Future prospects for management accountants: with special reference to the Institute of Cost and Management Accountants and its members

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FUTURE PROSPECTS
FOR
MANAGEMENT ACCOUNTANTS
with special reference to
The Institute
of Cost and Management Accountants
and its members

by

Cyril W Banyard

A Master's Thesis
submitted in partial fulfillment of the requirements
for the award of
Master of Philosophy of the Loughborough University of Technology

SEPTEMBER 1984

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FUTURE PROSPECTS FOR MANAGEMENT ACCOUNTANTS
with special reference to the Institute of Cost and Management Accountants and its members.

ACKNOWLEDGEMENTS

This work was commissioned by the Research and Technical Committee of the Institute of Cost and Management Accountants (the Institute) under the chairmanship of Mr J A Tryon. From that time various members of the Committee have been most helpful with assistance in interviewing and comments as the work progressed, and Mr J Ambler kindly reviewed the draft text. Support was also given by the Branch Affairs Committee of the Institute, through which arrangements were made for many Branches to participate in the progression of interviews. The editor of the Institute Journal "Management Accounting" was highly co-operative in making available the facilities of the Journal at various stages in the work. Most especial thanks are given to all those who participated in the interviews for above all else this made the work possible; together with the facilities for such interviews and agreement to disclosure by their many various organisations. The responses by those participating in the questionnaire stage of the project are also acknowledged.

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CYRIL BANYARD
September 1984
FUTURE PROSPECTS FOR MANAGEMENT ACCOUNTANTS
with special reference to the Institute of Cost and Management Accountants
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<table>
<thead>
<tr>
<th>CONTENTS</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSTRACT</td>
<td>6</td>
</tr>
</tbody>
</table>

CHAPTER 1 An overview of the Project
1.1 Introduction 7
1.2 Stage 1: Short historical statement 9
1.3 Stage 1: the interviews 13
1.4 Stage 2: the questionnaire 15
1.5 Stage 3: conclusions 17
1.6 Chapter Summary 19

CHAPTER 2 Research Specification and Methodology
2.1 Need for research 20
2.2 Objectives of the research 27
2.3 Practical constraints 29
2.4 Research plan 32
2.5 The main interview project 45
2.6 Supplementary developments 49
2.7 Stage 2 of the research plan 50
2.8 Stage 3 of the research plan 53
2.9 Chapter summary 54

CHAPTER 3 Selected features of the history of the
Institute of Cost and Management Accountants
- Introduction 60

- SECTION A Formation of the Institute and progress
made 1919-1946
3.1 The place of institutions in society 62
3.2 Creation and consolidation periods for the Institute 67
3.2.1 The Beginning 69
3.2.2 Education 71
3.2.3 Success 74
3.2.4 Consolidation 77
3.2.5 Progress under difficulties 81
3.2.6 Section A summary of key features 82
CHAPTER 4 Information on current experience with special reference to the involvement of Management Accountants in decision making

4.1 Introduction
4.2 Methodology
4.3 Identification
4.3.1 Involvement
4.4 Experience
4.4.1 On going situations
4.4.2 Specific Longer Term
4.4.3 Some Features of the decision making
4.4.3.1 Limited Choice
4.4.3.2 Employment of Techniques
4.4.3.3 Concurrent use of other disciplines
4.4.4 Post evaluation
4.4.5 Shop floor involvement decisions
4.4.6 Chapter summary

CHAPTER 5 Views and ideas expressed by management accountants as to the future for management accountants in general and appropriate actions for the Institute in particular

5.1 Introduction
5.2 Interview responses on the future for management accountants in general
5.2.1 Problems perspective
5.2.2 Importance of specialisation
5.2.3 Importance of computers
5.2.4 Importance of information
5.2.5 Role as planner and architect
5.2.6 Broadening from the accountancy base
5.2.7 All Commentary Summaries
5.3 Interview responses on the possible future posture of the Institute, and its relation to management accountants in general
5.3.1 The individual and the Institute
5.3.2 Opportunities for the individual
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.3.3</td>
<td>The needs of the individual</td>
<td>258</td>
</tr>
<tr>
<td>5.3.4</td>
<td>Competition for the opportunities</td>
<td>261</td>
</tr>
<tr>
<td>5.3.5</td>
<td>The Institute in general</td>
<td>263</td>
</tr>
<tr>
<td>5.3.6</td>
<td>Institute specifics for training</td>
<td>265</td>
</tr>
<tr>
<td>5.3.7</td>
<td>Institute specifics for education and examinations</td>
<td>268</td>
</tr>
<tr>
<td>5.3.8</td>
<td>Institute specifics for PQE</td>
<td>275</td>
</tr>
<tr>
<td>5.3.9</td>
<td>Institute training requirements, education and PQE:</td>
<td>279</td>
</tr>
<tr>
<td></td>
<td>a summary of section 5.3</td>
<td></td>
</tr>
<tr>
<td>5.4</td>
<td>Essay competition</td>
<td>283</td>
</tr>
<tr>
<td>5.4.1</td>
<td>Main points from the prize winning essays</td>
<td>284</td>
</tr>
<tr>
<td>5.5</td>
<td>Chapter summary</td>
<td>287</td>
</tr>
</tbody>
</table>

**CHAPTER 6** Future prospects questionnaire 1983

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>Introduction</td>
<td>291</td>
</tr>
<tr>
<td>6.2</td>
<td>Assembly of questionnaire</td>
<td>292</td>
</tr>
<tr>
<td>6.2.1</td>
<td>The questions</td>
<td>294</td>
</tr>
<tr>
<td>6.3</td>
<td>Questionnaire distribution and response</td>
<td>299</td>
</tr>
<tr>
<td>6.4</td>
<td>Review of questionnaire responses</td>
<td>303</td>
</tr>
<tr>
<td>6.4.1</td>
<td>Q1, competitive situation</td>
<td>304</td>
</tr>
<tr>
<td>6.4.2</td>
<td>Q2, competitive effects of technology change</td>
<td>307</td>
</tr>
<tr>
<td>6.4.3</td>
<td>Q3, Institute training and experience requirements</td>
<td>308</td>
</tr>
<tr>
<td>6.4.4</td>
<td>Q4, Institute membership examinations</td>
<td>310</td>
</tr>
<tr>
<td>6.4.5</td>
<td>Q5, Institute post qualifying education</td>
<td>312</td>
</tr>
<tr>
<td>6.4.6</td>
<td>Q6, Management environment</td>
<td>313</td>
</tr>
<tr>
<td>6.4.7</td>
<td>Comments received with questionnaires</td>
<td>313</td>
</tr>
<tr>
<td>6.5</td>
<td>Concurrent developments in the Institute</td>
<td>315</td>
</tr>
<tr>
<td>6.6</td>
<td>Chapter summary</td>
<td>317</td>
</tr>
</tbody>
</table>

**CHAPTER 7** Changing patterns of management

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
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</tr>
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<tbody>
<tr>
<td>7.1</td>
<td>Introduction</td>
<td>321</td>
</tr>
<tr>
<td>7.2</td>
<td>Behavioural patterns in management</td>
<td>322</td>
</tr>
<tr>
<td>7.3</td>
<td>Technological impact on management style</td>
<td>326</td>
</tr>
<tr>
<td>7.3.1</td>
<td>Control of prices and costs</td>
<td>327</td>
</tr>
<tr>
<td>7.4</td>
<td>Organisational options</td>
<td>328</td>
</tr>
<tr>
<td>7.4.1</td>
<td>Operational control of diverse business</td>
<td>329</td>
</tr>
<tr>
<td>7.4.2</td>
<td>Other observations on organisational change</td>
<td>333</td>
</tr>
<tr>
<td>7.5</td>
<td>Chapter summary</td>
<td>336</td>
</tr>
</tbody>
</table>
CHAPTER 8  Future relationships

8.1  Introduction 341
8.2  The research 342
8.2.1  The interviews 345
8.2.2  Contributions from the interviews 346
8.2.3  Input from the questionnaire 348
8.2.4  Changing patterns of management 351
8.3  An overview of the future of the management accountants 352
8.4  Conclusions for the Institute 356
8.4.1  Institute membership training and experience requirements 358
8.4.2  Institute membership education and examination requirements 358
8.4.2.1  Skill above knowledge 359
8.4.2.2  Commercial awareness 360
8.4.2.3  Core subjects 361
8.4.2.4  Post qualifying education 361
8.4.2.5  Education summary 362
8.4.3  Supportive research 363
8.5  Chapter summary 364

APPENDICES

1  Definitions of management accounting 370
2  Interview format: October 1981 and April 1982 373
3  Design of interview questions 387
4  "Future relationships" article July 1982 401
5  Early examination papers; workshop knowledge and mechanical knowledge 402
6  Elected council 1923 405
7  Linking of examination subject 1976 407
8  New year competition: January 1983 408
9  "Future prospects for management accountants", article June 1983 411
10  "Questionnaire responses", article November 1983 414
11  Business Inventory 415
12  Monitoring: responsibility 416
13  Examination Syllabi for general reference 417
ABSTRACT

FUTURE PROSPECTS FOR MANAGEMENT ACCOUNTANTS with special reference to the Institute of Cost and Management Accountants and its members.

The research explored the future of the management accountant and the appropriate posture for the Institute of Cost & Management Accountants by focussing upon the management accountants' participation in decision making with UK industrial and commercial organisations. Institute members working in industry and commerce were interviewed as to their present involvement in decision making, and this factual basis was added to by a review of the history of the Institute. This established the status achieved by the Institute and that the members being interviewed had the requisite involvement in decision making from which to knowledgably discuss future prospects. The interviews also extended into ascertaining views as to how management accountancy might change and how Institute policy might best develop, particularly in terms of education and training. From an analysis of these views, a questionnaire was then published in the Institute journal. Further copies were posted to members with a special involvement such as Institute Council and Committee members. The responses were then analysed. For the final analysis, a view was taken as to changing patterns of management so as to provide a general context. For the individual management accountant it was concluded that skill in the profession would continue to create a range of opportunities in general management, in information systems management and in financial management. Abilities would be required beyond finance and accountancy, much in the multi-discipline traditions of the Institute but now embracing modern information technology. For the Institute the major challenge was accommodating new information technology within its membership structure, and specific proposals were made. Provided this was accomplished the emphasis on efficiency and effectiveness in all its aspects as now adopted into strategic management accounting should give the Institute long term viability.
CHAPTER 1

AN OVERVIEW OF THE PROJECT

Synopsis

There is a statement as to the purpose of the research and its general structure is outlined. More detail follows with first a short historical statement, and then a description of the interview and questionnaire stages of the work. It ends by describing the drawing together of the research into a series of conclusions.

1.1 Introduction

The research project was initiated by the Research and Technical Committee of the Institute of Cost and Management Accountants in the autumn of 1981, as part of their plans to study subjects closely related to management accountancy. From a general intention to study "Future relationships between the management accountant and other members of the enterprise", this project was derived as focussing upon the management accountants participation in decision making within UK industrial and commercial organisations. The project was designed to cover both technical and philosophical issues; and to both assemble a factual basis as to the part played by management accountants in the making of major decisions by operating directors and managers in industry and commerce, and to draw rational inferences as to the way this role would change in the future. From this, future prospects and key training issues were to be highlighted with the implications as to the future role of the management accountant. The necessity for the research arose from the increasing complexity of the environment faced by the Institute of Cost and Management Accountants (henceforth called "the Institute") in part from its own success and also from the impact of the increasing rate of change in information technology. As well as the key objective of exploring how the role and aspirations could develop and change, the objective was to create within the Institute an understanding of future risks and opportunities such as to contribute positively to policy on education, training and recruitment.
The research was planned to be carried out in three stages:

**Stage 1** in which there would be desk research into the history of the Institute concurrent with carrying out a series of personal interviews. The desk research and the opening section of each interview would create a factual basis, as at the interview the opening discussion would be concerned with facts about the work actually carried out by the member. The interviews would also be used to collect views as to the future for the management accountant in general and the Institute in particular.

**Stage 2** for which the assembly of knowledge and conclusions from Stage 1 became the foundation, and which explored the support there might be among members, knowledgeable about the Institute, for the ideas about the future which had arisen. This stage was primarily conducted by means of a questionnaire issued in the Institute journal "Management Accounting" and by a postal issue to a high proportion of those considered to be the Institute opinion leaders.

There was also the addition of supplementary desk work and the incorporation of the researcher's own experience as part of the task of drawing the total evidence into a cohesive whole.

**Stage 3** was the deriving of conclusions from the total work including specific suggestions for Institute actions and proposals for further research.

The remainder of this chapter gives an overview of the pattern of work in the different stages, commencing with the Institute history. The study of the history of the Institute was extensive though still being selective and not a comprehensive history, since no authoritative work existed on this subject.
1.2 **Stage 1: Short historical statement**

Cost management was crude in the UK manufacturing industries of the 19th century and related almost entirely to paying the lowest prime cost for people and purchased materials. In the early 20th century cost recording continued in a largely elementary form, and cost management made little progress. The necessity to do otherwise did not at first arise in many industries, since the added value of manufactured products in terms of realisable price was so very much greater than the costs of manufacture from the raw materials. In the 1914-18 war the use of cost plus contracts placed the subject in a new light. By 1918 considerable numbers of people were involved in the application of costing systems, concerned with more efficient use of resources and there were varied ideas about forming an association. However, the existing accountancy bodies showed relatively little interest and for them costing remained a neglected subject.

The consequent successful initiative was the formation of The Institute of Cost and Works Accountants (the Institute) as a limited company in March 1919. Its objective was to bring together those engaged in occupations requiring a mathematical and technical knowledge of industry in all its branches, embracing in such knowledge the cost of production, manufacture or sale of all articles produced, manufactured, or sold, in order to secure for them a definite professional status by means of a system of examinations and the issue of certificates of competency. Insistence on professional standards resulted in small numbers but steady growth as the following year end figures demonstrate.

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In this period up to the closing stages of the Second World War progress included:

1. membership spread across commerce, municipal and government departments and overseas, from the initial base in UK industry.

2. acceptance as a significant professional body.

3. involvement in the growth of scientific costing with such techniques as standard costing and budgetary control.

4. sound finances with active branches and central technical as well as administrative staff.

By 1945 there was a burgeoning student population, with cost accountancy well recognised as a fruitful career.

Over the next twenty five years the Institute progressively strengthened its position as the professional body whose members supported operating management through having the necessary "mathematical and technical knowledge in all its branches, embracing in such knowledge the cost of all articles". Membership grew both at home and overseas.

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There were considerable successes.

Summer schools for members led to a steady widening in the Institute's involvement in post-qualifying education.
National Cost Conferences were major events.

New examinations in 1952 and 1964 were well received and recognised as fully meeting the operational business needs of the time. (See page 417 onwards for full syllabi.)

Participation in productivity investigations and in productivity plans in various industries added to the national stature of the Institute.

There were disappointments, particularly in endeavouring to create an elite. In 1953 a "post-graduate" fellowship examination was introduced - a suitable advanced stage for accountants in all professional bodies. The concept was of Associates being fully qualified cost accountants, but that those with more experience in participating at management level and preparing and evaluating information for decision making were an elite of management accountants who would be Fellows. This concept was discontinued in 1963 due to low interest shown by members in achieving this "post-graduate" status, resulting in it never reflecting the reality of members' increasing involvement in management accounting. A subsequent effort along with other major accountancy bodies to sustain a Joint Diploma in Management Accounting was also ultimately abandoned due to low interest and hence disproportionate cost.

For the accounting profession in the UK generally, 1970 was a watershed year. In 1970 the six major accountancy bodies voted on integration into a single institution. Integration was rejected by the members of the Institute of Chartered Accountants of England and Wales and although the five other bodies all voted in favour the project was dead. It should also be noted that there was only conditional agreement from the Institute of Chartered Accountants of Scotland.

From 1970 until the present the growth of the Institute continued apace. In 1972 to reflect its pre-eminent position in management accounting the Institute changed its name to the Institute of Cost and Management Accountants.

Footnote: Before failure of the integration proposals an Institute statement of policy "In the event of integration not taking place" was prepared under the chairmanship of Charles Sutton.
Recent membership numbers included overseas growth, to 21.5 per cent of the membership in 1982. Total members were:

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Collaboration between the six major accountancy bodies was brought on to a funded basis in 1974 with the formation of a staffed Co-ordinating Committee of Accountancy Bodies (CCAB) to speak for the profession on public affairs and carry out tasks agreed to best be accomplished on a total profession basis. By far the most significant technical assignment was the appointment of an Accounting Standards Committee to draw up accounting standards applicable to the preparation of company accounts and other published accounts generally. Inflation accounting had been a major concern since the early 1950s and was now to be a dominant issue over several years. The Institute demonstrated the power of its management accounting approach when amidst controversy and difficulties William Hyde (President 1980/81) put forward the "Hyde Guidelines" which found general acceptance and "filled the breach" until further national study could be undertaken.

Although devoting much time to inflation accounting and general CCAB collaboration the Institute progressed its own affairs. After much effort, a Royal Charter was granted in 1975, and the Institute then steadily applied itself to the long range policies stated in June of that year. This re-affirmed quality before quantity and its continued commitment to develop both in Great Britain and overseas. In 1976 new examinations were introduced consisting of a two part foundation stage including general accounting, and a three part professional stage covering the total field of management accounting. Management Information Systems and Data Processing, and Corporate Planning and Control were introduced as new subjects. These examinations came to be recognised as equivalent to a second class honours degree at a British University. At the same time the professional training requirements being in actual operating conditions of business had become widely
accepted as producing capabilities more closely related to business needs than that of the other major institutes.

Chapter 3 deals with these aspects of the history of the Institute, with particular emphasis on the development of Institute educational philosophy.

1.3 **Stage 1: the interviews**

The rationale, the methodology and the development of the interviews are first covered in chapter 2 and then the interview findings together with the conclusions drawn form the subject of two later chapters (chapters 4 and 5), with the former covering facts as to present activities and the latter covering discussions and ideas as to future prospects. After drawing up a preliminary interview format, an initial series of 16 interviews was carried out. This resulted in a modified format which was then retained throughout the project. (These formats are given in Appendix 2, and the design of the interview questions is detailed in Appendix 3). Including the initial series of 16 interviews, the researcher carried out 51 interviews. These were augmented by the UK branches of the Institute participating in the research and nominated members carrying out further interviews. As part of the plan to interest Institute branches in participating in the research, an article was published in the journal "Management Accounting" which included the programme for the project and this is reproduced in Appendix 4. The procedure was for the researcher to interview a nominated member, who would then proceed to the same design. In total 219 interviews were accomplished.

The activities covered by those interviewed, in their current jobs, ranged widely across strategic planning roles as well as operational tasks in either general management or financial management positions. The qualities of the interview group in terms of their recent decision-related experience were exposed, and shown to demonstrate a good basis of experience, knowledge and understanding from which to comment on the future of the management accountant in general and the future of the
Institute in particular. To reach this conclusion, involvement in decision making was probed in both extent and depth. There was a detailed classification both by the type of decision in which involvement occurred; and by the extent to which this was close to being the actual decision making, in contrast with lower decision involvement in the form of supportive analysis.

From the questions raised in interview as to the general future for management accountants, there was a pattern of responses which emphasised there would be great change in the work. They saw a broadening from the accountancy base to becoming more involved in strategic planning and in systems architecture relating to information technology advancements. Success in these roles was seen as likely for Institute members against competition from other disciplines, but this would mean acquiring new abilities. Here the Institute could play a part, and the main thrust of argument to emerge was that building from present success meant creating a more positive interplay between training and examinations for membership, and also with post qualifying education (PQE). The main specific ideas may be summarised as:

1. A wider commercial awareness both of business and the environment were essentials for the future.

2. Just about as important was a high responsiveness to people with comprehension of their situations, and an equally high ability to communicate.

3. These attributes were necessary for all management accountants and needed to be inculcated in the training and educational period, and so far as possible tested by examination.

4. The major need to progressively move towards verifying the above requisite skills in the membership examinations would modify the subject and knowledge requirements, for they were seen as permeating all subjects in both training and education.

5. Similarly IT was seen as permeating the whole, but there was also a particular emphasis on information systems design.
6. From these needs arose an examination definition as requiring in-depth concentration on a limited number of subjects which would be the hallmark of the qualified management accountant, and a wide ranging capability to undertake specialisms in PQE.

7. Thus PQE would become a universally accepted part of the management accountants' career development.

8. Such a programme would demand a high quality student intake, and for this wider recognition of the full qualities of Institute membership was necessary.

1.14 Stage 2: the questionnaire

In launching the questionnaire in June 1983 an accompanying article (reproduced in Appendix 9 with the questionnaire) summarised the findings from Stage 1 of the research. The inclusion of the article with the prospect of there being observations concerning the possibility of it creating bias in the responses to the questionnaire was deemed preferable to creating an apparently free-standing questionnaire. This was because the complexity of the subject would have necessitated a much greater explanation of terms without the requisite background, aside from other issues such as preference for the more frank and open approach of stating the real origins of the questions asked. The questionnaire comprised 24 items requiring a response, and probed 6 main questions. These were:

1. the future competitive situation faced by the management accountant

2. the feeling as to the extent to which a technical challenge would arise, requiring a new response

3. the Institute needing to meet future change by modifying its experience requirements for membership by accepting various specialist experiences
4. the Institute needing to meet future change by modifying its examination requirements for membership

5. the Institute needing to move to a greater involvement in PQE, against members' specialist needs

6. the changing patterns of management and of the environment within which the management accountant and the Institute would be seeking to meet the future.

The most difficult issues proved to be those of management. The latter being so fundamental to the drawing of final conclusions, it was deemed necessary to take a view before drawing up the final conclusions for the project. Hence, drawing on the researchers' experience and by some complementary desk research a view was formulated. This work is the subject of Chapter 7, and sets the framework for assembling the research conclusions. It was, of course, recognised that such an abbreviated approach to the subject of changing patterns of management did not cover the overall impact of technological change on management style or the relationship between strategy, structure and control systems, however it did set on record the understanding of these issues and the context in which the research conclusions were being assembled.

Taking the responses overall the results of the questionnaire as to the future summarised as there being:

** determination to seek a wide role against all competition in line management and information systems, as well as in accountancy generally.

** recognition of high technology propounding new thinking, and a call for applied research to keep management accountancy well abreast.

** support for the present Institute experience and examination requirements.

** support for the current management accountancy specialism 'undiluted', but incorporating information technology.
hesitancy over predicting the future pattern of management and
the extent to which training opportunities will be modified.

The view formulated on changing patterns of management was:

1. there would be a continuance of the familiar bureaucratic
structures with a hesitant or even spasmodic movement towards
such suggested changes as widespread use of dispersed, trimmed­
down, contractual organisations outside the present general pattern
of experience.

2. familiar bureaucratic structures would give a safe atmosphere
within which the individual could absorb the impact of
technological change.

3. there would be a new alignment of responsibilities arising from the
experiences of working with:

   a  the benefit of superior information systems

   b  technology modifying work requirements throughout all
   business functions

   c  more variety in the patterns of management within
   bureaucratic structures and outside, in response to changing
   social and market conditions.

4  Specialist support staffs were unlikely to reduce for many years,
but there would be a change of emphasis with much of the work
being in the design and development of new information systems.

1.5  **Stage 3: conclusions**

For the individual management accountant it was concluded that skill in
the profession would continue to create a range of opportunities in
general management, in information technology, and in financial
management. The opportunities would be world wide and it would be
advantageous to possess abilities beyond finance and accountancy, much in the tradition of the multi-disciplined basis established by the Institute in 1919 .... but with the added complexity of needing to embrace modern information technology.

For the Institute the major challenge was seen as accommodating new information technology (IT) within its membership structure. Provided this was accomplished, the emphasis on efficiency and effectiveness in all its aspects and as now adapted into strategic management accounting should give the Institute a viable stance for a very long time. The Institute would need a protective mechanism to seek out early signs of major change, and a substantial range of research projects was suggested as being important in this context.

Action by the Institute to change its present membership requirements and other related actions should be cautious but determined. There would need to be requisite variety in the ways of fulfilling the requirements for membership, as future changes in the tasks and responsibilities undertaken by management accountants developed. The key proposal was that experience/training and examinations should be viewed as a package to create the necessary well-rounded professional suitable for membership. This would mean that if the experience was highly different (but acceptable) then the examination requirements would be different in terms of the required subjects, except for a restricted core of both examination and experience designated as the essence of management accounting which would be compulsory for all those aspiring to membership. This more holistic approach to examinations and training would emphasise skill in the practical application of knowledge, rather than span of knowledge, and would demand a high level of commercial awareness. It would embrace IT and be complemented by PQE giving advisory assistance to members in selecting courses for further specialist knowledge as their careers progressed, as well as PQE holding courses related to specialist examinations where any such action received encouraging support from members.
1.6 Chapter Summary

The research commenced with an open-ended assignment to study the future of the management accountant in general, and the implications for the Institute in particular. This was brought to manageable proportions by concentrating on the management accountants' involvement in decision making in industry and commerce in the UK. The first stage of the work was to build up a factual base through developing a history of the Institute (to an appropriate extent) and interviewing Institute members likely to be knowledgeable concerning the future, as to their current work and involvement in decision making. Assistance was arranged in the interviewing through the good offices of the Institute Branches. At those interviews ideas as to the future were also obtained. The interviews were then analysed in two parts.

Firstly, present experience was studied to ascertain that the involvement in decision making that had been experienced was a sound basis from which to accept as valuable the comments being made as to the future. Secondly, the comments on the future were analysed.

By combining this analysis with an assessment of the capabilities of the Institute derived from the study of history, a questionnaire was assembled which formed the second stage of the research. This questionnaire was published in "Management Accounting" and posted individually to members judged to have a particular UK involvement at Institute level. The analysis of Stage 2 along with that in Stage 1 was then combined with ancillary work by the researcher to formulate conclusions as to the future for the management accountant and suitable actions by the Institute.
CHAPTER 2

RESEARCH SPECIFICATION AND METHODOLOGY

Synopsis

The chapter opens with an introduction as to the need for this research as seen by the commissioning body, the Institute Research and Technical Committee. It then considers the objectives of the research. Following this, the practical constraints are derived and the benefits are stated of an open-ended approach in the early stages. This leads to an elaboration of the research plan which was developed. The detailed specification is justified in this process and the methodology is examined.

In brief, having commenced with an open-ended problem and retained flexibility in the main stage of the research to respond to whatever findings emerged, the structure of the research closes the problem down to manageable proportions in the last stages. This retention of flexibility becomes clear in the examination of the methodology. Finally the research plan closes with the drawing together of the various aspects of the research, and a statement of conclusions.

2.1 Need for research

As seen by the researcher, 'Variety of opportunities in an increasingly complex environment' summarises the need for research to support the decision making system of the Institute. More specifically three aspects can be identified, being

1 within the Institute, variety of opportunity against fairly fixed resources

2 increasing competition

3 technological change
2.1.1 These aspects are considered below.

Firstly, within the Institute.

In the Executive Committee of the Institute as the central decision making body with powers delegated by the general Council there was expressed an increasing concern for supportive research and this was addressed by the Research and Technical Committee. Another step taken by Executive was to arrange a debate where papers from a number of eminent members were presented (1). One paper titled "Strategic Management Accounting" (2) suggested main technical strands requiring development and concluded that the future of management accounting depended upon leading in the field of strategic decision making. "Management can make its most costly mistakes in forming business strategy hence this is where the greatest value in information lies. Management accounting systems should eventually come to be dominated by strategic needs". This particular paper influenced the Research and Technical Committee in deciding to proceed with the research project being presented in this thesis.

There was also before Council a review of the definition of "management accounting", partly because the International Federation of Accountants (IFAC) was developing a definition for worldwide acceptance (3). The Institute's definition was changed in 1981 and ultimately published in the ICMA new and revised terminology issued in December 1982 (4). Essentially, while the earlier definition contained in the ICMA terminology of 1974 (5) emphasised the specialist skills required of the management accountant, the new definition emphasised the widespread application of those skills in all tasks aiding and supporting operational management in industrial, commercial, municipal or government situations. (Definitions: see Appendix 1). Thus, the new definition embraced (for example) general financial and specific treasury functions. This added to the complexity of the task in determining what would be suitable changes in the examination and training requirements for new members. In part, this was illustrated by the formation of a new committee to coordinate education and training for membership. (6)
At the Research and Technical Committee meeting on 22 May 1981 (7) it was agreed that the research required most urgently was that which would explore "Future relationships between the Management Accountant and other members of the enterprise". It was seen as fundamental that there should be a view about the future path which management accountants would tread and that this be based on knowledge and reasoned argument. The philosophical and technical aspects of the subject were to be covered. In the September 1981 meeting of the Institute R & T Committee the current research project was commissioned (8), and the then agreed and subsequently developed objectives are expressed later in this chapter.

2.1.2 Secondly, a number of factors in the Institutes' environment and that of members had developed to an extent where their significance needed to be evaluated and be taken into account. As later described in the Historic Chapter, the Institute had filled a role which was being neglected by existing bodies. This role of support for operational efficiency had proved to be of growing importance in peace and in war, in good times and in bad times. By the 1970s, the role of support for operational efficiency was increasingly faced with erosion from the active interest of other accountancy bodies and challenge from outside the profession.

The active interest by members of other accountancy bodies progressed by adaptation. Thus statutory audit steadily expanded via consultancy offerings into:

- review audit - as to what went wrong
- systems audit - as to were the best methods used
- efficiency audit - as to how well were methods applied
- management audit - as to clarity and follow through on objectives
- project audit - as to project soundness before action takes place.
Mostly the additional skills required were those of management accounting.

At the same time, its own dedication to a specialism created unexpected constraints. The Institute had consistently declared statutory audit was not of interest to the Institute or to its members as management accountants. It had not sought inclusion, for example, in the Local Government Finance Bill 1974 section concerning local authority audit. This led to omission in the Local Government Finance (No. 2) Bill 1982. Thus efficiency audits aimed at value-for-money as planned by the government became an area from which the Institute whose members were especially able to contribute was excluded!

Challenge for more senior posts developed from business graduates and MBA's as such qualifications became more widespread. As well as general areas such as corporate planning, more specialist posts such as Treasurer and Financial Controller were filled by business graduates trained in a variety of industrial, commercial and banking organisations. Often the necessary post-graduate training was especially provided within the organisation concerned, as an alternative to progressing Institute membership, on a value judgement basis against company objectives.

The growth of new associations, such as the Operational Research Society (founded 1954), the British Computer Society (founded 1957), the Society of Strategic and Long Range Planning (founded 1967) and the Association of Corporate Treasurers (founded 1979) demonstrated the reality of dedicated people coming together envisaging a role as being relatively neglected - as did the Institute founders in 1919. Interestingly, the Treasurers followed the same theme as had the Institute declaring a "New Profession". (9)

2.1.3 Thirdly, the information technology revolution had created an increasing rate of change both in the technology of industry and in the technology of financial transactions. The impact of low cost computing by the advent of the micro-computer in both the factory
and the office brought recognition that the developments of the previous thirty years were indeed part of a revolution, and there has been some recognition that the linking of computers with new modes of data transmission have yet to make their main impact.

The effects of information technology were present in the minds of all concerned. The following extracts from the Institute paper (10) presented in October 1982 to the IFAC XII International Congress (written by the researcher May 1981) demonstrated the kind of thinking arising:

"1. New computer technology will undoubtedly, in the more sophisticated organisations, such as multi-national companies, greatly change the role of the management accountant. In a sense the role will divide into three:

   a. a routine of "control audit" focussing upon the assessment of the appropriateness of the management uses arising from the automatically produced management information.

   b. a comprehension of overall business management requirements combined with the ability to instigate major modifications to the whole information system on a time scale matching changes in the organisations scope, as these occur.

   c. a capability to think beyond the limitations of whatever system is operating so as to introduce further analysis where this is relevant to the well-being of the organisation, and thereby to ensure that management decisions are not "trapped" by the apparent completeness of the well analysed output from the computerised system.

New computer technology will, in addition to the above, broaden the opportunities available to the management accountant because it will:
(i) enable the less progressive organisations in developed countries, and the bulk of the organisations in the underdeveloped countries, to pull up to a much more acceptable level of accounting generally, creating a good basis, therefore, for management accounting practices.

(ii) there will arise from the wide use of computerised accounting a need for consequential analysis, interpretation and feedback which will be an appropriate role for management accountants, since they will have the requisite skill and knowledge.

"2. The competence of the management accountant will be particularly tested against overall business comprehension and thinking about the decision environment (items b and c above) and it is in this relationship to the new technology that the challenge will come from other disciplines. Hence, it will be a challenge directed at the filling of the most senior posts. It will therefore be a matter for the more able and ambitious members of the management accountant profession, and, in this sense, is a continuation of the present situation where there is a constant challenge between professions. E.g. a typical challenger would be one who has trained in business economics and has then obtained experience with (say) merchant bankers before going on to a senior position in some other organisation.

Undoubtedly, for the "high flyers" among management accountants the progressive up-dating of management accountant qualifications to continually match the standard of a good degree is highly relevant.

It seems likely, however, that the vast majority will need more the confidence to work anywhere in the world practising their skills much as does the present membership than they will need some widely different capability. This emphasises the importance of the practical side of the management accountants training.
"3. Other disciplines will also produce professionals well able to develop and provide the essential information for management decision-making. Yet the management accountant has a strong advantage in the tradition of being closely associated in his early career with engineering and scientific colleagues so that he grasps a capability to comprehend technology with which the decision-making process is concerned."

"Everything to gain and nothing to lose" might well be the slogan for management accountants in this electronics age. The effects can be summarised as making feasible a much closer integration of evaluatory work and financial operations with the physical events to which they relate. The management accountant is sitting in the middle of this "time squeeze" and provided he will change his targets accordingly must be of ever more critical importance to the well-being of the organisation in which he serves."

It was views such as these about future opportunities combined with a substantial interest in the Institute that gave the Researcher a strong incentive to become involved in a research project of the kind envisaged by the Research and Technical Committee.

Thus, in summary of this section, the complementary pressures of:

1. internal assessment as to the variety of opportunities emphasised by the newly adapted definition of management accountant.

2. the actions of competitors inside and outside the profession

and

3. the challenge of the "time squeeze" caused by the gathering pace of the electronics revolution
led the Institute to commission this research with the objectives described below.

2.2 Objectives of the Research

Initially, the objectives were formed by debate in the Research and Technical Committee at its meetings in May and September 1981. Commencing from the broad idea of "Future relationships between the management accountant and other members of the enterprise", there arose agreement to concentrate on developments in the UK and specifically those in industry and commerce. This was viewed both as a practical area for study and where management accounting was most extensively practised by Institute members. Taking UK industry and commerce the research was to explore how both the role and aspirations of the management accountant may develop and change. No distinction was drawn between those situations when the individual job title was management accountant (and often consisted essentially of primary analysis work) usually undertaken in the first years after qualifying and the much more frequent situation where under a wide range of job titles the supportive work for decision making of all kinds occurred, the subject being recognised as the latter and including the former.

Undoubtedly, the overall need of the Institute could have been expressed as requiring a management accounting programme such as to lead to and support a series of decisions by Executive and Council. In this context the present research could be viewed as one specific management accounting assignment destined to become part of a larger continuous whole. It also possessed another management accounting attribute in being carried out as part of the operational management, since the author was a member of the Executive Committee and Council throughout the project. This participation in the Institute operational management made opportunity for the research to be dynamic rather than static, with input to operations as the project progressed and feedback into the research. The objective of valuable interaction during the project was thus part of the overall intention. Within these general ideas, the project was devised on a specific two year time scale.
The objectives were further refined after an initial pilot study was undertaken, so that by spring 1982 the objectives were promulgated (11) as consisting of:

A prime objective to research the future prospects for the management accountant in the UK as to contribute a significant input to the deliberations of the Institute in its formation of forward policy.

With more specifically, this prime objective including:

a. to create a greater awareness within the Institute Council as to future prospects for management accountants;

b. to have a direct influence on immediate events as ideas and concepts derived from the research were injected into committee deliberations;

c. to assist the Institute to develop policies sufficiently appropriate to its future environment to allow it to proceed by evolution, and avoid the higher risk of dramatic or "revolutionary" changes;

d. to bring about an understanding of the constraints within which the Institute could operate with strength, and within what further areas it might successfully aspire to develop.

In particular this was seen to mean there would be a contribution towards proposals for future education and training; and related

(i) recruitment practices;

(ii) post-qualifying education;

(iii) public relations.

The dynamism inherent in the project through the contribution to the Institute Executive and committees was reinforced by the project embracing interviews being conducted by members from Institute Branches.
2.3 Practical Constraints

As stated above, the research project was launched to explore how both the role and aspirations of the UK management accountant would develop and change, with objectives which may be further expressed as:

1) contributing a significant input to the Institute on the future prospects for the management accountant,

2) creating greater Institute awareness, dynamically influencing the Institute in its response to immediate events and the development of policies, and identifying within what parameters the Institute could operate from strength.

and

3) specifically impacting on Institute education and training, and related recruitment practices, post-qualifying education, and public relations.

By 1982 the Institute was a highly successful creation; and had reached both a strong national position as a major institution, and become one of the top international bodies in management accounting. While firmly accountancy-based, it retained a more outward role inherent from the engineers, scientists and managers who from time to time were an important element of its membership. It represented the management accounting specialism of operational involvement, as distinct from audit. Over 85% of its members claimed no other accountancy qualification and the Institute was influencing-management-through-membership-of-management with some 20% of its membership in senior operational positions.

The problem inherent in the objectives of this research was how should a successful body respond to potentially fundamental changes in its environment, being faced with both opportunities and apparent needs for a heavy shift in emphasis. The research was arranged to take place over a two year period, to meet the need for early information and to allow subsequent work to be formulated.
Two inputs would be of particular value alongside an understanding of the Institute such as could be derived from adding historical aspects (as dealt with in Chapter 3) to experience personally in participating significantly in Institute affairs and in business management. These two inputs were:

a) what are the most significant tasks Institute members actually perform in their work at the present time

b) what range of ideas and concepts do knowledgeable Institute members have about potential future actions by the Institute for the general benefit of members.

The former would give a positive perspective on the present concerns of members in the work environment. The latter would be an extraction of views about the future which could give added credence to any proposals developed. The two together would suggest the base of support and interest in particular aspects of future developments. However, the quality of the views obtained about the future would not necessarily be related to statistical dominance, and perceptive individual ideas would need to be captured.

There were thus multiple tasks to be accommodated within the two year time span. These were to evaluate the past from a review of Institute history and by derivation from personal experience of the researcher, and to assemble an account of present work by members linked to the formulation by knowledgeable members of their views as to the future. In the development of the research plan other needs might arise, but this multiplicity of tasks on a two year time scale meant that work on each would need to progress in parallel. There would not be the luxury of completing one task and thus using the results to formulate the next stage, until some initial research was completed which narrowed down the central question from an open ended 'what shall we do in an unknown future' to a closed down problem capable of a small range of definitive answers.

Consideration was given to simpler patterns of research, such as to predicate a future environment on a particular time scale together with stating foreseen changes in management patterns. This could be done by
researching such papers as that of Small (12) for the twelfth International Accountancy Congress on the accountants' future environment, and such work as that done at the London Business School (13) on management changes. By thus limiting the research area, a series of questions suitable for a postal questionnaire survey could be derived. The results could then be analysed against the postulated background from which the questions had been formulated. Both this and other ways of limiting the research area at an early stage were rejected. It was considered that the uncertainties in the issues raised should be exposed as much as possible in the research so that as far as possible the reality faced by both the Institute and members could be portrayed in the work. While it would be necessary to close down the problems at a later stage in the research so as to derive conclusions two benefits would have been gained. Firstly, the uncertainties would have been exposed through the most comprehensive assembly of information it had been possible to make available. Secondly, the body of the research would open up issues that could be taken up in further research. Primarily, however, the inherent risks in the approaches rejected and the aspect to be retained as far as possible in the research plan was that a key factor in the future of management accountants and the Institute could be phased out of the research before its full implications were evident through accepting a pre-structured basis such as the one described earlier. Early structuring of a postal questionnaire was viewed as similarly being more hazardous than relatively free-form interviews.

A flexible structure was therefore required which would allow for change in the light of experience, and personal interviews were made a key initial feature so as to capture "perceptive individual ideas" that a pre-determined statistical survey might miss.

As to who might be interviewed, possible candidates would be Institute members of whom there were some 16,000 in the UK. Students might also contribute and "home" students numbered some 23,000! However, among these large numbers there were known to be a relatively small number who were active in Institute affairs, and might be deemed knowledgable. It was necessary to focus on knowledgable people and this could be done by attracting the interest of those who were active in Institute Branches and on Institute Committees.
Other groups were possible targets for interview. Members of other major accountancy bodies could be approached. It would be possible to approach members of bodies involved in specialist activities either within or close to management accountancy. (eg the Planners or Corporate Treasurers already mentioned.) The Institute being a founder member of the British Institute of Management, interviews could be sought with its members, or approaches could be made to employers of Institute Members who might be deemed knowledgable. Each of these potential series of interviews could a priori be the source of useful and relevant opinions as to the future. The advantage of approaching Institute Members was that their actual present activities could be related to their opinions as to the future, and both would be relevant to the research as first hand information on the Institute and its members.

2.4 Research Plan

With the intention of retaining an open-ended capability as far through the research as possible, the research plan was subject to modification and elaboration as the research progressed. It did however retain a basic structure as below:

Stage 1 To work concurrently on:

.1 desk research into the history of the Institute, the selection of main features and conclusions relevant to the main research objectives.

.2 active research into the present work of members, their views as to the future, and conclusions relevant to the main research objectives.

Stage 2 To work sequentially on:

.1 active research using the conclusions from stage 1 as a basis, to determine the support for the conclusions reached in stage 1, and to assemble the conclusions in some order of certainty or confidence in their validity in the context of the research.

.2 desk research in areas of the conclusions where certainty or confidence required reinforcement, and from the researcher's previous work or otherwise to complete a logical set of conclusions by combining this work with that of the active research above.
Stage 3

1. Final desk analysis using all the previous work, drawing rational conclusions within the practical limits of the research and its conclusions, and stating the best views emerging on each of the aspects included in the initial research objectives.

2. Observations as to suitable further research.

Subsequent chapters cover the stages of the research as follows:

Stage 1

Desk research

Chapter 3 : Selected features of the history of the Institute of Cost and Management Accountants

Active research

Chapter 4 : Information on current experience with special reference to the involvement of management accountants in decision making.

AND

Chapter 5 : Views and ideas expressed by management accountants as to the future for management accountants in general and the Institute in particular.

Stage 2

Active research

Chapter 6 : Assembly of questionnaire from an analysis of the collected evidence, the method of its distribution, and the evaluation of the responses.

Desk research

Chapter 7 : Likely changes in patterns of management in relation to the future of management accountants combining desk work with the reporting of earlier work by the researcher.
Stage 3

Desk analysis  Chapter 8: A review of the research and the various conclusions from the different stages, with a final assessment of the emerging response to the research objectives.

The remainder of this chapter 2 on "Research Specifications and Methodology" deals with the structure of each stage in turn.

2.4.1  Stage 1 of the research plan

Both desk research into history of the Institute and active research into the members' present tasks and views of the future were to be carried out over the same period of time. The desk research had to take a rational approach to the vast amount of historic material available at the Institute. The approach made was to focus on the essential elements of a professional institute and then to explore those aspects most significant to the Institute itself. Thus, considerable attention was given to the intentions at its foundation and the subsequent working out of these, with the changing philosophy adopted in its educational requirements taken as a central theme. So far as was commensurate with retaining this degree of objectivity, the general progress of the Institute and its environmental background were documented to give a perspective to the work. The active research was planned to evolve as evidence developed. The first step was a short series of interviews within the first three months of the project period. The development of those interviews and the subsequent progression of this stage 1 of the research plan is covered in the following sections.

2.4.1.1  The Initial study

To conduct in the first three months of the project an initial study by which both content and procedures could be reviewed and refined, a more uniform environment was deemed appropriate than would be obtained by a small number of "random interviews".
While this meant recognising and accepting the interviews could reflect characteristics of the particular environment, this degree of uniformity would make differences in each individual's approach to the context and procedures much clearer. A suitable environment would be to interview members working for a single company and subject to a general accountancy discipline with a high level of in-house training.

A UK activity of a multinational company would be an appropriate uniform study environment, particularly were there to be a positive interest in the Institute. Since such companies often operate in styles somewhat in advance of general thinking due to the variety of conditions and competitive purposes under which they operate, this could also be an especially fruitful environment for ideas relevant to the future.

These criteria were met when through Reed International plc it was possible to arrange interviews in Reed Building Products Limited. In 1981 Reed International won the Institute Training Award, which demonstrated its interest in Institute practices. (14)

Reed International in 1981 had a sales income approaching £1500 million from three main areas: (15)

Paper and Packaging
Publishing and Printing
Building and Home Improvement Products

Out of a total sales income of £379 million from Building and Home Improvement Products, Reed Building Products Ltd achieved £124 million in the UK and Europe. Reed Building Products Ltd employed some 5300 people in:

Key Terrain Ltd
L & P Plastics Ltd
Westwood Tools Ltd
Celuform Limited
Gilflex - Key Ltd
For the initial study, all qualified accountants in the UK companies of Reed Building Products were interviewed, including those in the central office of Reed Building Products Ltd. The researcher had no previous contact with any of the persons interviewed.

2.4.1.2 Interview Format

The interview format was designed around the statement to the Research and Technical Committee in September 1981: (16)

'This project is to assemble a factual basis as to the part played by management accountants in the making of major decisions by operating directors and managers in industry and commerce, and to draw rational inferences as to the way this role will change with the future'.

Production of the format embodied the thinking which was to be followed throughout the research. To assemble a 'factual basis' required demonstration that those involved in the interviews:

1) had a real involvement in decision making, and a comprehension as to what that involvement was,

and 2) that the involvement in decision making was such as to render their views on the future as emanating from experience and being in that sense authoritative;

while 3) interest in the Institute and knowledge of its activities was a desirable additional attribute.

To meet these requirements depended upon a substantial proportion of those interviewed being knowledgeable Institute members so as to give internal integrity to the exercise. It should be noted that there was no implication as to the extent to which Institute
members generally might or might not be involved in decision making. This was not some form of sampling to seek widely held views, but an exercise to determine a series of views from members well equipped to respond knowledgably. This was the expectation from the main interview series of Stage I, and the initial study was to determine how appropriate was the interview method to the achieving of this result. The subsequent question of any statistical validity among knowledgeable members generally was to be addressed in Stage 2, so far as deemed appropriate from the combination of the desk and active research of Stage 1; seen as practical in the time scale of the project, and relevant to the main objectives of the project.

The format was planned for as free ranging a discussion as possible, bearing in mind the ultimate need to record and analyse the results. The assembly of a personal factual basis followed by the drawing of rational influences as to the future was to be the procedure through which each individual participant would be led during interview. This would add weight to the ideas expressed about the future by these following on from discussion of important present activities, and mitigate against less-thoughtful "snap answers".

The interview format had three parts:

1) individual identification

2) present involvement in decision making

3) ideas on the future

A draft was prepared (9th October 1981), and, after checking out for suitability and comprehension by conducting a first interview in Reed Building Products, was completed for use in the pilot study (22 October 1982).
The format consisted of:

- Section A: Present Position and Work
- Section B: Future Prospects over 10 years
- Section C: Key Training Issues in the Future
- Section D: Summarise

These section titles and the use of the cover sheet were repeated in a modified design (9th December 1981), and in the final design (23 April 1982). (See Appendix 2 for full format).

The final design resulted from both helpful comments received during the initial or pilot study and an assessment of the analysis that had been possible. It was also reviewed with the Research and Technical Committee, and a question (question 10) added as described later. (17)

It was concluded from the initial study that interviews of one hour were productive, and that this was an acceptable time among operating accountants and executives - anything longer was deemed too much an intrusion on urgent business activities. By providing the format in advance, the individual could pace his observations against the questions more satisfactorily.

The questions were designed according to the following ideas set out in 2.4.1.3 to 2.4.1.6 and full details are given in Appendix 3:

2.4.1.3 Section A: Present Position and Work

Questions 1 to 3 required 12 factual statements as to the individual and his occupation. These were classification items such as size of company, number of years the individual had spent in the industry, etc. They would make possible segregation of the answers to other questions by these classifications, according to whatever became appropriate as the analysis proceeded.
Question 4 required 7 statements about the status the individual enjoyed in the organisation. It was recognised that for some status (political status) was not an issue and this question would have low meaning, but for others it could be a useful introduction to later questions on decision making. It was also deemed a useful check-point against views later expressed for the future (eg expressed desirability for much extended Institute publicity possibly reflecting difficulty in achieving high status).

Questions 5 to 9 formed the main theme of this section requiring up to some 20 statements. "Question 5" dealt with how the work performed by the individual linked with the decision making process (in the part of the organisation in which he was specifically engaged). This was the key question in relation to stating in simple terms "the part played by management accountants in the making of major decisions....."

To probe the reality behind this general statement, Question 6 called for two experiences in decision making situations, and "Questions 7 to 9" led the individual through these experiences. They looked particularly at the real level of importance achieved by the management accountant in relation to both the decision making process, and the part played by other advisers to management.

By probing these subjects through two specific examples a reasonable degree of assembly of the experiences was possible at the analysis stage, yet there was full freedom to express individual situations.

Question 10 required 3 statements and was added at the review with the Research and Technical Committee.(17) It was felt the previous questions might not bring out the management accountants shop floor involvement, and that both this and views on the future significance of shop floor involvement in decision making were important. The question also provided a useful move over from "present facts" to "future views", and as such was a good link to the next section.
Taken together the discussion in interview of the questions in Section A would:

1. make possible a segregation of answers to all sections according to personal and business characteristics, and against type and degree of involvement in decision making including the taking account of shop floor involvement

2. make possible an evaluation of the type and quality of involvement in decision making in the relatively recent past of the last two years, and demonstrate the basis of experience from which the views given in future sections derive their authority.

The purpose in the subsequent analysis would be to derive those relationships seen as of especial significance, and not to analyse in all possible ways from the information in Section A.

2.4.1.4 Section B : Future Prospects over 10 years

This section took a 10 year perspective since:

1) Institute changes would take a considerable time to implement, and longer to have an impact. The period 5-10 years ahead was therefore of particular interest;

2) Most people would be unwilling to express an opinion on what is likely to happen beyond a ten year horizon;

3) A shorter time scale would quite possibly result in too much emphasis on what-is-here-now, with more forward looking ideas withheld.

Three questions in this section required simply a "tick" in one of four boxes, denoting the extent of change anticipated and ranging from "change greatly" to "change little". They covered three points common to many papers and discussions on the future of management accounting:
1) That the work will continue to change more from "number crunching",

2) that it will become more interpretive

3) that computers will aid "competition" as well as accountants.

The fourth and last question in the section asked for reasons for the opinions given, and particularly asked for

a) views of computer developments

and

b) views on future behavioural trends.

The latter was particularly mentioned to ensure there was an opportunity to raise social issues among the reasons supporting the opinions. It was a reminder that there were other aspects than technical developments.

2.4.1.5 Section C: Key Training Issues for the Future

This section started with three "tick" questions on the style of Section B, but this time introducing the three subjects of the section:

1) Education for examinations

2) On the job training

3) Post qualifying education.

In Question 4 those anticipating great change in those items were invited to indicate the rationale for change against:

a) personal goals changing

b) business requirements changing

c) the profession moving up market in recruitment
d) any other rationale.

Essentially this probed for thinking on people looking for a new way of life, such as major career direction changes; on business demanding (say) more specialist knowledge, such as treasuryship for example; on graduate entry becoming the most usual for students; or there being some other rationale for change.

**Question 5** asked for specifics as to changes envisaged in each of the three areas.

There were then a series of three statements to be considered and observations to be added. These statements were to draw out any radical ideas which might not have been expressed already.

Thus the first statement was about the individual having new career needs; the second was about the Institute and members missing opportunities; and the third that radical action would be needed to overcome these problems.

2.4.1.6 **Section D: Summarise**

For those whose thinking was on a methodical step-by-step basis, this section gave the opportunity to harmonise their thinking and create a view.

For those who became engrossed in detail previously, it was an opportunity to surface and "summarise".

For those who already expressed themselves with clarity and balance, the section was perhaps unnecessary.

It asked for (a) main opportunities ten years hence and (b) consequent education and training needs.
2.4.1.7 Initial Interviews

There were 16 accountants interviewed in a full coverage of the UK Business of Reed Building Products Ltd. There were 8 individual interviews and two joint interviews. This was because at two locations the accountants requested that joint interviews be held. Hence, five at one location were interviewed as a group, and three at another. This then meant each participant filled in his own form and these were forwarded to the researcher later.

An advantage of one of the group discussions was that it included a challenging of the format used, and resulted in valuable improvements. (These were incorporated in the 9 December 1981 version and clarified the purpose at the same time as making some questions more comprehensible. This is shown in Appendix 2)

Although good information and comments were obtained from the group interviews, they added elements of uncertainty as to:

1) whether any ideas from individuals were submerged

2) whether interview reports would always be received.
   (although they were in this initial study)

In addition, more skill was required in conducting joint interviews and a plan was developing to instruct others to conduct interviews through Institute Branches. Hence it was concluded all future interviews would be with a single person.

From the experience gained the following procedural points were adopted to assist the purpose of the interview to be achieved, and seen to be achieved to the satisfaction of both people involved:

1. Each interview to be face to face between an individual accountant and an interviewer.

2. Each interview to be written up by the interviewer as the interview progresses.
3. A copy of the interview notes to be given to the accountant interviewed.

4. Each interview to be for 1 hour, i.e. total expended time including note writing between 1 hour and 1 hour 15 minutes.

5. The interview format and introductory notes to be made available to the accountant in advance of the interview.

6. Strict confidentiality to be maintained.

7. Individuals or companies not to be identifiable in the published research papers, except by prior written agreement.

8. Individuals and companies to be listed as participants provided they have no objection. (Later deleted.)

9. No use to be made of any information disclosed in any way other than as a contribution to this specific research.

Among the accountants interviewed in the initial study, three were not Institute members. They were in the first instance included for completeness, to cover the range of accountants in Reed Building Products Ltd. One of the three was in a senior position and was a member of the Chartered Institute of Secretaries, another was a member of a chartered accountancy institute and was a relative newcomer operating as a management accountant, and the third was a student of the Institute in his early thirties who was General Manager of one of the businesses.

In considering the first two of these interviews subsequently, there were evident gaps due to lack of familiarity with the Institute examinations. However, they added to the variety of insight as also did the experience of the student. It was therefore decided that in the main project the balance of advantage lay with including in interviews all who were sufficiently interested in the
subject to participate. Any relative weighting deemed appropriate could be made when reviewing the total range of interviews achieved. The main thrust would still be Institute members with industrial and commercial experience.

The analysis from the initial study is incorporated with the main study in Chapter 4, with segregation where appropriate (Chapter 4, section 4.2).

The system adopted for analysis was twofold. Firstly, each questionnaire was numbered and main points were identified from each section and these were listed. This gave a manageable volume of material from which to analyse in any way deemed appropriate. Secondly, the papers were scrutinised again to pick up subsidiary points which had value and might otherwise be missed.

On the main project, the same system was applied and the "second reading" was also an opportunity to note any peculiarities or limitations that might appear to have arisen from the interviewer rather than those interviewed.

2.5 The Main Interview Project

The transition from the initial study to the main interview project took up the first few months of 1982. The results from the 16 initial interviews were analysed and the main points of interest were recorded (18) and presented verbally to the Institute Research and Technical Committee in March. The interview procedure was reported as sufficiently robust in the assessment of the researcher to confirm the previously tentative plan to involve "assistant researchers" in conducting interviews. The interview format was stabilised in the way described in the previous section, and used throughout the main project.

It was a major decision that for the main project interviews would be carried out by "assistant researchers" as well as by the researcher in person. To make this practical in a meaningful way it was planned that
each "assistant researcher" would first be interviewed in person by the researcher. This would constitute a series of valid personal interviews for the project, whatever quality of "assistant researcher" interviews was subsequently achieved. As noted earlier, this was also an opportunity to involve Institute Branches and through the Branches members who were active and hence knowledgeable in Institute affairs.

With active participation of the Branch Affairs Committee, involvement of Branches was launched at the 1982 Branch President's Conference held at the Institute headquarters in April. There was subsequent follow-up through the Institute's communications to Branches, and the text of the paper given at the Branch Presidents' Conference was published in Management Accounting July 1982 (19). (see Appendix 4)

This included a timetable for the project as follows:

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<tr>
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<tbody>
<tr>
<td>Oct</td>
<td>Project commenced</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oct-Dec</td>
<td>Pilot interviews</td>
<td>Analysis from pilot interviews</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jan</td>
<td></td>
<td>Forward planning completed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feb-Mar</td>
<td></td>
<td></td>
<td>Main project launched</td>
<td></td>
</tr>
<tr>
<td>Apr</td>
<td></td>
<td></td>
<td>Assistant researchers assembled and briefed</td>
<td></td>
</tr>
<tr>
<td>May-Sep</td>
<td></td>
<td></td>
<td>Main interview period</td>
<td></td>
</tr>
<tr>
<td>Oct-Dec</td>
<td></td>
<td></td>
<td>Initial analysis from questionnaire</td>
<td></td>
</tr>
<tr>
<td>Jan-Feb</td>
<td></td>
<td></td>
<td>Postal questionnaire</td>
<td></td>
</tr>
<tr>
<td>Mar</td>
<td></td>
<td></td>
<td>Initial analysis and assembly</td>
<td></td>
</tr>
<tr>
<td>Apr</td>
<td></td>
<td></td>
<td>Full Analysis and assembly of conclusions from questionnaire</td>
<td></td>
</tr>
<tr>
<td>May-Oct</td>
<td></td>
<td></td>
<td>Winter 1983 Finish and report back</td>
<td></td>
</tr>
<tr>
<td>Winter 1983</td>
<td></td>
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</table>

There was some flexibility allowed for in the arrangements. This was necessary. It took until November to generate activity in a considerable number of Branches and the main interview period extended to the end of February 1983.

There was assistance in the interviewing of assistant researchers and in conducting individual interviews by members of the R & T Committee, as
indicated in the table below. These R & T members and most assistant researchers were personally interviewed by the researcher. The main concern with delegated research was in the expression of opinions in the sections B to D of the interview format, since matters of fact in Section A were immediately verifiable by the accountant being interviewed. This concern was less with content (which again was there to be verified) than with omission which might be passed over and with emphasis which might be overlaid from the style of conduct of the interview. These hazards were noted as to be taken account of in the analysis stage. The view was also taken that assistant researchers would be accepted from Branches as in their consideration suitable people to conduct interviews, in other words there was no rejection from participation of any Branch nominees. By this means, Branch involvement was maximised. This was deemed desirable by the Chairmen of both R & T and Branch Affairs, in verbal discussions.

The view was again taken that any need for rejection or post-event confirmation of interview context could be undertaken at the analysis stage. In the event the problems encountered were small.

Thirty three branches participated in the project by nominating assistant researchers to undertake interviews. However, illness and change in employment took their toll. In the event total interviews were:

<table>
<thead>
<tr>
<th>Conducted By</th>
<th>Number of Branches</th>
<th>Number Interviewed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Researcher</td>
<td>28</td>
<td>51</td>
<td></td>
</tr>
<tr>
<td>R &amp; T Comm. Members</td>
<td>-</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Branch researchers</td>
<td>-</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>9</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>8</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>13</td>
<td>6</td>
<td>78</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>28</td>
<td></td>
<td>219</td>
</tr>
</tbody>
</table>
It will be recalled that while the main thrust of interviews was to involve knowledgeable members engaged in industry and commerce, interviews with others were acceptable. The breakdown of interviews to differentiate between "main thrust" and subsidiary was undertaken as part of the analysis of Section A, covered in Chapter 4. However, the pattern of interviews as it relates to the above table is given below. The interviews personally undertaken by the researcher were:

<table>
<thead>
<tr>
<th>Researchers interviews</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial study in Reed Building Products Ltd</td>
<td>16</td>
</tr>
<tr>
<td>Main project follow on Reed UK Limited</td>
<td>12</td>
</tr>
<tr>
<td>Interview of assistant researchers</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>51</td>
</tr>
</tbody>
</table>

The involvement of Branches was requested initially at the Branch Presidents Conference and this was followed up by Branch Affairs to all UK Branches (20). Potentially 50 Branches could have contributed but a considerable and varying proportion were known to take no part in research projects. (21) From experience of the time and trouble needed to undertake interviews, the request was made for each assistant researcher to undertake six interviews as their contribution to the project. Against this criteria the results were:

<table>
<thead>
<tr>
<th>Branches</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential Branches to participate</td>
<td>50</td>
</tr>
<tr>
<td>Interested Branches nominating a researcher</td>
<td>33</td>
</tr>
<tr>
<td>Assistant researchers conducting interviews</td>
<td>27</td>
</tr>
<tr>
<td>Toronto Branch contribution</td>
<td>1</td>
</tr>
</tbody>
</table>

The average number of interviews by those contributing almost equalled the six postulated, being 163 interviews by 28 assistant researchers.

The intention had been to research exclusively in Branches within the British Isles. However, arising from a personal visit by the researcher, the Toronto Branch expressed a wish to participate. They supplied seven interviews included above. As no significant feature indicated the need for different treatment, these interviews were treated equally with the others in the subsequent analysis.
Supplementary Developments

The initiative with Branches was launched in April 1982, but this only meant creating an awareness and for many Branches the subsequent action time was in the period September to November. Reviewing the response of 20 Branches at the end of October, thought was given as to how a complementary input might be obtained. This would need to be available by the February/March 1983 period to be utilised along with the historic data (Chapter 3) and the Stage 1 analysis, so as to provide a basis for Stage 2. Similarly February was chosen as a new cut-off date for interviews under the Stage 1 main project. Even with all Stage 1 analysis completed by the end of March, this would only leave 6 months in which to devise a questionnaire, distribute and receive responses, and incorporate in a full analysis, with complementary desk work.

The responses to interviews by end October suggested a number of central issues. However, there had been only a total of 48 interviews completed and due to uncertainty as to the number of further interviews it was decided to supplement the interviews with a new open-ended input. The new initiative taken was to create an essay competition. Essays would give writers the opportunity to develop a particular theme in a thoughtful manner, and could be expected to yield something with a better logical structure than the interviews. A quality of response was desirable, and a number of separate issues could usefully be addressed. Thus, arrangements were made to use the medium of "Management Accounting" for an essay competition with worthwhile cash prizes. This was published in the January 1983 issue (22), generally available to members just before Christmas 1982 and giving the opportunity for responses using the Christmas and New Year breaks. Twenty eight essays were received in response, and the subsequent relationship of the response to the Stage 1 analysis is included in Chapter 5. Details of the competition are given in Appendix 5. Suffice it to note that the main prize was for an essay on the future of the management accountant which incorporated a number of the points below, and a prize was also given for the best essay on each of the following subjects:

1. New styles of business management in the 1990s.
2. Changed roles for the management accountant in the 1990s.
3. Critical features of the automated business operation and its impact on the central company office.

4. What knowledge and experience will count for most in the 1990s for the management accountant and the manager.

5. How the management accountant's education and training should develop over this period.

Another aspect to the competition was its contribution to keeping these issues alive in the minds of members. Such effects were not quantifiable, but interviews were arranged by some assistant researchers up to mid-February 1983. The final total of interviews was 219 which was satisfactory in terms of expectations and made the precautionary step of arranging the essay competition to give further input largely unnecessary. The winning essays were all published in Management Accounting (23).

2.7 Stage 2 of the research plan

Drawing together the elements of Stage 1 from the main project interviews and supplementary essays, together with the findings from the historical features of the Institute, gave the foundation for Stage 2. In the earlier planning of the research, it had been provisionally intended (see Appendix 4) that a final postal questionnaire would be issued to those already interviewed. This was now modified in favour of a wider approach. Partly the views of those interviewed categorised clearly enough to say they were already well recorded, and there was also merit in seeking reactions to the views from other knowledgeable and interested members. By using the Institute Journal "Management Accounting" as a vehicle there was also an opportunity to members all over the world to join in the appraisal. Complementing this by a postal follow-up to all Institute Council and Committee Members together with members of the Joint Diploma Chapter (24) meant that an array of opinion leaders could be set alongside a general membership reaction in terms of response.

The assembly of the questionnaire from an analysis of the evidence collected in Stage 1, the method of its distribution, and the evaluation of
the responses forms the subject of Chapter 6; where it is best dealt with because of its dependence on the earlier work. Both the active (questionnaire) research and the desk research of this Stage 2 continued the probing as to the hopes and fears of change to be found among knowledgeable members, and as far as emerged in both stages that of a good sample of opinion leaders. In drawing up the analysis from Stage 1, the features from Institute history were bound to make possible an analysis of some of the established trends. Any trend analysis undertaken (Chapter 6) was viewed as a side issue compared with the main objective of drawing out the "hopes and fears" of change and drawing attention to possible step-like changes which in future could (relatively suddenly) affect the members and the Institute. The reasons for this approach were:

1) the limitations of trend analysis as demonstrated by the many misplaced investments (25) and the vicissitudes of economic pronouncements (26), and the need for the research to look five to ten years ahead

2) the increasing capability of the Institute staff with in-house computing facilities to undertake any trend analysis deemed necessary (27)

3) the evident importance of the Institute being robust in its capability to respond to major changes of the magnitude embraced by catastrophic theory (28).

By March 1983 analysis could commence on the main body of interview reports. From a first appraisal of the Stage 1 data, an article "Future Prospects for Management Accountants" was prepared. This appeared in Management Accounting June 1983 (29) along with a questionnaire titled Future Prospects. In July the same questionnaire was posted to Institute Council and Committee Members on a blue form (for identification) and to holders of the JDipMA qualification on a pink form.

It would thus be possible to see the number of replies from Management Accounting, and those resulting from the special reminders. The latter in effect formed a postal survey of selected members who might be deemed opinion leaders.
Replies received were:

<p>| | |</p>
<table>
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<tbody>
<tr>
<td>Management Accounting</td>
<td>254</td>
</tr>
<tr>
<td>Postal survey</td>
<td>151</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>405</strong></td>
</tr>
</tbody>
</table>

The proportion of opinion leaders that might be represented in the total response and the significance of sample size are also covered in Chapter 6.

The questionnaire was developed in the form of a follow-up to see the support for views on the future articulated in the interviews and expressed in the accompanying article.

One purpose of the questionnaire in addition to those already indicated was to see how widespread or otherwise was the interest in participating in creating new initiatives for the Institute, and to what extent members were content to wait to be led. The number of replies indicated the latter rather than the former.

A further purpose was to see among "activists" or opinion leaders what support there might be for different types of action, and on what grounds these actions were supported.

Six main questions were broken into a total of 24 items, each of which could be answered Yes, or No or Perhaps. A computer facility was available to aid the analysis. The assembly of the 24 items and selection of the six main questions is dealt with in Chapter 6, as the pattern of questions derived from the Stage I analysis. The six main questions were:

1. What competitive situation will face the management accountant in his career, and which professions will offer the most severe competition?

2. how can the Institute most effectively enable the management accountant to combat this competition?

3. might one response be to widen the acceptability of various types of experience?
4. might another response be to move to different examination requirements?

5. should the post-graduate career path concern the Institute in a positive way,

6. what is the expected business and social environment in which the management accountant will be competing?

It was anticipated that some of these six major questions would be answered in a clear and positive manner, but that there might be a more diffuse response to some and particularly in relation to the environment the management accountant would experience. This proved to be correct. The desk research for Stage 2 therefore focussed on behavioural change since in the end the environment is people driven, and previous work by the researcher was incorporated to deal with the related effects of technical progress. In this way a logical proposal for the likely environment in terms of future patterns of management was developed for incorporation alongside the analysis of the questionnaire responses, in a final section of Chapter 7.

2.8 Stage 3 of the research plan

In a final chapter (Chapter 8) the pattern of the research through Stages 1 and 2 was retraced, and the assembly of evidence reviewed. The conclusions as directly derived from the body of the research were stated. To fulfill the objectives of the research, one thing more now remained. This was to draw together the conclusions from the work and add the researcher's considered assessment as to appropriate actions for the Institute. In this way, the researcher's continued experience in Institute affairs throughout the project was brought into co-ordination with the research work itself. The specific proposals for education, training, and recruitment thus assembled were structured as a positive contribution to the debate which must be a part of the interactive process by which Institute decisions are finally formulated and actioned. Suggestions were made as to future research.
2.9 Chapter Summary

The need for the research was viewed as arising from the increasing complexity of the environment faced by an Institute whose previous actions had led to a high degree of success, and a world position in management accountancy. The complexity arose partly from the increasing rate of change in information technology and this particularly interested the researcher. The objectives were first set at the Institute Research and Technical Committee meeting which commissioned the research, and were further developed while an initial study was undertaken as part of Stage 1 of the research. Around the key objective of exploring how both the role and aspirations of the management accountant may develop and change, an open-ended problem situation was accepted and the objective set to include creating within the Institute an understanding of future risks and opportunities such as to contribute positively to policy on education, training and recruitment.

The research was to be completed in two years and to be a UK based study relating management accountants’ expectations with the part they were able to play in the decision making process (specifically in industry). The main tasks undertaken were to evaluate the past from a review of Institute history and by derivation from personal experience of the researcher, and to assemble an account of present work by members linked to the formulation by knowledgeable members of their views as to the future. The research was partitioned into three stages, with Stage 1 encompassing the main basic work of the research.

After an initial study using personal interviews and consideration of alternative procedures, the active research was extended on a structured interview basis. Institute Branches were invited to contribute and many appointed "assistant researchers" who after suitable initiation each undertook to carry out six interviews. This substantially extended the scope of the work, as finally 219 interviews were recorded, of which the researcher had personally conducted 51. These interviews recorded present experience with particular reference to decision making and their views on the future. The former was to demonstrate the latter as emanating from experience and in this sense authoritative. It was not a
form of sampling as to widely held views, but this was later undertaken in Stage 2 of the research. Much of the Chapter dealt with the details of the interview format and the rationale for the questions used. These were covered exhaustively in the Chapter and Appendices 2 and 3. There was a supplementary development in support of the evidence from the main project interviews. An essay competition was incorporated using the Institute journal "Management Accounting" and the resulting essays were reviewed alongside the analysis of the interviews.

Concurrently with the Stage 1 active research, the researcher progressed desk research into the history of the Institute. From the extensive material available a selection of features was made demonstrating the working out of the ideas inherent in its foundation and the changeover to later thinking, particularly in relation to key educational features.

