision by the Institute of Chartered Accountants in England and Wales (ICAEW hereinafter) to integrate industrial accountants to a practitioners' membership who had constructed itself around the idea of independence. The Institute Loft had been dealing with was a reduced community (5343 members in 1920) whose economic and social position was still secondary and where inter-firm differences were not yet exaggerated. Nowadays, there are almost 120 000 members in the Institute working in very diverse backgrounds and occupying positions in practice and in private and public entities, which are distributed along the whole hierarchical ladder. The major accounting firms are prominent actors in processes such as the globalisation of economies and the so-called retreat of the state (Strange, 1996; Cooper, Greenwood, Hinings & Rose, 1999). The Institute itself has seen its role and ways of operating change dramatically with the developments in the last 30 years of accounting and auditing regulation (Hopwood, Page & Turley, 1990). The number of full-time employees, the number and attributions of its departments, committees and directorates has evolved as the professional organisation had to cope with these exogenous constraints.

Looking at what happens inside professional “organisations” does not necessarily mean adopting an organisational perspective. Professions are in fact objects whose nature is highly problematic because they intermingle micro and macro aspects of the exercise of a particular activity and of its representation at the societal level. Professional institutes are in theory in charge of the “management” of the professional institution (defined here as the community of those whose professional identity is primarily determined by their membership of the professional institute). They advertise the public image of the profession and promote and defend the interests of its members by acting as official interlocutors⁷. At the same time they deal with members at a micro level. They make available to them a list of services which has got longer over the years. These services include, in the case of the ICAEW, “publications, interactive forms, letters, checklists and other tools; industry-standard reference works; documents from the leading regulatory bodies - in paper, CD Rom and online formats, courses and conferences, preferential terms for members on a wide range of financial, insurance and lifestyle services” etc. (the full list is available on the ICAEW website at www.icaew.co.uk). They are also empowered to discipline members, and, more recently, to inspect those who work in the reserved areas of practice (such as auditing and the provision of financial services) and to ensure that they are “fit and proper”.

The conception of organisations as inter-connectors between the micro and macro levels is not new. Founding fathers of the sociological science such as Cooley (Cooley, 1902) and Durkheim (Durkheim, 1984) already saw the interest of analysing the emergence of intermediary groups in modern societies. Adopting a moral position, Durkheim also considered that affiliation to one of these intermediary groups was a way to combat social

⁷ I contend that the question whether they do this in the name of the public or to secure commercial interests does not impact on my argument. This question has been extensively tackled by authors such as Robson (Robson & Cooper, 1990; Robson, Cooper, Puxty & Willmott, 1994) or Hanlon (1994). The question whether institutes are instrumentalised by professional elites is discussed here below.

evils, such as anomie and egoism whose consequences were to put individuals at a distance of their own society. In his second preface to his *The division of labour in society* he even presented modern professional organisations, the inheritors of the medieval guilds, as epitomising these new intermediary groups. More recently organisational theory, and more precisely neo-institutionalism has also tried to put forward the epistemologic interest of turning organisations into the necessary level for the analysis of micro-macro linkages. Paul Di Maggio thus suggests to set up a “meso” level of organisations (DiMaggio, 1991) which integrates both dimensions. On the one hand organisations articulate individual behaviours with organisational outcomes. Indeed “organisations are peculiar in that they consist of formal roles, often highly institutionalised, as well as informal social positions, which may or may not correspond to these formal roles” (DiMaggio, 1991, p. 85). At this “micro-meso” level research is intraorganisational and has to investigate topics such as logics and strategies of actors, intraorganisational ecology or intraorganisational networks. On the other hand “meso-macro linkages are particularly important in articulating organisational sociology to the discipline as a whole, because they generate many of the macro-structures with which general sociology is concerned: structures of social mobility, patterns of political stability and disorder, and rates and direction of cultural change” (DiMaggio, 1991, p. 90). At this level Di Maggio turns to organisational sociology’s concern about how the behaviour of organisations articulates with the structure and performance of organisational fields, industries or societies themselves. He thus considers organisations as fully-fledged actors who interact in organisational fields.

Beyond the problem of handling “collective actors” in the meso-macro compartment, Di Maggio’s approach is obviously flawed by his failure to actually place organisations at the centre of the creation of the micro-macro link. His meso level rather operates as a makeshift

to collate two levels that remain actually separated in the analysis.⁸ What Di Maggio does not seem to consider is that organisations are not equally equipped to produce linkages between the micro and macro levels. Some individuals (philosophers, natural and social scientists, politicians...) and some organisations (public powers, representative organisations of the civil society such as unions or, in the present case, professions...) specialise in the production and manipulation of macro-categories which they can impose through discourse and/or action (Bourdieu, 1984).⁹ Moreover, as far as organisations are concerned, the speciality and ability to use macro-categories to speak “on behalf of” the poor, the British, the workers, the British workers, the poor British workers etc. seems to be the remit of those organisations which design and operate mechanisms able to “represent”.

The approach I will follow here is to consider professional institutes as one of these organisations. I will focus therefore on the activities that govern in the institutes the production of categories which (are supposed to) represent what their members are and do. The interest in what professional institutes actually do is not very commonplace in the sociological study of professions. It has very unfortunately been associated with a functionalist vision of the world of professions which tended to naturalise their discourse by taking for granted professionals’ claims to legitimacy and rewriting them in scientific terms. In the functionalist tradition, professional institutions are central not only because they guarantee members’ competence and worthiness but also because they propagate the values (independence, dignity, responsibility) that are the linchpin of a more general and normative conception of the world within which professionalism is an efficient and morally desirable way of organising social life (Carr-Saunders & Wilson, 1933, p. 283). The professionalisation

⁸ Besides, Di Maggio’s analysis is also encumbered with his refusal to clearly break away from a functionalist apparatus which sees social reproduction and change as being the outcome of “systemic effects of social interactions of persons-in-roles rather than by aggregations of persons and their attributes” (DiMaggio, 1991, p.94).

⁹ The processes of legitimisation through which this imposition occurs -or fails to occur- are discussed in the last section.

of everyone (Wilenski, 1964) could result in the advent of an harmonious society where subordination and oppression (which generated class struggles) would be eradicated (Carr-Saunders & Wilson, 1933, pp. 502-503). In a world of professionals, professional institutions would contribute to the upholding of the moral and social cohesion of the community (Goode, 1957). Unsurprisingly, reactions against a school of thought whose methodologies Abbott (Abbott, 1988, p. 10) defines as “the historicisation of a priori definitions” led sociologists of professions to downplay the role of professional organisations in the production of representations of the profession, and, either to listen to what professionals themselves had to say about what they did¹⁰ or, to consider the organisations and the values they convey as a sort of veil that is drawn on the actual social positions of their members and the strategies they deploy to secure them.

Even so, the simple examination of the archives of a professional institute is enough to realise how much energy and resourcefulness is actually devoted to constructing (i.e. conceptualising but also setting up the instruments to apply conceptualisations) the representations that critics of functionalism discarded as being pure ideology. In this paper, I will take as an example the relation between professional institutes and their membership to demonstrate that the process of constructing representations is not mere lip-service. Contrary to a good deal of studies on organisations which presuppose the existence of a link between organisations and their members, and then go on to investigate the nature of this link (is it rational? If so, what sort of rationality is that: substantial, limited ?), I will show here that actually, in the case of the ICAEW, this link had, first of all, to be built.

¹⁰ This orientation was inaugurated by symbolic interactionism and especially by Everett Hughes and his disciples H.S. Becker and A. Strauss. Although these sociologists devoted themselves to the study of established professions such as medicine (Becker, Greer, Hughes & Strauss, 1961), the shift in their focus from the signs of this establishment (associations,

1 Representing the governable practitioner: social categories and macro-actors

It is not far-fetched to see the ICAEW as a political body. It has a constitution (the Royal Charter and Bye-Laws), a legislative power (the Council), an executive power (the different boards, directorates and committees which serve as advisory bodies to the Council and implement its decisions). It also has a judiciary arm (the Professional Standards Office Committees) to castigate those who have breached the professional laws. Besides, the Institute also sees itself as a political body which has been undergoing a heavy process of constitutional revision in the last twenty years. Thus, the Tricker (Tricker, 1983) and the Worsley (Worsley, 1985) reports were entitled “Governing the Institute”. In 1996, the Council asked Peter Gerrard, a barrister, “to conduct an independent review of the Institute’s constitutional arrangements” (Gerrard, 1996, p.1). But even before the constitutional issue was on the agenda, Council members had started to reflect on the exact nature of the professional body. For instance an enquiry to study the relations between the Institute and its members was launched in 1961(it started with an enquiry concerning the small practitioners and was later extended to the full practising membership).¹¹

The conception of the ICAEW as a political body has been constantly and quite naturally associated with the necessity to make a representative body of it. One can compare the statement that appears at the beginning of this paper and the following one which was made in 1968:

training centres, political lobbies) opened the way to the investigation of a series of lower status occupations as if they were professions. For an extreme case, see the “professional” thief in Conwell & Sutherland (1937).

Any organisation which has a democratic structure needs effective, active lines of communication among its members and between members and management if it is to function properly. The Institute is such an organisation . Its management is elected from and by the membership. Its written constitution can normally be altered only by the membership.¹²

Although Bye-Laws 33 and 34 give members the right to vote in constituency elections for Council Members and that any member of the Institute is eligible to serve on its committees, participation in the Institute's affairs has been traditionally low. It is therefore very striking to see that the reflection on the nature of the link between the Institute and its members has been always and consistently carried out in conjunction with the actual attempts to construct this link.

