



The Intelligentry: Rational Discrimination in an Irrational World

Dr. Kathie Cooper and Dr. Hemant Deo
University of Wollongong, Australia

Abstract

Accounting is part of society and therefore, the need of the profession is to benefit the users of information. The accounting profession is influenced by social, economical and political factors that help shape the final financial report. In the past major accounting bodies such as the Certified Practising Accountants, Australia (CPA Australia) and the Institute of Chartered Accountants in Australia (ICAA) was one of the last all-male strongholds. Over the years this has changed considerably. This paper outlines some of these changes in accounting culture from a Weberian perspective.

Introduction

Membership of professional accounting bodies, such as the Certified Practising Accountants, Australia (CPA Australia) and the Institute of Chartered Accountants in Australia (ICAA) was one of the last all-male strongholds. In this sense, the accounting bodies represented the epitome of an exclusive 'gentlemen's club' rather than a professional association. As a consequence, admission to membership of professional accounting bodies was denied to women in Australia, the United Kingdom and the USA until after the First World War. The rationale behind the exclusion of women from the accounting profession can be explained from a Weberian perspective. In Weberian terms, women were socially disadvantaged within a given context, the accounting profession, because it was historically acceptable to do so.

According to Weber, formal rationality is seen as norms or beliefs within structures that in their operation conflict with the interest of its moral sentiments. In other words, rational forms of authority within an organization such as CPA Australia or ICAA are seen as the basis of legitimate power that influences its structural framework (Weber, 1947). Weber (1947) further expands this view of rationalization bringing strong expectations that are part of formal and substantive rationalities that cause those within organizations to be in an irreconcilable conflict thus causing a substantive rationality within traditional structures. Parsons (1977) extrapolates this view and sees authority, power and influence as internal differentiation and

pluralization based on economic, political and associational functions within formal structures.

Other studies for example, Foucault, have examined social behavior within an historical context (Hoskin, 1994; Lee, 1990, Gaffikin, 1998). Another researcher views this process as *new accounting history, an antiquarian approach to accounting history* where it is seen as an independent function in organizations and society (Funnell, 1996, 1998). While others, by following the Weberian approach, see authority as a primary means to protect particular individuals determined by social relations and status, where authority is legitimated by long held norms and traditions (Parsons, 1977; Ouchi, 1979, MacIntosh, 1990). Other researchers incorporating the Weberian viewpoint look at rationality according to rights (Locke, 1969) or community dominated by reciprocal obligations (Funnell, 1996).

By applying the Weberian dichotomy of authority, this paper seeks to address the social and institutional implications of power within a given context. The paper will take the following format:

A Woman's Place

The late 19th century witnessed the first wave of the contemporary women's movement. In Australia, a number of organisations (for example, the Women's Suffrage League, the Working Women's Distress Fund, the Women Teachers Association and the Woman's League) were formed for the purpose of gaining rights for women (Allen et al 1989). The members of these



organisations were referred to as the “shrieking sisterhood” while their male supporters were denigrated as being illogical and absurd (Cadden, undated, unpaginated). This attitude towards those who advocated women’s rights was not restricted to male members of the community. The 1892 annual meeting of the Woman’s Suffrage League was told many women in the ‘old country’ showed little interest in the suffrage movement because they were conservative and content to leave ‘things’ as they always had been (Woman’s Suffrage League, 1892, p.7). Similarly, with some notable exceptions, 19th century middle-class Australian women were content to be seen as ‘angels of the hearth’ and spend their lives catering to the whims and desires of ‘husbands, parents, brothers and other relations’ (deVries, 1995, pp.12-13).

Antagonism towards women taking an active role in commercial activity or in the governance of society was based on entrenched views derived from interpretations of the Bible and articulated by philosophers such as Hegel (1952) and 18th and 19th century authors, notably, Hannah More (deVries, 1995, p.13), Sarah Ellis (deVries, 1995, p.14) and Thomas Gisborne (deVries, 1995, p.13). In general, a man was “powerful and active” and capable of “learning” whereas a woman was “passive and subjective” and was educated “by breathing in ideas” (Hegel, 1952, pp.59-60). Accordingly, women needed to be protected from the harsh realities of life. Therefore, a woman’s place was in the home.