The full assembly of evidence and conclusions from Stage 1 became the foundation for Stage 2 of the research. The active side of this stage in the research took the form of a questionnaire which was both published in "Management Accounting" and subsequently issued selectively by post. In addition to the opportunity the issue in "Management Accounting" gave to garner a response from members across the world, the postal issue was aimed to embrace a high proportion of Institute opinion leaders. Stage 2 of the research was postulated to be more concerned with the "hopes and fears" of relatively sudden (or step-wise) changes than in continued trends emanating from the past, since such catastrophic events would be the real test of the members' and Institute's capability to achieve continued future success.

With the environment factors being of such importance, certain prior work of the researcher indicative of the potential impact of information technology and desk research into behavioural considerations formed the remainder of Stage 2 of the research. Stage 3 was then a drawing together of the total evidence and conclusions into a cohesive whole. Specific suggestions as to suitable Institute actions were to be included for future debate in Chapter 8, with thought on what further research might be undertaken.
CHAPTER 2 REFERENCES

1. Institute of Cost and Management Accountants' Technical Symposium, Pembroke College, Oxford, 6-8 January 1981.


8. "Future relationships between management accountants and other members of the enterprise", ICMA Research and Technical Committee Minute 1356.2 of 25 September 1981.


Dart A.R., "Changed roles for the management accountant in the 1990s", page 16.


Harbord J., "How the management accountant's education and training should develop", page 19.

Thetford L., "What knowledge and experience will count for most in the 1990s", page 20.


CHAPTER 3

SELECTED FEATURES OF THE HISTORY OF THE INSTITUTE OF COST AND MANAGEMENT ACCOUNTANTS

Introduction

The previous chapter described the plan to explore the part played by management accountants in the making of major decisions by operating managers and directors in industry and commerce, specifically with reference to Institute members. While individual skills will have resulted in different roles being taken by various members, a common level of skill and knowledge will have resulted from the Institute education and experience requirements being fulfilled. In addition, the general perception of the Institute as such amongst those making the appointments of management accountants will have been a factor in the placement of members into various positions. Again, the previous chapter described the project objectives as exploring the future competitiveness of the management accountant for important posts, particularly in industry and commerce, with a view to inferring how the management accountants' role may change in future and the key training issues arising. Both the exploration into present roles relative to decision-making and the exploration as to future needs require a comprehension of management accountancy and the Institute. While it was possible this comprehension could be obtained by a study of recent events, it was realised that there might be important forces in the shaping of the Institute and of management accountancy practices which would be better explored by a more historical approach. There was no general history available of the Institute or of management accounting. It was therefore necessary to undertake a rather longer study than would otherwise have been appropriate, and draw together a comprehensive review.

This chapter therefore has been composed of selected features covering the history of the Institute from its inception in 1919. A variety of facts about its growth have been included so as to give a general comprehension of its development, but the main focus has been on the educational changes so as to illustrate most clearly the philosophy which developed and led to management accountancy under the definition now promulgated by the Institute. The Institute's major successes and failures of themselves have their respective messages of encouragement and caution for future action. However, the main
implication for the future must be the capability and variety of members (being themselves the essence of the Institute), and members are a product of the admission requirements as against the perceived benefits of membership to potential students. Hence, as indicated above, the philosophy implicit in the changing education and experience requirements form the main historical theme.

The development of an adequate basis of facts for the two purposes of firstly comprehending the development of the Institute, and secondly showing its membership philosophy in education and training experience, required a stage-by-stage examination of the history. As a result, the product became a rational but somewhat arbitrary division of the features selected into sections. This chapter consequently consists of five Sections, and each of the first four is fronted with a short Synopsis giving an indication of content as well as being completed with a brief summary of key features. A final Section draws together the subject matter of the whole Chapter in a comprehensive summary.

Section A starts with observations on the subject of institutions as a means of professional collaboration between individuals, as a prelude to covering the formation of the Institute and its first twenty-seven years of existence. By covering this twenty-seven years, the period between the 1914-18 war and the conflict of 1939-46 is encompassed, along with the unusual circumstances of the latter.

Section B takes a final look at this same twenty-seven years 1919-46 in terms of growth of membership and the changing environment for the Institute, and carries these membership and environment aspects on through the next twenty-four years to 1970. This lessens the division which would otherwise appear by structuring the periods in totally separate sections, and emphasises the continuity of the Institute's progress.

Section C then covers other aspects of 1946-1970 which was a period of high sustained growth and increasing collaboration with other accountancy bodies up to 1970 when prolonged efforts to unify the accountancy profession in the United Kingdom and Ireland ended in failure. This was the end of an era for the Institute, hence the remaining period 1970 to 1982 and observations on the present day form the content of Section D. Finally, Section E summarises key events and conclusions from these selected features of Institute history.
CHAPTER 3

SECTION A FORMATION OF THE INSTITUTE AND PROGRESS MADE 1919-1946

Synopsis

A few dedicated men broke conventional UK ideas on professional boundaries. They sought to establish a new profession, with a new institute. This arose from a belief that cost data usually collected for product pricing and the preparation of financial statements could be combined with industry-specific technical knowledge to improve operating practices, i.e. to create greater efficiency by changing established technical, organisational and administrative methods with new ideas generated through cost awareness. Within twenty-five years, the new profession was firmly established with a strong Institute and a substantial technical base.

3.1 The place of Institutions in society

Well before the formation of the Institute a tradition of professions developing through an accepted style of organisation had become well established. General points about such institutions were as outlined below.

3.1.1 Institutions

Credibility for any institution rested fundamentally on the interplay of its perceived usefulness to the community and its practical usefulness to its members. The test of success was the continuation of a sufficient number of members, and a high-enough subscription being received from its members to give financial viability. Society imposed no other constraints on legally constituted bodies.

Consequently, there were a large variety of activities developed under such designations as institution, society or association. Among those which were concerned with science, the arts or education some were primarily formed to promote progress in the community. Of such were:
The Royal Society: founded 1660..... promotion of science.

The Royal Society of Arts: founded 1754..... promotion of education.

As indicated by their titles, these societies operated under Royal Charter. For newer bodies the granting of a royal charter was a much sought-after mark of distinction, denoting an enviable level of acceptance in the social structure of the UK.

Perhaps more far reaching was the formation of bodies reflecting the scientific progress of industry and commerce by specific professions. Typical among these were:

The Institution of Civil Engineers: founded 1818

The Institution of Mechanical Engineers: founded 1847

The Institute of Chartered Accountants of Scotland: founded 1854

The Institute of Chartered Accountants in England and Wales: founded 1880.

The Institute of Chartered Secretaries and Administrators: founded 1891.

As technology advanced a breakdown into further institutions progressed, with each new institution endeavouring to achieve the criteria and repeat the success of its predecessors. Institutions represented an organic growth within established society. They were part of a continually shifting scene of associations of all kinds, a part of society's response to change in commerce and technology. Engineering demonstrated this progressively, for example:

The Institution of Gas Engineers: founded 1863

The Institution of Electrical Engineers: founded 1871
The Institution of Chemical Engineers: founded 1922
and today there are some 50 engineering institutions.

By 1919, for progressive managements, engineers and some accountants the creation of the Institute of Cost and Works Accountants was an "expected" event, and the path it was required to climb to achieve success was well recognised and much trodden.

The route for the less successful was also well understood with absorption into an existing growing body the honourable exit, as well as often contributing to the rationalisation of the services made available by the profession. Examples in accountancy were the absorption by the Institute of Chartered Secretaries and Administrators of the Corporation of Secretaries (founded 1922) which took place in 1970, the Institute of Chartered Accountants in England and Wales absorbing the Society of Incorporated Accountants (1883) in 1957, and the formation of the Society of Company and Commercial Accountants in 1974 by amalgamation of The Institute of Company Accountants (1929), The Incorporated Association of Cost and Industrial Accountants (1936) and the Society of Commercial Accountants (1942), which then in 1980 absorbed the British Association of Accountants and Auditors.

3.1.2 Professional Institutions

In general a professional institution was looked upon as an endeavour to rationalise an identified degree of purpose among a group possessing marketable skills so as to:

(a) increase the benefits to members of the group derived from those skills and

(b) increase the perceived value of those skills to the community in which the members resided, for the general good.

These two objects were both usually present on the formation of an institution, but one or other might be dominant in the attitudes of
the founders. After becoming well established, a new balance could arise. For example, the Institute itself in 1919 emphasised the former (1), while the Institute Royal Charter (2) in 1975 gave prominence to the latter.

Setting a standard as to the skill denoted by membership was the hallmark of professionalism among institutions. Without dilating upon its merits, limitations and effects, the marketing plan was generally the creation and retention of a privileged or if practicable a monopolistic position, for as wide a range of skill-based activities as possible. The proposition was that the market success achieved be held for members by merit. The corollary was usually that entry to membership be regulated by examination allied to experience.

In some circumstances further constraints such as articleship to practising members were adopted successfully, i.e. without serious challenge to the potentially monopolistic element. This was a characteristic of the major accountancy bodies established in the nineteenth century (e.g. The Institute of Chartered Accountants in England and Wales (3)).

The general structure for institutions relative to the market place therefore became:
To successfully follow this cycle of events required firstly that there should be a good standard of performance by established members, and that such performance became publicly known and approved. Matching established levels of professional integrity and ethical conduct was consequently of major importance, and a system of articled training was adopted by various institutions as one element in achieving that situation on a continuous basis. Quality as well as quantity was an essential aspect of student recruitment, and keys to the future of an institute lay in its ability to firstly train to specific requirements and secondly, to educate via the setting of examinations. These requirements then produced successful students who could be reviewed for admission to membership. Grades of membership were frequently established according to perceived achievement such as extended experience, but the fundamental step was the setting of admission requirements through a defined route of education and training. In summary, specific apprenticeship and examinations were coupled with the reputation derived from the positions of professional importance held by members. The much sought after seal of general approval for the endeavours by an institute was the receipt of a royal charter.

In terms of requiring the use of institutional resources and giving the surest indication of merit, the dominating aspect was education and examinations set by the institute.

3.1.3 Education was the activity which most demanded effective planning. Little change could be initiated and made effective in an examination in under three years, and its impact on membership performance would take much longer. Educational philosophy has been chosen as the central theme in studying historic features of the Institute of Cost and Management Accountants. (the Institute: initially the Institute of Cost and Work Accountants.) This was for the above reasons in general, and was also for the particular reason that the Institute always depended on examinations as its most rigid requirement for membership. Training requirements, such as were mandatory with major established accountancy institutions and were based upon work in professional offices under the
direction of members (4), were never central to the Institute's development. From the beginning the emphasis by the Institute was on experience rather than training, which allowed variety in the individual approach to membership (5). In particular, training schemes of the major institutes required commitment in advance by students to a specific finite period of progressive practical work under supervision while studying for examinations and possibly for a period following success in the examination, while the acceptance by the Institute of experience per se encouraged mature students with a variety of experience to qualify by taking the examinations at a later age, and submitting post the event, their experience for acceptance against membership requirements.

The particular relationship developed by the Institute between examinations and experience was to be an important characteristic right up to the present day, and has been dealt with in these historic features by using examination changes as a central theme.

3.2 Creation and consolidation periods for the Institute

In the 19th century accountants had been well content to be concerned with the monetary records of business by double entry book-keeping so that:

(a) periodic profit and loss accounts could be prepared to show the continuous viability of the activity of the business and

(b) end of period balance sheets stating assets and liabilities could be prepared showing the state of the business at that point in time.

The professional office of accountants in partnership often prepared the accounts for organisations from basic records, as well as conducting an audit in accordance with statutory requirements. They also advised on tax and proposed any necessary documentation. Particularly with the creation of joint stock companies and limited liability, the whole accounting operation was geared towards statutory and financial ends, and away from the operational management of resources in the business (6A).
In the early twentieth century that focus of accounting activity continued, although UK industry and commerce were faced with new competition and then the challenge of the 1914-18 Great War. Thus it was that engineers and managers in industry were more concerned about using cost records for operational business understanding than most accountants. The impact that could be achieved by more rigorous attention to costs became in wartime a matter of national concern. For example, the Committee of Public Accounts stated in a report in 1916 that by instituting a system of actual costing the Ministry of Munitions had been able to secure substantial reductions in prices compared with those paid in the early stages of the war, notwithstanding the increased cost of labour and materials (6).

The new opportunities for accountants at the time of the 1914-18 Great War were summarised by Stacey (7).

"Only three years before the war, during the second reading of the amended Professional Accountants Bill, the Earl of Chichester recited, 'What are the duties that accountants are called upon to perform? I think the most important are these: (1) Auditors of Public Companies; (2) Trustees in bankruptcy, and (3) Liquidators of insolvent companies.'* Yet only seven years later the horizon widened to a degree previously undreamed. Enriching almost suddenly the accountants' world was the discovery of the importance of costing, a branch of accounting knowledge formerly inadequately explored and exploited. Wartime experience brought out in full the potentialities of costing, to control expenditure, to eliminate waste and, what was formerly but an inexact attempt, to precisely ascertain profits. This wartime revelation, of being able to exert the fullest control over the affairs of business with the aid of costing was bound to have important repercussions in industry, trade and commerce."

* Hansard, House of Lords, March 27th, 1911.

The problem was to spread costing knowledge and its practical use in the UK, for in other countries, particularly in the USA, more effective progress was being made (8).
In industry, there was a buildup of interest in forming an institute or association such that by 1918 various meetings were held in an exploratory way.

3.2.1 The Beginning

Resulting from a meeting of minds between industrialists, engineers and some dedicated accountants a new venture was created. Thus, The Institute of Cost and Works Accountants was incorporated as a Limited Company on 8th March 1919. There was opposition from established accountancy bodies but much support from prominent industrialists (9).

There were immediate differences among the founders as to how the Institute should be developed. In particular, whether it should be a professional body or a forum for all interested in costing. Despite the perceived greater financial viability of the latter, the former was chosen (10).

Hence, the first objects set down in 1919 were (11):

(a) To provide an organisation for cost accountants, works accountants, estimating and cost clerks, and others engaged in occupations requiring a mathematical and technical knowledge of industry in all its branches, embracing in such knowledge the costs of production, manufacture or sale of all articles produced, manufactured, or sold, in order to secure for them a definite professional status by means of a system of examinations and the issue of certificates of competency.

(b) To promote and protect the mutual interests of members of the Institute and as far as possible, to assist them to obtain adequate remuneration for their services.

In establishing membership by examination, two classes of membership were formed:
Fellows

To qualify for fellowship, one had to pass the final examination, hold a chief accountant (works or factory) position for at least three years, and be a fit and proper person aged 25 years or over.

Associates

To qualify as an associate, one had to pass the intermediate examination, have satisfactory general experience in cost accountancy, and be a fit and proper person aged 21 years or over.

As was usual in newly formed institutions, the Council had wide discretionary powers to admit appropriate persons to membership by less onerous routes. (Generally seniority or length of experience giving exemption from the examinations.) The entrance fees were fixed at three guineas and two guineas for Fellows and Associates respectively, with annual subscriptions of two guineas and one guinea. Those who wished to be trained as cost accountants could become student members by paying an annual subscription of half-a-guinea. By the inaugural meeting on December 11, 1919 a membership of about 100 had been reached. Lord Leverhulme had consented to become the first president and a number of prominent industrialists had agreed to become vice-presidents. They included Sir Robert Hadfield FRS, a distinguished scientist; Sir Charles Wright Macara, chairman of the Manchester Cotton Spinners Association; Sir Herbert Austin MP, the motor manufacturer; Sir Gerard Muntz the engineer; Mr W Howard Hazell, chairman of the Federation of Master Printers Costing Committee. The Institute Council of Members was led by a chairman and included an Hon Treasurer and an Hon Secretary, supported by a paid Institute Secretary.

The unification of accountants, managers and engineers in the Institute was further evident in the rapid formation of branches (district societies) between 1919 and 1922 around firms and industries aware of their need for scientific costing. The first
district society was formed in Birmingham. Mr William Hudspith of the Muntz Metal Company was the honorary secretary. By early 1920 negotiations were going on for other branches at Glasgow and Sheffield. Sheffield and Bristol soon had branches and at Glasgow a new branch subsequently became the Scottish branch to take in a much wider area. A sub-branch of Manchester formed at Liverpool soon became a branch in its own right. Among the developments in 1921 was the formation of a London branch to bring London members into closer association. In the same year a branch was started at Leeds. To cater specially for members in the shipbuilding and allied industries, a North-East cost and district branch was inaugurated in 1922 at Newcastle-upon-Tyne. Hence, there was a catchment from which to draw students who would be encouraged by their industrial seniors and employers.

3.2.2 Education

As already premised, the major characteristics of the Institute were evident in its examinations. From the beginning these examinations demanded that students were familiar with two different disciplines (12). A substantial part of the examinations required an understanding of "Costing" in depth within a simple framework of accounting principles. A further part of the examinations required "Workshop Knowledge" and an understanding of "General Business Methods" such as would have been deemed appropriate to engineers (see Appendix 5).

The general structure developed between 1920 and 1924 was retained until the 1930s. In 1921 one main modification resulted from Council deliberations, which was the addition of Law as a subject in the finals. (A Council resolution declared that the Final Examination should include questions on legislation dealing with insurance, factories, employers' liability, workmen's compensation, income tax, public utilities, and transport, in order to test the
candidate's knowledge of such of the Acts as related to the workshop practice of the industry in which they were interested). Thus the syllabus that came into operation in 1924 was under the following subject headings.

**Preliminary Examination**

- Mathematics
- Elementary Mechanics
- Modern Language
- English Essay
- Book-keeping

**Intermediate Part I**

- Mathematics
- Costing
- Economics
- 1. Labour
- Book-Keeping
- 2. Materials
- General Business Methods
- 3. General Expense
- Workshop Knowledge
- 4. Methods

**Intermediate Part II**

- Costing

**Final Examination**

- Mathematics
- 1. General Arrangements
- Workshop Knowledge
- 2. General Expenses
- Law Subjects
- 3. General Principles

Three concerns ran through these early examination requirements. Firstly, that the practical application of knowledge was the paramount skill required, not just the assimilation of knowledge. This was well illustrated by the many examination questions phrased "for an industry with which you are acquainted" or "state
the industry", etc. Secondly, that "costing" was a profession in its own right requiring adequate practical skill and experience (13).
Thirdly, that the above should have been grafted on to a reasonable basis of literacy and numeracy, as demonstrated by the Preliminary Examination.

Accounting in the corporate sense for statutory and financial purposes did not appear in the subject requirements at any stage of the examinations. The accounting was completely specialised as to cost accounting, being essentially:

- the classification of expenses
- the allocation and apportionment of expenses to departments
- and absorption of expenses into the costs of products.

During the 1920s, there was ample evidence of a national need for education and training in "costing" as set out by the Institute. The Government Committee on Industry and Trade (the Balfour Committee, formed July 1924) in its final report in March 1929 stated on "Business costing systems" (14):

"In the course of our inquiry into the costs of production and distribution we met with great difficulties in obtaining the necessary data in comparable form, on account of the lack of consistent and scientific practice among many firms in respect of costing accounts."

"A striking feature of the reports of the committees under the Profiteering Acts was the frequency of reference to the unsatisfactory organisation of businesses in respect of their costing systems. The evidence we have received shows that, although the position is undoubtedly improving, it is by no means satisfactory, even in some of our largest and most important industries. The costing systems of some firms no doubt leave nothing to be desired; But in other cases there appears to be inadequate knowledge of
costs, due as one of our witnesses said, "to indifference, or more often to ignorance, of scientific methods of costing, which are generally looked upon at best as a necessary evil." Further, there is little uniformity of principle throughout the costing systems within a given industry."

There was no specific reference to or acknowledgement of the Institute in either this final report, or in that of 1927 covering "Factors in Industrial and Commercial Efficiency" (15) despite evidence being given.

However, the impact of its consistent professional standards was destined to be well acknowledged before the Institute recorded its first twenty five years.

3.2.3 Success

The pressure of events throughout the 1920s was for the Institute and its members to concentrate on that which they knew best, for after a short post-war boom the country from 1923 onwards was constantly in a state of severe economic difficulty. However, these formative years were for the Institute years of success as briefly reviewed below:

1. Finance

Maintaining a high standard by examination and practical experience requirements from new members, rather than creating easier entry to increase subscription receipts, was carried to the brink of practicality. In November 1920 the balance in hand was £2.3.0 (two pounds three shillings and no pence) and two bank overdrafts had to be obtained in the following 12 months (16). Entrance fees were raised to four guineas for Fellows and three guineas for Associates, and annual subscriptions to three guineas and two guineas respectively, but still there was a heavy adverse balance at
the end of 1921. In 1922 expenditure exceeded income by £170. The Secretary was empowered to approach universities and other bodies to make known to them the aims and objects of the Institute, but by 1924 the financial difficulties had become still greater. Once again entrance fees for Fellows and Associates were raised by one guinea, and for students by half-a-guinea. The growing number of branches, though welcome in many ways, created new financial worries and a considerable number of annual subscriptions fell into arrears. The Council agreed in November 1924 (17) that the time had arrived when the President, the vice-Presidents, and Honorary Members should be approached for assistance on the grounds that the work of the Institute largely benefited employers and was being hampered by lack of funds. The deficit for the year was found to be over £650. The following year 1926, entrance fees and subscriptions were raised again and almost £600 was subscribed to a loan fund through a five year note issue.

But the worst was over. As the result of increasing membership and careful administration the financial position steadily improved until at the 1927 annual meeting the Chairman was able to report a "highly satisfactory" state of affairs (18). On February 1, 1928 the whole of the liability outstanding on the successful Five Year Note issue was liquidated - three years earlier than had been anticipated. Reserves were gradually built up and plans for the future were no longer hampered by financial crises.

2. Organisation

The Institute President from inception until his death in 1925 was the first Lord Leverhulme. Another prominent industrialist and a Vice-President of the Institute Mr N Howard Hazell JP, chairman of Hazell, Watson and Viney (Master Printers) was then President until 1929.
From 1924 the Council was established with a maximum of 24 members. These were 14 elected by geographic areas and ten co-opted with one-third retiring each year. From Council there was appointed an Executive consisting of the Officers and Chairman of Standing Committees.

There were frequent changes in the post of Institute Secretary until the appointment in June 1925 of Mr Stanley J D Berger, who served as Secretary and Director until 1958.

The service given by Mr Berger to the Institute over 33 years was of inestimable value to its members, and was a major factor in the achievements of the Institute (19).

3. Journal

Both for publicising events and to spread technical knowledge a journal was highly desirable. In 1920, to provide a forum on a limited budget pages for Institute news were taken in a monthly called Works Management. This proved unsatisfactory so members were invited to subscribe 18s. a year to make an official journal possible. After £100 had been subscribed, the first issue of The Cost Accountant made its appearance in June 1921 with a foreword by Lord Leverhulme (20). The journal proved its worth not only to Institute members, but as a means of stimulating interest in costing. Support was so good that after only one year the subscription was cut to 12s. a year for members and 9s. for students! In 1929 it became possible to issue the journal free to all members.

4. Branches and Technical Events

Annual cost conferences were started in London in 1922. In opening the first conference the Rt Hon Lord Weir of Eastwood emphasising the need for greater efficiency in industry said (21) "In this campaign of revision of method,
every problem for its intelligent solution is associated directly with the work of your profession". In 1926 the annual cost conference moved from London to Manchester at the invitation of the local Branch, as the National Cost Conference, and it then alternated between London and the Provinces. The general pattern was two days of conference with some technical papers, and an annual dinner to which notable people were invited. There was no break in these events until war broke out in 1939.

By 1926 numbers were substantial and then progressively increased.

<table>
<thead>
<tr>
<th>Year</th>
<th>Fellows</th>
<th>Associates</th>
<th>Total Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>1926</td>
<td>265</td>
<td>392</td>
<td>657</td>
</tr>
<tr>
<td>1928</td>
<td>276</td>
<td>448</td>
<td>724</td>
</tr>
<tr>
<td>1931</td>
<td>259</td>
<td>571</td>
<td>830</td>
</tr>
</tbody>
</table>

The increasing strength of the Institute made possible a move towards stricter examination requirements. In 1927 Council determined that from January 1928 instead of associateship being available to those passing the Intermediate Examination, all students would be required to pass both Intermediate and Final before admission to membership by examination (22). A step emphasising the importance placed upon the encouragement of students was the introduction of funds in 1929 for the provision of student prizes.

3.2.4 Consolidation

Meanwhile a study of the overall examinations had determined the general appropriateness of the structure adopted in 1924. Some changes were however deemed necessary and new examinations were introduced in 1930 which were to stand until 1951. The subject changes made were:
Preliminary Examination


(2) Confirmation of Mathematics and English as central (compulsory) subjects.

(3) A wider choice of general subjects, briefly requiring three from:

- Geography
- English History
- English Literature
- Elementary Mechanics
- Inorganic Chemistry
- Magnetism and Electricity
- Elementary Latin
- A Modern European Language

and one of the three to be from the central column.

This reinforced the 1924 concept of the Preliminary as signalling an acceptable level of literacy and numeracy as a base for further study.

Intermediate Examination: Part I

(1) General Commercial Knowledge and Office Organisation replaced General Business Methods.

(2) Book-keeping and Accounts replaced Book-keeping.

Both the above changes would appear from the detailed syllabus to have been an updating of the subjects rather than any very material change.

Intermediate Examination: Part II

(1) As an additional subject,

Factory Organisation, Equipment and Production Methods

The syllabus covered such aspects as factory heating, methods of driving machinery and layout, as well as such
numerate subjects as rate-setting. Most items were repeated in a similarly titled paper in the Final Examination.

(2) The Costing papers remained essentially unchanged.

Final Examination

(1) Factory Organisation, Equipment and Production Methods replaced Workshop Knowledge.

As well as the subjects from the similarly titled paper in the Intermediate Examination, such items were included as:

Factory management and industrial administration: Organisation of staff: Duties of managers, foremen etc; and Welfare and Industrial Psychology.

Both papers had as an item:

Routine and technical details of various classes of manufacture.

There was an accompanying note for this item stating:

Questions will be broadly drawn in order that answers may be illustrated from the particular trade with which the candidate is connected.

(2) Advanced Accounting

was introduced as a subject, and Mathematics was deleted.

This new subject covered the "Theory and practice of accounting in relation to industrial undertakings and Power and Transport undertakings controlled by Statutes."

(3) The Law paper was made more specific, becoming: The Law of Master and Servant and restricted to the appropriate Acts.
The Costing papers remained essentially as before. In the part on General Principles, the final words still have a familiar ring, and were:

"Influence of efficient costing on the general policy of a business: Arrangements required for supplying the management with the information necessary for guiding policy."

So it was, that the setting of the new 1930 examinations confirmed the soundness with which the foundations had been laid in the early years of creation of the Institute. They continued the initial emphasis on a "new profession" combining practical knowledge of industrial processes with accounting ability, and capable of taking a major part in the task of improving the cost efficiency and effectiveness of industry. A period of progressive consolidation with steadily wider acceptance was therefore possible. With the struggling economy of the 30s and the impact of the world war 1939 to 1945 this period of progressive consolidation was in the event to last until 1945, when a new period of Institute change was underway.

Referring back to the period 1919 to 1945, Mr Roland Dunkerley JP FCMA, Institute honorary secretary 1921, Institute President 1933/34 and first Institute gold medallist 1955 presented at the eighteenth National Cost Conference in 1946 a paper "A Historical Review of the Institute and the Profession" (23). The quotation below gave recognition to the central importance of educational developments:

"The basis on which the Institute's growth has been made has been one of quality rather than quantity of members. The principle of entrance by examination was established right at the beginning of the Institute's formation, and although in its early years a limited number of men holding responsible positions as Cost and Works Accountants were admitted to membership without examination, this privilege was carefully guarded against exploitation, and entry to Associateship without examination has not in any circumstances been allowed since 1932, nor to Fellowship since 1934."
"Throughout the years the very high level of the Institute's examinations has been maintained. The standard of examinations really forms the keystone to the Institute edifice."

3.2.5 Progress under difficulties

With the commencement of war in 1939 the Institute put emergency plans into operation. The Institute Secretary, Mr Berger, became director with extensive powers; aided by a war-time executive of president, immediate past president, honorary treasurer and Mr Dunkerley. Mr Berger moved to a house in Kingswood, Surrey, which had been acquired by the Institute. As war conditions made it necessary all Institute headquarters' activities moved there progressively, and there remained until May 1945. The Institute succeeded in holding the Intermediate and Final examinations throughout the war period, although the Preliminary was discontinued. There was a good level of candidates (see Section B) and membership continued to grow. All opportunities were taken to promote interest in the Institute and arrangements were successfully concluded for students in the armed forces and in prisoner of war camps.

Inevitably, under a war situation the Government set up cost controls and in due course a one hundred percent Excess Profits Tax was introduced. Hence, as in the previous conflict of 1914-1918, the assessment of costs was a national concern. As Dunkerley observed (24), there was in industry itself: "a waning of interest in the efficiency factor, and there was a tendency for business to be developed regardless of cost. An element of devil-may-care became rampant and costing once more reverted mainly to a system of price fixing". National interest in costs and the continuing contact the Institute maintained with government departments on all pertinent matters was a prelude to the tremendous progress made by the Institute in the next decade.
3.2.6 Section A Summary of key features

Two features emanating from the foundation of the Institute were to determine its future in almost every way. The first was the very marrow of its existence in the shape of the "new profession" formed by bringing together cost knowledge usually ascribed to accountants, and technical knowledge of various industries as usually ascribed to engineers. The second was the aim to be of full professional status, looking at the established accountancy bodies as representing the necessary goal of equivalence.

The latter was a matter of choice. Thus, at the beginning the alternative of a more general association of those interested in costing was eschewed. In the 1920s, financial stringency was carried to the limit rather than admit potential members without the requisite knowledge and experience. Again, in the 1930s the valuable presence of major industrialists and others as vice-presidents was terminated by no more such honorary appointments being made, so that by 1939 the Institute consisted entirely of those qualified professionally according to the regulations of the Institute.

The former was the rationale of the Institute and had three significant aspects. Firstly, the purpose of bringing together knowledge from different disciplines was to create change. The aim was the combined one of cost reduction and cost control. It was this which interested the more forward-looking industrialists who supported the Institute, and it was this that stimulated national and government interest in each of the war periods. Thus from its beginnings, the Institute was concerned primarily with efficiency and this was its link with the growing movement towards scientific management of ever larger organisations. Put another way and as the second aspect, the Institute was concerned that its members should acquire skill in looking forward as to what might be done in the future by combining knowledge from different disciplines. Skill in synthesis was central to its purpose.
Thirdly, the Cost Accountant was dependant upon co-operation from engineers and managers for any change to take place as a result of work done. Success demanded a team environment. In the very nature of its formation the Institute was crossing boundaries of knowledge in a way which was later to become an established way of achieving progress - the creation of multi-discipline teams.

The examinations demonstrated the belief that the strength of the contributions to be made by members stemmed from a grasp of costing techniques and their application (as distinct from a wide accountancy knowledge), and a grasp of technical information such as to participate and communicate with engineers and managers (as distinct from any depth of technical knowledge). However, specific knowledge relating to the environment in which to exercise the central subject of proficiency in the skill of engendering efficiency through the synthesis of costing and technical information was seen to have a place at an early stage. Thus, the Institute Council added Law to the subjects of the Final examination in 1924. While there were no formal training schemes recorded by the Institute in this period, the strong participation of prominent industrialists and the linking of new branches with particular organisations indicates an atmosphere of strong management interest aiding the needs for experience among potential Institute members.
CHAPTER 3

SECTION B  MEMBERSHIP GROWTH UNDER CHANGING CIRCUMSTANCES THROUGH THE FIRST AND SECOND TWENTY FIVE YEARS; 1919 - 1970

Synopsis

The subjects of this section are membership and costing developments, and were deemed an appropriate bridge to bring together consideration of the periods 1919-1945 and 1945-1970. Under all economic conditions the Institute prospered.

3.3 Success

Success for the Institute was demonstrated firstly in the increase in the number of members, and secondly by the development and spreading of cost technology under the various prevailing economic conditions. Each is briefly reviewed below from 1919-1970: for the period 1919-1945 to complete the consideration of those years of formation and progressive consolidation, and for the development years 1945-1970 as a prelude to a more detailed consideration.

3.3.1 Membership

The first Institute Year Book published for 1923 contained full lists of members giving their membership in other institutions as well as location, job title and employment. The tenor of the Institute, as being a new profession which was accountancy based but which embraced other disciplines to contain a technical comprehension of industry, was evident both in these lists and in the listing of the Institute Council.

Engineers and statisticians as well as accountants belonging to other professional bodies were members of the Institute Council, but perhaps the most significant feature was the number of council members in 1923 for whom the Institute was their only professional body. (For Council details see Appendix 6)
This was reflected in the overall membership:

<table>
<thead>
<tr>
<th></th>
<th>Total number</th>
<th>Fellows</th>
<th>Associates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>225</td>
<td>298</td>
</tr>
<tr>
<td>With another qualification</td>
<td>69</td>
<td></td>
<td>35</td>
</tr>
<tr>
<td>Institute only professional body</td>
<td>156</td>
<td></td>
<td>263</td>
</tr>
</tbody>
</table>

In terms of entry to professional status it was indeed a new profession. Faith at the time that there was a sound technical base for the profession was to be vindicated.

No information was found as to the number of students in 1923, but various references indicate that during the 1920s:

(a) the examinations were being taken by "many" not employed in cost or works accounting or expecting so to be, and

(b) there were low pass rates.

Dunkerley (24) gives for 1926:

Students 489  
Examination Candidates 146

Referring to (a) above possibly there was a considerable interest in the subject among public accountants and in other professional offices; but in such work the experience criteria would never be met.

Among the members in 1923 who had other professional qualifications many were members of the Chartered Institute of Secretaries (CIS):

<table>
<thead>
<tr>
<th></th>
<th>Total with another qualification</th>
<th>Fellows</th>
<th>Associates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CIS qualification Other qualifications</td>
<td>69</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>CIS qualification Other qualifications</td>
<td>34</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>CIS qualification Other qualifications</td>
<td>35</td>
<td>11</td>
</tr>
</tbody>
</table>
Another feature of the membership was its spread across the UK generally, illustrating the early importance of Branches. There was also a beginning to overseas membership, particularly through members with British organisations working abroad, as shown in the following table.

<table>
<thead>
<tr>
<th></th>
<th>Fellows</th>
<th>Associates</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>London</td>
<td>57</td>
<td>65</td>
<td>122</td>
</tr>
<tr>
<td>Provincial England &amp; Wales</td>
<td>139</td>
<td>189</td>
<td>328</td>
</tr>
<tr>
<td>Scotland</td>
<td>18</td>
<td>28</td>
<td>46</td>
</tr>
<tr>
<td>Ireland</td>
<td>4</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Africa</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>India</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Australia</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>N. &amp; S. America</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>TOTAL March 1923</td>
<td>225</td>
<td>298</td>
<td>523</td>
</tr>
</tbody>
</table>

Thus the number registered as outside the UK and Ireland was 17. This was to remain a modest figure for some time, being 56 in 1928 and 67 in December 1931. The table above, and the numbers as broken down which follow, were obtained by counting through Institute year Books.

Between 1923 and 1931 total Institute membership grew progressively, and became sufficient to give financial stability. However, the number of Fellows remained rather static.

<table>
<thead>
<tr>
<th></th>
<th>Fellows</th>
<th>Associates</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1923 March</td>
<td>225</td>
<td>298</td>
<td>523</td>
</tr>
<tr>
<td>1928 March</td>
<td>276</td>
<td>448</td>
<td>724</td>
</tr>
<tr>
<td>1931 Dec.</td>
<td>282</td>
<td>548</td>
<td>830</td>
</tr>
</tbody>
</table>

These years had been difficult ones for the UK economy as is briefly discussed later under "Technical and Economic Development". Through the slow economic recovery of the 1930s and the war period following, membership growth continued progressively.
The increasing acceptability of the membership qualification and the perceived appropriateness of the examinations (structured primarily in the 1920s) was shown by the increasing number of students.

There was thus the foundation for a substantial growth in membership, and Institute financial ability to fund further development.

* Examinations restricted due to war conditions
Between 1931 and 1971 membership numbers rose by just short of a doubling every ten years. In the same 40 years overseas membership rose from 8 per cent to 16.5 per cent of the total.

The "registered student" and "examination candidate" figures were subject to such influences as changes in the number of stages of examination and for comparative purposes there was less validity than when reviewing membership numbers. However, they demonstrated:

(a) a healthy relationship to the number of members

(b) Student numbers were not seriously dented when more searching examinations were introduced in 1952 and 1966.

3.3.2 Technical and Economic Aspects 1919 to 1970

The membership development by the Institute between 1919 and 1970 was achieved in a relatively stable population environment. (25)

<table>
<thead>
<tr>
<th></th>
<th>UK Population</th>
<th>% Urban</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions</td>
<td></td>
</tr>
<tr>
<td>1920</td>
<td>43.7</td>
<td>77.0</td>
</tr>
<tr>
<td>1970</td>
<td>55.7</td>
<td>80.7</td>
</tr>
</tbody>
</table>

Urbanisation had already occurred in the UK in 1920 by virtue of being "first" in the industrial revolution, and the population growth of 12m was low compared to Europe (excluding USSR); rising 137.6m from 324.8m in 1920 to 462.4m in 1970. However, the UK maintained a substantial level of emigration and this may have assisted the growth the Institute achieved overseas.

The change in tempo after the second world war 1939-45 was substantial in terms of gross domestic product (GDP).
Annual Average Present Growth Rates of GDP (25)

<table>
<thead>
<tr>
<th></th>
<th>1920-38</th>
<th>1950-60</th>
<th>1960-70</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>1.9</td>
<td>2.7</td>
<td>2.8</td>
</tr>
</tbody>
</table>

There was therefore an enhanced opportunity for Institute membership expansion from 1950 onwards. This was probably assisted by the movement shown below towards capital asset expenditure and towards higher government (public) expenditure and the concern which periodically occurred as to control of cost against government contracts.

UK Percentage Distribution of National Product (26)

<table>
<thead>
<tr>
<th></th>
<th>Private</th>
<th>Public</th>
<th>Capital Formation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1921-29</td>
<td>82</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>1930-39</td>
<td>80</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>1945-54</td>
<td>68</td>
<td>19</td>
<td>13</td>
</tr>
<tr>
<td>1961-70</td>
<td>61</td>
<td>19</td>
<td>20</td>
</tr>
</tbody>
</table>

Perhaps the greatest strength of the Institute was that throughout its life there were complementary activities with similar aims. In its focus on efficiency in the factory in the 1920s, in the firm in the 1930s and across all economic activity in the 1950s and 60s, it mirrored the attempts being made to manage the ever bigger enterprises arising either from the attractions of economy of scale or the necessities of competitive marketing of the product, and from government intervention.

From the beginnings of the Institute there was a substantial leadership of practical application emanating from the USA as was illustrated by the books and papers listed as held in the Institute Library in 1923:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total entries</td>
<td>341</td>
</tr>
<tr>
<td>USA publications</td>
<td>148</td>
</tr>
<tr>
<td>All other</td>
<td>193</td>
</tr>
</tbody>
</table>
Many entries were duplicated for easy reference and the figures are but an indicator. Perhaps equally significant was that there were London publications on USA practice, e.g. The Fundamental of Manufacturing Costs by L R Dicksee to emphasise the importance of an earlier report issued by the Federal Trade Commission, Washington USA. (27)

As summarised by Zafar Iqbal (28):

"Most modern cost systems and techniques were not in general use before the late nineteenth century. The period from 1885 to 1920 witnessed rapid developments in cost accounting methodology, and their wide adoption in practice."

and as he further stated (attributed to Garner):

"English cost accountants contributed a large proportion of the original ideas and procedures before 1900. After that date the American theorists and practitioners forged ahead of their British contemporaries, the latter never regaining their relative standing."

These stand rather as value judgements and it would seem that costing methods proliferated in variety, rather than having the depth developed in the 1930s. However, the practical vigour with which costing was pursued in the USA was evident from the variety of industry applications, e.g. Foundry, Printing, Phonograph Records, Woollen Mill, Salmon Canning, among the books and papers possessed by the Institute in 1923 (29). Whereas, in the UK the Balfour Committee Report (14) was confirmation that practical applications of cost systems and techniques were far from widespread.

It is perhaps worthy of note that the National Association of (Cost) Accountants (NAA) formed in the USA in 1919 took the more liberal (or less professional) view of membership eschewed by the Institute and embraced allcomers interested in costing (30). This was more probably a symptom of the American tendency to learn-by-doing than an instigating force generating the progress made.
As will be seen in Section C, it was to the USA that the UK later turned to learn how to implement effectively practical applications in the advancement from costing which were termed management accounting.

Returning to the 1920s, an early important step was the imaginative use in costing of the "machine hour rate", as developed by Hamilton Church (USA) and Whitmore (31). This brought together all expenses relating to the machine operation against productive running time. While initially most costing analyses were to determine individual product costs as a basis for pricing, there was a steady increase in their use to highlight ways in which efficiency could be improved.

Scientific management, the development of which is often strongly associated with Frederick Winslow Taylor, was important in regarding the enterprise as a system in which all concerned were motivated by economic gain. It concentrated on efficiency through scientific analysis. As with costing methods, scientific management was more prevalent in the USA than in the UK being developed firstly in larger scale enterprises. Meanwhile Henry Fayol in Europe was developing ideas about the universal applicability of management, and its organisation.

From the general flow of ideas which had proliferated earlier, in the 20s and 30s three particular ideas were developed. These were:

1. "standard costs" which were a cost measure in a period of normality, and against which actual costs could be compared item by item.

2. "marginal costs" which focussed on the costs which varied (in whole or in part) as the mixture and volume of products produced changed. However, according to Sizer, accounting systems using marginal costing were rarely used in industry until after 1960 (32).
(3) "uniform cost systems" by industry, aimed largely at educating the uninitiated price-cutter.

These were accompanied by the use of "budgetary control" systems of management whereby covering all departments of a business whether production, head office, sales, distribution or other there was:

(a) a prediction of sales revenues, typically by months for a year

(b) a prediction of the consequent costs in all departments, often by type of expense such as classes of wages and materials.

Various conferences organised by different bodies showed the importance being assumed by budgetary control (including such developments as "flexible budgeting" to take account of volume change) in the more advanced firms, and among leading thinkers:

In 1929: The International Management Congress
Theme: Budgetary Control

In 1930: the ICWA National Cost Conference
"The Development of Cost Accounting towards Budgetary Control."

In 1931: Geneva, International Conference on Budgetary Control

In 1935: The International Congress for Scientific Management, with an ICWA paper on Budgetary Control.

The further sophistication of these various ideas from "machine hour rate" to "Budgetary Control" was going to hold much of the technical stage through to 1970. They were all part of the wider business development into larger units with more scientific management, which occurred in periodic bursts under the economic pressures in various countries - perhaps particularly in the USA and the UK.
However, much of the business community was left untouched and unmoved through the 1930s and 50s and beyond as it survived despite low efficiency by invention, monopoly, existing strategic market position, world market expansion and so on.

Returning to the inter-war period the wider context of scientific management was very much a developing factor in the changing world of the early 1920s. The Great War had substantially changed society, and there was a different economic reality to be faced. In industry the clear distinction between owners and directors, and workers was blurred as new technologies and increasing size of enterprise resulted in a growth of both professional management and new professional specialisms. At the same time a spirit of worker organisation was growing with attendant unionisation. In Europe the devastation of war and outdatedness of industrial plant was coupled with a change in product demand from times of war. There was inadequate movement towards the low-cost consumer goods that were in demand, and the USA moved far ahead of the UK and others in organising large-scale production.

The early development of the Institute was among UK managements who accepted the challenge of this situation. They were men with wider horizons than most and with optimism over new business organisational prospects. While these prospects were severely dampened as new technology and the revival of international trade hit the strike torn period of the later 20s and the world depression 1929 to 1931, management benefits came from industrial concentration - however occasioned. For example, the formation of Imperial Chemical Industries (ICI) resulted in rationalising the management of resources by merger of Nobel Industries, Branner & Co., United Alkali, and British Dyestuffs in 1926. The crises of 1930 found management and governments at a loss to determine an effective approach to the low levels of international trade, the lack of financial confidence and high unemployment. Short term expedients followed one upon another and eventually the UK in 1932 imposed import duties. The period brought a new recognition of interdependence between industrial management and government. It was the beginning of a period of civil service expansion.
While for the Institute progress was gradual, it was increasingly clear that the involvement of accountants with operational knowledge was of value to improve efficiency in all types of enterprise be it business, local government or national. Thus for scientific management in general, and costing in particular the main links for progress post-1945 were already forged before 1939.

Between 1945 and 1950 the need for revival and adaptation to emergent conditions was met in the UK by extended government control with nationalisation of basic industrial sectors such as gas supply and steel as well as central banking in the Bank of England. Through the 1950s there was continued acknowledgement of the superior progress in management methods and industrial efficiency achieved in the USA. The Institute participated through its members in various productivity teams sent to learn from USA practices, as elaborated in Section C later. In 1958 the European Economic Community (EEC) was formed and the UK participated in a smaller European Free Trade Association (EFTA) in 1960. Both were aimed at creating more integrated conditions and particularly more homogeneous markets giving better scope for "home" European industries. Over the twenty years to 1970 the European market, the growth of multinational enterprises, advancements in State planning, and a changing labour scene were met by the growth of a new class of managers emanating much more from "grammar schools" and trained in technical and economic subjects.

Overall it was a time of prosperity, and an environment for which the Institute was well suited. It only required the transition away from the factory into a more marketing stance in line with the European market opportunities. The Institute was successful in meeting this situation as demonstrated by its increasing numbers. The impetus generated carried it forward in the later more difficult years which arose in the 70s as unprecedented labour relations difficulties and then economic recession enveloped the UK.
3.3.3 Section B Summary of Key Features

The overall period 1919 to 1970 spanned a great variety of economic conditions, from peace to war and from economic slump to post-war boom. Throughout, the Institute prospered both in terms of survival which was so critical in the early years, and growth which was most impressive in the years 1945-1970. The growth in the body of cost accounting knowledge formed an increasingly impressive technical base for the work of the Institute and its members, to which they indeed contributed and gave an added impetus to work in the UK. There was a close affinity with the advances in methods of management, and a significant presence in the main conferences and congresses of the period. As well as in the larger and often multinational units of industry and commerce, there were substantial advancements in State planning which involved a concern with cost and efficiency to which the Institute was well placed to contribute.
CHAPTER 3

SECTION C  THE YEARS 1945 - 1970

Synopsis

From foundations firmly laid in cost accounting the Institute moved in this second period to progressively embrace more fully financial accounting and financial management. There was strong Government recognition and substantial involvement in national activities to improve industrial productivity. The membership examinations achieved recognition as degree equivalent. An endeavour to achieve an elite through a Fellowship examination in management accounting failed to obtain adequate support. As the period drew to a close the Institute had found its place among the premier accountancy bodies of the UK, and in the 1960s there was much collaboration. However, in 1970 endeavours to create a unified profession by merging the six major accounting bodies failed. An era was at an end.

3.4 Institute development 1945-70

Previous sections drew attention to:

(1) the strong links between the Institute and endeavours to improve industrial efficiency

(2) the "fit" between the development of costing and changed management styles as larger and more technically complex organisations developed

(3) the government concern for improved costing, particularly in time of war

(4) the significance of the progress made in the 1920s and 30s with such techniques as standard costing and budgetary control, as a basis for much expanded application from 1945 onwards.

(5) the tremendous opportunities for the Institute post 1945 with both government and large corporations concerned with improvements in operating efficiency in expanding markets.

- 96 -
This section on 1945-70 embraces a period of generally high economic growth and full UK employment, despite periodic financial crises. It covers the main successes and disappointments of the Institute over those years.

Broadly, the Institute was successful in its ventures as demonstrated by the strongly sustained expansion in membership.

<table>
<thead>
<tr>
<th>Year</th>
<th>Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945</td>
<td>1840</td>
</tr>
<tr>
<td>1970</td>
<td>11436</td>
</tr>
</tbody>
</table>

The increase in the number of registered students and examination candidates may have been less strictly comparable due to changes in structure, but was impressive by any criteria.

<table>
<thead>
<tr>
<th>Year</th>
<th>Registered Students</th>
<th>Examination Candidates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945</td>
<td>5307</td>
<td>1315</td>
</tr>
<tr>
<td>1970</td>
<td>26067</td>
<td>21339</td>
</tr>
</tbody>
</table>

These numbers demonstrated its increasing acceptability as a career path, and the related demand from industry and commerce for professional staff holding the Institute membership qualification.

3.4.1 Progress beyond Cost Accountancy

The Institute had built firm foundations through having amongst its members many who were well versed in industrial management, and the technical aspects of industrial processes, as well as having the requisite knowledge in industrial accounting. It was to retain all, but to move in emphasis much more to the wider aspects of accountancy. Cost accounting techniques such as budgetary control and standard costing had developed quite separately from financial accountancy. A paper presented by the Institute (33) to the Eighth International Management Congress, Stockholm, July 1947 said on budgetary control of operating expenditure:

"It is now generally accepted that any such scheme must form part of an integrated accounting system . . . ."
Yet, it was to take years in most industries for the old pattern of
totally separate cost accounting offices and financial accounting
offices to change, and for integration to be accepted as normal.

In February 1949 E.A. Ede (34) at a Liverpool meeting said:

"Already we have come a long way from the days of non-integrated
cost accounts and cost departments (and cost accountants) which
were a law unto themselves but we have yet to progress, generally,
to an organisation in which the finance or accounts division or
department is indissolubly one, with its senior executives
experienced in all aspects of their profession."

To emphasise the Institute's capability, there was a call among
members for a change of name to "The Institute of Industrial
Accountants" and as Ede said:

"broaden our syllabus so that our members are fitted to lead
industrial finance divisions covering all accounting work in their
industries."

However, the Institute Council made no change of name but was
determined to focus on essentials and progressed steadily towards
new examinations. In his Presidential Address (35) on 6th June
1949, G. C. Stone spoke of the buoyant membership and the
interest in the Institute by members of other accountancy bodies,
as well as the progress made towards new examinations. On
membership the address stated:

"There are reasons for such a rapid increase in our membership,
and these are of importance to those whom our members serve.
During the war there was a greatly increased demand by the State
from Industry for the costs of production of Government supplies.
A similar condition seems to exist now as, under price controls
operated by the State, industry is required to provide costs of a
range of products of which Utility clothing is a prominent
example. Statutory powers requiring the supply of costs of
production exist under which professional accountants are authorised to certify the costs of their clients as an alternative to certification by Government cost investigators. As the work of cost ascertainment requires a technical knowledge of manufacturing methods and of the products made, in addition to a comprehensive knowledge of accounting practices, there are qualified accountants who desire membership of our Institute as a further qualification for service in the business world of to-day. The development of cost consciousness and an increasing appreciation of the advantages to industry of budgetary control and standard costing are creating a new demand for accountants who are capable of giving effect to these advanced management control methods. The valuation of stock in trade for Balance Sheet purposes requires a knowledge of how costs are ascertained, and there are other aspects of the preparation of the Balance Sheet and Profit and Loss Account which require an intimate understanding of the records compiled by Cost Accountants.

"The number of members of kindred societies who are seeking membership of our Institute is an important development of recent years, and is a valuable proof of the usefulness of the qualifications we provide.

"The Working Party Reports on conditions within several of our leading industries have disclosed serious deficiencies in the ascertainment and control of costs. In the Industrial Organisation and Development Act, powers were obtained for the implementation of the Working Party Reports and these powers include promoting the improvements of accounting and costing practice and uniformity therein including the formulation of standard costings.

"Apart from those who seek several qualifications in order to be as fully equipped as possible to serve the business community in a professional capacity, there are many who aspire to membership with us in order to offer their specialised services as full time executives in industrial firms."
On examinations:

"During the year a completely new syllabus has been approved which, in consideration of the preparatory work involved for tutorial services and candidates, is expected to become effective about June, 1952.

"The development of this syllabus has been going on over seven years or more, and at an appropriate stage several years ago the proposals were remitted to the branches for detailed consideration, in response to which valuable reactions were obtained.

"Opinions differ about the value of written examinations as a test of ability but there is some measure of agreement that they provide proof of knowledge possessed with specified limits. As, in our case, a member in addition to passing our examinations has to provide proof of a requisite practical experience, our examination syllabus stimulates the acquisition of a particular kind of knowledge and is an important element of the process of qualifying for membership. Several years ago a Committee was established to advise the Minister of Education of educational facilities required for management in industry and commerce with particular reference to the steps to be taken in the organisation of studies, bearing in mind the requirements of professional organisations and the need for their co-ordination. The Committee issued its report in 1947 under the title of "Education for Management." Partly in order to ease the strain on tutorial facilities and to assist in interchangeability between professional bodies, amongst its recommendations were:

(a) that the various professional institutes should accept the obligation to include in their syllabuses as large a common management content as possible;

(b) that all management professional institutes should adopt a common syllabus for the Intermediate examination and that Technical Professional Institutes, such as ours, should adapt any management requirement in their syllabuses to this common curriculum.

- 100 -
"The recommendations of the Committee will lead up to a National Diploma in Management. Our new syllabus includes for the Intermediate and Final Examinations subjects from the Common Intermediate and Final Examinations for the National Management Diploma and it is expected that candidates who pass our examinations will, if they seek to obtain this National Diploma, secure exemption from the equivalent subjects of that examination. To be in harmony with the intentions of this Committee our Council has decided that it will recognise, for exemptions from our examinations, passes awarded by other examining bodies in certain subjects in the examination for this National Diploma, provided the certificate is approved by the Ministry of Education and the British Institute of Management.

"Important requirements in conjunction with our new syllabus are a proper selection of those who are to be admitted to our examinations and provision of opportunities for them to obtain adequate practical experience, and these requirements are under serious consideration. The Council is intent on maintaining a high standard for entrants, as it is aware that members will have qualifications that are important and that will enable them to render services much needed in our industries."

There had been additional two day Council meetings in 1948/49 (36) to determine any appropriate changes in policy. Some of the thinking was ahead of the membership and was to be disclosed as firmer plans were made. In the Presidential Address by Mr. Stone there was an indication of this thinking in the suggestion of the Institute providing something beyond that available from "kindred societies" and necessary "as a further qualification for service in the business world of to-day".

It was the combination of policies suggested at the 1948/49 meetings and the incidence of the Institute's involvement with the activities of the Anglo-American Productivity Council outlined below, which was to lead the Institute from the concept of cost accountancy to the greater sophistication of Management Accountancy.
3.4.1.1 Productivity Visits to USA

In October 1948 from contact with the Technical Adviser of the Anglo-American Council (37) it emerged that:

(1) the American Government had voted a large sum of money to assist British Industry to increase its efficiency and productivity.

(2) the Institution of Production Engineers and the Institute of Cost and Works Accountants were provisionally viewed as the two bodies in the UK that could best assist.

(3) while the American Delegation was in the UK it was appropriate to hold a one day Joint Conference on the "Measurement of Productive Efficiency."

The conference was duly held (38) and followed by a joint committee of the two Institutions investigating means of measuring productivity and applying such measures. (For the Institute Messrs L.W. Robson, and I.T. Morrow, R. Warwick Dobson and the Director participated.)

Over the next two years the Institute was strongly involved in the various investigations and endeavours to improve productivity. This included a representative being invited to join the Mechanical Handling Team on its productivity investigation visit to the USA, particularly to assist with the evaluation of capital expenditures (39). (The representative was L.W. Robson).

Early in 1950 the Institute proposed to the Anglo-American Council that a specialist team visit the USA to investigate the use of costing information. The proposal was accepted. In consultation with the Presidents of the senior Accountancy Bodies, Sir Norman Kipping left Sir Fredrick Alban and Mr. L.W. Robson to recommend the composition of a Team to visit the USA in April on the subject of cost control and accounting information to management.
The subsequent (40) team which visited the USA April to June 1950 was led by Ian T. Morrow CA FCWA (later Sir Ian). The remaining members were:

Five accountants involved in industry and commerce.
Two industrial managers/directors
Two engineers from the Ministry of Supply

supported by The Director of the Institute (Secretary of the Team) and a statistician from the Anglo-American Council on Productivity.

The Report of the Management Accounting Team (41) (as it was named) was published in November. It was presented at the British Institute of Management's Autumn Conference prior to a series of ten management meetings arranged throughout the UK by the Federation of British Industry. These were completed before Christmas 1950, and were followed by joint meetings of the accountancy bodies. There were forty main observations by the Management Accounting Team and ten recommendations. All the forty observations were of high significance but the seven below particularly illustrated the importance of numeracy among management and industrial comprehension by the accountant:

Observations on USA

1. (No 21) The results achieved by each manager and foreman are frequently compared with the set target. This not only enables his superiors to judge his work, but also shows him in what respects he is being successful and where are the weak points in his department.

2. (No 22) There is a difference in the use made by senior and junior management of accounting information. Senior management spends much more of its time considering the future and studying forecasts and budgets for the purpose of planning and setting targets, whereas the
nearer the management is to the shop floor and the customer, the more interested it is in studying recent actual results in comparison with the budgets and forecasts, as a guide to immediate action.

3. (No 23) But all levels of management, from top management to foremen and chargehand, are familiar with figures and have a marked ability to absorb information in this form. The use of figures is considered an essential part of every businessman's training, and courses in this subject were found in the curricula of the universities and technical colleges visited.

4. (No 25) The controller in many companies makes every effort to keep routine reports to the minimum. He and his staff devote more and more time to the compilation of special non-recurring reports on subjects which are occupying the attention of management.

5. (No 26) All control figures are produced for the sake of guiding policy and action, and never just as a matter of interest. Every regular report is expected to be used. If it is not used it is scrapped.

6. (No 34) Managers and industrial accountants are conscious of the gap between management and accountancy, and the need to bridge this gap. On the whole they have succeeded far beyond the normal achievement in this country.

7. (No 39) There is a widespread use of internal auditors as an independent appraisal of the function of managements, policies and procedures.

Again, from among the ten recommendations for action in the UK three particularly emphasised the importance of management and accountant interplay:
Recommendations to UK

1.(No 1) That management, in considering the future and preparing plans, should make the fullest use of budgeting and forecasting, based on accounting and costing data.

2.(No 3) That top management should bring industrial accountants into consultation in the early stages of formulating policy so that they may later report more intelligently.

3.(No 5) That industrial accountants should make great efforts to acquaint themselves with the problems of management and the technical processes in their industry, and concentrate their efforts towards producing information which will serve as a guide to policy and action.

3.4.1.2 Role in Management

In the Presidential Address June 1951 (42) L.W. Robson followed remarks on the work of the Anglo-American Council on Productivity with observations on the need to properly evaluate the effects of inflation and government policies so as to reflect them in all figures under consideration:

"In my considered judgement British industry is understating the true costs of production in both its costing statements and its published accounts."

As well as emphasising the need to take account of inflation on both the cost of stock replacement and on the replacement costs of fixed assets, the address noted:

"It is true to say that it is now possible to prepare completely orthodox annual accounts for taxation which show a profit where, in fact, losses in terms of real capital have been severe."
This followed the thinking of Ian Morrow in October 1949 in a paper "Contribution of Cost Accountancy to Industry" (43) which included the observation

"until recent times the interests of the auditors and the taxation expert have been paramount in the design and preparation of accounting information."

To paraphrase much discussion from those years: the cost accountant had brought life to the figures in the accounts and about the business to operating engineers and managers by using mutually comprehensible styles, it was now time to carry that role into the higher reaches of the business world that both financial and cost accounting figures should be used productively by managements, the City, and Government.

The policy discussions and the events from 1945 to 1951 were combining together in such a way that the examination changes planned in 1948 for implementation in June 1952 were no longer enough for the increasingly central role in accounting developments envisaged by the Institute Council. There was a need to be filled, for the profession and the nation. Those accountants able to fulfil a total management role at general manager or director level with an equal comprehension of both financing and operational implications were to be identified, and a method of assuring an increasing supply of those of similar ability was to be determined and implemented.

From such considerations arose the concept of a "Fellowship Diploma in Management Accountancy", which the President introduced to the Council at the meeting on 27th October 1950 when it was approved in principle. As well as the broader considerations, one factor was that the scheme might prove a solution to the long standing problem of enlarging Fellow membership. Fellow membership was stated as only about 450 after 31 years of the Institute's existence. That it might solve this problem of slow growth in the number of Fellows arose from the
concept that the route to the diploma need not necessarily be via the normal Institute Intermediate and Final examinations, but that entry to the examination could be via qualifying in one of the other major accountancy bodies.

Before considering the launching of the Fellowship diploma, it is first necessary to examine the redesign in 1952 of the membership examinations.

3.4.1.3 Institute Examinations for the 1950s

The re-design of the Institute's Intermediate and Final Examinations came into operation progressively so as to be totally implemented by the June 1952 examinations. In passing it may be remarked there was little change to the Preliminary Examination, but to record that "Mathematics" was to be at School Certificate (later "O" Level) standard.

In both the Intermediate and Final Examinations harmony with the new National Management Diploma was a feature, as proposed in the Presidential Address 6th June 1949 (35). A comparison of the June 1952 examinations with those which had been held since 1930 follows, and Notes 1 and 2 refer to the National Management Diploma. Note 3 gives the Advanced Cost Accounting syllabus in full, for this encapsulates the most significant features of costing as promulgated by the Institute just prior to its formulation of the Fellowship Examination in Management Accountancy.
<table>
<thead>
<tr>
<th>Subjects</th>
<th>1930</th>
<th>1952</th>
<th>Hrs</th>
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<tbody>
<tr>
<td>Mathematics</td>
<td>-</td>
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<tr>
<td>Industrial Evolution and Management:</td>
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<tr>
<td>(a) The evolution of modern industrial organisation</td>
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<tr>
<td>(b) The nature of management</td>
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<td>2</td>
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<tr>
<td>Economics</td>
<td></td>
<td>Economic Aspects of Industry and Commerce</td>
<td>2</td>
</tr>
<tr>
<td>General Commercial Knowledge and Office</td>
<td></td>
<td>Commercial Practice, Office Management and Business Methods</td>
<td>3</td>
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<tr>
<td>Organisation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Book-keeping and Accounts</td>
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<td>Book-keeping and Accounts</td>
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### Intermediate Examination Subjects: Part II

<table>
<thead>
<tr>
<th>1930</th>
<th>1952</th>
<th>Hrs 1952</th>
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<tbody>
<tr>
<td>Factory Organisation, Production Methods</td>
<td></td>
<td></td>
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<tr>
<td>Costing (4 papers)</td>
<td>Cost Accountancy (4 papers)</td>
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<tr>
<td>Part I - Labour</td>
<td>Part I - Labour</td>
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<tr>
<td>Part II - Materials</td>
<td>Part II - Materials</td>
<td>2</td>
</tr>
<tr>
<td>Part III - General Expenses</td>
<td>Part III - General Expenses</td>
<td>2</td>
</tr>
<tr>
<td>Part IV - Methods of Costing</td>
<td>Part IV - Methods</td>
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### The Final Examination

#### 1930 1952 (Part A)

<table>
<thead>
<tr>
<th></th>
<th>Management - Factory and Distribution</th>
<th>2</th>
<th>Note 2</th>
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<tbody>
<tr>
<td>Advanced Accounting</td>
<td>Advanced Accounting</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>The Law of Master and Servant</td>
<td>The Legal aspects of industry and commerce</td>
<td>2</td>
<td>Note 1</td>
</tr>
<tr>
<td>-</td>
<td>Statistical Method</td>
<td>2</td>
<td>Note 1</td>
</tr>
</tbody>
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### The Final Examination

#### 1930 1952 (Part B)

<table>
<thead>
<tr>
<th>Costing</th>
<th>Advanced Costing</th>
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<tbody>
<tr>
<td>Part I - General Arrangement</td>
<td>Subjects as Cost Accountancy in intermediate with special reference to:</td>
</tr>
<tr>
<td>Part II - Overhead Expenses</td>
<td>.... see Note 3</td>
</tr>
<tr>
<td>Part III - Methods and Principles</td>
<td>Note 3</td>
</tr>
</tbody>
</table>
Note 1. The syllabus for these subjects in 1952 was taken in full from the National Management Diploma Common Intermediate Management Syllabus.

Note 2. The syllabus for this subject in 1952 was taken in full from the National Management Diploma Final Examination Syllabus.

Note 3. The 1952 onwards Advanced Cost Accounting syllabus read:

"with special reference to the following:-


The total examination hours for the 1952 examinations were:

- Preliminary: 10 hours
- Intermediate Part I: 10 hours
- Intermediate Part II: 10 hours
- Final Part A: 11 hours
- Final Part B: 9 hours
- Total: 50 hours

The approval for the above examinations had been given at a two day meeting of Council on 28/29th January 1949. The examinations were studied by Council subject by subject. For example, to the Intermediate Part I Book-keeping and Accounts syllabus (which had only required in general terms a knowledge of profit and loss accounts and balance sheets) Council added "The accounting provisions of the Companies Act".

This was part of a general movement towards requiring a more rigorous appreciation of accounting and finance outside of the specialisation in cost accountancy.

The pushing forward of the professionalism and standard of the Institute was also shown in agreement at that same 1949 Council Meeting to proceed with a programme which had been under discussion since 1945 for:

1. **Gold medal awards to Fellows (only)**
   "for a contribution of sufficient merit on new lines of thought on the principles or technique of cost accounting."

2. **Silver medals**

3. **Senior Study Circles:**
   confined to experienced members where common excellence of thought could be interchanged, focussed and put down on paper 
   e.g. Senior study circles of experienced members:

- 111 -
(i) in the same industry

(ii) in different industries which have problems in common

(iii) with equivalent levels of authority and equivalent standards of thought.

(4) A scholarship scheme for passed finalists, e.g. tour home or overseas.

Development of further ideas was fast. Less than two years later in October 1950 Council approved in principle (as previously noted) a "Fellowship Diploma."

The examination content of this Diploma was then worked out as follows below.

Fellowship Examination in Management Accountancy

Management Accounting: 3 hours

Sources of capital:

Investment of capital:

Control of current assets:

Internal audit:

Marginal control for top management:

Budgetary control for top management

Forecasting:

Reports for Boards, Chief Executives, Bankers, etc.
Company Law: 2 hours

- Management - Factory and Distribution: 2 hours

- Statistical Method: 2 hours

- Economic Aspects of Industry and Commerce: 2 hours

- Advanced Cost Accountancy: 9 hours

These syllabi and papers were identical with those in the Final Examination and Intermediate Examination as applicable, giving full exemption in these subjects to those qualifying for Associateship by taking these examinations.

As noted under the Institute Intermediate and Final Examinations, the syllabus for each of these subjects was the same as that for the equivalent examination of the National Management Diploma.

3.4.1.4 The Launch of the Fellowship Examination

The first decade "post-war" was one of almost frenetic activity in the UK as endeavours were made to both implement new technology and to re-organise by nationalisation or reforming of Industrial groups. The need for higher exports in a competitive environment placed an emphasis on improved management. Many activities were undertaken to this end, and the activities of the Institute were a small part of this total picture. However, the Institute was highly active with involvement in Productivity Teams, in Uniform Costing Systems for specific industries, in International Conferences, in itself promoting National and Cost Conferences as well as launching its Summer School at Cambridge in 1950. Among all the activity one of the most imaginative and potentially significant events was the Institute's launch of a Fellowship Examination in Management Accountancy in December 1952.
At the Institute 23rd National Cost Conference at Buxton on 16th May 1952 the President set the stage (44) and Mr. H. Wilmot CBE delivered a paper "The Training of Management Accountants" (45) so as to clarify with members the objectives being formulated.

The President recalled:

"Hitherto our concern has in the main been with the development of the science and technique of cost accountancy . . . . . . . To this we have now added a real working knowledge of the tools of management and an appreciation of management's problems."

This may have fairly described the progress consolidated in the new 1952 examinations, but there was to be "another step forward". This was to be the establishment of Fellowship as the management accounting qualification.

"A chief executive will indicate what he considers to be the problems of the business, and on this indication the management accountant must visualise how his figures will have to be displayed to be of most use. He must also consider whether additional figures will be necessary to correlate the various factors as he sees them - which form the core of the problem - and to indicate the solution upon which policy may be based."

Mr. Wilmot spoke of the general practices of accounting and then:

"Management accounting is something quite different. In part it is the science of recording the future before the event. Its technique is part of the technique of management. It is therefore concerned with the provision and use of financial, economic and statistical information of such nature and content, in such form, and at such times, as may be of maximum service to the practice of management."

The emphasis was on being part of management, on the vital importance of effective practical training and experience, on character as well as knowledge, and on the new examination:
"it is really new; there is no comparable examination."

In the discussion there was much concurrence with a variety of remarks emphasising the issue of improved practical training alongside the total Associateship and Fellowship examination structure. Comments (46) included:

1. "the paper gave no clear lead on the method of training to be adopted."

2. "the best possible training for a management accountant was a few years spent in actively managing a business."

3. "boys possessing the potential ability demanded would gain entrance to a University ......... attract graduates to the profession ......... see to it that proper training courses for the examinations were available."

4. "whether a professional office or industry was the better starting point for training as a management accountant."

5. "more necessary to train people to make money than to save it. Money well spent could be of greater benefit ........."

The extent to which training could be formalised or standardised, and thus how clearly the profession could be defined was to be an issue of significance through into the 1980s.

Examinations and acceptable experience rather than specific training were to remain the mainstay of the Institute's development, even though "early" training schemes were already in being (47).

With the Fellowship plans exposed to members the way was open for launch in the autumn of 1952. Closer relationships with other accountancy bodies had been developing for some time. In particular they had worked together over two years in preparing
for the Sixth International Congress on Accounting held in June 1952 at the Festival Hall London, when some 3,000 people attended including 900 accountants from overseas. Thus in launching the new Fellowship examination a pre-launch dinner to inform other accountancy bodies was arranged for the Presidents and Secretaries of:

The Institute of Chartered Accountants in Ireland

The Institute of Chartered Accountants in England & Wales.

The Institute of Chartered Accountants of Scotland.

The Institute of Municipal Treasurers and Accountants.

The Society of Incorporated Accountants & Auditors

The Association of Certified and Corporate Accountants.

It was a significant step forward in examination and education philosophy to be introducing to other professional bodies and to the public a scheme for a post-graduate Fellowship Diploma in Management Accountancy. The potential for such a qualification had long been recognised both by the accountancy profession and by industry. However, it had been far from easy to frame a satisfactory scheme, and it had taken several years of careful research and thought to produce proposals which were acceptable to informed opinion.

The concept was that Fellowship should be the accolade for industrial accountants qualified by knowledge and experience to fulfil all the duties and undertake all the responsibilities of their profession within industry in the circumstances created by the managerial revolution which had taken place in Britain during and since the war period. The progress of industrialisation had been speeded up and more scientific methods of production were continually demanded to meet increasing competition.
Management was constantly requiring more detailed and up-to-date information than could be provided by ordinary financial accounts, while in the field of human relations co-operation and consultation had superseded previous methods of direction. Many cost and works accountants had developed with the times and as management accountants had acquired a new place in industry as an indispensable part of management. To increase the flow to such positions needed definite training and a wide field of knowledge which the new examination for Fellowship in Management Accounting was aimed to supply and test. It was designed to attract the best from all fields of accountancy.