According to Desrosières and Thévenot (2000), social categorisation, or “making the social world fit into categories” (op.cit., p.34) encompasses the three meanings –cognitive, statistical and political- of the underlying operation of representing. The elaboration of “a mental image which we also use in everyday life to identify ourselves and to identify those with whom we interact” (ibid.), the production of statistics on social or natural phenomena, the processes at work in the construction of the collective identity of a group are not necessarily simultaneous but they have notwithstanding in common the power to “equate” [*mettre en équivalence*] individuals (op. cit., p.35). These individuals become therefore “commensurable”, that is to say that they can be measured within a same space and identified by the use of common notions. At the level of the Institute, the representation of the members, in its statistical and cognitive meanings has always been associated with their political representation (i.e. in this case, the mechanisms that ensure that the voice of the practitioners

¹¹ Not surprisingly, this reflection was carried out shortly after the Institute had integrated with the Society of Incorporated Accountants and Auditors in 1957. The merger increased the membership by 64% and was heavily debated, especially among the smaller firms which saw it as a threat to their identity.

¹² Report of District Societies Committee to Council on communications in the Institute. Appended to the 8 January 1969 meeting of the Council minutes.

is heard and that their needs and aspirations are catered for). The operations to produce commensurability are indispensable for the preservation of the integrity of the professional body. These operations imply a representation of the members able to encompass at the same time the distance between the centre and the periphery of the Institute and between the different modalities of being a professional accountant.

The consequence of the simultaneity of the different operations related to the preservation of the commensurability of members is that their representation as a collective category has been heavily dependent on the vicissitudes of the process to establish such a representation which in turn has been affected by contextual elements as diverse as the growth of the Big 10, 8, 6, 5 and then 4 firms, the introduction of accounting and auditing standards or the increase of graduate entrants to the profession. Thus, the process of representing the members requires itself a permanent process by which the Institute integrates these different elements in order to retain the capacity to represent.

The capacity to represent is indeed essential to the definition of an individual or an institution as a “macro-actor”. Macro-actors are able to “translate” other actors identities and actions into their own terms. The meaning of translation is here the one given by Callon and Latour in their article on the “Big Leviathan” (Latour & Callon, 1981) as “all the negotiations, intrigues, calculations, acts of persuasion and violence thanks to which an actor or force takes or causes to be conferred on itself authority to speak or act on behalf of another actor or force” (op. cit., p. 279). Although the content of the process of translating itself has been substantially refined in later works (Callon, 1986), this early definition is consistent with Latour’s overall project to offer a vision of the world in which scientific and political

representations, which were separated by the “Moderns”, are reunited.¹³ The establishment of scientific truth and of political legitimacy partakes of the same process of translation by which macro-actors, (metaphorically described by Latour and Callon in their 1981 delivery as “black boxes”) are built and “grow” with the elements that are accumulated (and made unquestionable) in them.. The narration that follows in the next section of this article examines in detail the efforts deployed by the ICAEW to remain a macro-actor that is to say an actor endowed with the ability to speak on behalf of its members. Such ability implies the translation of what these members are in terms compatible with the nature of the professional body. As this nature evolves over time, so does the process of translation.

My study of the relations between the ICAEW and its members is focused on the small practitioners. The reasons for that choice lie in the particular position of the smaller firms in the conceptualisation of the link between Institute and membership. Distinctions among the membership are of course by no means limited to professionals working with a local clientele. The time and resources devoted to building a link with other categories such as members in industrial and commercial environments or younger members are probably as important as those employed in the case of small practitioners. Actually, small practitioners have constituted for a very long time the bulk of the membership of the ICAEW (Matthews, Anderson & Edwards, 1998). Small practitioners are contentious and often they thwart or jeopardise plans to reform the Institute, forcing the latter to set up exercises of constitutional revision and self-criticism.¹⁴ Small practitioners are among those members who are particularly proud to be a chartered accountant and who do not hesitate to oppose any attempt

¹³ See Latour (1993, 1999a & 1999b).

¹⁴ Bye-Law 39 authorises members to remove a Council Member by simple majority vote at a Special Meeting (Bye-law 39). Members can also join in proposing motions to be considered at the Annual Meeting, which requires a minimum of 10 Members (Bye-law 13) or join in requisitioning a Special Meeting, which requires a minimum of 250 Members (Bye-law 11). To alter the Charter or Bye-laws requires a two-thirds majority of votes cast at a Special Meeting and "allowance" by the Privy Council.

to modify the characteristics of a qualification they have sometimes fought hard to obtain.¹⁵ Opposition to mergers with other institutes is thus traditional (Walker & Shackleton, 1995; Walker & Shackleton, 1998). More recently (1996), an extraordinary general meeting was also requisitioned on the initiative of a small practitioner from Liverpool to contest a proposition to include a greater degree of specialisation in the training of chartered accountants.¹⁶ However, the fact that they create problems –and that they might be therefore difficult to problematise- is not the main reason for choosing the small practitioners. Indeed, the category of the small practitioner (in its different acceptations, definitions and descriptions) offers interesting properties that derive from the polysemic nature of the word “small” which encapsulates physical (big/small firms), geographical (global/local practitioners) and moral (notorious/anonymous members) dimensions. As it will be shown in the next section, this polysemic nature complicates substantially the task of representing the small practitioners. This also explains why I chose the ICAEW to examine the problems of representing the small practitioner. Apparently, the ACCA (Association of Chartered Certified Accountants) could constitute a more obvious object, since its practising membership is essentially a membership of small firms and sole practitioners. But it is precisely because the ACCA is essentially an institute of small practitioners that the process of representing the membership and this process’ different operations are substantially different from those of the ICAEW.¹⁷ The fact that the membership of the ICAEW includes both big and small firms turns the task of accommodating, within the same institutional boundaries, different ways of being a practising chartered accountant into an issue. It is to the history of this issue that I now turn.

¹⁵ In the case of small practitioners, the Chartered Accountant qualification is all the more important since it is very often their only qualification and the only dimension of their professional identity (as opposed to the members employed in industry, commerce or the public services who also “belong” to the organisations for which they work).

¹⁶ “English ICA faces EGM over examination plans”, *Accountancy Age*, 12/10/1995, p. 1.

¹⁷ To my best knowledge, the issue of “the small practitioner” has never been identified as such by the ACCA, which does not mean that this institute has no governance problems. The crusade led by Prem Sikka for a more transparent and

2 Constructing the governable practitioner: three episodes in the constitutional history of the ICAEW

In this section I am showing how the move from the wish to represent the small practitioners and foster their participation to the Institute's affairs to the need to effectively govern them was operationalised. The operations necessary to achieve a representation of small practitioners vary in substance with the evolution over time of the different constraints placed on the ICAEW. Three periods can be distinguished. The first one runs up until the beginning of the 1980's. At this time the project to make the Institute "grow" by integrating supplementary actors (the other accounting institutes) still has priority on the agenda. However other elements start to be taken into account : the growth of the top firms in the profession, the creation of standard setting bodies separate from the professional institutes, the drying up of trainees recruitment in the smaller firms. The second period is essentially constituted by the 1980's. In this period constraints that have cropped up in the preceding period receive an institutional translation. The 1980's are the era of an in-deep reflection on the constitutional nature of the Institute which concludes on the impossibility to represent the community of the chartered accountants with a single category and the necessity to accommodate this community's heterogeneity. Finally, the 1990's see the Institute become a regulatory body. The Institute now needs to effectively govern its small practitioners, which, as shown in the last sub-section, implies the necessity to redefine their identity. The events, decisions, programmes, projects, committees and individuals I am referring to have been allocated by me to one of these periods. Of course their influence and action overlaps with

accountable leadership is one example of the debates around the governance of the ACCA. See "ACCA has offended all in the profession" , Accountancy Age, 21/111996, p.13.

other periods and determine the operations of translation in subsequent periods as well as these operations have been influenced by other operations taking place earlier in time.

2.1 starting point: the small practitioner as a local practitioner

Before 1980, the idea to give a representation to the small practitioners is closely linked to the role they have played in the two major consultations which marked the life of the ICAEW after World War II. Indeed the (successful) 1957 integration with the Society of Accountants and Auditors and the failure in 1970 of the project (under ICAEW's leadership) to constitute a fully registered profession by the merger of its diverse bodies (Walker & Shackleton, 1998),¹⁸ were heavily debated among the membership and especially the smaller practitioners. The demise of the 1970 project was analysed as being essentially due to the mobilisation of the latter, which sought to preserve their qualification for fear that it would be diluted if a larger professional body was formed.¹⁹ Although there is no direct evidence in the Council minute books of the existence of a link between this analysis and the decision to bring back to life a 1961 enquiry on the state of small practices, one might reasonably hypothesise that the leadership of the Institute wanted to understand why a distance between the centre and the periphery of the Institute had been developing.²⁰ The decision to set up a sub-committee of the General Purposes and Finance Committee to “determine whether an inquiry into the problems of the small practice is likely to lead to constructive conclusions”²¹

¹⁸ See also the June (pp. 406-408 and 411-412), August (pp. 566-568), September (pp. 634-638) and October (pp. 694-697) 1970 issues of *Accountancy*.

¹⁹ See *Accountancy*, 11/1970, pp. 756-757.

²⁰ It is important to note that, during the period I am dealing with, this distance is mostly presented as one that exists between the Institute and its small firms and, not yet, as one existing between the Big firms and the small ones.

²¹ General Purposes and Finance Committee report to Council appended to 7 August 1974 meeting of Council minutes.

was most probably determined by the will to know whether the 1970 episode was an outburst or whether it was rooted more deeply into an enduring unrest.²²

The 1961 small practitioner enquiry and the role of District Societies

On 10th October 1961 the President of the Institute wrote to the president of each of the Institute's district societies²³ asking for their assistance in an inquiry into the problems and difficulties of the small practitioner.²⁴ As the President said in his letter, a questionnaire would soon be distributed by the district societies, a questionnaire, which it was thought, "covered most of the problems which the small practitioner might wish the Council to examine and on which he might wish to propose remedies". Amongst the "many problems raised" were those of "fees, competition, registration, publicity, staffing, recruitment of articled clerks and relations with the Inland Revenue and with other professions". More than 70 meetings were organised by the District Societies on this topic and the returned questionnaires represented the views of around 2000 practitioners.²⁵ According to what was reported in the 3 July 1962 District Societies Committee meeting "the submissions received exceeded 200 pages in evidence and recommendations". The problems that were identified by the small practitioners allowed the Council to draw a picture of small practice in the ICAEW.²⁶ . Small practitioners showed discontent concerning competition from other professions (bankers, solicitors) or from other members (asking for instance for disciplinary action to be taken against those members who touted for insolvency work, or protection from

²² All the more since the 1970 vote on the integration of the different accounting bodies had been carefully prepared and advertised by the Institute. See Walker & Shackleton (1998).

