

The re-emergence of the public accounting profession in China: A hegemonic analysis

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Abstract

This paper draws on Gramsci's concept of hegemony to examine and explain the circumstances leading to the re-emergence of the public accounting profession in China in the early 1980s. In particular, the paper attempts to understand the political and ideological influence upon the professionalisation process of the Chinese accountants. The paper not only highlights a major difference between the professionalisation process of the public accounting profession in China as compared to the West, but also the authoritative and dominant role assumed by the Chinese state in the whole societal set-up. Through effectively exercising its political and ideological leadership, the state successfully mobilised the Chinese accountants in the implementation of its economic-related agenda. The paper demonstrates that the state has clearly achieved hegemony within the accounting community, and further suggests that the state-accounting profession relationship could be likened to the father–son relationship as encompassed within the Confucian notion of *wu lun*.

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1. Introduction

Since the mid 1980s, numerous works have been produced on the professionalisation of accountants, often under the label of the new accounting history. Most of these studies, however, have concentrated on the professionalisation process of accountants in western

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societies, particularly in the United Kingdom, the United States and Australia. These historical studies employ different theoretical perspectives, drawing mostly from the sociology literature, to explain the phenomena and the many struggles experienced by the practitioners in the process of acquiring professional status. Researchers, for example, have been inspired by Foucault (e.g., Loft, 1986), Marx (e.g., Armstrong, 1987; Chua and Poullaos, 1993) and, in particular, Weber (e.g., Chua and Poullaos, 1993, 1998; Macdonald, 1984). By interpreting the diversities of occupational experiences, these studies offer new insights into the processes and underlying motivation of professionalisation. This is further enriched by recent studies that offer professionalisation narratives that are outside of the English-speaking world, such as Belgium (De Beelde, 2002), the Czech Republic (Seal et al., 1996), France (Bocqueraz, 2001; Ramirez, 2001), Greece (Ballas, 1998; Caramanis, 1997, 1998, 1999, 2002, 2005), Japan (Sakagami et al., 1999) and Portugal (Rodrigues et al., 2003). This paper explores the development of an accounting occupation in one of the world's most populous and fastest growing economies, namely China.

In many aspects, China is very different from the western countries. Not only does it have a unique social and cultural environment, it is also a country 'with the strongest tradition of absolute monarchy and the scantiest belief in representative government' (Jiang, 2002, p. 38). Marxism has been a dominating influence on the Chinese for over 50 years. Compared to western countries, the Chinese government plays a much more dominant role in society. The Chinese leaders endeavour to maintain a socialist ideal, believing that a socialist China will bring prosperity for all Chinese (Jiang, 2002).

After the catastrophic years of the Cultural Revolution, the Chinese government desperately needed to rebuild the country and its economy. At the Third Plenary Session of the Eleventh Central Committee of the Communist Party of China held in December 1978, decisions were made to adopt an open door policy. This is the second time China has opened its door to the outside world, but this time the decision was made on a voluntary basis.¹ Implementation of economic reforms became the top priority of the government, and abundant opportunities were offered to foreign interests for investment in China. It was very important for the government to build up the confidence of foreign investors, and accounting became a valuable tool in terms of providing the necessary information for investment. The change in economic structure with increasing foreign investments led to further developments in public auditing, and the Chinese Certified Public Accountant (CPA) system re-emerged in the 1980s.²

While it is commonly argued that the re-emergence of the public accounting profession in China has been prompted by the government's push for economic reconstruction

¹ When China first opened its door to the outside world, it was an act against the will of the Chinese people. China was forced to expose itself to the outside world as a result of the Opium War, which began in 1840 and ended with the humiliating defeat in 1842.

² The CPA system in China first emerged in 1918. It was initiated by Xie Lin, who lobbied the then government to establish China's own certified public accountant system, including the setting up of a public accounting firm in Beijing. In June 1918, the Ministry of Agriculture and Commerce gave Xie Lin the approval to open the first accounting firm in China. In September of the same year, the Chinese government issued the *Tentative Regulations for Accountants*, which was the first regulation governing the occupation of accountants in the history of China. Xie Lin also became the first man in China to receive a CPA certificate. The development of the Chinese public accounting profession, however, came to a halt after Mao Zedong took power in 1949.

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