The Cost Accountant (February 1953) in an editorial (48) recorded three "negative" comments which had arisen:

"(a) doubt as to the need for any further accountancy qualification;

(b) the burden that will be placed on existing qualified men by the examination and time experience provisions of the scheme;

(c) the fact that a number of men qualified through other professional channels are in fact rendering acceptable service in industry without the need for further qualification."

However, the Presidential Address (49) in London on 29th May 1953 was able to take a totally positive note. Productivity reports had shown "the United States has recognised the potential contribution to increased productivity inherent in internal accounting techniques", and following this the announcement of the Fellowship in Management Accountancy had "attracted the attention of industrialists, financiers, the technical press and a number of influential Government officials".
Mr. Tyrrell's Presidential Address continued with an important invitation to the other UK accountancy bodies and their members in industry:

"The Fellowship qualification offered by this Institute will be awarded only after the strictest examination tests have been applied, and after proof that the requisite industrial experience has been acquired; but the door is held wide open to the many qualified members of the older accountancy bodies who have chosen to enter industry rather than to follow the career of the practising public accountant: no other conditions would have been consistent with our determination to make "quality" the only road to a postgraduate award.

"It is quite clear that the efficient management accountant is produced in the main from two different sources: on the one hand the initial professional training and qualification is acquired under the conditions of articled clerkship - or its various modern equivalents - and is followed by a period of employment in industry during which the problems of cost and works accounting are met with and studied. Alternatively employment is first secured in an industrial undertaking at the outset of a career and whilst obtaining practical experience in factory workshop and store, a study is made of the academic side of accounting, economics, statistics and associated technical matters. Ultimately both routes lead at the highest level into one type of appointment for which the title of Management Accountant seems most fitting. There can, therefore, be no doubt that as the Institute of Cost and Works Accountants has for three decades specialised in the knowledge and technique without the use of which no industrial accountancy can be successfully installed, developed or maintained, this Institute is exceptionally well equipped to lay down the minimum standards of industrial knowledge and works experience which should be associated with a qualification as a management or industrial accountant. It is abundantly clear that the older professional accounting bodies are in a position to set and apply unchallengeable examination standards for the purely financial accounting sections.
of the Fellowship syllabus and it is for this reason that once more I express very earnestly the hope that ultimately a joint Board can be constituted for dealing with the examination for the Management Accountancy Fellowship. By this means could the high standard of capability and experience to which this award should be restricted become unassailable, by such a development would the profession show the breadth of its vision as well as its essential unity."

It was doubtful if any more positive proposal for specific collaborative action between the UK accountancy bodies could have been framed at that time. However, concerted action was not a strong characteristic of the accountancy bodies. The style was generally more one of distant interest, and holding to established rights. Further, they were already inured by protracted discussions on various levels of integration. In the event the fortunes of the Fellowship in Management Accounting: the ultimate appearance for some years of a Joint Diploma; the moves to a culmination of integration activities in 1970, and protectionism for the profession and by institutes, were to be "luxury" features absorbing much time and energy in the UK.

Throughout this period and on through the 1970s into the 1980s, there was a broad world-wide movement to a closer integration of financial methods and criteria with actual business physical activities and with government operations. This broad general movement gave some thirty years in which the profession in general prospered, as did the Institute in particular, so that there were repeated opportunities to resolve the most major of issues.

Meanwhile, in 1953 Mr Tyrrell concluded:

"with efficient and up-to-date cost accounting operating within and experienced public accountants applying audit tests from without, there is little danger that the fabric of an industrial undertaking will disintegrate, but if the competitive power of industry as a whole is to be retained the techniques of cost control and cost reduction must be much more extensively applied, and applied,
moreover, with that wisdom which can only be expected of the accountant who has acquired a substantial part of his training experience within factory walls and who has learned to approach his accountancy problems with the throb of machinery matching his own heart beats."

3.4.2 Other Major Initiatives

Ideas present at the inception of the Institute were still very much alive in the second twenty five years to 1970.

The Institute had been formed in 1919 by men who aimed to improve the use of cost information in industry. They had approached this both from:

(1) the viewpoint of the technical specialist, largely in engineering, who saw the opportunity to use cost information to modify technical decisions with beneficial results, and

(2) the viewpoint of the financial specialist engaged in industry, who saw the opportunity to use cost information to modify technical and management decisions with beneficial results.

In this combination of technical and financial ideas the Institute was an early example of the multi-disciplined approach to problem solving which was to be "described" in the 1960s and widely practised in the 1970s.

One of the first decisions taken by the Institute in 1919 was to be a truly professional body. This had many beneficial effects including the early commencement of entry by Institute examination, but it may too soon have focussed the Institute on emulating existing accountancy bodies. None-the-less the Institute re-affirmed over many years that it was a new and different profession, although this tended to take the negative form of having no aspirations to be involved in statutory audit. (Ref Council 23 October 1948 "should not attempt to impinge on the function of the financial auditor or taxation specialist".)
The persistence of the multi-disciplined concept was exemplified by Mr. E. A. Ede (50) in February 1949 suggesting the following inclusion within the accounting organisation:

"Included in this organisation I would like to see a technical costs section, consisting of technically trained personnel, whose function would be to conduct an audit of the technical efficiency of production processes and from whom the accountant would obtain the technical data for the production of Standard Costs, instead of from production personnel concerned with operating within these limits."

From its origins and subsequent actions the Institute was continually involved with other bodies in various aspects of what may loosely be called scientific management. Thus when a British Management Council was formed in 1937 the Institute was one of the 32 technical and professional associations involved. Again when the British Management Council was wound up and reformed as the British Institute of Management (BIM) in 1947 with a Government grant-in-aid, the Institute was a participant. (Institute members were also involved in a personal capacity in 1947 with Mr. R. Dunkerley a member of the BIM Council, and a Fellow (Mr. L. W. Coxton) appointed head of the BIM Finance and Office Management Division.)

The Institute also had links with the Institute of Industrial Administration (IIA) and, for example in 1949 the IIA Travelling Scholarship sent F. Simmonds FCWA AMIIA to the USA where for three months he studied "Trends in Organisation and Accounting in N. America". The IIA was ultimately absorbed into close association with the BIM and to a large extent created the individual membership side of the BIM to complement the corporate membership.

Probably, the BIM being the Government-supported body for the improvement-of-management-as-such influenced the actions of the Institute. Certainly in response to the messages contained in the
US Productivity Reports (particularly that on Management Accounting in November 1950) that numerate comprehension in all levels of management was necessary, the Institute sought to improve the quality and quantity of accountants available to support management, rather than to address more directly the problem of management comprehension.

Building on the impetus of the productivity involvement, the period 1953 through to 1970 was packed with developments among which were those selected for inclusion below:

(a) Management Accounting Conferences and "Automation and Computation"

(b) New Examinations 1964

(c) The Joint Diploma in Management Accounting Services

(d) Integration Developments in the Profession

3.4.2.1 Management Accounting Conferences and "Automation and Computation"

The need for a major conference on Management Accounting in 1956 despite the courses by various bodies and the Institute Fellowship Examination in Management Accounting 1953 rested on the necessity of relieving ignorance and apathy, as well as the constructive need to share ideas on developments in a creative manner. Both needs were exemplified by the Institute of Chartered Accountants in England and Wales finding it desirable to publish in June 1954 a booklet (51) "Management Accounting - An outline of its nature and purpose" which booklet was:

"to remove some misunderstandings about the nature of management accounting and stimulate interest in its further development"
The booklet gave a simple definition:

"application of accounting skills to problems of management emphasised as a basis for business planning ....... operating capital expenditure, and cash budgets

and concluded:

"more detailed aspects of the subject are under consideration."

Yet the idea of "management accounting" was not new, and a speaker at the first major UK conference devoted to Management Accounting in 1956 recalled (52) for example:

in the 1930s "the Department of Business Administration of the University of London had a class with the title Management Accounting".

This first major Management Accountancy conference was held by the BIM, with the Institute of Industrial Administration and the British Productivity Council, at the Pavilion Bournemouth 15-17 March 1956. The Institute played a major part with twelve of the speakers or chairmen being Institute members, and over 100 members being among the 650 attendees. Other accountancy bodies were also well represented, but perhaps symptomatically the attendance by managers and other non-accountants was deemed disappointing. As was said in one of the papers (53):

"When we were first asked to prepare this case history for the Management Accountancy Conference at Bournemouth it could not be realized that the audience would consist of an overwhelming proportion of Accountants. This made it necessary to amend the original draft ......."

In various of the papers there were some general points representing thinking at that time:

- the origins of the expansion of interest in management accounting (54)
"In the United States one of the principal causes of higher productivity is stated to be their mental approach, but after that, the various Anglo-American productivity reports mention most frequently modern methods of costing and production planning and control, each of which is mentioned thirty six times."

the growing recognition of the need for collaboration (55)

"The basis of modern techniques is the accountant's cooperation with the other members of the management team, in developing standards which would throw up variances in attainable performances in manufacturing processes, in service functions within the factory, and in office functions."

the key role in the design of systems (56)

"I see the management accountant as a person capable of designing and re-designing as necessary, an economical and practical framework of financial and cost control reporting which would give management at all levels the right information to enable the current and future activities of the business to be kept under review."

the problem of supply of able management accountants (56)

"I am convinced that if industry is to get the management accounting services and management accountants it needs, then it is essential now to take a long term view in examining the whole structure of accountancy education. Post graduate courses at universities supported by industry and the professional institutions may be one approach to this challenging problem."

the expectation that management accounting should permeate the organisation in a co-ordinating role (57)
"....... unique position of correlating, step by step, what has recently happened with what, in the reasoned judgment of the responsible members of the organisation, should be happening at each step, he can project for some time ahead the incoming revenue and the outgoing expenditure and keep management advised of the trend of the liquid position to enable them in the short-term to steer a fair course between the Scylla of an excess of unemployed cash and the Charybdis of a shortage of resources at a time when additional liquidity may be urgently required.

"The function of historical accounting is to look backwards at what has happened: that of management accounting is to look forward and to measure what is happening against what was forecast to happen. Its object is not to induce satisfaction at reaching a given target or to find a scapegoat for failure to reach it, but to light up danger signals, (usually in the form of increasing costs, though a decrease may equally require explanation) so that what is going awry may be controlled before worse develops. Thus the knowledge, experience and judgment of individuals at each link of the chain are brought together through the techniques of an integrated accounting system to give management at all levels a timely indication of deviation from the standards of efficiency and economy it has itself created."

and finally, the limited role seen at that time in future planning (58)

"There can be but little contribution under this head unless short term accounts are maintained and used.

"On the assumption that they are in operation, a contribution to future planning can be made under the following heads:-

(a) As a result of the studies and decisions which are a necessary prelude to the preparation and completion of an Annual Budget.

(b) Through regular forecasts each month of the current month and, say, the following two months.

- 125 -
Alongside the activity in management accountancy, there was a growing interest in new computer developments and their implications in offices and factories. During 1957 some twenty learned and professional societies came together to form the British Conference on Automation and Computation (BCAC).(59) The Institution of Mechanical Engineers, The Institution of Electrical Engineers and The Institution of Civil Engineers were main instigators with both the Institute and The Institution of Production Engineers playing an important part. There were four groups formed, and perhaps the most important for the Institute was "Group B" the objects of which included:

"To foster the development and applications of automatic controls, computing and data processing equipment and programming techniques".

The Institute's growing awareness of electronics and automation was being demonstrated in a variety of ways:

The Cost Accountant introduced a regular feature dealing with the subject. The rapid development of electronic machines for industrial and for office use made the Institute Electronics Subcommittee increasingly active in considering the many aspects of the subject affecting not only cost accountants but accounting techniques and methods in general. Groups in branches or areas of the Institute were formed to study automatic data processing, and in 1958 residential courses on the subject were organised in three centres across England.

The whole period was one of intense activity in all subjects relating to technical progress and to management. For example, the Institute was also involved in the BCAC group covering the sociological aspects of automation, and indeed behavioural aspects were a developing subject as more ideas on "team work" and collaboration progressed in industry.
BCAC progressed to become the UK Automation Council and held a conference "Education and Training for Automation and Computation" 27-29 March 1963 at which this researcher presented a paper (60).

Meanwhile, the Institute was pressing forward with the dissemination of Management Accounting. In these historical extracts it is not intended to cover the breadth of conference and course activities in branches, in regions, nationally and internationally, but the support from branches and regions was high. At various meetings eminent members encapsulated both the difficulties and the progressive thinking embraced by management accountancy. The following extracts cover issues which were of continuing importance.

From 14-16 April 1961 the Institute held a "Management Accountancy Course" at Droitwich Spa. There were just three papers given by eminent members, and much time was given to discussion. One paper by I. T. Morrow covered the "Function of Management Accountancy in the Future and the task of the Management Accountant" (61).

This contained some telling points about the difficulty of spreading the implementation of management accounting in business management situations:

0 "Managers in this country are more cost-conscious than they have ever been ......

"....... While it is a matter for gratitude that so much progress has been made, the difference between cost-consciousness and cost-understanding is wide. In this our management are suffering under a handicap when compared with their opposite numbers overseas."
"More than ever it is essential that management understand the tremendous effect that volume has on costs, and appreciate what marginal expenditure and marginal costing really mean.

"It is not to be expected that management should know all the technical details, but they should know enough of the techniques to know what form of costing, or what information they want to assist them in coming to a certain decision."

"The Institute of Cost and Works Accountants, which has done so much to pioneer the use of accounting figures by management is in the forefront of new developments.

"A revolution has almost spent itself and become respectable and the revolutionaries and their heirs complain there are no fresh worlds to conquer. Nothing could be further from the truth. British industry today is suffering in comparison with its international competitors because the revolution is incomplete. It has not been pushed far enough, it does not include management."

Which points may be placed alongside those contained in Ian Morrow's Presidential address in 1957 (62):

"Let us examine at least some of the more important reasons for our lagging behind. First, Britain's two cultures. At present we have, on the one hand, a thrusting industrial society in the main divorced from the universities and higher education and, on the other, we have those who have benefited from higher education, who have entered the older professions and who are socially much more acceptable than those engaged in industry. The result of this situation is that many parents to-day would prefer their son to be an eminent Q.C., or an eminent surgeon or an eminent banker or an eminent diplomat or civil servant -rather than an eminent industrialist."
Sir Ian continued ......

"As Sir Charles Snow wrote recently:

"It is precisely that lack of understanding by the prevailing culture which, I am sure, keeps some of our best minds out of applied science. If they enter it, they are going to be left out of the party; they will make a fair income, but they will not get the social rewards that able men need. This extreme separation of the cultures is a comparatively modern invention. The high-thinking serious world of George Eliot and her friends was knowledgeable about science. So were leading political figures of sixty years ago, such as Balfour, Haldane, Salisbury (who actually had his own chemical laboratory at Hatfield). Since then the separation has gone far and fast."

"This cleavage of culture appears not to occur in Germany and the United States. It is serious. It means that the best brains and the most highly educated people do not go into industry; they go into the older professions. It means that the people who are responsible for achieving this prosperity are not receiving the social rewards."

Incidentally, lack of generosity in acknowledging the cultural status of industry was equally a problem in the accountancy profession. It continued to be so to the extent that even in 1983 the Institute of Chartered Accountants in England and Wales successfully opposed an application by the Institute to the Privy Council to enhance its members' status by use of the term "Chartered Management Accountant". Undoubtedly the opposition was founded on a basis of self-interest, but its success on the claim to avoid confusion depended on the reigning culture.

For the main point, it was continually difficult in the UK either to:

(1) attract the best talent into industry for technical, accounting and managerial positions, or
achieve a common numerate understanding of business progress either across a management team or between managers in an industry.

The intensive activity in management accountancy was however resulting in a widening of the horizons for those thus engaged.

In the Morrow paper (63) given to the course at Droitwich Spa the greater attention being given to capital investment appraisal was covered. There was reference to the well established pay-back method as being a complementary measure (in determining simply the period over which the capital expenditure would be recovered) to the rate-of-return or investment method using the ratio

\[
\text{Earnings} \quad \text{Investment} \times 100 \quad \text{for a percentage rate;}
\]

and reference also to the discounted cash flow method (DCF) then coming into substantial use in business as giving some measure of the cash effects throughout the life of a project, by essentially a compound interest formula.

As Ian Morrow's address (64) brought out, more tools were available and more difficult tasks lay ahead:

- "Industry in the future is going to require larger and larger doses of capital and the management accountant will be called upon to give far more assistance to management than he has in the assessment and evaluation of capital expenditure."

- "In the final analysis the true measure of a company's efficiency is its profit on the capital employed ........

"The management accountant in the future will be expected to evaluate the profit made on existing capital - not an easy task but a rewarding one and a surprising one."
Put in a different style, related observations were made by H.H. Norcross in 1959 when looking at "Future Trends and Prospects for Management Accounting" he said:

"Some business decisions can be termed 'strategic'. They are decisions which will influence the company's affairs for a long time. They may involve heavy capital expenditure or some change in policy which will have far reaching effects.

"Some of these strategic decisions are rather like 'burning one's boats'. Once the decision is taken and action starts there can be no going back.

"I suggest that one trend we must hope to see in future, is for management accounting to play a bigger and more useful role in this decision taking. One step towards this is for management accountants to equip themselves better for this task. At the same time we must not get exaggerated ideas of what we can do.

"Many strategic decisions, particularly in a big business, are such that they are best dealt with by a team of men with varied specialist knowledge and experience. The management accountant should do what he can to equip himself to play his part in such teams. He may decide to get a bigger appreciation of such subjects as production engineering, marketing and so on. His purpose should not be to become an expert in subjects other than his own, but to know just enough about them to be able to cooperate effectively with men who are experts in them."

Such was the expansionist thinking among Institute senior members in the years during which ideas were being formed which would influence both the new Membership Examinations destined to operate from 1964, and the Institute generally for long afterwards.
3.4.2.2 Fellowship and the 1964 Examinations

At the beginning of the 1950s there had been concern at the slow growth in the number of Fellows and a belief that a more substantial Fellowship was necessary for the Institute to fulfill its role. At an extraordinary general meeting at Buxton in May 1952 an arrangement was agreed such that Associates holding senior positions could move to Fellowship within a five year period without taking the new Fellowship Examinations in management accounting (sections 3.4.1.3 and 3.4.1.4). A register was compiled of Chief Cost Accountants or equivalent who gave notice of their intention to apply for Fellowship during the next five years. Some 630 names were registered of whom 247 later applied: 213 were successful.

Despite this impetus, the numbers for 1951 to 1961 were:

<table>
<thead>
<tr>
<th></th>
<th>Fellows</th>
<th>Associates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent Increase</td>
</tr>
<tr>
<td>1951</td>
<td>580</td>
<td>-</td>
</tr>
<tr>
<td>1961</td>
<td>1109</td>
<td>-</td>
</tr>
<tr>
<td>Increase</td>
<td>529</td>
<td>91</td>
</tr>
<tr>
<td>Average Annual Increase</td>
<td>53</td>
<td>9</td>
</tr>
</tbody>
</table>

One effect of the Fellowship examination launched in 1952 was to bring some members of other accountancy organisations into membership directly as Fellows.

However, too few were passing the Fellowship examinations, although about 100 were sitting each time it was held.

Fellowship Examinations in Management Accountancy

<table>
<thead>
<tr>
<th>Passed</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 1956</td>
</tr>
<tr>
<td>1957</td>
</tr>
<tr>
<td>1958</td>
</tr>
</tbody>
</table>
Yet members were holding an increasing number of positions of authority, and both government and industry thought increasingly well of the Institute. For example, in the 1960s a number of government departments and national organisations invited the assistance of the Institute. Working parties, advisory panels or representatives were deputed as follows (66):

To advise the Ministry of Labour in studies on the cost of training; to assist the Department of Economic Affairs in an investigation into accounting methods to establish the cost of variety; to assist the Economic Research Unit of the Board of Trade in a profitability comparison of the export and home markets; to assist the British Productivity Council on the preparation of seminars for the appreciation of costing methods; to assist the Ministry of Health on the problem of presentation of information by local financial officers to managing bodies on the cost of hospitals; to assist the National Economic Development Council on the problem of improving the understanding of costing techniques and the profitable use of capital in the smaller companies; finally, to assist the Confederation of British Industry along similar lines.

In industry firms were developing training courses specifically aimed at meeting Institute requirements, and increasingly were giving day release for attendance at classes to such trainees. (67)

In 1951 the Institute had cognizance of 30 schemes and from 1968 training schemes were registered by the Institute on achieving an acceptable standard. The number of such schemes was:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968</td>
<td>65</td>
</tr>
<tr>
<td>1969</td>
<td>89</td>
</tr>
<tr>
<td>1970</td>
<td>118</td>
</tr>
</tbody>
</table>

Returning to examinations, the subjects covered by the Fellowship Examination in Management Accountancy were patently of the utmost importance in the business and financial environment of the day. It appeared, however, that the additional burden on students
and high acceptability of membership of the Institute, even if at Associate level, militated against substantial numbers of able candidates taking the Fellowship examinations. Thus, the gap between the reality of members' positions and the awarding of Fellowship became too great to sustain.

After two years of preparation the Fellowship examination was discontinued and last held in June 1963. Those who had passed the Fellowship examination in Management Accountancy were made eligible for the award of the joint Diploma in Management Accountancy when it was established in 1966. New examinations had been accepted in principle by Council in June 1961, and the membership (Associate) examinations were modified to cover management accounting from 1964. At the same time, the increasingly all pervading incidence of taxation was recognised by its inclusion. The new examinations from June 1964 compared with the earlier examinations in many respects, but despite new subjects the examination was contained at 48 hours. As may be seen in the following comparison between the subjects in the new and previous examinations, this was partly achieved by reducing the incidence of subjects relating to industrial technology.
<table>
<thead>
<tr>
<th>Part</th>
<th>1952 - 1963</th>
<th>Hours</th>
<th>Part</th>
<th>1964 onwards</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prelim</td>
<td>Mathematics)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>English</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Three from choice</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inter</td>
<td>Industrial</td>
<td></td>
<td>Part I</td>
<td>Industrial Administration</td>
<td>3</td>
</tr>
<tr>
<td>Part I</td>
<td>Evolution &amp; Management</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Economics</td>
<td>2</td>
<td></td>
<td>Economics</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Commercial Practice</td>
<td>3</td>
<td></td>
<td>Statistics</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Book-keeping &amp; Accounts</td>
<td>3</td>
<td></td>
<td>Book-keeping</td>
<td>3</td>
</tr>
<tr>
<td>Inter</td>
<td>Production</td>
<td>2</td>
<td>Part II</td>
<td>Cost</td>
<td></td>
</tr>
<tr>
<td>Part II</td>
<td>Methods</td>
<td></td>
<td></td>
<td>Accounting:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Costing:</td>
<td></td>
<td></td>
<td>Labour</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Wages</td>
<td>2</td>
<td></td>
<td>Materials</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Overheads</td>
<td>2</td>
<td></td>
<td>Overhead</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Materials</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Methods</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final</td>
<td>Management - Factory &amp; Distribution</td>
<td>2</td>
<td>Part III</td>
<td>Office</td>
<td></td>
</tr>
<tr>
<td>Part A</td>
<td>Management</td>
<td></td>
<td></td>
<td>Management</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Advanced Accountancy</td>
<td>5</td>
<td></td>
<td>Financial</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Legal Aspects</td>
<td>2</td>
<td></td>
<td>Accountancy</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Statistical Method</td>
<td>2</td>
<td></td>
<td>Industrial &amp; Commercial</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Law</td>
<td></td>
</tr>
</tbody>
</table>
## 1952 - 1963

<table>
<thead>
<tr>
<th>Part</th>
<th>Subject</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final</td>
<td>Advanced</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Accountancy</td>
<td>9</td>
</tr>
</tbody>
</table>

### Fellowship

<table>
<thead>
<tr>
<th>Part A</th>
<th>Subject</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Management</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Accounting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Company Law</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Factory &amp; Distribution</td>
<td>*</td>
</tr>
<tr>
<td></td>
<td>Statistical Method</td>
<td>*</td>
</tr>
<tr>
<td></td>
<td>Economic Aspects of Industry &amp; Commerce</td>
<td>*</td>
</tr>
</tbody>
</table>

| Part IV  | Advanced              |       |
|          | Cost & Management     |       |
|          | Accountancy           | 9     |

## 1964 onwards

<table>
<thead>
<tr>
<th>Part V</th>
<th>Subject</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Advanced</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Accountancy &amp; Financial Management</td>
<td>3</td>
</tr>
</tbody>
</table>

- These four Fellowship subjects were identical with the respective membership examinations, which gave exemption in the 1952-1963 era.
The relative examination hours were:

<table>
<thead>
<tr>
<th></th>
<th>1952 - 63</th>
<th>1964 onwards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preliminary</td>
<td>10</td>
<td>Nil</td>
</tr>
<tr>
<td>Professional</td>
<td>40</td>
<td>48</td>
</tr>
<tr>
<td>membership</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fellow if</td>
<td>5</td>
<td>Nil</td>
</tr>
<tr>
<td>professional</td>
<td></td>
<td></td>
</tr>
<tr>
<td>membership</td>
<td></td>
<td></td>
</tr>
<tr>
<td>passed</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

With the discontinuation of the Preliminary Examination after June 1963 students were required to have five "O levels" including mathematics and English in order to register for entry in the examinations. (In January 1973 this was upgraded to include at least two "A levels".) For many years prior to 1963 most students registered on the basis of exemption, and the number sitting the Preliminary was a few hundred in any one year.

The Institute was conscious of the need to ensure its own membership examinations were recognised as a "peak of excellence". Therefore the recognised body of knowledge in management accounting was incorporated into the subjects of the new examinations. There was also a conscious intention to achieve the qualification being regarded as "degree-equivalent", as later occurred.

Overall, the examinations had become more financially orientated rather than multi-disciplined, particularly when compared with the structure followed in the 1920s. It was probably an inevitable consequence of targeting more toward director level and competing with chartered accountants entering industry, rather than remaining in a more specialist role.
It was therefore increasingly the strength of the training and experience requirements which was the distinguishing mark of Institute members, in relation to their capability and acceptability among engineers and managers. This was in addition to their distinction among accountants for their specific knowledge of costing.

After 1964, there were further (interim) changes to the examinations in 1966 and more especially in 1971, but the greatest major change was to be in 1976.

Resolving the problems of equality of treatment between examination candidates as the number of subjects was extended and with the number of examination candidates already exceeding 10,000 per annum in 1960, fell to Mr W Bishop who chaired the examination committee and was President 1962/3.

"He was instrumental in establishing much improved procedures for the setting and marking of examination papers as well as modernising the assessment of results in accordance with the best current practice." (68)

Meanwhile, there was a strong upward trend in the number of examination candidates:

<table>
<thead>
<tr>
<th>Year</th>
<th>Examination Candidates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963</td>
<td>14078</td>
</tr>
<tr>
<td>64</td>
<td>13464</td>
</tr>
<tr>
<td>65</td>
<td>14464</td>
</tr>
<tr>
<td>66</td>
<td>15478</td>
</tr>
<tr>
<td>67</td>
<td>17031</td>
</tr>
<tr>
<td>68</td>
<td>17698</td>
</tr>
<tr>
<td>69</td>
<td>18589</td>
</tr>
</tbody>
</table>
Another increasing feature was the number of overseas candidates. Thus in 1966, as compared with 1956:

**EXAMINATION CANDIDATES**

<table>
<thead>
<tr>
<th>Year</th>
<th>Home</th>
<th>Overseas</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
<td>Percent</td>
<td></td>
</tr>
<tr>
<td>1966</td>
<td>12391</td>
<td>3087</td>
<td>15478</td>
</tr>
<tr>
<td>1956</td>
<td>7167</td>
<td>1311</td>
<td>8478</td>
</tr>
</tbody>
</table>

This was involving examinations being held at 30 home centres and 60 overseas centres.

The growth of overseas interest in the Institute was to be of increasing importance through the 1970s and 1980s, from the base mainly set in the 1950s and 1960s. However, this major subject was not one it was deemed appropriate to encompass in this selection of historic events. Suffice it to note the overseas membership growth.

**MEMBERSHIP**

<table>
<thead>
<tr>
<th>Year</th>
<th>Overseas</th>
<th>Home</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
<td>Percent</td>
<td></td>
</tr>
<tr>
<td>1951</td>
<td>440</td>
<td>13.4</td>
<td>2833</td>
</tr>
<tr>
<td>1961</td>
<td>1050</td>
<td>14.2</td>
<td>6336</td>
</tr>
<tr>
<td>1971</td>
<td>1983</td>
<td>16.5</td>
<td>10020</td>
</tr>
</tbody>
</table>

All the main UK accounting bodies were flourishing in the 1960s, and the final two sections on this period cover collaboration for a Joint Diploma, and the movement towards integration across the profession.
3.4.2.3 The Joint Diploma

Under somewhat different circumstances from those envisaged by Mr Tyrrell in his Presidential Address in 1953, the Fellowship Examination in Management Accountancy did "evolve" into a "joint board" and assist in creating some unity in the profession. There was general concern as to what could be done to provide industry with an adequate number of suitably qualified accountants. The importance of this was underlined by the increasing supply of engineers and science graduates in industry and changing management attitudes (69):

"The rise up the ladder of men sympathetic to the ideas of higher education in general was bound sooner or later to be favourable to the development of management education in particular. Inside industry one result was the spread of company or industry courses, about 50 of which had their own residential centres."

The profession united in creating from January 1966 a new Joint Diploma in Management Accounting Services (JDipMA). There were four bodies initially involved:

The Institute of Chartered Accountants in England and Wales

The Institute of Chartered Accountants of Scotland

The Association of Certified and Corporate Accountants

The Institute of Cost and Works Accountants

They were shortly afterwards joined by The Institute of Chartered Accountants in Ireland, and later by the Institute of Municipal Treasurers and Accountants (now CIPFA). For the operation of the JDipMA a joint Diploma Board was established in 1965.

Under the provisions of the scheme joint diplomas could be awarded without further examination to Fellows of the Institute who had passed the former Fellowship Examination in Management Accountancy.
The JDipMA was a two part examination.

Part I was a written examination in 5 subjects

Part II required a thesis and an oral examination, and an oral examination on the candidate's experience.

Suitably experienced members of the various bodies aged 40 years and over on 1st January 1966 could proceed directly to Part II of the examination.

By the end of 1967, two years after commencement there were the following JDipMAs:

<table>
<thead>
<tr>
<th>Type of Examination</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>By ICMA Fellowship</td>
<td>260</td>
</tr>
<tr>
<td>By Part II examination</td>
<td>33</td>
</tr>
<tr>
<td>By Part I &amp; II examination</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>309</td>
</tr>
</tbody>
</table>

The joint board recommended changes so as to interest a wider spectrum from amongst members of the various bodies. The following changes were announced early in 1968 (Ref. Institute Report 1967, page 15/16).

"The Joint Diploma Part I examination and the examination for the Certificate in Management Information (sponsored by the Institute of Chartered Accountants in England and Wales, and in Ireland) will be merged. The two examinations will retain their separate titles but will have identical papers and be held simultaneously in October each year beginning in 1968. The CMI syllabus of four subjects will be adopted and the present Diploma subject V (General Financial Knowledge and Investigations) discontinued. Candidates will be eligible to enter for the examination about two years after qualifying. There will be no minimum age limit for admission to the examination and no requirement of practical experience."
Successful candidates will be eligible to enter for the Joint Diploma Part II examination after acquiring the necessary practical experience. Those who are members of the English or Irish Institute will also be awarded the Certificate in Management Information.

The conditions of eligibility to sit Part II (which will continue to consist of an oral examination and presentation of a thesis) have been changed so that:

(a) Candidates may sit the examination earlier than in the past because many will have acquired sufficient practical experience at about 30.

(b) Exemption from Part I examination will be granted to those members of the participating bodies who were over the age of 30 on 1st January, 1966 (instead of over 40 as in the original Diploma Scheme).

(c) Experience in non-manufacturing organisations, e.g. commerce or the public service, will be acceptable. (The emphasis previously was on experience in manufacturing industry.)

(d) Appropriate experience at somewhat below the level of "chief accountant" will qualify."

Probably the most significant change was that the "aged 40" concession was reduced to "aged 30" (see (b) above). The response from the membership continued to be disappointing. Although further changes were made, and particularly in 1975, it was increasingly evident that a qualification of this kind was missing the target.

Comparative year end figures were:

<table>
<thead>
<tr>
<th></th>
<th>1967</th>
<th>1972</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total JDipMA</td>
<td>309</td>
<td>384</td>
<td>451</td>
</tr>
<tr>
<td>Average annual increase</td>
<td>-</td>
<td>15</td>
<td>10</td>
</tr>
</tbody>
</table>
In 1980 all bodies announced withdrawal from the scheme which, under its constitution, therefore terminated on 1st January 1982.

The Institute experience with both the Fellowship Examination and the JDipMA indicated that once a qualification mutually acceptable to most members seeking employment and to opinion leaders among employers was established, further study would not be undertaken by any considerable number of members, until that circumstance changed. It was fortunate that the Institute was concurrently developing "Post Qualifying Education" (PQE) courses, which were seen to assist in meeting members ad hoc requirements. It was also observing the birth and growth of new specialised bodies. Both these factors became of increasing significance in the 1970s. Meanwhile, the big issue toward the end of the 60s was "Integration".

3.4.2.4 Integration Development in the Profession

As observed early in this chapter, professional institutions developed and survived according to their perceived usefulness to the community and their practical usefulness to members. Society imposed no other constraints. Hence, as technological change progressed an increasing number of institutions were formed. This was particularly evident in the applied sciences, and specifically in the growth of a variety of engineering institutions. The dilemma then arose as to how such a variety of institutions could collaborate for the general maintenance of professional standards and the economic deployment of their professional resources. Among engineers, from such considerations arose the drawing together of the 16 chartered engineering institutions in the Council of Engineering Institutions. Government involvement in further engineering integration projects has emphasised the importance of such considerations to the community in general.

On a more modest scale a similar situation arose with the increasing size and importance of the various UK accountancy bodies.
There had been various negotiations between two or more accountancy bodies from time to time, and for example the Association of Certified Accountants merged with the Institute of Corporate Accountants.

During the 1960s a more ambitious plan emerged to integrate the six major accountancy bodies. In 1965, the negotiations between the six reached the stage that Mr J. Borsay (President 1957-58) was appointed chairman of the Institute's representatives "selected to negotiate with the other five major accountancy bodies the scheme for the development of the accountancy profession in Great Britain and Ireland".

The negotiations made such progress that in 1968 all bodies were ready to approach their members. In the Institute, booklets giving the proposals were sent to all members on the 25th July under a letter from the President. Later in the year feedback was obtained from a series of 28 local meetings. As well as meetings in the British Isles, these meetings covered South Africa, Rhodesia, India and Pakistan.

At an Extraordinary General Meeting on 19th April 1969 a majority of three fourths of members voting was sought for the plan. This failed as 73.73% voted in favour, being 1.27% below that required. In the circumstances and in keeping with action by the other bodies a simple majority was sought for the plan in principle at a further EGM on 14th June. The majority was obtained with 78.3% voting in favour.

With one exception the other bodies achieved substantial majorities. The exception was the Institute of Chartered Accountants of Scotland where the majority was 50.5%. The Scottish Institute therefore withdrew. The other five decided to proceed with a view to putting final proposals to members in 1970. When these final proposals were put to the members of five bodies, the Scottish Institute members voted on if-the-others-integrated should it also join - this gave a majority of 74.1%.
The final voting figures were as below. (71)

<table>
<thead>
<tr>
<th>Organization</th>
<th>For</th>
<th>% For</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institute of Chartered Accountants in England &amp; Wales</td>
<td>13700</td>
<td>44.8</td>
</tr>
<tr>
<td>Institute of Chartered Accountants of Scotland (a provisional vote)</td>
<td>2919</td>
<td>74.1</td>
</tr>
<tr>
<td>Institute of Chartered Accountants in Ireland</td>
<td>871</td>
<td>91.9</td>
</tr>
<tr>
<td>Association of Certified and Corporate Accountants (Now Association of Certified Accountants)</td>
<td>140</td>
<td>97.9*</td>
</tr>
<tr>
<td>Institute of Cost and Works Accountants (Now ICMA)</td>
<td>4727</td>
<td>80.2</td>
</tr>
<tr>
<td>Institute of Municipal Treasurers and Accountants (now Chartered Institute of Public Finance and Accountancy)</td>
<td>510</td>
<td>84.6</td>
</tr>
</tbody>
</table>

* Proxy votes not used were 'for' 4,790, or 91.2%.

Since the dominant ICAEW did not even have a simple majority and needed a 3/4ths majority the plan foundered totally.

Subsequently a variety of limited amalgamations were discussed, and in April 1982 a proposal that in principle the Institute and the Association of Certified Accountants should seek to amalgamate was taken to the vote and rejected by members of both bodies. (The Institute voting was against (72) 5464;63.2%). There were to be various important collaborative efforts but integration was not amongst them. With the passing of time any prospects of integration were less central to the forward thinking of the Institute, although there remained a section of the membership to which integration aspirations remained of dominating importance.
3.4.3 Summary Of Key Features

Strong Membership growth throughout the period gave both the benefits of membership penetration across most types of economic (including government) activity, and a sound financial base for expanding services in support of members. As more Institute Members found themselves working in a broader environment than the works or cost department, there was a need to match this development with a broader syllabus and this was evident early in this period. The first major changes in examinations in 1952 were designed to meet this need.

However developments were rapid and the Institute was involved in two particularly important ways. Firstly, the Institute was involved in the Government endeavours to promote more capability in management with such developments as the introduction of a National Diploma in Management and the formation of the British Institute Of Management. Secondly, the Institute was involved in the various endeavours to improve industrial efficiency/productivity and particularly in the productivity visits to the USA arranged by the Anglo-American Productivity Council. The former specifically influenced the examination content in the 1950s and beyond, and the latter took the Institute thinking as to its future beyond the claim that members were "Industrial Accountants" versed in all aspects of financial accounting as well as cost accounting.

The new concept built upon the Institute origins of being involved with management in a partnership to evolve beneficial changes for the enterprise. The concept was spread both outwards and upwards. Outwards as applicable in all forms of business whether industrial or service, in all kinds of organisation whether commercial or government, in all departments whether production or marketing or other. Upwards as reflecting duties members might have at director level, as embracing the major decisions germane to the enterprise at the highest levels, as comprehending the strategic significance in both financial and operational terms of the
decisions to be made. The concept was Termed Management Accountancy.

While individual members reached many positions of power and influence, the launch of the management accountancy concept as a Fellowship Examination (first held 1953) was discontinued and new membership examinations embraced the written papers previously requested for fellowship. The increased breadth of knowledge thus required at membership level was well accepted. It seemed the hurdle for most members and those of other accountancy bodies the "fellowship" had intended to inspire to direct entry was the extra continuity of study needed rather than the intensity of study required. This was confirmed as the imaginative effort to sustain in collaboration with the other major UK accountancy bodies a "replacement" in the form of a Joint Diploma in Management Accounting Services (JDipMA) struggled for survival as low numbers participating resulted in a substantial financial burden.

Another impact on the Institute in this period arose from its determination to be a professional accountancy body. As members at higher levels both needed a wider financial knowledge base and were in competition for appointments with members of the other major accountancy bodies, there was both an element of necessity and one of demonstrating equality about the changes in the examination requirements for membership. It was a period in which the industrial technical (engineering) content of the examinations reduced, although by retaining managerial content reinforcing the specific experience or training needs the forward looking and multi-discipline nature of the qualification was retained. Success for the examinations in the context of UK requirements for academic achievements came with the qualification ranking equal to a university degree.

Training or experience requirements were reinforced in this period by collaboration with industry increasingly resulting in day release for students in the 1950s, followed by the registration of training schemes by the Institute in 1968 against the provision of facilities to a prescribed standard.
Finally the period was noteworthy for the big non-event of Integration of the profession which foundered on the views of English Institute members as to where lay their greatest self-interest. The Institute had fully prepared itself for integration, with much detailed planning by staff. However the precaution had been taken of preparing a policy to be applied "In the event of integration not taking place" and this assisted the Institute in the re-orientation of its plans for the future.
CHAPTER 3

SECTION D TWELVE YEARS TO 1982

Synopsis

There was a rapid public consolidation of the Institute's position as the premier UK body in management accountancy. The Institute played its full part in matters absorbing the whole accountancy profession. It entered a new formal co-ordinating body, and within this made a major contribution (financial and otherwise) to the development of accounting standards and the professions best endeavours on the problems of inflation accounting. It collaborated in creating a profession wide technician grade at home in the UK, and internationally extended its collaboration to many bodies through participation in the founding and expansion of international accountancy bodies. New examinations and training schemes took account of the increasing flow of graduates who could be interested in taking the Institute's examinations, and proceeding to membership. Post-qualifying courses began to take account of the depth and variety of specialist knowledge demanded in various positions attained by members. Membership flourished, both at home and overseas.

3.5 Forward from 1970

As already stated, in 1970 the Institute issued a statement on policy (73) "in the event of non-integration of the accountancy profession". As well as such developments as to proceed with revisions to the educational and training requirements, this included possibly changing the Institute's name "so that it more accurately reflects the Institute's aims and activities". Thus after having the approval of the Department of Trade and Industry, at an EGM on 2nd March 1972 by special resolution the Institute became:

The Institute of Cost and Management Accountants.

Preparation for a petition for the grant of a Royal Charter had already commenced. The Royal Charter was granted in 1975, so that it then became The Institute of Cost and Management Accountants, Incorporated by Royal Charter. This did not grant use of the title or description "Chartered Management Accountant". Indeed, as already stated in section 2.4.2.1, when ultimately requested in 1983 this was refused.
The main collaborative venture following the failure of integration proposals in 1970 was that the six bodies concerned founded the Consultative Committee of Accountancy Bodies (CCAB). The main purpose of the CCAB was to enable the profession to speak with one voice wherever possible on matters of common interest. The CCAB itself was composed of the Presidents, supported by a Deputy Presidents' Committee.

One matter of common interest was to hold the centre stage from 1970 to 1980, and this was the accountancy profession's response to the community's need for guidance in times of inflation. This was not a new concern for in 1954 "The Accountancy of Changing Price Levels" was a subject of debate on which conflict of opinion in the accountancy world existed (74). Again, in 1958 the President of the Institute (Mr J Borsay) opened his Presidential Address (75) with remarks on the "hard and severe battle against continuing inflation". This was against the background of a 4½% retail price index (RPI) rise in 1957. In the 1970s, inflation reached new and dramatic heights while the economy continued to stagnate. The extent of inflation is illustrated by the following movements over 5 year periods of the RPI, taking January 1975 as 100 and using round numbers.

<table>
<thead>
<tr>
<th>Five Year Period</th>
<th>Increase in RPI</th>
<th>Average Annual Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan 1960 - 1965</td>
<td>7</td>
<td>1%</td>
</tr>
<tr>
<td>Jan 1965 - 1970</td>
<td>11</td>
<td>2%</td>
</tr>
<tr>
<td>Jan 1970 - 1975</td>
<td>46</td>
<td>9%</td>
</tr>
<tr>
<td>Jan 1975 - 1980</td>
<td>96</td>
<td>19%</td>
</tr>
</tbody>
</table>

The six CCAB bodies from its inception in 1970 took over activities already commenced to bring about mandatory requirements as to accounting practice. These were in support of the basic requirements for financial statements by companies contained in company law. With government encouragement this led to a series of statements called "Statements of Standard Accounting Practice" (SSAPs) which were promulgated by The Accounting Standards Committee (ASC) under the authority of the six CCAB bodies over the next ten years and onwards. Much was achieved, but treatment of inflation caused continuous
controversy. SSAP No. 7 was produced in 1974 recommending a supplementary statement to company accounts showing current purchasing power. However, the Government had set up an Inflation Accounting Committee (Sandilands) which in 1975 declared current purchasing power calculations were inadequate and that current cost accounting should be used. This was then accepted by CCAB, and the ASC produced a series of recommendations on current cost accounting which again proved controversial! The controversy was to continue into 1982 and beyond.

For the accountancy profession the damage to its general image was substantial. Bearing in mind the Government's endeavours from 1972 to control inflation with the Counter-Inflation Act 1973, Prices Acts 1974 and 1975 and the Price Commission Act 1977, this was a period throughout which failure by the profession to meet the needs of the community for effective leadership in accountancy for inflation appeared in the worst light.

By 1982 there were fourteen other CCAB committees or sub-committees to which the Institute belonged, as well as the audit work in which it did not participate.

Among the various CCAB committees were:

- Parliamentary and Law Steering Group
- Committee on Government Accounting
- Advisory Panel in respect of IFAC Management Accounting Committee

The International Federation of Accountants (IFAC) was itself an expression of growing internationalism and the need for collaboration. Founded at an international conference at Munich in October 1977, it developed relationships for the profession with other world and governmental organisations. By 1982 membership stood at 80 Accountancy Bodies in 59 countries, and with this standing IFAC had organised joint conferences with both the World Bank and the
International Bar Association. It was also creating International Accounting Guidelines, of which 14 had been approved by the IFAC Council by October 1982. By then IFAC had also incorporated within itself the International Accounting Standards Committee formed by the CCAB bodies and the bodies of eight other countries in 1973.

The costs of extensive collaboration were considerable, with Institute outgoings above £85,000 in both 1981 and 1982.

Despite the financial hiatus caused by high UK inflation rates; the difficulty the profession had in dealing with public expectations and those of financial institutions in accountants' ability to clarify the consequences; and the traumatic UK experiences as recessionary conditions worsened, the various accountancy institutions continued to flourish. None more so than the Institute whose membership continued its growth pattern at home and abroad. The range of activities continued to increase so that but a selection can be covered in this section which therefore concentrates on:-

(1) Examination changes 1971, and the setting up of a Technician Grade.

(2) Forward Planning accomplishments 1974/75.

(3) The 1976 examinations and aspects of growing competition.

(4) Training scheme developments.

(5) Post-Qualifying Education.

(6) Membership growth pattern.

3.5.1 Examination Changes 1971, and the setting up of a Technician Grade

Following the successful introduction of the 1964 syllabus, the status of the Institute Examinations increased. In 1966 there was acceptance of the Institute's qualification by the Burnham Committee as degree equivalent for the purpose of fixing lecturers'
scales of remuneration. From this point, maintaining status meant reviewing any changes in the examinations against relevant degrees as well as looking at the subject coverage of the other accountancy institutions.

From the Institute's own activities it was already evident in the middle 1960s that some updating was desirable, and that it was necessary to include Data Processing. Therefore, changes were planned on the shortest achievable timescale and resulted in the new 1971 Examination which was then held until 1975. These were never intended as "permanent", and work on more fundamental changes proceeded simultaneously.

The same structure of a five part examination was retained, as below:

<table>
<thead>
<tr>
<th>Part</th>
<th>Subject</th>
<th>Hours</th>
<th>Part</th>
<th>Subject</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Industrial Administration</td>
<td>3</td>
<td></td>
<td>Business &amp; Industrial Administration</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Book-keeping</td>
<td>3</td>
<td></td>
<td>Accountancy I</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Statistics</td>
<td>2</td>
<td></td>
<td>Business Mathematics &amp; Statistics</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Economics</td>
<td>2</td>
<td></td>
<td>Economics</td>
<td>2</td>
</tr>
<tr>
<td>II</td>
<td>Cost Accounting:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Labour</td>
<td>3</td>
<td>IV</td>
<td>Management Information and Quantitative Techniques</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Materials</td>
<td>3</td>
<td></td>
<td>Management Accountancy I</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Overhead</td>
<td>3</td>
<td></td>
<td>Management Accountancy II</td>
<td>3</td>
</tr>
<tr>
<td>III</td>
<td>Office Management</td>
<td>2</td>
<td></td>
<td>Data Processing</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Financial Accountancy</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Industrial &amp; Commercial Law</td>
<td>2</td>
<td></td>
<td>Accountancy 2</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Accountancy 3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Industrial &amp; Commercial Law</td>
<td>3</td>
</tr>
<tr>
<td>IV</td>
<td>Advanced Cost and Management</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Accountancy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>V</td>
<td>Advanced Accountancy &amp; Financial Management</td>
<td>3</td>
<td></td>
<td>Financial Management</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Management Principles</td>
<td>3</td>
<td></td>
<td>Management Principles</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>and Practice</td>
<td></td>
<td></td>
<td>and Practice</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Company Law</td>
<td>2</td>
<td></td>
<td>Company Law</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Taxation</td>
<td>2</td>
<td></td>
<td>Taxation</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL HOURS</td>
<td>48</td>
<td></td>
<td></td>
<td>49</td>
</tr>
</tbody>
</table>
The main changes were the introduction in Parts III and IV respectively of "Data Processing" and Management Information and Quantitative Techniques. (see 1 and 2 below). In Part I "Business Mathematics" was added to "Statistics" to improve the introductory grounding prior to the later subjects.

1. The "Data Processing" syllabus was introduced as including:

"The handling and analysis of data for all management information purposes. A knowledge of the various kinds of equipment available is required. The syllabus does not include items of general office machinery and equipment such as dictating, reproducing and mailing machines, which are included in the syllabus for Office Management, Part II"

and used NCC definitions:

"Terms and definitions in this syllabus are intended to be consistent with those used in the National Computer Centre's systems analysis course."  

The main subject headings were:

Organisation & Methods  
Conventional Methods  
Digital Computers  

This last covered Hardware: Programming: Software: Systems analysis: and Applications.

2. The "Management Information and Quantitative Techniques" syllabus read:

"MANAGEMENT INFORMATION SYSTEMS:

Information flow. Information systems. Evaluating systems. Use of information as an aid to decision-making."
"QUANTITATIVE TECHNIQUES:

Basic principles and where each technique may be used to advantage. Nature and methods of quantitative techniques. Inventory control. Production control. Network analysis. Linear programming by the transportation method. Linear programming by the simplex method to the extent of setting up equations and the first tableau. Treatment of chance and uncertainty. Queueing."

Of the other papers the most extensive changes were probably in the two "Management Accountancy" papers in Part IV. There was added specific mention of:

Inter-firm comparisons
Cost Audit
Value Analysis and Value Engineering

and a full section on Variances.

3.5.1.1 With steady upgrading of the Institute membership requirements, and the two 'A' levels threshold for registered students, the Institute was considering a less advanced grade of qualification. In June 1972 a consultative document to all members (76) stated the object as being:

"1. To provide a recognised qualification for persons engaged in the preparation of management information, including accounts, in industry and commerce, who cannot meet the Institute's minimum educational requirements as a student seeking to qualify for Associate membership.

2. To provide industry and commerce with persons recognised as competent to act as assistants to fully qualified members of the Institute or as the providers of management information in undertakings whose requirements may not justify the employment of a fully qualified member."
Over 73% of the replies received on a form provided with the document were in favour of the proposals, and plans were made to proceed.

By 1976 Council were able to consider a scheme based on the use of suitable nationally recognised examinations. There were also strong prospects of collaboration with other like-minded accountancy bodies. At first the Institute proceeded with an Affiliate grade within the Institute, but this was shortly overtaken by collaborative opportunities. In the event two schemes were launched by various bodies and in the Institute 1979 Report and Accounts it was stated (page 11):

"The Association of Technicians in Finance and Accounting (ATFA), jointly sponsored by the Institute, the Institute of Chartered Accountants in England and Wales and the Chartered Institute of Public Finance and Accountancy, achieved rapid growth and ended the year with 3,039 members and 2,698 students.

Throughout the year negotiations continued with the Institute of Accounting Staff (IAS) and its parent body, the Association of Certified Accountants, with a view to developing one single technician body to replace ATFA and IAS."

The amalgamation took place from October 1980 with the formation of a single body, "The Association of Accounting Technicians" (AAT). This body reported at the end of 1982:

```
<table>
<thead>
<tr>
<th>Members</th>
<th>8012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students</td>
<td>18036</td>
</tr>
</tbody>
</table>
```

It had also created a "Senior Status", and admitted to this status 3950 members as at December 1982. The decision was also taken in the year by AAT (77):
"to award Senior Status in future on evidence of additional Senior professional experience and managerial responsibility, but without formal examination."

Hence, while the sponsoring bodies might see the more aspiring AAT members as moving on to the appropriate Institution, the AAT was beginning to create an upward path within AAT.

At the least, the AAT was creating a floor beneath the Institutions in terms of where might lie the marginal student and potential member.

3.5.1.2 Looking beyond the membership examination and at the relative numbers of Associates and Fellows, concern continued at the slowness of transfer to Fellowship. The 1972 Report stated (78):

"The Council is anxious that all suitably experienced Associates should apply for transfer to Fellowship, the senior grade of membership of the Institute. For Associates who have not passed Part V, or the former Examination in Management Accountancy, the practical experience requirement is five years of cost and management accountancy in a sufficiently senior and responsible position, as compared with three years for Associates who have passed Part V or the Examination in Management Accountancy. Under a decision of the Council taken early in 1973, experience of cost and management accountancy in an appropriate and sufficiently senior academic position may be acceptable as meeting part, or all, of the practical experience requirements for transfer to Fellowship from Associateship."

It was of course still not possible to become an Associate through academic experience, but only through adequate experience in operational accounting situations.
Following the rejection by members of the ICAEW of the integration proposals in 1970 there was an immediate Council policy statement, and a "Committee on Implementation of Policy" was formed. By 1973 it had ensured the short term issues were successfully handled. A "Long Range Policy Group" was then formed which reported to Council in November 1974. This led to a period of consultation with Branches after which in June 1975 there was issued a "Council Statement on Long Range Policies" (79).

This started with a "Main Aim" .......

"to be a leading professional body in management accountancy, internationally recognised" ....... and continued with Policies under a series of headings. Central to these policies was the statement under the title "The Institute and its qualification" which stated:

"The Institute will seek to:

1. Promote recognition of its qualification as the top qualification in management accountancy.

2. Maintain the standard and nature of the qualification through its recruitment, education, examining and training policies, which will be designed to ensure that all newly-qualified members are at the forefront of professional development.

3. Provide a post-qualifying education and development programme which will assist members to retain their professional pre-eminence throughout their careers.

4. Achieve recognition for its members in all quarters. It will encourage employers in manufacturing, extractive and service industries, commerce, central and local government and education to make use of members' skills in pursuing efficiency and attainment of corporate objectives.
5. Enhance its reputation and status through research and publishing activities.

6. Use its special expertise and standing for the general good, and to play a full and responsible role in the world at large."

The remaining Policy headings were:

- Recruitment
- Examinations
- Training
- Post-Qualifying Education and Development
- Research
- Publications
- Library and Information Service

Relationships with other Professional Bodies:

1. Other accountancy bodies
2. Non-accounting bodies

and Responsibilities to the Community
- Overseas Affairs
- Organisation Structure

The statement on Recruitment contained the policy:

"Efforts will be made to draw recruits from a wide range of backgrounds, and a variety of entry routes will continue to be provided."

While that on Examinations included:

"The Institute will continue to act as an examining body in its specialist subjects at an advanced level, but will seek to extend its present practice of transferring the examining for subjects at a lower level or outside its specialism to national educational systems."
Three confidential documents supported the public "Statement on Long Range Policies" (80), and these were titled:


3. Recommended courses of action which are most likely to succeed in achieving the main strategic aim (1974).

Points of particular note in these documents were:

(a) From Assumptions about the environment

The following comments:

- "The most effective and sought after management adviser of the future is likely to be a person trained and able to co-operate with his colleagues in management in providing a fair return on investment coupled with an acceptable response to the social, economic and ecological pressures posed by the community; he will have the ability to adapt readily to changes in circumstances and have an understanding of the management of human resources.

- Members of the management team, in all functions and at all levels, will be more highly educated and more sophisticated than in the past.

- The number of graduates entering business will steadily increase.

- The importance of long range, or corporate planning will increase. Managers will need to become more professional and less casual in their approach to business.
There will be a growing tendency for organisation structures to move away from being based on functions to being based on profit centres or product groups, whereby areas of control and responsibility can be more easily pinpointed.

Managers will be expected to work increasingly on an inter-disciplinary basis and the criterion for judging a man's suitability for an appointment will be his ability to do the job well rather than the discipline from which he comes.

There will be an increased demand from business and government for executives who are highly numerate and able to interpret the mass of figures produced by computers.

(b) From "Likely Effects"

"The characteristic of the Institute's membership will change to include:

1. A much higher proportion of graduates.

2. A proportion of generalists who have later needed to specialise.

3. A proportion of managers from other disciplines, such as engineering, who need an accountancy qualification before advancing to general management.

Within the grades of membership there will be need to differentiate between members who are, in ascending order of skill, 'technicians', 'interpreters of information' and 'advisers'.
The need for inter-disciplinary knowledge and training will increase and will provide the scope and impetus for closer collaboration and joint programmes of investigation and research among professional bodies which have associated interests.

The Institute will take the initiative in setting up a joint working party with other professional bodies (such as the secretaries, engineers, surveyors) to study the overall requirement for inter-disciplinary training and to consider the possibility of some form of reciprocal membership or affiliateship for those of their members who obtain the appropriate qualifications.

(c) From "Recommended Action"

Concerning the Institute's Qualification:

"The Institute's basic qualification should continue to be a specialist qualification and moves should be avoided which would result in it becoming a generalist qualification. Within the basic qualification there are, however, certain subjects which need to be studied in depth and other subjects of which only an appreciation is needed.

The Institute should maintain the highest possible standards and these should be upgraded from time to time so that the basic qualification continues to be highly regarded by employers. Upgrading should be a continual process and should reflect the business environment. In this respect, it is important that the Institute should be responsive to the needs of employers and it should conduct a continual programme of research to know what these needs are and to become aware when they might change.
The Institute's basic qualification should be seen to be the top qualification in cost and management accounting and there are no grounds for recommending the introduction of a post-graduate qualification of a general nature within the Institute. The 1976 syllabus sets very high standards and members who qualify under this syllabus will be better qualified in cost and management accounting than members of the accountancy profession as a whole.

Graduates should be encouraged to qualify for full membership of the Institute by granting them the maximum possible exemptions from the Institute's examination and by making due allowance for their theoretical knowledge when assessing their practical experience.

and in related sections, there should be consideration of "A Qualification for Generalists and Members of other disciplines" .......

"Such a qualification should be planned so that it would not signify that the holder has the degree of specialist knowledge in depth which full members have but would signify that the holder has acquired a broad knowledge of management accounting."

AGAIN a further section suggested consideration of "A Specialist Qualification for particular Sectors of Industry, Commerce or Government Service".

These two ideas of a Qualification for Generalists, and a Special Qualification were not developed over the time scale to 1982. However, most of the actions had been assiduously followed up so that in 1982 the Institute was strong in many respects.
3.5.3 New Examinations 1976

While the 1971 changes were being implemented more radical plans were being formulated for new examinations. An exposure draft was prepared and comment obtained from employers, universities and colleges as well as from Institute Branches. The three Committees on Education and Training, Examinations, and Applications (for membership) formed a joint working-party which resulted in the new syllabus being published in 1974 and first examined in May 1976.

A feature of the syllabus was its recognition of the increasing flow of graduates who could be interested in taking the Institute Examinations. This flow was not only occasioned by student awareness while graduating, but because various employers were concentrating more effort on graduate streams in their internal company training. These included a number with Institute Registered Training Schemes and effective absorption of graduates into the Institute system was imperative.

Hence, the syllabus was designed with the first two parts forming a Foundation Stage, covering in broad conceptual terms the subjects to be more fully developed in the later Professional Stage. The diagram in Appendix 7 shows the linking of the subjects.

Relevant graduates were then offered exemption from the Foundation Stage. The Foundation Stage being divided into Part A and Part B, non-relevant graduates were offered exemption from the more general information section Part B, but not from the more accounting section Part A.

One somewhat unexpected result was that the pattern over several years became that of non-relevant graduates being relatively more successful in the Professional Stage than relevant graduates. This was presumably because their relevant degrees did not always give fully adequate costing/mathematical grounding, although doubtless well covering financial accounting. However, relevant graduates
were to continue to become well regarded by employers as many of the degrees at universities and polytechnics developed to take subjects in greater depth. By 1982 the Institute had extended the Foundation Stage exemption for more than 80 degree courses in the UK and Ireland to cover both Foundation Stage and Part I Professional Stage.

A subject comparison pre and post 1976 shows as follows:

<table>
<thead>
<tr>
<th>Part</th>
<th>1971 - 1975 Subject</th>
<th>Hours</th>
<th>Stage</th>
<th>1976 Onwards Subject</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Accountancy I</td>
<td>3</td>
<td>F.A.</td>
<td>Financial Accounting I</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Economics</td>
<td>2</td>
<td></td>
<td>Economics</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Business Mathematics and Statistics</td>
<td>3</td>
<td></td>
<td>Cost Accounting I</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Business and Industrial Administration</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>II</td>
<td>Office Management</td>
<td>2</td>
<td>F.B.</td>
<td>Mathematics &amp; Statistics</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Cost Accountancy 1</td>
<td>3</td>
<td></td>
<td>Organisation of Production</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Cost Accountancy 2</td>
<td>3</td>
<td></td>
<td>Business Law</td>
<td>3</td>
</tr>
<tr>
<td>III</td>
<td>Accountancy 2</td>
<td>3</td>
<td>P.I</td>
<td>Financial Accounting 2</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Accountancy 3</td>
<td>2</td>
<td></td>
<td>Cost Accounting 2</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Industrial &amp; Commercial Law</td>
<td>3</td>
<td></td>
<td>Economic Analysis</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Data Processing</td>
<td>3</td>
<td></td>
<td>Quantitative Techniques</td>
<td>3</td>
</tr>
<tr>
<td>IV</td>
<td>Management Information &amp; Quantitative Techniques</td>
<td>3</td>
<td>P.II</td>
<td>Management Information Systems &amp; Data Processing</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Management Accountancy I</td>
<td>3</td>
<td></td>
<td>Financial Accounting 3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Management Accountancy II</td>
<td>3</td>
<td></td>
<td>Organisation &amp; Marketing Management</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
<td></td>
<td>Company Law &amp; Taxation</td>
<td>3</td>
</tr>
<tr>
<td>V</td>
<td>Company Law</td>
<td>2</td>
<td>P.III</td>
<td>Management Accounting 1</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Taxation</td>
<td>2</td>
<td></td>
<td>Management Accounting 2</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Financial Management</td>
<td>3</td>
<td></td>
<td>Financial Management</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Management Principles and Practice</td>
<td>3</td>
<td></td>
<td>Corporate Planning &amp; Control</td>
<td>3</td>
</tr>
</tbody>
</table>

|     | 49                  |       |       | 54                  |

For many relevant graduates the syllabus meant taking three examination parts, but as already noted by 1982 many were able to obtain Professional Part I exemption and take just two examinations.
They were also required to participate in an acceptable module of training, such as under an Institute Registered Training Scheme, or obtain the necessary career experience.

3.5.3.1 Aside from other accountancy institutions, there was increasing competition in the difficult economic climate in two main ways:

1. Organisations choosing to train non-accountants into senior positions, including financial positions. This occurred as organisations increasingly reduced barriers between departments, and were seeking the most successful management team with less prejudice or restraint.

2. Higher education establishments (universities and polytechnics) seeking outlets for graduates and more orientating themselves to produce industrially aware graduates.

The former in many ways enhanced the role of accountants as the financial function tended to become dominant in many organisations.

It also meant a gradual move towards demanding a higher quality of performance in the more senior positions. This meant bringing-on high quality people, whatever their origins. (A trend possibly strengthened by the unaligned computer revolution where success came to people from intensely varied backgrounds, as demonstrated by the variety among members of the Operational Research Society and the British Computer Society). Such people often moved upwards in management without taking any specific accountancy qualification, and thence finding it unnecessary.

One aspect of this was the availability of the National Business Diploma created in 1952 as the qualifying
examination of the BIM; transferred as the Diploma in Management Studies (DMS) from the BIM to the Department of Education and Science in 1964; and in 1976 taken over as a post-graduate diploma by the Council for National Academic Awards (CNAA). This was able to attract increasing credibility as preparation of technical people for management, including "enough" accountancy. Once credibility was achieved among some employer-opinion-leaders, this was both an easier route and in some large organisations one to be encouraged.

The latter resulted in a strong growth among business degrees. Thus, the number of first degrees in business studies substantially exceeded those in accountancy, while higher degrees in business studies were dominant among related subjects. University Grants Committee statistics showed for 1981:

<table>
<thead>
<tr>
<th>First Degrees</th>
<th>Higher Degrees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Management Studies</td>
<td>1219</td>
</tr>
<tr>
<td>Economics</td>
<td>2124</td>
</tr>
<tr>
<td>Accountancy</td>
<td>911</td>
</tr>
</tbody>
</table>

This was from late beginnings, with the formation of substantial business schools dating from 1965 (81). While the polytechnics offering Council for National Academic Awards (CNAA) approved first degrees showed:

<table>
<thead>
<tr>
<th>1974</th>
<th>1980</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Studies</td>
<td>733</td>
</tr>
<tr>
<td>Economics</td>
<td>310</td>
</tr>
<tr>
<td>Accounting</td>
<td>28</td>
</tr>
</tbody>
</table>
From these ever increasing numbers, it doubtless remained true (as stated earlier) that many graduates avoided industry and commerce, but significant numbers appeared as competition for the limited number of more senior appointments in the 1970s.

The growth of competition was also strong among accountancy institutions, perhaps more specifically competition for territory related to management accounting by those in audit, for example by moving to "management audit". Since the UK was one of the countries (unique in Europe) permitting statutory audit based organisations to accept consultancy work with their audit clients (albeit in a separate division):

1. Accountants were strong in consultancy

2. The incentive was there to relate as much work as possible into an audit context to increase the consultative credibility.

If the AAT was putting a floor beneath accountancy, for management accounting the graduate competition (plus in-house company training of those graduates without requiring an accountancy qualification) was beginning to place a ceiling on personal expectations for all except the most able members; and the acceptability by government and industry of wide "audit" remits was building more constraints than ever anticipated.

More specifically for example, the Institute had always ruled out involvement in statutory audit. Hence, in 1948 it was relaxed that it was not recognised by the Board of Trade as an audit body under paragraph 161 of the Companies Act 1948. It never anticipated that this exclusion would in later years extend itself by "logical progression" into later Acts, such as not being recognised under Section 15 of the Local Government Finance Act 1982. In the event this resulted in exclusion from efficiency audit in local government.
3.5.4 Training scheme developments

As other accountancy bodies showed more recognition of the importance of management accountancy and a basis of sound costing techniques, they included more relevant material in their examinations. Consequently, the uniqueness of the Institute rested more completely upon its insistence as to the particular form of training or experience required for membership.

The experience route and qualification from an age in the late twenties upwards continued to be the most usual route to membership. Over 80% of new membership continued to qualify by experience as distinct from specific training schemes. This post-event acceptance of experience was in direct contrast with the professional accountancy bodies specialising in statutory audit where registered training prior to examinations was the rule. Each could be right for the respective professional bodies. As will be observed in a later Chapter, the Institute was preparing for members undertaking an essentially skill based occupation. Some other institutes were preparing for members undertaking an essentially knowledge based occupation.

This said, registered training schemes had an important and developing role for school leavers and as later developed for graduate entrants. For some companies they provided an important cadre, and for the Institute an increasingly important form of collaboration with employers. Career guidance activities in collaboration with universities, polytechnics and schools supported the work of Training Officers in conjunction with employers. Interest in Institute registered training schemes spread as the amount of support available to ensure the standard and opportunities of course contents became more widely known. The number of registered training schemes was 118 in 1970. By 1975 it had reached 265, and by 1980 totalled 412. By 1982 there were 459 schemes on the Institute Register.

Success with training schemes was further enhanced when in 1977 a company training award was launched (82):
"to encourage recruitment of ICMA students, to acknowledge training in this field and to promote and publicise effective training methods."

Each year a wide range of eminent companies competed and detailed assessments by the judges of each entrant led to progressive improvement.

Alongside the development of training schemes as such, there was complementary development of the ways in which students could record comprehensively the training undertaken. The student log book was introduced in January 1973, and in January 1977 it became mandatory for UK students. Experience showed the need for simplification while retaining the benefit of a student identifying the significance of the work he was undertaking. In 1982 a revised format was created and in 1983 this new log book was made mandatory for overseas as well as UK students.

3.5.5 Post Qualifying Education

Post Qualifying Education (PQE) to meet member's ad hoc needs made significant progress from the inception of the PQE Committee in 1972, despite the years of economic recession experienced in the '70s and early '80s.

<table>
<thead>
<tr>
<th>Year</th>
<th>1972</th>
<th>73</th>
<th>74</th>
<th>75</th>
<th>76</th>
<th>77</th>
<th>78</th>
<th>79</th>
<th>80</th>
<th>81</th>
<th>82</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>5</td>
<td>12</td>
<td>14</td>
<td>19</td>
<td>25</td>
<td>30</td>
<td>39</td>
<td>36</td>
<td>48</td>
<td>60</td>
<td>66</td>
</tr>
</tbody>
</table>

One casualty was however the week-long Summer School which was discontinued after 1978, as shorter and more specifically focussed events became more popular.

A proportion of the courses were jointly organised with such varied bodies as the Department of Industry Committee for Terotechnology, the Institute of Internal Auditors, and the National
Computing Centre. Courses concerning computers were an increasing feature of the PQE programme, and were organised in collaboration with the Institute Data Processing and Information Systems Committee (DPIS). This Committee was one of the developments of the Institute Research and Technical Committee (R & T) which worked alongside PQE in meeting members' requirements. Thus R & T embraced the Institute's Editorial Board through which 43 publications were current in 1982, including a five part series created by DPIS on Management Information Systems and the Computer.

Another area in which the Committees collaborated on behalf of qualified members was that of recording and developing areas of specialist knowledge arising in management accounting. To this end PQE set up the Institute Higher Degree Scheme. This enabled members, on the basis of the Institute qualification, to proceed direct to a higher degree with collaborating universities. The arrangements were geared to encouraging the mature member to set out his specialist experience so that this was captured for the benefit of other members. Meanwhile, R & T commenced in September 1981 a series of Management Accounting Guidelines aimed at covering practical issues on selected subjects and recording good practices. These were issued free to all members. In various ways therefore the needs of members after qualifying were being studied and helpful steps were being initiated.

