



Groundbreaking professional organisation

- The TSA Ordinance of 1904 was the first law passed in a British dominion regulating the accounting profession.
- The TSA ceased to exist officially on 1 January 1996 (101 years after the first Institute of Accountants and Auditors was found in the ZAR) following Special General Meetings to amend both the SA Institute of Chartered Accountants' (SAICA) and the Provincial Societies' Constitutions and By-laws in October 1995. The TSA became the organisation representing the Gauteng, Mpumalanga, North-west, and Northern Provincial Societies, which in turn became the Northern Region of SAICA in 1998.

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Professionalisation

- Paper considers two themes in the nineteenth century:
 - Profession of accountants seeking recognition to enhance power, social standing and wealth – following international trend. Complicated by intra-professional rivalry.
 - Power play between accountants and the state. Conflict of interest between British accountants and Boer Republic. Citizenship as basis for social inclusion.
- Miller and Napier: genealogical approach which identifies interplay of "multiple and dispersed surfaces of emergence"

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International Professionalisation trends

- Professional associations = historical context specific.
- Historically specific structures of social and economic relations that induced and shaped the proceeds of industrialisation and expansion, helped to create the market for particular kinds of accounting labour.
- The social origin of institutions such as the market and the modern state, had a profound impact on the emergence of professional organisation, in this case, accounting organisations.
- In capitalist economies the market for productive labour, required entrepreneurs and owners of capital to use the services of specialised agents (accountants) to control the market for labour and capital

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Continued...

- In the market for labour, different forces had an interest in increasing the cost of labour, which then in return stimulated the emergence of professional associations to protect the interests of the entrepreneur or owner of capital. Professional organisations thus acted in the market to regulate the supply of labour (input cost). Willmott explained :

"...Professional associations have sought to create monopolies of labour by restricting entry by determining the type and duration of training and by regulating the mode and standard of practice. "

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Continued...

- The second condition for the development of accounting practice and organisation has been the emergence of the modern state. As the modern state regulated and integrated economic activity in the capitalist economy, the stronger the interdependence developed between state and professional expertise. The state increasingly relied on professions to provide expertise, training and labour (of expert professionals) and the professions depended on the state for recognition and legitimacy, thus providing the professions with 'legal monopolies'. This symbiosis Willmott summarised as follows:

"...professional organisations are appropriately viewed as private interest governments that emerge in response to tension within and between civil society and the state. In the context of capitalist society they reinforce and subvert its three main sources of authority: the market, the state and the community."

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- National Congress of Accountants 1876 Italy – College of Guilds of Accountants, Royal decree 1883 and 1891.
- *Nederlandsche Instituut van Accountants*, 1895. *Nationale Organisatie van Accountants* 1903.
- Belgium 1903 *Chambre Syndicate des Experts Comptables*
- First modern Accountants in Scotland 1853 - Society of Accountants Edinburgh. Royal Charter 1855.
- 1880 Institute of Chartered Accountants of England and Wales (ICAEW)
- No formal organisation in France, Russia, Eastern European countries, Greece, Turkey or Denmark.

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Accountants in ZAR

- Late nineteenth century – British accountants followed British imperial power and capital flows – Canada, Australia, 'South Africa'.
- Gold discoveries – 1886 – massive immigration of foreigners. Mixed blessing to ZAR government. *Uitlander* – issue.
- Transvaal National Union – citizenship rights. Reform Committee. Concerned about conditions conducive to business and economic growth.
- Conditions threatened emergence of modern capitalist economy. Conducive to business and professional conduct.
- Jameson Raid : 26/12/96. Accountants involved: George Richards, F W Diamond, F M Woollan, B M Woollan.
- Death sentence : Richards, Lionel Phillips, George Farrar, Frank Rhodes – expelled from ZAR. Sentences changed to fines.

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Professional Organisation needed

- Professional organisation = strategy to mobilise collectively to secure more stable social and economic environment. Build elite group identity for recognition of social status and specific interests.
- 1894 Institute of Accountants and Auditors of the South African Republic (IAASAR)- to protect integrity of profession.
- Rationale: liquidators, receivers under decrees, trustees in bankruptcies or arrangements with creditors, "... in various other positions of trust under Courts of Justice, as also in the auditing of accounts of public companies, and of partnerships, and otherwise."