²³ There are now 22 District Societies which constitute the geographical structure of the Institute. Historically they are not branches of the Institute; some indeed outdate the ICAEW. They are autonomous bodies each with its own president and its own committees. In theory each is responsible for its own finances and membership structure.

²⁴ The letter was reproduced in the 21st October 1961 issue of *The Accountant*.

²⁵ Minutes of the 2 January 1962 District Societies Committee meeting.

²⁶ Report of the District Societies Committee on the small practitioner enquiry appended to the minutes of the 18 December 1962 meeting of the Council.

large firms who were called in as specialists). They also complained about the entry requirements (“an improvement will certainly not be achieved by lowering the standard of admission. It should if anything be increased and the profession made to look the place for only the brighter pupils”) or the greater ability of large firms to attract articled clerks.²⁷ But in general they were asking for more guidance (especially technical) from the Institute for the conduct of practice and they were willing to participate in more courses and events organised by the District Societies if they were given the opportunity to do so.

More than the representativeness of the opinion of a small cross-section of the whole “small” membership, what is essential here is to note that the ICAEW district societies were central in the organisation of the survey and that the conclusions of the report especially advocated to reinforce communication with members using the contacts between the District societies and their “constituents”. If we also note that no reference is made to a definition of small practitioners by their size, we have a representation of the small practitioner which is more “local” than “small”. Although the idea to acknowledge the specificity of the small practitioners and to remedy their problems was not carried further²⁸, the issue of representing them remained closely associated with a larger reflection on the territorial organisation of ICAEW’ structure.²⁹ In 1968 the Council requested the District Societies Committee to draft a report on communications in the Institute. In its conclusions, the report insisted on the lack of communications between members and the “Establishment” of the Institute. “The existence of a we and they attitude is also a barrier to communication which needs to be broken down

²⁷ “The result (of allowing members to have four articled clerks each) is that most of the larger firms have in consequence taken their full quota and these they have been able to acquire by reason of their well known names and their ability to offer better financial inducements; the result has therefore been that the larger firms are recruiting the majority number and the best in quality of the limited number of articled clerks available.”

²⁸ The Council decided to integrate the results of the small practitioner enquiry into a larger consultation of the whole practising membership centred on the problem of fees. See minutes of the 5 February and 2 April 1963 meetings of the Council.

²⁹ Indications of this can be found as early as 1946 when the question of automatic membership of District Societies started being studied (minutes of the 5 March 1946 District Societies Committee meeting).

and which can be broken down only if members mix with one another and have good opportunities to get to know the people who run District Societies and the members of the Council". It was thus recommended that district societies maintained effective communication as one of their fundamental purposes, especially with members who do not normally participate actively, with a special mention for members in industry and, in general, small practitioners.³⁰ The association between the reflection on the role of District Societies and the reflection on the small practitioner was to become even tighter after the failure of the 1970 integration.

In its report for the 4 November 1970 meeting of the Council, the District Societies Committee considered the failure of the integration proposals with particular reference to "(a) the percentage of members who did not vote and the probable failure of communications to this extent and (b) the future of district societies, their administration and financing ". Thus, the committee considered that every effort should continue to be made to communicate with those members still not involved in the affairs of the Institute and that in order to ensure that each district society was in a position to provide the optimum service to members, an equitable basis for grants must be found".³¹ Therefore, on its meeting of the 3 March 1971 the Council resolved that a working party be appointed to make recommendations on District Societies organisation. The extensive report that was produced by this working party (known as the Cox report)³² suggested a complete re-orientation of the role of District Societies in the ICAEW electoral process whose aim would turn these societies into constituencies for the

³⁰ Report of District Societies Committee to Council on communications in the Institute. Appended to the 8 January 1969 meeting of the Council minutes.

³¹ District Societies lost their financial autonomy in 1964 when a system of grants allocated by the Council was preferred. As regards the November 1970 report to Council, it was noted that "it would be undesirable in the present climate to revert to local subscriptions, which might in fact reduce even further the number of members prepared to take an interest in their district societies".

³² Appended to the minutes of the 30 November 1971 District Societies Committee meeting.

direct election of the Council (Cox report, p. 17).³³ But this change would not result in a greater feeling of “democratic rule” if the need for “local democracy” was not fostered by the District Societies. It was thus recommended that the formation of small branches and groups should be encouraged wherever there appeared to be sufficient support. “Establishment of groups of ten; more geographical and special interest groups” was advocated. “Snowballs” to bring non-participating members into local activities and arrangements for each sole practitioner to be contacted by telephone or visit were also programmed. It was further recommended that district societies should be re-organised to operate under a federal structure affording branches proportional representation upon their committees. Although, initially it essentially followed the Cox report’s conclusions by studying a greater local involvement of the younger members (through students societies), the Council eventually also appointed a new inquiry (minutes of the 7 August 1974 meeting) on the small practitioners.

So far, although the small practitioner is present in the institutional discourse, no decision has been made concerning its differential nature. The small practitioner and the local practitioner are still part of the same problematic. The creation of the small practitioner as a separate entity will be the result of the 1975 inquiry.

The 1975 enquiry and the creation of the Small Practitioner Advisory Committee

Unlike the 1961-1962 inquiry the 1975 one was based on a much longer process of consultation whose aim was “not only to establish what the problems are but to find out what, if any, solutions some member firms have adopted and found effective – with the ultimate object of disseminating that information at large”.³⁴ The consultation was conducted under the

³³ This recommendation went eventually unheeded.

³⁴ Minutes of the 4 December 1974 meeting of the Council

aegis of the District Society Committee and the ad-hoc working party headed by H. Singer, a small practitioner who was later to become President of the Institute. The conclusions of the inquiry exercise were pessimistic. The nature and the length of the consultation (almost two years) had brought to the fore several “structural” characteristics concerning the smaller firms.

“A large majority (probably over 70%) of practising members belong to small firms. Many of them feel that their place in the profession is inadequately recognised, that they are not consulted on matters which affect them and that an unfair emphasis is placed by the Institute on matters which are of special concern to large firms”.³⁵ Beyond this general statement, the small practitioner enquiry report was detailing the different aspects which were to constitute the crux of “the small practitioner issue” for a good number of years. In terms of partnership successions the working party accepted “the widely held belief that certified accountants may eventually take over the smaller practice field unless the importance of the smaller practice is seen to be recognised by the Institute and the training of students” (p. 3). In terms of training of members and technical matters (p. 4) the report admitted that “while there should be no reduction in accounting and auditing standards, consideration should be given to differentiating in future legislation between the requirements for stewardship in proprietary companies and to the desirability of laying down a standard form of qualified report for small companies whose records do not comply with the requirements of the companies Act”. Also “more publications and courses specifically aimed at the smaller practitioner should be provided”. In terms of training (p.5) the report stated that there were serious misunderstandings about Council policy, in particular in what regarded the project to turn the profession of chartered accountant into a graduate profession.³⁶ “The Council should make a special, well publicised declaration that it wishes smaller practitioners to continue training

³⁵ Smaller Practitioner Enquiry working party interim report to Council, p. 2. Appended to the minutes of the 3 December 1975 meeting of the Council.

students in the long term” (p. 4).³⁷ Many practitioners also believed that a junior qualification should be provided for school leavers who were looking for career opportunities but who were not up to chartered accountant student entry standard. The working party recommended therefore that “urgent action should be taken to decide whether an Institute of Accounting Staff is to be supported or whether the Institute’s own second tier body should be established” (p.5).

In a way the interpretation of the results of the 1975 small practitioner enquiry, at the same time as it contributed to the understanding of the small practitioners’ difficulties, contributed also to lock the smaller members into a series of representations articulated around the idea that small practitioners do not understand what the Institute does. In 1961 the small practitioners “had problems”, in 1975 they were now “a problem” which was to become amenable to a whole process of translation that would displace and rearrange the different dimensions of this problem in order to enable the Institute to retain the capacity to represent the small practitioners. For the time being this process is still fraught with the problematisation of the link between the Institute and the small practitioners in terms of spatial distance, which means that the solution to the small practitioners’ problems still lies in a better communication between the centre and its peripheries. Thus, the small practitioner enquiry report insisted especially on the point that “At district branch and group level there are serious misunderstandings and misgivings about Institute policy. The existing communication links are undoubtedly inadequate”. The essential recommendation which was made to improve the situation was to “establish a Smaller Practitioner Advisory Committee (SPAC) for a trial period of three years under the aegis and reporting through the District Societies Committee. The SPAC should consist of nominated Council members with a

³⁶ This option was recommended by the Solomons report in 1972.

representative from each District Society who would report back to smaller practitioner committees” (p. 3). At this point the small practitioner has been problematised as being different than the local practitioner. But the different operations which are necessitated by this problematisation are yet dependant on a centre/periphery structure which as been inherited from an earlier period. The analysis of the functioning of the SPAC provides evidence of this.