There was movement towards a more structured coverage of specialist areas, both those arising by function (such as Treasurer) and those arising by type of operation (such as capital intensive industries, or government department specialisms). Both the growing membership in the UK and internationally, and the variety of senior positions held by members were factors requiring further attention as a guide to members needs.
3.5.6 Membership growth patterns

Earlier membership figures to 1970 were more than matched in number terms by the growth in the years 1970 to 1982 despite the change in UK economic fortunes:

<table>
<thead>
<tr>
<th>Year (Dec)</th>
<th>Membership</th>
<th>5 yr increase</th>
<th>% Annual average increase on prior quoted year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>6,876</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1970</td>
<td>9,432</td>
<td>2,556</td>
<td>7.4</td>
</tr>
<tr>
<td>1975</td>
<td>11,436</td>
<td>2,004</td>
<td>4.2</td>
</tr>
<tr>
<td>1980</td>
<td>14,969</td>
<td>3,533</td>
<td>6.2</td>
</tr>
<tr>
<td>1982</td>
<td>19,285</td>
<td>4,316</td>
<td>5.8</td>
</tr>
</tbody>
</table>

The continued growth in numbers owed something to the international appeal of the Institute. The last ten years to 1982 saw a significant increase in the percentage of Overseas members. It had generally been in the lower teens and rising slowly. By 1972 it had reached 16.8% and then:

<table>
<thead>
<tr>
<th>Year</th>
<th>Home</th>
<th>Overseas</th>
<th>Total</th>
<th>Percentage Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972</td>
<td>10,596</td>
<td>2,141</td>
<td>12,737</td>
<td>16.8</td>
</tr>
<tr>
<td>1982</td>
<td>16,671</td>
<td>4,556</td>
<td>21,227</td>
<td>21.5</td>
</tr>
</tbody>
</table>

Thus, overseas membership rose faster than home membership in the ten years to December 1982, becoming 21.5% of the total membership (a 4.7% change). The trend to a greater proportion of overseas members seemed likely to continue since, for example, over 50% of all newly registering students had been from overseas in recent years.

Another movement in membership patterns was the substantial increase in the number of Fellows in 1981 and 1982. This was occasioned by specific efforts to draw attention to the importance of Fellowship. The table below gives the resulting changes.
<table>
<thead>
<tr>
<th>Year</th>
<th>Fellows</th>
<th></th>
<th></th>
<th>Increase in Fellows</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Home</td>
<td>Overseas</td>
<td>Total</td>
<td>Home</td>
<td>Overseas</td>
</tr>
<tr>
<td>1978</td>
<td>2,240</td>
<td>690</td>
<td>3,110</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1979</td>
<td>2,510</td>
<td>720</td>
<td>3,230</td>
<td>90</td>
<td>30</td>
</tr>
<tr>
<td>1980</td>
<td>2,615</td>
<td>740</td>
<td>3,355</td>
<td>105</td>
<td>20</td>
</tr>
<tr>
<td>1981</td>
<td>3,020</td>
<td>839</td>
<td>3,859</td>
<td>405</td>
<td>99</td>
</tr>
<tr>
<td>1982</td>
<td>3,325</td>
<td>981</td>
<td>4,306</td>
<td>305</td>
<td>142</td>
</tr>
</tbody>
</table>

Turning to student numbers, the high volume noted in 1970 had continued so that further substantial increases in membership numbers could be expected to materialise.

<table>
<thead>
<tr>
<th></th>
<th>1970</th>
<th>1982</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered Students</td>
<td>26,067</td>
<td>39,557</td>
</tr>
<tr>
<td>Examination Candidates</td>
<td>21,339</td>
<td>26,126</td>
</tr>
</tbody>
</table>

For further consideration of membership patterns the focus is appropriately directed at 1982 and this is part of the section covering the "present situation" of the Institute.

3.5.7 The Institute in 1982

By 1982 the Institute was strong in all its aspects.

There was a successful membership (in personal terms), finance and administration were fully adequate for perceived needs, membership numbers were such as to make the Institute a significant force, student numbers were high relative to the membership and there was continued success with the upgrading of the quality of intake into membership.

Importantly, the central focus of the Institute and its members continued to be on operational involvement with management to create improvements to the level of success of any enterprise in which they were engaged. This was one of the most appropriate
and positive postures of those adopted by any accountancy body. This was demonstrated by increasing competition, by emulation and otherwise.

The variety of opportunities available in the future and the hazards to be circumvented had been recognised in general terms and efforts (including this research) were underway to evaluate alternative strategies.

Meanwhile, improvements to examinations and training (and other spheres) were proceeding as was said by the President (Mr D Willingham 1982/83) (83) "on the basis of change by evolution, not by revolution".

3.5.8 Institute Statistics

By December 1982 the Institute membership totalled 21,227. To give a perspective this is compared below with the other five UK and Ireland accountancy bodies. The figures for 1970 show the position at the time of the major integration discussions. In percentage terms the Institute grew very much faster than the other bodies in the 20 years 1950 to 1970, and was still one of the fastest growing bodies from 1970 to 1982. Thus, by 1982 the membership was 783 per cent of that in 1950. The years in which the various institutes were founded are shown for interest.

<table>
<thead>
<tr>
<th>Year Founded</th>
<th>Institute</th>
<th>1982</th>
<th>1970</th>
<th>1950</th>
<th>1982 as % of 1950</th>
</tr>
</thead>
<tbody>
<tr>
<td>1919</td>
<td>ICMA</td>
<td>21,227</td>
<td>11,436</td>
<td>2,985</td>
<td>711</td>
</tr>
<tr>
<td>1880</td>
<td>ICAEW *</td>
<td>72,695</td>
<td>49,705</td>
<td>14,642</td>
<td>496</td>
</tr>
<tr>
<td>1854</td>
<td>ICAS</td>
<td>10,840</td>
<td>8,608</td>
<td>5,130</td>
<td>211</td>
</tr>
<tr>
<td>1888</td>
<td>ICAI</td>
<td>4,423</td>
<td>2,312</td>
<td>745</td>
<td>594</td>
</tr>
<tr>
<td>1905</td>
<td>ACA</td>
<td>25,535</td>
<td>12,963</td>
<td>7,809</td>
<td>327</td>
</tr>
<tr>
<td>1885</td>
<td>CIPFA</td>
<td>8,746</td>
<td>5,339</td>
<td>1,805</td>
<td>485</td>
</tr>
</tbody>
</table>

* The Society of Incorporated Accountants was absorbed in 1957.
In terms of size the Institute was clearly a significant force. Within the overall numbers the various organisations were strong in different fields. In particular the three geographically designated bodies of England and Wales, Scotland and Ireland; and the Certified Accountants contained many members working on statutory audit and similar professional office routines.

Therefore, apart from the pervading influence of some 35,000 ICAEW members not in practise, the Institute was in many fields the predominant body.

Some of the progress made by Institute members could be surmised from the titles of the positions held. Of course, while the titles of a few eminent members were unequivocal such as that of the Right Hon R D Muldoon C.H., M.P. Prime Minister of New Zealand, most titles could only be said to denote in the broadest possible way the particular nature of the position held. Taking senior appointments in the UK and Ireland the most usually held titles were:

- Finance director: 1,276
- Controller: 1,058
- Chief Accountant: 839
- Director (Not Finance): 685
- Secretary: 567
- Managing Director: 419

Again, taking the UK and Ireland, the main occupational groups among the 16,671 members were:

- Financial: 5,880
- Management: 2,270
- Management Accounting: 2,608

A wide variety of other occupations were being followed ranging from auditing, through consultancy, costing and systems, to secretarial, and sales and marketing.
As already noted, the proportion of fellows had increased and might be said to more reflect the real proportion of members with seniority in the profession:

<table>
<thead>
<tr>
<th>Year</th>
<th>Fellows</th>
<th>Total Members</th>
<th>Percentage Fellows</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>3,355</td>
<td>19,285</td>
<td>17.4</td>
</tr>
<tr>
<td>1982</td>
<td>4,306</td>
<td>21,227</td>
<td>20.3</td>
</tr>
</tbody>
</table>

While there will always be a proportion of Associate members who could be more properly designated Fellows if the requisite information was available to the Institute, the past records suggest the "true" figure should lie in the range between 20 and 30 percent. Another factor of recent years has been the increasing number of young associate members. The percentage under 31 years of age increased to 13% from 10% in the 12 months of 1982.

Both student numbers and the number of candidate entries to Institute examinations continued at a high level:

1982 Candidate entries 25,055
1982 December, students 39,557

The proportion of graduates among students was 24% in 1982 and thus well over 9000 were choosing to take the Institute qualification after already obtaining a degree. Of these, just 23% were obtaining any exemption beyond the foundation stage of the examinations.

To carry out the various administrative and technical requirements of the Institute a full time staff of 92 was employed at year end. Income rose to nearly £3.4 million (£3.433 million) and in accordance with consistent Institute practice a modest surplus was achieved. The Institute continued in a sound financial position with reserves fully adequate for perceived needs.
While the Institute Council had been firmly committed to integration of the profession in the 1960s, there had been the wisdom to prepare an alternative plan to meet the event of the integration not taking place. Therefore the Institute rapidly re-orientated. It achieved both a change of name to "The Institute of Cost and Management Accountants" and a Royal Charter. At the same time it acted to fulfil the expectations such added status demanded. Examination changes were made in 1971 which brought in new subjects appropriate to the more extensive use of computers being experienced, and this was followed by a re-orientation of the examinations in 1976. This resulted in a specific stage for graduate entry to the examinations and the building up of a logical pattern of exemptions. There were however no exemptions from the later stages of the examinations, and all candidates had to take at the advanced stage the crucial subjects of management accounting (as such), financial management, and corporate planning and control. Experience with the new examinations was good, and it was necessarily so since there was increasing competition facing members from business graduates with the training facilities they received in an increasing number of organisations, and from those from many disciplines who obtained their main experience in the design or application of computer based systems, as well as from the competitive activities of the other accountancy bodies.

Considerable Institute resources were absorbed in the collaborative efforts made with the other main accountancy bodies in the CCAB and internationally. Mostly these gave increasing standing to the profession and a reflected benefit on the various institutes, but the debacle of inflation accounting (in a political if not a technical sense) was a serious counter effect. Another collaborative venture was the setting up of "The Association of Accounting Technicians". This linked with a general movement by the major bodies towards becoming a more distinctively graduate profession.

Meanwhile, training and experience requirements were being redefined through the use of log books for students, and the
emphasis placed upon management accountancy being applicable in all forms of organisation. In short, the Institute flourished and moved its concept of management accountancy on to a higher-management-level, computerised-systems-orientated, graduate-competitive plane. These were UK conceptions and the now substantial international membership was played in low key.
Chapter 3

Section 5 General Summary

Synopsis

Perhaps well aided by the continuity resulting from long service to the Institute of certain personalities, the original ideas of the founders were the unchallenged basis for development from 1919 to about 1950. There was then a twofold change of direction with a stronger movement towards features common to the major accountancy bodies, and a new derivation of the Institute's purpose in the concept of management accountancy. Equality with the major accountancy bodies was established in all essential respects, and integration of the profession nearly became a reality in 1970. Unfinished episodes include the international stance of the Institute, which can claim to be the world's premier management accountancy body; (although challenged in some respects by the National Association of Accountants in the USA and by the Society of Management Accountants of Canada) and the future to be derived from a recent expansion of the field of management accounting as now conceived by the Institute and others to include both financial management and strategic management. Such broad horizons in spheres which have a central part to play in the burgeoning age of information technology inevitably expose the Institute to increasing, and increasingly varied, competition.

3.6.1 Early Ideas

The foundation of the Institute was the bringing together of existing practices in ways of which the founders had actual experience. It was by taking costing as already understood, and adding to this a grasp of engineering and management, that ways of increasing industrial efficiency could be found and applied in collaboration with the engineers and managers in specific businesses. Thus, the two founders who stayed on the Council of the Institute (1921), R.J.H. Ryall (cost accountant) and J.C. Todman (engineer), were supported by Lord Leverhulme (president) and ten prominent Industrialists. This was in addition to a fellow member of the 14 strong Council being R. Dunkerley (chairman) who was to record something of the Institute's progress in 1946. With such strong and continuing membership backing coupled with the services as Secretary and Director of S.J.D. Berger from 1925 to 1958 there was strong retention of the original ideas and purposes. As emphasised
above, the first of these was to bring together information from different disciplines and by this synthesis to create new ideas for improving industrial efficiency. (This foresight had a resemblance to the thinking of Norbert Wiener in 1918 which created 'cybernetics'). Since the practice of this new profession was based on the necessity of collaboration with engineers and others, it was also an early example of the problem solving grouping later termed the multi-discipline team.

The second major idea at the foundation was that cost accountancy was a new profession, and was an accountancy profession. This was a deliberate choice against the alternative of becoming an association of like minded people, with membership requiring no special qualities of experience or education attainment. It was not right or wrong, it was a choice. This latter choice made examinations inevitable, while the former basis dictated their content.

As the Institute developed through some twenty five years, the continual drive was the furthering of these two basics. Interest in improved efficiency spread steadily through peace and war, and was seen as important in local government and by government as well as in the ever larger businesses of industry and commerce which increasingly recognised that efficiency was necessary in all departments; and not just the factory. Improved costing techniques developed and reinforced the skill element predominant in cost accountancy, as distinct from the knowledge element. Knowledge was always recognised as a necessary element in a cost accountants make up, but the relative focus between skill and knowledge was shown at an early stage. Such as that in producing the examination syllabus for 1921! the Committee did not have law as a subject, (but this was added by Council).

Professional "purity" was achieved by the late 1930s when the full examinations had to be taken by all seeking membership, and the (highly valued) industrialists had departed. The accomplishment of these steps was consolidated in the new regulations of the Institute in 1939. In other respects the war period completed the consolidation and provided a springboard for later developments. The Institute passed the war period in the experienced and capable hands of S.J.D. Berger and R. Dunkerley together with the President of the time.
3.6.2 Further Advancement

Events crowded thick and fast upon the Institute in the post-war years of the late 1940s and early 1950s. Its specialist examinations were attractive to rapidly increasing numbers of students, and the importance of costing as a management tool was in the minds of thinking people. Of all the activities in which the Institute participated, the most far reaching in terms of its effects was the involvement in the productivity teams visiting the USA under the auspices of the Anglo-American Productivity Council to bring back the practical means/ideas through which British industry could in every way improve its performance. It was noteworthy how much this involvement rested on its achieved status from many activities related to government, and how this was a period of strong collaboration with the Institution of Production Engineers and with the British Institute of Management. Precisely in the Institute tradition of working closely with engineers and managers. However, the main event was the productivity team which at the Institute's instigation examined the benefits of "Management Accounting". This was a fresh approach to the advancement beyond costing which was already occupying the Institute, with some members pressing the claim to be "industrial" accountants fully versed in both financial and cost accountancy. It was this last combination that was being grasped in the new 1952 examination syllabus. Now with the new light from the productivity involvement this was seen as inadequate.

The Institute determined to embrace management accountancy; but there was a chasm between the demands on students approaching the membership examinations, and what would be needed to give credibility to the embracing of management accountancy. In terms of the direct effects of the fellowship examination in management accountancy, and of its successor with other institutes the joint diploma in management accounting services, these ventures were relative failures compared to expectations. They may however have been of crucial benefit in enabling the Institute to continually enhance its prestige and attract a good level of new members with ever higher attainments, while at the same time making a tremendous transition. In short, it became the premier management accountancy body in the world.
Full equality in every way was achieved with the older major accountancy bodies, although when the reality of this took place depends very much on the point of view taken. It ranges from their involvement with the Institute in the joint diploma, or their earlier respect in 1953 for the fellowship examination in management accountancy, through the academic status achieved by the membership examination and the near integration which finalised in 1970, to the granting of the Royal Charter in 1975 and the extensive involvement in professional accountancy affairs in the CCAB and IFAC. The grand design continued further supported by a still steadily increasing membership and substantial funds. The definition of management accounting was developed in the late 1970s and early 1980s to include all aspects of, or related to accountancy other than statutory audit. Specifically, it was defined to include financial management and corporate planning and control. These were logical extensions of its implicit purpose to fulfil a key role in the multi-disciplined team of modern management. On the way something had been lost. The inherent specialism of the 1920s where accounting and engineering were brought together had weakened and attenuated as examination requirements changed under the challenge to master an increasing field of expertise ever since the early 1950s. It was increasingly important to continue to identify clearly the experience necessary to the management accountant so as to determine the specialism.

The Institute had upgraded in every way and could count an increasing percentage of university graduates among its students. As well as standing level with the other major accountancy bodies, it had now to consider its relationship to all groups or bodies aspiring to the higher positions in an increasingly technological age. The Institute could claim to have embraced computers and then information technology as ably as the other accountancy bodies, but there was no certainty this was enough. Where were members seeking to go, and where would enough members find a place in the UK (primarily) but of concern particularly to the now large overseas membership - where in the world as well as where professionally. Many members were known to be in general management and in specialist information technology positions. Would the route to management accountant charted by the Institute continue to lead to such appointments, and should it concern the Institute? Would
management accountancy as now defined hold together, or split into new specialisms such as Treasuryship? Would systems knowledge and experience as conventionally known be any entry into future information technology? In 1982 the Institute was looking for answers to many questions! The research objectives set by the Institute Research and Technical Committee (Chapter 2.2) and the pattern of key areas derived in the research (Chapter 2.7) were part of the process of moving towards answers to questions such as these.
CHAPTER 3 REFERENCES


2. By warrant under the Queen's sign manual, Royal Charter, for The Institute of Cost and Management Accountants, 18 March 1975, clause 2, page 1.


4. Ibid.


b) Committee of Public Accounts First and Second Reports 1916, Minutes of Evidence taken before the Committee of Public Accounts, Proceedings on Thursday 18 May 1916 under "Vote for the Ministry of Munitions of War". Ref 2835 page 177 and Refs 3067 and 3076 page 196.


29. a) Barret A.H., "Brass and Bronze Foundaries, Cost Accounting for" 8vo 21pp, New York 1921.


d) Bennett C.W., "Woollen Mill Costs" 8vo 16pp, New York 1922.


Note: all the above were pamphlets issued by the National Association of Cost Accountants, New York.


54. Robson L., "Management requirements of accountancy" ibid, paper page 1.


64. Ibid pages 13 and 14.


76. "Consultative document on proposals for a less advanced grade of qualification", To be returned not later than 14th July 1972, The Institute of Cost and Management Accountants.


80. "Council statement on long range policies (June 1975)", issued at the Annual General Meeting for year to 31 December 1974, The Institute of Cost and Management Accountants.


83. Co-ordinating Committee on Student Policy, 26 March 1982, Minute No. 8.3.1, The Institute of Cost and Management Accountants.
CHAPTER 4

INFORMATION ON CURRENT EXPERIENCE WITH SPECIAL REFERENCE TO THE INVOLVEMENT OF MANAGEMENT ACCOUNTANTS IN DECISION MAKING

Synopsis

Chapter 2 described how the first stage of the research would be concurrent work on the Institute history, as covered in Chapter 3, and active research among Institute members. This Chapter and the accompanying Chapter 5 describes the progress and results of the research plan (set out in Chapter 2 sections 2.4 to 2.6). This Chapter sets the scene by focussing on the attributes of those participating in the research interviews and their current involvement in relation to decision making. The methodology for analysing the interview data is described, before proceeding with the analysis. This seeks to show that as a group those interviewed command respect for their future views consequent upon their present involvement and experience.

4.1 Introduction

Mention was made earlier (Chapter 2.1.1) of the Institute definition of management accounting published in 1982 and the previous definition published in 1974. The new definition emphasised the widespread application of management accounting skills, while the earlier definition emphasised the specialist skills required. Under the new definition financial accounting in all its aspects was embraced as part of management accounting, while in the 1974 Terminology these functions were treated as separate and distinct. As was seen in the Institute History Features (3.4.1), there had long been a call to embrace financial accounting. Indeed this was one aspect of the Fellowship Diploma in Management Accountancy (3.4.1.2 and 3.4.1.4). For the Institute, therefore, progression to a more embracing definition of management accounting was both logical and expected. This broad definition has been used in this research.
However, it is appropriate to note that in some parts of the profession differing views are held. Firstly, some prefer to look upon Financial Accounting as distinctive and separate. For example, in 1982 representations from some Member Institutions resulted in the IFAC Management Accounting Committee being renamed the Financial And Management Accounting Committee. Secondly, among those accepting the logic of all operational accounting being unified whatever its purpose (financial or management) and Management Accounting as covering the whole, another division arose. This was to view operational matters as immediate, and longer range planning as outside management accountancy. Equally, others expressed planning as within the management accounting definition using the term strategic management accounting. Throughout this research it has been deemed that accountants engaged in operational mode (in industry, commerce, or government) have been practicing management accounting whether operational or in strategic planning, and whether mainly engaged on management or financial matters.

As stated previously (Chapter 2.4.1.2), the interview format had three parts:

(1) Individual identification.
(2) Present involvement in decision making.
(3) Ideas on the future (covered in chapter 5).

The first two parts are the main subject of this chapter, under the headings "Identification" and "Involvement".

These factual sections serve two purposes,

(1) They express some of the actual achievements of those interviewed, and thus enable expressions of expectations of the future to be set alongside that experience.

(2) They demonstrate the part presently played by a variety of management accountants in decision making.
Before proceeding with these it is necessary to review the methodology for analysing the responses in relation to the purpose of this part of the research.

4.2 Methodology

As already stated (Chapter 2.4.1.2), the intention was to interview a grouping of people whose views on the future for the management accountant and the Institute would be worthy of attention. They would primarily be Institute members, but the decision was taken in the early stages of the initial study to include any accountants or students who through the circumstances of the research were there to be interviewed and were sufficiently interested to give of their time. This was in accord with the general pattern of the research which was to accept all ideas and segregate later rather than to miss input that might be of significance through arbitrary exclusions. Having taken this position, it was necessary to be able to identify those interviewed in various ways so that weight could be given to the different inputs. Similarly the block of interviews with UK companies of Reed International undertaken by the researcher including the 16 conducted in the initial study were included in the total pattern of research, and their influence noted and segregated where appropriate rather than setting their contribution totally on one side.

This method was in accordance with the purpose of drawing all available information from the group of interviews as such. The interviews were to stand in their own right as a contribution, and were not intended (Chapter 2.4.1.2) to be representative in some way of the membership in general. (Indeed the individual's willingness to give time to a project so concerned with the future could be in itself a significant difference from the institute membership in general, and this was confirmed in the second stage of the research, Chapter 6.) It seemed possible that the project may have attracted a significant proportion of the opinion leaders within the Institute membership, whilst at the same time covering amongst those interviewed some who would not be opinion leaders; such as students and members of other professional bodies. This prospect was developed further in the second stage of the research, Chapter 4, when the total views from the interviews of stage 1 and the postal survey of stage 2 were
put together. Comparisons therefore as to size and significance of the contribution relative to any pattern of Institute membership was left to stage 2, and not developed in the methodology at this interview stage.

Involvement in decision making was the main criteria to be brought out from the remaining part of Section A of the interviews (i.e. Q4 to Q10). The purpose of the interviews was given in Chapter 2.4.1.3 and in Appendix 3. Involvement was probed in both extent and depth and the method of analysis was to clarify both by the type of decision in which involvement occurred, and by the extent to which this was close to being the decision making as such in contrast with low involvement supportive analysis. Overall this made possible presentation in a matrix showing the strength of involvement of the group in decision making at the present time. In other respects the methodology for Section A of the interviews mirrors the points made question by question in Appendix 3.

4.3 Identification

Identification was seen as necessary both to make possible any segregation of views that might seem desirable, and to validate the overall competence of the assembled interviews to express views on the future expectations for management accountants. Although views were specifically sought from Institute members engaged in industry and commerce including the nationalised industries, views from others were never precluded. This was deemed beneficial most particularly in not restricting Branches in their finding a volunteer assistant researcher to participate in the interviewing, each being themselves interviewed as part of the project. It also made possible the inclusion of some holding management accountancy positions who were not associated with the Institute, and who might contribute with a different aspect. The pattern resulting was:

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institute members</td>
<td>179</td>
</tr>
<tr>
<td>Institute passed finalists and students</td>
<td>30</td>
</tr>
<tr>
<td>Others</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>219</td>
</tr>
</tbody>
</table>
The final tally of interviews also gave:

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commerce/industry including nationalised</td>
<td>202</td>
</tr>
<tr>
<td>Local government, government and higher educational establishments</td>
<td>14</td>
</tr>
<tr>
<td>Consultants</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>219</strong></td>
</tr>
</tbody>
</table>

This included 28 interviews in UK companies of Reed International. Of these 28, 16 were conducted in November/December 1981 and 12 in November 1982. One concern at the outset had been that interviewing over a period in time could significantly affect the responses received. November 1982 was in the middle of the period over which the main body of interviews was carried out for these stretched from July 1982 to February 1983. In receiving the two sets of Reed interviews nothing was discerned to suggest the different point in time had affected the responses. It was concluded that the span of time taken for the main series of interviews was not material.

Segregating the Reed interviews gives:

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Reed interviews</td>
<td>16</td>
</tr>
<tr>
<td>November 1982 Reed interviews</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total Reed interviews</strong></td>
<td><strong>28</strong></td>
</tr>
<tr>
<td>Other Commerce/Industry</td>
<td></td>
</tr>
<tr>
<td>including Nationalised</td>
<td></td>
</tr>
<tr>
<td><strong>Total Commerce/Industry</strong></td>
<td><strong>202</strong></td>
</tr>
<tr>
<td><strong>Total Government etc</strong></td>
<td><strong>17</strong></td>
</tr>
</tbody>
</table>

- 196 -
The variety of experience in commerce and industry was evident in the many titles and size of enterprise covered.

There were 46 different titles between the 202 interviewees. Merging together some of those titles with similar impact gave the following breakdown:

**ACCOUNTANTS**

<table>
<thead>
<tr>
<th>Position</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial director</td>
<td>34</td>
</tr>
<tr>
<td>*Chief accountant</td>
<td>33</td>
</tr>
<tr>
<td>*Financial accountant</td>
<td>31</td>
</tr>
<tr>
<td>Management accountant</td>
<td>22</td>
</tr>
<tr>
<td>Company secretary</td>
<td>18</td>
</tr>
<tr>
<td>*Cost Accountant</td>
<td>12</td>
</tr>
<tr>
<td>*Planning manager</td>
<td>11</td>
</tr>
<tr>
<td>Controller</td>
<td>11</td>
</tr>
<tr>
<td>*Commercial director</td>
<td>4</td>
</tr>
<tr>
<td>*Systems development manager</td>
<td>4</td>
</tr>
<tr>
<td>*Audit manager</td>
<td>4</td>
</tr>
<tr>
<td>Treasurer</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Trainees</th>
<th>9</th>
</tr>
</thead>
</table>

| Total                                | 185| 92 |
|--------------------------------------|----|

**OTHER MANAGEMENT**

<table>
<thead>
<tr>
<th>Position</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief executive/managing director</td>
<td>6</td>
</tr>
<tr>
<td>Sales director</td>
<td>1</td>
</tr>
<tr>
<td>Technical director</td>
<td>1</td>
</tr>
</tbody>
</table>

| Interviews in commerce and industry: Total | 202| 100 |
|--------------------------------------------|----|

* An amalgam of titles

Most positions held were in subsidiaries or divisions of larger organisations. There were 31 positions held in ultimate holding organisations. It would be hazardous to make any presumption that identical titles meant equivalent duties or responsibilities. No such presumption is implied by the above table, which is simply deemed to illustrate the variety of positions encountered.
The variety of experience is further demonstrated in the following tables. One shows for each position the sizes of operation in which those interviewed were engaged, and the other their age ranges.

The peak of numbers in organisations in the range of £10-50 million annual turnover at 34% could be expected as could some leaning towards smaller organisations since the companies within divisions of large companies added to those in the smaller independent companies. The second largest percentage being in the category over £2 million results from the effect of nationalised industries and divisions of other very large organisations.

<table>
<thead>
<tr>
<th>POSITION</th>
<th>Over £200 million</th>
<th>Divisions</th>
<th>H.O.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry and Commerce</td>
<td>35</td>
<td>28</td>
<td>7</td>
</tr>
<tr>
<td>Nationalised Industries</td>
<td>12</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>47</td>
<td>38</td>
<td>9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>POSITION</th>
<th>Annual Turnover £ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>TITLE</td>
<td>&lt;4</td>
</tr>
<tr>
<td>Financial director</td>
<td>4</td>
</tr>
<tr>
<td>Chief accountant</td>
<td>6</td>
</tr>
<tr>
<td>Financial accountant</td>
<td>2</td>
</tr>
<tr>
<td>Management accountant</td>
<td>1</td>
</tr>
<tr>
<td>Company secretary</td>
<td>7</td>
</tr>
<tr>
<td>Cost accountant</td>
<td>1</td>
</tr>
<tr>
<td>Planning manager</td>
<td></td>
</tr>
<tr>
<td>Controller</td>
<td>1</td>
</tr>
<tr>
<td>Commercial director</td>
<td>1</td>
</tr>
<tr>
<td>Systems development manager</td>
<td>2</td>
</tr>
<tr>
<td>Audit manager</td>
<td></td>
</tr>
<tr>
<td>Treasurer</td>
<td>1</td>
</tr>
<tr>
<td>Trainees</td>
<td>1</td>
</tr>
<tr>
<td>Chief executive/MD</td>
<td>2</td>
</tr>
<tr>
<td>Sales director</td>
<td></td>
</tr>
<tr>
<td>Technical director</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>202</td>
</tr>
</tbody>
</table>

PERCENT 100: 14 12 34 9 8 23

The title of management accountant was by no means the most frequently encountered. Occurring in all sizes of company, it was prominent in the 25-35 age range of those interviewed. This would seem to lend support to the
observation made in interview that the specific job of management accountant is often held for a few years after qualifying, and this experience then leads to a progressive career.

<table>
<thead>
<tr>
<th>POSITION</th>
<th>AGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>25-35</td>
</tr>
<tr>
<td></td>
<td>35-45</td>
</tr>
<tr>
<td></td>
<td>45</td>
</tr>
<tr>
<td>Financial director</td>
<td>8</td>
</tr>
<tr>
<td>Chief accountant</td>
<td>11</td>
</tr>
<tr>
<td>Financial accountant</td>
<td>11</td>
</tr>
<tr>
<td>Management accountant</td>
<td>14</td>
</tr>
<tr>
<td>Company secretary</td>
<td>2</td>
</tr>
<tr>
<td>Cost accountant</td>
<td>3</td>
</tr>
<tr>
<td>Planning manager</td>
<td>3</td>
</tr>
<tr>
<td>Controller</td>
<td>1</td>
</tr>
<tr>
<td>Commercial director</td>
<td>2</td>
</tr>
<tr>
<td>Systems development manager</td>
<td>2</td>
</tr>
<tr>
<td>Audit manager</td>
<td>2</td>
</tr>
<tr>
<td>Treasurer</td>
<td>1</td>
</tr>
<tr>
<td>Trainees</td>
<td>5</td>
</tr>
<tr>
<td>Chief executive/MD</td>
<td>1</td>
</tr>
<tr>
<td>Sales director</td>
<td>1</td>
</tr>
<tr>
<td>Technical director</td>
<td>1</td>
</tr>
</tbody>
</table>

TOTAL 202

PERCENT 100:

- 25%
- 32%
- 33%
- 32%

It was deemed advantageous that some youthful persons were interviewed in that being educated closer to the present period of change they would make their own special contribution. Thirty five percent being under 35 years and of those six persons being under twenty five years gave a strong presence to those who had taken all their examinations since management accounting was introduced into the membership examinations in 1964. (Chapter 3).

Returning now to the total body of 219 interviews, most people had been more than two years in their organisations:

Above 2 years in the organisation 192
below 2 years in the organisation 24
Form not completed in this respect 3

219
and in the particular line of business/industry:

More than 10 years 148.

Hence, when expressing views later in the interview there was a good basis of experience with which to relate.

4.3.1 Involvement

Involvement with decision making was approached as stemming from acceptance in the organisation; if it were to exceed the minimum accorded by virtue of the post occupied. Since those best able to formulate views as to the future style of decision making would be those with intimate involvement, statements were sought as to perceived status and acceptance. These questions were not asked in the 16 Pilot interviews, but with these included the question .........

"acceptance into discussion on and resolution of problems" gave:

<table>
<thead>
<tr>
<th>Acceptance Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>High acceptance</td>
<td>122 (56%)</td>
</tr>
<tr>
<td>Medium acceptance</td>
<td>60 (27%)</td>
</tr>
<tr>
<td>Low acceptance</td>
<td>14 (6%)</td>
</tr>
<tr>
<td>No answer given</td>
<td>23 (11%)</td>
</tr>
</tbody>
</table>

Another indication of strength of involvement was seen by the replies to a question asked of all participants:

"your knowledge of the industry valued in addition to accounting skills". The replies were

<table>
<thead>
<tr>
<th>Industrial knowledge valued</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>108 (49%)</td>
</tr>
<tr>
<td>SPASMODICALLY</td>
<td>65 (30%)</td>
</tr>
<tr>
<td>NO</td>
<td>34 (16%)</td>
</tr>
<tr>
<td>NO ANSWER OR NOT APPLICABLE</td>
<td>12 (5%)</td>
</tr>
</tbody>
</table>

Total 219 (100%)
There was a positive relationship between the above two features in that "high acceptance" was commonly accompanied by "knowledge of industry valued", in addition to accounting skills.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>Spasmodically</th>
<th>No</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry Knowledge Valued</td>
<td>108</td>
<td>65</td>
<td>34</td>
<td>207</td>
</tr>
<tr>
<td>Related High Acceptance</td>
<td>80</td>
<td>29</td>
<td>13</td>
<td>122</td>
</tr>
<tr>
<td>High Acceptance as percentage</td>
<td>74%</td>
<td>45%</td>
<td>38%</td>
<td>-</td>
</tr>
</tbody>
</table>

Among those who made up the 74% whose industry knowledge being valued was accompanied with high acceptance, some were emphatic as to the "necessity". As one Chief Accountant said:

"Once I had proved myself I found that acceptance and respect were given freely. An accountant who can only talk and think "Accounts" is a nonstarter."

It was noteworthy that a number whose industrial knowledge (or lack of it) was not a concern and replied "Not valued" did have high acceptance, in their view. Using the same grouping of titles as previously, these held the positions:

<table>
<thead>
<tr>
<th>Position</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Director</td>
<td>1</td>
</tr>
<tr>
<td>Chief Accountant</td>
<td>1</td>
</tr>
<tr>
<td>Financial Accountant</td>
<td>4</td>
</tr>
<tr>
<td>Management Accountant</td>
<td>1</td>
</tr>
<tr>
<td>Company Secretary</td>
<td>2</td>
</tr>
<tr>
<td>Planning Manager</td>
<td>2</td>
</tr>
<tr>
<td>Trainees</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>13</td>
</tr>
</tbody>
</table>

The financial director was a tax specialist, among other attributes, and the relationships were generally a matter of specific circumstances. Indeed the above questions on acceptability and value of industrial knowledge were clearly subjective. Their value lay in being supportive of the involvement in decision making featured in later questions, where involvement beyond that relating to the accounting specialisation became clear.
4.4 Experience

Turning to specific experience related to decision making, the emphasis was on recent experience. By keeping to recent experience a common time-frame was introduced since there had to be a limit to the variables to be handled. First a statement was required as to the level of involvement in decision making and then a relating of two major decision situations occurring during the last two years.

As shown in the table below, by being engaged in a subsidiary or division often the respondents were part of the filtering mechanism for decision making. This might be as a board member in a subsidiary making a recommendation to "group". It could be as a chief executive of a division proposing a major recommendation to "group". Again, at a somewhat different level, it would be as management accountant agreeing with technical staff that a particular project should go forward. A particularly powerful filtering role was the ability to negate proposals on financial grounds, and some of these situations demonstrated the confidence management and colleagues were placing in an individual.

<table>
<thead>
<tr>
<th>Current Position</th>
<th>No.</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currently at group H.O. or equivalent in Commercial enterprise</td>
<td>37</td>
<td>18</td>
</tr>
<tr>
<td>Currently in a subsidiary company or division in same</td>
<td>148</td>
<td>73</td>
</tr>
<tr>
<td>Current Position</td>
<td>185</td>
<td>91</td>
</tr>
<tr>
<td>Currently at H.O. of nationalised industry</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Currently in a division of same</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td>Current Position</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Independent consultants</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Local or central government, educational establishments etc</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Current Position</td>
<td>219</td>
<td></td>
</tr>
</tbody>
</table>

With many levels of authority in group organisations the point of "real" decision as distinct from filtering of projects was in many cases obscure.
There was more benefit in looking at the perceived reliance placed on the role played, rather than differentiating between apparent decision making roles. The degree of reliance was featured therefore against involvement in specific projects in the remainder of this section.

For reasons such as being trainees, having a particular type of specialist work, or being in a service industry with fewer major decision involvement opportunities, some blanks were recorded in this section. The tally was:

| Recorded experiences in decision situations | 381 | 87 |
| Blanks | 57 | 13 |
| Possible total at 219 x 2 | 438 | 100 |

The types of decision were:

| Systems and Forecasting | 140 | 37 |
| Capital investments | 108 | 28 |
| Plant closures/development | 49 | 13 |
| Product and contract pricing | 45 | 12 |
| Acquisitions/divestments | 39 | 10 |
| **Total** | **381** | **100** |

These five groupings fell out naturally from the categories in which their experience lay in major decision involvement. As previously noted, due to the effects of the variety of decision levels in organisations a high degree of involvement was taken as there being either a perceived participation in the actual decision making or there being heavy reliance by decision makers on the work done (a filtering process whether positively intended or negatively occurring). Certainly, for many of the decisions the view expressed was that the individuals involvement was indeed of substantial importance:

| Heavy reliance, or decision maker | 264 | 69 |
| Moderate or less reliance, and not decision maker | 117 | 31 |
| **Total** | **381** | **100** |
After the decisions were categorised into five groups as above, a further distinction was made. This was so as to contemplate those closely relating to management accounting involvement in on-going situations, and to look more closely at those with a specific longer term impact. This division was seen as usefully throwing light on the amount of involvement in the future, and hence relating to the significance of the views held. Particularly where involvement with specific longer term items was experienced as a positive part of an organisation's decision filtering process, the individuals mind would be more attuned to thinking about the future.

Hence the five groups were divided into:

**On-going situations**

<table>
<thead>
<tr>
<th>Category</th>
<th>%</th>
<th>% of 381</th>
</tr>
</thead>
<tbody>
<tr>
<td>Systems and forecasting</td>
<td>140</td>
<td>76</td>
</tr>
<tr>
<td>Product and contract pricing</td>
<td>45</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>185</td>
<td>100</td>
</tr>
</tbody>
</table>

**Specific longer term**

<table>
<thead>
<tr>
<th>Category</th>
<th>%</th>
<th>% of 381</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital investments</td>
<td>108</td>
<td>55</td>
</tr>
<tr>
<td>Plant closures/developments</td>
<td>49</td>
<td>25</td>
</tr>
<tr>
<td>Acquisitions/divestments</td>
<td>39</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>196</td>
<td>100</td>
</tr>
</tbody>
</table>

On this first setting out of the experience by on-going and "longer term" situations the split was almost equal at 49% and 51% respectively of the total of 381 specific experiences. The next sections review these situations further.

**4.4.1 On-going situations**

There would be a strong expectation that management accountants would be heavily involved in most aspects of on-going situations, since obtaining membership had always required operational experience of this kind.
Considerable knowledge of systems and of forecasting techniques have long been part of the required education and training, and pricing has been an important field since before the era around 1919 in which the Institute was conceived and formed.

However, the variety of such activities is worthy of note and this is now given.

A SYSTEMS AND FORECASTING covering:

<table>
<thead>
<tr>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 General activities such as:

- Budget and forecast plans
- Business development plans
- Strategic plans
- Overseas subsidiary costing system
- Capital evaluation review
- Revised group accounting
- Systems strategy
- etc

   42  30

2 More specific activities such as:

- Factory planning/utilisation
- Customer re-orientation project
- New management structure
- New tendering procedure
- Financial modelling
- Export marketing decentralisation
- etc

   31  22

3 Specific activities such as:

- Products: rent v. sell
- Product licencing
- Leasing plans
- Portfolio analysis
- Centralising foreign exchange management
- Ship re-scheduling
- Repurchasing of the companies' shares
- etc

   26  19

4 Activities concerned with personnel such as:

- Staff reward scheme
- Company car scheme
- Wage negotiations
- Rationalisation of payroll
- Redundancies
- etc

   18  13
5 Activities in information technology such as:

Introduction of information technology
Recharge of computer capital costs
Computer decentralisation
Software procurement
etc
14 10

6 Activities outside of industry and commerce such as:

Student grants
Setting up new examinations
Technical publications
etc
9 6

140 100

B PRODUCT AND CONTRACT PRICING covering:

1 Pricing:

Product pricing 16 36
Contract pricing 6 13

2 New situations such as:

New product launch in new market
New product franchise
etc 11 24

3 Negotiation of contracts such as:

International contract negotiation
Contract exposure re-negotiation
etc
7 16

4 Particular situations such as:

Product rationalisation
Adding micro processors into products
developing new pricing technique
etc
5 11

45 100

From the above tables covering "on-going situations" one feature was the range of activities in which a contribution backed by an understanding of the specific business would be essential. Thus in "Systems and Forecasting" we have:
1. **General activities** including strategic planning and such business specifics as develop overseas subsidiary costing system, revision of group accounting and system strategy.

2. **More specific activities** including factory planning, and such business specifics as development of new management structure, and export marketing decentralisation.

and 3. **Specific activities** including portfolio analysis and such business specifics as centralising foreign exchange management and ship rescheduling.

Turning to **Product and Contract Pricing** this would hold true for all the situations listed other than conventional involvement in products and contract pricing (Item 1 of 4).

These may be contrasted with situations where sound technical accountancy knowledge might of itself be adequate. Conventional involvement in product and contract pricing for existing types of "product" would be an example. From "Systems and Forecasting" this could be true of:

1. **General activities** such as capital evaluation review

2. **More specific activities** such as new tendering procedure

3. **Specific activities** such as products rent vs sell, product licencing, leasing plans, and repurchasing of the company's shares.

4. **Activities concerned** with personnel such as company car schemes and rationalisation of payroll.

There are other examples in the above tables of both types of situation, but some main points can be made using the examples given. Firstly, some managements were themselves technical and highly numerate. These could therefore identify quite specific needs which were then a problem to be solved by the management accountants, who would then be highly involved
with a considerable measure of responsibility. These specific needs would fall into both the above categories in different business situations. Secondly, some managements delegated critical aspects of the business. It appeared from the interview material they were immersed in a service or customer orientated activity where management numeracy was less than essential. Such broader task delegation was usually in the larger organisations and included such specifics as centralising foreign exchange management, ship rescheduling and export marketing. With all types of management, what emerged was the high involvement of management accountants:

<table>
<thead>
<tr>
<th></th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>High involvement in on-going decisions</td>
<td>124</td>
<td>76</td>
</tr>
<tr>
<td>Moderate or less reliance, and not decision maker</td>
<td>61</td>
<td>33</td>
</tr>
<tr>
<td><strong>Total on-going decisions as above</strong></td>
<td><strong>185</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

This percentage high involvement demonstrated the level of confidence by managements in management accountants and as tabled earlier this was achieved through an understanding by the management accountant of the practical operational aspects of the business. This was well illustrated by the extent of involvement both in decisions already tabled, and that forming much of the further material in this section. The aspect of low management numeracy in some companies was baldly stated by the Controller in an organisation with a £200 m plus turnover, as:

"Managers not very numerate: quite dependent on management accountants".

4.4.2 **Specific Longer Term**

The delineation between "On-going situations" and "Specific Longer Term" was to determine whether the management accountants were substantially more involved in the day-to-day needs of the business, or played an equal part in creating the longer term future for the business. Clearly acquiring a new acquisition or building a new factory is a specific act with a longer term perspective. Divestments or closures shut-off longer term routes to
development with similar if less well perceived effects. Capital investments in equipment will often be of equivalent high importance to overall strategy.

However, some items of capital investment will be relatively short term or have a less strategic significance. By making the assumption that items relating to accounting operations, items relating to general purpose computers and items of small obvious business impact would be relatively short term the capital investments projects divided:

<table>
<thead>
<tr>
<th>Category</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific longer term</td>
<td>71</td>
</tr>
<tr>
<td>Relatively short term</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>108</td>
</tr>
</tbody>
</table>

Hence, the Specific longer term decisions became:

<table>
<thead>
<tr>
<th>Category</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital investments (long term)</td>
<td>71</td>
</tr>
<tr>
<td>Plant Closures/developments</td>
<td>49</td>
</tr>
<tr>
<td>Acquisitions/divestments</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td>159</td>
</tr>
</tbody>
</table>

Virtually all the longer term decisions could be classified as substantial, and that gave adequate definition for the purposes of the survey. It was rare for the amount involved in a project to be quoted but many were evidently in the £ millions, and in one or two exceptional instances exceed £100 million.

As previously observed a declaration of high involvement was deemed as generally of similar significance to statements of participation in the actual decision making. Combined figures were therefore taken for "participates in decision making" stated "always" and Q8 "reliance on accounting advice" stated "heavy reliance" or "exclusive reliance". Other statements of involvement were taken as denoting an analytical input requiring knowledge of techniques, but not requiring comprehension of the project as would be necessary for high involvement.

- 209 -
Each of the segments making up the 159 specific longer term decisions was then broken down as tabled below.

A CAPITAL INVESTMENTS (long term) covering 71 cases

1 Capital equipment with 35 cases such as:

   Equipment to reduce costs below foreign competition
   Additional equipment for expanding sales
   Introduction of new technology
   Equipment to manufacture new product
   etc

   with involvement levels                      No.  %
   High involvement in decisions                16  46
   Analytical input                              19  54
                                                  35  100

2 Capital plant with 18 cases such as:

   Major green-field fuels plant
   Major chemicals plant
   Relocation combining two units in one
   Pilot product plant
   Large turnkey project
   etc

   with involvement levels                      No.  %
   High involvement in decisions                13  72
   Analytical input                              5  28
                                                  18  100

3 Other capital projects with 18 cases such as:

   New warehouse
   Factory expansion
   Re-engine ships
   Purchase robots
   Property development sites
   etc

   with involvement levels                      No.  %
   High involvement in decisions                14  78
   Analytical input                              4  22
                                                  18  100

TOTAL                                           71
Taking the Capital Investment (long term) together gave:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>High Involvement</th>
<th>Analytical Input</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Capital equipment for improvement</td>
<td>46</td>
<td>54</td>
</tr>
<tr>
<td>2. Major new investments</td>
<td>72</td>
<td>28</td>
</tr>
<tr>
<td>3. Major investment</td>
<td>78</td>
<td>22</td>
</tr>
<tr>
<td>Total 71 projects = 100%</td>
<td>61</td>
<td>29</td>
</tr>
</tbody>
</table>

B PLANT CLOSURES/DEVELOPMENTS covering 49 cases:

1. Closures with 29 cases such as
   - Factory closure
   - Site closure
   - Manufacturing closure
   - Overseas closure
   - etc
   with involvement levels
     - High involvement in decisions
       - No. 25
       - % 86
     - Analytical input
       - No. 4
       - % 14

2. Other reductions in activity with 10 cases such as
   - Production rationalisation
   - Sale of Middle East Franchise
   - Assets disposal
   - Product divestment
   - etc
   with involvement levels
     - High involvement in decisions
       - No. 9
       - % 90
     - Analytical input
       - No. 1
       - % 10

3. Developments with 10 cases such as
   - Development of factory
   - Site acquisition
   - Site relocation
   - etc
   with involvement levels
     - High involvement level in decisions
       - No. 7
       - % 70
     - Analytical input
       - No. 3
       - % 30

- 211 -
Taking the Closures/Developments together gave:

<table>
<thead>
<tr>
<th></th>
<th>High Involvement</th>
<th>Analytical Input</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Closures</td>
<td>86</td>
<td>14</td>
</tr>
<tr>
<td>2. Reduced activity</td>
<td>90</td>
<td>10</td>
</tr>
<tr>
<td>3. Development</td>
<td>70</td>
<td>30</td>
</tr>
<tr>
<td>Total 49 projects</td>
<td>84</td>
<td>16</td>
</tr>
</tbody>
</table>

C. ACQUISITIONS/DIVESTMENTS causing 39 cases

1. Acquisitions with 25 cases such as
   - Acquisition of UK Company
   - Acquisition of Overseas Company
   - Formation of Overseas Joint Company
   - Grass-roots Overseas Venture etc

   with involvement levels
   - High involvement in decisions 21 84
   - Analytical input 4 16

2. Divestments with 14 cases such as
   - Closure of Subsidiary Company
   - Closure of Division
   - Divestment of Sale by Assets etc

   with involvement levels
   - High involvement in decisions 11 79
   - Analytical input 3 21

Taking the Acquisitions/Divestments together gave:

<table>
<thead>
<tr>
<th></th>
<th>High Involvement</th>
<th>Analytical Input</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Acquisitions</td>
<td>84</td>
<td>16</td>
</tr>
<tr>
<td>2. Divestments</td>
<td>79</td>
<td>21</td>
</tr>
<tr>
<td>Total 39 projects</td>
<td>82</td>
<td>18</td>
</tr>
</tbody>
</table>
For the total 159 specific longer term decisions this gave:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Cases</th>
<th>High Involvement</th>
<th>Analytical Input</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>A Capital Investment</td>
<td>71</td>
<td>61</td>
<td>39</td>
</tr>
<tr>
<td>B Plants Closures/Developments</td>
<td>49</td>
<td>84</td>
<td>16</td>
</tr>
<tr>
<td>C Acquisitions/Divestments</td>
<td>39</td>
<td>82</td>
<td>18</td>
</tr>
<tr>
<td>Total longer term</td>
<td>159</td>
<td>73</td>
<td>27</td>
</tr>
</tbody>
</table>

These 159 specific longer term decisions were a significant proportion of the total decision situations quoted:

- Specific Longer Term Decisions: 159 (42%)
- Total Decisions Quoted: 381 (100%)

Further, the degree of involvement as compared with that in on-going situations was more than maintained.

**High Involvement in Decisions**

- High involvement in specific longer term decisions: 116 = 73% of 159
- High involvement in on-going decisions and small capital investments: 148 = 67% of 222
- High involvement in total decisions quoted: 264 = 69% of 381

As was seen from the section (4.4.1) dealing with on-going decisions, a variety of types of management had in common a confidence in their management accountants and this resulted in high involvement in decision making being the most usual situation. This present section (4.4.2) confirmed this high involvement when decisions with longer range effects were being taken. In the sense of decision involvement strategic management accounting was a normal activity just as prevalent among those interviewed as the duties of everyday business. Indeed, the situations where "high involvement" was most prevalent were those where the impact on the long term future of the business was most dramatic. Specifically:

- Plant closures/developments: 84% high involvement
- Acquisitions/Divestments: 82% high involvement
In contrast the one grouping whose high involvement fell away was in "Capital Equipment" where out of 35 cases:

<table>
<thead>
<tr>
<th></th>
<th>46% high involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Equipment:</td>
<td></td>
</tr>
</tbody>
</table>

As could be seen from the table of positions held by those interviewed (Section 4.3) the larger proportion held senior positions:

<table>
<thead>
<tr>
<th>Position</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>46</td>
</tr>
<tr>
<td>Chief Accountants</td>
<td>33</td>
</tr>
<tr>
<td>Company Secretary</td>
<td>18</td>
</tr>
<tr>
<td>Planning Manager</td>
<td>11</td>
</tr>
<tr>
<td>Controller</td>
<td>11</td>
</tr>
</tbody>
</table>

This gave 119 on 202 total or 59% and included 46 directors, being 23% of all those interviewed who operated in industry and commerce. Such people would be more likely to be involved in the longer term or strategic issues. The age analysis (section 4.3) also demonstrated that quite early in their careers (in terms of age) senior positions were being held. Overall, a reflection of confidence in the skill and integrity of those trained in management accounting by their having early opportunity to be in positions of considerable stature and confidentiality. In terms of the immediate purpose of this analysis the interviewed population were heavily engaged in longer term decision making, and well placed to form and express views as to future change.

4.4.3 Some Features of the Decision Making

One advantage of a series of interviews was that in addition to capturing specific items which could be brought into focus as in the previous sections (4.4.1 and 4.4.2), less strictly comparable issues and the articulation of individual feelings could be included to complement the more specific items. With the main purpose of demonstrating decision making involvement appropriate to giving views on the future already established, this section seeks to highlight some of the features of that decision making. As indicated above, the main method adopted is that of selective quotation from those occasions when the information was best expressed.
Central to the decision making experiences was that these were part of an on-going situation, where the thread of the organisations dynamic prospects intertwined with the individuals equally dynamic career progression. In this interplay it was for each a taking of the best viewed alternative presenting itself; decisions predicated by circumstances. Most situations described were in organisations with multiple levels of decision makers. Hence, some "ultimate" level such as group board would be setting yardsticks by which decisions would be measured and most decisions according to type would be either made locally as fulfilling the required criteria or be passed "upwards" as meeting the yardsticks for a second opinion/final determination. A similar setting of yardsticks could be said to derive from the relationship between banks and businessmen when a simpler business structure is possible, without multiple internal decision making levels.

Resulting from this multiple level situation most references to techniques stated or implied they were used to fulfil criteria set by a higher organisation. Criteria used such as the frequently mentioned discounted cash flow rate of return (DCF) have their main strength in the comparison with relatively similar alternative proposals. Therefore, in a multiple-level decision situation where a division or group may be selecting from a number of proposals from subsidaries in similar types of business such criteria can play a valuable role.

Hence, two features of the decisions are:

1. time and circumstances leaving limited choice, the taking of the best-viewed alternative.
2. techniques were employed in multi-level situations.

Below these are illustrated along with quotations and observations concerning:

1. concurrent use of other disciplines.
2. usefulness of post evaluation.
3. views on shop floor involvement in decisions.
4.4.3.1 **Limited choice**

Limited choice was a self-evident result of circumstances when these meant that losses necessitated reducing the scale of operations, although there could still be decision flexibility over timing. This point on timing was well illustrated in one example where, as was said by a commercial director:

"Factory closure was inevitable due to product being in post-mature phase. Key question was when to close. Financially it could carry on for 5 years, but as inevitable it may fit overall plans to close now. A team review was arranged."

Less obviously, circumstances often limited the choice in expansion situations. There were two main types of situations:

1. Sometimes a management review would result in a dictate as to suitable solutions. (Part of the necessary examination of open-ended situations, and closing them down to achievable and controllable tasks).

   Typically; as a financial director observed:

   "The CE wrote a management strategy narrative which was the basis for various financial cases."

   and again, from a management accountant:

   "Product needs were selected by the board, then team progressed as in-house project using consultants only to confirm market information."

2. In other circumstances specialists in other departments were the dominant voice. Often sales or marketing; as observed by another financial director:
"The marketing aspects were of primary consideration. Financial considerations were partly to "justify the decision" but principally to determine the "price".

and again, from a finance director:

Capital re-equipment based on "marketing faith in expanding market share given a low cost product".

There were also less usual, more specific, situations such as stated by another finance director:

the acquisition was progressed because "an essential supplier was being divested by another group and could have been picked-off by competition."

All the above decision constraints were part of the dynamic of the situation, but could be said to be self-inflicted due to a particular view of reality. They reflected widely recorded styles of organisational decision making from the various interviews.

Time and circumstances as in the old pressure point "don't let the best be the enemy of the good" were thus a formidable factor in decision making. The high involvement in decision making enjoyed by management accountants has been seen to be widespread, sections 4.4.1 and 4.4.2. In some interviews that was clearly of long standing, but with others as was experienced by a senior financial analyst:

"Until recent financial problems the accountant was regarded as a necessary but unwanted evil. With recent re-organisation, accountants are now encouraged to enter into decision making roles and take an active part in the operation. Status is now high."

4.4.3.2 Employment of techniques

The use of DCF (rate of return) was mentioned above, and this or the alternative calculation of the net present value (NPV) was widely used by
the organisations of those interviewed. Generally, it could be said DCF was used wherever it might be deemed useful. There were 43 cases where DCF was quoted as being significant, and 3 cases of NPV. These include 7 stated uses of DCF in the 28 interviews conducted with Reed International, ie about the proportion found in the other interviews. While not recorded, the inclusion of DCF as a required "matter of form" was more widespread than the above numbers. For this study it was active employment of techniques for decision purposes by the people concerned that was of most interest, and this the figures demonstrate.

Special studies for specific projects and the use of teams drawn from relevant departments was quite a usual feature for projects classified as "major" in the context of particular organisations. There were some 50 examples.

In two instances special studies were not a successful answer, thus in one instance it was stated by a finance director:

"group consulting by a team of economists, marketers and engineers was disappointing, and was not used."

Aside from studying and forecasting cash flows and the use of DFC which were regular features, the use of techniques had two main aspects covered below. These were techniques with:

1. specific use tailored to a particular type of project.

2. "shot-gun" use looking at the project from different angles.

Examples of specific use were:

1a. Zero based budgeting, after incorporating a new acquisition; and again in an intensive cost reduction programme.

1b. Trend analysis, on justifying disposal of a business.

1c. Linear regression graphs to show load effects, on justifying new capital equipment.
1d. Growth sector components, in studying changes to product range.

1e. Marginal costing, when evaluating the effects on an existing manufacturing facility of adding a new product range.

1g. Ergonomic study, for a factory extension.

Examples of the "shot-gun" use of multiple techniques were:

2a. DCF, simple payback, and current cost accounting (CCA) return on capital employed (ROC) for evaluating a new distribution centre.

2b. DCF, both historic cost accounting (HCA) and CCA ROC, plus sensitivity analysis, for the evaluation of new capital equipment purchases.

2c. DCF, payback, sensitivity analysis and risk analysis against product price charges, for the evaluation of new extrusion equipment.

2d. DCF, cost/benefit analysis, network analysis, and long term forecasting, when considering a computer replacement, and again when reviewing a potential divestment.

Some apparent duplication was necessary in certain organisations where different levels in the decision making structure believed different criteria were needed for a particular evaluation.

There were some 18 situations in which financial models were used to assist the evaluation. More usually these were models in general use by the organisation. Occasionally a financial model was specifically constructed for a project, as for an evaluation of the effects of the incorporation of micro-processors into a product range. Other powerful computer aids included there being sales forecasts decomposed by computer model into production resource needs for machines, manpower and materials.
4.4.3.3 Concurrent use of other disciplines

By definition, management accountants played a major part in all the projects discussed in the interviews. In looking at the participation of other disciplines this has to be remembered, the reverse of this picture where other disciplines may have dominated (eg in banks) was not researched. There was a relatively low use of resources from outside the respective organisations. Most acquisitions appeared to be made without utilising external auditors, although they were used on two occasions. External auditors were also involved on three occasions when major changes were being made to accounting systems. Various other specialists were used. Tax specialists were used on five occasions, including a repurchase of company shares (along with legal advisors) and a regrouping concerned with VAT related matters.

Specialists were used for selection of micro-computers, and on a major computerisation project. Consultants in the more general sense were involved on 17 occasions, usually in a limited role. (Three of those interviewed being themselves consultants, their experiences are not included in this section.)

Use of in-house resources was by far the more usual pattern. Most usually the management accountants were involved in a team relationship with people from operating departments such as in sales or manufacturing. While this relationship was in some interviews specifically stated, it was implicit in many situations. For this reason to tabulate "mentions" would be misleading. The use of corporate planning departments gives a more specific picture and relates alongside the use of external resources.
As the table indicates, in a statistical sense it was only in acquisitions and divestments that other specialist departments and external consultants played a proportionately significant role. However, in many organisations there were strengths in the support from a variety of internal sources.

There were business graduates without professional accounting qualifications in a variety of roles, such as in the study of a divestment the Management Accountant being titled "Planning and Development Executive" was involved on an equal basis with the Special Products Manager, who was a business school graduate.
For the greater part legal resources were taken for granted, as necessary. Other staff resources focussed around economists and corporate planners. These were referenced as in three types of situation ranging from:

1. having a predominant role.

through 2. having a related support role.

to 3. being superceded.

For example:

a predominant role was in a major lease v buy situation where as described by the assistant financial controller:

"Economists and Corporate Planners established future economic indicators and tax implications (internationally). Their contribution was more important than that of the accountant. Most important was the engineer's operational assessment."

a related support role was most common, as put by a finance director:

"economists, corporate planners ... all disciplines were involved in such a business decision"

and again as said by a general manager

"in a cost comparisons study corporate planners were equally involved, with production, technical and sales"

and for further verification a management accountant noted:

"corporate planners from USA checked against group product range plans"

a role being superceded was twice reported and apparently related to the need to reduce the general overhead. Such as when a finance director stated:
"accountants absorbed the work of economists and corporate planners who were made redundant."

Incidentally such moves towards general staff work by management accountants were commented upon in a less favourable way by one who had himself became a sales and marketing director, and who commented that in that group:

"accountants have not moved fast enough into giving a rapid responsive service to profit-responsible local management; they more serve head office."

Other specialist departments were involved in particular situations, for example on major capital investment in a situation reported by a works accountant:

"Quite separate from accounting, an operational research group ran models on all technical aspects."

4.4.4 Post evaluation

There were few doubters of the proposition that post-project evaluation (like motherhood) was desirable. There were many situations in which post-evaluation was not the usual practice, and some where it was never entertained. In these situations there were expressions as to the difficulty and cost/benefit of such exercises.

Post evaluation acceptability:

<table>
<thead>
<tr>
<th></th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>No views expressed</td>
<td>21</td>
<td>10</td>
</tr>
<tr>
<td>Principle rejected</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>Accepted in principle</td>
<td>99</td>
<td>45</td>
</tr>
<tr>
<td>Supported in practice</td>
<td>88</td>
<td>40</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>219</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
Some of those practising post-evaluation were also concerned with cost/benefit. Thus: "post evaluation useful, but too much time evaluating past mistakes can be wasteful," remarked a senior financial analyst, and as was observed by a management accountant it could be seen as:

"Necessary but difficult, techniques often seem inadequate in actual circumstances."

Some saw benefit as having been derived by setting an atmosphere, such as two finance directors who respectively said:

"It is useful as a discipline on managers who operate with the expectation of a post-event audit," and "it is essential to avoid inefficiency with the passage of time" while others had seen a training opportunity "post evaluation on capital projects takes place one year after commissioning by "independent" staff, as training."

There was a general apparent understanding of the point emphasised by one financial director that it was in order to learn, not to criticise:

"Within the organisation post-evaluation is accepted as applicable and desirable: to learn for the future, not to criticise the decision made."

Others were equally firm that post evaluation was an integral part of established procedures.

1. "Post evaluation is a necessary part of the control/monitoring system." (a management accountant)

2. "Post evaluation is normal, capital expenditures are closely monitored and subject to annual review" (a chief accountant)

3. "There is an annual review during construction and then a quarterly evaluation report." (another chief accountant)
4. "There is an evaluation with an R O C check each year for three years. (a general manager)

and

5. "Sophisticated post-evalution is a group requirement. It would be better if simpler." (a works accountant)

Then in a comment that may be close to the problems many saw in this bridge between past and future a group accountant pointed out:

"The value of post evaluation depends on the reasons why the decisions were made. There may have been no alternative".

Indeed a reflection back to the subject in section 4.4.3.1 of "Limited Choice".

4.4.5 Shop floor involvement in decisions

Many of those interviewed did not feel able to give a meaningful view, due to lack of recent involvement with those working on the shop floor. Those without recent involvement who did give a view spoke in generalities which did not seem to progress the research. Such comments were typically negative such as "significance is likely to increase, probably to the overall detriment of dynamic decision-making."

The pattern of those with shop floor involvement was by title and age group as below, and totalled 82 out of 219 interviewed (37%).
<table>
<thead>
<tr>
<th></th>
<th>Under 25</th>
<th>25-35</th>
<th>35-45</th>
<th>45+</th>
<th>Total</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Director</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>14</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Company Secretary</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>7</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Management Accountant</td>
<td>8</td>
<td>1</td>
<td>2</td>
<td>11</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Chief Accountant</td>
<td>4</td>
<td>4</td>
<td>6</td>
<td>14</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Cost Accountant</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>9</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Controller</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>4</td>
<td>11</td>
<td>13</td>
</tr>
<tr>
<td>Other staff positions</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>7</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Executive Management</td>
<td>1</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1</td>
<td>27</td>
<td>17</td>
<td>33</td>
<td>78</td>
<td>95</td>
</tr>
<tr>
<td>Consultant</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Education, Govt etc</td>
<td>1</td>
<td>1</td>
<td></td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>2</td>
<td>29</td>
<td>17</td>
<td>34</td>
<td>82</td>
<td>100</td>
</tr>
<tr>
<td>Percent</td>
<td>2</td>
<td>35</td>
<td>21</td>
<td>42</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

From the 82 who stated that they were in contact with the shop floor monthly or more frequently, the following concentrates their expressed views.

A managing director stated from European main-land involvement: "participation is very important, and the principle has been established in West Germany for many years."

There was a view that others were holding back desirable participation as expressed by a company secretary:

"Participation will increase but it will take a long time for unions to change their attitudes and be more co-operative. One obstacle to shopfloor participation is the lack of understanding of business finance."

The above statement found an echo for both the question of a union problem, and the finance aspect.

On unions as expressed by a group investment analyst:

"Where workers are being invited they are refusing decision participation."

and, on lack of financial understanding a group accountant observed:
"there is still a big gap. This is an area the management accountant should be exploiting. He should try to get the trust of each side."

A number emphasised the practicality of some decision participation, but not at board level. Rather participation restricted to particular types of decision.

The most forthright distinction was that expressed by a chief accountant:

"If quality circles ie worker participation in design and control of job processes, then absolutely fundamental. If union involvement at board level, not a hope."

There was specific emphasis on individual roles in two rather different ways.

Firstly from a finance director

"It is essential that management manage and be seen to take decisions. Such decisions should be made with due sensitivity to employee reactions. Participation should not be by committee on major business affairs."

and Secondly by a senior financial analyst

"Shop floor opinion will be always useful in certain decisions eg capital procurement. But in more important decisions eg site closures, unions will have to be consulted; but ultimate decision rests with the highest management level. Employees within an organisation must perform the duties for which they are employed."

The generality of these and similar views was expressed in another form by a finance director who said:

1. Management must come away from the idea of promulgating change in the shop floor environment without prior explanation.
2. It is not necessary for the shop floor to participate in decisions except in the sense of commitment to success.

The idea that creating mutual commitment and a desire for success of the enterprise was the goal seemed to predominate however it was expressed.

Brief expressions of view were in such form as that of a financial director:

"Harmonisation of status between shopfloor and staff will progress further."

and of a finance director:

"management has the responsibility to manage".

From both the history of the 1950s with the findings of the Productivity Teams (chapter 3.4.1.1), and the experiences stated at the interviews as to the low numeracy of some managements, it may well be that (as noted in the observation made above) there is a real opportunity for the management accountant to play a major role by increasing financial understanding among shopfloor, staff and some management in a position of trust from each side.

4.4.6 Chapter Summary

The purpose of this chapter was to expose in terms of their recent decision-related experience the qualities of the interview group, as such. The chapter opens with a reminder that, as viewed by the Institute, the term management accountant includes all those accountants involved in industry, commerce or government in an operational mode, and that this covers such activities as strategic planning as well as immediate operations when engaged upon either management or financial matters. The subject of the chapter is the first section (section A) of the interview format (described in Chapter 2 4.1.2 and appendix 3) and covers present involvement in decision making, with ability to segregate
responses according to specific characteristics. The methodology was to embrace the full variety of input available and depend upon the capability from the listing of specific characteristics for appropriate segregation when making the analysis. The group of interviews was studied as being viable in its own right to contribute meaningfully with views on the future of the management accountant and opportunities for the Institute. (This was as distinct from being some form of sample of a total population such as all Institute members, which the group did not purport to be.) Involvement in decision making was the main subject. It was probed in both extent and depth. The method of analysis was to classify both by the type of decision in which involvement occurred, and by the extent to which this was close to being the decision making as such in contrast with lower decision involvement in the form of supportive analysis.

The pattern of those participating in the interviews showed a good variety in terms of personal job titles and age, with a useful spread across different sizes of enterprise. It was concluded that in a general sense this was a good basis of experience with which to relate views subsequently expressed. Involvement in decision making was then examined. First, a subjective assessment was made by asking for the extent of "acceptance into discussion on and resolution of problems" and relating this with a further question as to the extent to which "knowledge of the industry was valued in addition to accounting skills". There was a positive relationship established between the two features. Secondly, recent experience relating to decision making was broken down into the five groupings of decisions in:

- Systems and Forecasting
- Capital Investments
- Plant Closures/Development
- Product and Contract Pricing
- Acquisitions/Divestments

The various recorded detailed experiences were studied as to type of involvement in the decision making, which gave the following proportions;
A further categorisation was then made of their experiences which divided them into decisions having mainly a short term or long term impact, thus:

<table>
<thead>
<tr>
<th>On-going situations</th>
<th>Specific longer term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Systems and forecasting</td>
<td>Capital investments (major)</td>
</tr>
<tr>
<td>Products and contract pricing</td>
<td>Plant closures/developments</td>
</tr>
<tr>
<td>Capital investments (short impact)</td>
<td>Acquisitions/divestments</td>
</tr>
</tbody>
</table>

There followed a review of each category in both quantitative and qualitative aspects. This showed that throughout all categories and in a variety of management situations there was a marked consistency in being a heavy reliance on the management accountant, much in the proportion already quoted. In particular, the involvement in strategic issues was just as strong as the participation in daily operations. Coupled with the age analysis (mentioned earlier) which demonstrated that quite early in their careers senior positions were being held, the breadth and depth of involvement in decision making demonstrated that confidence in their management accountants was common across a wide variety of types of management. It was concluded the interviewed population were heavily engaged in longer term decision making, and well placed to form and express views as to future change.

Other issues were dealt with in the closing sections of the chapter, as auxiliary to the main thrust above. The constraints on the options in decision making due to pervading circumstances were reviewed and these were shown to include internal management constraints as well as the dictates of the market place. The employment of such tools as DCF in capital decision making showed rational selection according to the type of project, with multiple levels of decision making in an organisation sometimes requiring an overlapping of criteria. The organisations showed substantial self-sufficiency in decision making, and it was concluded only in acquisitions and divestments did specialist (corporate)
departments and external consultants play a proportionally significant role. There was wide support for post evaluation of projects in principle, but substantially lower support in terms of its practical application (at 40%). Finally, the question of shop-floor involvement in decision making met with a muted response, with a recognition that mutual commitment between all those involved in any enterprise was a management responsibility.