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IAASAR goals

1. Enhance status of profession through registration.
 2. Promote interests of profession.
 3. Accumulation of assets to take care of dependants.
- Good relations with ZAR government – co-opted accountants in G service.
 - "Ingelijfd Instituut van Rekenmeesters en Auditeuren in de ZA Republiek." Request publication in Government Gazette 1895.
 - State Secretary agrees, but Officials request 1 year deferment. Resubmission 1896 – in 1989 Executive Committee of IAASAR approached state. Assumption: regulation would be in the interest of profession and society. 2/02/98 : "...no justification to acceding for request."
 - ZAR G taxed accountants –representations – January 1899 Adolfs asked again – bill published 1/02/1899 – refereed to *Eerste Volksraad* – referred to *Tweede Volksraad*. Delay explained.
 - Ajournd 2/10/1899

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Recognition and rivalry

- Accountants participated in Anglo Boer War 1899 – 1902.
- 1902 IAASAR – branch SAA (inc London 1885)
- 1903 Institute of Chartered Accountants in South Africa.
- 1900 SAA branch – memo for legislation to incorporate accountant profession in Transvaal. Establish Register, examine entrants.
- 5/07/04 Farrar request permission to introduce "Draft Private Ordinance for Incorporation of Accountants in the Transvaal.
- "The reasons for the Ordinance were that a high standard of accuracy should be fixed in the Transvaal, the magnitude of local undertakings, and the large amount of foreign capital invested in the country, demanded the highest efficiency in accountancy. Moreover, the mercantile community looked for assistance from accountants and it was necessary that it should be competent and sound. "
- Need for professional closure to protect and maintain social system in which they operated.

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Contentious issues

- Petition by Institute of Chartered Accountants – objections to procedures of registration of accountants and examinations. Rivalry of professional organisations.
- Clause 1 = designation "accountant"
- Clause 6 = eligibility to register. "In addition to the recognised bodies of accountants, detailed in the Ordinance, every person publicly and *bona fide* practising as a public accountant in the Transvaal on the date when the Ordinance was passed." Pretoria practitioners concerns – added persons without diploma as accountant, not publicly practising, employed by limited company or private firms. Practitioners can present qualifications to Provisional Council. Mr Hull petitioned on behalf of public accountants, secretaries of companies, and accountants of leading mercantile houses in Johannesburg. Agreed in principle – objected to eligibility to register, content of Society's examination as as benchmark .

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More contentious issues

- Clause 7 : standard of qualification for registration = as applied by organisations in UK.
- Referred to Select Committee : Colinla Secretary, Colonial Treasurer, Hosken, Hull, Farrar.
- 2 Petitions : Hull and Solomon. Solomon – objected to fixed date of registration – not when ordinance was passed, but published in Government Gazette ; working clerks to allow to register after completion of internship' administrative procedures for admission, suspension exclusion and restoration by General Meeting – not Council
- Hull : objected to non-organisation members submission of qualifications or experience. Definition must include accountants in present engagement.

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Amendments proposed...

- Clause 6 should be amended as follows:
" (c) ...is a person of the age of twenty-five years or upwards, and was at the time of the passing of this ordinance engaged as accountant, secretary, or manager to a mercantile firm or joint stock company in the Transvaal, and is recommended for election by at least three accountants registered under the provision of this Ordinance."
- Clause 7 to be amended as follows:
" hat any member of the Society who shall have resigned his membership shall have the same rights a members of the Society mentioned in Section (a) of paragraph (60 to have his name placed again on the register of members."
- Select Committee proposed acceptance – passed in Legislative Council 11/08/04, published in GG 26/08/04. Consensus in mutual interest – rise above organisational divisions.

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End of the century

- 1900 historical context changed – ZAR replaced by British colony = capitalist market encouraging business and capital inflow.
- Mutual beneficial relationship between profession and state emerged. Impoverished ZAR displayed limited need for accountants in private practice. Political sovereignty dominant interest.
- Transvaal Colony – Milner's first priority was economic recovery. Professional accountants vital for business development and governance.
- Professional rivalry followed UK legacy – recognition of status, qualifications, power. Pre-war professional activism in ZAR (Jameson Raid) = professional positioning. Post-war rivalry – SAA acted to grasp opportunity in own interest.
- Integrationist strategy eventually to secure professional standing, power and wealth.



Social closure

- The TSA engaged and subverted the values and *esprit* of the community by, on the one hand "...asserting the altruistic foundations of professionalism" and on the other hand making a fundamental contribution "... to the maintenance of society"
- The TSA established the first mechanism of 'closure' by means whereof the market could be 'constrained' and 'distorted' in the interest of the profession.

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