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## Political, economic, social and imperial influences on the establishment of the Institute of Cost and Works Accountants in India post independence



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## ABSTRACT

Recently, there has been considerable interest in the professionalisation of accounting. However, within this literature, most of the focus has been on the chartered accounting profession and the development of the cost and management accounting profession has been paid less attention. This paper traces the establishment of the Institute of Cost and Works Accountants of India in the period 1954 to 1959, focusing on the political, economic, social and imperial influences on the development of cost accounting at this time, the role of the Government in promoting cost accounting in India and the interactions of the more established Institute of Chartered Accountants of India in the process used to establish the Institute of Cost and Works Accountants of India. The paper also compares the trajectory of professionalisation with that seen in other colonies.

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### 1. Introduction<sup>1</sup>

Recently, there has been considerable research interest in the development of accounting professions in different countries and in different time periods, influenced by the sociology of professions literature. As identified by Walker (2008) “the approach recognises that professions are intensely political, engaged in inter and intra occupational conflict and in the self interested pursuit of closure and collective mobility” (Walker, 2008, p. 203). This literature, which focuses mainly on the chartered accounting profession, is reviewed later in the paper.

There has been less interest in studying the development of cost and management accounting professions. In relation to cost and management accounting professions, some work has been undertaken on cost accounting institutes in New Zealand (Anderson, 1996), Canada (Richardson, 2002) and the UK (Loft, 1986). Anderson (1996) examines the professionalisation of cost accounting in New Zealand and its links with cost accounting in Australia. Richardson (2002) analyses the relationship between financial accounting and management accounting in Canada from 1926 to 1986 and explores the dominance of financial accounting over cost and management accounting in this period. The development of the Institute of Cost and Works Accountants (ICWA) in the UK in the period during and just after the First World War has been traced by Loft (1986) who examines “the interplay between knowledge, techniques, institutions and occupational claims” (Loft, 1986, p. 137).

These analyses have all focused on the development of cost accounting professions in Anglo-Saxon contexts and there has been little research on cost accounting professions in less developed economies. In response to the above, this paper extends

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the literature to the exploration of the establishment of the Institute of Cost and Works Accountants of India (ICWAI)<sup>2</sup> under the Cost and Works Accountants Act 1959 in India in the time period 1954–1959 during which the ICWAI was established as an institute of cost accounting under statute.

This paper explores three main areas. Firstly, the paper explores the influence of the socio-economic and political context and the role of the Indian Government on the establishment of the ICWAI. Secondly, the paper explores closure activities undertaken within a political arena in post independence India and compares professionalisation of cost accounting with that seen in the UK and with professionalisation seen in other post colonial settler and non settler states. Finally the paper explores the influence of imperialism on the establishment of the cost and management profession during this time period in India. The paper highlights the linkages between the Government and cost and management accounting which significantly impacted the trajectory of cost accounting professionalisation in India during this time period, leading to the establishment of a cost accounting institute with a strong public interest remit.

The Indian cost and management accounting institute is of particular interest. The ICWAI is a large institute in an increasing important economy with over 300,000 members in 2014 ([www.icwai.org](http://www.icwai.org)) and has recently developed training links with the Chartered Institute of Management Accounting in the UK ([www.cimaglobal.com](http://www.cimaglobal.com)). The time period is also an important one for Indian cost accounting with the establishment of the ICWAI as a statutory body in this period. The time period was also a period of major change in India, with the Indian Government taking charge of their own affairs after independence and instituting many of the social and economic institutions that have been important in India.

Primary data for the study comes from an analysis of Indian legislation used to establish the ICWAI under statute and the parliamentary reports and debates from the houses of parliament on the legislation. In addition to these, data is obtained from the Indian legislation relating to the Institute of Chartered Accountants of India (ICAI), “Chartered Accountant”, *Journal of the ICAI, 1952–1960*; “Management Accountant”, *Journal of the ICWAI, 1966–1975* and “Cost Accountant”, *Journal of the ICWA, 1939–1960*.

The rest of the paper is structured as follows. A review of the concept of imperialism within postcolonial theory is presented followed by a review of the professionalisation literature and a summary of the political, economic and social context of India in the period 1947 to 1960. The establishment of the ICWAI in the period 1954–1959 is then traced, followed by the reasons for the establishment of a cost accounting institute in this time period, the key provisions of the Cost and Works Accountants Bill 1958 which was subsequently promulgated as the Cost and Works Accountants Act 1959 and the interactions between the Government and the more established ICAI in relation to the establishment of the ICWAI. Finally, discussion and conclusions are presented.

## 2. Post colonial theory and imperialism

Imperialism has been identified as an important influence on the development of accounting professions in countries with an imperial history. “Imperialism” and “Empire”, as discussed by [Bush \(2006\)](#) and [Cain and Harrison \(2001\)](#) have been attributed different meanings over time with much debate and contention over the meanings, particularly in relation to the term “imperialism”, within the imperial history literature. The term empire has been used to “imply expansion of states outside their territories, a widening of geographical space” ([Bush, 2006](#), p. 1) and imperialism much more widely “inscribes social, cultural and political relations of power between the empire and its subordinated periphery” ([Bush, 2006](#), p. 2).

Imperial research can broadly be broken down into two types, traditional research and post-colonial research ([Bush, 2006](#); [Cain & Harrison, 2001](#)). As summarised by [Bush \(2006\)](#), traditional research within imperial history has focused mainly on the period of formal empire, on economic arguments, has been influenced by socialist/Marxist influenced debates from the 1880s to the 1970s and world systems theories ([Bush, 2006](#)). Issues raised have included informal and formal empire, reasons for imperial expansion and a focus both on the metropolis and the periphery ([Cain & Hopkins, 2002](#); [Robinson & Gallagher, 1961](#)).

Post-colonial research has challenged the traditional approach, widening the area of study both in terms of period and subject, bringing a multi-disciplinary approach to the study of imperial history. The period of study has been extended to include periods after the end of formal empire. The focus of research has widened to look at issues such as decolonisation, freedom struggles, the voice of neglected imperial others, race, class, gender and sexuality. Other disciplines such as anthropology, literature and psychology have influenced the study of imperial history with much of the research influenced by literary and psycho-analytical studies ([Bhabha, 1984](#); [Bush, 2006](#); [Fanon, 1967](#); [Gandhi, 1998](#); [Loomba, 2005](#); [Prakash, 1995a,b](#); [Said, 1994](#); [Spivak, 1988](#)).

Within the post-colonial literature, the definition of when post-colonial starts has been widely debated. It has been argued that the post-colonial does not just relate to the period after colonisation but can be viewed “as both the contestation of colonial domination and also the legacies of colonialism” ([Loomba, 2005](#)) and the latter is where the analysis in this paper is focused in relation to accounting. The legacies of colonialism and imperialism include both acceptance of ideals and practices of the imperial power and anti-imperial debates which continue to be relevant in the post imperial state.

<sup>2</sup> Institute of Cost and Works Accountants of India abbreviated as ICWAI, the Institute of Chartered Accountants of India abbreviated as ICAI and the British Institute of Cost And Works Accountants abbreviated as ICWA.

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