REFERENCES


CHAPTER 5

VIEWS AND IDEAS EXPRESSED BY MANAGEMENT ACCOUNTANTS AS TO THE FUTURE FOR MANAGEMENT ACCOUNTANTS IN GENERAL AND APPROPRIATE ACTIONS FOR THE INSTITUTE IN PARTICULAR.

Synopsis

With the preceding complementary chapter (Chapter 4), this chapter explores the input achieved by personal interviews with management accountants. The earlier chapter set the scene by focussing on the attributes of those participating and their current involvement in decision making, and this chapter analyses the views of those participating as to the future for management accountants in general and appropriate future postures for the Institute in particular. The sequence follows that of the research plan described in Chapter 2 (section 2.4.1) and particularly sections 2.4.1.7; 2.5 and 2.6). A brief introduction states the findings from the initial (or pilot) study with Reed International Building Products Division, after which separate sections cover the total responses received on the future for management accountants in general, and on the possible future posture of the Institute. In each section the tabular questions (respectively the 3 opening questions in Sections B and C) are used to derive the main thrust of thought among all respondents. Following this, the best expressed characteristics of the classes of response derived are stated to give depth to the analysis. The conclusions for each section are summarised. These summaries are followed by a summation of points from the essay competition held while the last interviews were still being conducted. The chapter summary draws the whole together, signifying the main points to be explored further in the current research.

To briefly describe the extent of consensus on the future, the study of the interview reports showed these could be classified according to the emphasis placed upon various aspects of future change. However, views merged again when considering the part that could be played by the Institute, demonstrating the differences were mainly related to time perspective and emphasis rather than being fundamental.
5.1 Introduction

The timetable for the interviews was as stated in chapter 2 (section 2.5) and the initial interview phase for the pilot study was October to December 1982. With just 16 interviews in a single organisation it would jeopardise the principle of confidentiality to break down the responses in detail. These responses have however been included along with 12 later interviews in Reed International subsidiaries in the main project analysis, with a check being kept to ensure this was not distorting any otherwise general pattern. However, returning specifically to the initial phase of 16 interviews a series of points were derived and these are given below. These points are as reported to the Research and Technical Committee in 1982. (Chapter 2, section 2.5)

It was at this meeting the question of shop floor contribution to decision making was added to the interview format. In the event this proved a useful "link" point of discussion between the strictly factual questions on work experience and the section on the future asking for views, since it asked both for facts as to shop floor contacts and views as to shop floor developments. (Chapter 4 section 4.4.5).

Points derived from initial phase

The points derived from the initial phase were:

1. There will be a substantial change in both environment and calculation techniques as information technology progresses.

2. This change is a challenge for which the accountant is largely prepared (through awareness) rather than a threat.

3. Learning in the formative/training period to collaborate with other disciplines is a highly valued part of the ICMA route.

4. As well as the "people" aspect, this early period gives opportunity to appreciate engineering, economic and other aspects along the career path and making the effort to be broad-based is increasingly necessary.
5. Emphasising the need for members (of both sexes) to be well-rounded, as in the last two points, was the use of the expression "being a man in a mans World", with all its implications of personal maturity and technical balance.

6. The confidence in the future arises from what people are doing already - the work will become more interpretive, but three years after qualifying is it not virtually all interpretive already!

7. There is a call that the training should be thorough - first we must be accountants.

8. In a variety of ways there is a strong call for some system of additional subjects to be taken in-depth, but for two purposes. Some see increasing specialisation (eg specialising in capital investment project/acquisitions or international transactions say), while others see a need to be on equal terms with practising economists, or bankers.

9. It is unclear how "additional subjects" would be achieved with some leaning towards the training/formative period and others to PQE.

10. There is wide recognition that new skills must be acquired and seriously applied as a career progresses. Note that some look forward to a management accounting/staff career and others look towards line management positions.

11. Finally, there is firm recognition that the future of a profession is bound up with the quality and type of people recruited.

Thus, the stage was set for the main interviews.

5.2 Interview responses on the future for management accountants in general

On the general future for management accountants there was a substantial consensus for further considerable changes in which the management accountant would successfully hold his position and importance. There were, however, a variety of views as to the pattern of changing circumstances and technology in which this would occur. By taking from
the interview format "Section B Future Prospects over 10 years" (see Chapter 2 section 2.4.1.4) the responses from the first three questions, these could be set out in arrays to show the various patterns of answers. The logic of each pattern plus the characteristics of the answers to part 4 of Section B showed the relative emphasis by the various groups on different aspects of the future. Six groups were thus derived as follows below. These groups are then elaborated in further sections.

The Section B questions requiring a (✓) answer gave the following number of responses:

<table>
<thead>
<tr>
<th></th>
<th>Change Greatly</th>
<th>Change Little</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>V. Great</td>
<td>Great</td>
</tr>
<tr>
<td>Q1 The work will change</td>
<td>36</td>
<td>118</td>
</tr>
<tr>
<td>Q2 It will be more interpretive</td>
<td>57</td>
<td>126</td>
</tr>
<tr>
<td>Q3 Inter-profession competition</td>
<td>15</td>
<td>50</td>
</tr>
</tbody>
</table>

Note: There were up to six interviews at which one or other of the questions was not answered. In the more detailed table below some intrapolation was used for these.

Expressing the above as percentages of "total all responses" (218 replies):

<table>
<thead>
<tr>
<th>PERCENTAGES</th>
<th>Change Greatly</th>
<th>Change Little</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>V. Greatly</td>
<td>Greatly</td>
<td>Little</td>
</tr>
<tr>
<td>Q1 The work will change</td>
<td>17</td>
<td>56</td>
<td>24</td>
</tr>
<tr>
<td>Q2 It will be more interpretive</td>
<td>26</td>
<td>58</td>
<td>15</td>
</tr>
<tr>
<td>Q3 Inter-professional competition</td>
<td>7</td>
<td>23</td>
<td>42</td>
</tr>
</tbody>
</table>
It was evident from the above that the general belief (84%) was the work would change by becoming increasingly interpretive, and that for the type of task envisaged the interpretively competent accountant was viewed as succeeding against competition (70%).

For further analysis the two total columns responding to "Change Greatly" and "Change Little" were used. This gave eight possible patterns of response which are shown below, using "G" to denote a "Change Greatly" response and "L" to denote a "Change Little" response.

<table>
<thead>
<tr>
<th>Pattern of Answers</th>
<th>No. Responses</th>
<th>Percent</th>
<th>Title of Commentary Summaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 Q2 Q3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L L G</td>
<td>513</td>
<td>6</td>
<td>Problems Perspective</td>
</tr>
<tr>
<td>L G G</td>
<td>823</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L L L</td>
<td>2123</td>
<td>11</td>
<td>Importance of Specialisation</td>
</tr>
<tr>
<td>G L L</td>
<td>2123</td>
<td>11</td>
<td>Importance of Specialisation</td>
</tr>
<tr>
<td>L G L</td>
<td>26</td>
<td>12</td>
<td>Importance of Computers</td>
</tr>
<tr>
<td>G L G</td>
<td>6</td>
<td>3</td>
<td>Importance of Information</td>
</tr>
<tr>
<td>G G G</td>
<td>49</td>
<td>22</td>
<td>Role as Planner and Architect</td>
</tr>
<tr>
<td>G G L</td>
<td>101</td>
<td>46</td>
<td>Broadening from the Accountancy Base</td>
</tr>
<tr>
<td></td>
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<tr>
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<td>Total</td>
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</tbody>
</table>

Some of the above groupings relate to a small percentage of respondents; on the "Importance of information" as low as 3 percent. However wide recognition of an issue is but one indication of its worth. In terms of looking at the future, a few individuals (possibly being unusually perceptive) may take a different perspective which will in retrospect be found to be of the highest significance. Therefore, all groupings were retained separately and reported accordingly.
The titles in the table above represent the distinctive style of comment accompanying each pattern of responses. There was no rigid demarcation boundary between the various classes of comments, but the main thrust of comment in each grouping was quite distinctive. The extracted comments given in the commentary summaries below were selected as typical.

5.2.1 Problems Perspective

(Covering 6% of all responses)

Those whose responses fell in this section considered there would be relatively little change in the work of the management accountant or in its interpretive nature, but that there would be a serious challenge for the work from other disciplines (ie answering LLG). There were also those who agreed that there would be relatively little change in the work of the management accountant and that there would be a serious challenge for the work from other disciplines, but considered the nature of the work would change in becoming more interpretive. (ie answering LGG). Both made the particular contribution of identifying problems.

The problems foreseen ranged among:

1. "production and planning are steadily increasing their knowledge of finance and costing" ....................... by a chief accountant

   "all managers will access information" ... by another chief accountant

   "much information will be in a form that is directly understandable by the operating managers" ... by a management accountant

   "potential top management will be recruited as such and given a background knowledge in accountancy" .............. a cost accountant
2. As a consequence or otherwise:

"Accounts will play little part in decisions" ... by a cost accountant

"there will be a danger of being just computer minders and checkers" .................... by a cost accountant

"elementary accountancy work and many training opportunities will disappear" ............... by a financial director

"bigger operations through business amalgamations etc will mean fewer opportunities" ........ by personnel officer outside of industry

"with operating managers able to be more self-sufficient, employers may avoid the need for staff specialists such as management accountants". ........ by a financial analyst

3. From which it would be necessary to:

"acquire non-accounting skills so as to be the development man" ......................... by a project accountant

"become adviser to the managers and specialists who have more than enough information" .................... by a chief accountant

"look for greater inter-function involvement" .............................. by a management accountant

To summarise:

Line managers will be more self sufficient in all types of information and its analysis including the financial aspects, and will need less staff support. To counter this requires different skills and more in-depth specialist knowledge.
5.2.2 Importance of specialisation

(Covering 11% of all responses)

Those whose responses fell in this section considered there would be relatively little change in the work of the management accountant or in its interpretive nature, and that there would be little challenge from other disciplines (ie answering LLL). There were also those who considered the work would change greatly, but agreed both that the current levels of interpretive content would remain little disturbed and that there would be little challenge from other disciplines (ie answering GLL). Both made interesting comments and this group showed the greatest difference in outlook from the majority, emphasising stability rather than change.

There was emphasis on the continuity of the specialist work already done by the management accountant:

"the specialism will remain" by a management accountant

"there will be no greater change than in the last 10 years" by two financial directors in totally different organisations

"there will be a consolidation period" by a chief accountant

"accountancy is a mature profession and will continue much as now" by a financial controller

"from three years after qualifying the management accountant's work is all interpretation, now" by a divisional accountant
"interpretation has always been needed, it just happens faster" by a project accountant

"the role will remain that of controller co-ordinating the business team". by a group chief accountant

There was also related commentary:

"computers mean more is left to (highly specialised) experts" by a divisional chief accountant

"the mystique in accounting is reduced" by a director

"there is more need for commercial awareness" by a regional asset manager

To summarise:

The past had presented a challenge of change equalling that of the future and the specialism would continue successfully by steadily persevering on its present path.

5.2.3 Importance of computers

(Covering 12% of all responses)

Those whose responses fell in this section considered there would be relatively little change in the work of the management accountant but that the interpretive nature of the work would greatly change. They saw little challenge from other disciplines (ie answering LGL).

There was a positive attitude about computers as creating more opportunity without greatly changing the fundamental role. Thus:

"computers enrich accounting" by a financial manager
and on computers resulting in new data patterns:

"the management accountant will be involved in the final (authoritative) interpretation, and in changes to the system design" by a planning manager

while stimulated by their use of computers:

"managers are overwhelmed by computers, and turn to accountants" by a professor

engineers are keen to learn finance" by a government Chief Finance Officer

"management accountants will be better utilised" by a management accountant

To summarise:

from both the inside and outside of industry and commerce the future with computers was seen to bring benefits to the management accountant, provided he stayed ahead in depth of knowledge and skill (such as participation in system design).

5.2.4 Importance of information

(Covering 3% of all responses)

Those whose responses fell in this section considered there would be great change in the work of the management accountant without the interpretive nature changing and that the challenge from other disciplines would be great (ie answering GLG).
Computer modelling was seen as of key importance:

"all disciplines will use computer models"
by a group management accountant

"tasks will refine as modelling is used" (requiring specialisation)"
by a senior accountant

"managers own information will increase"
by a senior accountant

"senior managers will do their own interpreting"
by a finance manager

"management services will dominate" (as model dependence grows)
by a financial director

To summarise:

Computer models were seen as having a central future role and drawing various disciplines together with accountants needing to be both capable in management services and becoming "business men".

5.2.5 **Role as Planner and Architect**

(Covering 22% of all responses)

This second largest group at 22% of the total respondents considered there would be great change in the work of the management accountant and in its interpretive nature, and also that management accountants would be greatly challenged in this work by other disciplines (ie answering GGG).

There was considerable reflective input about the overall situation.
"there will be a more systems minded society"
by a controller

"there will be more democracy in business"
by a company secretary

"the interpretive work will embrace social economic factors"
by a finance director

"there will be big growth in information technology and in systems"
by a senior management accountant

"it will be necessary to think strategically and internationally"
by a group financial controller

An overall need:

"to have a broad commercial view" and "to be people orientated"
by a financial director
by a senior industrial accountant

The ensuing prospects:

"to follow the present trend into forward planning"
by a divisional cost accountant

"to become the architect of the information system"
by a financial director

"to merge into management"
by a marketing director

But there were uncertainties:

"decision making would be multi-discipline"
by a managing director
"creative engineers and scientists may leave accountants behind" by a cost accountant

"there could be a surplus of accountants in 10 years" by a management accountant

Every role would make some basic demands for:

"more efficiency" by a group accountant

and "rapid relevant interpretation" by another group accountant

To summarise:

IT will change society and demand a people-orientated broad commercial view, in which strategic issues will be resolved by multi-discipline groups around the architecture of the information system, working for efficiency and effectiveness.

5.2.6 Broadening from the Accountancy Base

(Covering 46% of all responses)

This largest group at 46% of all respondents considered there would be great change in the work of the management accountant and in its interpretive nature, but that there would be little challenge from other disciplines (ie answering GGL).

The main theme from this the largest group of responses was a movement towards strategic decision making involvement and general management.

Accountancy knowledge would be the base, but with a different emphasis:
"a hard core of accounting knowledge necessary" by a commercial accountant and the same said by a finance director and by a management accountant

"the end of the road for budgetary control" by a financial director

"cost control of increasing importance" by a works accountant

"financial forecasting and cost control important" by an investment analyst

The depth of specialist ability required was emphasised:

"team decision making calling for high specialisation" identical words from a systems accountant, a company secretary, a group accountant and a senior financial analyst

"management accounting more valuable to more numerate managers" by a finance director

"industry specialist knowledge vital" by an accounts manager

"advanced skills needed for interpretation" by a divisional secretary

"increasingly the role is more sophisticated" by a treasurer
"concern in the non-business factors in decisions"

"computers help accountants ascendancy"

"lift ourselves to the decision level"

"gap between accountants and computer specialists reducing"

"data banks will increase the value of numeracy"

The resulting tasks were those of:

"involvement in strategic decision making"

"evaluation of alternative strategies"

"specialism in interpretation and communication and in the instigation of behavioural change"

but, alongside this:

"efficiency today is more important than planning for tomorrow"
and

"more complex information adds pressure"

However, perhaps the most widely expressed proposition of all that:

"the role will gravitate to general management"

specifically expressed by two company secretaries, a finance director, a finance manager and a divisional management accountant.

There was also a reminder of the competitive situation:

"status barriers will diminish and judgement will rest on results"

by a finance development manager

To summarise:

There would be new growth from a strong accountancy base re-emphasising financial forecasting with a wider strategic involvement, alongside cost control for present day efficiency. The greater availability of information using computers and an increasing numeracy among general managements would both favour management accountants, who providing they had requisite specialist skills would take on more demanding roles.

5.2.7 All Commentary Summaries

The pattern of responses gave two predominant groups united in the view that there would be great change in the work of the management accountant and in its interpretive content. The two groups were:
| Role as Planner and Architect | 49 | 22 |
| Broadening from the Accountancy Base | 101 | 46 |
| The two together | 150 | 68 |
| Total respondents | 218 | 100 |

Hence, 68% of the total were firmly of the opinion change would be substantial. In this new situation for management accountants, therefore, the actual question was would there be severe competition from other disciplines? To this there was a more divided answer with the 46% (Broadening from the Accounting Base) believing there would be relatively little competitive change. Taking all responses together on this last question gave:

| Interprofessional competition will change greatly | 68 | 31 |
| Interprofessional competition will change little | 150 | 69 |
| Total respondents | 218 | 100 |

The success seen against competition often rested upon there being beneficial changes by management accountants. Taken together the Commentary Summaries on the general future for management accountants saw:

1. Three increasing roles in strategic planning, architectural aspects of information systems, and merger into general management decision making (or becoming the general management).

2. A variety of time scales for these roles becoming reality (probably reflecting their own current experience).
3. That to take these roles requires capabilities beyond those deemed usual today, but believed to be attainable with selective specialisation.

4. Technology (specifically computers) works generally to the advantage of accountants provided the accountant stays ahead in such areas as systems design.

5. A greater need to think about people.

6. Strong competition from other disciplines likely as IT changes society in ways requiring people orientated commercial strategies, grouped around the architecture of the information system selected for the business or government operation.

5.3 Interview responses on the possible future posture of the Institute, and its relation to management accountants in general

The interview format led straight into the main training issues for the future. There was again a group of three questions requiring a (v) answer. These used the same "greatly and very greatly", and "little and very little" as before (Interview format: section C; questions 1-3).

To answer the questions rationally required some depth of knowledge about the present education, training and post-qualifying education (PQE) of the Institute. Consequently, when those interviewed were without this background a blank was left against that question. Fifty two respondents left a blank against one or more questions to give the following pattern:
<table>
<thead>
<tr>
<th></th>
<th>Q1 Change Examinations</th>
<th>Q2 Change Job Training</th>
<th>Q3 Change PQE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Greatly</td>
<td>9</td>
<td>19</td>
<td>21</td>
</tr>
<tr>
<td>Greatly</td>
<td>84</td>
<td>101</td>
<td>78</td>
</tr>
<tr>
<td>Little</td>
<td>79</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td>Very Little</td>
<td>22</td>
<td>24</td>
<td>23</td>
</tr>
<tr>
<td>Total responses</td>
<td>194</td>
<td>202</td>
<td>180</td>
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<td>Blank</td>
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<td>17</td>
<td>39</td>
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<td>219</td>
<td>219</td>
<td>219</td>
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</table>

**SUB-TOTALS**

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<tr>
<th></th>
<th>V.G. &amp; G</th>
<th>120</th>
<th>99</th>
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<tr>
<td>V.L. &amp; L</td>
<td>101</td>
<td>82</td>
<td>81</td>
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<tr>
<td>Total responses</td>
<td>194</td>
<td>202</td>
<td>180</td>
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**BY PERCENT**

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<th>V.G. &amp; G</th>
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<th>55</th>
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<tbody>
<tr>
<td>V.L. &amp; L</td>
<td>52</td>
<td>41</td>
<td>45</td>
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<td></td>
<td>100</td>
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<td>100</td>
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From the above tables note must be taken of the greater emphasis for change (at 59\% for greater changes) recorded against job training, as distinct from PQE and particularly from the response on examinations with the emphasis (at 52\% for little change) more on stability. These responses were much more evenly balanced than had been those in the earlier section (5.2), but a similar breakdown to that done previously was carried out to see what basis this might give for a review of the comments given at interview.

<table>
<thead>
<tr>
<th>Pattern of Answers</th>
<th>No. Responses</th>
<th>Percent Responses</th>
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<tbody>
<tr>
<td>Q1 Q2 Q3</td>
<td></td>
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<tr>
<td>G G G</td>
<td>46</td>
<td>28</td>
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<tr>
<td>L L L</td>
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<td>24</td>
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<tr>
<td>L G G</td>
<td>23</td>
<td>14</td>
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<tr>
<td>L G L</td>
<td>16</td>
<td>10</td>
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<tr>
<td>G G L</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>L L G</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>G L G</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>G L L</td>
<td>5</td>
<td>3</td>
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<tr>
<td></td>
<td>167</td>
<td>100</td>
</tr>
<tr>
<td>At least one blank</td>
<td>52</td>
<td></td>
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<tr>
<td>FINAL TOTAL</td>
<td>219</td>
<td></td>
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</tbody>
</table>
The two largest groups at 28% and 24% were in one sense the extremes, with the contrast of replying "greatly" to all three questions against the other group replying "little" to all three questions. Yet for these groups, and indeed the others, the study showed a great deal more to be common rather than there being major differences. It seemed that while differences in the rate of change required (in the urgency necessary) were marked, the general direction for the Institute was subject to much more accord.

As has been previously stated, the plan of the research was to avoid numbers carrying more weight than they could satisfactorily bear. The ideas behind the numbers were therefore sought in a study of the responses. The total pattern of responses to Section C "Key Training Issues in the Future", and Section D "Summaries" were brought together in the analysis under the following series of titles derived from an initial study of the responses. This was to give a pattern which could be followed through. Inevitably some comments could fit under more than one title. These were not repeated, the aim was to demonstrate the general balance of comment.

**Titles derived from pattern of responses**

The Individual and The Institute

Opportunities for the Individual

The Needs of the Individual

Competition for the Opportunities

The Institute in general

Institute Specifics for training

Institute Specifics for membership examinations

Institute Specifics for PQE

Each of the eight sections below explores one of these titles in terms of the response pattern and assesses the extent of consensus.
There was strong recognition of the quality and appropriateness of the Institute Qualification as it is at present:

"Fundamental to be a good accountant. The ICMA qualification is already a huge opportunity" by a divisional accountant

"The education and training give a good package of skills. Opportunity comes from personal skills wanted in the market, as career progresses" by an investment analyst supervisor

"The sky is the limit and no change needed. People are getting to the top" by a senior lecturer

"The sky is the limit with (present) training in strategic planning, operating activities and finance" by a chief accountant

With this was a call for more publicity to be given to the present qualities achieved:

We cover MBA ground, but don't tell anybody!" by an internal auditor

"Publicise present solid base" by the manager of a finance and forecasting division

"Publicise quality and training" by a financial director

Concern was expressed as to the kind of people it was appropriate to recruit into the Institute:
"People selection is vital. They must be motivated and have the ability to communicate" by a commercial director

"Good entrants make the profession" by a management accountant

"attract 'born leaders' by our Education and Training pattern" by a general manager

To summarise:

the Institute qualification was seen as already giving people with commensurate personal attributes the ability to fulfil their ambitions, and was applauded accordingly. Its qualities needed to be more widely known (through more publicity) and adequate interest generated so that only motivated able people need be admitted.

Such views as these found positive expression in the following number of statements:

| Present Institute qualification appropriate | 33 | 72 |
| More publicity important                   | 13 | 28 |
| Stressed need for quality recruitment     | 9  | 20 |

COMPARATOR

Single issue with most positive statements | 46 | 100 |
(see note below)

Note: since these sections take spontaneous remarks in discussion, which were then recorded and agreed by those involved as reflecting the spirit of the interview, the number of occasions they were recorded is of interest. (It does not, of course, equate in any way with the number who would have "agreed" were the question specifically asked.)
To give an expression as a percentage the most popular spontaneous remark has been taken as a 100% comparator. This comparator was the remark on the desirability of majoring on the testing of business/environment awareness. It occurs in section 5.3.7 "Institute specifics for education and examinations."

5.3.2 **Opportunities for the individual**

There were cautionary observations about the general way in which society was changing:

"We live in a service industry world and a social cost world. The old days are gone" by a group chief accountant

and the varied needs of individuals:

"The majority will still be accountants. There is potential conflict between the status needs of the ICMA high flyer, and the ICWA needs of many" by a forecasting analyst

**BUT more** were concerned to emphasise the opportunities:

"With more financial data available the opportunities are greater" by a company secretary

"Increasing complexity brings more opportunity" as was said by a senior industrial accountant, a costing manager and a systems accountant.

"Continual change supports the need for management accountants" by a chief administration and finance officer
and drawing these ideas together:

"There is a good future if we act now to gear up to it" by a group accountant

The opportunities were expressed in many ways to essentially say the best future roles would be in running of businesses (as managing director, executive, chairman etc), or being the key person in a multi-disciplined team which was playing a large part in the running of the business, particularly strategically:

"More board-room opportunities" by a company secretary

"General management, and will need to show managerial ability early on" by a senior accountant

"Look higher and wider" by a financial director

"Broaden towards general management" by a financial controller

"Aim at general management, information technology director, and financial management" by both a group accountant and a works accountant

"Aim at company president ...
forecasting, planning and monitoring" by a divisional comptroller

"Smaller inter-related management teams will include the management accountant, but aim to be leader" by both a forecast section manager and a financial director

"Become forward looking forecasters" by a project accountant
"More system orientated management accountants will be needed" by a senior manager

Many emphasised that a key role or step onwards demanded skills in financial management, and some saw this as central:

"Aim at Financial Management" (as distinct from financial accounting) by both a chief accountant and a financial accountant

There were also reminders as to the variety of situations in which there was opportunity:

"Aim for service industries and public sector" by a managing director

"Note the increasing public sector opportunities" by two treasurers in the public sector

AND a dramatic statement emphasising the importance of skill in-depth to stay in accountancy:

"Opportunities are in funding/capital and cash flow management and the rest will disappear" by a finance manager

To summarise:

There was enthusiasm about the many opportunities in general management, information systems/technology, and financial management in a world where increasing complexity and change was seen as enhancing the need for the skills of the management accountant. There was a cautionary note that these opportunities may have to be sought in different activities to those which had yielded most opportunities in the past. This was emphasised both in the
increasing importance of service industries and the public sector, and in the prospect of less actual accounting positions unless there was determined specialisation.

The main views expressed positively by spontaneous remarks were:

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<tbody>
<tr>
<td>28</td>
<td>61</td>
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<td>6</td>
<td>13</td>
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<tr>
<td>10</td>
<td>22</td>
</tr>
</tbody>
</table>

**COMPARATOR**

| As before | 46 | 100 |

5.3.3 The needs of the individual

The needs of the individual were generally discussed on the plane of what must be added to the "fundamental of being a good accountant", such as:

"be a broadly based man-of-the-world-beyond-figures" by a financial director.

"interfunction awareness and non-financial comprehension vital" by another financial director.

"recognise interpretation only accepted if given with a full knowledge of other disciplines" by a cost accountant.

"commercial awareness needed, by sales and other experience when training" by yet another financial director, and echoed by a group accountant and a public sector treasurer.
"practical capability essential; the head start to general management" by a comptroller, systems and audit.

"wider decision comprehension needed" by a finance director.

There were also a variety of needs identified as applying to more specific situations, but often then having a wider value:

"main needs are numeracy and data processing (DP) knowledge" by a senior venture accountant.

"real numerate capability must be acquired, or else book-keepers" by another finance director.

"learn to manage change by planning skill in CAD/CAM situations (Computer Aided Design and Computer Aided Manufacture)" by a divisional manager.

"strategic planning, financial management, product costing need skill in obtaining information, not in analysing" by a senior lecturer.

"skill needed in improving relations with other disciplines" by a planning executive.

Again different knowledge and skills may be necessary:

"increase public sector knowledge" by a technical director.
"ability needed to evaluate non-profit operations" by a director.

YET:

"one may need to specialise in a specific industry" by an accounts manager.

AND, the classic requirements:

"managing people and negotiating with peers. Good oral and written communication" by a university professor.

In many ways a categorisation of needs which might have been written long ago, but impressive now by the belief in urgency among many of the respondents.

To summarise:

The emphasis was on commercial awareness and skill in application as being the prime needs for individual members over and beyond competency in accountancy, with the caveat that some situations may also require in depth specialist knowledge.

Spontaneous expression of these views was recorded as below:

<table>
<thead>
<tr>
<th>Requirement</th>
<th>No</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>Wider commercial awareness necessary</td>
<td>29</td>
<td>63</td>
</tr>
<tr>
<td>Forward looking skills important</td>
<td>15</td>
<td>33</td>
</tr>
<tr>
<td>New in depth specialist knowledge required</td>
<td>5</td>
<td>11</td>
</tr>
</tbody>
</table>

**COMPARATOR**

As before 46 100
As will be seen in section 5.3.7, there was strong support for "introducing" more testing of "commercial awareness" in the examinations. Indeed at 46 spontaneous statements this was "the Comparator" used in all sections.

5.3.4 Competition for the opportunities

Competition for the non-financial situations was seen as coming more from other disciplines than from accountants qualified by other bodies.

Breadth of experience was an observed need as compared to competition, both in financial management and for line management.

Defeat of competition was seen in such terms as:

"must be better analysts than economists or MBAs" by a financial analyst.

AND a reminder to watch the progress of engineers and scientists:

"office and factory technologies are merging" by a cost accountant.

"absorb the implications of robotics" by a financial controller.

while there was also recognition of a new dimension:

"purpose trained computer orientated staff may take the place of accountants" by a finance manager.

There was a recognition that training in a professional accounting office gave a breadth of view for decision taking due to the overview obtained of different industries, even if wholly in an audit capacity, as compared to industrial training and early experience often being in a single industry:
"The Institute training good to produce 'information providers', professional office training gives breadth for 'decision making' by a finance director.

On the financial side there was a need to safeguard the basic roles:

"More needed on strategic thinking and economics to counter the danger of the accountants' role being taken over" by a group financial controller.

To summarise:

The main opportunities were previously identified as being in line management, and information systems as well as in financial management (5.3, 2 & 3). Competition for all opportunities was seen as opening up with the benefit of computer aids, and the more widespread efforts to obtain a numerate understanding of business. This section identified the competition as coming from all directions, encompassing economists and MBAs, engineers and scientists, and specialists in information technology as well as chartered accountants et al.

The positive mentions of non-accountancy competition were:

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<thead>
<tr>
<th></th>
<th>No</th>
<th>%</th>
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<tbody>
<tr>
<td>Economists and MBAs</td>
<td>12</td>
<td>26</td>
</tr>
<tr>
<td>Information specialists</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>Engineers and scientists</td>
<td>6</td>
<td>13</td>
</tr>
</tbody>
</table>

**COMPARATOR**

As before 46 100
There were 4 expressions of concern for the competition by chartered accountants, who were seen as having the advantage of a more general overview of corporate styles from their work in a professional office (as noted above).

5.3.5 The Institute in general

There were some general exhortations to the Institute to:

"build on the present solid base" by a financial director and echoed by a divisional finance and forecasting manager.

"inculcate business and environment awareness" by a divisional management accountant and by a company secretary.

"place emphasis on whole learning and real life" by a finance director.

"be aware of the rising of the specialist (eg, Treasurer) and the potential parallel with the medical profession" by another financial director.

"recognise skills required above knowledge" by an area chief accountant.

aim at "providing the complete information service, including other specialists" by a management accountant.
"breakdown the computer specialist barrier" by another company secretary.

initiate "more development thinking eg, research behavioural aspects of costing" by a finance manager.

"be experts in finance rather than accountancy" by a principal lecturer.

"recognise members move quickly through the professional management accountant stage into business advisory roles, and train accordingly" by another finance director.

To summarise:

The general exhortations to the Institute mirrored the thinking of individuals and their needs with a call to build on present success, giving special attention to the skills needed to achieve leadership (of multidiscipline teams) at all levels in business through an all round capability and awareness. Specific areas for institute activity in the above pursuit were to study on behalf of members the various ways in which professions were developing (to determine the best way forward), and research more into developments leading management accounting forward, eg the newer behavioural aspects of costing.

These responses were not numerically significant except when viewed in total:

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<th>%</th>
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</thead>
<tbody>
<tr>
<td>Total observations on the Institute in general (as above)</td>
<td>10</td>
<td>22</td>
</tr>
<tr>
<td>COMPARATOR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>As before</td>
<td>46</td>
<td>100</td>
</tr>
</tbody>
</table>
However, they did capture the essence of the responses in other sections.

In relation to the following sections, there was a general call for increasing rigour and at the very least a maintaining of present standards in training, in examinations and in PQE. (On PQE there was a call for more)

5.3.6 Institute specifics for training

There was recognition that training was a joint activity with employers, and that the Institute was in some ways constrained.

In relation to employers there was a call for:

"compulsory registration of training" by a management accountant.

and to "restrict training to registered organisations" by an accountant in a very large organisation.

Others added meaning to this call by suggesting the inclusion of specific activities in training:

"training should include a real 'business world' project" by a marketing director.

and "include management games as an element in training" by a chief finance officer in local government.

AND from another perspective:

"relate training needs to specific types of business" by a finance manager.
Collaboration was also a necessary part of other proposals, such as:

"sandwich courses" by a group accountant.

"ensure training includes 6 to 12 months in operations" by a company secretary.

"train outside of accountancy departments and reflect in examinations. 'Pure accountants unwelcome" by a systems development manager.

More rigour in training requirements was suggested in various ways:

"require experience in two industries to qualify" by a management accountant.

increase the practical requirements for qualification" by another company secretary.

"test training as well as examination knowledge" by a third company secretary.

There were also suggestions that training should have certain specific aims in addition to generally covering the practices of management accountancy.

"Train for ability to design new systems" by an internal auditor.

Train in negotiation skills" by a manager, financial co-ordination.

and these were seen as relating to future needs for management accountants generally.
Finally there was an exhortation with which it appeared most of those interviewed would agree, although it was not otherwise expressed:

"Keep training ICMA distinctive" by a graduate Institute student who was an assistant management accountant.

To summarise:

The general theme was to keep the Institute training requirements "ICMA distinctive" and more closely related to the examinations, with no suggestions whatever for relaxation of requirements. The main call was to ensure training outside of accountancy departments to obtain a "real world" element, and by testing (for professional competence) with a more rigorous relationship with employers to bid for quality.

Other interesting ideas were to "relate training needs to specific types of business" (as distinct from uniform requirements), to major on promotion of sandwich courses, and to include specialisms such as systems design and negotiation skills as training requirements (perhaps on a basis of a selection from a desirable specialisms listing, and linking with the idea of being specific to types of business).

In terms of specific recording of such views, there were:

<table>
<thead>
<tr>
<th>Issue</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relate more closely to examinations</td>
<td>24</td>
<td>52</td>
</tr>
<tr>
<td>Ensure training outside of accountancy</td>
<td>29</td>
<td>63</td>
</tr>
<tr>
<td>Test professional competence</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td><strong>COMPARATOR</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As before</td>
<td>46</td>
<td>100</td>
</tr>
</tbody>
</table>
The ideas on training or experience interlinked with those on education for examinations, and PQE (post qualifying education). In particular the importance of responsiveness to people, of understanding their situations (in management, in technical positions, in information technology) and communicating effectively was constantly expressed.

<table>
<thead>
<tr>
<th></th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>References to responsiveness to people</td>
<td>26</td>
<td>57</td>
</tr>
<tr>
<td>Emphasis on importance of communication</td>
<td>39</td>
<td>85</td>
</tr>
</tbody>
</table>

**COMPARATOR**

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<tr>
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<th>No</th>
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<tr>
<td>As before</td>
<td>46</td>
<td>100</td>
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</tbody>
</table>

5.3.7 **Institute specifics for education and examinations**

There was a wide consensus that educational needs for the future were growing, and that skill was even more required than knowledge. The need was expressed to "Interweave experience and examinations." by a chief accountant. and to "Test practical ability." by a company accountant.

In whatever way both education and training were progressed and improved, the inescapable conclusion was that the well qualified new Institute Member would have a great deal more ground to cover after qualifying.

Therefore, two features of the discussions were firstly what could be the rational aims for membership examinations, and secondly how could PQE play a more major role.

On the part to be played by membership examinations there was reflection on:
"the ever wider range of jobs." by a personnel and management services officer in local government.

"the wider business role: emphasis on marketing, communications and people skills." by a financial director.

"base level experience cannot be obtained when older." by a marketing director.

From these and other reflections came suggestions to broaden the subject range alongside closely related training:

"Broaden and evolve." by the local government officer quoted above.

"include more subjects in a commercial way for appreciation." by a chief accountant.

There were many variations aimed at:

(1) "Inculcating business and environment awareness." by a divisional management accountant.

and (2) "allowing specialist training and examination options" at some stage. by a regional asset manager.

The variety of ideas included:

"Common basic examinations and choice of specialist finals." by a chief accountant, a senior lecturer and a management accountant.
"putting less fundamental subjects into PQE" by a management accountant.

"change emphasis with more interpretive questions." by a regional management accountant.

"change questions to need business appreciation." by another senior lecturer.

"allow text books in examinations." by a chief accountant.

assist early "commercial education by an Institute mobile Theatre" covering management subjects. by a financial director.

"require a viva voce to demonstrate professional ability." by a company secretary.

"introduce case studies with risk analysis." by a managing director.

"have a specific member responsible for each student's progress." by a general manager.

"absorb the new technology." by a cost accountant.

"add to examinations a thesis on computer experience." by a principal lecturer.

"have a practical test on system skills." by an internal auditor.
"cut out repetitive examining, ie 2 parts not 5 parts." by a commercial director

There was also the more radical approach depending more on the development of PQE.

For the membership examinations this approach was:

"More depth: narrower field." by a management accountant.

To summarise the section (5.3.7) thus far:

The skill coming from combining the particular type of training/experience required by the Institute with the membership examinations was viewed holistically, and seen as greater than the addition of its parts. The way forward was expressed as "interweaving experience and examinations" with more emphasis on applied business skills ("marketing, communications, people"), and having inculcated professional management accounting skills (perhaps tested as such, with training and examinations interwoven) to depend on PQE for members needing further knowledge. How to implement depended upon achieving a level of skill (rather than knowledge), since "more depth" was required in a narrow field, but with a commercial appreciation of more subjects (to develop afterwards as necessary) and allowing some related "training and examination options".

The specific statements on the above topics showed the strength of feeling about the need to ensure that on qualifying, the member had good business and environment awareness. The numbers were:

<table>
<thead>
<tr>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major on testing business/environment awareness</td>
<td>46</td>
</tr>
<tr>
<td>(the COMPARATOR)</td>
<td></td>
</tr>
<tr>
<td>Take selected subjects to greater depth</td>
<td>18</td>
</tr>
<tr>
<td>Introduce subject options</td>
<td>13</td>
</tr>
</tbody>
</table>
In essence all the approaches placed PQE in a new role of being virtually an inescapable part of a member's development.

Before turning to the various statements on PQE, the magnitude of the problem can be seen in the subjects advocated for the examinations or failing that for PQE.

A few were emphasised as being essential "in depth":

"In depth on employment legislation" by a company secretary.

"In depth production and marketing" by an assistant cost accountant.

"In depth business systems and economics" by a group accountant.

Others would equally believe the following should be studied in depth although not using the term:

A finance director, 
A technical director and 
A company secretary advocated Auditing

A group accountant proposed Operational systems

A financial director advocated Financial modelling and managerial economics

A finance manager suggested Behavioural aspects of costing

A planning executive and a management accountant both said *Decision analysis

A managing director suggested Computer science

- 272 -
Another financial director proposed
International finance and tax

Another finance director suggested
*Tax planning in industry

* Full paper specified.

and a further selection of favoured subjects:

Man management by a third financial director and
by a comptroller, systems and audit.

Financial management by a local government treasurer

Database procedures and control
by an audit manager
techniques

Industrial automation and psychology
by a divisional manager in consultancy.

Contract Law by a chief accountant

Technical paper on management problems by another chief accountant

Corporate planning and industrial sociology by a fourth financial director

Behavioural science by a third finance director and a chief accountant
Management audit by an accounts manager

More on cash flow management by another finance manager.

The above is not an exhaustive list of all subjects mentioned but contains those on which there was particular emphasis. The search for ways of accommodating the wider/deeper familiarity and ability-to-use, consistently called for, focussed much attention on PQE (as below), and also gave rise to support for ways of reviewing professional ability such as:

"Test professional competence," especially in financial management by a principal lecturer.

And more revolutionary:

"Accountancy format is so changing with such developments as computers and EEC regulations that more specialist knowledge is needed. It would be better to qualify in basics and take further (PQE) examinations later." by a business studies student.

To summarise the section finally:

The way forward having been expressed as "interweaving experience and examinations" to inculcate professional management accounting skills, implementation called for a new relationship both between training/experience and examinations, and with PQE. Calls for more depth in some non-accountancy subjects and in specialist management accountancy areas coupled with greater business awareness could in part be answered by specialist examination options directly linked to specific training/experience, provided the binding unity of achieved (tested) professional management accounting competence could be assured. A
closer look at the variety of subjects involved confirmed that PQE would, on this model, become virtually an inescapable part of a member's career development.

5.3.8 Institute Specifics For PQE

There was a division between calls for compulsory PQE, and on the whole more thoughtful calls for a new voluntary approach. The intention as to what PQE should achieve was more universal. It was to make the individual better qualified for the actual tasks on hand, and suggestions relating to this were:

"PQE should be specific to the operation." by a commercial accountant

"Arrange PQE real problem solving workshops." by a group accountant

"Arrange in-house PQE with companies." by a planning executive

"Arrange sponsored PQE by industry." by a chief accountant

"Change PQE to intensive 4 day minimum courses." by an accounts manager

"Pick up specialist subjects at PQE." by a finance director and a regional asset manager

Management of funds a necessary part of PQE." by a chief planning accountant

"Develop PQE in management skills." by a company secretary.
Thus there was a strong suggestion that PQE should bring together those members with much common experience, such as by industry, and with a specialist need, such as funds management.

The numbers making specific positive comment on PQE were:

<table>
<thead>
<tr>
<th></th>
<th>No</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>For compulsory PQE</td>
<td>23</td>
<td>43</td>
</tr>
<tr>
<td>For more (voluntary) PQE</td>
<td>30</td>
<td>57</td>
</tr>
<tr>
<td>TOTAL</td>
<td>53</td>
<td>100</td>
</tr>
</tbody>
</table>

Seeking a half-way house between compulsory PQE for all and a totally voluntary system, there were suggestions to link PQE achievement with Fellowship:

"Introduce prescribed PQE before Fellowship." by a company secretary

"PQE examination for Fellowship, after 5 years." by a managing director

Alternately avoid linking to fellowship, but:

"Arrange PQE diplomas." by a financial director

There were also possible means of promoting more serious PQE:

"Link PQE with universities." by another financial director

"Consider a sabbatical approach to PQE." by a divisional management accountant
And one possible development in which employers might find a new helping hand from the Institute, possibly with the universities:

"Arrange special PQE/Training modules for members taking up overseas positions." by a finance manager.

Put together, a significant number of thoughtful ideas as to how later specialism requirements (or updating in specialist aspects) might be both met and seen to be met. The latter being aided, it was suggested, by such means as diplomas or a linking with continuation of fellowship status in the Institute. The former, it was suggested, could be undertaken by new forms of collaboration drawing together the Institute, the employers and universities and embryo attempts were made to suggest how there could be situations of mutual benefit. Essentially, these were more course students for universities, staff exchange for universities and employers, and developing training aspects not yet reached by formal courses.

To summarise:

There was an inherent recognition that PQE needs would be highly individual, and many suggestions were aimed at finding relationships which would draw together a group of members, or would involve employers and universities to bring about such groupings. For example, arrange in-house PQE with companies, pick up specialist subjects etc. While some looked at compulsion as a logical step for PQE, more asked why and looked for alternatives commensurate with the quality image generally suggested (see previous sections).

The number of specific responses has in part been stated above, but using the same pattern as in the earlier sections the responses were:
Seeking more extensive voluntary PQE 30 65
Seeking some form of compulsory PQE 23 50
Creating ideas for PQE (itemised above) 10 22

COMPARATOR
As before 46 100

Note on sections 5.3.1 to 5.3.8

The system of delegated interviews derives some strength in credibility of responses from the variety of people involved in carrying out the interviews, since biased views (which may be unconsciously influencing the reporting) would be confined to a portion of the total. In the above sections the total interview statements involved were:

<table>
<thead>
<tr>
<th>Section</th>
<th>The individual and the Institute</th>
<th>55</th>
<th>12</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.3.2</td>
<td>Opportunities for the individual</td>
<td>44</td>
<td>10</td>
</tr>
<tr>
<td>5.3.3</td>
<td>The needs of the individual</td>
<td>49</td>
<td>11</td>
</tr>
<tr>
<td>5.3.4</td>
<td>Competition for the opportunities</td>
<td>23</td>
<td>5</td>
</tr>
<tr>
<td>5.3.5</td>
<td>The Institute in general</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>5.3.6</td>
<td>Institute specifics for training</td>
<td>122</td>
<td>28</td>
</tr>
<tr>
<td>5.3.7</td>
<td>Institute specifics for examinations</td>
<td>77</td>
<td>18</td>
</tr>
<tr>
<td>5.3.8</td>
<td>Institute specifics for PQE</td>
<td>63</td>
<td>14</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>443</td>
<td>100</td>
</tr>
</tbody>
</table>

Some possibility of undue influence must be recognised when the same interviewer records a similar observation at consecutive interviews. On reviewing the 443 observations on the subjects above, such coincidences were found on four occasions and involved a total of 13 statements. Since in each of the four groups of interviews one statement at least could be deemed as valid, this gives 9 observations that may have resulted from a special interest by the interviewer, ie in 2% of the observations recorded. The biggest influence on any individual subject
was 3 observations in the 29 total to "ensure training outside of accountancy", being 10% of the observations, (section 5.3.6). Against the COMPARATOR this modified the percentage from 63% to 56%.

Taking the groupings as a whole it was concluded there was not a significant detectable bias problem in the recording of interview statements.

5.3.9 Institute Training Requirements, Education and PQE: a summary of section 5.3

This section proved to be a logical continuation of the main themes expressed in the section 5.2 observations on the general future for management accountants (see 5.2.7), but with a greater unity when becoming specific as to the role of the Institute. Eight titles of subjects under consideration were derived from the responses. These are set out below with a note of the subjects receiving the highest measure of support, ie 50% rating or more against the COMPARATOR in terms of strength of response used throughout the section.

1. The individual and the Institute

   Present quality and appropriateness of Institute qualification high    72%

2. Opportunities for the individual

   Enthusiasm that there would be more opportunities in the future     61%

3. The needs of the individual

   Wider commercial awareness necessary      63%

4. Competition for the opportunities

   Identified in a lower key
5. **The Institute in general**

Again observations in a lower key

6. **Institute specifics for training**

Relate training and examinations 52%

Ensure training outside of accountancy 63%

Increase responsiveness to people 57%

Build up communication capability 85%

7. **Institute specifics for membership examinations**

Test business and environment awareness 100%

8. **Institute specifics for PQE**

More voluntary PQE to make part of normal career pattern 65%

Some compulsory form of PQE 50%

Combining these specific widely supported statements with the individuality of the 443 observations selected by analysis of the responses in the 219 interviews, the overall summary of main points is expressed below under (A) the personal needs of members and (B) beliefs expressed to the Institute.

(A) Personal needs of members were seen as related to high ambition with:

1. a wish that the quality of the Institute qualification was more widely appreciated, and concern that new recruitment would match the quality image.

- 280 -
2. seeing a future of high opportunity in general management, information systems/technology, and financial management in a world seeking efficiency in the broad strategic sense provided new skills and appropriate specialisms absorbed.

3. primarily an individual need for broad commercial awareness and skill in application, and in some situations an in-depth specialist knowledge.

4. more difficulty in achieving good training/experience, and a problem at the same time to encompass the range of skills and knowledge needed as more specialist ability becomes a prerequisite of a widening range of the available positions.

and 5. widespread competition expected from economists and MBAs, engineers and scientists, and specialists in IT, as well as from chartered accountants.

(B) And expressing to the Institute:

1. A belief in the general applicability of management accountancy. The importance of building on present success, and particularly of giving attention to the skills needed to achieve leadership in multi-discipline decision making teams.

2. A resounding conviction that the essential quality to be instilled into new members was that of "Commercial Awareness", in all shades of meaning. Commercial awareness and responsiveness to people were deemed important in a general theme to maintain and enhance the Institute's (distinctive) quality.

3. More emphasis (or warning) on the need to ensure a good quality of recruitment into the Institute, as the lesser would fail.

4. Training (or experience) should relate more to practice-orientated examinations and vice versa, and should include periods outside of accountancy departments.
5. Education was to inculcate good business and environment awareness (skill above knowledge) linked with training and experience, and this was the emphasis to be progressively strengthened in the present (successful) system of examinations. Essential knowledge for a management accountant would be incorporated, but much knowledge acquisition could be left to PQE.

6. A variety of ideas on examination subjects aimed in various ways at:

a. Sufficient familiarity with a wide range of subjects to be able to follow them up afterwards.

b. A real in-depth concentration on a limited (smaller than at present) number of subjects which would be the hallmark of the qualified management accountant.

c. Both "commercial awareness" and IT permeating all subjects.

7. Thoughtful support for alternative examination subjects, but in the context of being a fit with training and experience to recognise that the essential skills of a management accountant can be acquired in a variety of distinctively different circumstances. (Such ideas on possible alternative subjects were not seen as a way of incorporating specialist knowledge per se, which was seen as more a role for PQE.)

8. PQE should be a universally accepted part of the management accountants' career development, however achieved. Finding voluntary or flexible ways to achieve this found the most favour, although there was a significant call for compulsion in some form.

Note: The most major influence on all the expressed views of the future was the perceived impact of computers. In some instances the wider technological changes comprising Information Technology were quoted, but most of the thinking was around computers.
5.4 Essay Competition

While interviews were still taking place, time was taken in November 1982 to devise an essay competition to obtain further insight as to the level of thinking among members about the impact of technology. This was published in "Management Accounting January 1983", which was delivered to members just before Christmas. It was thought those interested might use the Christmas and New Year breaks to respond. This was an addition to the basic research plan, and its devising was stimulated by the initial slowness in response from Institute Branches. The interviews at the end of October 1982 totalled 48, and there was considerable uncertainty about how many more would take place. In the event the satisfactory total of 219 was achieved by March 1983, but this was not predictable. Meanwhile, an essay input was chosen to supplement the interviews, as this would be an opportunity to see what quality of cohesive thinking was emerging in the Institute membership and possibly give a quantity of input of significance relative to the number of interviews achieved. In the event the numbers were:

<table>
<thead>
<tr>
<th>No</th>
<th>Percent</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essays for adjudication</td>
<td>28</td>
<td>58</td>
</tr>
<tr>
<td>Interviews end October 1982</td>
<td>48</td>
<td>100</td>
</tr>
<tr>
<td>Total number interviews</td>
<td>219</td>
<td>456</td>
</tr>
</tbody>
</table>

Thus, against the final total number of interviews the essays gave an additional 13% input in number terms and a 58% input compared to the interview level when the essay decision was made. The amount of sustained thought and effort required from essay writers (as compared with individuals being interviewed or completing a questionnaire) gave the low numbers of essays received a qualitative value. There was not a material quantitative value and therefore the essays were not dissected as a group of 28 to determine the quantitative response. Since the points made were best expressed in the prize winning essays, the expressions of the major points as contained in these essays were listed as follows in 5.4.1. Selection of the prize winning essays was done in collaboration with the editor of Management Accounting whose long experience in the selection of technical articles was a safeguard against bias in selection.
The full article and competition are given in Appendix 8. Essentially the article endeavoured to stimulate thoughts on the imminence of change and the competition awarded prizes for successful essays on:

1. New styles of business management in the 1990s.
2. Changed roles for the management accountant in the 1990s.
3. Critical features of the automated business operation and its impact on the central company office.
4. What knowledge and experience will count for most in the 1990s for the management accountant and the manager.
5. How the management accountant's education and training should develop over this period.

The six successful essays were published in "Management Accounting May 1983." (Appendix 8) The first prize was for a paper covering a combination of the above topics and was won by a registered student Mr A Fraser. The other five prizes were for papers on the individual topics. They fully covered points made in the other essays submitted.

5.4.1 Main points from the prize winning essays

Main points from the prizewinning essays were:

FRASER: The future of the Management Accountant.

By being intimately involved with both systems and operations it will be the management accountants' role to ensure that much closer integration of financial operations and analysis with the physical events to which they relate comes to pass. To ensure that the conservative line managers and radical systems staff work in harmony and that change is not effected at a pace (too fast or too slow) that the business cannot stand financially or operationally will be his goal.
As technology reaches into the corners of the operation hitherto untouched, new methods of working become possible and old methods become impracticable or even ridiculous.

The whole concept of archiving becomes obsolete. Most firms will find they can hold all the information they need for business and statutory purposes in "active" storage.

Efficiency is assured by easy flow/control of data, equally important is that employees of the future should enjoy working in the new environment.

The firms that get the competitive edge will be those who take advantage of the new technology to achieve a "value-added" effect, i.e. greater performance for money invested.

The job of the management accountant will be to define and interrogate the corporate data base. This means his acquiring new skills of information management... learning the use of report generators and modelling packages.

With the explosion of data, and greater emphasis on the ability to filter and compress that data, he must be an eclectic and informed data analyser.

NORTHCOTE: Critical Features of The Automated Business Operation.

Even the work of allocating payments against outstanding invoices will disappear, along with reconciling statements, when remittance advices and statements are prepared in a standard form comprehensible to the computer. In this area, the ICMA should now start setting standards.

The essential point is that extensive computing facilities will make it possible to run the firm on a very much tighter rein than has been used hitherto.

The financial controller will have not much more than half his present staff and the gigantic farce of budgetary control will wither away.
In the factory, he will have to have a very good understanding indeed of the actual production processes, and make sure his cost standards are accurate.

He is going to be more a co-ordinator of the efforts of his equals than a manager. He will have to have a deep understanding of the operations of the firm.

**THETFORD**: What Knowledge And Experience Will Count For Most In The 1990s.

He must move into higher technical skills on a solid base of accountancy, both financial and management, and be able to decide early what is good or bad for business.

Perhaps there should be different classes of competence recognised (eg by post-diplomas) like:

1. "International" with special skills in international finance.
2. "National" skills including special skills in industrial relations and labour laws.

**ASOKAN**: New styles of business management in the 1990s.

**And DART**: Changed Roles For The Management Accountant In The 1990s.

Instead of a provider of management information, let him be a manager of information provided:

* Concentrate on specification of information (ie what it is desirable at input to include rather than standard for system).

* And its interpretation, comparison and use.
* Information becomes a "free good"; it will be treated like one and indiscriminately used.

* Increased availability of data leads to increased dependence upon it.

HARBORD: How The Management Accountant's Education And Training Should Develop.

Avoid the initiation rite and damage arising from prolonged institutional education, give the warm and friendly relationships of a working group ... initiate into joy of work. Inculcate new sense of direction ... efficiency defined as that which satisfies human needs and requirements. It follows the non-economic elements within the syllabus must therefore grow.

The competition papers therefore reinforced ideas emerging from the interviews. In particular they added the cohesion of an essay to the two main factors of being master of the effective use of information systems, and of keeping the importance of people to each other in the forefront.

Notable among specific individual ideas was to class members according to how their skills and knowledge related to international, national and local operations.

5.5 Chapter Summary

The purpose of this chapter was to bring together the views expressed by members of the Institute as to the future of the management accountant in general, and as to the future of the Institute in particular. The main subject of the chapter was the responses derived from sections B to D of the interview format described in Chapters 2.4; 2.5 and 2.6) and in Appendix 3. These responses covered both the generality of the future in management accounting, and specific possible actions for the Institute in terms of recruitment, training, education and examination, and post qualifying activities.
The pattern of responses on the general future for management accountants emphasised that there would be great change in the work of the management accountant and in its interpretive nature for 68% firmly held this view. They saw a broadening from the accountancy base to be more involved in strategic planning and in systems architecture relating to information technology advancements. A similar percentage (69%) believed management accountants would be successful in their roles and in the wider role of general management against competition from other disciplines. This success was however seen to need acquiring new capabilities, as the formatting of management decision making would change in response to IT resulting in modifications to society as a whole, and a business world seeking efficiency in a broad strategic sense.

The view taken of the Institute and the needs of its members followed logically from the above. The main thrust of argument to emerge was that building from present successes for the Institute meant creating a more positive relationship and interplay between "training and experience", and "education and examinations", and "post qualifying education". In percentage terms the greatest call for change was in training (59%), and the least for examinations (48%). This however, was deceptive for when the rationale of the respondents was studied, the concern was not more or less about one or the other, but to find a way to match the needs of the variety of opportunities envisaged in a changing and more complex sophisticated environment. Section 5.3.9 summarised the specific ideas that emerged, but they may be further condensed by saying:

1. A wider commercial awareness both of business and the environment were essentials for the future.

2. Just about as important was a high responsiveness to people with comprehension of their situations, and an equally high ability to communicate.

3. These attributes were necessary for all management accountants and needed to be inculcated in the training and educational period, and so far as possible tested by examination.
4. The major need to progressively move towards verifying the above 
requisite skills in the membership examinations would modify the 
subject and knowledge requirements, for they were seen as 
permeating all subjects in both training and education.

5. Similarly IT was seen as permeating the whole.

6. From these needs arose an examination definition as requiring in-
depth concentration on a limited number of subjects which would be 
the hallmark of the qualified management accountant, and a wide 
ranging capability to undertake specialisms in PQE.

7. Thus PQE would become a universally accepted part of the 
management accountant's career development.

8. Such a programme would demand a high quality student intake, and 
for this wider recognition of the full qualities of Institute 
membership was necessary.

Thus the interview experiences derived a general pattern for future 
Institute progress. Within this general pattern more specific items were 
elusive. In particular, how the training/experience and examinations 
would draw together, and what subjects would be "the hallmark" of the 
management accountant.

On the former, the most concrete idea was to recognise that the 
esential skills of a management accountant could be acquired in a 
variety of distinctively different circumstances and allow a trade-off 
between subjects (perhaps by accepting certain patterns of exemption). 
On the latter, there was possibly more emphasis in the various texts on 
the need to master financial management and information systems 
design than anything else, but as listed in 5.3.7 many subjects found 
favour. The emphasis on financial management was expressed in terms 
as that (in general) "accountancy was not enough" and that staff 
positions would require a higher degree of specialisation to merit 
 inclusion in the (smaller) decision creating and decision making teams of 
the future. Information systems design was the most succinct way found
of putting in subject form the essential capability required of one who would take overall responsibility for the information system of an enterprise, and various aspects were emphasised, such as controlling the scope of and the input to the system. There was in all this a firm strategic emphasis focussing on the dynamic future of the organisation, and coupled with this the belief that more management accountants would ultimately take control as general management in a widening variety of organisations.

Being master of the effective use of information systems was one idea reinforced in the essays received from the competition early in 1983. The need for specialist skills, and the paramount importance of people relationships were also emphasised in the context of developing further from the accountancy base.

Taking the whole input of the chapter, a good future was seen for the management accountant in financial management, information management and general management, which the Institute could back by a more holistic development of training/experience requirements, membership examinations and PQE such that inculcated in forward looking commercial awareness in the fullest strategic sense, members would be well placed to pursue that sophisticated brand of business efficiency necessary in an increasingly complex society, and student recruitment should be geared accordingly with the preservation and development of the present quality image.
Synopsis

The points derived from the Institute historic extracts (Chapter 3) and the interview programme (Chapters 4 and 5) were brought together as a basis for developing a questionnaire. This drawing together and the assembly of the questionnaire with a consideration of each of the items included forms the first part of this chapter. It is followed by details of the questionnaire distribution and pattern of responses. Finally, the responses are evaluated and the progress made by the research is reviewed.

6.1 Introduction

The Institute history showed that firstly as cost accountants and then as management accountants members had always been a part of the management team, bringing together the financial and technical aspects of the business in a form to facilitate the generation of ideas and plans for improvement of the business. This may be encapsulated as efficiency through synthesis, although the import of the words changed dramatically as the members moved beyond costing and the business environment in which they practised became more complex. Professionalism was primarily achieved by combining experience (as distinct from a specific training module) with membership examinations, and this was part of the responsiveness capability as business ideas changed. Collaboration with engineers and managers was an essential ingredient, and the early examinations in particular sought to ensure an adequate grounding in non-accounting subjects to facilitate this vital communication. Later there was emphasis on the examination of a greater range of accountancy subjects. This was part of the movement which led to equality with earlier established and conventional professional accountancy bodies both nationally and internationally. The Institute however retained throughout a disassociation from any involvement in statutory audit and continually re-emphasised its specialism in management accountancy. This was in the context that management accountancy evolved with business management needs, and covered the whole financial spectrum of business involvement. The appeal this approach had for potential members was considerable and resulted in continued membership growth both in the UK and internationally.
That the research project should be amongst people with a wide variety of appointments followed from the history of Institute development and its consequent pattern of membership. Hence, in chapter 4 their involvement in decision making was found to be extensive and varied. There was notably just as extensive involvement in the longer range strategic decision making as in short range operational decisions. In viewing the future there was much confidence in the management accountant increasingly achieving major positions in financial management, information systems management and general management against wide competition from economists and MBAs, engineers and scientists, and chartered accountants. Such success would, however, depend on assimilating new skills and would require a continuation of good quality people entering the management accountancy profession. The Institute was looked to for the progression from the present (successful) formula for membership to a more holistic development of training/experience requirements, membership examinations and PQE. With the new addition of PQE, this was remarkably like a call back to the original posture of the Institute in 1919. The likeness was heightened by the emphasis on commercial awareness (in the business end of the environment) leading to strategic development capabilities, which had an earlier day equivalence in "efficiency through synthesis". There was also the importance placed on high responsiveness to people with comprehension of their situations, and an equally high ability to communicate, which fitted well with the traditions of the Institute. (Exemplified in the early relationship with industrialists being welcomed as vice presidents in the 1920s, and the generous collaboration with the BIM and others in the management accounting productivity team reporting in the 1950s.)

6.2 Assembly of Questionnaire

The early plans made for the research (Appendix 4) into opinions on the future had included a follow-up postal questionnaire to those already interviewed. However, the strong consensus of views as to the direction for the future (though differing in timing) made this seem superfluous, while the variety of interests involved suggested a strengthening of the number of knowledgable and interested members questioned would add to
the credibility of the views expressed. For this purpose plans were made to publish a questionnaire in the Institute journal to see what response was obtained from members generally. Arrangements were also made to subsequently issue the same questionnaire by post to two reasonably short lists of members who might be judged to be particularly knowledgeable and interested. One list was of Institute Council and Committee members, and the other members of the JDipMA Chapter. The latter was known to include some who were not members of the Institute, but they were all people who had positively demonstrated their strong interest in management accountancy.

In assembling the questionnaire, the first decision was that it would be openly based on the preceding interview analysis, and not purport to be a totally separate new exercise. This was to give a genuine background to the particular questions included, which was deemed beneficial in terms of assisting to make clear the need to examine the selected aspects rather than others as well as having the merit of being the reality of the situation. An article was written, therefore, under the title "Future Prospects for Management Accountants" and this together with the questionnaire appeared in Management Accounting, June 1983. The article gave the views expressed in interview so far as it had been possible to analyse them in the time available in March and April 1983. There was the risk of bias in respondents being unduly influenced by the article but this was deemed small and acceptable bearing in mind:

1. the advantage in giving clarity to the questionnaire through the information in the article, when such a diffuse subject as "future Prospects" was under consideration;

2. the level of self-determination among respondents assured by the intellect and experience as shown by achieving Institute membership;

3. that the responses would not be standing alone as isolated criteria but in the final analysis would be placed alongside information from the other research.
The article and questionnaire are reproduced in full in Appendix 9. There were six main questions developed in a questionnaire requiring 23 responses which could be ticked-off to signify agreement, disagreement or "perhaps". (Note: a response box was inadvertently omitted in the published questionnaire as is shown dotted in Appendix 9. This was added for the postal survey which therefore required 24 responses.) There was also space for personal identification details and a space for general observations.

6.2.1 The questions

The questions derived from the issues arising from the earlier research which were assessed as succinct enough to be assembled in such a questionnaire, and fundamental enough to progress the research. The order in which the questions were arranged generally followed the pattern of the interview format (Chapter 5), but to facilitate interest an "easy" question was taken first and the difficult question of the future management environment was left to the end. The first question as well as being "easy" contained propositions on which, out of the various issues raised, there was most likely to be a consensus. The pattern of responses to this question, taking its several parts together, would thus indicate what level of response would be a real indication of an acceptable level of unanimity when considering the other questions. The content and purpose of the six questions are reviewed below.

Q1. Competitive situation

There were seven parts to this question. It sought to ascertain if the main career paths proposed in the interviews were viewed as such and whether competition was seen to emanate in the way described. To close down the question to specifics, it was stated that the position to consider was that of a management accountant who had qualified three years previously and was reviewing his career path. This was in line with interview observations on career development.
The first six parts set out the three types of career position and the likely competition for each, i.e., line management competed for by specialists in other disciplines, managing information systems competed for by IT specialists, and corporate financial management positions competed for by chartered accountants and economists. The phrases used were taken from the accompanying article to enable readers to relate the questions to a more detailed context than it was possible to provide in the questions. Each description of a career position stated some characteristics required for its fulfillment. This was necessary to make the questions sufficiently close to the views expressed in the interviews and again the article was there as an aid. Thus, the opportunity to answer "perhaps" was seen as important to enable those who accepted the generality of the position but doubted the characteristics stated to express more nearly their particular views. The above remarks on the article and the answer "perhaps" applied in an equivalent sense to all the questions.

A seventh part to the question was inadvertently missed from the printing in "Management Accounting", and concerned the increasingly wide range of business and government appointments indicated from the interviews and historic fact as being filled by Institute members. Taking the six or seven parts together would demonstrate the extent of support for the future as projected. This first question (in total) also stated for the respondent the context of expectation for management accountants with which the further questions would be approached. In this sense it prepared the mind.

Q2. Competitive effects of technological change

Having already raised in Q1 the question of competition, a way of checking views on the impact of IT in an abbreviated form was the three part question set out as Q2, which pivoted on the possible competitive change relating to IT. This
centred on financial management as 'closest to home" and commenced with a somewhat obvious truth that new techniques have been derived and more are being introduced. This was followed by the pivotal question that other disciplines could derive an advantage, which led to the question as to this being serious enough to merit positive action. In this way the question dealt with the all pervading nature of IT as expressed in the interviews, since:

1. Impacting into financial management was saying it impacted in all the main areas of opportunity in Q1, since the others were general management and IT itself.

2. It covered the point that there were indeed new specific skills and knowledge to be acquired (reinforcing Q1).

With these thoughts in mind the respondent was then led to questions specific to the Institute.

Q3. Institute Training and Experience Requirements

This four part question took a direct approach to the question of widening the types of training or experience deemed acceptable. There had been expression in some interviews of concern that there would be fewer training positions (eg see 5.2.1), and this was a useful peg on which to hang the hat of accepting different kinds of experience. The other three parts of the question asked specifically about types of rather specialised experience that might be considered, and covered IT, service industries, and forms of government service. The sophisticated question arising from the interviews as to the holistic development of training/experience requirements, membership examinations and PQE was less clear at the time of preparing the questionnaire, although something of the issues it contains were included in the accompanying article where a principle for training was suggested as:

a) all training must achieve a given depth of skill;
b) skills can be different with a minimum of defined commonality,

and membership examinations and PQE were drawn together.

Such issues were in any event too open to different interpretation if handled in brief, and were not suitable therefore to be included in a questionnaire designed for reasonable ease of understanding and response.

Q4. Institute membership examinations

This was the second of three questions seeking views as to specific action the Institute might take. Parts 1 and 2 were to derive alternative views as to maintaining the present standard of the examinations, or to modify so as to be more post-graduate* (eg matching the MBA referred to as competition in various interviews), or by a double negative to opt for a lower membership requirement.

*Note: There was a misuse of the term "higher degree" rather than post-graduate second degree qualification, but this loose use of words did not in the event appear to create difficulty. A number of respondents were misled by parts 3 to 5 of the question not being clearly separated from parts 1 and 2, although the great majority recognised the intention that they be viewed as separate.

The remaining three parts of the question took up the issues relating to training, education and PQE:

1. Moving to testing comprehension was aimed at being a simple version of the wide subject of "commercial awareness" raised so extensively at interview, and this question of comprehension also implied more being gained from experience rather than the text book.
2. The direct question on "test of professional competence" again raised the linking of training and experience with education for examinations. It was also a particular issue under consideration in Institute committees.

3. The PQE issue could have been left to Q5, but the important point was the general relationship to the examinations. It was to see if there was a view as to whether the principle of specialism in examinations or it being left to PQE, had an appeal.

Q5. Institute Post Qualifying Education

This one part question was to derive the support for PQE by examination of some kind, with a diploma system to denote achievement. This was viewed as a central issue to further PQE development, for while there was much support for increased PQE at interview, it was far from clear how this would be achieved. The historic lesson from the fellowship examination of the 1950s was clearly that in promoting anything beyond the membership examination, the many would be financially supporting the very few, and probably to an unacceptable level.

Q6. Management Environment

Suppositions about the future of the management accountant must eventually rest on the environment in which these expectations are envisaged to occur. In the interviews, points were raised as to the whole social structure as well as to business changing in pattern, and business management changing in its approach to the use of information and of supporting specialists (sections 5.2.4 and 5.2.5).

These issues were resolved into a four part question by taking the single issue of the most likely management model brought together from the interview responses. This gave a pattern
of small management teams, with lower numbers of support staff and expertly handled information systems, in businesses operating with fewer levels of management.

6.3 Questionnaire distribution and response

The aim in the distribution of the questionnaire was to determine the support among knowledgeable and informed Institute members for key points which had found expression in the preceding interviews. A general trawl was made throughout the membership and student population by publication in Management Accounting (which publishes over 60,000 copies per issue) and there was particular interest in any response from overseas, as the earlier research was substantially confined to the UK. To capture the main body of those who had shown by positive participation that they had a continuing interest in the Institute such as would enhance their knowledge and comprehension, two postal surveys were conducted. One was to all members of the Institute Council and of Institute Committees, and the other was to all members of the JDipMA Chapter. Together with the more research active Branches (who had already participated in the interview phase) the Council and Committee Membership, and JDipMA Chapter members were judged to form the main cohesive groups from which flowed leadership within the Institute, certainly among the membership in the UK and Ireland. The coverage obtained for these groups was as set out below. It demonstrates the strong interest they showed in the future prospects of the management accountant and the Institute at this research stage, in contrast with the rather weak response from the body of the membership.

Council and Committees

In seeking to show what percentage of all Institute Council and Committee members responded, some difficulty arose in evaluating the "100%" number since the same people take several responsibilities, and the number involved is a moveable feast. The method chosen as most practical may slightly understate the percentage involved against the total, since some members of committees who responded in the questionnaire forms in Management Accounting may have been missed and similarly in adding those interviewed.
The total "100%" figure was 188, and represented Council and Past Presidents, plus Committees and UK and Ireland Branch Secretaries.

<table>
<thead>
<tr>
<th>Responded to postal questionnaire to Council etc.</th>
<th>No</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>27</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Responded as JDipMA but on Council etc.</th>
<th>No</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>7</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Participated in interview, but not questionnaire and including Branch Secretaries</th>
<th>No</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>49</td>
<td>26</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total membership Council and Committees plus UK and Ireland Branch Secretaries</th>
<th>No</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>188</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Hence, at some point in the research 60% of those actively engaged in Council, Institute Committees and as Branch Secretaries participated and 34% gave views in the questionnaire.