The small practitioner advisory committee (1976-1983)

The SPAC held its first meeting on the 10th of March 1976. According to the terms of reference that had been agreed by ICAEW’s Council in its meeting of 3 December 1975, the SPAC would work under the supervision of the District Societies Committee. Its role would consist in making recommendations on “how best to correct the misunderstandings disclosed in the report and to provide better contacts so as to avoid future misunderstandings” and also “in what areas can and should action be taken to overcome the genuine and particular problems of smaller practitioners and to develop proposals accordingly”. Apart from the chairman, “a sole practitioner tending to specialise in management consultancy”,³⁸ its members were partners of 3 to 7 partner firms with much the same type of practice, consisting principally of smaller public companies, smaller private firms, farmers, retailers.³⁹

The SPAC set up a very broad agenda, intended to encompass all what was perceived as potentially problematic areas of practice, and four working parties (A/ Relations between smaller practitioners,⁴⁰ the Institute and district societies; B/ Courses, office administration

³⁷ The introduction of a “training record” which increased substantially the width of training was thought to be “largely unrelated to the need’s of small firms’ clients” (p. 4).

³⁸ Minutes of the 30 March 1976 SPAC Working party B meeting.

³⁹ Minutes of the 10 March 1976 meeting of SPAC. It is important to note already that *what* is exactly considered to be a small practitioner is very rarely indicated in the archival material that has been consulted.

⁴⁰ Professional standards, ethics, technical matters, office organisation and administration, staffing, junior qualifications, profitability and fee levels, practice finance, indemnity insurance, mergers, partnership succession, retirement benefits,

and publications; C/ Professional Standards and Ethics; D/Staffing, staff training, student education training). Its aim was also to overcome the smaller practitioners' feeling of isolation from the Institute by setting up a two-ways channel of communication.

In the first period of this existence, the SPAC thus deployed its efforts towards performing a sort of "audit" of the relations between the small practitioners and other parties to professional life. Among the latter were the district societies, the Institute's committees (with a special reference to the Education and Training committee), and public agencies (the Department of Trade and Industry, Customs and Excise, the Inland Revenue). Potential competitors were also considered. These included banks but also other members of the Institute. Thus, a review of the services provided to their branches by the larger firms was conducted.⁴¹ An example of the conclusions that were reached concerning the relations with the Inland Revenue can be found here below:

"many of the problem arising were due to the low standard of staff employed by the Inland Revenue. Many district societies arranged for discussion and social activities with the local Inland Revenue officers (Nevertheless) relations between the institute of Inland Revenue have improved immensely in the last four years but it may be that smaller practitioners are not always aware of progress that has been made. The working party therefore decided to recommend to this smaller practitioner advisory committee that digests on the subject should be prepared for smaller practitioner advisory committee members at appropriated intervals, also, there should be a PR exercise to explain to smaller practitioners what had been achieved in this field and quoting practical examples."⁴²

consultancy and referral, training of partners and senior staff, courses, post-qualifying education, publications, student education training and recruitment, relations with a/ institute and district societies b/ clients and the general public c/ other professions and competitors, relations with government, Inland Revenue and Customs and Excise. Minutes of the 10 March 1976 meeting of SPAC.

⁴¹ This was perceived as a continuation of the work that had been carried out by the Small practitioner Enquiry. SPAC's Working party C initial task was explicitly to analyse the conclusions of the report on the Enquiry. (Minutes of the 7 April 1976 meeting of SPAC Working Party C).

⁴² Minutes of the 11 September 1978 meeting of SPAC.

The aim of the SPAC was not only to “know” what was happening down there but also to advertise the fact that something was being done in that sense. Particular emphasis was put on the role of the District Societies (after all, the SPAC was under their supervision) which had not only to organise activities useful to their membership (such as courses) but also to develop contacts and organise social activities⁴³. Moreover, recommendations with a larger scope were made. For instance steps were taken to ensure that the public relations department should be asked to publish in the professional press as appropriate the fact that the first meeting of the committee had taken place in order that the maximum number of smaller practitioners should be able to see that progress had been made. In order to familiarise smaller practitioners with the work of the institute committees and the problem that they have to deal with, the SPAC also decided that the editor of Accountancy should be asked to consider producing an article explaining how they work and possibly expanding the explanation by means of case studies.⁴⁴

However this top-down exercise of public relations with the small practitioners found its limits when the Institute experienced another setback with the failure to pass a motion to introduce compulsory current accounting at a special meeting in July 1977. The SPAC considered whether any lessons could be learnt in the field of communications with small practitioners from the episode and concluded that voting on that occasion emphasised:

- the importance of small advisory practitioner committee members doing all they could to obtain the involvement of their constituents
- the danger of putting a complex proposal before the less sophisticated membership in one step. A more gradual approach might have been more successful.

⁴³ A list was provided which included dinners, conferences, one-afternoon workshops on selected topics etc.

⁴⁴ Minutes of the 8 June 1976 meeting of SPAC.

- the need to educate members to appreciate that they had a democratic system of elections to the Council in which they should be persuaded to participate.⁴⁵

Although the “need to educate members” was emphasised, the SPAC re-oriented its activities towards a line of action that consisted much more in representing what was considered to be the small practitioners’ views at the top levels of the Institute and related agencies (the auditing and accounting standard setting bodies that had been created at the beginning of the 1970’s) than actually seeking, by establishing grass-root contacts, to make of the SPAC an actual representative of the small practitioners. The SPAC sought thus to ensure that small practitioners were effectively represented at the Institute’s committees and directorates and to suggest the general purpose and finance committee, through the district societies committee that district societies should be asked to maintain lists of small practitioners able or willing to serve on institute committees and sub-committees with a particular background which qualified them to put forward small practitioners point of view on appropriate problems.⁴⁶ Another aspect of the change in the SPAC’s strategy is that much more time and energy were devoted to a very detailed analysis of the different projects drafted by ICAEW’s executive or by the auditing and accounting standard setting bodies in order to determine the possible impact they could have on small practice.⁴⁷

At the end of this period in the history of the Institute, there is still room for consensus between the different sizes of chartered accountants firms. The small practitioner is essentially a local practitioner whose voice needs to be carried across the distance that exists between her/himself and Moorgate place (the geographical centre of power in the ICAEW). Various

⁴⁵ Report of the chairman of working party A to the small practitioner advisory committee 30th of September 1977.

⁴⁶ Minutes of the 17 December 1978 meeting of SPAC.

⁴⁷ See for instance the work of SPAC’s working party B on simplified financial statements (2 December 1977) or on the paper "Discussion drafts on auditing std and guidelines" to be submitted to the Audit practices Committee (11 September

instruments (enquiries, specific committees, persons who are supposed to be representative of the small practitioner) are used to achieve operations of interestment, enrolment and mobilisation. The representation of the small practitioner is problematised in terms of the centre and the periphery. Here centre has two meanings which I borrow from Shils (Shils, 1988). The first meaning is “central value system” which refers to the irreducible values and beliefs that establish the identity of individuals and bind them into a common universe. The mechanisms through which the centre integrates the periphery is consensus. The second meaning is “central institutional system”. In this sense refers to the authoritative institutions and persons who often express or embody the central value system. But, as Shils notes, the institutional centre is not coterminous with the government (or the state). It is comprised of many different and sometimes warring elites. As the study of the next period in the history of the Institute will show, an increasingly growing difference between the central value system and the central institutional system will be created, which will render increasingly difficult the representation of small practitioners in terms of centre and periphery.

2.2 from the small practitioner to the general practitioner

To begin with, let me take the stock of the situation and introduce new elements to explain how the Institute was led to set up a major process of constitutional revision. During the 1970's the accountancy profession had to face a series of challenges that put at stake the capacity of its main bodies to maintain the objectives of self-regulation in the defence of the public interest. Among these challenges were the members' rejection of proposals to

1978), or on the Education and Training directorate's decisions concerning the Association of Technicians in Finance and Accounting.

integrate the accountancy bodies (1970), a series of particularly visible audit scandals during the 1970's and the 1980's and the apparent failure of the auditing and accounting standard setting process that had started, also after the disclosure of some major scandals, in the late 1960's (Robson, Willmott, Cooper & Puxty, 1994). The threat to the privileges of self-regulation that the whole profession was enjoying in exchange of looking for the public interest were actually focused on its elite, the top "Big 8" firms which were all members of the ICAEW. While interfirm differences in terms of size and fees were not exaggerated until the middle of the 1960's a growing gap had started to emerge between both ends of the ICAEW. The trend of the bigger firms towards gigantism had entailed a shortage of candidates to train in smaller entities. In turn, this shortage had to be compensated by these firms recruiting and training Certified Accountants and accounting technicians, putting at stake their own identity as members of the ICAEW. The institute had emanated from the ancestors of the current leading firms (in 1880) and the latter had always been intimately associated in its direction. As close links with the financial and the political establishment had also been set up, the major firms had thus become the representatives of the whole profession. In particular the major firms represented the profession at the Accounting Standards Committee (ASC, later Accounting Standards Board) and at the Audit Practices Committee (APC, later Auditing Practices Board) within which drafting of standards concerning the activity of any professional took place. On the other hand, most of the criticism and disrepute affecting the profession had originated in major public scandals which involved the Big firms. Therefore, an enduring resentment against the ICAEW's establishment based on the feeling of a sort of "democratic deficit" had become visible in some other sections of the membership.