Patriarchy and Patriotism

By the turn of the 20th century, women had successfully breached the hallowed walls of universities graduating with medical, law and science degrees. However, their suitability for commercial pursuits was strongly debated and opposed in many quarters. In general, women were preordained for family life and it was the duty of men to keep them in their place for the benefit of women and society. For example, it was argued by some accountants and lawyers in the UK that the happiest profession for a woman was matrimony. Furthermore, “girls” would not “devote themselves to the acquisition of professional knowledge and ability with that

degree of attention which apprentices [all male] at present did” (*The Accountant*, 1911a, p.321). By nature, women lacked the intelligence and stamina necessary for an active role in the business community. On the other hand, even if women were suited to commercial life, allowing them to move out of the sphere nature intended for them would lead to the downfall of society (*The Accountant*, 1915, p.127).

It was further maintained that woman “was a profound influence for good in the community” but this influence should be exercised from within the home. Women lacked confidence and their judgments were hasty, impulsive and sentimental instead of being based on stern, unbending justice (*The Accountant*, 1915, p.128). Furthermore, allowing women to enter the professions would give them an opportunity to create wealth and develop ambitions. In turn, wealth and ambition would lead to a false sense of independence and the opportunity to live outside the family. The whole structure of society would be at risk. History had shown (for example, the Roman Empire) that granting independence to women led to a decline in the good influence of women on society and moral degradation (p.127). However, history had also shown that when women did participate in commercial activity either by necessity or by design, the outcome was often positive (see for example, deVries, 1995 and Fabian and Loh, 1983).

The realisation of the absurdity of arguments based on perceptions of the intelligence and capacity of women caused some men in the UK to attack women seeking membership of professional bodies on the grounds of class. Specifically, maintaining or improving the status of a profession was contingent upon drawing its membership from the “better classes”. The daughters of the “very best class”, the “haves”, the “leaders” of society, had no need to work. Therefore, the women who would be attracted to the legal and accounting professions “would not be the kind of people they wished to attract” (*The Accountant*, 1911a, p.321). Coming from the “least desirable” class and with little call for the services of women accountants, there was a risk that women accountants would engage in “shady things”



such as “sign a docquet when everything was not in order or undertake a speculative case where they should not” in order to earn a living (*The Accountant*, 1911a, p.322, 323). Women, of course, could establish their own accounting society but that would also be detrimental to the profession as it would “be more or less a cheap affair” (p.322) with its membership drawn from those who would normally be typists (*The Accountant*, 1911a, p.321). The community had nothing to gain from opening the professions to the “have nots”. It was also maintained that there was no public demand for the admission of women to the legal and accounting professions.

The only demand came from women of the “have not” class who had not been able to marry (*The Accountant*, 1911a, p.322) and the “have nots” already had too much power. Taking power from the “haves” and placing it in the hands of the “have nots” was a danger to life. Legislation was already dictated by the “have nots” who were unsympathetic and hostile to the “haves” but, in time of emergency, the “haves” would, as in the past, “form the backbone of resistance” (*The Accountant*, 1911a, p.322). The rationale behind this type of argument was that the “haves” were men and the “have nots” were women. Furthermore, allowing women to take up membership of professional bodies would mean more lawyers and accounting practitioners. Available career opportunities for men may well be lost to women.

Jobs for the Boys

The instigator of an 1889 proposal to open membership of the Society of Incorporated Accountants and Auditors (UK) to women argued that women and men had equal mental abilities and that women should not be excluded from the Society simply because “a beneficent Creator” had made them women. Duly qualified women, being those who met the entry standards of the Society through examination or years of service as a practicing accountant, should be admitted to membership of the Society in the interests of chivalry, Christianity, justice and generosity. In turn, opening membership to qualified women would bring honor and goodwill to the Society (*The Incorporated Accountants’ Journal*, 1889, p.4). In opposition to the proposal, some members