Further, since Branch Secretaries were not circulated in the postal questionnaire:

<table>
<thead>
<tr>
<th>Responded to postal questionnaire to Council and Committees</th>
<th>No</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>63</td>
<td>46</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total of Council and Committees, including all Past Presidents</th>
<th>No</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>138</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Thus, 46% input from these active members was achieved.

**JDipMA holders**

A useful comparison was with the total Institute members with JDipMA.

<table>
<thead>
<tr>
<th>Responded to postal questionnaire to JDipMA holders</th>
<th>No</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>101</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Less those unaffiliated to the Institute</th>
<th>No</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>88</td>
<td>18</td>
<td></td>
</tr>
</tbody>
</table>
Participating in interviews, but not questionnaire

<table>
<thead>
<tr>
<th></th>
<th>3</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>91</td>
<td>19</td>
</tr>
</tbody>
</table>

Total number of Institute members with JDipMA

|                      | 493 | 100 |

All responses to questionnaire

There was a strong response (as previously mentioned) from the active participants in Council etc. and from those who had shown positive post qualifying interest by achieving a JDipMA, and a low interest from the membership generally as quantified below.

<table>
<thead>
<tr>
<th>Questionnaire Respondents:</th>
<th>No</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council etc.</td>
<td>50</td>
<td>12</td>
</tr>
<tr>
<td>JDipMA</td>
<td>101</td>
<td>25</td>
</tr>
<tr>
<td>Other</td>
<td>151</td>
<td>37</td>
</tr>
<tr>
<td>TOTAL</td>
<td>405</td>
<td>100</td>
</tr>
</tbody>
</table>

Note

1. The response from Council and Committees becomes 16% of respondents if they are credited with the 13 JDipMA holders that overlap.

2. Fellows and Associates responding totalled 327 or 1.6% of 21,000 members, and less 138 JDipMA or Council etc. at 189 was 0.9% of members.

However, had there been a massive postal exercise undertaken there could have been much more response.

The coverage achieved of these two main groups of opinion leaders, at 46% of Institute Council and Committees and 19% of JDipMA members, was the major supporting factor for the analysis resulting from the questionnaire. The respective numbers of 50 and 101 responding on the postal forms was also important, because in the analysis of the responses these continued to be separately identified.
The responses taken as a whole were predominantly from the UK and Ireland but there was a useful overseas response:

<table>
<thead>
<tr>
<th>Replies from:</th>
<th>No</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK and Ireland</td>
<td>359</td>
<td>89</td>
</tr>
<tr>
<td>Other countries</td>
<td>46</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>405</td>
<td>100</td>
</tr>
</tbody>
</table>

AND in terms of membership and students the out-turn was:

<table>
<thead>
<tr>
<th>Replies from:</th>
<th>No</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fellows and Associates</td>
<td>327</td>
<td>81</td>
</tr>
<tr>
<td>Students and Passed Finalists</td>
<td>63</td>
<td>15</td>
</tr>
<tr>
<td>Unaffiliated</td>
<td>15</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>405</td>
<td>100</td>
</tr>
</tbody>
</table>

Another feature of the responses was the trouble taken to include some additional comment. Substantial additional notes were added by 37 respondents, and these as well as the other factors above figured in the response analysis.

A name check of those participating in the earlier interview sessions against those responding to the questionnaire showed a relatively small overlap:

<table>
<thead>
<tr>
<th></th>
<th>No</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interview participants</td>
<td>219</td>
<td>35</td>
</tr>
<tr>
<td>Questionnaire participants</td>
<td>405</td>
<td>65</td>
</tr>
<tr>
<td>TOTAL</td>
<td>624</td>
<td>100</td>
</tr>
<tr>
<td>Participating in both</td>
<td>10</td>
<td>2%</td>
</tr>
</tbody>
</table>

In summary, the questionnaire did bring another look at the statements emerging from the interviews. In terms of those in the UK with an active interest in future Institute affairs, and therefore potentially the opinion leaders in the Institute, a substantial and significant proportion responded.
Review of Questionnaire Responses

A well as considering the total responses to each series of questions within the main sections Q1 to Q6, the main review took account of the three separate series of answers coming from the returns from Management Accounting and the two postal surveys. Thus, the totals against which the percentage for each category (Yes: No; Perhaps) was calculated were:

<table>
<thead>
<tr>
<th>Denoted</th>
<th>No.</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. &quot;General&quot;, response from Management Accounting</td>
<td>G</td>
<td>254</td>
</tr>
<tr>
<td>2. &quot;Council&quot;, and Committees postal response</td>
<td>C</td>
<td>50</td>
</tr>
<tr>
<td>3. &quot;JDipMA&quot; postal response</td>
<td>J</td>
<td>101</td>
</tr>
<tr>
<td>4. Full response</td>
<td>F</td>
<td>405</td>
</tr>
</tbody>
</table>

By reviewing the above four responses to each question, it was possible to see if all these groups were in accord or if there was a divergence of views. Emphasis has already been placed on the importance as opinion leaders of the "Council" grouping and "JDipMA". While the opinion leader status of the 254 "General" respondents is less easily evidenced, they included the available overseas opinion (46 respondents) and students plus passed finalists (63 respondents), and these responses were separately tabled which gave another insight into differences of view arising, or to there being general accord. Since these and the remainder of the 254 "General" respondents took a view and participated, they could be deemed those most likely to contribute in any forming of opinions in their various locations. Hence, any major divergence was noted in the analysis. The following sections take each of the questionnaire responses under the same headings as used in section 6.2.1, which gave the purpose of each question.
Where there was good agreement, this has been described as "a consensus".

The numerical basis for viewing a consensus existed was derived by reviewing those questions on which there was most accord and applying the derived formula below to the remaining questions. This ensured that the description that there was a consensus was restricted to areas of strong accord. The criteria derived by taking as a basis those questions with the highest level of agreement were:

1. At least 80% respond YES or PERHAPS.

2. At least 50% respond YES.

3. At most 20% respond NO.

4. No answer given by 5% or less of the total, or the percentages recalculated accordingly where this would be of significance.

5. Each category above (ie General, Council, JDipMA and Full) separately complied with the criteria.

In the sections which follow, percentages are used throughout and add up to between 90% and 100%, since the 'no response' figures are omitted to give manageable tables to be scrutinised. It is for this same reason raw figures are not given with the percentages.

6.4.1 Q1 Competitive situation

There were seven questions in Q1 and the main percentages were as below:
<table>
<thead>
<tr>
<th></th>
<th>PERCENTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>1a</td>
<td>Line management adept in finance &amp; technology</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>1aa</td>
<td>Competition; non-accounting technical specialists</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>1b</td>
<td>IT manager high on drive and aptitude</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>1bb</td>
<td>Competition; non-accounting specialists</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>1c</td>
<td>Financial positions with much in-depth specialism</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>1cc</td>
<td>Competition; chartered</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>1d</td>
<td>All positions could be in government service or in services operations</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>☒ Question omitted</td>
</tr>
</tbody>
</table>

- 305 -
There was clear confirmation as to the high future importance placed on achieving line management and information systems management positions, as well as senior positions in corporate finance or management accounting. This was coupled with a strongly positive recognition of the variety of competition likely to be encountered for such positions. On individual questions there were a range of nuances, which did not detract from the main consensus. For example, it was interesting that in competition for line management (1aa) the Council and Committee group dropped well below in terms of "yes" to 46%. This presumably meant many saw other accountants as greater competition than non-accountancy technical specialists. This view may have been shared by students whose "yes" vote was 48%, but note this was on a total of 46 students participating.

Again, there was a graduation in enthusiasm for the three types of position with overall figures for "yes":

<table>
<thead>
<tr>
<th>Position</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial positions</td>
<td>72</td>
</tr>
<tr>
<td>Line management</td>
<td>65</td>
</tr>
<tr>
<td>IT manager</td>
<td>60</td>
</tr>
</tbody>
</table>

This may have been because of the attributes specified as necessary for each position, although these were not queried. It was interesting that on competition for financial positions (one respondent wrote in a letter, and another deleted on the form) two took out "economists" apparently taking a narrower view of financial positions than the broad statement in the accompanying article to the questionnaire (Appendix 9), which included strategic financial management and corporate planning. Such issues as these, and the 17% NO (1d) from JDipMA on the variety of situations in which management accountants can look for advancement in the ways described, were an intriguing element in what was overall strongly affirmative support for views expressed from the earlier interviews.
6.4.2 Q2 Competitive effects of technological change

There were three questions in Q2 and the main percentages were as below:

<table>
<thead>
<tr>
<th>Question</th>
<th>PERCENTAGES</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>Perhaps</td>
<td>1+2=3</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>2.1 Non-accounting techniques growing</td>
<td>G</td>
<td>78</td>
<td>17</td>
<td>95</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>92</td>
<td>8</td>
<td>100</td>
<td>Nil</td>
</tr>
<tr>
<td></td>
<td>J</td>
<td>77</td>
<td>16</td>
<td>93</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>80</td>
<td>16</td>
<td>96</td>
<td>3</td>
</tr>
<tr>
<td>2.2 Other disciplines aided to enter finance</td>
<td>G</td>
<td>53</td>
<td>27</td>
<td>80</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>68</td>
<td>18</td>
<td>86</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>J</td>
<td>63</td>
<td>28</td>
<td>91</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>58</td>
<td>26</td>
<td>84</td>
<td>15</td>
</tr>
<tr>
<td>2.3 New accounting concepts needed to counter</td>
<td>G</td>
<td>65</td>
<td>21</td>
<td>86</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>78</td>
<td>16</td>
<td>94</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>J</td>
<td>71</td>
<td>16</td>
<td>87</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>68</td>
<td>19</td>
<td>87</td>
<td>11</td>
</tr>
</tbody>
</table>

There was strong positive agreement with all the points made in this section. Indeed, the support for the statement of the basic problem addressed that "non-accounting techniques were growing" was one of the two most strongly supported statements in the questionnaire (the other was Q1 : 1cc). The different pattern of support for the entry into finance of other disciplines (with an average NO of 15%) appeared, in the light of the other two responses, to be more a difference as to how well other disciplines would take such opportunity, rather than whether the opportunity existed.

The strong call for new accounting concepts was a support for action. The most obvious action would be to intensify research efforts so as to develop "new accounting concepts". There had
been a rather unstructured series of suggestions in the interviews which this support brought into focus. For example, calls for promulgation of the Institute image by publishing new quality material of wide interest.

6.4.3 Q3 Institute training and experience requirements

There were four questions in Q3 and the main percentages were as below:

<table>
<thead>
<tr>
<th>PERCENTAGES</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>Perhaps</td>
<td>1+2=3</td>
<td>No</td>
</tr>
<tr>
<td>3.1 Fewer training positions available</td>
<td>G</td>
<td>42</td>
<td>28</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>46</td>
<td>38</td>
<td>84</td>
</tr>
<tr>
<td></td>
<td>J</td>
<td>31</td>
<td>30</td>
<td>61</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>40</td>
<td>30</td>
<td>70</td>
</tr>
<tr>
<td>3.1a Accept specialist IT training or experience</td>
<td>G</td>
<td>71</td>
<td>13</td>
<td>84</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>74</td>
<td>16</td>
<td>90</td>
</tr>
<tr>
<td></td>
<td>J</td>
<td>69</td>
<td>10</td>
<td>79</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>71</td>
<td>13</td>
<td>84</td>
</tr>
<tr>
<td>3.1b Accept specialist insurance/banking experience</td>
<td>G</td>
<td>28</td>
<td>32</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>54</td>
<td>24</td>
<td>78</td>
</tr>
<tr>
<td></td>
<td>J</td>
<td>29</td>
<td>35</td>
<td>64</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>32</td>
<td>32</td>
<td>64</td>
</tr>
<tr>
<td>3.1c Accept specialist local/central government experience</td>
<td>G</td>
<td>30</td>
<td>37</td>
<td>67</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>66</td>
<td>20</td>
<td>86</td>
</tr>
<tr>
<td></td>
<td>J</td>
<td>35</td>
<td>32</td>
<td>67</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>36</td>
<td>34</td>
<td>70</td>
</tr>
</tbody>
</table>

The doubts as to the availability of adequate numbers of training positions echoed various observations made at interview (Chapter 5.2.1 "problems, 2") with the same outcome of a confused picture.
Fewer training positions

<table>
<thead>
<tr>
<th></th>
<th>YES</th>
<th>PERHAPS</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent</td>
<td>40</td>
<td>30</td>
<td>30</td>
</tr>
</tbody>
</table>

which can only be viewed as highly indeterminate. A relevant point is that achieved career experience rather than specific training has always been the main route to the Institute's qualification, i.e., over 80% depending on experience. Interestingly, students gave the highest percentage "yes" to fewer training positions at 52%.

There was a decided contrast between the view taken on accepting specialist IT training and experience and accepting other specialist activities. All breakdowns of the figures gave positive acceptance of specialist IT training and experience, which mirrored the acceptance of IT being all pervading as was found in the interviews. The percentages recording "perhaps" were among the lowest in the survey however, and the YES figures averaging 71% were therefore accompanied by a 15% average NO vote. The other suggestions for accepting specialist experience, in situations where normal equivalent costing and management accounting experience were both already accepted, met with a totally indeterminate response. The average percentages were:

<table>
<thead>
<tr>
<th></th>
<th>3.1b</th>
<th>3.1c</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>32</td>
<td>36</td>
</tr>
<tr>
<td>PERHAPS</td>
<td>32</td>
<td>34</td>
</tr>
<tr>
<td>NO</td>
<td>35</td>
<td>29</td>
</tr>
</tbody>
</table>

These figures included a more favourable response from Council and Committee members whose percentage were:

<table>
<thead>
<tr>
<th></th>
<th>3.1b</th>
<th>3.1c</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>54</td>
<td>66</td>
</tr>
<tr>
<td>PERHAPS</td>
<td>24</td>
<td>20</td>
</tr>
<tr>
<td>NO</td>
<td>18</td>
<td>12</td>
</tr>
</tbody>
</table>

It may be that the current involvement by Council and Committee members in issues relating to many aspects of Institute affairs gives them a different outlook as to the scope of the Institute, which precedes such recognition among other members.
Taken overall, the group of questions under Q2 brought out one positive feature in the consensus to embrace the specialism of IT, and showed an indeterminate situation on the other issues of (1) extent of present type training and experience opportunities and (2) any widening to encompass other finance or government related specialist experience. This was virtually a "no progress" situation relative to the more sophisticated questions of interplay between alternative training opportunities and examination requirements (referred to in Chapter 6.2.1 on this Q3 subject).

6.4.4 Q4 Institute membership examinations

| 4.1 | Maintain examination standard * | G  | 74 | 3  | 77 | 12 |
|     |                               | C  | 90 | Nil| 90 | 2  |
|     |                               | J  | 75 | 4  | 79 | 7  |
|     |                               | F  | 77 | 3  | 80 | 9  |
|     | * Average of 11% no answer:    |    |    |    |    |    |
|     | not adjusted                   |    |    |    |    |    |

| 4.2 | Increase examination standard * | G  | 26 | 19 | 44 | 45 |
|     |                                | C  | 14 | 10 | 24 | 54 |
|     |                                | J  | 27 | 14 | 41 | 41 |
|     | * Average of 15% no answer:    |    |    |    |    |    |
|     | not adjusted                   |    |    |    |    |    |

| 4.3 | Test comprehension rather than memory | G  | 76 | 11 | 87 | 5  |
|     |                                           | C  | 88 | 10 | 98 | Nil|
|     |                                           | J  | 82 | 9  | 91 | 5  |
|     |                                           | F  | 79 | 11 | 90 | 4  |

| 4.4 | Introduce test of professional competence | G  | 43 | 32 | 75 | 17 |
|     |                                            | C  | 34 | 30 | 64 | 30 |
|     |                                            | J  | 56 | 26 | 82 | 17 |
|     |                                            | F  | 45 | 30 | 75 | 18 |

| 4.5 | Leave specialist knowledge to PQE | G  | 59 | 18 | 77 | 14 |
|     |                                   | C  | 64 | 18 | 82 | 18 |
|     |                                   | J  | 69 | 17 | 86 | 13 |
|     |                                   | F  | 63 | 18 | 81 | 14 |

On the first two questions concerning examination standards, it clearly came through that there was substantial satisfaction with the present level of examinations. This fitted well with the various expressions at interview as to the success and appropriateness of the examinations at present. (Note the 11%
and 15% no answer recorded above, which may have been for the same reason of feeling less than knowledgeable about the present examination standard found in some of the earlier personal interviews.)

Support practically up to the best for any issue in the questionnaire was shown in the strong consensus that the direction in which the examinations should change was more towards testing "comprehension rather than memory". This was very much in line with the interview thinking, with its related emphasis on achieving "commercial awareness", (see Chapter 5 section 5.3.3). How testing comprehension was to be achieved was explored in the interviews (Chapter 5 section 5.3.7) but was unmanageable for a brief questionnaire. The mixed response to the possible introduction of a "test of professional competence" (Q9.4) indicated most had in mind changes within the examinations, and not a separate "test" such as "viva voce" or thesis on work experience. However, there was on average a substantial interest in such a test, with percentage figures of:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>45</td>
</tr>
<tr>
<td>PERHAPS</td>
<td>30</td>
</tr>
<tr>
<td>NO</td>
<td>18</td>
</tr>
</tbody>
</table>

The overseas responses were very similar to these average figures with YES at 48%, but students had a more reserved outlook with a high "no answer given" at 13% and unadjusted figures of:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>39</td>
</tr>
<tr>
<td>PERHAPS</td>
<td>33</td>
</tr>
<tr>
<td>NO</td>
<td>15</td>
</tr>
</tbody>
</table>

There was, however, a cautious YES to leaving specialist knowledge to PQE, which would at least leave room for manoeuvre in introducing the testing of comprehension more deeply within the examinations.
6.4.5 Institute Post Qualifying Education

There was one question in this section and this related closely to the final question in the previous section 6.4.4, being Q4.5. The main percentages for the question 5.1 are given below, and for convenience those for Q4.5 are repeated.

PERCENTAGES

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perhaps</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1+2=3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5.1 Introduce PQE diplomas

G  60  20  80  20
C  40  40  80  20
J  70  21  91  8
F  60  23  83  17

4.5 Leave specialist knowledge to PQE

G  59  18  77  14
C  64  18  82  18
J  69  17  86  13
F  63  18  81  14

On the possible introduction of diplomas the Council and Committee response at YES 40% was quite different to the 60% and more recorded for the other responses, including the Council and Committee response at YES 64% to leaving specialist knowledge to PQE. It perhaps stemmed from greater awareness of the potential cost of operating diplomas, which would indeed be an important factor. There was otherwise a generally steady level of support, with overseas at YES 65% and students at YES 70%. Across both questions there was also a substantial NO vote at up to 20%, and this alone would suggest considerable caution in determining the appropriate means by which to cope with needs for specialist knowledge. The subject would need to be probed further.
6.4.6 Q6 Management Environment

There were four questions in Q6 and the main percentages were as below:

<table>
<thead>
<tr>
<th>PERCENTAGES</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
<td>Yes</td>
<td>Perhaps</td>
<td>1+2=3</td>
<td>No</td>
</tr>
<tr>
<td><strong>2</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 6.1a Small teams

<table>
<thead>
<tr>
<th>G</th>
<th>66</th>
<th>27</th>
<th>93</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>* C</td>
<td>54</td>
<td>30</td>
<td>84</td>
<td>Nil</td>
</tr>
<tr>
<td>J</td>
<td>64</td>
<td>28</td>
<td>92</td>
<td>3</td>
</tr>
<tr>
<td>* 15% no answer: not adjusted</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>64</td>
<td>28</td>
<td>92</td>
<td>2</td>
</tr>
</tbody>
</table>

### 6.1b Small specialist support staffs

<table>
<thead>
<tr>
<th>G</th>
<th>39</th>
<th>41</th>
<th>80</th>
<th>12</th>
</tr>
</thead>
<tbody>
<tr>
<td>* C</td>
<td>28</td>
<td>40</td>
<td>68</td>
<td>14</td>
</tr>
<tr>
<td>J</td>
<td>36</td>
<td>37</td>
<td>73</td>
<td>17</td>
</tr>
<tr>
<td>* 18% and 11% no answer: not adjusted</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>37</td>
<td>40</td>
<td>77</td>
<td>14</td>
</tr>
</tbody>
</table>

### 6.1c IT systems professionally manned

<table>
<thead>
<tr>
<th>G</th>
<th>39</th>
<th>41</th>
<th>80</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>* C</td>
<td>20</td>
<td>48</td>
<td>68</td>
<td>12</td>
</tr>
<tr>
<td>J</td>
<td>31</td>
<td>38</td>
<td>69</td>
<td>20</td>
</tr>
<tr>
<td>* 20% and 12% no answer: not adjusted</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>35</td>
<td>41</td>
<td>76</td>
<td>16</td>
</tr>
</tbody>
</table>

### 6.1d Fewer levels of management

<table>
<thead>
<tr>
<th>G</th>
<th>41</th>
<th>36</th>
<th>77</th>
<th>17</th>
</tr>
</thead>
<tbody>
<tr>
<td>* C</td>
<td>40</td>
<td>26</td>
<td>66</td>
<td>12</td>
</tr>
<tr>
<td>J</td>
<td>44</td>
<td>29</td>
<td>73</td>
<td>18</td>
</tr>
<tr>
<td>* 22% and 10% no answer: not adjusted</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>42</td>
<td>33</td>
<td>75</td>
<td>16</td>
</tr>
</tbody>
</table>

The substantial percentages from the "opinion leader" groups abstaining from giving any response was a clear sign that this was the most difficult subject in the questionnaire. The responses made were indecisive on most issues, there being only a strong (YES) response to 6.1a concerning "small teams". It had to be concluded that the future patterns of management were a subject requiring more input, and that at present opinion among management accountants was in a fluid state. This important recognition put into perspective the indeterminate results on training and experience (6.4.3), since lack of clarity on management patterns must lead to difficulties in considering such opportunities.

6.4.7 Comments received with questionnaires

Many questionnaires were completed by the addition of brief comments. Thirty seven had attached views added.
Of these, eight went to considerable trouble to make specific points. For completeness, these points are given below:

1. The Institute should be MARKETING the qualification with professional marketing help.

2. Leave the Statutory and Formal Accounts to the CA's, and concentrate on adding to the number of ICMA Managing Directors.

3. Develop very strong ties with other professional but non-accounting institutes such as those of engineers, actuaries, insurance, sales and marketing, with the reciprocal offering of high grade courses.

4. Forge closer links with business schools, and arrange PQE specialist qualifications.

5. The market for the management accountants' services is hardly yet tapped, and the average entrepreneur is still completely unaware that more than one type of accountant exists. Make good the serious omission of sales training and the management accountant would have the best background of any discipline for supreme management.

6. Within ten years Banking has achieved the fundamental changes seen as necessary by the Wilde Committee, and the Institute could equally succeed.

7. Once there is a good grounding in accountancy, specialisation is very necessary in keeping with the particular firm/industry chosen for a career, and specialisation should be available in Part 3 or in the form of some post qualification.

8. The Institute examination should endeavour to develop and assess the general faculty of the would be member and any specialisation as a result of his particular position should be left to PQE.
These and other interesting comments were complementary to the broad concepts for the future becoming clearer through the reinforcement for the interviews by the questionnaire.

6.5 **Concurrent developments in the Institute**

While there was a steady input of information from this Research to the various levels of authority and activity in the Institute, this was inevitably a modest part of the total input of ideas and information. Therefore, although this work undoubtedly added to the awareness on future issues, it is in no way claimed that the various developments or decisions mentioned below were in any direct way the result of the Research.

The most far reaching development was the steadily increasing effort through 1982 and 1983 on a study of strategic issues. This culminated in a Council document in December 1983. The document was called "Strategic aim and policies statement" and was issued to all Branches and Committees. By publication the opportunity was then given to Branches to reinforce those policies they find particularly helpful, and to create debate where they would see change as desirable.

The Committees meanwhile will be planning action in accordance with the policies and, as the Statement says, assist in "demonstrating the principles of management accountancy in the conduct of Institute affairs". The opening up of the debate and turning thinking into action which has been a feature of the progress of this Research will therefore continue.

Among aspects of the Institute Statement which are gratifying in the light of this Research are:

1. the emphasis on the strategic and decision-making roles of the management accountant.

2. that high standards and "professional pre-eminence" will be pursued in recruitment, training, examinations and PQE.

- 315 -
3. the intention to "achieve recognition" for its members in all quarters.

4. on research, to "enhance its reputation and status through high-level research and publishing activities", and "will develop a programme of research designed to meet the needs of industry, commerce and the public sector".

5. that "experience demanded will be reviewed regularly to ensure that it is appropriate to the changing business environment".

6. the reviewing of the examination syllabus which will "provide a strong basic qualification", and will preserve the Institute's "distinct specialism" while continuing "to include less specialised subjects useful to members in the general conduct of their duties".

7. that "specialisms, such as the public sector, will be catered for, if necessary, by post-qualifying diplomas" thus reinforcing the effort needed in PQE.

8. that PQE will for participating members "keep their skills up to date, deepen their knowledge and competence in specialist areas, and broaden their range of management skills"

and finally:

9. "will actively seek mutually beneficial relationships with business, engineering, scientific and other non-accountancy bodies".

Meanwhile, the Research and Technical Committee approved a major project to investigate the newer practices in high technology industries, whether in management accountancy or in related disciplines. At the same time, under the general policy guidance of the Co-ordinating Committee of Student Affairs, the Education and Training, Applications (for membership) and Examinations' Committees commenced studying substantial changes. Further, the PQE Committee progressed with specifically studying post-qualifying developments in the light of its relationship to membership requirements.
The purpose of this chapter was to consider the consolidation of the research findings, resulting from the addition of a questionnaire project to the earlier interview activity and the study of the Institute's history. Main features from the earlier work were reviewed in the early part of the chapter, leading to the launch of the questionnaire.

In launching the questionnaire in June 1983 the accompanying article (Appendix 9) summarised these findings from the earlier work. It particularly referred to:

1. Quality of recruitment, maintaining and enhancing.

2. Moving forward in a career path about 3 years after qualifying.

3. - Opportunities in line management.
   - Opportunities in the control or operation of information systems.
   - Opportunities in corporate financial positions.
   
   emphasising the experience and knowledge for each and the type of competition.

4. The importance of acquiring skills in the early years, and ways in which training opportunities could become more limited.

5. The force of the management accountants' advantage in "Participating with operating management in achieving efficiency in business success", and the need for a "substantial effort to create a re-birth of practical accounting integral with the IT of a changed business world".

6. The general need to inculcate "commercial awareness".
7. The importance of specialist skills and knowledge, and how specialization (particularly in IT) might relate to Institute membership through acceptance in training and examination requirements.

8. The relating of service industry or government employment with membership training in a positive way, and again with examinations.

9. In examinations the need to "test comprehension not memory and incorporate real operational situations".

10. That future skill and knowledge requirements by depth and variety might mean more weight being put into PQE, possibly with specialist diplomas.

All of these points were within a view of the future pre-supposing certain general management situations and needs. These all related to powerful information capabilities being available making for:

1. small dynamic management teams
2. small specialist support staffs
3. powerful IT systems under professionals.

As was stated in Chapter 2, Section 2.7, the questionnaire of 24 items probed six main questions. Briefly:

1. Competitive situation
2. Technical challenge
3. Institute accepting various specialist experiences
4. Institute changing examination requirements
5. Should PQE be a major Institute concern

As was said in an article in November 1983 (Appendix 10), published from the findings of the questionnaire:

"Among opinion leaders in the Institute the breadth of opportunity and variety of competition experienced by management accountants is well recognised, and there is a call for applied research to aid in creating new
techniques and practices to harness the impact of information systems and other new technology".

The consensus on the first issue of opportunity in the fields of general information and financial management was strong. There was also clear recognition of the potential challenge from other disciplines. Secondly, the call for applied research was equally strong. That new techniques were arising with the spread of information technology, and that substantial effort was needed in the creating of new accounting concepts and practices were among the most strongly supported points in the whole questionnaire. As well as more fundamental research, which is perhaps specific to the responses, R & T Committee have given support for efforts to improve the transfer of experience and working methods from situations where high technology is propounding new forward thinking about engagement of resources.

The impact of technological change on training opportunities was an issue on which there was a mixed response. Almost as many believed training positions would be sustained in numbers (30% signifying 'No' to the propositions as stated) as those who believed IT would lead to fewer such positions (40%), with the remaining 30% choosing to make the neutral "perhaps" reply! This was the first strong assertion of a 'No' position and clearly arose from different personal perceptions of the future, which was to be again reflected in the responses to the final (sixth) issue on the management styles likely to develop.

The same lack of consensus continued on the related issue of accepting more activities, as fulfilling the experience requirements of the Institute. Only IT training and experience gained strong acceptability.

On examinations, there was strong support for maintaining the Institute examinations at their present first degree, second class honours standard. The responses throughout this section reinforced this view, and generally supported the present style and content.

However, one proposition for change was strongly supported and this was that the examination should move more to testing comprehension rather than memory. This reinforced a major point made in the interviews, and

- 319 -
supported the related interview point that members should possess a high "commercial awareness".

The questionnaire suggested meeting special subject needs by a post-qualifying examination route. While this was well supported, there was a significant 'No' response (17%) suggesting this subject would need to be probed further before any conclusion could be drawn.

On the final issue as to the ways in which patterns of management are changing and within which the management accountant will be operating, there was a mixed response. By far the most accepted idea was that of "small, dynamic, operational management teams". However, there was really little consensus as to the changes in management environment, and as to what styles of management would develop. This was in accord with the response to the earlier training (third) issue, since unclear ideas on management styles must mean complementary doubt as to the incidence of training opportunities.

In brief, as to the future, the response was:

** determination to seek a wide role against all competition in line management and information systems, as well as in financial management generally.

** recognition of high technology propounding new thinking, and a call for applied research to keep management accountancy well abreast.

** support for the present Institute experience and examination requirements.

** support for the current management accountancy specialism "undiluted", but incorporating information technology.

** hesitancy over predicting the future pattern of management and the extent to which training opportunities will be modified.

Finally, the chapter closed with a reference to developments in the Institute and the publication of the Council document "Strategic aim and policies statement".
CHAPTER 7

CHANGING PATTERNS OF MANAGEMENT

Synopsis

It was concluded in Chapter 6 (6.4.6) that the future patterns of management were unclear, and that since these would have a profound impact on management accounting training, the directions of development should be examined. A major assault on this problem would be a suitable topic for further future research, but meanwhile a position must be taken to give a framework for the proposals which will finalise this work (in Chapter 8). The purpose of this Chapter 7 is to give the researcher's view derived from a combination of experience and a scanning of the available literature. This will not modify the proposals in Chapter 8 derived directly from the research already described, but will complement the further observations which are more a question of personal judgement in the light of the evidence and give a general context for the proposals. After a brief introduction, the chapter considers behavioural patterns, technological impact on management style, and organisational options. The first of these is considered by a review of selected behavioural theories, and each of the others by drawing on earlier experience by the writer.

Finally, the chapter closes by a consideration of likely changes to patterns of management in view of these behavioural, technological and organisational factors.

7.1 Introduction

At all stages of the research, it was evident that there were many interfaces between the job of the management accountant and the ways in which management functions, both now and in the future. The Institute history showed the closeness of the links between management personalities (Lord Leverhulme et al), management pursuit of efficiency, the growth of scientific management, size of businesses, and government actions on the one hand and the development of the cost and the management accountant on the other. The interviews showed the strength of feeling that management accounting could lead many into
careers in general management, and that members were involved in all aspects of business decision making with strategic issues of high concern. The questionnaire demonstrated the underlying uncertainty on the issue of patterns of management, and showed doubts about future training opportunities. The difficulties inherent in predicting the interplay between all the factors involved will make it critically necessary to be on the alert against potential catastrophic changes (Chapter 2, section 2.7). For the placing of this research on the best rational available basis, however, required that there should be further input concerning management changes. By combining desk research with earlier work, the three aspects of behavioural patterns, technological impact, and organisational options are drawn together to form a view as to the changing patterns of management.

7.2 Behavioural patterns in management

The management attitudes of recent decades in much of our western civilisation were shaped by developments in and around the war period of the 1940s. From work carried out at the Hawthorne works of the Western Electric Company, Elton Mayo (1) stressed that management must forget its old assumptions about workers, and recognise the strength of human and social factors. Earlier Kurt Lewin (2) had studied behavioural responses to styles of leadership and demonstrated that the kind of leadership operating in a group strongly influenced the social climate and behaviour. From these and other beginnings Douglas McGregor (3) described (1960) that in contrast to earlier management methods (Theory X), management with a social understanding (Theory Y) benefited both the individual and the organisation. On specialist staff such as management accountants he wrote:

"Problem-solving help to all levels of management, competently and sensitively provided, is the way to develop line confidence in staff. The needed skills and the understanding of what is involved in providing this kind of help are all too rare among staff specialists today".

The work of McGregor and earlier work by Abraham Maslow (4), who related the needs of people as forward-looking and self-directed persons
on a hierarchical scale from the basic physiological to the higher needs for self-respect and self-fulfilment, was encapsulated in 1966 by Fred Herzberg (5) in the management task of creating for people 'job enrichment' as a solution to the problem of meeting motivational needs. Around the same period there were doubts that such task achievement by managers was of itself adequate, and such thinkers as Chris Argyris (6) maintained the only real move forward would be for (as McGregor had propounded) changed attitudes and values in the upper and middle levels of management.

Proposals explaining how managers could learn to make their behaviour more effective came from several sources, but many were developments from the work of psychiatrists in the war period of the 1940s as adapted for civilian use around 1947 at the National Training Laboratories (NTL) at Bethel, Main (7). This T-group or sensitivity training to give greater self-insight and consequent ability to deal with interpersonal situations with an atmosphere of trust, was developed substantially in scope and in the part it could play in the development both of individual managers and of effective working groups. Drawing on the NTL work and other sources, Rensis Likert (8) describing the nature of highly effective work groups wrote:

"It has been necessary to go beyond the data in order to spell out at this time in some detail the general pattern of the more complex but more effective form of organisation being created by the higher-producing managers...... The body of knowledge about small groups, while sufficiently large to make possible this description of the ideal model, is still relatively limited".

Meanwhile, considerable sophistication was achieved among those developing group capabilities or teamwork. Kepner and Tregoe (9) from investigations into business problem-solving and decision making developed a "Systematic Approach" which divided the process into stages so that those taught the method could recognise the stage in thinking their colleagues were at, and each could better help the other achieve a solution.
Such thinking was incorporated into management courses by Ralph Coverdale. In a book on Coverdale, Max Taylor (10) observed:

"one effect of modern technology is that few problems can be considered in isolation, and every work group is dependent on the co-operation of others. It may be this that limits our speed of technical advance".

Such was Max Taylor's expression of the serious importance of the work at that time (1979). Coverdale saw organic (people orientated) and ethical systems in organisations as areas which demanded building upon success, and not analysis of failure as often practised successfully in mechanistic or static systems. Taylor (11) contrasts these static systems as using methods inappropriate to the organic:

"History in this sense is a static discipline, as is book-keeping; and their main mode of thought is analysis, breaking facts down so as to understand them better".

and again

"People whose training has been in one of these systems may find it hard to avoid applying its rules to a problem in another".

Perhaps a final word should go to Ralph Coverdale who said (12):

"Life has to be lived forward, though it can only be understood backwards".

Among those who throughout most of these decades were describing how managers could manage better, one of the most erudite was Peter Drucker. While expressed in ways not always appropriate to accountancy matters, Drucker emphasised for managers points relating to efficiency in an enterprise such as would be explored by management accountants with observations such as in 1964 (13):

"While 90 per cent of the results are being produced by the first 10 per cent of events, 90 per cent of the costs are incurred by the remaining and resultless 90 per cent of events. In other words, results and costs stand in inverse relationship to each other.
"Economic results are, by and large, directly proportionate to revenue, while costs are directly proportionate to the number of transactions. (The only exceptions are the purchased materials and parts that go directly into the final product.)

"A second implication is that resources and efforts will normally allocate themselves to the 90 per cent of events that produce practically no results. They will allocate themselves to the number of events rather than to the results. In fact, the most expensive and potentially most productive resources (ie highly trained people) will mis-allocate themselves the worst. For the pressure exerted by the bulk of transactions is fortified by the individuals' pride in doing the difficult - whether productive or not".

Bringing together the behavioural training for teamwork, and the individual acquiring of business management skills as marketed by Drucker and others, was the in situ measurement of people performing in their work environment. An outstanding conceptual advance was the managerial grid of Blake and Mouton (16) relating concern for production, against concern for people. The grid showed the two dimensions interacting to produce a particular management style, and when used throughout an organisation (as with various Exxon locations) in training mode enabled colleagues to obtain a new comprehension of each other and how to work together. A further development was a three-dimensional grid by Reddin (15) which incorporated a comprehension of the need to change management styles according to circumstances and objectives.

By the late 1970s many thousands of managers (probably thousands of UK managers) had had the opportunity to participate in, learn about and perhaps to practise the training which had then been available for twenty years. They were perhaps ready for the task Drucker envisaged (16) in 1973:

"In the next decades managers will have to meet far greater performance demands than most of them can envisage, and in all areas. A great deal more will depend on their performance than the prosperity or even the survival of their own company or institution. For performing management of our institutions is the only alternative to tyranny in our pluralistic society of institutions".
This was in the Drucker context that (in the USA) (17):

"More than half of the gross national product goes to or through service institutions which are not businesses and which are not held, accountable for economic performance nor subject to market test".

Whatever the opportunities for improvement through training, the effects on management prescience at the workplace have been seen as limited (18) for:

"To be capable of being applied in reality, knowledge must be worked into the living texture of the mind, and that takes time"

BECAUSE

"It also requires continuous opportunity to try out the knowledge in real conditions until it is fully worked-in".

It would seem that overall behavioural patterns are a force for stability and a slowing down of change, with managers absorbing new thinking at a rate geared to their present environment. In general, managers may well be conservative creatures of habit even, whose rate of absorbing new ideas is not accelerated merely because their environment is changing more quickly!

7.3 Technological Impact on Management Style

In the early 1960s cost control was embracing both computers and the fruits of operational research so as to bring into the system such characteristics that (19) it could be said:

"The satisfactory cost control system is one that continually encourages progression to better methods, giving higher output and cheaper production".

AND "Cost control must be able to embrace technological change".
Both with a new confidence, as it seemed that the increased complexity in industrial processes over the previous 30 years was being matched by the control methods available.

When applied to marketing situations, results were possible such as those briefly described below from an early experience of the researcher.

7.3.1 Control of Prices and Costs

At the start of the project the company was sited in a growth market but one in which competition was increasing. The business covered the whole of the UK with an extensive range of products, as did several major competitors. Other competitors operated in high population density areas only. Products were frequently sold on one year contracts to supply all customers' requirements in a locality. Rule-of-thumb delivery cost distinctions were reflected in prices.

Research into the situation determined that major computer models could be produced which would enable overall profitability to be more certainly controlled centrally, and would give more local decision-making capability. The central model meant that, despite the wide range of products and large number of distribution points with sea, rail and road feeders, cost changes could be reliably and quickly calculated for shifting patterns of sales through all distribution centres. Hence, once a profit target was fixed for the total business it was possible to look at alternative patterns as to the required contribution for each product at each distribution centre net of local costs (net price). This would be in terms of volume of sales for each product and its (average) net price. Hence, the varying levels of competition in different areas could be met in a controlled manner within an overall profit objective.

Locally, full responsibility could be given both for customer prices, and distribution costs at the distribution centres and delivery to customers. It was "simply" necessary to contract the specified
volumes within the net price objective. Computer assistance was again available working to a strict minimum net price for even the largest volumes at that location, the average net price as already mentioned, and methods of selectivity and analysis of sales opportunities. Within eighteen months the system was in operation for nine products for annual contracts. It was then steadily improved and extended.

The study showed that methods of management control previously impractical could be a decided improvement on previous management methods. Imagination in development could give an analytical control within which local management could work with more confidence. This increase in confidence would be mutual since both central and local management would be more positively aware of the results of their respective actions.

Similar experiences have been repeated many times for distribution networks proved to be well suited to such controls. In the 1970s the spread of "sell by" dates in retail foods, initiated by Marks and Spencer, was one development from much improved control capability.

The view is taken that such creation of confidence will be an increasingly important feature of management styles in the 1980s and 1990s. It fits well with current thinking on Business Units and more local autonomy; including substantial contracting out with a (so called) development of cottage industry as in some high technology situations.

7.4 Organisational options

Bureaucratic hierarchical systems could loosen up with the impact of IT and yet simultaneously be strengthened. Charles Handy suggested (20) that:

"New sophisticated equipment is in effect turning more and more plants into automated process plants, not unlike a chemical plant or oil refinery. Other plants are going the opposite way.... to create individual job-shops".
and focussing on those job-shops (21):

"The world of dispersed, trimmed-down, contractual organisations will be fine for the self-reliant individual with a saleable skill"

and "Individuals, in their turn, will need to invest in themselves, choosing a mix of training and experience that will keep them saleable".

The position taken above by Professor Handy emphasised the need for individuals to assess their investment in personal endeavours (such as participating in Institute approved training schemes) according to certain future patterns of business and of business management. There are however less dramatic changes than those stated which could be of substantial future importance, and still take advantage of new technology.

These are mutations of existing bureaucratic structures and the outline below describes, as an illustration, one of the ways in which diverse businesses could be controlled in a multi-level management environment. It is from work by the researcher in the 1970s.

7.4.1 Operational control of diverse businesses

The work started from a recognition that improved information technology made possible new approaches to business control. The object was to determine a series of factors to be reported complementary to the management accountancy based reports already prepared, which would give more assurance to directors and enable a faster liberalisation of delegated functions. The envisaged delegation was to be specified, so that the management organisation could be reviewed. Three stages of study were carried out.

Firstly, the existing monthly management reports were studied and a new reporting format and style proposed to make the most of existing information for management purposes. Briefly, the existing reports concentrated on "last months" figures and experience, and the cumulative results against budget and prior year. The new format abbreviated this information and required:
1. Average monthly achievement required throughout the remainder of the budget year to meet budget.

2. A "final assessment" for the immediately forthcoming month.

3. Against the forthcoming month, the proportion of sales at risk, and any unusual cost items, eg need to work heavy overtime to catch up production.


A full "modified" report was prepared for the businesses and companies in a particular Division.

Secondly, to complement the information conventionally available by aggregating information from sales, personnel and accounting, a different "cut of the cake" was designed. This was called a "business inventory" and was deliberately arranged to be special to each business (not readily aggregated). For comprehensive analysis the information would be assembled in statistical arrays. As was stated at the time:

"The purpose of the business inventory procedure is to prepare a management perspective of every business as seen through the eyes of those most intimately concerned with it, namely the managers. The emphasis of this perspective is on the "feel" for the business rather than on numerical or accounting precision and, therefore, the business inventory form has been designed so that a manager does not have to be precise and can identify where his business falls within deliberately wide ranges".

This was at the beginning of 1973 when the idea of segregated business units (SBUs) was in embryo, as being a vital series of centres for business operations with less emphasis on control at a divisional level in a hierarchical structure. The idea was to widen
the information base in such a way as to help different management levels to absorb the essential elements of a variety of businesses. There were 32 questions on the business inventory form and each was designed to be answered by ticking a box. It would only be necessary to update the business inventory every year or so, or when there was a major change in the business such as an acquisition. The questions related to the capability of the business against competition in the market place. If the SBU contained several main products, the form was completed for each product. (see form Appendix 11)

Inventories were compiled for the SBUs in several Divisions.

Alongside, these two developments above of:

1. A modified monthly reporting system

and 2. A business inventory by SBU,

there was a 10 year cash flow profile proposed. This would take \((x)\) back years and \((10 - x)\) forward years, with \((x)\) decided according to the type of business and the point reached in the life-cycle of the main product.

The third stage of the study was to review the sharing of responsibilities in the organisation and devise a different rationale for delegation. This work was not implemented even experimentally, as it was overtaken by international organisational change. The resulting ideas from this study were assembled under the title "Responsibility Charting" (R Chart). The R Chart was devised to consider short and medium term (operational) responsibilities, rather than strategic. The concept was that responsibility factors would evolve in discussion with managers to bring out a pattern most appropriate to the organisation. These responsibility factors would then be weighted for each level of management in the organisation, possibly with a one to three star rating. (High responsibility being three star).
The responsibility factors would closely relate to the type of information assembled in the business inventory. A typical set of responsibility factors would be:

1. People effectiveness, in performance

2. People efficiency, in performance

3. Environment with shareholders, government, public

4. Commercial environment

5. Market assessment

6. Market commitment, of resources

7. Funds, procurement

8. Funds, disposal to businesses

9. Equipment, technically right

10. Equipment, condition

11. Systems, technically right

12. Systems, condition

13. The unexpected, surprise opportunity

14. The unexpected, internal weakness (neglect).

In summary, each person in management could, with the help of a responsibility chart agreed with his colleagues, find a multi-dimensional and dynamic expression of the part played in the organisation to set alongside the hierarchical authority pattern. (Example in Appendix 12)
This new look was proposed to:

1. help individuals perform
2. focus reports where they would receive full attention
3. form a basis for reviewing organisational change, either in reporting systems or in the fundamental structure.

The work demonstrated that assimilation of business comprehension could be shared among normally able managers at different levels to a greater extent than previously. This would be the effect of adding a business inventory style of system. It then showed a mechanism by which a clearer commitment to shared business responsibilities could be achieved (the R Chart).

This was a relatively early study of the prospects appearing for the cost effective assembly and processing of a wider range of information for business management generally and specifically for operational control. It demonstrated the increasing flexibility emerging within "traditional" hierarchical structures. Thus the increased capability to tailor control systems, in a way appropriate to a particular business strategy, was an enabling factor in any shift to new patterns of management.

7.4.2 Other observations on organisational change

The concern earlier noted (Drucker ref. 17) as to the growth of service institutions not subject to the market test, and the job-shops (Handy ref. 21) of sub-contracting were both dealt with in a pragmatic way by Macrae in 1976 who observed (22):

(a) "Many services now provided by governments will need to be recompetitioned and reprivatised".

A phenomenon becoming familiar in the UK in 1984!
and (23)

(b) "The age of multinationals is coming to an end, which is one of the subsidiary reasons why the age of most really massive business corporations is likely to be ending too. The age of entrepreneurial sub-contractors and licences will succeed it".

The above expresses a strong prediction for change, but as indicated by the work in 7.4.1 there are various ways in which existing structures could develop. Multinationals may well survive and prosper alongside new entrepreneurial styles, with massive business corporations continuing to be a major world force. It is worth considering in some detail a piece of recent research as to the likely validity of evaluations of the future so far made. In "Paradigms Lost?" (21) Pitt found the "basic tenets are too simplistic and over-optimistic to provide a methodological base for evaluation of change in the future". Views of organisation in the future required (observed Pitt) the support of three propositions of questionable validity, specifically:

1) the environment will be more fluid or turbulent

2) people in organisations will have enlarged needs to self-actualize (express emotions by action)

3) in consequence of the above two, "the structure of the organisation will assume a prototypical 'organic' form rather than a 'mechanistic' (bureaucratic) one".

There had been a "seeking to expound the virtues of an alternative world of small and beautiful organisations which conveniently ignore or minimize the substantive problems involved in reconstructing the present organisational order". Along with this and stemming from Maslow (25) and others had been (26):
"An expansive picture of 'organisation man' as completely unable to develop his full capacity and achieve 'self-actualisation' within the prison of bureaucratic rules".

Again from Henderson and Schumacher as quoted in "Paradigms Lost" (26), organisations had been seen as negative:

"While organisations may be deemed to have succeeded in limited conventional economic terms they are ultimately harmful in a more profound sense..... What he presses for instead is a re-dedication of organisational purpose to meet the challenge of a future using renewable resources and to different uses of existing knowledge".

As Pitt continues (27) such views were later challenged:

"The motivational factors in organisations are a good deal more complex than self-actualization theorists seem to credit, the view has developed that the individual may calculate and conspire with other members of the organisation to retain rather than abolish a bureaucratic hierarchical system...... The quest for greater individual freedom may be transcended by a longing for security and order - the very acme of the bureaucratic structure".

Thus leading to the conclusion stated in "Paradigms Lost?" that:

"The arrival of 'post-bureaucratic' organisations, like the appearance of 'post-industrial' society will be marked, in all probability, by a hesitant transition whose effects will be differently felt and appreciated".

This conclusion was in accord with the researcher's own observations and experience, and suggests that in terms of any changing patterns of management the management accountant can look to a substantial (and thus observable) period of transition.
Despite the progress in behavioural science, the slow change in the actual behaviour patterns of management (Section 7.2) suggested that managers currently found it difficult to break out of the mould of their existing training and experience, and would in this regard be a force for stability and a slowing down of change. This idea was modified by (Section 7.3) experience with technological impact on management style since managers united in seeking efficiency (if perhaps with various understandings of its implications) were able to accept substantial changes in the pattern of management control. Then viewing (Section 7.4.2) organisational options suggested this success, with the absorption of technological impact on management style, owed much to its conduct within the safe atmosphere of an existing hierarchical bureaucratic structure. A system was described in some detail (Section 7.4.1) which could create substantial further change within such a structure. In conclusion there were a series of observations suggesting (in reinforcement of the outcome of Section 7.2) that movement away from such bureaucratic structures would be slower than many had suggested, because they had underestimated the complexities of change. When it comes, it will probably be hesitant or even spasmodic.

The end result may be summarised as there would indeed be a new alignment of responsibilities arising from the experience of people working together with:

1) the benefit of superior information systems

2) technology modifying the work requirements in all departments within business

3) more variety in the patterns of management

and

4) accompanying social and market changes.
As a result of the increased flexibility inherent in the first three points above, people in business will become more effective as the benefits of technology are understood. A great deal of this change is likely to occur under the protection for the individual afforded by working in the long-familiar bureaucratic structures, even though certain types of venture develop in new entrepreneurial styles. These conclusions state the expectations within which consideration has been given to the many aspects of the future for management accountants raised in the research interviews and questionnaire responses.

A few more specific points are made below in relation to the future management patterns suggested in the research interviews. Thus, management teams can be expected to reduce in size as better handling of organisational responsibilities is achieved, and relatively fewer levels of management should result. This should improve communication, as well as reducing overhead costs. In a sense the increased flexibility already referred to in this section is used to replace the flexibility in times of crises only previously attainable by greater reserves of management through more extensive management structures. However, these effects seem likely to be long-term and probably occurring on a wide scale over ten to fifteen years hence (say). In as much as these expectations materialise, the effective management accountant can look to becoming a more integral part of management. The corollary would be fewer opportunities in relation to a given level of business activity.

Meanwhile, specialist support staffs seem likely to change, but unlikely to reduce due to technology. The amount of change suggested by the above work would require substantial staff support work over years for the design and development of the new information systems. On past performance over business generally, these staff needs will be multiplied many times by endeavours to implement change without adequate preparation or comprehension of the strength and weaknesses of the technology available. Such staff needs would for some considerable time be likely to more than balance reductions from other causes. Incidentally, the business environment in this technological age appears to become increasingly complex and this implies a high level of staff support. It seems the problem for management accountants and the Institute is not
opportunity. The problem is the changing requirements in terms of personal skill and knowledge for many of the positions to be filled. Many of those participating in the research recognised both the breadth of opportunity available, and that many opportunities would only be open to the management accountant who had embraced further skills so as to become a very soundly based professional.
CHAPTER 7 REFERENCES


11. Ibid, page 111.


23. Ibid, page 44.


27. Ibid, page 200 and 203.
CHAPTER 8

FUTURE RELATIONSHIPS

Synopsis

The chapter opens with a summation of the need for and purpose of this research. It then reviews main features of the various stages of the work, through selected features of the history of the Institute, the development and carrying out of the interview series, the reinforcement obtained by the postal questionnaire, and the important features derived from a brief research into management and organisation. There follows a consideration of the future viewed as likely to be experienced by the management accountant, from the drawing together of the previous evidence. Proposals for action by the Institute on training and experience requirements, education and examinations, post qualifying education and stance in the professional marketplace follow. Finally, suggestions are made as to future research deemed appropriate to the Institute at this time.

8.1 Introduction

This research arose from the success achieved by the Institute in meeting the objectives it had previously set (Chapter 3 section 3.5.2 Forward Planning 1974/75) in an apposite way for the needs of the early 1980s. It was then time to look ahead once more, and the scene was one of increasing complexity with a considerable variety of opportunities available to the Institute. The complexity arose partly from the high level of aspiration evident among members and supported by the burgeoning concept of management accounting, partly from the increasing competition among different professional disciplines and significantly from the impact of computers and other technological changes forming part of the new information technology (IT). Responding to the needs of the Institute, the Research and Technical Committee commissioned this research with the key objective (Chapter 2 section 2.2) to explore through research in the UK how the role and aspirations of the management accountant may develop and change, and from this to contribute positively to the development of Institute policy on such areas as education, training and recruitment.
The definition of management accounting adopted for the research was, of course, that stated by the Institute. Quite recently the Institute had turned to emphasising the variety of practical roles covered by management accountancy and included in these Financial Accountancy. (Chapter 2 section 2.1.1 and Appendix 1). This was in keeping with the development of Institute thinking from as early as the 1940s when a similar drawing together of roles was proposed for the term "Industrial Accountancy", although it was never adopted. (Chapter 3 section 3.4.1). Later, similar "boundary differences" had arisen between operational (defined as ongoing present activities) and strategic roles, and again the broad definition prevailed.

Both the historic aspects in Chapter 3 and the present activity aspects in Chapter 4 led to the conclusion that in the Institute and among members management accountancy was an all embracing term for financially based work in business. (This reinforced the "negative" definition first applied by the Institute to Cost Accountancy, that it did not include statutory audit!) Within wide parameters the concept and definition of management accountancy will continue to change in a flexible way to meet new circumstances and as an attempt at simplification one might say 'it is the application of finance and financial criteria of whatever kind in all ways relating to the success of any venture in which the individual professional participates'. Along these lines seems to lie the way present day management accountants view it in their own careers. Suffice it to emphasise that throughout the research the current Institute definition was used.

8.2 The Research

The history of the Institute demonstrated both continuity of purpose, and a pragmatic approach at times of critical change. The insistent specialism in being both a "new profession" and being within the general professionalism of accountancy promulgated in 1919 persisted throughout. Cost and Works was a bringing together of cost accounting knowledge and engineering appreciation of specific industrial processes to forward the management task of creating new ideas which improved industrial efficiency. There was also a specific negative of not being concerned
with statutory audit, and indeed from an accountancy standpoint the early boundaries were even more narrowly drawn around costing. The progress of the Institute was a history of progressively widening the accountancy scope of the specialism and so keeping abreast of the support needs of business management, with which the Institute had such close links in its early formative period. Pragmatism was evident in the cutting adrift of its cadre of industrial executives who served as vice-presidents (and importantly as president) until the 1930s, and in the embracing of financial accounting (after earlier neglect) in the examinations from 1952. The 1950s was a period of special importance with high membership growth and close involvement in national affairs, which included participation in the teams visiting the USA from the UK under the auspices of the Anglo-American Productivity Council to bring back the best available thinking as to how British industry could in every way improve its performance. One such team was at the Institute's instigation and examined the practice of management accounting. An imaginative initiative was then taken by the Institute to launch a fellowship examination in management accountancy, and this did a great deal for the status of the Institute. It was not a success with members however, who largely ignored this opportunity to qualify further. Taken with the way in which students took in their stride the later incorporation of the management accountancy papers into the membership examinations, and the low response to the JDipMA which was experienced when this was being backed by the whole profession, there was a clear message. Essentially, people took membership for career benefit through a level of acceptance of the qualification by employers and having achieved the sought after benefit would generally turn away from an examination route for the pursuit of other interests so that further "hurdles" interested but a small minority.

The way student numbers were maintained and success rates generally held when the membership examinations were extended to embrace management accountancy was irrefutable evidence of the high regard the Institute had achieved in the professional marketplace. The growing stature of the Institute resulted in it taking its place among the major UK accountancy bodies in discussions on integration of the profession in the 1960s and in the collaborative CCAB (Co-ordinating Committee of
Accountancy Bodies) throughout the 1970s, after integration proposals had foundered (on rejection by the Institute of Chartered Accountants in England and Wales). Consolidation of the Institute's status was evident in the change of name to the Institute of Cost and Management Accountants, the granting to it of a Royal Charter in 1975, and its place in IFAC (the International Federation of Accountants) as a world Premier management accountancy body.

Probably, the Institute had made the greater part of all possible progress in an accountancy context. In so doing it had attenuated its concern with technical disciplines such as engineering, which had featured more strongly in its first twenty five years. However, it had retained in its training/experience and examination requirements for membership some elements of looking forward rather than backward, of creating improvements rather than stopping at analysis, of synthesising from varied sources of information to improve efficiency in the widest sense. One final feature from the History was to remark that the route of experience dominated over that of pre-ordained training at all times. Training schemes were more consciously promoted from the 1960s and set valuable standards through such initiatives as the Company Training Award, but 80% plus of new members submitted experience rather than training for membership.

In summary:

Many successful organisms develop and grow around some central focus. Concern with efficiency has been such a focus for the Institute. In 1919 the question was how could cost information be used along with a technical knowledge of industrial processes to benefit the firm. In 1983 it is how can economy, efficiency and effectiveness be achieved both in daily operations and strategically in industry, commerce and government spheres. The words are different because the organism has developed and grown within a changing environment. Each decade has seen some change, but each decade of good times or bad has seen the strength of the original proposition reinforced.

Another thread of continuity follows from the founders' ideas. This was that to practise in the profession necessitated applying skill in the drawing together of information from both costing records and technical
practices so as to look forward and find new ways of improving the processes. In other words, learning to synthesise was an integral part of the work. Particularly in the earlier years this found reflection in the examinations. It has never been entirely lost from the examinations and has continued integral to the training. Interestingly, the emphasis on retention of the "purity" of the training and "commercial awareness" showed strongly in the interviews. There is little doubt that with analysis being steadily encroached upon by computers, those who are well practised in looking forward and synthesising from disparate types and sources of data will be the better placed.

8.2.1 The Interviews

The interviews were overwhelmingly amongst Institute members engaged in UK industry and commerce, including the nationalised industries. People of all ages and at all levels were included in the 219 interviews, as somewhat illustrated by their 46 different job titles (22 were employed with the actual title of management accountant, and 46 were directors). The size of organisation in which they were involved was also very varied, with peak numbers between £10-50 million annual turnover and again at over £200 million (Chapter 4, section 4.3). What the great majority had in common was a substantial involvement in the decision making processes of the various organisations. This was probed both subjectively and specifically. Subjectively there was a strong positive relationship between acceptance into discussion on and resolution of problems, and knowledge of industry being valued in addition to accounting skills (Chapter 4 section 4.4). The study of specific situations used the categorisations:

<table>
<thead>
<tr>
<th>On-going situations</th>
<th>Specific longer term</th>
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<tr>
<td>Systems and forecasting</td>
<td>Capital investments (major)</td>
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<tr>
<td>Product and contract pricing</td>
<td>Plant closures/developments</td>
</tr>
<tr>
<td>Capital investments (short impact)</td>
<td>Acquisitions/divestments</td>
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- 345 -
Each category was reviewed in both its quantitative and qualitative aspects (Chapter 4 section 4.4). This showed that throughout all categories and in a variety of management situations there was a marked consistency in being a heavy reliance on the management accountant. In particular the involvement in strategic issues was just as strong as the participation in short term decision making, with around 70% of the time there being high involvement in the decision making as distinct from the lesser involvement of producing simply the analytical case for the decision. Consequently, the view was taken that the interviewed population was well placed to form and express views as to future change. Auxiliary issues reviewed were use of post project evaluation where there was 85% support but 40% actual use; the constraints managements build into their own actions which were found to be considerable; the use of techniques which were mainly for capital projects and pragmatic; the involvement of other sources of professional expertise which was found to be relatively rare; and the view of shop floor involvement in decision making from the 37% with recent relevant experience which emphasised that, by whatever means, mutual commitment between all involved in any enterprise was essential and its achievement was a management responsibility.

8.2.2 Contributions from the Interviews

Contributions from the interviews covered both the future of the management accountant in general, and actions likely to benefit the Institute in particular. Main threads from these contributions are here drawn together in an expression of the ideas being built up by the researcher at that stage. For the management accountant substantial change was forseen, with more interpretive work. Although little was made directly of the difference between involvement in synthesis and the providing of analysis, the importance of the former was embraced in forseeing further broadening from the accountancy base to more involvement in both strategic planning and in systems architecture relating to information technology advancements (chapter 5 section 5.2). As well as in these specific areas, there would be more advancement into general management despite competition from other disciplines. Success was, however dependent upon acquiring new
capabilities, as businesses would be seeking efficiency in a broad strategic sense in a world where IT would have resulted in modifications to society as a whole. There were seen to be certain over-riding characteristics necessary in addition to IT knowledge and appreciation which in condensed form were:

1) a wider commercial awareness both of the interplay of market opportunity and cost for the business itself in the light of competition, and the strategic significance for the business of such environmental factors as government, trade union, and social change

and

2) a high responsiveness to people with comprehension of their personal concerns and an equally high ability to communicate that responsiveness in a business situation.

For the Institute to build on its present success in attracting an able membership was seen to require the creation of a more positive relationship and interplay between "training and experience", and "education and examinations". The future demands in terms of skill and knowledge requirements would be such that this need would involve a spill-over into post qualifying education, which would take on a new role of increasing significance. This role would relate to the building up of specialist knowledge in areas ranging from network systems architecture to international funds management, which would be grafted on to the professional skill implicit in management accountancy and acquired on the route to membership. Much was stated on how these ends were to be achieved. The membership examination profile which arose was one of in-depth concentration on a limited number of subjects which would be the hall-mark of the qualified management accountant and be taken in the finals. There would be a peripheral set of subjects taken to less depth in the earlier examinations so as to be able to move on to a variety of specialisms in PQE. There was recognition that the essential skills of a management accountant could be acquired in a variety of distinctively different
circumstances, and this led some to think in terms of a trade-off between the peripheral examination subjects to match the training/experience module. The essential capabilities of the newly qualified management accountant were elusive beyond the repeated need for commercial awareness in the widest sense, but certainly included being master of the effective use of information systems and a good grounding in financial management. The emphasis was on the acceptability of variety in the formative stages through experience or training and there being alternatives in the early examinations, with the main focus being on the "hallmark" subjects in final stages. In these final stages there was a requirement for skill being emphasised more than knowledge, and this including an appreciation of strategic issues in the context these are faced by general management. The need for the Institute to progress towards ways of creating a more holistic development of training/experience requirements, membership examinations and PQE was further emphasised in the importance placed on an ability with people relationships and on effective communication.

8.2.3 Input from the Questionnaire

The questionnaire was both issued in Management Accounting and sent as a postal questionnaire to two selected groups assessed as containing many knowledgeable members likely to be opinion leaders within the Institute, and the responses were identifiable on a group basis. These groups were firstly Institute Council and Committee Members and secondly holders of the JDipMA qualification (Chapter 6, section 6.3). Of the former group 34% gave views in the questionnaire and including these with those participating in the interviews there were responses from 60% of those thus actively engaged in Institute affairs. On the latter, those responding as holders of the JDipMA were 18% of all such holders within the Institute. Thus, a substantial coverage was
achieved of opinion leader groupings within the Institute. From the membership generally there was a low response of under 1% of the total 21,000 at 189 members (excluding the members in the two above groups), giving some indication that in making decisions on the future most members would be looking for guidance from the groupings of opinion leaders.

The purpose of the questionnaire was to identify the level of support for the main items derived from the interviews among UK members and study of the history of the Institute. In launching the questionnaire, there was reference to the general impact of powerful IT systems modifying management patterns and that of the support staff serving management. A proposition as to the needs of management accountants and how the Institute might respond was set out in abbreviated form, and covered the issues highlighted in the previous section (8.2.2.). The responses to the questionnaire gave strong support in the following respects, that:

1. there was breadth of opportunity in the fields of general management, information management, and financial management

2. for such management positions there was a potentially increasing challenge from other disciplines

3. new techniques were arising with the spread of IT, outside of accounting

4. substantial effort was needed in the creating of new accounting concepts and practices, embracing and derived from IT

5. the Institute should accept specialist IT experience and training, as contributing to the fulfillment of membership requirements

6. the Institute examinations were already highly commendable and the present standard should be maintained
7. the Institute examinations should move directionally more towards testing comprehension than memory, reinforcing the interview concept of a need for increased "commercial awareness" in the widest sense (the key issue being capability to perform in a commercial environment)

and 8. there was a need to draw training/experience and examinations for membership into a more positive relationship with PQE to cope with needs (after qualifying) for particular specialisations.

On the last point concerning PQE there was indeed strong support for its development even to the extent of considering diplomas, but a significant 17% "no" response suggested this issue would need to be studied in greater depth before the weight of the arguments for and against could be properly assessed.

On some issues the responses received to the questionnaire served to emphasise the difficulty in assessing such future situations. This was displayed by the proportion deciding not to make any response on the issue (rising from a "usual" 3 to 5% up to as high as 20%; Chapter 6, section 6.4.6); the variation in responses between the groups, and the lower number of "yes" responses sometimes exceeded by the number stating "perhaps". Fundamentally, there was a hesitant and mixed response to the general ideas as to how management patterns might directionally develop and within which the management accountant would be operating. There were doubts as to the incidence of training opportunities and this was to be expected since ideas were unclear as to the pattern of management. The related issue of accepting more specialist training and experience activities such as in banking or government found a similar lack of consensus.

The commendable caution over such issues as the future pattern of management served to emphasise the unity across the groups in assessing the future as giving a breadth of opportunity in general management as well as IT, in addition to the scope in financial management; in assessing the competition from a variety of
disciplines; and in recognising that positive action (such as applied and fundamental research) would be necessary to harness IT to the benefit of the accounting discipline in general and the management accountant in particular.

8.2.4 Changing Patterns of Management

After supplementing the analysis of the research with a scan of behavioural literature to cover the impact of social science advancement in relation to the behaviour patterns of management (recognising a major review would be a matter to propose for future research), managers' personal dedication was seen as being dominated by the present at the expense of the future, and regarded as a force for stability and a slowing down of change. Technology would impact on the business and on the environment, however, and would find a ready acceptance including that for changes in the pattern of management control where there was a unifying goal such as seeking efficiency improvements. This absorption of technological impact was seen to owe much to its conduct within the safe atmosphere of existing hierarchical bureaucratic structures. Within this context it was concluded that quite profound changes in the pattern of management could be accommodated. Although various writers had purported to see a dramatic movement away from bureaucratic structures to forms of organisations where there was a free flow of responsibilities in response to every circumstance, the concluding assessment was that such changes would be more of a "hesitant transition". Given this context, such effects as smaller management teams with fewer management levels would be an evolving experience from progress already made by 1981, and staff requirements would be likely to be sustained by the support work needed to both absorb technological change and engender successful organisational modifications. The problem for the individual, therefore, is not that of opportunity to train and perform, but in the changing requirements in terms of personal skill and knowledge for many of the positions to be filled. For the Institute the equivalent problem is not whether there will be many management accountants, but whether new generations of management accountants see the
Institute as relevant to their effective career performance. On this last point the possibility of such a negative situation was underlined by a report (perhaps a straw in the wind, as coming from a different culture) from the USA in 1983 (1) which described typical management accountants as college graduates who majored in accounting, do not hold a professional qualification by examination and:

"do not think that these certificates are important in their profession".

8.3 An overview of the future for the management accountant

With management accountancy a recognised profession in many countries and Institute membership spread widely across the world, there must be some brief relating of the research to the global scene, even though the research itself has focussed on the UK. The most positive world factor is population growth. By 1975 world population had reached 4 billion, after growing at an unprecedented rate over the previous 45 years from 2 billion in 1930. In the short term it is expected to exceed 5.5 billion, and could reach 6 billion by the year 2000 (2). This has tremendous implications for the continual development and sharing of natural resources. It suggests a huge learning process with improved efficiency becoming even more of a necessity in a whole variety of communities. Both the cross-discipline skills and the emphasis on higher economy, efficiency and effectiveness which characterise management accountancy should be in high demand, as the increasing world population seeks to share the limited resources of a finite world. Another effect may be the further movement of industrial processes to new locations. In analysing the post-1945 experience in North West Europe to 1965 against the specific experience of the UK, Lipton observed (3):

"The main and striking feature of post-1945 experience in North West Europe is the migration, on a scale without historical parallel, of agricultural workers and their families into the towns..... France, West Germany and Italy have enjoyed an annual transfer of some 1 percent of working force from agriculture into more productive sectors of the economy..... The UK now lacks this flow of workers, because it has
already flowed..... This (mobility of labour) is not the only explanation of the relatively slow British growth performance, but it is the most important".

As demonstrated in the Institute history (Chapter 3, section 3.4.1 et al) there was post-1945 great activity in the promotion of more efficient UK management, and it was a time of rapid development for the Institute. Whatever was achieved did not balance the inherent advantages of European competition described by Lipton. More recent changes in international competitiveness may be seen in British terms as (4):

"Britain's share of world trade has declined from 15.1 per cent in 1963 to 8.5 per cent in 1982..... In 1965 the UK ranked above France, Italy and Japan, in real gross domestic product per head..... By 1977 both France and Japan had overtaken the UK....."

and in solution (stated Sir Kenneth Corfield)

"Education I have long held to be the key to future wealth creation..... My first aim, therefore, is to stimulate the reassessment of our general education..... The ability to be trained and retrain, a pattern intrinsic to careers today, increasingly depends on the length and levels of initial educational attainment, and access to continuous education and training".

Yet the tremendous forces of population patterns continue to work through the economies of the world, so that a recent observer writing on Japan said (5):

"the country's early spurt for growth under the astonishingly successful 'income doubling plan' of the 1960s owed much to cheap labour and substantial government support. Now the same factors are being used by its neighbours to achieve similar successes in steel, shipbuilding, and basic consumer electronics. Yesterday, Japan, today South Korea or Taiwan, tomorrow China".

Whatever educational or other improvements are achieved many industrial opportunities (perhaps most) may well follow the inexorable pattern of world development.

