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Accountants and the pursuit of the national interest: A study of role conflict during the First World War

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ABSTRACT

Historical and contemporary studies continue to question the accountancy profession's commitment to the public interest. During periods of national trauma, such as total war, the extent of the profession's pursuit of altruism is thrown into sharp relief. Drawing on role theory, the study examines the emergence and resolution of conflicting expectations of public accountants in Britain during the First World War. While it was initially assumed that the national interest was best accomplished by the enlistment of men from accounting practices for military service, practitioners complained that the resulting depletion of labour adversely impacted on the operation of their firms. This role conflict for leaders of the profession was successfully resolved by the construction of an expansive redefinition of accountants' contribution to the national interest. The expertise of accountants in taxation and audit was deemed essential to the successful prosecution of the war. A role transition was achieved. Initially identified as contributors of physical manpower on the field of battle, professional accountants became suppliers of essential 'brainpower', exercised within the office space. In this way, the self-interest of practising accountants was reconciled to the nation's object of winning the war.

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1. Introduction

Building on a number of influential studies during the late 1980s and 1990s (Arnold & Cooper, 1999; Lee, 1995; Mitchell, Puxty, Sikka, & Willmott, 1994; Mitchell, Sikka, & Willmott, 1998; Parker, 1994; Preston, Cooper, Scarbrough, & Chilton, 1995; Sikka, Willmott, & Lowe, 1989) researchers have continued to question the accounting profession's commitment to altruism (Mintz, 2014; Neu & Graham, 2005; van Mourik, 2014). Such concerns have been exacerbated by recent scandals, the financial crisis and the decline of traditional notions of public service professionalism (Hanlon, 1996). Indeed, for some observers that most problematic of vocational attributes – the public interest – has become 'the greatest challenge to the profession' (Shaub & Braun, 2014, p. 5).

The accountancy profession has attempted to rebuild trust by asserting its altruistic credentials. Resting on an implicit adherence to trait-functionalist concepts of professionalism, the institutions that represent accountants have attempted to demonstrate their adherence to the public interest by issuing statements on the subject and legitimating regulatory changes by reference to it (eg *Accountancy Age*, 24.7.2015). In 2005 the IFAC *Code of Ethics for Professional Accountants* affirmed that accepting responsibility to act in the public interest constitutes a 'distinguishing mark of the accountancy profession' (IFAC, 2005, p. 1104). In 2012 IFAC offered a definition of the public interest for practical application by accountancy professionals

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(IFAC, 2012). In the same year the Institute of Chartered Accountants in England and Wales (ICAEW) published a wide-ranging exploration of the concept with a view to developing a practical framework for examining proposals that claim adherence to the public interest (ICAEW, 2012). Two years later the AICPA's *Code of Professional Conduct* (2014, p. 5) offered a further articulation of the 'public interest principle'.

Yet, as the professional organisations acknowledge, there remains a potential conflict between pursuing the public interest and the self-interest. Although professional bodies 'must consider the notion of the public interest', they also have an obligation to 'advance the interests of the professions they serve' (IFAC, 2010, p. 4). Academic research suggests no significant interruption to the historical tendency of the accounting profession to resolve this conflict by deploying the rhetoric of the public interest as a veil behind which self-interests are protected (Canning & O'Dwyer, 2003; Lee, 1995; Mitchell et al., 1994; Parker, 1987).

The pursuit of this duality is also rendered possible by the ambiguity and fluidity of the public interest concept (Dellaportas & Davenport, 2008). This enables the profession to advance notions of the public interest that are potentially self-serving and aligned to neo-liberalism (Baker, 2005; Davenport & Dellaportas, 2009; O'Regan, 2010). Indeed, the concept is so malleable that an IFAC position paper contends that 'the private and public interest are not necessarily in conflict'. By way of illustration, 'accountants working in the interest of their clients are typically also acting in the public interest, where for example, higher quality financial reporting or more efficient taxation collections result' (IFAC, 2010, p. 5). As Williams (2014) has convincingly argued, such equating of altruism with serving the market system falls significantly short of a genuine concept of the public interest and appear as exercises in self-validation. They are distant from the notion that professions are deemed to act in the public interest when their actions reflect the shared values that prevail in contemporary liberal democracies (Saks, 1995, pp. 49–52).

The current study seeks to advance understandings of the accountancy profession's problematic pursuit of altruism by investigating how its members attempted to resolve potentially conflicting obligations to the public and their own constituents. The analysis is framed by reference to expansive conceptualisations of role theory, as exemplified in the multilevel approaches articulated in the foreign policy and international relations literature. The results of historical research are presented into how the leaders of professional organisations in the UK sought to redefine the role of accountants during the First World War in order to accommodate the expectations of both the public and their members. The study is distinctive in venturing beyond the conventional emphasis on the conflict between the public and the self-interest. In periods of total war notions of the public interest are extended to embrace the security and survival of the state—pursuing the *national* interest becomes paramount.

The paper is structured as follows. The concept of the national interest and its relationship to the public interest is the subject of the next section. This is followed by an explication of role theory. Here, particular attention is devoted to the notion of role conflict and the forms of its resolution. The empirical evidence is presented in subsequent sections. These explore how the professional elite initially conformed to prevailing expectations of how occupational groups could best serve the national interest in wartime; how this resulted in a role conflict centred on the incompatibility of the national interest and the interests of practising accountants; and how this conflict was resolved by successfully redefining the profession's contribution to the national interest.

2. The national interest

Conceptualizations of the national interest are found predominantly in the field of international relations. Here, the notion is associated with the participation of sovereign states in their external environments, that is, their conduct of foreign policy. Students of international relations understand the national interest as a means of explaining a state's actions on the international stage (Burchill, 2005, p. 23; Rosenau, 1968). Its pursuit is associated with 'realist' approaches to comprehending the behaviour of states in the international arena (Morgenthau, 1949; Nincic, 1999; Rosenau, 1968). These posit that the foreign policies of states are determined by the advancement of their own 'national' interests (Jackson & Sørensen, 2010, p. 81). Although it is criticized as an elusive, ambiguous, and inadequate basis for analysing international relations, particularly in the global age of supranational actors and institutions, the rhetoric of the national interest continues to feature large in political discourse (Burchill, 2005, pp. 206–211; Frankel, 1970, pp. 15–20; Rosenau, 1968; Weldes, 1996).

Although associated with the external realm of international politics, the national interest cannot be detached from the internal conduct of the state. Politicians, for example, may legitimate a domestic policy by reference to the national interest (Burchill, 2005, p. 8; Frankel, 1970, pp. 38–41; Weldes, 1996). For some commentators, there is a clear distinction between the public interest and the national interest, the former relating to domestic and the latter to foreign politics (Frankel, 1970, p. 38). Others suggest greater connectedness: 'the national interest is that subset of the public interest that is affected by external politics' (Nincic, 1999, p. 37); that is, the 'international analog' of public interest (Krasner, 1978, p. 36).

While on the international stage the national interest may be characterised by the advancement of a 'single minded national selfishness' (Clinton, 1986), internally the protection of the interests of the nation-state assumes that the populace can be unified around a common purpose (Burchill, 2005, p. 13). Mobilising the national interest tends to be characterised by calls to place the greater good above self or sectional interests (Clinton, 1986, p. 512; Nincic, 1999). National society is constructed as a single community pursuing collective aims, as opposed to multiple competing individuals and groups advancing particularistic agendas. Adherence to the national interest implies that public policy is determined by what is necessary to advance the common good. In foreign policy this translates as protecting society from external threats and

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