argued that such action was “wholly unnecessary and uncalled for; mischievous in its results – if passed – and in all likelihood to be the death-knell of the Society” (*The Incorporated Accountants Journal*, 1889, p.4). In addition, opportunities for women practicing accountants were limited as “they could not fill public appointments, and in ordinary trade audits a lady clerk could not be sent by an accountant to audit the books of account of his clients” (*The Incorporated Accountants Journal*, 1889, p.4). A further argument was that admitting women to the Society would invite the scorn of other professional accounting bodies and be seen as evidence that the members of the Society were not fully qualified (*The Incorporated Accountants Journal*, 1889, p.4). Subsequent debates took these perceptions further with opponents to female professional membership maintaining that opening membership to women would be detrimental to society because it could limit career opportunities for men. This was contrary to nature because a woman should be a man’s friend and companion but if she entered the professions, she would become his rival and antagonist (*The Accountant*, 1915, pp.128-129).

Specifically, admitting women to the professions would increase competition and possible “overcrowding” that in turn would result in inefficiency (*The Accountant*, 1915, pp.127). Hence, it was claimed that excluding women from professional membership was not an act of selfishness. Unlike women, men had families to support. As women did not need to work and men did, it was in the best interests of the community that women did not compete with men to earn a living (*The Accountant*, 1911a, p.323). In addition, an overcrowded profession would make it even more difficult for young men to successfully pursue a professional career (*The Accountant*, 1915, p.128).

Early consideration of the admission of women accountants to professional bodies in Australia was also couched in terms of minimising competition. In 1894, the President of the Institute of Accountants, Victoria referred to the increasing trend of women seeking employment in the business world, including accountancy, as an ‘invasion’ and further stated that it was “a striking sign of the times that the



Council has been asked whether it is competent for a lady to be admitted as an associate by examination" (*The Accountant*, 1895, p.307). The following year, the President of the Adelaide Society of Accountants issued a warning, "Trespassers beware", to the "advanced woman" seeking to compete for work formerly "monopolized by her father, husband and brothers" and urged male members of the accounting profession to strive for excellence "so as to distance her hopelessly in the race" (*The Accountant*, 1895, p.307). Neither organisation made provision in their articles and rules of membership for the admission of women at that time preferring to wait until such time as circumstances required consideration of the issue. While circumstances consistently presented themselves in the form of applications from women, it was some twenty years before women were officially granted the opportunity to sit for the qualifying examinations. Even so, as late as 1917, a prominent South Australian member of the Federal Institute of Accountants stated in a letter to the editor of *The Federal Accountant*, "this profession of all professions should be reserved entirely for men" (Sabine, 1917, p.121). The arrogance of this statement was compounded by the author's assertion that the reasons for the exclusion of women from accountancy were well known and did not require reiteration. Kirkham and Loft (1993), however, have put forward a more subtle argument against the admission of women to accountancy bodies.

Discourse versus Discrimination

Kirkham and Loft (1993) point to the fact that for much of the time that women were vying for the right to join accounting bodies in the UK (1870 to 1930), the 'founding fathers' of these societies were struggling to have accountancy recognized as a profession distinct from the occupations of 'mere' clerk or bookkeeper. Kirkham and Loft (1993, p.510) maintain that one of the professionalization strategies pursued by the accountants in the UK was to discursively construct the professional accountant as "someone who was not a clerk or a bookkeeper". From a review of UK census records, Kirkham and Loft (1993) present evidence of the progressively diminishing status of the occupations of bookkeeper and clerk while

that of accountant increased. Accounting was increasingly constructed as 'men's work' while bookkeeping and clerical tasks were seen as 'menial' and 'women's work' (p.513). Accordingly, apart from not being a clerk or bookkeeper, an accountant was not a woman (p.510).

Conclusions

The research in this paper looked at the social historical behavioural patterns within the accounting profession. From a Weberian perspective was viewed that the rationality behind the professional was seen as male dominated. Accounting profession is a product of its environment and is seen to interact with the structures placed on it which is constructed based on rationality concept. This rationale behind the exclusion of women from the accounting profession can be explained from a Weberian perspective, it was seen that the professional was historically male dominated based on power structures within organisation. Accounting structures have changed considerably to give women a more balanced role within the accounting profession.