- 353 -
It would seem that for the individual management accountant skill in the profession may well create the range of opportunities in general management, in information systems management and in financial management voiced in the interviews (Chapter 5, section 5.3.2) and supported in the responses to the questionnaire (Chapter 6, section 6.4.1). However, to reap the benefit of those skills may mean embracing opportunities in many parts of the world. Further, such may be the variety of situations that the ability to assimilate new knowledge later may be an increasingly more important attribute than knowledge assimilated at the time of qualification (later specialisms, as in Chapter 6, section 6.4.5). Probably the multi-discipline base established by the Institute in 1919 holds the key to future progress, with which disciplines to embrace in depth being selected by the individual. Along with this, the capability to train or retrain at different stages in a career might be of special significance. A useful description of the magnitude of change required in accounting generally was given at the Fifth International Conference on Accounting Education (6):

"Historically accounting has been inductive and technically oriented. However, a greater realisation has emerged that the discipline serves an effective function in the economic framework. Accounting has taken on a scientific approach, involving a deductive-normative methodology. Instead of accounting being merely quantitatively and procedurally accurate and objective, the stress is now on relevance and reliability of information for economic analysis and decision making. Accounting is developing in a multidisciplinary direction, based on micro and macro economic structures and processes; this has major implications for the required measurement and reporting methodology, and the teaching of accounting in an international context".

Yet there also exists the need to keep abreast of progress by engineers and scientists who (at least as firmly as economists) were identified as important competitors to management accountants (Chapter 6, section 6.4.1). For general management positions in the UK a recent survey assessed (7):

"The chief executive in 1984 is likely to come from a much wider variety of disciplines than his peer in 1974. A financial background is no longer
deemed crucial to the man at the top..... The man who rises to the top in 1984 has gained his experience with several different companies and in a number of different disciplines".

Again, in the development of IT, data processing professionals aspire to posts relating to the control of information systems (8):

"They will design and engineer the networks and establish the standards for communications. They will monitor the network performance and provide cost statements, but the users themselves will be far more in control of the use of local resources and will have unhindered access to their own data".

This may be work many management accountants would willingly leave to others, but such experience could result in achieving information system management positions identified in the research as a goal for ambitious management accountants (Chapter 5, section 5.3.4).

For the management accountant as an individual then, there is a need to achieve in training, experience and education both a skill to perform and an ability to continue later to absorb new knowledge, and possibly new skills. The close intimacy with the fortunes of business management mean that both the management accountant and the business management face the same problem of achieving the requisite variety of skills and knowledge to identify and give success in the real environment. As Stafford Beer observed:

"variety is the very stuff and substance of modern management in a newly complicated milieu, just as physical matter was the stuff and substance with which our forefathers had to wrestle."

The placing, in a cybernetic view of management, of variety at the centre of management was an early expression of information technology capabilities being all pervading. An appreciation of IT potential must be a fundamental capability of all management accountants to achieve success against the competitive capabilities being displayed by other disciplines.
8.4 Conclusions for the Institute

The challenges to the individual expressed above appear very different when considered as an environment for the Institute. Placed with a total of over 22,000 members and some 5,000 of these spread across the world (outside of the UK and Ireland), the Institute can view the burgeoning world population and major shifts in world economic patterns as reinforcing the demand for its well tried membership capabilities resting on the continuing importance of promoting improvements in efficiency. The aspirations of the more able members may be subject to increasing competition, but competition must flow with the volume of opportunities and suggests success in members penetrating more areas. The research on organisation suggests a fundamental stability (Chapter 7 section 7.5) in terms of patterns of management, partly so as to retain confidence and cohesion while embracing new technology. Hence, provided the Institute can, in its turn, accommodate the new technology within its membership structure then the present stance should prove viable for a very long period. However, the Institute is bound to look well ahead to fulfil its implicit commitment to those it accepts on to the student register, and those currently number over 40,000. Looking for possible discontinuities which could cause the Institute difficulties and necessitate abrupt change, IT again shows as the necessary area to examine. For example, changes in banking and insurance with the rapid introduction of new technology "cutting the job creation role" (10) may well spread as banks and the retail trade move towards each other and implement electronic funds transfer at point of sale (EFTPOS) as at present spreading more extensively in continental European countries such as Norway (11). This is among the technologically induced changes which make current accounting methods seem increasingly outmoded, and suggest the need for actively researched alternative accounting methods. Sudden urgency would arise if a new conceptual framework and apposite operating procedures were to arise outside of accountancy and acceptable to the financial community! The care and attention necessary to the impact of IT stands out, therefore, on both the count of being an essential future element of management accounting, and on the count of where might lay hidden dangers. With such a well identified area available the Institute should both itself progress and stimulate research by others covering features such as:

- 356 -
1. The multidiscipline aspects of management accounting in relation to IT, eg its combination with economics; its significance to the implementation of technological advance; its relationship to operational research.

2. What new conceptual framework and operating procedures could arise (a) inside accounting and (b) outside of accounting which would match better with anticipated developments in IT.

3. What changes are likely in the society's (ie the social) expectations from (a) accounting and (b) financial institutions as IT progresses.

4. What types of people are successfully filling the posts identified as suitable for management accountants, and how could they be most effectively recruited into the Institute.

5. What will be the impact of technological change on training opportunities.

6. Changing patterns of management.

The above research suggestions would be part of a protective mechanism for the Institute, to seek out early signs of a major change. Therefore, once a more debated and refined list were achieved such research could usefully become a periodic feature of Institute promoted research. Such work would require funding on a substantial scale, but should find support from among the opinion leaders in the membership and could be an important contributor to the visibility and stance of the Institute and prestige of its members in the professional market place. This need for visibility was emphasised by various respondents in the interviews (Chapter 5 section 5.3.1). Alongside this greater prominence to research the Institute could be implementing various changes on the lines indicated by the research, in an evolutionary manner. The following sections draw together views formulated from the research as a whole, as to how the Institute could progress and in particular what steps might be taken to further embrace IT into management accounting.
8.4.1 Institute membership training and experience requirements

Some 80% of new members rely on work experience when applying for membership, rather than having progressed through a recognised training scheme. Experience accepted post the event may be superior to training in encompassing more than training could accommodate, but it gains acceptance from the standard setting of the more specifically controlled training schemes. The training schemes therefore represent desirable modules which set a standard, and this is a most important role. To further embrace IT into the requirements therefore could usefully be progressed by discussing new training modules with companies currently updating Institute approved training schemes. The object would be to determine how far experience with IT outside of accounting departments could fulfil the training objectives. This knowledge could then be used to formulate criteria for further acceptance of IT experience. (Chapter 5 section 5.2.5 and Chapter 6 section 6.4.3). The other aspect to training and experience was how it could be brought together with education, membership examinations and PQE into a holistic approach which would particularly inculcate commercial awareness both of the business and concerning the business environment. Commercial awareness is an aspect where experience has the advantage over training but the capabilities obtained through experience may not be among the criteria of the Institute in its membership requirements, so that the capabilities are fortuitous. The most substantial proposal (Chapter 5.3.9) was that there should be a closer relationship between individual training or experience and the examinations taken. Since the variety of experience accepted could hardly be withdrawn, and indeed the need appears to be to widen the variety to more effectively embrace IT, the proposition becomes one to modify the examinations or the allowable exemptions.

8.4.2 Institute membership education and examination requirements

Main concerns expressed over examinations were to achieve a more holistic approach with training, to inculcate commercial
awareness, and to evaluate skill more than knowledge in the examinations. Out of the need for practicality, this was accompanied by proposals for some in-depth specialisms to be dealt with through PQE. There was also the constantly present concern to embrace IT. Drawing these objectives together, a rational way forward which commends itself from the finding of the research (Chapter 5 section 5.5 and Chapter 6 section 6.6) would be to bring together the following elements.

8.4.2.1 **Skill above knowledge**

The Institute Student's Guide 1984 already states (12):

"The purpose of the Examination is to test the student's ability to apply his knowledge to the solution of practical problems, and to assess his skill in interpretation and communication."

Therefore, the call to test comprehension (the ability of practical application) more than memory would be answered by proceeding further along a road in which progress has already been established. Permission for students to take text books into a progressively increased proportion of the subjects taken, could be accompanied by a change in the style of question. This would obviously reduce the memory content, but it would need to be established that it was then possible to better test comprehension. Another aspect in relation to admission of text books is the importance of the progress of the Institute as an international body, though specifically UK based. This suggests that subjects such as tax and law which in the present syllabus relate essentially to UK practices should be early candidates for the admission of text books. By so doing the emphasis could move more to comprehension of principles in an international context with the UK knowledge being a text book vehicle, and most questions relating to the UK. It would also relate closer to business practice where from a comprehension of principles a first look is taken prior to passing the situation to specialists.
Skill also directly relates to the concept of commercial awareness, in both an operational business sense and in relation to appreciation of the environment in which business operates. This might call for more dramatic action, such as devoting a whole paper to a case study.

8.4.2.2 Commercial awareness

Commercial awareness in the broadest sense was a key issue in the minds of many participants in the research. This drew together the importance of confidence in people relationships through a sympathetic awareness of the needs of others, and the necessity to combine training or experience with the examinations in such a way as to encompass the feeling for commerce and people that should be part of the makeup of a successful management accountant. As already premised (section 8.4.1), the benefits of accepting variety in training and experience lead to the conclusion that the main change to present practices would fall on the examinations. A possible route forward could arise from the present definition of the examinations consisting of "Core Subjects" from which there are no exemptions (currently part 3), and the remaining subjects from which exemptions can be obtained. The change would be to designate alternative patterns of subjects (other than core) which would be acceptable against different patterns of training or experience. This would be possible by allowing new exemptions by arranging groups of subjects within which a range of combinations would be acceptable. The principle would be that the "core subjects" examinations would designate the management accountant; by proving his ability to synthesise as well as analyse in a managerial/commercial environment, and that he had the requisite variety of knowledge to perform effectively. All other subjects could range from awareness of the subject through to knowledge in depth according to appropriateness against the pattern of experience. The objective of this change would be to create a number of combinations of examinations and experience which would make success dependent upon achieving a high level of skills in the performance of management accounting; and to bring into the Institute those who were moving into the
various posts within the general designation "Management Accounting" through abilities giving success in the future IT environment. At least, the objective would be not to keep them out through a fixed pattern of examinations. Once again, discussions with selected companies operating an Institute approved training scheme could be useful at an early stage, and this might be coupled with investigation as to practices in other professions with a high proportion of members qualifying by experience.

8.4.2.3 Core Subjects

In a sense the one core subject would be management accounting in an IT environment, with the core subject plus the training and experience requirements ensuring commercial awareness. It would seem appropriate to commence with the present part 3 subjects of Management Accounting, Financial Management, and Corporate Planning and Control and see in what different ways these could be brought together. In the end, the subjects must be capable of being taught and of being fairly examined. It could be that more aspects could be subject to exemption, on review (in a new light) of the related examinations available. The subject was dealt with at "surface" level in the research, and considerable study in depth would be necessary. For example, there would seem more merit in embracing IT in this core, than making selected aspects of IT compulsory. The "core" examination should emerge as one the good graduate would be proud to take.

8.4.2.4 Post Qualifying Education

The various examination changes outlined above would go some way towards capturing the increasing variety of business circumstances and continuing the established special professionalism of the management accountant. They do put a new burden on to PQE of facilitating indepth knowledge of subjects valuable to many management accountants, but not essential to the discipline in that depth of knowledge. Thus while the membership
examinations would be skill based, PQE would be predominantly knowledge based. Identifying diploma examinations held by others for recommendation to members would seem a first appropriate step, followed by linking Institute PQE courses to specialist papers where appropriate. In many instances the knowledge would be important, and not its examination. This would mean that PQE developed from its present considerable base might suffice for many members.

8.4.2.5 Education Summary

Institute education requirements at the present time have proved highly appropriate for their purpose. Any change is an assessment of future needs and contains an element of risk. Springing from the very foundations of the Institute is a voice from the past emphasising the importance of the multi-discipline aspects of management accounting; the forward looking, bringing together of disparate information to create new ideas which lead to improvements in efficiency in the widest sense. This is shown by the various probings made in the research to be an appropriate starting point in looking forward now, when there has in the more recent past been an increasing concentration in accountancy as such. Synthesis may now relate to the use of data bases inside and outside the business, and multi-discipline may now need to take account of the variety of operation (in industry, commerce and government; and in many parts of the world) in which members are engaged, but the principles remain the same. Cautious but determined progress step by step to apply these principles while embracing IT is the proposed forward path for the Institute, as portrayed in this research. There is time to meet most eventualities, provided those most likely to succeed as management accountants in the IT future are identified and admitted into the Institute; not kept out by rigidities which once proclaimed the professionalism of the Institute according to the mores of earlier times and have long ago served their purpose.
8.4.3 Supportive Research

Research suggestions for the Institute were covered earlier in this chapter (section 8.4), but certain additional studies would suitably follow up the present research. From the many possibilities the following are chosen as of particular merit:

1. A study as to the integration of information requirements (from product costing onwards) into operational equipment such as robots and point of sale terminals, and its potential effects on accounting technology

2. A study as to the introduction of intelligent knowledge based systems (expert systems etc) in all professions (eg as already being applied to medical diagnostics) and its implications for accounting technology

3. A study as to aspects of "risk aversion" in commercial enterprises and its implications for future patterns of management.

4. A study repeated every 3 years (say) as to the skills and knowledge found most acceptable to employers generally (but multi-nationals perhaps in particular as trend leaders) for the positions shown as being filled currently by the successful members, so as to ensure these skills are noted by the Institute.

5. A study as to educational developments in general and among Institutions of Higher Education in particular, so as to take early advantage of changes which could assist the Institute in its own progress (eg distance learning).

Each of these, it is suggested, could be in the form of well documented research projects and be considered for publication, as an enhancement to the public image of the Institute.
Chapter Summary

The Institute Research and Technical Committee aimed to explore the future of the management accountant in both its technical and philosophical aspects, by an examination of the likely pattern of relationships with others in business management and the work-force. This project focussed upon the management accountants' participation in decision making within UK industrial and commercial organisations. The definition of management accountancy contained in the Institute 1982 terminology (Appendix I) was adopted. By a review of the history of the Institute from its foundation in 1919, together with interviewing of members working in industry and commerce (who were often active in Institute affairs) as to their present involvement in business decision making, a factual foundation was built up from which to consider the future. The object of the investigation as to the future extended beyond contemplating how management accountancy may change, to consideration as to how Institute policy might best develop in terms of education, training and recruitment. All these aspects were explored in the series of interviews referred to above, and the findings from these were exposed more widely to obtain further input. In particular, a questionnaire was published in "Management Accounting" with further copies of the questionnaire being posted to Institute Council and Committee Members, and to Members of the JDipMA Chapter. The analysis from these expressions of opinion as to the future was studied along with the factual base described above, the whole having been supplemented by the drawing up of a view as to changing patterns of management so as to provide a general context.

For the individual management accountant it was concluded that skill in the profession would continue to create a range of opportunities in general management, in information systems management and in financial management. The opportunities would be world wide and it would be advantageous to possess abilities beyond finance and accountancy, much in the tradition of the multi-disciplined basis established by the Institute in 1919. Which disciplines to embrace would be a matter for the individual for, while there was often a need to keep abreast of progress by economists, engineers, and scientists, an appreciation of information technology potential must be a fundamental capability of all management
accountants to achieve success against the competitive capabilities being displayed by other disciplines.

For the Institute the major challenge was seen as accommodating new information technology (IT) within its membership structure. Provided this were accomplished, the emphasis on efficiency and effectiveness in all its aspects as now adapted into strategic management accounting should give the Institute a viable stance for a very long time. The Institute would need a protective mechanism so as to seek out early signs of major change, particularly should hidden dangers arise from new developments in information technology. For this reason, as well as research being fundamental to its expressed purpose in the Royal Charter, suitable areas for research were listed as:

1) The multi-discipline aspects of management accounting

2) New conceptual frameworks and operating procedures arising from anticipated developments in information technology.

3) Changing social expectations and the effects on financial services.

4) The changing profile of individuals filling general management, information systems management, and financial management positions.

5) Qualitative and quantitative changes in training opportunities for management accountants.

6) Changing patterns of management.

Further research needs were identified as follows. To study:

a) the capability of operational equipment to collect and structure (analyse) information, eg robots or point of sale terminals,

b) the potential impact and actual progress with intelligent knowledge based systems (expert systems etc),

c) the spread of "risk aversion" as an aspect of management,
d) specific skills and knowledge required by employers of management accountants,

e) an appraisal of educational change.

Action by the Institute to change its present membership requirements and other related actions were viewed as best being cautious but determined. The forward looking multi-discipline aspects of management accounting would remain unchanged, even though synthesis may now relate to the use of data bases inside and outside the business in a new information technology environment. Starting from the point that the object of the training and examination requirements was to produce successful membership applications from professionally well rounded individuals wholly suited to be management accountants, the proposition arose that with the increasing variety of positions judged appropriate to Institute members and taking account of the impact of Information technology, there should be the requisite variety in the ways of fulfilling the requirements for membership to match this situation. Study of the examinations and the approved training schemes suggested that the taking in full of all levels of the Institute examinations could be viewed as matching with progression through a model training scheme. Yet 80% of all new members did not progress through a registered training scheme at all, and submitted accumulated experience to fulfil membership requirements. From these observations on examinations and training came the proposal that experience/training and examinations could be viewed as a package to create the necessary well-rounded professional suitable for membership. To proceed with the implementation of this proposal the Institute would need to:

1) Define its standard requirements for membership in terms of the present examination plus a model training plan derived from currently accepted training schemes.

2) Investigate how to allow complementary exemptions from parts of both the examinations and the model training plan by accepting substituted examination subjects where these rationally relate to specific experience. (For example, someone with information
systems educational attainments and experience might be exempted from, say, Professional Part I without a match of subjects.)

This more holistic approach to examinations and training was linked with a desire to ensure high commercial awareness so that the emphasis was on skill in practical application, rather than knowledge as such. The range of knowledge desirable in the variety of positions held by Institute members was seen as only really achievable to a satisfactory depth by specialisms being studied further after qualifying. (In effect training and retraining according to career progression.) To proceed with the implementation of this proposal the Institute would need to:

1) Find ways of reducing the knowledge requirements at examinations, such as by admitting the use of text books in examinations. It was suggested that this be tried for tax and law.

2) Find ways of bringing into the examinations the concept of commercial awareness, both in the operational business sense and in appreciation of the business environment, such as devoting a whole paper to a case study.

3) Extend post-qualifying education (PQE) assistance to members by advising on and drawing attention to suitable examinations available from various bodies to give in-depth specialist knowledge; and linking Institute PQE courses to specialist examinations where an encouraging response was received from members.

Finally and to embrace the various Institute purposes indicated above, there would need to be core subjects from which, in both the context of examinations and that of experience/training, there would be no exemptions.

Eventually, the one core subject might be described as management accounting in an it environment. It could commence by being the present final examination subjects of Management Accounting, Financial Management, and Corporate Planning and Control and different ways could be studied of bringing them together. The "core" examination should emerge as one the good graduate would be proud to take.
CHAPTER 8 REFERENCES


- 368 -

Appendices

1 Definitions of Management Accounting
2 Interview format: Oct 1981 and Apr 1982
3 Design of Interview Questions
4 "Future Relationships": article July 1982
5 Early examination papers: Workshop knowledge and mechanical knowledge
6 Elected Council 1923
7 Linking of Examination subjects 1976
8 New Year competition: Jan 1983
9 "Future Prospects for Management Accountants": June 1983
10 Questionnaire Responses: Nov 1983
11 Business Inventory
12 Monitoring Responsibility
13 Examination Syllabi for general reference
MANAGEMENT ACCOUNTANCY

The profession whose members practise management accounting and the complex of principles, techniques and methods by means of which their expertise is put into effect.

1. FUNCTIONS

1.1 Management accounting

The application of professional knowledge and skill in the preparation and presentation of accounting information in such a way as to assist management in the formulation of policies and in the planning and control of the operations of the undertaking.

1.2 Cost accounting

The application of accounting and costing principles, methods and techniques in the ascertainment of costs and the analysis of savings and/or excesses as compared with previous experience or with standards.

1.3 Costing

The ascertainment of costs.

1.4 Cost audit

The verification of cost records and accounts and a check on the adherence to the prescribed cost accounting procedures and the continuing relevance of such procedures.

- 370 -
The profession whose members practise financial accounting, and the
complex of principles, techniques and methods by means of which
their expertise is put into effect.

6. FUNCTIONS

6.1 Financial accounting

The analysis, classification and recording of financial
transactions and the ascertainment of how such
transactions affect the performance and financial
position of a business.

6.2 Book-keeping

The analysis, classification and recording of financial
transactions in books of account.

6.3 Financial audit

A periodic examination of the books and records of a
business, carried out by a third party (the auditor), to
ensure that they have been properly maintained.

Upon satisfactory completion of an audit a signed
declaration is made to that effect.
The provision of information required by management for such purposes as:
1. formulation of policies
2. planning and controlling the activities of the enterprise,
3. decision taking on alternative courses of action,
4. disclosure to those external to the entity (shareholders and others),
5. disclosure to employees,
6. safeguarding assets.

The above involves participation in management to ensure that there is effective:
(a) formulation of plans to meet objectives (long term planning),
(b) formulation of short term operation plans (budgeting/profit planning),
(c) recording of actual transactions (financial accounting and cost accounting),
(d) corrective action to bring future actual transactions into line (financial control),
(e) obtaining and controlling finance (treasurership). See figure 1.4,
(f) reviewing and reporting on systems and operations (internal audit, management audit).
APPENDIX 2

ICMA RESEARCH PROJECT:

FUTURE RELATIONSHIPS BETWEEN THE MANAGEMENT ACCOUNTANT AND OTHER MEMBERS OF THE ENTERPRISE

DISCUSSION FORMAT

1 The Management Accountant as "numerate adviser" to decision makers.

2 Assembly of fact essential to turn opinion into rational argument.

3 Fact of an actual "major" decision and part played by the management accountant.

Including:

- extent worked from financial records
- use of special studies
- use of special techniques.

4 Other advisers involved (if any) and the part they played eg a) economists

b) people affected by implementation.

5 What the decision was and its content ie size of business operation/factory etc.

6 Decision implementation phase covering:

- involvement of management accountant
- involvement of other advisers.

7 After implementation - plans for post evaluation.

8 Views with particular reference to involvement in decision making on:

a) present status and work of management accountants

b) future prospects and change envisaged over next ten years

c) the key issues in the training of management accountants over the next five years.

CWS/pw

7 October 1981

- 373 -
FUTURE RELATIONSHIPS BETWEEN THE MANAGEMENT ACCOUNTANT AND OTHER MEMBERS OF THE ENTERPRISE

ICMA RESEARCH PROJECT: DISCUSSION FORMAT

PROJECT

This project is to assemble facts about the management accountant as "numerate adviser" to decision makers as a basis for developing a rational argument concerning future prospects and key training issues in the context of "Future relationships between the management accountant and other members of the enterprise".

PRESENT STATUS AND WORK

1 Name and Title

2 View of status in relation to operating manager(s):

   State Titles ...........
   a) acceptance high : medium : low
   b) communication daily : weekly : monthly
   c) technical equality given yes : spasmodic : no.

3 Present work in relation to major decision making:

   always : mostly : sometimes
   a) involvement generally
   b) specific involvement in:
       capital equipment procurement
       acquisition of new businesses
       business disposals
       introducing new technology
       wage bargaining
       site closures (or part)
       reduction of scale of operations
       OTHER (state)

4 From (3) above choose TWO specific major decision situations and list below:
   1) ........
   2) ........

   contribution through:
   financial accounting records
   other records (state)
   .............
   special studies (describe)
   .............
   special techniques (describe)
   .............

   totally : mainly : little

/contd .....
Other advisers involved in the TWO decisions in (4) above:

Economists
Employees affected
Other (state)

heavily: moderately: slightly

Describe the TWO decisions and the context:

1) ............

2) ............

State plans for post evaluation

FUTURE PROSPECTS OVER 10 YEARS

1) The work of the management accountant will change: greatly: little
2) It will become more interpretive and less numerate analysis ........
3) Aided by computers, less numerate advisers such as personnel staff will undertake more of the analysis/interpretive work yes: no
4) State other views ........

KEY TRAINING ISSUES IN THE FUTURE

1) Present training is fully adequate and no change is required yes: no
2) New subjects should be introduced, state ..... 

3) Evaluate the following:

Circumstances are so changing that new skills and knowledge are required by the management accountant as his career progresses, to a much greater extent than previously. To meet this situation with economy of time and effort requires a new approach to training and examinations. The initial qualifying examinations should be reduced to the minimum commensurate with carrying out the "normal" of a management accountant. Every five years a further examination stage would be taken until four such additional examinations had been passed. Failure to pass one of these later stages would result in a doubling of subscription rate and a lower classification until the position was rectified.

--- DO ---

CWB/pw 9 October 1981

- 375 -
FUTURE RELATIONSHIPS BETWEEN THE MANAGEMENT ACCOUNTANT AND OTHER MEMBERS OF THE ENTERPRISE

ICMA RESEARCH PROJECT: DISCUSSION FORMAT

PROJECT

This project is to assemble facts about the management accountant as "numerate adviser" to decision makers as a basis for developing a rational argument concerning future prospects and key training issues in the context of "Future relationships between the management accountant and other members of the enterprise".

NOTE This form is the basis for a one hour discussion, and should be studied beforehand. You may find it useful to write-in preliminary answers/views in advance of the discussion. The use throughout this form of such words as "major" or "values" should be taken in the context of your specific position and the scope of the commercial/industrial unit in which you work.

FORMAT

There are four sections to the attached form.

The first section identifies your present business situation and current involvement in "decision situations". This section should be as detailed as is practicable, because it is the facts assembled from a series of replies to this section which creates the basis for both the discussions and the consequent research analysis.

Section B and the further sections which follow are then concerned with opinion. They relate to the first section in that the intention of the research is to use the facts assembled as giving a good "present day" basis from which to develop opinions as to the future. Section B is concerned with future prospects for the management accountant in terms of both the extent to which he will penetrate new areas or be pushed aside by other professions, and the way in which his work content may change. The questions are introductory to the observations you may care to make.

Section C asks for ideas as to the key training issues for management accountants, and how these might be approached. Again, the questions are introductory to the propositions you would favour.

Finally, there is an opportunity to summarise in a brief paragraph your overall view.
FUTURE RELATIONSHIPS BETWEEN THE MANAGEMENT ACCOUNTANT AND OTHER MEMBERS OF THE ENTERPRISE

A. PRESENT POSITION AND WORK

1. Division/Company ........

2. Name and Title .........
   Age:  Below 25  25-35  35-45  45+

   Reports to: ...........

3. View of accountant status in relation to operating managers:
   This primarily concerns the relationships with "profit responsible" managers at those levels usually contacted. In addition a note may be made of relationships with other managers.

   State Titles .................
   a) acceptance ............... high : medium : low
   b) communication ............ daily : weekly : monthly
   c) your knowledge of the industry valued ..... yes : spasmodic : no

   Observations:

4. Present work in relation to "major" decision making:

   a) involvement generally
   b) specific involvement in:

   capital equipment procurement
   acquisition of new businesses
   business disposals
   introducing new technology
   wage bargaining
   site closures (or part)
   reduction of scale of operations
   product marketing
   product pricing
   OTHER (state)

5. From (4) above choose TWO specific major decision situations:

   1) ..........................
   2) ..........................

6. State the extent to which financial accounting records and other records were used. List any special studies, and special techniques used in evaluating the situations in (5) above; describe as necessary on a separate sheet.
7. Other advisers involved in the TWO decisions were:

Business school graduates ___; economists ___; corporate planners ___; employees affected ___; others (state) ...........

Discuss any major involvement of the above ......

8. Describe the TWO decisions rationale and the context:

9. State plans for post evaluation, and views on its desirability:

B. FUTURE PROSPECTS OVER 10 YEARS

The work of the management accountant will change:

It will become more interpretive, and less numerate analysis as computer aids increase

Aided by computers, less numerate advisers eg personnel staff, will undertake the work

State further views on future prospects ......

C. KEY TRAINING ISSUES IN THE FUTURE

Present education should change greatly/little

Present training should change greatly/little

The above views are held because there should be:

a) changed objectives such as ........

b) changed needs such as ...............

c) review of syllabus deficiencies such as ........

d) new areas covered such as ............

e) other new thinking such as ............

Which, if any, of the following statements would you support:

a) circumstances are so changing that new skills and knowledge are required by the management accountant as his career progresses, to a much greater extent than previously ............

b) to meet this situation with economy of time and effort requires a new approach to training and examinations ............

c) the initial qualifying examinations should be reduced to the minimum commensurate with carrying out the "normal work" .......

d) every five years a further examination stage would be taken until four such additional examinations have been passed ............

e) failure to pass one of these later stages would result in a personal professional penalty, eg. declassification .......

D. SUMMARISE

Please now give your overall view with reasons ...........

---o0o---

CWB/pw 22 October 1981
CONFIDENTIAL

ICMA RESEARCH PROJECT

FUTURE RELATIONSHIPS BETWEEN THE MANAGEMENT ACCOUNTANT AND
OTHER MEMBERS OF THE ENTERPRISE

DISCUSSION FORMAT: addressed to those kindly agreeing to be interviewed.

PROJECT

This project is to identify the likely future relationships between the management accountant and other members of the enterprise, and analyse the implications.

A major part of the project is to assemble facts about the work of the management accountant as "numerate adviser" to decision makers and to use this as a basis for developing a rational argument concerning future prospects, and identifying key training issues. The overall project is planned for completion in October 1983.

FORM

This form is the basis for a one hour discussion, and should be studied beforehand. You may find it useful to write-in preliminary answers/views in advance of the discussion. The use throughout this form of such words as "major" or "values" should be taken in the context of your specific position and the scope of the commercial/industrial/government unit in which you work.

During the person to person discussion the interviewer will take notes using this form. At the completion of the discussion it is suggested you read and agree the notes, keeping a copy for future reference.

FORMAT

There are four sections to the form.

Section A identifies your present business situation and current involvement in "decision situations". This section should be as detailed as is practicable, because it is the facts assembled from a series of replies to this section which creates the basis for both the discussions and the consequent research analysis.

Section B is concerned with future prospects for the management accountant in terms of both the extent to which he will penetrate new areas or be pushed aside by other professions, and the way in which his work content may change. The questions are introductory to the observations you may care to make.

Section C asks for ideas as to the key training issues for management accountants, and how these might be approached. Again, the questions are introductory to the propositions you would favour.

Finally there is an opportunity to summarise in a brief paragraph your overall view.
FUTURE RELATIONSHIPS BETWEEN THE MANAGEMENT ACCOUNTANT AND
OTHER MEMBERS OF THE ENTERPRISE

A. PRESENT POSITION AND WORK

1. Company/Ultimate Holding Company ........................................

2. a) Division/Company .................................................................
b) Industrial or other classification ............................................
c) REVENUE £Million: Below 1: 1-4: 4-10: 10-50: 50-100: 100-200: Above 200:

3. a) Name .....................................................................................
b) Title .........................................................................................
c) Qualifications ...........................................................................
d) Address .....................................................................................
.................................................................................................
e) Age: Below 25: 25-35: 35-45: 45+ ........................................................
f) Reports to: ..................................................................................
g) Years in Company/Group: Below 2: 2-5: 5-10: Above 10:
h) Years in industry/vocation: Below 2: 2-5: 5-10: Above 10:

4. a) View of accountant status in the organisation in relation
to the status of an equivalent level operating manager.
(Name one) ...................................................................................... Higher ......
Same ......: Lower ......: Observations ........................................
b) State Typical Titles of operating managers at equivalent
level ..............................................................................................
c) If levels with which the accountant is usually in contact
is different to the above state: Higher ......: Lower ......:
Titles of main contacts ............................................................
d) communication daily: weekly: monthly
e) acceptance into discussion on and resolution of problems:
high: medium: low
f) your knowledge
of the industry valued in addition)yes: spasmodic: no
to accounting skills )

- 380 -
General observations on organisation:

5. Present work in relation to "major" decision making for the unit in which engaged:
   a) Participates in decision making: always ......: usually ......: sometimes ......
   b) Gives analysis and advice direct to decision makers:
      always ......: usually ......: sometimes ......
   c) Generates calculations and basic analysis for those involved:
      always ......: usually ......: sometimes ......

<table>
<thead>
<tr>
<th>Areas of specific involvement</th>
<th>always</th>
<th>usually</th>
<th>sometimes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) capital equipment procurement</td>
<td></td>
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<tr>
<td>11) acquisition of new businesses</td>
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<td>111) business disposals</td>
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<td>iv) introducing new technology</td>
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<td>v) wage bargaining</td>
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<td>vi) site closures (or part)</td>
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<td>vii) reduction of scale of operations</td>
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<td>viii) product marketing</td>
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<tr>
<td>ix) product pricing</td>
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<tr>
<td>x) OTHER (state)</td>
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</tbody>
</table>

6. Choose TWO specific major decision situations where you have been involved in the last two years and describe below:

   1 ................................................................

   2 ................................................................

Note: Please reference your selection against 5 d) 1 to x.
7. a) List any techniques and describe any special studies used in evaluating the situations in (6).

b) Describe any significant use made of operating records in the situations described: (i) Use of accounting records:

(ii) Use made of other records

8. a) State the extent to which the decisions in (6), were made with reliance on accounting advise:

6(1) Exclusive reliance: Heavy reliance: Moderate reliance: Small reliance:

6(2) Exclusive reliance: Heavy reliance: Moderate reliance: Small reliance:

b) Particularly where there was moderate or small accounting reliance other advisers may have been involved:

State denoting 6(1) or 6(2) below:

Other advisers involved in the TWO decisions

Business school graduates: economists: workers: corporate planners: other (state)

Discuss how any of the above were particularly involved, and state if their input was more significant than the accounting input.
9. a) Describe for each of the TWO decisions the general situation in which it arose:

b) If applicable, state any plans for post evaluation of the results from the decisions cited in 6.

c) Give views on the general applicability and desirability of post evaluation.

10. "Shop floor" relationships are of special interest since in some ways they epitomise the practical bias of the management accountant. The people who work on the shop floor are in some circumstances important decision makers, either directly or indirectly.

a) State extent of shop floor contact:
   Daily ......: Weekly ......: Monthly ......: Rarely ......

b) Describe any decision situations in which you have been involved, and the shop floor importance.

c) Express a view as to the future significance of shop floor participation in decisions.
B. FUTURE PROSPECTS OVER 10 YEARS

1. The work of the management accountant will change: 
   \[
   \begin{array}{c|c|c}
   \text{Greatly} & \text{Little} \\
   \hline
   \text{ } & \text{ } \\
   \end{array}
   \]

2. It will become more interpretive. 
   \[
   \begin{array}{c|c|c}
   \text{Greatly} & \text{Little} \\
   \hline
   \text{ } & \text{ } \\
   \end{array}
   \]

3. Aided by computers, less numerate advisers will undertake the work e.g. marketers, personnel, lawyers. 
   \[
   \begin{array}{c|c|c}
   \text{Greatly} & \text{Little} \\
   \hline
   \text{ } & \text{ } \\
   \end{array}
   \]

4. a) State reasons for above opinions.
   b) Include views on:
      i) impact of computer hardware and software developments;
      ii) behavioural aspects and need for changing personal approach to people at work.

C. KEY TRAINING ISSUES IN THE FUTURE

1. Present education for Institute examinations should change 
   \[
   \begin{array}{c|c|c}
   \text{Greatly} & \text{Little} \\
   \hline
   \text{ } & \text{ } \\
   \end{array}
   \]

2. Present on the job training should change 
   \[
   \begin{array}{c|c|c}
   \text{Greatly} & \text{Little} \\
   \hline
   \text{ } & \text{ } \\
   \end{array}
   \]

3. Present education Post Qualifying should change 
   \[
   \begin{array}{c|c|c}
   \text{Greatly} & \text{Little} \\
   \hline
   \text{ } & \text{ } \\
   \end{array}
   \]

4. If there is great change will it be because there will be:
   a) changed personal career objectives such as
4. b) changed business needs effecting careers such as ..................................................
c) a more graduate profession because .................................................................
d) State other ............................................

5. **Syllabus Deficiencies**
a) Professional examinations should be
changed by ..................................................

b) On the job training education should be
changed by ..................................................

c) Post qualifying education should be
changed by ..................................................

Which of the following statements would you support and please add your observations on each:

(a) circumstances are so changing that new skills and knowledge are required by the management accountant as his career progresses, to a much greater extent than previously
(b) opportunities are being missed by being parochial: e.g. lack of training for overseas appointments

(c) to meet this situation with economy of time and effort requires a new approach to training and examinations

D. SUMMARISE

Please now give your overall view on:

(a) the main opportunities for management accountants ten years hence

(b) the education and training needs that therefore arise

CWB/km 23 April 1982
DISCUSSION FORMAT

Ideas behind the questions at the questionnaire design stage

Introduction

The meaning words would assume in the minds of readers was an aspect second only in importance to the direct requests for information implicit in a questionnaire, even when softened by personal contact. For example, on the cover page the words "strictly confidential" were initially used to give added assurance that there was a real concern with confidentiality. The initial study showed this raised questions as to why the study was in that particular confidentiality classification! The change was made to "confidential" and this was generally accepted. (Out of 219 interviews there was one where further stress was laid on confidentiality). In preparing the final format (23 April 1982) the phrases used were those found to be meaningful to the accountants participating in the earlier interviews.

The questions used are covered below in groups relating to Chapter 2, section 2.4.1.3.

Questions 1 to 3 : for segregation of answers

Q1. Asking for "company or ultimate holding company" facilitated recognising a group structure existed, without becoming involved in a whole hierarchical structure.

Q2. (a) "Division/Company" being the operation within which the individual worked and whose size was deemed relevant.

(b) "Industrial or other classification" being a quick aid to comprehension as to the generality of the operation.

(c) "Revenue £ Million" relating to the operation in which the individual was involved. Chosen to give a perspective, and using categories both lowered the confidentiality significance (of revenue this year) and gave easier comparison.
Q3. (a) "Name" required, but not (for example) ICMA membership number, and with the address made later referencing possible.

(b) "Title" relating the individual with the organisation in the previous question.

(c) "Qualifications" to firstly identify any who were not ICMA members, and secondly to assist comprehension at interview where there might be an unusual combination of qualification.

(d) "Address" to make possible later referencing.

(e) "Age" being a possible comparitor with perhaps the younger having a different perspective. Years since qualifying was not asked, but for ICMA members the date of membership was obtainable from the published "List of Members" if required. As in Q2(c), categories were used.

(f) "Reports to" indicated from where the direct authority eminated in the subsequent coverage of responsibilities, and linked with questions 1 and 2 as to general background.

(g) "Years in Company/Group" was again categorised, and indicated the depth of experience and might link with the status questions in 4.

(h) "Years in industry/vocation" again was categorised, and was concerned with authority of view as based in experience.

Q4. (a) "View of accountant status in the organisation in relation to the status of an equivalent level operating manager.

............................................Higher........

Same.............: Lower ............: Observations .........."

This was to encourage thought as to the real influence exercised in the situation, and how this might differ from the hierarchical position in a normal organisation chart.
(b) State Typical Titles of operating managers at equivalent level.

This was reinforcement to question 4(a) for further discussion if appropriate.

(c) "If levels with which the accountant is usually in contact is different to the above state: Higher .......: Lower .......: Titles of main contracts ...................."

This was to bring out the main body of contacts normally encountered as a prelude to questions 4d to f.

"(d) communication daily : weekly : monthly
(e) acceptance into discussion on and resolution of problems:
   high : medium : low
(f) your knowledge of the industry
   valued in addition yes : spasmodic : no
to accounting
   skills
   
This grouping of questions was to do with breadth of:

(i) acceptability - indicated by frequency of contact and relative acceptance in discussions on problems
(ii) respect - in extending beyond accountancy knowledge into acceptance in the technology of the industry (say).

The practice of management accounting was seen as requiring good relationships in both these respects and therefore giving a criteria of present success, as seen by the individual responding.
(g) "General observations on status":

This was an opportunity for the individual to summarise his perception of his status in the enterprise. It was expected that the whole question of status would in some situations be a "non-event" in that the hierarchy of the organisation chart would hold passively true, but that in other situations it would be an important issue for the individual. Which applied might be significant in terms of views on the future, as well as possibly reflecting in the current decision making involvement.

Note As with all the questions, the answers were the situation as seen by the particular individual accountant. It was accepted that similar questions on the above and about issues such as "involvement in decision making" below, if asked of his colleagues or supervisors might elicit a difference in view. The value in the questions ranging through Q5 to Q10 was in establishing both the authority of experience in general backing the views on the future in sections B to D, and showing the perceived present position from which the forward look was taken.

Q5. "Present work in relation to "major" decision making for the unit in which engaged:

a) Participates in decision making:
always ......: usually ......: sometimes ......

b) Gives analysis and advice direct to decision makers:
always ......: usually ......: sometimes ......

c) Generates calculations and basic analysis for those involved:
always ......: usually ......: sometimes ......
Parts (a) to (c) of Q5 were taken together since for some it could be one only would be applicable, such as being solely involved in generating calculations and basic analysis as in (c). It set the tone for setting out the areas of specific involvement in 5(d).

Important in the wording was the phrase "for the unit in which engaged". This emphasised the focus on actual personal experience and decision making as practical in that "local" context. The questions as to what is a decision and where is it really made (and ranging from the negative selection by what is not put forward, to the ultimate endorsement at the highest level in a multinational company or government situation) were left aside. The issue was type of involvement in decision making and not the relative part played in an organisation structure.

always: usually: sometimes

d) areas of specific involvement are:

i) capital equipment procurement
ii) acquisition of new businesses
iii) business disposals

iv) introducing new technology
v) wage bargaining
vi) site closures (or part)

vii) reduction of scale of operations
viii) product marketing
ix) product pricing
x) OTHER (state)

By listing the areas of involvement the individual was encouraged to turn to areas of special strength and be ready to discuss two specific situations.
Q6. "Choose TWO specific major decision situations where you have been involved in the last two years and describe below:

1 ........................................................................................................................................
2 ........................................................................................................................................

This required a selection of two specific situations so that the level and type of participation in decision making could be explored in real terms and not in generalities. By restricting selection to the last two years:

(i) facts would be less overlaid with other events and recall should be reliable

(ii) comparisons between experience would be valid in as much as the general progress of the art of management accountancy and the overall economic environment would be the same for all.

Q7. "a) List any techniques and describe any special studies used in evaluating the situations in (6).

b) Describe any significant use made of operating records in the situations described:

   (i) Use of accounting records:
       ........................................................................................................................................
       ........................................................................................................................................
   (ii) Use made of other records:
       ........................................................................................................................................
       ........................................................................................................................................

These were questions as to "how" the decisions were arrived at in terms of the collection and analysis of information. Asking "how", before asking "why" the decision was necessary (Q9), was settled upon since a proportion of those interviewed might have no knowledge as to "why". At this stage the interview needed to gather impetus by there being a definite involvement for each person concerned.
The subject of collection and analysis of information in Q7 was left as open as possible. The use of records was segregated as to the extent to which this was important. The future might see its movement away from accounting as computer technology becomes increasingly widespread.

Q8. "a) State the extent to which the decisions in (6), were made with reliance on accounting advice:

6(1) Exclusive reliance ......: Heavy reliance ......: Moderate reliance ......: Small reliance ......

6(2) Exclusive reliance ......: Heavy reliance ......: Moderate reliance ......: Small reliance ......

b) Particularly where there was moderate or small accounting reliance other advisers may have been involved:
State denoting 6(1) or 6(2) below:

Other advisers involved in the TWO decisions:

Business school graduates _____: economists _____: workers ____:
corporate planners ____: other (state) ......................................

Discuss how any of the above were particularly involved, and state if their input was more significant than the accounting input. "

Question 8 as a whole was concerned with putting into perspective the involvement of the accountant in the support given to decision making. In 8(b) a few possible other advisers were listed to start some thinking as to the type of people (business graduates/economists) and the various stages (by reference to workers/corporate planners) through which the process had proceeded. There was also interest in seeing if an element of competition between the accountant and other participants was evident in the responses made. Hence, "state if their input was more significant than the accounting input".
Q9: "a) Describe for each of the TWO decisions the general situation in which it arose."

As well as giving background, this "why" question was to elicit if the identification of a decision need was in any instance part of the role undertaken by the management accountant.

"b) If applicable, state any plans for post evaluation of the results from the decisions cited in 6.

c) Give views on the general applicability and desirability of post evaluation."

Following any involvement in the decision identification and the involvement (by definition from Q6) in the preparation of the decision taking, this question raised the subject of post evaluation. First it was raised in (a) as a matter of fact, and then in (b) as a matter of opinion as to its usefulness.

Post evaluation is often considered relative to capital projects and the decision subjects chosen in Q6 could be of any kind. It was left open as to how the subject be viewed at individual interviews, with interest as to any raising of the general usefulness of feedback. It was also possible the subject of involvement by external auditors would be raised. Since the interview was about to move into less determinate areas than those dealing with past experience, a relaxed discussion on general views was deemed appropriate.

Q10. "Shop floor" relationships are of special interest since in some ways they epitomise the practical bias of the management accountant. The people who work on the shop floor are in some circumstances important decision makers, either directly or indirectly.

a) State extent of shop floor contact:

Daily ......: Weekly ......: Monthly ......: Rarely ......

b) Describe any decision situations in which you have been involved, and the shop floor importance."
By adding Q10, the Research and Technical Committee added a useful bridge between the very specific "two decisions" raised in Q6 and the ranging "future views" sections to follow. Parts (a) and (b) of Q10 were to validate the foundation on which answers to Q10(c) might rest.

"c) Express a view as to the future significance of shop floor participation in decisions."

This final question of Section A led the interview firmly into the future.
FUTURE PROSPECTS OVER 10 YEARS

Q1. The work of the management accountant will change: ____________________________

Greatly__________ Little__________

Q2. It will become more interpretive. ____________________________

Greatly__________ Little__________

Q3. Aided by computers, less numerate advisers will undertake the work, eg marketers, personnel, lawyers ____________________________

Greatly__________ Little__________

The look at the future commenced with three propositions as above. These directly addressed the question of change and introduced the subject of computers. This was based upon:

i) substantial change having been experienced over the last 10 years and the issue was whether the rate of change would now increase or reduce.

ii) interpretive content of the work being more typical of management accounting compared to cost accounting, as to whether (perhaps with the impact of computers) this had further to go.

iii) "interpretation" if computer aided may require different skills and new competition could therefore arise.

Taken together these questions were designed to promote a response which could be classified into seeing a high rate of future change, or a view that the main changes had taken place, from the recorded scores.
Q4. "a) State reasons for above opinions.

b) Include views on:

i) impact of computer hardware and software developments;

ii) behavioural aspects and need for changing personal approach to people at work."

The leading observations in 4(b) were to encourage discussion on computers which the accountant might follow through into the wider issues of information technology, and to raise people issues which the accountant might follow through into the wider issues of changing styles of management. Each of these could be important to the future of management accountants.

This Section B was to be the most free ranging part of the discussion with any aspects of the future, of interest to the individual, being explored.
SECTION C

KEY TRAINING ISSUES IN THE FUTURE

Q1. Present education for Institute examinations should change

Q2. Present on the job training should change

Q3. Present education Post Qualifying should change

In reviewing future issues for the Institute, there were first three direct questions in a similar score format to those in Section B. These asked directly the central questions on which the Institute would be deciding in any response to the general situation for management accountants envisaged in Section B.

The further questions in Section C asked in different ways the same "why or purpose" question and the same "how" question as already stated in Section B and the first three questions of Section C. By these further opportunities some could add more to their earlier observations, while others would be clarifying ideas as yet to be expressed. (The capability to deal with people's needs in bringing into an expressable form their thinking on difficult issues was one important advantage seen for the interview, as distinct from a postal questionnaire, when the subject was so open in scope).

Q4. "The above views are held because there will be:

a) changed personal career objectives such as

..............................................................................................................

- 398 -
b) changed business needs throughout a career such as

.................................................................

c) a more graduate profession because

.................................................................

d) State other

................................................................. "

This was concerned with the changes to be made by the Institute (Q1 to 3) as a result of members new objectives, of business generally looking for different knowledge or skills in members, or from a change in the competition experienced from other institutes of various kinds. From the need to change the how-to-change was asked for in Question 5 below.

Q5. Syllabus Deficiencies

"a) Professional examinations should be changed by

.................................................................

b) On the job training education should be changed by

.................................................................

c) Post qualifying education should be changed by

................................................................. "

There then followed a series of statements.
"Which of the following statements would you support and please add your observations on each:

a) circumstances are so changing that new skills and knowledge are required by the management accountant as his career progresses, to a much greater extent than previously."

Statement (a) added a time element to the future skills and knowledge requirement. It was open at the discussion to link this with a normal span of working life being filled in future by two or three distinct careers, as against change relating only to sequential career progress in a steadily changing or fairly static environment.

"b) opportunities are being missed by being parochial, eg lack of training for overseas appointments"

This was to explore if the Institute was looked to for aid in widening horizons. The example was believed important, but just one example.

"c) to meet this situation with economy of time and effort requires a new approach to training and examinations"

This was a final opportunity to think further or to be controversial in a discursive manner.

D. SUMMARISE

"Please now give your overall view on:

a) the main opportunities for management accountants ten years hence

b) the education and training needs that therefore arise."

This was seen as either the easiest or hardest section in the interview. With some individuals it was anticipated as being just a restatement of views already clearly expressed, but for others it could be the one time the whole cacophony of ideas came together.
FUTURE RELATIONSHIPS

Cyril Banyard BSc(Eng), FCMA, a Vice-President of the Institute and Chairman of the Education and Training Committee, introduces his research project into 'Future relationships between the management accountant and other members of the enterprise' and seeks the assistance of members.

This research project arose out of discussions in the ICMA Research and Technical Committee as to which avenues of research would most benefit members. It was seen as fundamental that there should be a view about the future path which management accountants would tread and that this be based on knowledge and research into the past.

In order to focus the work in a practical way it was agreed that the main thrust would be a review and analysis of management accountants' participation in or work in support of decision-making, in particular but not exclusively, in decision-making in industry.

Concern with industry focused attention on the shopfloor and the present and potential future relationships between shopfloor workers and management accountants was singled out as of additional particular interest. Of course, neither of the preceding paragraphs excludes the wider variety of relationships implicit in the title of the research project but, as stated, they serve as a focus for the research which is to include information and views assembled from a meaningful portion of the ICMA's UK membership.

Rationale

An evident product of setting out the future path which management accountants are likely to tread is the ability to formulate a view as to how the ICMA can be of most benefit to its members. Hence the research is an opportunity to formulate a rationale for policies in education and training, corporate ICMA image, post-qualifying activities and other major aspects of its work. From this rich abundance of opportunity, it will become a matter of priority how much can be achieved through a single project.

In proceeding with the research:

(a) a very open format has been adopted in full recognition that this may result in an in-depth and comprehensive approach to the subject at hand;

(b) there is no attempt to sample ICMA membership on a pre-selected pattern, indeed, no attempt to contact individual members or students doing similar work or to identify welcome contributors, this does mean that the returns statistically in a variety of ways on completion of the body of the research will be sufficient to demonstrate that there is a willingness to conduct if necessary a second round to make good the information available at this stage this is not seen as likely.

An early decision was made that the research would be by individual interview rather than, say, by a postal questionnaire. This has the advantage of being interactive, enabling the unexpected to be incorporated. Incidentally, a follow-up in the closing stages of the research with a postal questionnaire to those who have been interviewed, designed to be capable of rapid statistical analysis, is part of the plan for the project.

Development of an interview style being fundamental to the project, a pilot study was conducted in November-December 1981. This was by courtesy of the Building Products Division of Reed International and 16 accountants were interviewed. The resultant format of interviews has now been adopted for the project and will remain unchanged throughout.

(a) Each interview will be face-to-face between an individual accountant and an interviewer.

(b) Each interview will be written up by the interviewer as the interview progresses.

(c) A copy of the interview notes will be given to the accountant interviewed.

(d) Each interview will be for one hour, i.e. total extended time including no-fraternizing between one hour and 1.5 hours.

(e) The interview format and introductory notes will be made available to the accountant in advance of the interview.

(f) Strict confidentiality will be maintained.

(g) Individuals or companies will not be identifiable in the published research papers, except by prior written agreements.

(h) Individuals and companies will be listed as participants provided they have no objection.

(i) There will be no knowledge in any way other than as a contribution to this specific research.

The next and most vital step in the assembly of research information is to extend the interviewing to assist researchers so that a substantial number of interviews can be conducted in the space of a few months.

The Research and Technical Committee is pleased that it has the support of Branch Affair Committee in progressing this research among members and was able to use the recent Branch Presidents' conference as a launching of the main stage of this research.

The main period for interviews is planned for October to December 1982. There will be a carry-over period into January and February 1983 to accommodate last minute changes in arrangements people may have to make

Qualify

There is no limit to the number of interview reports from assistant researchers can be accommodated. What is important is the quality of interviews and in particular that there is no "leaking out" of those interviewed to particular views by the assistant researchers.

To this it is desirable that each assistant researcher is himself interviewed by myself as Researcher prior to commencing his own interviews. As a matter of practicality, arrangements have been made with Douglas Mayman and Frank Webber, both members of Research and Technical Committee, to support me in working with assistant researchers.

To make a worthwhile contribution to the project an assistant researcher is asked to carry out at least six interviews, strictly within the period October to December 1982 and to make himself available for initial interview and briefing. Enrolment for assistant researchers is open now! I would like to think that every branch will take part.

I am sure you will be pleased to know that as Researcher I am being subject to a high standard discipline and not just imposing one on everybody else! The project is being operated under the Loughborough University, ICMA Higher Degree scheme and my supervisors are Professor John Sizer and Dr. Alex Young. You can therefore understand that, in my turn, having made a commitment I have to show results.

Timetable

Finally, for your information, the central programme in summary is:

- Oct 1981 Project commenced
- Oct-Dec 1981 Pilot interviews
- Jan 1982 Analysis from pilot interviews
- Feb-Mar 1982 Forward planning completed
- Apr 1982 Main project launched
- May-Sep 1982 Assistant researchers assembled and briefed
- Oct-Dec 1982 Main interview period
- Jan-Feb 1983 Initial analysis from interviews
- Mar 1983 Postal questionnaire
- Apr 1983 Initial analysis from questionnaire
- May-Oct 1983 Full analysis and assembly of conclusions
- Winter 1983 Final research report back

I use the term 'central programme' because as Researcher I have subsidiary programmes to complete— but that is another story!
The Institute of Cost and Works Accountants,
LIMITED (by GUARANTEE).

FINAL EXAMINATION.
June, 1923.

WORKSHOP KNOWLEDGE.
Time Allowed: 2 Hours.

N.B.—The Candidate's examination number and trade must be stated at the top of every sheet used; his name must not appear anywhere on his paper.

Questions under Section I. are to be answered by all Candidates sitting under the old Syllabus in force prior to October 1922.

Candidates sitting under the new Syllabus in force since October, 1922, may answer any six questions selected from Sections I. and II.

SECTION I.

1. The design or lay-out of a factory needs most careful consideration to avoid waste. State six important points which should not be overlooked in this connection, giving as fully as possible your reasons as applied to any product.

2. The cost of moulding from a pattern varies very much with the design. Give an instance, illustrated by sketches, where a slight modification of a pattern would reduce the cost without impairing the efficiency of the casting.

3. State under what circumstances you would recommend:—
(i) Individual drive of machines.
(ii) Grouping of machines under one drive.

SECTION II.

1. What will it cost per hour to operate a 1½ h.p. motor, efficiency 86 per cent., running continuously on full load with electricity at 2d. per unit?

2. Describe the whole process of the generation, transmission and distribution of power in a works. The source of power is coal and the transmission is electrical.

3. Give instances in which you would use:—
(1) A Belt Drive.
(2) Tooth Gearing.
(3) A Chain Drive.
(4) A Rope Drive.

Stating in each case why the method you propose is that which is most suitable.

4. What do you understand by the progress system of works organisation, and what are its advantages?

5. Give a technical description of any manufacturing process with which you are familiar.

6. What do you understand by a gas engine working on the "Otto" or four-cycle system? For what reasons would you expect power from coal obtained by a producer plant and gas engines to be cheaper than that obtained through a steam engine?

MATHEMATICS.
Time Allowed: 2 Hours.

N.B.—The Candidate's examination number and trade must be stated at the top of every sheet used; his name must not appear anywhere on his paper.

All questions to be answered.

1. (a) Using logarithms compute:—
\( (2.34 \times 0.01731 + 0.0274) \times 0.27 \)

(b) Explain why we multiply a logarithm by three when we wish to find the cube of a number by logarithms.

2. The present income of a company would allow a dividend of 4\% per annum. If there were no preference shares, but an amount, say £40,000, of the stock consists of preference shares guaranteed 5\% per cent. per annum, the ordinary shareholders receive only 3\% per cent. Find the amount of ordinary stock.

3. The sides of a triangle are 4', 5', and 5' inches. Find the angles. What is the area of the triangle?

4. A D, A E, the internal and external bisectors of the angle B A C of the triangle A B C, meet B C in D and E respectively. Prove that B D : D C = B A : A C = B E : E C.

5. If \( y = x^3 \), draw a rough figure to explain briefly the meaning of \( \frac{dy}{dx} \) at the point where \( x = 2 \).

Find \( \frac{dy}{dx} \) when \( y = ax^2 + bx + c \); \( y = (x + a)^3 \)

\( y = \sin bx \); \( y = \log (x + b) \).

The volume of a cylinder of radius \( r \) and height \( h \) is given by the formula \( V = \pi r^2 h \). Find the rate of variation of
KEY WORDS

FUTURE PROSPECTS FOR MANAGEMENT ACCOUNTANTS with special reference to the Institute of Cost and Management Accountants and its members

by Cyril W. Banyard

1. Management Accounting
2. Future prospects
3. Decision making
4. Institute policy
5. Education
6. Training
7. Patterns of management
8. Multi-discipline
9. Information Technology
trade with amateur photographers. Outline a publicity campaign, assuming it has wholesale distributors in the larger towns.

7. Draw up a form for recording Applicants for Employment.

8. State what Mechanical Office Appliance you would employ for any two of the following, and give a short statement as to how used:—
   (1) Multiplication of quantity by price.
   (2) Ledger posting.
   (3) Discounting invoices.
   (4) Sales Analysis.

9. Write a short instruction dealing with attendance time-recording for any type of organisation with which you are familiar.

10. Write a series of form letters (four in all) for following up an inquirer to whom a small sample has been sent.

WORKSHOP KNOWLEDGE.  Time Allowed: 2 Hours.

N.B.—The Candidate's examination number and trade must be stated at the top of every sheet used; his name must not appear anywhere on his paper.

Eight questions in all to be answered by every Candidate. Questions under Section I. are to be answered by all Candidates sitting under the old syllabus in force prior to October, 1922.

Questions under Section II. are to be answered by all Candidates sitting under the new syllabus since October, 1922, may answer any eight questions selected from Section I. or II.

SECTION I.

1. A cylinder of cast iron is 10 in. dia. x 1 ft. 3 in. long; 3 in. is machined off all over and a hole is bored through the centre of 2 in. dia. for 8 in. of its length, the remainder being 1 in. dia. Calculate the finished weight of the cylinder and the weight of material removed. (C.I. = 26 lb. per cub. in.)

2. Give in detail the operations necessary for machining the cylinder specified in Question 1.

3. Give a general description of the construction and working of an overhead travelling crane.

4. In a steam engine specify the material which you would use for the following parts:—Fly-wheel, Crankshaft, Cylinder, Bearings, Cocks, Slide Valve, Piston Rings, Glands.

5. Make a sketch of a drilling machine, naming the cylinder and the weight of material removed.

6. What is the length of a cross belt running over two pulleys 8 in. and 16 in. dia., the shafts being 15 ft. apart?

7. Under what conditions is a "thrust bearing" required and how would you construct it?

8. What peripheral distance does a lathe tool travel when machining a shaft 2 in. dia. x 1 ft. 6 in. long? The tool advancing 0.1 in. per revolution of the shaft, one cut only being taken over the whole length.

SECTION II.

1. State briefly a method by which one of the following sources of energy may be converted into mechanical power:—
   (a) Coal.
   (b) Water Power.
   (c) Oil Fuel.

2. How does the efficiency of a steam engine compare with that of an explosion engine?

3. Make a rough sketch of a boiler furnace and describe the method of firing best suited to the economical production of steam.

4. Give a description of the transmission of power electrically from the electric generator to the machine in the workshop, stating what apparatus is required for its control.

5. Detail the functions of:—
   (a) Planning Department.
   (b) Progress Department.
   (c) Inspection Department.

6. Outline roughly the lay-out and organisation of any factory with which you are familiar to show as far as possible if the lay-out is consistent with the regular progress of the product through the factory.

BOOK-KEEPING.  Time Allowed: 8 Hours.

N.B.—The Candidate's examination number and trade must be stated at the top of every sheet used; his name must not appear anywhere on his paper.

7. Every financial transaction may be expressed as a journal entry. Criticise this statement. State which items you would pass through a journal proper and how you would deal with the others.

8. Why is it impossible to arrive at a Trading result without taking stock? Would not the difference between trade payments and trade receipts be the same thing? If not, why not?

9. A manufacturer sells the bulk of his goods as first quality; he sells others as second quality. Even on those he sells as first quality, he may make allowances for certain irregularities and some goods may be returned. How would you arrange the accounts so that the loss due to bad work might be clearly visible? Give an example.

10. An English firm of manufacturers has a factory in London and one in Barcelona. Both factories appear in English money in the English books. The stocks, debtors, creditors, and results of the Barcelona branch are all in Spanish.
The Institute of Cost and Works Accountants, Limited by Guarantee.

PRELIMINARY EXAMINATION.
June, 1923.

ELEMENTARY MECHANICS.
Time Allowed: 2 Hours.

N.B.—The Candidate’s examination number and trade must be stated at the top of every sheet used; his name must not appear anywhere on his paper.
This subject is to be taken by all candidates sitting under the new syllabus in force since October, 1922.

1. What is a lever? Sketch each kind.
2. In a lever of the first kind what force 6 ft. from the fulcrum will balance a weight of 40 lbs. 2 ft. from the fulcrum?
3. Define force. In what unit is it measured?
4. Is the H.P. of a crane of 16 cwt. a distance of 8 ft. represented graphically?
5. Two forces of 15 and 21 lbs. make an angle of 40° with each other, what is their resultant?
6. What do you understand by a coefficient of friction? How would you proceed to test it?

MECHANICAL KNOWLEDGE.
Time Allowed: 2 Hours.

N.B.—The Candidate’s examination number and trade must be stated at the top of every sheet used; his name must not appear anywhere on his paper.
This subject is to be taken by all candidates sitting under the old syllabus in force prior to October, 1922.

1. Make a sketch of a lathe and describe its working.
2. In a works the shaft from which machines are driven revolves at 150 r.p.m. How may various machines be driven at different speeds from this shaft?
3. What is a screw jack? How does it work, and for what is it used?
4. Why does the length of the handle of a spanner vary with the size of nut for which it is suitable?
5. Describe the following:—
6. What is a boiler? Sketch any well-known type.

MATHEMATICS.
Time Allowed: 2 Hours.

N.B.—The Candidate’s examination number and trade must be stated at the top of every sheet used; his name must not appear anywhere on his paper.
All questions to be answered except where otherwise stated.

1. Find by contracted methods, using a rough check:
   $20,555,000 \times 0.7258$
   Correct to 5 significant figures.

2. An electrical machine was bought for £1,050: it costs on the average £13 a month to keep it working. What percentage is the annual working expense of the original outlay?

3. If a tax of 12 per cent. on an income of £5,000 brings in £600, how much will an income tax of 6d. in the pound bring in? Answer to the nearest pound.

4. If one side of a triangle be bisected and a line drawn through the point of bisection parallel to the base, prove that this line is equal in length to half the base and bisects the other side of the triangle.

5. Find the length of the diagonal of a square, each side of which is 305 metres. Give the answer in metres to one decimal place.

6. The circumference of a large wheel is 31 times that of a smaller wheel; if the small wheel makes 10 turns more than the large wheel in running 21 yards, find the circumference of each wheel.

7. A man bought a house and gained five-sixths of what he gave for it by selling it for £770. How much did he give for it?

8. Solve the equation:
   $\frac{x}{3} - \frac{x - 2}{2} - 3\left(\frac{x + 2}{3}\right) + 7 = 0$
   Alternative question to 8.

9. Solve:
   $\frac{x}{x - 8} = 2; \quad \frac{x + 4}{y} = 2$
In 1923 the membership of the Institute Council in addition to the President and Vice-Presidents was:

<table>
<thead>
<tr>
<th>Name</th>
<th>Letters</th>
<th>Job Title</th>
<th>Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dunkerley R *</td>
<td></td>
<td>Works Accountant</td>
<td>Metropolitan-V</td>
</tr>
<tr>
<td>Charlesworth CW</td>
<td>FSS FISA</td>
<td>Commercial Secretary</td>
<td>County Borough</td>
</tr>
<tr>
<td>Hudspith W</td>
<td></td>
<td>Chief Cost Accountant</td>
<td>Crosse &amp; Blackwell</td>
</tr>
<tr>
<td>Jenkins HG</td>
<td>AMIEE</td>
<td>Financial Director</td>
<td>Hans Renold Ltd</td>
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<tr>
<td>MacDonald WT</td>
<td>FRSS</td>
<td>Chief Cost Accountant</td>
<td>Unit Construction</td>
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<tr>
<td>Russell G</td>
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<td>Chief Works Accountant</td>
<td>Gwynnes Engineering</td>
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<tr>
<td>Ryall RJH</td>
<td>FID</td>
<td>Consulting Cost Accountant</td>
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<td>Scott-Maxwell JM</td>
<td>BSc MIEE</td>
<td>Chairman and Managing Director</td>
<td>Electric Control</td>
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<td>MAIEE</td>
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<td>Stelling AR</td>
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<td>Consultant Cost Accountant and Industrial Engineer</td>
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<td>AMIMechE AMIEE</td>
<td>Managing Director</td>
<td>Todman Ryall and Co</td>
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<td>Townsend R</td>
<td>ACA</td>
<td>Advisor on Costs to Director- General of Factories</td>
<td>War Office: Royal Ordnance</td>
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<td>Vowles LO</td>
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<td>Secretary and Accountant</td>
<td>Charles Hill (Albion Docks)</td>
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<td>Wilkinson A</td>
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<td>Secretary to Federation Costing Committee</td>
<td>Federation of Master Printers</td>
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<tr>
<td>Wilson RH</td>
<td>ACA</td>
<td>Cost Manager</td>
<td>Huntley and Palmer</td>
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* Chairman of Council
The Institute of Cost & Works Accountants, Ltd.
(by guarantee).
(Incorporated 9th March, 1919.)

President:
The Right Honourable the Viscount Leverhulme of the Western Isles.

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Macdonald, William Thomson, Liverpool.
Russell, George, London.
Scott-Maxwell, John Maxwell, Glasgow.
Stelling, Adolphe Robert, London.
Todman, James Claud, London.
Townsend, Reginald, London.
Vowles, Leonard Overbury, Bristol.
Wilson, Rowland Hill, Reading.

- 406 -
Diagram showing linking of subjects
NEW YEAR COMPETITION

THE FUTURE OF THE MANAGEMENT ACCOUNTANT

with special reference to developments in computing and communications

Although recent computer developments are naturally well in mind, it is important to recall that there have now been 30 years of intense computer development coinciding with 30 years of more muted communications development. These, so far, have been primarily brought together for space exploration and defence purposes.

To give an historic perspective and to recognise the escalating effects of building on past successes:

- It is rather as if in the last 30 years we have had the early stages of a new revolution equivalent to the hundred years 1769-1860 of the Industrial Revolution.
- By a similar analogy in the next 30 years we will cover stages equivalent to the hundred years 1860-1960.
- It is salutary to recall that by 1860 there were no cars or aeroplanes and — more important — no discovery of electricity!
- We would be rash to believe in 1982 all the bounties of nature have yet been revealed.

Thus in applying electronics to business the present and past pre-occupation with space exploration and defence purposes.

As an introduction to the subject, here are some suggestions as to likely developments by Jan Small in his IFAC Conference Paper1 together with some complementary points for the same periods from a listing discussed by the ICMA DPIS Committee earlier this year.2

The next few years

'With the spread of television cable systems, viewdata will tend to dominate the market.

'Strong competition for traditional postal services will be felt as home-computer use and inter-computer networks grow, gaining for millions of consumers the ability to transmit messages electronically. Postal services will raise their rates to compensate for reduced volumes.

'Flat television tubes will become available and simultaneous multi-lingual television programmes will begin.

'Home and office appliances will have electronic chips built into them that will decode remote control signals sent to them, thus allowing great advantages in automating home and office procedures.

'Databanks of reference material accessible from the proliferating home and office screens will become available and this will impinge adversely on the sale of reference books.

'Spreading cable TV will lead to a new idea — two-way TV — because, unlike broadcast, cables can be used in both directions. Menus will be provided for viewers to allow them to participate in:

- games with other viewers in the studio,
- opinion polls,
- 'visiting' the doctor,
- ordering advertised goods.

'Calling for emergency assistance.

'Visiting' the doctor.

'Consulting their accountant and a host of others.

'Both show will be overturned in their traditions. Only large sellers will be stocked in traditional form. Material in low demand will be available on microfiche sheets produced by an inshop computer accessing a publisher's computer for the material.

'Game-playing by computer networks will become a national and international past-time.'

A little later

'Significant convergence of the various technologies will start to occur allowing:

- flat colour screens of large size, low price and increasing popularity;
- devices, while still having control panels, will almost universally respond to voice command;
- printing or hard copy devices probably using microphotographic technology connected to video terminals giving immediate printouts of information;
- entertainment, newspaper styled information, reference material and computational capabilities available through the one device.

These facilities will be sufficiently attractive in cost to be available in both the office and the home and this factor
together with high commuting costs will lead to 'the distributed office,' with office workers such as accountants, staying at home and working and communicating via home video terminals and cables into computer networks."

"Manual intervention becomes something to be avoided wherever possible, due to cost, and there is increasing confidence in integrated systems. Such systems often include the integration of 'works operation and control, with general office and accounting needs across all manufacturing, distribution and sales units."

A little later still

"Instant disposable books and reference material printed in microfiche will be common. Computers will print a choice of typesize — larger for easier reading, smaller for more information volume per unit transported."

"Video screens will become large, almost wall size. Use of multiple blocks of cable TV channels will allow pictures with thousands of lines rather than hundreds and thus improve resolution qualities."

"Hi-fi systems using records and cassettes will fade as computer banks store millions of tunes and allow users to dial their own entertainment. Flat screen, wrist videos of tunes and allow users to dial their own calculator, paper, books, typewriter (on secretary's desk)"

"The effects of these technological trends will be that for the accountant, instead of the norm being a conventional desk with an array of devices such as telephones, calculator, paper, books, typewriter (on secretary's desk) all separately and mechanically operated, it will be a small comprehensive work station linked to a vast set of communications, computational and reference services at low cost."