Managing heterogeneity: the ICAEW's major process of constitutional revision

As the Tricker and the Worsley report state in their respective introductions, the major review of ICAEW's institutional arrangements found its origins in the realisation of a differentiation of members' interests and aspirations. Tricker (Tricker, 1983, p. 5) says: "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". The Tricker report was commissioned by the ICAEW's Council in 1982. It was followed in 1985 by the Worsley report. Although the second report was intended as an assessment of the main findings of its forerunner, it proposed actually very different directions to resolve the "governance problem" that had arisen in the Institute (Robson, 1994). The focus of the Tricker report was upon internal segmentation of membership: in general the members employed in industry and commerce and the small practitioners were reported to be suspicious and resentful of an Institute which they perceived to offer them little or no representation. Tricker considered seven principal options available to the professional body to try to resolve the difficult dilemma of recognising different approaches to being a chartered accountant without going too far in this recognition. Among the seven options Tricker found favourable features in three: the representative governing body option, the executive direction option and the divisionalisation option. All three options provided a solution to the problem of the exercise of power in the ICAEW, however only the third one tried to apply the idea to set up specific bodies to represent specific shares of the membership. Indeed, the representative governing body option relied on a balance of

membership in the Council to reflect the interests of the members generally. The executive direction option suggested to follow the example of the Institute of Directors or the CBI by establishing a delegation of power from the governing body to a full-time executive head. Only the divisionalisation option was presented as providing for the process of specialisation in professions in recent years and as allowing members to be grouped by special interests, with a substantial measure of devolved power. Consistently, the Tricker report also advocated the creation of “Subject Conferences” within which members would coalesce according to their main speciality (such as taxation or insolvency). Thus the Tricker report was trying to improve representation in professional life by acknowledging the subdivision that had emerged between, on the one hand members in practice and members in industry and commerce, and on the other hand between top practising firms and small practitioners. This way of reorganising the ICAEW’s constitutional arrangements had its own merits: clear subdivisions, especially if they were technically grounded, made it easier to represent members because they provided a robust taxonomy to allocate them. Technical subdivisions were indeed more innocuous than those which could be more encompassing but that, albeit being based on none the less objective traits, proved by their fuzziness to be less operational.

Tricker’s programme to run the Institute was however not followed by the Worsley report. According to Robson (1990) this rejection was fostered at the Institute’s head by the fear that, if the profession was to come under the threat of an hostile public opinion and adverse public authorities, technical subdivisions would jeopardise the façade of unity on which the privileges attached to self-regulation rested. The idea of a membership based on speciality only was criticised on the basis that it might encourage the lost of members to other and more specialised professional bodies such as the Association of Corporate Treasurers. Instead of crystallising subdivisions in a clear and institutionalised definition, Worsley (p. 25,

quoted by Robson & Cooper, 1990) recommended to improve communication with the members and to educate them about their latent professional interests. While acknowledging that “the effectiveness of the discourses developed by Council on behalf of the members rests upon the fact that they are perceived as authoritative expressions of opinions by those with specialist expertise” (op. cit., p. 20) the report was calling for a “more open style to administration, to greater readiness to discuss issues openly and to the practice of serving members in a way which makes them feel that it is their Institute” (op. cit.p.58). The idea to form practitioners groups according to their technical interests was retained and “Faculties” (such as the tax and the audit faculties) were created. However, another system, based on the establishment of “Boards” , was set up alongside the faculties to represent members’ interests. The report recognised the “natural” division existing between members working on an independent basis and members working on a salaried position in industry or commerce. Worsley therefore recommended to install a Board for Members in Industry and Practitioners’ Boards. Although he had suggested to create two different Practitioners’ Boards for large and medium sized firms and for small practitioners, it was eventually a single General Practitioner Board that emerged from the institutional reform. Thus, the members of this board would range from the very large to the very small firms. Rather than seeking to represent practitioners by defining what they are and setting up the adequate policies to cater for their needs (which was the Tricker report’s essential recommendation), the board system tried to achieve this goal by inviting members to participate in the ICAEW’s affairs. Because it rested, once again, on the assumption that Institute’s members wished to participate and had just to be given the opportunity to do so, the result of this system was opposite to the initially intended goal: inscribing practitioners in patterns of governance without trying to define explicitly their specificity ended up in a very low representativeness of the boards. As I will show it now, this is particularly true in the case of the small practitioners.

The transformation of the small practitioner into the general practitioner

During the 1980's, the Small Practitioner Advisory Committee successively became the Small Practitioner Committee (SPC, in 1983) and was made part of the General Practitioner Board (GPB, in 1990) that the Worsley report had recommended to set up. However, this transition was not so obvious and linear as these two dates would let one think. The process of raising the status of the SPAC by making a full-standing committee (i.e. a committee under the direct supervision of the Council) of it and then to integrate it to a larger representative body was heavily debated among the membership of the SPAC and SPC. In line with the critical attitude the SPAC had been developing in its later period, the comments on the Worsley report (meeting of 13 January 1986) highlighted the fact that "it was the general consensus of opinion that while the proposed structure should enable more members who wanted to be involved in Institute work to do so, unless the wish to participate was present, no structural change would make any significant difference." During this period the need to communicate with the small practitioners is still preponderant. However, the satisfaction of this need is not encapsulated in the global/local dimension that was imparted to the problematisation of the small practitioners by the rooting of the translation process in the District Societies structure. The issue of the small practitioner is separated from the issue of reforming the District Societies when the SPC becomes a full-standing committee of the Council.⁴⁸ Although the SPC continues to try and build relations with the members and to keep a critical eye on the projects to reform the profession, its slow evolution towards a general practitioner board endows it with a new role concerning the small practitioners.

⁴⁸ The reform of the district societies led to the publication of a "Future of the District Societies report" in 1982 and was later integrated into the projects to reform the ICAEW's institutional structure.

From 1981 on, the members of SPAC lobbied the Council to gain a higher status in the hierarchy of the ICAEW. As they said: “since its first meeting (...) SPAC has become a valuable channel of communication between smaller practitioners and committees of the Council. It is probably more truly and more directly in touch with individual members than any other committee of the Council. However, the SPAC believes that it has little or no influence on the formulation of Institute policy and that the views of smaller practitioners are not genuinely being heeded by the Council (...) it believes that it lacks the standing and the resources necessary for its advice and recommendations to have effect. The SPAC believes that the importance of smaller practitioners should be recognised by awarding the SPAC a status equal with that of the Industrial Members Committee”.⁴⁹ Whether the decision to turn the SPAC into an SPC was motivated by the will to improve its contribution or by the desire to put it under closer scrutiny⁵⁰ is uncertain. However, the SPC was allocated a new mission by H. Singer (the small practitioner who had directed the 1975 enquiry and who was then presiding the Institute). When he came to SPAC on the 10th of March 1982 he reported that during his period of Presidency he had encountered expressions of doubt about whether smaller practices could produce the services needed by the public.⁵¹ one of the tasks of the future SPC would be therefore to “raise standards in some smaller practices and to consider how the Practice Advisory Service could be used for this purpose”.

The idea to “improve” the small practitioner was not new. The 1961 enquiry on the small practitioner was actually part of the same project to set up a Practice Advisory Service. There is not enough space here to analyse in detail the different steps that were taken by the

⁴⁹ Minutes of the 16 November 1981 meeting of Working party A of the SPAC.

⁵⁰ Addressing the SPAC (12 March 1981) the secretary of Institute had been very critical. “[the achievements of SPAC] were not mean, but in answer to the question is the smaller practitioners’ disaffection for the Institute less apparent in 1981 than in 1974, he suggested that probably little had changed (...) the principal difficulty is that SPAC and other committees jointly failed to establish a constructive relationship. SPAC is viewed as meddling in other committees affairs.”

ICAEW to effectively help small practitioners to improve their technical and organisational capacities, or, to assess the extent of the influence of the SPC on the decisions that were made by the Council, but it is certain that the shape and the attributions of the SPC were adapted to its new task. It became a much reduced committee (a sort of think tank) and was consulted more frequently by the Council and other committees.⁵² It was under the aegis of the SPC that a special working party was set up in 1983 to inquire on “reported bad practice” in small firms. It was to the SPC that the Council decided to transfer the Enterprise Task Force (1986) that had been placed initially under the supervision of the General Purposes and Finance Committee. This task force had been created to foster the relations between the profession and the host of institutions (such as Business Links) that had been created by the government in the middle of the 1980’s to help local enterprises. The Enterprise Task Force became a sub-committee of the SPC (and later of the GPB) and Enterprise Liaison Officers were appointed to encourage small practitioners to use these newly created governmental institutions.

The decision to integrate the Small Practitioner Committee to the General Practitioner Board was not initially part of the agenda to improve small practice, but, as it has been showed, a consequence of the application of the recommendations made by the Worsley report. The General Practitioner Board was supposed to be a representative body and not an advisory committee. Moreover, its purpose was to accommodate firms of all sizes into two (possible) subdivisions, one for national firms and one for local firms. The SPC was initially opposed to the setting up of a body where the identity of the small practitioners would be

⁵¹ The climate of suspicion on the quality of accountant’s work had extended beyond the professional world. In the same meeting one of the members of SPAC mentioned an article in the Observer (March 1982) which implied that some accountants were “practising on the side”.

⁵² The SPC seems to have played an important role in the decision by the ICAEW to sponsor the Association of Accounting Technicians which resulted of the merger in 1981 of the Institute of Accounting Secretaries and of the Association of Technicians in Accounting and Finance. The setting up of a junior qualification would contribute to reduce the pressure to recruit certified accountants and to improve practitioners’ standards by relieving them from clerical work. A special programme of exemptions for those who wanted to qualify as chartered accountants was even envisaged. However sponsorship turned later into opposition when the AAT claimed practising rights for its members.

diluted. As it was recognised “the smaller practitioners’ interests differed from those working in larger firms and therefore (...) the SPC would support the possibility of setting up two boards”.⁵³ But contrary to what the Council had planned, the SPC was against the denomination of “district practitioners board” or “local practitioners board”. “The majority of small practitioners were general practitioners and the proposed title of General Practitioner Board was a good one and should be retained”.⁵⁴ Although the solution of a single board was eventually retained, the fears of the members of the SPC were dissipated when it soon appeared that, because of the disaffection of the big and middle sized firms, the GPB would *de facto* become a small practitioner board and that its activities would continue those of the SPC.⁵⁵

In conclusion to this second period, one could say that the task of the Institute was now to organise a diversity (between the smaller and the bigger firms) that had been recognised. The identity of the small practitioner had become autonomous from the spatial representations which encapsulated it in the earlier period. The new problematisation of the small practitioners required to make good practitioners of them and a new host of programmes and agencies (such as the Enterprise Task Force) was set up to mobilise them. The small practitioners were not anymore the distant citizens of the ICAEW. They were now its lay citizens who needed to be educated and taught to become good citizens.⁵⁶ This need was to become even more urgent in the next period.

⁵³ Minutes of the SPC steering committee 13 September 1989 meeting.

⁵⁴ Ibid. The SPC thus advocated the creation of a general practitioner board and a national practitioner board within a practitioner board. Interestingly enough, it is during this troubled period that several attempts at giving a definition of small practice were made. In its meeting of the 22 May 1989 the SPC thus stated that “there was no hard and fast definition although a smaller practitioner deals mainly with small businesses and does not belong to a national network of offices”.

⁵⁵ In 1991 a small practitioner newsletter entitled “Good Practice” was launched by the GPB.

⁵⁶ It is indeed striking to notice that the middle firms, although their diversity is tantamount to that of the small practices, are very rarely mentioned as being the objective of a specific institutional policy. The small practitioner appears thus as the “citizen”, the one that has to be enrolled.

2.3 from the general practitioner to the governable practitioner

The implementation of the insolvency (1986), financial services (1986) and audit (1989) regulations certainly represented a change in the life of the ICAEW. These regulations were applicable to any member of the several accountancy bodies practising in the reserved areas described in the Insolvency Act 1986, the Financial Services Act 1986 and the Companies Act 1989. In particular, the full regulation was applicable irrespective of any consideration for the size of the professional firm.⁵⁷ Although this philosophy is consistent with a conception of professional bodies as homogeneous entities, the enforcement of the new rules, especially in the audit area, created considerable commotion in the, especially small, practitioners community. The regulation implied the setting up of monitoring procedures to ensure that audits were carried out according to standards of good practice and competence. When the first report of the monitoring assessment was presented by the professional institutes to the Department of Trade and Industry in 1994 it appeared that only one of four auditors to listed companies inspected by regulators passed all the new audit requirements without any challenge.⁵⁸ In turn, disgruntled small practitioners vociferously uttered their discontent complaining about the “heavy-handed and unwarranted enquiry of audit regulation inspections” which were obviously ignoring “the deep sense of pride in both our qualifications and our work for clients”.⁵⁹

The representation of small practitioners as “malpractitioners” has in fact principally become an issue and has turned a regulatory problem into a professional problem because the monitoring procedures have been organised and carried out by the professional institutes

⁵⁷ For instance, regulation 3.12(d) of the Audit Standards Board requires all firms, irrespective of size, to establish consultation arrangements for partners and staff on both ethical and technical issues, either within the firm or externally (in the case of a sole practitioner).

⁵⁸ Auditors fail to meet all standards, Financial Times, 20/12/992, p. 19.

themselves. Indeed, similar profession-based frameworks to control the quality of the service delivered by auditors have existed for a longer time in other European countries.⁶⁰ However, in the British context, the introduction of such a requirement has been considered as a novelty. Professions, as many other institutions in Britain, have been built up on the pattern of self-regulation (Perkin, 1989; Willmott, 1986; Puxty, Willmott, Cooper & Lowe, 1987)⁶¹. The tradition of a weak state and the development of professional education outside universities (Burrage, 1991) allowed professional closure (Macdonald, 1985; Murphy, 1988) to be constructed around an ideology of gentility (Larson, 1977) and to confer on British professional institutions their distinctive traits (Macdonald, 1989) as clubs for gentlemen. Yet, in the domain of financial services, the self-regulation of the City and its separation from the Industrial and commercial sphere (Ingham, 1984) became questioned under the Thatcher administration (Clarke, 1986; Gamble, 1994; Halliday & Carruthers, 1996). The direct enforcement of audit, insolvency and financial services regulation by the DTI was used as a deterrent (Davison, 1987) to have professional bodies participate in the implementation of quality controls. The preservation of their privileges as self-regulated institutions was thus at the expense of playing a “dual-role”.⁶² Being both “gamekeeper and poacher”, that is to say being the representative body of the accountants and at the same time their regulator meant running the risk not only to enlarge the “gap” between certain categories of members and ICAEW but also to provide this gap with a specific value made of anger and resentment. Indeed, assessing the competence of members rested on the assumption that the interpretation of what competence is about was evenly shared by all the professional accountants. More

⁵⁹ “Small firms flock to SPA” *Accountancy*, 11/96, p. 16.

⁶⁰ A broad categorisation of the audit quality controls in the European Union has been established by the Fédération des Experts-Comptables Européens in terms of those who conduct the review (see Continuous Quality Assurance. Statutory audit in Europe, Fédération des Experts-Comptables Européens, April 1998). The first category encompasses countries which apply a monitoring system (i.e. by full time staff employed by the review organisation). The UK, Spain and Germany fall into this category. A second category is constituted by those countries applying a peer-review system, that is to say by authorised and experienced practitioners on a part-time basis, organised and supervised by full-time staff in the review organisation.

⁶¹ For a more recent and synthetic statement see the chapter on Britain in (Krause, 1996).

⁶² *Accountancy*, 01/95, pp. 2-3.

precisely it rested on a conception of governing the professional Institutes that dated back to the times when structural differences within membership in the production of accounting expertise were not represented as differing substantially. As the previous section of this paper has shown, by the beginning of the 1990's, when the regulation started being applied, these times were largely gone by.

The regulation of audit and the need to govern small practitioners

In this sub-section I am taking the case of the regulation of audit practice in the UK to show that the introduction of such regulation modified substantially the meaning of the expression "governing the Institute". The problem here was not anymore to try and establish a link with the lay citizen of the Institute and to show him "the way to good practice". The application of the regulation itself had established that link. But it established it in a way and to an "extent" that the Institute had not expected. Towards 1993-1994, the "letters to the editor" section of Accountancy started being filled up with outraged complaints from small practitioners about the overall philosophy of the quality control process, and more particularly about the attitude of ICAEW's inspectors. In spite of the many efforts to communicate with the small practitioners that I have mentioned in the previous sections of this paper, the visit of the inspector was, in many cases, the first relation small practitioners had with their Institute since they had qualified. This might explain why the link ICAEW-small practitioners turned out to be represented in terms of neglect and contempt. In the following lines I specify this point by showing that the audit regulation made visible the existence, within the community of the chartered accountants, of an implicit hierarchy in terms of excellency in the professional craft.

The European Commission had issued in 1984 a directive (known as the Eighth Company law Directive) which required each member state to make provisions in order to ensure that national rules met common standards for the education, training and qualification of auditors. In particular it required that all auditors be licensed, monitored, disciplined and regulated by independent bodies. The implementation of those requirements has not proven easy in the UK (Puxty, Willmott, Cooper & Robson, 1996). At a time when the audit industry was booming, threats such as the possibility to constitute an independent body to regulate auditors (Robson & Cooper, 1990) in combination with the curtailment of the sale of non audit services in order to strengthen the independence of auditors towards clients alienated the professional bodies and especially the ICAEW. Indeed, the threat of a reduction of auditors freedom to market lucrative consultancy services along with statutory audit mainly regarded the bigger firms.⁶³ Although some sections of the ICAEW spoke out their unease and fears about the Institute adopting a “dual role” both as a professional association and as a regulator, the bargain with the public authorities resulted eventually in the option to have the professional bodies organise themselves the regulation of their members (Puxty, Willmott, Cooper & Robson, 1996).

The Eighth Directive’s provisions were introduced in British law through the 1989 Companies Act. Four separated bodies, the ICAEW, the ICAS, the ICAI, the ACCA and the Association of Authorised Public Accountants (AAPA) became recognised supervisory bodies (RSB). According to the regulation, a professional or a professional firm could not describe themselves as auditors unless they had registered with an RSB. To obtain a practising certificate as an auditor, these professionals had to comply with all rules and regulations issued by the RSBs, including of course those rules regarding professional

⁶³ See Accountancy, 11/90, pp.23-30

qualification. Qualification here has to be understood as education (which means that regulated professionals need to receive professional training) but also as the regular assessment of professional qualifications throughout the entire career as an licensed auditor. Assessment of professional qualifications implies the performance of audit expertise according to due standards of good practise.⁶⁴ The problem is that these standards are drafted by mainly big firms and essentially regardless of any specification of size. I turn now to the establishment of the instrument to monitor compliance with these standards.

The Joint Monitoring Unit (JMU) operates as a limited company owned 80% by the ICAEW and 10% each by ICAS and ICAI.⁶⁵ It was established in 1987 to monitor the compliance of firms authorised to conduct investment business under the Financial Services Act 1986. In 1991 this role was extended to include the work of Registered Auditors under the Companies Act 1989. Monitoring involves the issuing and reviewing firms' annual returns (that is to say, the questionnaire every firm has to fill annually on its licensed activities), the conduct of inspection visits to the firms and the reporting of the results of visits to the Audit registration/Investment Business Authorisation Committees of the Institutes. In addition, each year the Institutes produce a report on regulation to the DTI.

The fundamental objective of the JMU is to monitor firms in their conduct of audits and investment business and to report its findings to the relevant committee of the appropriate Institute. The JMU does not make judgements concerning the fitness or otherwise of a firm to continue a particular regulated activity, except in cases where it believes that the firm's actions are to the detriment of the public and/or its clients. Then the

⁶⁴ Report of the ICAEW, ICAS and ICAI to the Department of Trade and Industry, HMSO, 1997.

⁶⁵ It is therefore important to note that the JMU is not a peer-review system. Although it employs chartered accountants as inspectors, the latter are not practising members of the ICAEW, ICAS or ICAI. Also note that other professional bodies such as the ACCA run their own monitoring unit independently.

JMU will immediately report the facts and its concerns directly to the appropriate Institute committee who may suspend the firm's activities. A second declared aim of the JMU is to provide guidance and tuition to the firms visited so that they may improve their methods and procedures to ensure better compliance with the regulations.

The obvious ambiguity between the JMU's role as "the profession's policeman" and educator resulted in a misunderstanding, especially among the smaller tier of the profession, of its way to proceed. Indeed, from 1991 when the first visits were completed until 1994, the JMU operated full visits. This means that the scope of the visit was unrestricted: although the purpose of the inspectors was to ensure compliance with the audit regulations by the direct scrutiny of audit files, they could require access to any record that they thought may be relevant. Therefore the visit was perceived as less educational than cumbersome. Some practitioners felt even brutalised and treated as if by some "professional Gestapo". Moreover, the visit was based on the verification of the actual compliance with standards which are essentially designed by and for larger firms (Page, 1991). After 1994 and the achievement of a full round of visits, the JMU was able to provide the DTI with a picture of audit compliance in the UK. On the basis of this picture, a special report on the means to improve the monitoring process was drafted by professor Moizer (Moizer, 1994). The report advised a radical change in the design of the compliance visits. Auditors rather than audit should now become the focus of the revamped visits. Firms had to compromise to install internal control systems such as "cold file reviews" (review by the auditor or by a partner in the firm or else by a peer outside the firm). The safety and efficiency of these control systems would be in turn tested by the JMU inspector. Thus, in a sense, the inspection work would become collectivised within the profession. After the Moizer report in 1994, the philosophy of JMU inspections underwent a severe transformation. In association with a change at the head of the

monitoring body⁶⁶, the initial inquisitive approach was dropped and replaced by a risk-based analysis of compliance with audit standards and on a verification of the firm's own quality control procedures. The JMU started working by identifying "risk factors" on the annual returns. These factors include significant changes in the profile of the firm's audit clients and their distribution amongst principals and staff; audit appointments which are the subject of specific regulation (for instance life companies or banks) and material changes in the level of audit fees from one year to the other. The "risk-based" approach sets the pace of the visits: to identify and deal with certain situations which are perceived as carrying risks or to take into account the public interest. Thus firms which audit a number of listed companies are reviewed every 3 years, with an annual interim update visit. Those with fewer listed clients are reviewed every 5 years. Instead of examining audit files the JMU also changed its strategy to an indirect quality control based on the assessment of the practitioners' control of their own files.

The initial regulatory style raised fear and anger because it unveiled the logic of small practice by trying to impose on small professionals a system of representation (based on the verification of actual compliance with standards that are essentially designed by and for larger firms) that was completely extraneous to their way of conceiving of audit practice. The revamped procedure of assessing the professionals' performance allowed the small practitioner to be constituted as an auditable object, that is to say within a procedure that defines at the same time the object and its measurement (Power, 1993). But, as It will be showed now, it also implied the need to "reinvent the small practitioner".

⁶⁶ Jo Holden was replaced by Stephen Thomas, a former Coopers & Lybrand partner. Rumours spread that Holden had been sacked by the Institute because he was perceived as being too closely associated with the first and tough period of the JMU. (Accountancy, 02/96,p.24)

The reinvention of the general practitioner: the “Future of the Smaller Firm” report and the project to set up a general practitioner speciality

In a certain way, the application of audit regulation made visible what everybody knew as existing but what nobody could precisely circumscribe: small practice as a collective category. The representation of the small auditor provided by the use of the JMU technology might not be a “true and fair view” of what the small practitioner is. Truth is not important here, neither is fairness (and the JMU was initially decried as unfair). What is important is that the JMU action provided a focal point to which diverging representations of what small practice is about could converge. It provided the Institute and the Department of Trade and Industry with a public image of lay members. It provided the small practitioners with an instrument to see themselves and a basis on which they could build collective action and active dissidence.⁶⁷ The audit regulation thus forced the Institute to explore alternative ways of representing what was already represented by the application of the audit regulation. This sub-section offers an exploration of the way the ICAEW used the existing stock of persons, committees, boards, programmes and so on that had been previously activated to problematise, enrol and mobilise the small practitioner.

After 1993, it became clear that the audit function would not constitute anymore the backbone of the identity of many small firms of chartered accountants. Indeed, because the cost of complying with the regulation is independent from the number of audits which are actually carried out, many small firms were being reported as disengaging from the audit business or even registering with the ACCA, whose procedures of quality control were supposed to be lighter-handed. Audit was thus perceived as becoming a speciality for larger

⁶⁷ See the discussion in the last section of the article.

firms which have the necessary resources to cope with the regulation. Besides, one of the results of the action of the JMU was that many (small) firms were now reluctant to seek advice from the Institute and to use its practice advisory services for fear that it might trigger off a JMU visit.⁶⁸ The problematic of constituting the representation of small firms around the idea of the “good practitioner”, which was inherited from the previous period, could not anymore be constructed around the traditional image of the accountant-auditor (because there were less and less small firms of auditors and because it was difficult to communicate with them outside of the regulatory process). The distinction between good and bad firms had therefore to be displaced.

An idea started therefore to be created that what small companies needed was not audit but business advice and that small practitioners could be converted into small business advisors.⁶⁹ This idea was not new and it was included in the programmes of the Enterprise Task Force which sought to mobilise small practitioners in the times of the SPC.⁷⁰ The novelty is that it was now combined with a host of new moves which aimed at locking-up the small practitioners into their new identity. Thus we find that there was now clear support among the GPB for the governmental projects to lift the audit threshold. As one of the members of the board declared: “we support their (the government) views and we will continue to press for a substantial increase in current limits (of the audit threshold)...I believe we are trained as business advisers and not simply auditors and we all have much to offer SMEs outside of the audit function.” The Board was thus in favour of a audit for instance if

⁶⁸ Minutes of the 1 February 1995 meeting of the GPB.

⁶⁹ On the 3 June 1996 meeting of the GPB a paper was presented by the Business Bureau (a service of the Board of Members in Industry) . “the needs of SME and how qualified accountants can help” indicated that members could do more than accounts and tax work and that the role of adviser had to be more positively developed. Some members were not competent enough to provide effective business advice due to lack of commercial awareness. Enterprise group (the successor of the Enterprise Task Force) should do more to advertise Chartered Accountants/business links. As it was said “many practitioners don’t know that their clients want services such as those identified, members need to educate clients”. The way to do this was to develop practitioners’ skills (by means such as help-sheets, marketing courses). The report concluded that “Tax-shops can be defeated if GPs provide a wide range of services”.

⁷⁰ Minutes of the 26 January 1995 meeting of the Council. See also minutes of the 12 December 1995 meeting of the GPB.

bank financing requires it and not in favour of statutory audit. “This might mean marketing our skills differently than we do now, but I urge you to start now, because the ball is rolling ever faster in this area”.

Besides, even though the project to set up a general practice faculty was not achieved,⁷¹ a report on the “future of the smaller firm” was commissioned to the GPB by the Council as part of a larger delivery on the future of the Institute in 2005.⁷² The conclusions of this report indicated that “general practice needs to be accepted as, and treated as, closely akin to a specialism in its own right; general practitioners need to be trained for this role in the same way that a technical specialist develops expertise.” The small practitioner had now to cope with important changes that would affect its environment, including “a greater explanation of the services proposed to the client, higher usage of computers, increased attention to marketing and greater co-operation and communications between practices.” An essential aspect of the report is that it insisted on practice management. The 1990’s had introduced the necessity to turn small practitioners into governable practitioners. This transformation required that the Institute intruded on what seemed to be the Holy of Holies in the fabrication of professionalism, the practice itself. The problem was therefore not any more to bring the small practitioners to the Institute but to bring the Institute to them. Regulation, on the one hand, and the advertisement of the exemplary nature of more sophisticated and organised ways of producing expertise, on the other, were eventually the means by which an homogeneous image of the membership (at least, the practising membership) was achieved.⁷³ Indeed, the difference did not seem to be anymore between local and global professionals or

⁷¹ Because it would be seen as a competitor to other faculties especially, given the interests of small practitioners, the tax faculty. See minutes of the 20 February 1997 of the GPB. At a one of its meetings (14 March 1996) the GPB had unanimously supported the motion of one of its members that small practitioners should be encouraged to call themselves “chartered accountants and business advisors”.

⁷²The future of the smaller firm. A Report by the General Practitioner Board. London, The Institute of Chartered Accountants in England and Wales, 1994.

between big and small firms, but between bad practices and good practitioners who were those able to run their practice efficiently enough to cope with the regulatory burden and provide “value for money” services to their clients. By having small practitioners self-assess their compliance with the regulation, by encouraging them to rationalise the production of their expertise, the Institute had seemingly managed to make these small practitioners eventually participate in their own representation.

Discussion and conclusion

As a conclusion on more than thirty years of constitutional history, one could say that in fact very little has been achieved by the ICAEW to represent (politically) its small practitioners. The need to “communicate” (i.e. according to the Latin root of this word “to share” common things) with them has been constantly repeated, but the small practitioners’ views have very rarely been taken into account (even though the attitude of the SPAC, SPC and GPB has been everything but subservient) to design the Institute’s policy and no constitutional reform has made provisions for a proportional representation of the membership in the Council. However, one has to realise that in spite of the efforts that have been deployed to see the Institute as a political body and to make a representative body of it, the Institute is nevertheless not a democratic body within which participation is conceived as natural. For a very long time, the Institute has remained a body whose members, in their vast majority, were not interested in participating. Still, this fact does not imply that the ICAEW did not need to engage in a process of translation to be able to “speak on behalf of” and to remain a macro-actor, in the Latourian meaning.

⁷³ On the 15th of May 1996 a general group report of the business bureau on professional and business requirements of

This point raises two series of questions that concern the nature of the professional body. If the latter is not a democratic body in which peers enjoy equal opportunities to participate, is it for all that an aristocracy, that is to say, etymologically, a body ruled by the *primi inter pares*? What distinguishes the process of translation established by the Institute from other processes aimed at representing members? To attempt to answer both questions, we need to come back on the notion of macro-actor.

In the paper in which he was advocating to come back to the firms, David Cooper was also suggesting another research direction for the study of professional accountants (Cooper, 2000): the focus on marginalised groups in the professionalisation story. According to him, “this is about how the boundaries of the accounting profession are constructed – which groups are excluded and which are included as legitimate” (art. cit., p. 12). Boundary work, as Cooper says making reference to Bourdieu (Bourdieu, 1984), is an important element in building up systems of prestige and distinction. It might be therefore surprising that I have been speaking so far of the Institute as if it was a monolithic actor and that I have neglected presenting the small practitioners as a marginalised category in comparison with the almighty Big firms. Authors such as Dahl (Dahl, 1961) show that behind its “cold monster” appearance, the state (and other “convenient” categorisations such as the capital or the working class) is an arena where competing interests and agencies struggle for the “power to rule”. The Institute has in fact been suspected for a long time to be the creature of the bigger firms, which are the only ones to be able to second full-time staff to it and which are the ones that enjoy the necessary networks and influence to carry the voice of the profession.

Regarding the marginalisation point, one must admit that the notion of small practitioner has indubitable derogatory connotations which are integral in the understanding

members indicated that “some firms do a lot of marketing without realising it and few have a market strategy”.

of how the collective category of the small practitioners is constructed. As it was shown, the application of the audit regulation in the UK has demonstrated how small practitioners could be collectively related with an image of “bad practitioners”. To account for the impact of the moral dimension that is encapsulated in the big/small opposition (which can not only be translated into macro/micro but also into famous/infamous or notorious/anonymous) we need to switch to another representation of the social space. In their “Big Leviathan” article (1981), Latour and Callon define macro-actors as micro-actors sitting on black boxes. They also say (pp. 284-285) that an actor grows with the number of relations it can put in black boxes. A black box contains that which no longer needs to be reconsidered. Black boxes are never closed but macro-actors can act as if they were closed. Hence (p. 286) the focus has to be on processes by which an actor creates lasting asymmetries. For our two French authors, the simple statement that black boxes are closed or seen as being closed seems to be enough to account for the stabilisation of meaning and the creation of macro-actors. Still, they never really explain why certain black boxes remain closed for a longer time than others and why certain actors (or networks of actors) are more efficient at closing black boxes (and constructing themselves as macro-actors) than others.⁷⁴ If we follow the Latourian logic, we can say that micro-actors are small because it is much more difficult for them to build themselves into macro-actors. Why is it difficult? Because they lack the power to do so. Why do they lack the power? Because they are not big yet and because they have not been able to accumulate enough “material” to be able to sit on a black box.

Breaking free from this vicious circle means to switch to a vision of the social world within which big/small relations are not confounded with macro/micro relations, but rather refer to dominant/dominated relations that exist *prior* to the operations of accumulating

⁷⁴ As it is very frequent in Latour’s writings, the narration *that* something happens (actors get big, black boxes get closed) stands for the explanation of *why* it happened. Although Callon (1986) claims that the translation process allows one to understand why “a few obtain the right to express and to represent the many silent actors of the social and natural worlds they

material in the black boxes. Such vision would probably focus on the devices which naturalise the dominance of the macro-actors and place these devices at the source of their macro-actors nature. For instance, in the case of accounting and auditing, the process of setting up standards would be considered important. Standards are applicable to a large number of actors and are advertised as being neutral. But even though the application of standards mixes up macro and micro-actors, only macro-actors (Big five firms insofar as they represent *de facto* professional institutes, big companies, state agencies) can influence the standard setting process. They shape the standards according to their own culture and concerns (e.g. in the case of auditing, the hierarchical and formalised audit procedures which are required by the audit of large organisations) and then proclaim these standards as being disembodied and neutral requirements.⁷⁵ Within this vision of the social space small firms are marginalised because they have been deprived of the capacity to be represented in the process of defining professional practice. The power to “speak on behalf” is indeed the power of macro-actors to impose their own categories to see the world and to see themselves. But it is even more the power to have also micro-actors use these very same categories to see the world and see themselves.

However, even if we let aside the fact that this vision tends to define dominated cultures exclusively in terms of “lack of” what the dominant have or are (Grignon & Passeron, 1989),⁷⁶ the example of the ICAEW and its small firms shows that domination albeit its *a priori* and inescapable character, does not go without saying but needs to be

have mobilised”, his renunciation of causality in favour of hermeneutic description actually results in the evasion of questions such as the source of power and legitimacy.

⁷⁵ This is why Bourdieu (Bourdieu, 1996) sees the educational system, and more particularly its examinations and selection procedures (which are supposed to be neutral ways of assessment) as important for the analysis of the processes which naturalise domination.

⁷⁶ The actual existence of a “small firm” culture is an interesting problem. The world of small practitioners that has indeed been often described to me as extremely diverse and individualistic. What is a small firm anyway? Is it defined by a number of partners or by a predominantly “owner-managed companies” clientele? As I said here above, the small practitioner committees and general practitioner board of the ICAEW never really bothered or risked (?) defining what a small practitioner is (“a small practitioner? There is no such a beast” as one of my interviewees once put it). It is thus not very surprising that most ethnographic studies of accountants have taken place in the Big five firms. In spite of problems of

operationalised in order to become justified. The fact that the Institute is the instrument of the big firms is not necessarily in contradiction with the necessity to build the Institute as a (representative) macro-actor. The kind of domination the big firms exert on the profession is probably less brutal and direct than it has been described by some researchers (Willmott, Sikka & Lowe, 1989). Indeed, the big firms can not grow alone as a macro-actor, otherwise they could not hold themselves out as *de facto* representatives of the profession and draw concurrently the symbolic benefits of professional status and the economic benefits inherent to their commercial nature. They need an Institute which is representative, that is to say an Institute which is also a macro-actor in the Latourian meaning.⁷⁷

In both visions of the social world, the Latourian and the structural one, the result of the process of representation is that micro or dominated actors are silenced by macro or dominant actors who speak on behalf of them or who impose on them their own categorisations. Yet, “speaking on behalf” and being a macro-actor could be envisaged as being problematic if several voices can be heard and if several actors compete for the privilege to represent. The professional space has always been hierarchically ordered and disdain for smaller firms has existed from the beginning of the Institute. This disdain only turned problematic when the Institute was transformed into a governing body, that is to say when the distance between the centre and the periphery was measured by the use of means of assessing professional practice, and when this measurement was associated to moral judgement. In a sense, what was implicit -the hierarchical structure- had become explicit and therefore needed to be explicated. This process of explicating what small practitioners were and how they could fit in the professional world (which led to the redefinition of their identity

accessibility which are mentioned by Cooper (Cooper, 2000) in his paper, it is probably in these firms where professional (or professionalo-corporate?) “culture” is most easily identifiable.

⁷⁷ The analysis of biographical material on the (annually elected) presidents of the ICAEW (which is available in every June issue of Accountancy) shows that the last 30 presidents come predominantly from a Big firm background (even if they later engage in small practice and therefore introduce themselves as small practitioners). However, it is interesting to note that these men (only one woman in the last 30 years) have also increasingly a –sometimes very long- career as ICAEW

as business advisers) left room for diverging representations to develop. The last period that is dealt with in the article, when anger and resentment that had grown among small professionals could lead to collective action, sees indeed the creation of the SPA (the Small Practitioners Association) by sole practitioner Peter Mitchell. His association, established in 1996, claims to enrol around 1500 members (a figure which can be compared with the 14 000 ICAEW's sole practitioners). It has been campaigning on issues such as the abolition of small companies audit (in favour) or the introduction of self-assessment procedures by the Inland Revenue. When I interviewed him, Peter Mitchell, as representative of the SPA described ICAEW's General Practitioner Board in the following terms:

The Practitioner Board was what we would slightly critically call a "talking shop" as it acted as a forum to try and take the views forward to see if other areas in the institute might provide a service to small practitioners. We did attempt to work with the board in the early months of our existence. What we found was that it was a talking shop. It had actually no real executive impact or power. It was like a Hollywood film studio, a Boulevard with all the front of the shops, and behind them nothing. So it took us all the year to 1997 to find out that all these was just a façade and had no real clout. And you would also say that the people that were directing the practitioner board were not that closely associated with the small firms. Because the small practitioner board is a span of the small practitioners by size.

The interesting point in Mitchell's comments is that although he contests the operations by which the ICAEW has tried to build itself as being representative of the small practitioners, he does not deny the Institute its status as a macro-actor. The goal of the SPA (at the time I interviewed Mitchell) was not to turn his association into the Chartered Institute of Small Practitioners. His plans were rather to lobby the Council and to have as many members as possible elected to it. Mitchell probably understood all too well that it was neither in his

bureaucrats behind them, having served in the different committees and directorates of the Institute. This element contributes to reinforcing the idea that the rule of the Big firms on the ICAEW can not be as overt and sheer as it has been advertised.

interest but, moreover, nor in his power to grow as a macro-actor. Attempts at building a European body that could represent smaller firms and lobby the European Commission are tangled up in the same sort of contradictions. The fight led by the European Federation of Accountants and Auditors (EFAA) for a stricter regulation of the independence of professionals and the preservation of small companies audit is quite revealing. On the one hand, by invoking the purity of the Law, small firms want to break away from the big multidisciplinary firm model and from the threats to independence that it represents. On the other hand, by demanding a compulsory audit for companies under a certain size, they want to continue to be part of the same professional world as the big firms. Standing alone as a body of small professionals means ending up being a second tier body, which could only speak on behalf of micro-actors.⁷⁸ The membership of the small practitioners to a body which comprises the biggest and the smallest firms, is eventually both the source of their pride and the source of their serfdom.

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⁷⁸ French and German small practitioner associations were instrumental in the creation in 1996 of the EFAA. Their claims are directed against both professional institutes, envisaged as being in the hands or subservient to the Big 4, and against these big firms as they supposedly epitomise the “Anglo-American professional model” . The position of the British ACCA, which was for some time an observer member to the EFAA, has been quite uncomfortable, since it represents at the same time the Anglo-American model and part of the small practitioners produced by this model.

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