References

- The Accountant (1911a) "The Profession in Scotland", *The Accountant*, February 25, pp.319-324
- The Accountant (1915) "The Admission of Women into the Profession", *The Accountant*, January 23, pp.127-129
- Allen, Margaret, Hutchison, Mary and Mackinnon, Alison (1989), *Fresh Evidence, New Witnesses: Finding Women's History* (Netley, SA, South Australian Government Printer) extract printed in "Women & Politics in South Australia - Historical Overview of Women's Lobby Groups", State Library of South Australia, http://www.slsa.sa.gov.au/int_pubs/women/politi.html, 4/3/2001
- De Vries, Susanna (1995), *Strength of Spirit. Pioneering Women of Achievement from First Fleet to Federation* (Millennium Books)
- Fabian, S. and Loh, M (1983), *The Changemakers, Ten Significant Australian Women* (Queensland, Jacaranda Press)
- Funnell, W. (1996), 'Preserving History in Accounting: Seeking Common Ground between "New" and "Old" Accounting History', *Accounting, Auditing and Accountability Journal*, Vol. 4, pp. 38-64.



- Funnell, W. (1998), 'The Narrative and Its Place in the New Accounting History: The Rise of the Counter-Narrative', *Accounting, Auditing and Accountability Journal*, Vol. 11, No. 2, pp. 142-162.
- Gaffikin, M. J. R. (1988), 'Legacy of the Golden Age: Recent Development in the Methodology of Accounting', *ABACUS*, Vol. 24, pp. 16-36.
- Hegel, G. W. F. (1952), *The Philosophy of Right; The Philosophy of History*, (Chicago, Ill., Encyclopedia Britannica Inc, reprint)
- Hoskin, K. (1994), 'Boxing Clever: For Against and Beyond Foucault in the Battle for Accounting Theory', *Critical Perspectives on Accounting*, pp. 57-85.
- Kirkham, Linda M. & Loft, Anne, "Gender and the Construction of the Professional Accountant", *Accounting, Organizations and Society* (1993) vol. 18, no.6, pp.507-558
- Lee, T. A. (1990), *The Closure of the Accounting Profession*, Volume 1, London Nelson.
- Locke J. (1969), *Two Treatises of Civil Government*, New York, Hafner Publishing.
- Parsons T. (1977), *The Evolution of Societies*, New Jersey, Prentice-Hall.
- MacIntosh, N. B. (1990), 'Annual Reports in an Ideological Role: A Critical Theory Analysis', in D. J. Cooper and T. M. Hopper (eds.), *Critical Accounts*, The MacMillan Press Ltd.
- Ouchi W. (1979), "A Conceptual Framework for the Design of Organizational Control Mechanisms", *Management Science*, Vol 25, No 9, pp.833-848.
- Sabine, E (1917), "Our South Australian Letter. Letters to the Editor", *The Federal Accountant*, Vol.2, No.3, p.121
- The Society of Accountants and Auditors (1889), *The Incorporated Accountants' Journal* "Annual Meeting and Dinner", June 24, pp.3-6)
- Weber M. (1947), *The Theory of Social and Economic Organisation*, London, The Free Press.

Kathie Cooper is the program coordinator of the Master of Forensic Accounting at the School of Accounting and Finance, University of Wollongong. She has been a member of the academic of the School of Accounting and Finance since 1985. Kathie's research interests include corporate and regulatory failure and forensic accounting investigation and analysis of such failures; transnational and financial crimes including money laundering and terrorist financing. accounting and accountability in the public sector, and interdisciplinary approaches to the study of accounting, history and regulation, including autopoiesis, sociology of professions and power frameworks.

Hemant Deo joined the School of Accounting and Finance at the University of Wollongong in 1994. Since then he has designed and lectured in a number of undergraduate and postgraduate accounting and finance subjects within the School. Dr Deo's teaching portfolio includes: introductory accounting, financial accounting, advanced auditing, business finance, bank management, managerial finance, banking theory & practice, international banking and bank lending & securities. Dr Deo has designed the Master of Applied Finance (Banking) program within the School which is accredited by the Australian professional bodies.

Dr Deo has worked in the industry for fifteen years and therefore has extensive practical experience in the areas of financial and management accounting, auditing and banking. Dr Deo's research interests include: auditing, accounting & finance theory, bank management, business finance, financial markets/modelling and accounting regulation. He has published in a number of local and international journals. He also supervises a number of