"The keys of familiarity with information technology and of more directly orientated education show results! Professionals in accounting, medicine, law, engineering etc regularly take advantage of 'remote diagnostic facilities' and of 'expert systems' which lead them to a solution from vague and incomplete initial data. Similar facilities may also be used by operating staff— such as plant managers."

"Communication becomes dramatically cheaper, both locally and across the world. This may be the last serious cost reduction, as from that cost level for information systems large percentage reductions become insignificant cost changes."

References
2 ICMA Data Processing and Information Systems Committee Chairman: A. W. POGGOTT. What you have to do . . .

Amidst the changes outlined here, the future for the management accountant has been paraphrased thus: "Everything to gain and nothing to lose" has a ring of truth for management accountants since there must be a much closer integration of financial operations and analysis with the physical events to which they relate and sitting in the middle of this "time squeeze" makes the management accountant of ever more critical importance to the well being of the organisation."

One point of view — but how do you see the future?

Write now giving your reasoned view (in about 1,000 words) on any one of the five topics below to compete for the prize of £50 (i.e. five prizes, one for each topic, each of £50).

OR

Write covering at least three of these topics in around 2,000 words to compete for a special £150 prize for the overall assessment of the future judged best of all entries.

The judges will have regard to the credibility of each proposal in assessing contributions.

The five topics
1 New styles of business management in the 1990s.
2 Changed roles for the management accountant in the 1990s.
3 Critical features of the automated business operation and its impact on the central company office.
4 What knowledge and experience will count for most in the 1990s for the management accountant and the manager.
5 How the management accountant's education and training should develop over this period.

Rules for Competition
(i) Send as many entries as you wish.
(ii) Anyone can enter, except the Editor's judging panel.
(iii) Where an entry follows at all closely some published work, this is to be stated and the reference given.
(iv) Any entry may be published in Management Accounting at the Editor's sole discretion.
(v) Statements from any entry can be used in the ICMA research project Future Relationships Between the Management Accountant and Other Members of the Enterprise.
(vi) The Editor's decision is final in all respects.
(vii) Final date for entries to be received by the Editor, Management Accounting, 63 Portland Place, London WIN 4AB is Monday 14 February 1983.
Competition winners

The judges have now picked the winners in our New Year Competition on 'The Future of the Management Accountant' (see January page 14). They are as follows:

**Overall assessment of the future (£150 prize):**

Alan Fraser (registered student)

**The five separate topics (£50 each):**

M. Asokan (registered student) on 'New styles of business management in the 1990s'

Anthony Dart (Associate) on 'Changed roles for the management accountant in the 1990s'

Edward F. Northcote (Associate) on 'Critical features of the automated business operation and its impact on the central company office'

Laurance Thetford (Associate) on 'What knowledge and experience will count for most in the 1990s'

J. Harbord on 'How the management accountant's education and training should develop over this period'

We hope to publish all six short articles in the May issue of Management Accounting. Meanwhile, our thanks to all who entered the competition. The level of response has been most gratifying. Who knows? We may hold another quite soon . . .
This is a preliminary qualitative assessment of future prospects and possible courses of action for cost and management accountants from the research project 'Future Relationships between the Management Accountant and Other Members of the Enterprise', undertaken for the ICMA Research and Technical Committee in October 1981 for completion November 1983. The research has been largely concerned with the competitive future for the management accountant in relation to 'other members of the enterprise'.

Introduction
The paper commissioned by the ICMA for the 12th International Congress in Mexico in October 1982 identified the following continuing pursuits for the management accountant:

(a) a routine of 'control audit' focusing on the appropriateness of the uses of management information;
(b) a comprehension of overall business management requirements combined with the ability to institute major modifications to the whole information system;
(c) a capability to think beyond the limitations of whatever system is operating ... and thereby ensure that management decisions are not 'trapped' by the apparent completeness of the well analysed output from the computerised system.

Shortly after the conference, a paper was given which set out the present boundaries of management accounting as seen by IFAC and the ICMA. It concluded that in essence management accounting was defined as the total range of operational (i.e. internal to the business) accounting functions.

This applied whether the operation was in industry or commerce, in services such as hospitals or insurance or in central or local government. It was therefore the central or core activity of the accounting profession because of the universal role that can be played in creating actual operational efficiency and success.

Recent research
The research project 'Future Relationships' has involved 210 personal interviews of accountants. These interviews have been conducted mainly by ICMA Branch representatives but include 51 interviews conducted by me personally. Although an interim stage in the project and in no way a statistical sample, the interviews have brought together interesting opinions as to the future of the management accountant and have complemented the above introductory observations with a different viewpoint.

Strongly supported among the opinions were:

1. The quality of those recruited must be maintained and enhanced as a first step to recruiting [job] competition, primarily from non-accounting sources.
2. Aside from continuing a career specifically as management accountant, the main opportunities aimed towards after about three years of post-qualifying experience were:
   (a) Line management positions such as general manager, managing director and chief executive. These were seen as requiring specific relevant experience more than special qualification. Competition was seen as mainly from within the operation, from all types of specialists and particularly engineers and scientists.
   (b) Control or operation of information systems, such as systems project leader, IT (information technology) manager, general services manager. These were seen as requiring specialist experience and knowledge. Competition was seen as mainly from outside the operation, again from all types of specialists but who had gained it experience.
   (c) Corporate financial positions such as finance director, treasurer, chief internal auditor or corporate planner. Competition was seen as mainly from chartered accountants and economists. These positions were seen as requiring specialist financial experience.

2. Opportunities to acquire skills while training and in early years were deemed as the utmost importance and two features of concern for the future were the likelihood of:
   (a) fewer training positions in the present ICMA mould as it advances and...
(b) more limited opportunity to cross-fertilise in training with non-financial disciplines by movement into other departments.

Of the three types of opportunity identified:

- **General Management** was seen as becoming more 'scientific' in its integration of finance and technology, the engineers and scientists (or other specialists, e.g. bankers) interpreting their skills with accounting, to compete more effectively for management posts with the management accountants who have traditionally interrelated their skills with comprehension of technical aspects due to the nature in which they were engaged. This was why competition was seen as 'within' a type of operation (2a above).

- **Information Systems** were the meeting ground where 'winners' come up because of their involvement and hence opportunity, as is desired and attitude which win regardless of qualification (often in the challenge of multi-discipline teams). This was the central ground from which to change career path and was therefore seen as a vital area for involvement (2b above).

- **Corporate Position** such as finance director or treasurer were becoming more specialised and required greater in-depth knowledge and experience, as well as needing comprehension of the capabilities of information systems (2c above).

### Maintaining an Advantage

A common view expressed was that at present the management accounting basis has the advantage and if that advantage can be maintained the future is bright.

The present advantage derives from participating with operating management in achieving efficiency and business success. This includes interpreting events in financial terms and handling financial transactions. The emphasis on budgeting and standard costing in management accounting thinking has already given ground in the face of rudimentary information systems and econometric analysis. The variety of effective approaches to management accounting thinking has already given ground for the central ground from which to open the door to other disciplines.

With the new ways of handling data about events made possible by IT, maintaining an advantage means ensuring that better technologies are created within and not outside the accounting orbit.

This appears to mean substantial effort to create a re-birth of practical accounting integral with the IT of a changed business world. Management accountants have the prime need being engaged within enterprises seeking competitive efficiency and therefore pushing ahead with new technologies designed to those engaged in external audit where public accountability and legal requirements show down the rate of change.

### Possible Responses to Change

As already mooted the profession generally and perhaps the ICMA in particular could well take the initiative in researching new style 'accounting' for an IT future.

Management Accounting, June 1983

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The following gives the flavour of the more commonly expressed ideas on training and education and is not intended as a cohesive proposal for policy changes. Indeed the most commonly expressed view was of satisfaction with the existing status of training and education.

### Overall Concern

The overall concern expressed was that the typical qualified management accountant should have become commercially aware with skill in decision-taking as well as in interpretation of data and events. Further, that each would in the development of his career be able to select his specialist role in management or in a support function, within which he could better than most acquire additional knowledge and skills as necessary.

#### Training

Present training styles were seen as likely to be in decline with a reduced need for clerks and accounting technicians.

There was a call to reflect the changing training opportunities by the acceptance of more specialist activities as part of the training/experience requirements for membership around a reduced common core. In particular, the practicality of admitting to membership on the basis of IT training/experience was seen as an important issue.

Another important issue was that with the changing balance to more service industries and to more government employment, operational accounting experience requirements for membership should be capable of being fulfilled through such experience.

A possible principle to apply could be:

(a) all training must achieve a given depth of skill;
(b) skills can be different with a minimum of defined commonality.

This might imply a test of professional competence, and support for this was expressed.

#### Examinations

There was seen to be a paramount need to maintain the present status and reputation of the examinations and this was emphasised in various ways. Ideas for change were often concerned to test comprehension not memory and incorporate real operational situations.

Various specialist subjects were quoted as increasingly essential. These included:

(a) man management, in various aspects;
(b) IT subjects, in proliferation;
(c) financial specialisms, such as:
- treasuryship
- internal audit
- international finance

Mostly, there was a call for more in-depth knowledge through the opportunity to specialise by subject selection.

Often this need was linked with opening up service industries or government service opportunities and observations on IT. There were various suggestions for post-diploma specialist diplomas. Indeed, many saw the dilemma as one of how to arrange further accreditation later in a career, and considered that membership examinations should not go beyond the training that is required to maintain the existing standing of the management accountant.

#### General

In the research papers there were many expressions denoting satisfaction with what has been achieved by the Institute for members. The various suggestions for change were in the context of wishing to maintain the present situation as far as practicable.

There was a good deal of agreement that the main management model within which the management accountant will be operating will be:

(a) small dynamic operational management teams;
(b) small numbers in highly specialised support roles, perhaps as head office staff;
(c) powerful IT systems designed and controlled by 'experts'.

While the research interview returns did not bring up the point very clearly, it would seem that if filter and synthesise information is an increasingly essential role for the management accountant. In this context, synthesis is intended as presupposing that new relationships are to be learned, clarifying the body of fact required — as compared to analysis, which presupposes an acceptable body of fact.

Again, the research interview returns did not dwell on the subject of 'control audit' mentioned in the introduction and it seems likely that in the larger organisations a continuous monitoring both commercial and technically will emerge, based on the new speed and completeness of information available. It could well embrace internal audit in its functions and create a potentially more important role for ICMA members who so specialise.

### Summary of Action Items

In summary, the viability of the Institute and the profession was seen as requiring:

(a) new management accounting concepts and systems integral with IT and anticipated changes in management styles.
(b) new training and experience criteria for admittance to membership which take account of both IT and the different fields in private and public sectors in which management accounting is universally applied.

- while the competitiveness of members as individuals was seen as requiring:
  - (c) more capability for members to obtain and have acknowledged additional specialist capabilities as their career progresses.
  - (d) more limited opportunity to cross-fertilise in training with non-financial disciplines by movement into other departments.
  - (e) powerful IT systems designed and controlled by 'experts'.

- (f) small dynamic operational management teams;

- (g) small numbers in highly specialised support roles, perhaps as head office staff;

- (h) more limited opportunity to cross-fertilise in training with non-financial disciplines by movement into other departments.

- (i) powerful IT systems designed and controlled by 'experts'.

- (j) small dynamic operational management teams;

- (k) small numbers in highly specialised support roles, perhaps as head office staff;

- (l) powerful IT systems designed and controlled by 'experts'.

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**How can you help**

The questionnaire on page 29 will take you no more than five minutes to complete. But your opinions are vital to the success of the research project. Please help by sending it to the Editor as soon as possible.
FUTURE PROSPECTS

The statements in this questionnaire are from the article 'Future Prospects for Management Accountants' on page 29, based on personal interviews which revealed some important views. The questionnaire is part of the ICMA research project on which the article was based and is to determine the quantitative support for and against these views, so as to give statistical validity to the research.

Please tick the box representing your view against each item and return the form to the editor at ICMA, 63 Portland Place, London W1A 4AB. A report on the views collected will appear in the November 1983 issue of Management Accounting.

Completed by: ................................................................................................. Fellow □ Associate □
Branch/Location: .......................................................................................... Student □ Unaffiliated □

1 By about three years after qualifying, the management accountant has a base of knowledge and experience such that he can seek to plan and progress his career along a clear line of personal development.

In the future, the main career paths for the management accountant, depending on his personal character and ambitions, will be:

(a) line management positions which will require the ability to comprehend the integration of finance and technology 

and the competition will be mainly non-accounting technical specialists experienced in the particular type of business operation 

(b) manager, controlling or operating information systems, which will require particular drive and aptitude

and the competition will be mainly non-accounting specialists with information technology (IT) experience gained almost anywhere (e.g. with equipment manufacturers)

(c) corporate financial positions, which will require more specialised in-depth knowledge in the future

and the competition will be mainly from chartered accountants and economists

The three types of position stated above are just as likely to be in service operations such as insurance or in local and central government, as they are in general industry.

2 Information systems are introducing more variety into methods of financial management and some techniques used derive from operational research and other disciplines.

This increasingly opens the financial management door to other disciplines

A substantial effort is needed to maintain the predominance of accountancy by the creation of new accounting concepts and practices integral with the IT of a changing business world.

3 There will be fewer training positions of the present kind for management accountants as IT advances.

More specialist activities should be accepted as training/experience requirements for ICMA membership, such as:

(a) IT training/experience

(b) insurance/banking experience

(c) local/central government experience

4 The present standard of ICMA examinations (equivalent to a first degree, second-class honours) should be maintained.

Alternatively

It should be increased to a higher degree level.

The examinations should move more to testing comprehension rather than memory.

There should be a test of professional competence (viva voce et al)

Specialist knowledge beyond that presently examined should be left to post-qualifying education (PQE)

5 Any increasing need for specialist, in-depth knowledge should be met by post-qualifying diplomas at an examination level appropriate to the envisaged practical application of that knowledge

6 The general management model within which the management accountant will be operating, will be:

(a) small, dynamic, operational management teams

(b) small numbers in highly-specialised support roles (either purchased services or head office staff)

(c) powerful IT systems, designed and controlled by 'experts'

(d) reduced number of management levels

7 Please add your own observations on what should be done:

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<tr>
<th>Question</th>
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Please add your own observations on what should be done:
FUTURE PROSPECTS

QUESTIONNAIRE RESPONSES

Cyril Banyard, a Vice-President of the Institute, reports on the results of his questionnaire in the June issue.

Among opinion leaders in the Institute, the breadth of opportunities and variety of competition experienced by management accountants is well recognised and there is a call for applied research to aid in creating new techniques and practices to harness the impact of information systems and other new technology.

This was the response members gave to our June questionnaire on 'Future Prospects for Management Accountants'. As well as appearing in Management Accounting, the questionnaires were sent personally to Institute committees on Council and to JDIpMA holders.

Responses

The responses received were:
From Management Accounting 254
From committee and Council members 50
From JDIpMA holders 10

Of course, Management Accounting replies would include some members in the other categories.

By this multiple approach, responses were achieved from both the more actively participating and the more forthcoming members, so that together there would be a good representation of opinion leaders and those with a high interest in Institute affairs.

Most of the replies were from the UK and Ireland and were from full members:

Replies from
UK and Ireland 354

Other countries 46

Replies from
Fellows and Associates 331
Students and passed finalists 62
Unaffiliated 11

Interestingly, 37 of those responding added substantial additional notes; both members in other countries and students were among those providing additional information. All such information will be reviewed in due course.

The questionnaire was designed to probe six main questions and to achieve this 24 replies were requested from each respondent. This note is an analysis for the benefit of readers as to the overall response on the six main issues which had arisen out of 219 personal interviews, as reported in June.

There was, first, confirmation of the high future importance placed on achieving line management and information systems management positions, as well as senior positions in corporate finance or management accounting. This was coupled with a strongly positive recognition of the variety of competition likely to be encountered for such positions. More than 60 per cent of the responses confirmed points raised on this subject in the questionnaire, with an additional 25 to 30 per cent testing with 'perhaps'.

The series of responses to this first issue illustrated the extent to which consensus was likely to be found on any of the issues raised, since it was not especially contentious.

Incidentally, the Institute's December 1982 occupational statistics show that already among members engaged in operations there is one member in non-financial line management for every two holding a finance position.

Secondly, the call for applied research was equally strong. That new techniques were arising with the spread of information technology and that substantial effort was needed in the creation of new concepts and practices were among the most strongly supported points in the whole questionnaire. There was also clear recognition of the potential challenge from other disciplines.

As well as the more fundamental research, which is perhaps specific to the responses, I believe there would be equal support for efforts to improve the transfer of experience and working methods from situations where high technology is pounding new forward thinking about engagement of resources.

Thirdly, the impact of technological change on training opportunities was an issue on which there was a mixed response. Almost as many believed that training positions would be sustained in numbers (30 per cent answering 'No' to the proposition as stated) as those who believed it would lead to fewer such positions (40 per cent), with the remaining 30 per cent choosing to make the neutral 'perhaps' reply. This was the first strong 'No' and clearly arose from different personal perceptions of the future, which was to be reflected again in the responses to the sixth issue on the management styles likely to develop.

The same lack of consensus continued on the related issue of accepting more activities, as fulfilling the experience requirements of the Institute.

Only IT training and experience gained strong acceptance.

The fourth issue was that of Institute examinations. As had been found in the earlier personal interviews, a proportion hesitated to give views and possibly for the same reason of feeling less than knowledgeable about the present examination situation. Around 10 per cent passed over this section.

There was strong support for maintaining the Institute examinations at their present first degree. Second class honours standard. The other responses throughout this section reinforced this view and generally supported the present style and content.

However, one proposition was strongly supported and this was that the examinations should move to testing comprehension rather than memory.

The fifth issue was presented as complementary to the fourth and suggested meeting special needs by a post-qualifying examination route. While this was well supported, there was a significant 'No' (17 per cent), suggesting that this subject would need to be probed further before any conclusion could be drawn.

On the final issue as to the general management model within which the management accountant will be operating, there was a mixed response.

By far the most popular idea was that of 'small, dynamic, operations management teams'. However, there was really little consensus as to the changes in management environment and as to what styles of management would develop.

This was in accord with the response to the earlier training issue, since unclear ideas on management styles must mean complementary doubt as to the incidence of training opportunities.

Conclusions

In summary, the responses suggest:

☐ determination to seek a wide role against all competition in line management and in the information systems, as well as in accountancy generally;

☐ recognition of high technology pounding new thinking and a call for applied research to keep management accountant well abreast of it;

☐ support for the present Institute experience and minor requirements;

☐ support for the current management accountant specialist "undiluted" but incorporating information technology;

☐ insufficiency over predicting the future pattern of management and the extent to which training opportunities will be modified.

Finally, thanks are extended to all those who participated in this exercise, which will be incorporated in the project being undertaken by the Institute's Technical Committee on the future for the management accountant.

Management Accounting, November 1983
APPENDIX 11

General

6. What % of the sales revenue of "the budgeted part of the product group" identified in item 2 above is this segment?

7. Sales Revenue 1972/3 for the "segment" (£000): UNER

8. How much has the sales volume increased over the last five years? (% per annum)

9. How much will the sales volume increase over the next five years? (% per annum)

10. What is the gross contribution as a % of sales?

11. What % of capital employed in the "major business" (2 above) is attributable to this segment?

12. Return on Capital Employed (%)

13. What is the main type of operation? (Tick one only)

14. Approximate list price of main product (£):

For how long ahead are (i) the production and (ii) the distribution capacities adequate to achieve the expected sales of the segment? (Years)

Production

Distributi on

15. What capital expenditure on fixed assets over the next five years is required to achieve the expected sales of the segment? (£000)

16. How long is the most significant delay on the supply of required capital equipment? (Months)

17. At what stage is the main product in its life cycle?

18. Working from estimated man days allocated, what is the equivalent number of employees involved in this segment?

19. Has any market research been done or is any planned for this segment?

Business Inventory

1. Division or Associated Company

2. Major Business (e.g. Product Group)

3. Business (e.g. budgeted part of Product Group)

4. Manager's Surname and Initials

5. Segment of Business by Product Type

and by (a) Market

and/or (b) Territory

The following information is required for the "Segment of Business" identified in item 5 above. This form is for "segments of the business" whose sales were less than £500,000 in 1972/3.

22. Total Size of Market for this segment (£000)

23. Market Growth in volume terms (% per annum)

24. Is the rate of Market Growth increasing or decreasing?

25. Your share of the total market value (%) 1972/3

26. Your expected share of total market value (%) 1977/8

27. Your Market Share relative to Major Competitor's Market Share

28. What is your best competitive advantage in this segment from the customer's viewpoint? (Tick one)

(a) Price

(b) Design and/or quality

(c) Delivery

(d) Prompt delivery

(e) After sales service

(f) Wide product range

(g) Leadership image

29. What is the market plan for this segment? (Please tick one)

(a) Drive to increase market share

(b) Maintain market share and consolidate profits

(c) Trade off market share for profits

(d) Get out of this market or territory

30. State number of major competitors who are outside the group

31a. List major competitors and their % share of the market

31b. Name the other main competitors in this segment
# APPENDIX 12

## MONITORING

Table Based on Levels of Responsibility for Present Operations and Near Future

**KEY:**

- **XXX** - Heaviest responsibility - self monitoring expected
- **XX** - Substantial involvement - monitoring information received
- **X** - Needs Assurance - small information requirement

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## APPENDIX 13

### EARLY SYLLABI FOR INSTITUTE EXAMINATIONS

#### SYLLABUS, DECEMBER 1920

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#### SYLLABUS, JUNE 1921

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SYLLABUS from DECEMBER 1924 to JUNE 1930

PRELIMINARY
- Mathematics
- English Essay
- Bookkeeping
- Elementary Mechanics
- One Modern Language (originally an optional subject; compulsory from December 1927)

INTERMEDIATE
- Mathematics
- Economics
- General Business Methods
- Bookkeeping
- Workshop Knowledge
- Costing I (Labour)
- Costing II (Materials)
- Costing III (General Expenses)
- Costing IV (Methods)

FINAL
- Mathematics
- Workshop Knowledge
- Law Subjects
- Costing I (General Arrangements)
- Costing II (General Expenses)
- Costing II & IV (General Principles) - one paper

A copy of each subsequent Syllabus to November 1975 is appended, as follows:

DECEMBER 1930 to DECEMBER 1951
JUNE 1952 to DECEMBER 1963
DECEMBER 1953 to JUNE 1963 (Fellowship Examination)
JUNE 1964 to DECEMBER 1970
June 1971 to NOVEMBER 1975
The Intermediate Examination may, if desired, be taken in two parts as shown in the Syllabus (pages 10-11). Candidates electing to take the Intermediate Examination in two parts will be required to pass Part I before sitting for Part II.

A Pass Certificate (covering the whole of the Intermediate Examination) will be issued to candidates only on their passing Part II.

**FINAL EXAMINATION**

No person is eligible to sit for the Final Examination unless he is a Registered Student of the Institute and has passed the Intermediate Examination.

**HONOURS AND AWARDS**

Successful candidates are not placed in order of merit, with the exception of the First Place in the Intermediate and Final Examinations.

**THE “S. LAURENCE GILL PRIZE”**

The “S. Laurence Gill Prize,” value £5, is awarded to the candidate or candidates gaining the First Place at each Final Examination.

**THE “Leverhulme Prize”**

The “Leverhulme Prize,” value £5, presented by the late Lord Leverhulme to perpetuate the memory of his father, the first Lord Leverhulme (who was the first President of the Institute), is awarded at each Final Examination to the successful candidate or candidates submitting the best papers in Costing.

**THE “DONALD L. MORAN PRIZE”**

The “Donald L. Moran Prize,” value £3, is awarded at each Final Examination to the successful candidate or candidates submitting the best paper in Factory Organisation, Equipment and Production Methods.

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**SYLLABUS 1930 - 1951**

**THE EXAMINATIONS**

**THE PRELIMINARY EXAMINATION**

**Compulsory Subjects—**

**Mathematics:** Problems in Arithmetic, Algebra, Geometry and Trigonometry, up to School Certificate Standard.

**English:** (a) An Essay on a subject selected by the candidate from a given list of subjects.

(b) Questions testing knowledge and command of English. These may include questions on precis writing, paraphrase and analysis of sentences...

**Optional Subjects—**THREE of the following subjects to be selected by the candidate, ONE of which must be chosen from (d), (e), (f) or (g).

(a) **Geography.** (b) **English History.** (c) **English Literature.**

(d) **Elementary Mechanics:** Work, Friction, Parallelogram of Forces, Moments, Levers, Gears, various forms of motion.

(e) **Elements of Physics:** Heat, Light and Sound.

(f) **Elementary Inorganic Chemistry.**

(g) **Elementary Magnetism and Electricity:** Magnetic Attraction and Repulsion—Magnetic Induction—Field of Magnetic force—Magnetic properties of substances—Primary Cells—Secondary Cells—Thermal and Magnetic effects of the electric current—Electrolysis—Electrical Induction—Dynamo Electric Machines—Simple Magnetic and electrical units and measurements.

(h) **Elementary Latin.**

(i) **A Modern European Language:** Ability to translate a simple passage into and from the language selected by the candidate.
THE INTERMEDIATE EXAMINATION

Part I

MATHEMATICS: Algebra—Quadratic Equations, Ratio, Proportions, Variation Indices, Logarithms, Use of Slide Rule, Simple arithmetical and geometrical progressions.

Trigonometry—Ratios, Sine, Cosine, Tangent, Simple formulae and problems on heights and distances; Use of sectional paper; Equation of a line; Plotting functions.

Elements of Mensuration—Area of parallelogram, triangle; Circumference of Circle; Area of irregular figure; Simpson's Rule; Planimeter; Volume and surface of a Prism, Cylinder, Cone, Sphere and Anchor Ring; Average Cross Section and volume of an irregular Solid. Position of a point or line in space.

ECONOMICS: Candidates should acquire a thorough knowledge of the outlines of economic science, paying special attention to its objects and the exact meanings of the terms used. The various phases of economic history and the different schools of economic thought should be studied, the special features of each being carefully examined.


BOOK-KEEPING AND ACCOUNTS: Theory and Practice of Bookkeeping, including the preparation of Trial Balance, Profit and Loss Account and Balance Sheet; Self-Balancing Ledgers, Consignment Accounts, Partnership Accounts, Branch Accounts.

THE INTERMEDIATE EXAMINATION

Part II


In connection with the last item, questions will be broadly drawn in order that answers may be illustrated from the particular trade with which the candidate is connected.

Optional questions will include some having an engineering application.

COSTING (4 Papers)—


PART II—MATERIALS: Organisation and control of general and departmental stores, such as:
- Raw Material Stores;
- General Stores of completed items purchased outside;
- Component or Finished-part Stores of items manufactured in the Works;
- Finished manufactured products, service stores, etc.

PART III—GENERAL EXPENSES: Overhead—Works, Administration, Selling and Distribution: how collected and recovered.

PART IV—METHODS OF COSTING: Process, Job or Terminal, Operative or Working, Single or Output, etc. The collection and arrangement of data and the presentation of results.
THE FINAL EXAMINATION


In connection with the last item, questions will be broadly drawn in order that answers may be illustrated from the particular trade with which the candidate is connected.

Optional questions will include some having an engineering application.


THE LAW OF MASTER AND SERVANT: As defined by the following Statutes, including any revisions, consolidations, or amendments:

Fatal Accidents Acts, 1846-64
Factories Act, 1937
National Insurance (Industrial Injuries) Act, 1946
National Insurance Act, 1946

Costing (3 Papers)—

Part I—General arrangement, assembly and completion of a form of costs.

Part II—Overhead Expenses (how ascertained, collected and recovered):

(a) Production;
(b) Selling;
(c) Distribution;
(d) Administration.

Part III—(a) Methods and principles of cost accounts in their application to various trades and industries.

(b) Reconciliation of cost accounts with the general financial records—Treatment of capital expenditure—Influence of efficient costing on the general policy of a business—Arrangements required for supplying the management with the information necessary for guiding policy.

PAST EXAMINATION QUESTION PAPERS—Preliminary, Intermediate, and Final—may be obtained from the Head Office of the Institute at a charge of 1s. per set for each grade.

*Candidates from December 1949 only.

COSTING TERMINOLOGY

A list of approved terms and definitions, issued by the authority of the Council of the Institute, is available in booklet form, price 1s. A copy of the list is issued free to all new registered students of the Institute.

RESEARCH PUBLICATIONS

The following are obtainable from the Head Office of the Institute.


UNIFORM COST ACCOUNTING AND THE PRINCIPLES OF COST ASCERTAINMENT, price 5s. post free.
SYLLABUS OF EXAMINATIONS

THE PRELIMINARY EXAMINATION

HELD ANNUALLY IN JUNE

(all 2-hour papers)

The Preliminary examination will be held for the last time in June, 1963. See pages 13 to 14 for the list of alternatives.

Compulsory Subjects—

MATHEMATICS:
Simple problems in arithmetic, algebra, geometry and trigonometry.

ENGLISH:
(i) An essay on a subject selected by the candidate from a given list of subjects.
(ii) Questions testing knowledge and command of English. These may include questions on précis-writing, paraphrase and analysis of sentences.

Optional Subjects—THREE of the following subjects to be selected by the candidate, ONE of which must be chosen from (d), (e), (f) or (g).

(4) GEOGRAPHY:
A broad study of the outlines of world geography, including the division of the world into geographical regions. The following regions in decreasing detail—
(i) The British Isles;
(ii) Europe, with its bordering seas;
(iii) The rest of the world.
Attention should be directed to the British Commonwealth from the point of view of its world setting. The study should be based upon the principles of physical geography, of which the candidate will be expected to have an elementary knowledge. Practical exercises may be set on such subjects as maps and map-reading (including local large-scale maps), meteorological and other geographical statistics.

(5) ENGLISH HISTORY:
The questions will be framed to test general knowledge of history and historical development rather than memory of detail. The general course of English history from 1649 to 1931 will be included with some reference to the contemporary history of Europe and colonial developments. The paper will be divided into three sections, covering respectively the periods 1649-1763, 1764-1832, 1833-1931, but candidates will be required to answer questions from two only.
Preliminary (continued)

(c) English literature:
The paper will comprise questions of an elementary nature designed to test general knowledge of (a) the history and development of prose, of poetry and of the drama, and (b) the principal authors and their more important works. There will be no set books.

(d) Elementary mechanics:
Velocity and acceleration—composition and resolution of velocities and accelerations; force—parallel forces—triangle and parallelogram of forces; work—energy; moments—centre of gravity—equilibrium; simple machines; pressure in fluids; density and specific gravity.

(e) Elements of physics:
(i) Heat: Temperature and its measurement; expansion of solids, liquids and gases; measurement of heat—specific heat; change of state—latent heat; vapour pressure; conduction, convection and radiation; mechanical equivalent of heat.

(ii) Light: Reflection and refraction at plane surfaces; refractive index—formation of images by concave mirrors and convex lenses; refraction through a prism—colour; simple optical instruments; photometry.

(iii) Sound: Production and transmission of sound and the measurement of its velocity in air; vibrating strings and columns of air.

(f) Elementary inorganic chemistry:

(g) Elementary magnetism and electricity:
Terrestrial magnetism; magnetic attraction and repulsion—electro-magnetic induction—field of magnetic force—magnetic properties of substances—primary cells—secondary cells—thermal and magnetic effects of the electric current—electrolysis—electrical induction—electric motors and dynamos.

(h) Elementary Latin:
Translation of simple prose passage into English and of simple sentences into Latin. Elementary grammar questions.

(i) A modern European language:
Translation of simple passage into and from the language selected by the candidate.
THE INTERMEDIATE EXAMINATION – PART I

The Intermediate examination will be held for the last time in December, 1963. See pages 30 to 41 for the new five-part syllabus effective from June, 1964.

INDUSTRIAL EVOLUTION AND MANAGEMENT (2 hours)

THE EVOLUTION OF MODERN INDUSTRIAL ORGANISATION:


THE NATURE OF MANAGEMENT:

Management: The principles of the structure of management, and the place of authority and leadership in the organisation. The art of directing human activities. Application of scientific method to management. Inductive thinking. The importance of standards. Responsibilities of management to different social groups. Training for management. Relative values of theory and experience. Progress from grade to grade. Selection of staff. Specifications and tests. Adjusting the theory to the individual.

Organisation: The principal functions and their co-ordination.


Production: Organisation and inter-relationship of the sections concerned with planning, estimating, rate-fixing, tool design and manufacture, machinery, progress, wages engineering, labour bureau, welfare and canteens. Routes of essential documents through the organisation and of work through the shops.

Purchasing: Buying and inspection of materials, etc. Storage records.

Some modern developments: Social purpose in industry. The status of the individual. Significance of the working group. Some unsolved problems.

ECONOMIC ASPECTS OF INDUSTRY AND COMMERCE (2 hours)

Production and distribution: The satisfaction of economic wants. Division of labour. Specialisation as between men and as between areas. Regulating influence of price movements.

Factors of production: Fixed capital, loan capital, labour and enterprise. Function of the entrepreneur as a link between the factors of production and the consumer.

Optimum size of an undertaking: The spread of overheads and the impact of other costs. The incidence of technical progress. The concept of elasticity.

Chief types of business organisation: The one-man enterprise, the partnership, the joint stock company, the large industrial combine. Their raison d'être. Competition and monopolistic agreements as alternatives. Public control.

Money and credit: A means of exchange and a unit of account. Marks of monetary efficiency. The general level of prices. Commercial currency, cheques, bills of exchange, etc.

Localisation of industry: Causes: natural resources, climate, transport, aggregations of population.


Survey of the organisation of selected major British industries.

COMMERCIAL PRACTICE, OFFICE MANAGEMENT AND BUSINESS METHODS (3 hours)

BOOK-KEEPING AND ACCOUNTS (3 hours)


THE INTERMEDIATE EXAMINATION – PART II

PRODUCTION METHODS AND SERVICES (2 hours)


COST ACCOUNTANCY (4 papers)

PART I—WAGES (2 hours)


PART II—MATERIALS (2 hours)


PART III—OVERHEAD (2 hours)

Production, selling, distribution, and administration overheads; how classified, collected, allocated, apportioned, and absorbed.

PART IV—METHODS (2 hours)

Compiling, summarising, and controlling cost records of cost centres, operations, processes, jobs, batches, product groups, etc. Financial and factory statements and summaries. Asset records, cost journals and ledgers. Operating statements for processes and departments. Reconciliation of cost and financial accounts. Control accounts. Integral accounts.

Note: Questions involving a knowledge of standard costing and budgetary control may be set in any of the above four Intermediate Cost Accountancy papers.
THE FINAL EXAMINATION - PART A

The Final examination will be held for the last time in December, 1963. See pages 30 to 41 for the new five-part syllabus effective from June, 1964.

MANAGEMENT—FACTORY AND DISTRIBUTION (2 hours)

FACTORY:
Formation and development of a manufacturing undertaking:

Determination of objectives and policies. Factors influencing the type of organisation. Layout of works and offices. Flexibility and expansion factors. Choice of site: suitability of land, availability of raw materials, labour markets and communications, services, local regulations.

Functional responsibilities of departments within the factory:

(a) Pre-production, preparation of work to be done. Approval and modification of design for manufacture. Specifications, drawings, and material schedules. Determination of processes and machine operations. Jig and tool design. Rate-fixing, motion and time study. Engineering estimating.

(b) Production control, planning and co-ordinating manufacturing processes. Scheduling, machine and labour utilisation, stock control, manufacturing order control. Progressing.

(c) Manufacture, responsibility for all steps necessary to complete the product in accordance with specifications established by (a) and (b). Organisation, advantage of single authority, responsibility of foremen, chargehands, setters, operatives and labourers.

(d) Costs, control of financial progress of contract. Comparisons of costs against estimates.

(e) Inspection: Responsibility for inspection. Organisation and methods.

Relations with other divisions of the undertaking:
Design and development, marketing, sales, purchasing and store-keeping, and personnel.

DISTRIBUTION:
The scope of the distribution function:

Market research and sales forecasting. Marketing and merchandising. Selling and sales organisation. Ancillary services; advertising. Coordination of these various activities.

Policy problems:

(c) Product policies. Additions and elimination of products. Quality, simplification and standardisation, style and design, brand and trade mark, packages and containers.

(d) Distribution policies. Channels of distribution, prices, transport costs, guarantee and service, advertising.

(e) The relation of these problems to the policy problems in the other functional divisions of the organisation.

Organisation and control:

ADVANCED ACCOUNTANCY (2 papers covering 5 hours of examination)


THE LEGAL ASPECTS OF INDUSTRY AND COMMERCE (2 hours)

Industry: Elementary principles of law of master and servant. Industrial injuries insurance. Statutory control of employment, of hours of work, safety, health, wages, etc. Protection of women, young persons and children. Social insurance. Law relating to trade unions, collective bargaining, arbitration and conciliation. Wages councils.

Commerce: Elements of commercial law, treated as far as possible, from a business rather than a legal point of view. Contract, agency, restraint of trade, sale of goods, hire purchase, negotiable instruments, legal forms of association, arbitration and awards.

STATISTICAL METHOD (2 hours)

Scope and application of statistics: Statistical measures and methods of expression as devices making possible the measurement, classification and summation of data so as to clarify their implications.

Statistical devices: Tabulation. Charts and pictures. Natural scale graphs (frequency, cumulative and time diagrams), Ratios, Central tendencies, mean, mode and median. Elementary ideas of dispersion and skewness. Index numbers. Time series and trend as shown by moving averages and simple graphical treatment. Logarithmic graphs.
Statistical methods and the individual firm: Business forecasting with particular reference to the analysis of variations and trends. Use of statistics in the presentation of reports. Quality control. Graphics as applied to budgeting, comparison of "target" figures with actual performance data. (Examples in this section to be taken from data supplied by typical undertakings.)


The Final Examination - Part B

Advanced Cost Accountancy (3 papers of 3 hours each)

Covering the advanced aspects of the subjects set out in the Intermediate syllabus for Cost Accountancy, with special reference to the following:

Compilation of costs. Application of costing methods and techniques (including budgetary control, standard costing, and marginal costing) to manufacturing, wholesale, retail, distribution, business and public undertakings, and local authorities. Cost control accounts. Costing of by-products. Treatment of waste in cost accounts. The mechanisation of costing routine.


EXAMINATION IN
MANAGEMENT ACCOUNTANCY

Syllabus—Part A

MANAGEMENT ACCOUNTING (3 hours)

Sources of Capital:

Investment of Capital:

Control of Current Assets:

Internal Audit:

Marginal Control for Top Management:
The need for defining fixed and variable costs. Calculation of contributory margin. Calculation of break-even points. The use of marginal control for policy decisions.

Budgetary Control for Top Management:
Preparation of overall budgets for Board purposes. Study of the behaviour of cost in relation to volume of output. Calculation of operating statements and profit and loss accounts, using budgetary control and standard costs. Application of budgetary control to higher management problems.

Forecasting:
The preparation of forecasts as opposed to budgets. Use of long-range market research. Relationship of production capacity to sales. Long-range capital requirements. Profitability.

Reports for Boards, Chief Executives, Bankers, etc.:
Design of accounting reports for the various functions—production, sales, design, etc. The use of graphs. The design of reports for higher management, boards of directors, banks. Development of special reporting techniques on particular management problems.

Integral accounting, interim accounting, and consolidated accounts.

COMPANY LAW (2 hours)
The general principles of Company Law, including the provisions of the Companies Act, 1948, with special reference to the following matters—

Nature and Formation of Companies:

The Memorandum and Articles of Association:

Membership of a Company:
SYLLABUS—PART A (continued)

Plantation of Companies:

The Capital of a Company:

Borrowing Powers:

The Executive:

General Meetings:

Accounts and Audit:

Winding-Up (in outline only):
Compulsory winding-up by the Court. The liquidator. Committee of inspection. Voluntary winding-up—members' and creditors'. Winding-up subject to supervision. Creditors and contributories. Preferential debts. Reconstruction and amalgamation.

MANAGEMENT—FACTORY AND DISTRIBUTION (1 hour)

FACTORY
Formation and Development of a Manufacturing Undertaking:
Determination of objectives and policies. Factors influencing the type of organisation. Layout of works and offices. Flexibility and expansion factors. Choice of site: suitability of land, availability of raw materials, labour markets and communications, services, local regulations.

Functional Responsibilities of Departments within the Factory:
(a) Pre-production, preparation of work to be done. Approval and modification of design for manufacture. Specifications, drawings, and material schedules. Determination of processes and machine operations. Jig and tool design. Rate-fixing, motion and time study. Engineering estimating.
(b) Production control, planning and co-ordinating manufacturing processes. Scheduling, machine and labour utilisation, stock control, manufacturing order control. Progressing.
(c) Manufacture, responsibility for all steps necessary to complete the product in accordance with specifications established by (a) and (b). Organisation, advantage of single authority, responsibility of foremen, chargehands, setters, operatives, and labourers.
(d) Costs, control of financial progress of contract. Comparisons of costs against estimates.

Relations with other Divisions of the Undertaking:
Design and development, marketing, sales, purchasing and storekeeping, and personnel.

DISTRIBUTION
The Scope of the Distribution Function:
Market research and sales forecasting. Marketing and merchandising. Selling and sales organisation. Ancillary services. Advertising. Co-ordination of these various activities.

Policy Problems:
(a) Product policies, additions and elimination of products. Quality, simplification and standardisation, style and design, brand and trade mark, packages and containers.
SYLLABUS-PART A (continued)

(b) Distribution policies. Channels of distribution, prices, transport costs, guarantee and service, advertising.

(c) The relation of these problems to the policy problems in the other functional divisions of the organisation.

Organisation and Control:

STATISTICAL METHOD (2 hours)

Scope and Application of Statistics:
Statistical measures and methods of expression as devices making possible the measurement, classification and summation of data so as to clarify their implications.

Statistical Devices:

Statistical Method and the Individual Firm:

Current Sources of Statistics:
Official and private publications (special attention should be given to the Monthly Digest of Statistics of the Central Statistical Office). Censuses of production and distribution and indices of business conditions.

ECONOMIC ASPECTS OF INDUSTRY AND COMMERCE
(4 hours)

Production and Distribution:
The satisfaction of economic wants. Division of labour. Specialisation as between men and as between areas. Regulating influence of price movements.

Factors of Production:
Fixed capital, loan capital, labour and enterprise. Function of the entrepreneur as a link between the factors of production and the consumer.

Optimum Size of an Undertaking:
The spread of overheads and the impact of other costs. The incidence of technical progress. The concept of elasticity.

Chief Types of Business Organisation:
The one-man enterprise, the partnership, the joint stock company, the large industrial combine. Their raison d’être. Competition and monopolistic agreements as alternatives. Public control.

Money and Credit:
A means of exchange and a unit of account. Marks of monetary efficiency. The general level of prices. Commercial currency, cheques, bills of exchange, etc.

Localisation of Industry:
Causes; natural resources, climate, transport, aggregations of population.

Trade Cycles:
Changes in demand and technique. Psychological causes. Monetary influences.

Home and Export Trade:
Syllabus—Part B

ADVANCED COST ACCOUNTANCY (3 papers of 3 hours each)

Covering the advanced aspects of cost accountancy, with special reference to the following:

Compilation of costs. Application of costing methods and techniques (including budgetary control, standard costing, and marginal costing) to manufacturing, wholesale, retail, distribution, business and public undertakings, and local authorities. Cost control accounts. Costing of by-products. Treatment of waste in cost accounts. The mechanisation of costing routines.


EXAMINATION REGULATIONS

This examination is held only once in each year, normally during the first or second week in June, at such of the following places as the Council may decide:

HOME:

OVERSEAS:
Bahrain, Bloemfontein, Bombay, Bulawayo, Calcutta, Cape Town, Colombo, Delhi, Durban, Johannesburg, Karachi, Lagos, Lahore, Madras, Nairobi, Port Elizabeth, Pretoria, Salisbury (S. Rhodesia), Singapore and Toronto.

NOTES

The syllabus of the Fellowship Examination was first printed in 1952 with the subjects in a continuous sequence. This reprint, dated July 1960, shows the division into Parts A and B which took effect in June 1961. Details of individual subjects are unchanged.

ICWA Associates, who were exempt from all subjects of the Fellowship Examination except Management Accountancy and Company Law, were throughout entered in the results register for those subjects only. Up to and including 1960, other candidates were entered for the whole examination with exemptions where appropriate; from June 1961 they were entered for Part/s A, B, or A + B.

The Fellowship Examination was held for the first time in December 1953, and thereafter in June only of each year up to and including June 1963.

In relation to the five-part syllabus, it is recorded as being equivalent to Part V. For other details see the Appendices to page 21.

The syllabus and question papers for Part B of the Fellowship Examination were identical with those for Final Part B. If a Fellowship Exam candidate passed Part B only, this should be recorded, following the introduction of the five-part syllabus, as a Part IV pass; but in some cases this may be missing from his record.

Depending on other qualifications, some candidates, on completion of the Intermediate Examination, were allowed to proceed direct to the Fellowship (Management Accountancy) Exam without sitting Final A or B; others were allowed to take the Fellowship Exam without having sat either Intermediate or Final.
REVISED SYLLABUS OF EXAMINATIONS
EFFECTIVE JUNE 1964
PART I

INDUSTRIAL ADMINISTRATION (3 hours)

(Candidates will be given a choice of questions)

The principal functions of a business and their organisation and co-
ordination, including organisation charts and terms of reference.
Measurement of performance and routine and special reports. Management
policy and organisation for the production of goods and services.

PRODUCTION:

Location: Labour supply. Site conditions and accessibility. Provision
of external services. Local regulations and factory layout.

Methods of manufacture: Job, batch, mass and flow production. Effect
of these factors on plant layout and utilisation, labour utilisation and
costs.

Simplification, specialisation, standardisation.

MARKETING:

Sales organisation and procedures. Product development and design.
Marketing at home and overseas. Market research and sales forecasting.
Sales methods, channels of distribution. Publicity, advertising methods
sales promotion. Service after sales.

PURCHASING:

Purchasing organisation and procedures. Sources, methods and terms
of supply. Inter-relationship between specification, quality, quantity and
price.

RESEARCH AND DEVELOPMENT:

Organisation and procedures. Fundamental and applied research.
Product development and design.

PERSONNEL:

Personnel organisation and procedures. Methods of selection, training
and promotion. Conditions of service. Labour turnover and absenteeism.
Health and welfare services. Working conditions. Joint consultation.

SECRETARIAL AND ACCOUNTING:

The nature of the services provided, including financial accounting,
cost accounting, secretarial, statistical, legal, insurance, internal audit.

BOOK-KEEPING (3 hours)

Theory and practice of book-keeping, including the books of original
entry and ledgers, and the trial balance. Distinction between capital
and revenue. Depreciation, sinking funds, reserves and provisions.
Preparation of trading and profit and loss accounts and balance sheets.
Control accounts, consignment and joint venture accounts, hire purchase
and instalment accounts, royalty accounts, bills of exchange. Partnership
accounts, excluding legal matters. Departmental and branch accounts.
Receipts and payments accounts. Income and expenditure accounts.

ECONOMICS (2 hours)

(Candidates will be given a choice of questions)

GENERAL:

Economic wants and their satisfaction. Division of labour and
development of specialised businesses.

LOCALISATION OF INDUSTRY:

Nearness to important markets, transport, natural resources, labour
supply. Climate.

FACTORS OF PRODUCTION:

Management. Labour, Capital. Application of capital to investment
in land, other fixed assets and current assets. Organisation for manufac-
ture and distribution.

TYPES OF BUSINESS ORGANISATION:

The one-man business. Partnerships. Private and public joint stock
companies. Large scale groups of companies. Publicly owned businesses:
state or local authority.

SIZE OF UNDERTAKING:

Advantages and disadvantages of small, medium and large undertakings. Optimum size. Influence of increasing mechanisation and
automation.

MARKETS

Local, national and international trade. Tariffs and
Marketing. Wholesalers, brokers and retailers.

DEMAND AND SUPPLY AND PRICES:

Theory of value. Prices. Perfect and imperfect com-
Monopoly, economic rent, and government intervention. Elastic
demand and supply on labour and wage rates and on capital and
rates. The nature of profit.
MONEY, CREDIT AND FINANCE:


NATIONAL INCOME AND CAPITAL AND PUBLIC FINANCE:


STATISTICS (2 hours)

(Candidates will be given a choice of questions)

DATA:

Collection and tabulation of data. Approximation and error. Market research and sample surveys.

MEASUREMENT:


PRESENTATION:


APPLICATIONS:


SOURCES:

General knowledge of main sources and content of U.K. economic statistics; in particular, statistics of production, man-power, prices and distribution.

PART II

COST ACCOUNTANCY—LABOUR (3 hours)

WORK RECORDS:

Recording of time and output. Types of record. Time clocks and other methods. Defective work. Lost time.

RENUMERATION:


CALCULATION OF WAGES:


LABOUR COSTING:

Classification, allocation and apportionment to cost centres and cost units. Wage analysis.

LABOUR COST CONTROLS:


COST ACCOUNTANCY—MATERIALS (3 hours)

PURCHASING:


RECEIPT OF GOODS:

Methods of checking receipt, quantity, quality, specification. Matching of goods inwards notes with purchase orders.

MATERIALS CLASSIFICATION:

Classification and coding of raw materials, work-in-progress, finished goods, packing materials, consumable materials, maintenance materials, patterns and tools.

STORES:

PART III

OFFICE MANAGEMENT (2 hours)
(Candidates will be given a choice of questions)

ADMINISTRATION:

STAFF:
Recruitment, remuneration, incentive, training, appraisal, promotion, retirement, discipline and supervision.

ACCOMMODATION:
Working conditions and legal requirements. Lay-out of offices, furniture and equipment.

PROCEDURES:

REPORT WRITING AND CORRESPONDENCE:
Types of report. Style. Presentation.

SERVICES:

MACHINES AND EQUIPMENT:

FINANCIAL ACCOUNTANCY (2 papers of 3 hours each)

Theory and practice of financial accountancy in relation to all types of business. Working and manufacturing accounts. Preparation, interpretation and criticism of accounts and balance sheets in accordance with the requirements of the Companies Act and accepted modern practice. Conversions to limited companies excluding legal matters. Issue of shares, reduction of capital and issue and redemption of debentures.

INDUSTRIAL AND COMMERCIAL LAW (2 hours)
(Candidates will be given a choice of questions)

INDUSTRY:
Elementary principles of law of master and servant. Industrial injuries insurance. Statutory control of employment, hours of work.
PART IV

ADVANCED COST AND MANAGEMENT ACCOUNTANCY (3 papers of 3 hours each)

GENERAL:
Application of costing methods and techniques to manufacturing, selling, distribution and administration, in respect of all kinds of business, including public undertakings and local authorities. Advanced aspects of the syllabus for Part II (labour, materials and overhead).

COSTING PROCEDURES:

COSTING TECHNIQUES:

BUDGETARY CONTROL AND STANDARD COSTING:

MARGINAL COSTING AND BREAK-EVEN ANALYSIS:
Applications and technique.

PRESENTATION AND USE:
Statements and reports for management at all levels, including operating statements for processes and departments, profit and loss accounts and balance sheets. Methods of presentation. Speed and accuracy. Factors affecting frequency. Interpretation of information and its use by management in formation of policy and control.

COMMERCE:

PART III (continued)
safety, health, and wages. Protection of women, young persons and children. Social insurance. Law relating to trade unions, collective bargaining, arbitration and conciliation. Wages councils.

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PART V

ADVANCED ACCOUNTANCY AND FINANCIAL MANAGEMENT (3 hours)

THE SOURCES OF CAPITAL:

THE ASSESSMENT OF CAPITAL REQUIRED:

THE PROFITABILITY OF CAPITAL:
Calculation of profit and capital employed. Alternative bases for different purposes. Effective utilisation of capital employed. Use of ratios. Assessment of profitability of new projects.

THE CONTROL OF CAPITAL EMPLOYED:
Control of expenditure on the provision, renewal and extension of fixed and current assets. Orders received and in hand. Level of stocks and work in progress. Purchase commitments. Trade debtors and creditors. Cash. Problems arising from foreign trade.

VALUATION:
The valuation of businesses and shares of limited companies including fixed assets, current assets and goodwill. The effect of changing price levels.

APPROPRIATION OF PROFIT:
Dividends. Policy in relation to the distribution and retention in the business of profit earned.

INTERNAL AUDIT:

INSURANCE (in outline only):
Fire, accident and consequential loss insurance. Credit insurance.

ADVANCED ACCOUNTANCY:
Design and content of annual reports and accounts. Stock Exchange and statutory requirements for published accounts. Problems arising in the preparation and interpretation of all classes of accounts including the accounting for the amalgamation and reconstruction of limited companies. The consolidated accounts of groups of companies including those of overseas subsidiaries. The accounts of pension funds.

MANAGEMENT PRINCIPLES AND PRACTICE (3 hours)
(Candidates will be given a choice of questions)

The management function defined. Clarification of the objectives of the organisation.

PRINCIPLES OF MANAGEMENT:

PRACTICE OF MANAGEMENT:

ORGANISATION SIZE:

CONTROL IN MANAGEMENT:
Objects and processes. Control activity and its effect on organisation structure.

DEVELOPMENT OF MATERIAL RESOURCES:
Products, processes, markets and methods.

DEVELOPMENT OF HUMAN RESOURCES:
Selection, training, appraisal and promotion of managers, staff and operators.

COMPANY LAW (3 hours)
(Candidates will be given a choice of questions)

The law applicable to companies and in particular the provisions of the Companies Act, 1948, with special reference to the following:

CORPORATIONS AND COMPANIES:
Corporations. Advantages and modes of incorporation. Classes of company under the Companies Act, 1948. Companies limited by guarantee, unlimited companies, public companies, private companies, exempt private companies, overseas companies.
RETAINED SYLLABUS — Part V (continued)

REGISTRATION OF A COMPANY:
Promotion. Preliminaries to incorporation. Effect of incorporation.

MEMORANDUM AND ARTICLES OF ASSOCIATION:
Function and effect, contents, alterations, inspection. Table A.

PROSPECTUS:

APPLICATION AND ALLOTMENT AND THE COMMENCEMENT OF BUSINESS:

SHARE CAPITAL:

MORTGAGES AND DEBENTURES:
Nature of mortgages. Debentures and terms of issue. Registration of mortgages and debentures.

DIRECTORS AND SECRETARIES:

MANAGEMENT, ADMINISTRATION AND PROCEDURE:

BOOKS AND ACCOUNTS:

INVESTIGATIONS, ARRANGEMENTS AND RECONSTRUCTIONS (in outline only):

WINDING UP (in outline only):
Winding up by the Court. Voluntary winding up. Members' voluntary winding up. Creditors' voluntary winding up. Winding up subject to supervision. Powers and duties of liquidators.

TAXATION (2 hours)
(Candidates will be given a choice of questions)

PRINCIPLES AND PRACTICE OF INCOME TAX AND SURTAX INCLUDING:

PRINCIPLES AND PRACTICE OF PROFITS TAX INCLUDING:
CERTIFICATES

Candidates who have passed all five parts of the examination receive a pass certificate. A pass certificate does not imply, and must not be used to imply, that the holder is a member of the Institute.

TIME LIMITS

A registered student must pass the examinations within ten years of the date of his registration. The Council may, on application, grant an extension of this time limit but should the registered student fail to pass the examinations within the prescribed or extended periods, his student registration will be terminated, unless otherwise decided by the Council.

EXAMINATION PRIZES

The following prizes are awarded at each examination:

THE LEWTON CORONATION PRIZE: for the best paper in Financial Management (Part V), value £15.
THE LEVERHULME PRIZE: for the first place in Part IV, value £20.
THE STANLEY BENDER JUBILEE PRIZE: for the best papers in Management Accountancy (Part IV), value £15.
THE GEORGE RUSSELL MEMORIAL PRIZE: for the first place in Part II, value £20.
PART I

BUSINESS AND INDUSTRIAL ADMINISTRATION (3 hours)

Candidates will be given a choice of questions.

GENERAL:

BUILDINGS AND SERVICES:

PRODUCTION:

PURCHASING AND MATERIAL CONTROL:
Purchasing organisation and procedures. Sources, methods and terms of supply. Inter-relationship between specification, quality, quantity and price. Storage, movement, handling of materials and storekeeping methods. Care of materials. Sub-contracting.

DESIGN, RESEARCH AND DEVELOPMENT:

MARKETING:

PERSONNEL:

ADMINISTRATIVE SERVICES:
Nature of services provided including financial and cost accounting, O. and M. and systems analysis, electronic data processing, secretarial, statistical and operational research, company secretarial and legal, insurance, internal auditing, budgeting and company planning, public relations.

ACCOUNTANCY 1 (3 hours)


BUSINESS MATHEMATICS AND STATISTICS (3 hours)

Candidates will be given a choice of questions. All necessary tables will be provided and the use of slide rules is expected.

BUSINESS MATHEMATICS:

STATISTICS:
Syllabus—Part I (continued)


ECONOMICS (2 hours)

Candidates will be given a choice of questions

GENERAL:
Economic wants and their satisfaction. Division of labour and development of specialised businesses

LOCALISATION OF INDUSTRY:
Nearness to important markets, transport, natural resources, labour supply, Climate.

FACTORS OF PRODUCTION:

TYPES OF BUSINESS ORGANISATION:
The one-man business. Partnerships. Private and public joint stock companies. Large-scale groups of companies. Publicly owned businesses: state or local authority.

SIZE OF UNDERTAKINGS:
Advantages and disadvantages of small, medium and large undertakings. Optimum size. Influence of increasing mechanisation and automation.

MARKETS:
Local, national and international trade. Tariffs and quotas. Marketing. Wholesalers, brokers and retailers.

DEMAND AND SUPPLY AND PRICES:

MONEY, CREDIT AND FINANCE:

NATIONAL INCOME AND CAPITAL AND PUBLIC FINANCE:
PART II
OFFICE MANAGEMENT (2 hours)

Candidates will be given a choice of questions

ADMINISTRATION:

STAFF:
Recruitment, remuneration, incentive, training, appraisal, promotion, retirement, discipline and supervision.

ACCOMMODATION:
Working conditions and legal requirements. Layout of offices, furniture and equipment.

PROCEDURES:

REPORT WRITING AND CORRESPONDENCE:
Types of report. Style. Presentation.

SERVICES:

MACHINES AND EQUIPMENT:
All office machines and equipment not included in the syllabus for Data Processing, Part III (See pages 29-30).

ORGANISATION AND METHODS AS APPLIED TO OFFICE MANAGEMENT

COST ACCOUNTANCY 1 (3 hours)

GENERAL:
In relation to materials and labour, at an intermediate level: budgetary control and standard costing including variance analysis; accounting entries for materials and wages, work-in-progress and finished stock; costing methods by job and by process.

MATERIALS:
Purchasing: Materials specifications. Requisitioning, ordering and follow-up procedures.
Receipt of goods: Methods of checking receipt, quantity, quality and

Store-keeping: Recording of receipts, issues, stocks, transfers and returns to store, orders, allocations and free balances. Returns to suppliers. Treatment of scrap and waste materials.
Material costs: Cost per unit of output. Cost of defective material.

LABOUR:
Work records: Recording of time and output; types of record. Defective work. Lost time.
Labour costing: Classification, allocation and apportionment to cost centres and cost units. Calculation of cost rates.

COST ACCOUNTANCY 2 (3 hour)

OVERHEAD:
General: Nature and type of overhead: research, development, design, purchasing, production, personnel, selling, distribution, administration, finance. Fixed, semi-variable and variable overhead.
Allocation and apportionment: Methods of allocation and apportionment.

Services: Measurement of use of services including maintenance, Instrumentation. Recording of costs and charging to cost centres.


Costing Techniques:

Types of costing: Methods and procedures for costing by job (including batch and contract) and compilation of product costs. Methods and procedures for costing by process (including operating) and compilation of product costs.


Waste: Costing of waste, spoilage, defective work, rectification, idle time and idle facilities.

Functions: Costing of research, development, design and pre-production, purchasing, personnel, production, marketing, administration and finance.

Budgetary Control and Standard Costing:


Collection and analysis: Actual expenditure and output for comparison with standards and budgets.

Analysis of variances: Analysis of total variance at intermediate level, of all elements of cost.

Marginal costing:

Technique and applications at intermediate level. (Break-even analysis is excluded.)

Presentation and use:

Operating statements for processes and departments. Methods of presentation: oral, narrative, tabular, graphical and other visual means. Continuous and ad hoc records and presentation.

DATA PROCESSING (3 hours)

This syllabus includes the handling and analysis of data for all management information purposes. A knowledge of the various kinds of equipment available is required. The syllabus does not include items of general office machinery and equipment such as dictating, reproducing and mailing machines, which are included in the syllabus for Office Management, Part II (see page 20).

Terms and definitions in this syllabus are intended to be consistent with those used in the National Computer Centre's systems analysis course. This is not to be taken as implying that completion of that course is of itself sufficient preparation.

Organisation and Methods:

Analysis and planning of systems; procedures and routines. Organisation and control of procedures (not in the management sense). Choice of alternative methods. Outline of work study (principles only): methods and simplification, work measurement, volume and performance standards. Charts, including diagnostic, flow and procedure (principles only). Design of forms (principles only). O. and M. reporting.

Conventional methods:

Manual, including ancillary aids and equipment. Mechanical: ledger posting; adding and calculating machines, with and without a printed record; magnetic strip ledger. Systems and methods of balancing. Punched card equipment: card punches and verifiers, sorters, collators, interpreters, tabulators, reproducing punches. Applications and systems.

Digital Computers:

Hardware: Candidates will be required to demonstrate a knowledge of: how data is coded and moved and modified within the computer; types of storage and purpose; input methods; file organisation and associated data preparation; storage systems and their suitability for various tasks; choice of output according to subsequent use of information and type of application; central processing units; internal storage; manipulating data; arithmetic; peripherals: card and tape, punches and readers; mark sensing and character recognition; magnetic storage: tapes, discs and drums; libraries; line printers; other output devices to line printers.


Software: Candidates will be expected to have a general appreciation of the meaning of terms, including: operating systems, multiprogramming.
Syllabus—Part III (continued)

Systems analysis: Candidates will be expected to know how to set about a task and the special features which distinguish systems analysis from O. and M. work: data collection and validation, treatment of exceptions; using the selective power of the computer. Feasibility studies. Defining system objectives and planning studies. Information collection and recording. Flow charts and block diagrams. System design: need for creative thinking; the imaginative critical approach. On- and off-line systems. Data transmission.

Applications: General knowledge of criteria for using computers: grasp of the planning task when introducing computers; need to educate top management and users and staff. Selection of tasks. Planning, Implementation, Evaluation. Use of bureaux, rental or purchase.

ACCOUNTANCY 2 (3 hours)
ACCOUNTANCY 3 (2 hours)

Theory and practice of financial accountancy in relation to all types of business. Working and manufacturing accounts. Preparation, Interpretation and criticism of accounts and balance sheets in accordance with the requirements of the Companies Acts and accepted modern practice. Conversions to limited companies, excluding legal matters. Issue of shares, reduction of capital and issue and redemption of debentures. Consolidated accounts for a group of companies.

INDUSTRIAL AND COMMERCIAL LAW (3 hours)

Candidates will be given a choice of questions

The object of this syllabus is to ensure that candidates appreciate the more important legal implications arising from business relationships and transactions. The syllabus is wide but emphasis will be laid more upon an understanding of principles than a knowledge of detail.

INDUSTRIAL LAW:


Social security so far as it relates to employment. The scheme of compensation for industrial injuries. Sickness and unemployment benefits.

The legal status of trade unions. Rights of members of trade unions. Collective bargaining. Trade disputes. Provisions for conciliation and referen-

COMMERCIAL LAW:


PART IV

MANAGEMENT INFORMATION AND QUANTITATIVE TECHNIQUES (3 hours)

Candidates will be given a choice of questions

This syllabus should be read in conjunction with that for Business Mathematics and Statistics, Part I (see pages 23-24) as questions may be asked in this paper on the more advanced aspects of that syllabus.

MANAGEMENT INFORMATION SYSTEMS:
Information flow, Information systems. Evaluating systems. Use of information as an aid to decision-making.

QUANTITATIVE TECHNIQUES:
Basic principles and where each technique may be used to advantage. Nature and methods of quantitative techniques. Inventory control. Production control. Network analysis. Linear programming by the transportation method. Linear programming by the simplex method to the extent of setting up equations and the first tableau. Treatment of chance and uncertainty. Queuing.

MANAGEMENT ACCOUNTANCY 1 (3 hours)

MANAGEMENT ACCOUNTANCY 2 (3 hours)

GENERAL:
Purposes, principles and applications of cost and management accountancy in all kinds of activity, including research and development, design, purchasing, production, personnel, marketing, administration and finance. Application to all kinds of business and organisation, including public authorities. Advanced aspects of the syllabus for Cost Accountancy, Part II (see pages 25-28).

PROCEDURES:
Organisation of cost department and its relationship with other departments. Planning and progress of accounting work, including checks on accuracy of figures. Installation and modification of costing systems. Design of all forms of costing record. Units of measurement. Various applications (e.g. transport and other service industries). Classification and coding of accounts. Integrated accounting. Reconciliation of financial and cost accounts.

INTER-FIRM AND INTER-UNIT COMPARISONS AND ASSOCIATED RATIO ANALYSIS

COST REDUCTION, INCLUDING VALUE ANALYSIS AND VALUE ENGINEERING

FORECASTS:
Sales and costs. Capital and cash. Profit and profit planning.

BUDGETARY CONTROL:

STANDARD COSTING:

VARIANCES:
Nature, cause, calculation and analysis of variances from budgets and standards for fixed and variable costs. Variances: total, materials, labour, and overhead (based on fixed budgets, budgets flexed on standard hours, and budgets flexed on actual hours); sales margins. Stock valuation at standard cost with variances included. Presentation and investigation of variances. Effect of changes in standards.

BREAK-EVEN ANALYSIS AND MARGINAL COSTING:

ESTIMATING AND PRICING

CONTROL AND PROFITABLE USE OF CAPITAL:
Capital expenditure: forecasts, authorisation, recording and control. Assessment of profitability of new and replacement projects; alternative bases of assessment including discounted cash flow. Calculation of profit relating to capital employed; measures of effective utilisation. Control of level of stocks and work-in-progress, debtors and creditors, cash, orders received and purchase commitments. Use of ratios and analysis of informa-
PRESENTATION AND USE OF INFORMATION:
Statements and reports for management at all levels including operating statements for processes and departments, profit and loss accounts and balance sheets. Methods of presentation. Speed and accuracy. Factors affecting frequency. Interpretation of information and its use by management in formation of policy and control.

TAXATION:
(In any question involving taxation, specific details of treatment and rates to be used will be given.)

FINANCIAL MANAGEMENT (3 hours)

In addition to the items detailed, this syllabus will include advanced applications of matters referred to in the syllabuses for Accountancy, Cost Accountancy and Management Accountancy in Parts I to IV.

THE SOURCES OF CAPITAL:

THE ASSESSMENT OF CAPITAL REQUIRED:

THE CONTROL OF CAPITAL EMPLOYED:
Control of expenditure on the provision, renewal and extension of fixed and current assets. Orders received and in hand. Level of stocks and work-in-progress. Purchase commitments. Trade debtors and creditors. Cash. Problems arising from foreign trade.

VALUATION:
The valuation of businesses and shares of limited companies including fixed assets, current assets and goodwill. The effect of changing price levels.

APPROPRIATION OF PROFIT:
Dividends. Policy in relation to the distribution and retention in the business of profit earned.

INTERNAL AUDIT:

INSURANCE (in outline only):
ADVANCED ACCOUNTANCY:
Design and content of annual reports and accounts; Stock Exchange and statutory requirements for published accounts. Problems arising in the preparation and interpretation of all classes of accounts including the accounting for the amalgamation and reconstruction of limited companies. The consolidated accounts of groups of companies including those of overseas subsidiaries. The accounts of pension funds.

MANAGEMENT PRINCIPLES AND PRACTICE (3 hours)
Candidates will be given a choice of questions

The management function defined. Clarification of the objectives of the organisation.

PRINCIPLES OF MANAGEMENT:

PRACTICE OF MANAGEMENT:

ORGANISATION SIZE:

CONTROL IN MANAGEMENT:
Objects and processes. Control activity and its effect on organisation structure.

DEVELOPMENT OF MATERIAL RESOURCES:
Products, processes, markets and methods.

DEVELOPMENT OF HUMAN RESOURCES:
Selection, training, appraisal and promotion of managers, staff and operators.

COMPANY LAW (2 hours)
Candidates will be given a choice of questions

The law applicable to companies and in particular the provisions of the Companies Acts, 1948 and 1967 (except Parts II and V of the latter) with special reference to the following:

CORPORATIONS AND COMPANIES:
Corporations. Advantages and modes of incorporation. Classes of company under the Companies Act, 1948. Companies limited by guarantee, unlimited companies, public companies, private companies, overseas companies.

REGISTRATION OF A COMPANY:
Promotion. Preliminaries to incorporation. Effect of incorporation.

MEMORANDUM AND ARTICLES OF ASSOCIATION:
Function and effect, contents, alterations, inspection. Table A.

PROSPECTUS:

APPLICATION AND ALLOTMENT AND THE COMMENCEMENT OF BUSINESS:

SHARE CAPITAL:

MORTGAGES AND DEBENTURES:
Nature of mortgage. Debentures and terms of issue. Registration of mortgages and debentures.

DIRECTORS AND SECRETARIES:

MANAGEMENT, ADMINISTRATION AND PROCEDURE:

BOOKS AND ACCOUNTS:
Syllabus—Part V (continued)

INVESTIGATIONS, ARRANGEMENTS AND RECONSTRUCTIONS (in outline only):

WINDING UP (in outline only):
Winding up by the Court. Voluntary winding up. Members' voluntary winding up. Creditors' voluntary winding up. Winding up subject to supervision. Powers and duties of liquidators.

TAXATION (2 hours)
Candidates will be given a choice of questions and will be expected to answer in accordance with the provisions of the Finance Act and other relevant legislation passed (and case law established) in the calendar year previous to that in which the examination is taken.

The object of this syllabus is to ensure that candidates have a sufficient knowledge of taxation to enable them to advise management in general terms on the principles involved. The following detailed items should be interpreted in this light.

PRINCIPLES AND PRACTICE OF INCOME TAX AND SURTAX:

COMPANY TAXATION:

TAXATION OF CAPITAL GAINS:

INVESTMENT GRANTS:

BETTERMENT LEVY:
Events giving rise to levy. Rate of levy. Relationship to capital gains tax. Accounting treatment.

SELECTIVE EMPLOYMENT TAX: