[Accounting Historians Journal](https://egrove.olemiss.edu/aah_journal)

Volume 29
Issue 2 *December 2002*

Article 5

2002

Professional dominance: The relationship between financial accounting and managerial accounting, 1926-1986

Alan John Richardson

Follow this and additional works at: https://egrove.olemiss.edu/aah_journal

Part of the Accounting Commons, and the Taxation Commons

Recommended Citation

Richardson, Alan John (2002) "Professional dominance: The relationship between financial accounting and managerial accounting, 1926-1986," *Accounting Historians Journal*: Vol. 29 : Iss. 2 , Article 5.
Available at: https://egrove.olemiss.edu/aah_journal/vol29/iss2/5

This Article is brought to you for free and open access by the Archival Digital Accounting Collection at eGrove. It has been accepted for inclusion in Accounting Historians Journal by an authorized editor of eGrove. For more information, please contact egrove@olemiss.edu.

Accounting Historians Journal
Vol. 29 No. 2
December 2002

Alan J. Richardson
QUEEN'S UNIVERSITY

PROFESSIONAL DOMINANCE: THE RELATIONSHIP BETWEEN FINANCIAL ACCOUNTING AND MANAGERIAL ACCOUNTING, 1926-1986

Abstract: This paper examines the relationship between financial and managerial accounting as reflected in articles, editorials and letters to the editor published in *Cost and Management*, the Canadian trade magazine for management accountants, between 1926 and 1986. It has been claimed that during this period management accounting techniques lost their relevance to manufacturers, in part, due to the dominance of financial accounting over managerial accounting. This is also the period in which management accounting struggled to become recognized as a profession distinct from financial accounting. The analysis thus focuses on the jurisdictional dispute between financial and managerial accounting and the mechanisms by which managerial accounting was subordinated to financial accounting. The paper identifies the technical, organizational and professional mechanisms used to subordinate managerial accounting. The paper also demonstrates that management accountants were aware of the consequences of their relationship to financial accounting for the relevance of their techniques. Contemporary events suggest that the intersection of financial and managerial accounting remains disputed territory.

INTRODUCTION

Since the publication of Johnson and Kaplan's [1987] critique of the relevance of traditional management accounting techniques to managerial decision-making, there have been numerous articles either heralding a new era in management accounting [e.g., Berliner and Brimson, 1988] or fighting a rearguard action to prevent accountants from redeveloping the

Acknowledgments: The author acknowledges the comments of Joel Amernic, David Cooper, Dean Neu and two anonymous reviewers on an earlier draft of this paper. They are, however, absolved of all responsibility for the final text. An earlier version of this paper was presented to the Academy of Accounting Historians Research Conference November 1999 Toronto, Canada.

Submitted December 2000
Revised June 2001
Accepted September 2001

wheel [e.g., Shank, 1989]. Professional associations of management accountants have taken up the challenge of regaining relevance by redesigning their training programs to emphasize the role of their members as decision-makers rather than information preparers.[1] There has also been a boom in consulting firms offering to replace "obsolete" management accounting systems with new systems focused on activities, time, quality or throughput.[2] It is clear that management accounting has entered a new phase in its development in which it is seeking to reinvent itself and reaffirm its legitimacy as a key part of modern management practice.

The attempt by manufacturing firms, professional associations, consulting firms and academics to change management accounting must take into account the institutional context in which management accounting is practiced. If we do not understand why management accounting lost its relevance to manufacturing firms[3] and whether or not these conditions have changed, we are unlikely to be successful in making lasting change in management accounting practice [Shields and Young, 1988; Luft, 1997].

In this article I examine one potential factor[4] explaining the inability of management accounting to generate information suited to a changing manufacturing environment: the relationship between managerial accounting and financial accounting. Johnson and Kaplan [1986, p.260] speculate "the dominance of financial accounting procedures, both in education and in practice, has inhibited the dynamic adjustment of management accounting systems to the realities of the contemporary environ-

---

[1] For example, the Society of Management Accountants of Canada renamed their magazine as *CMA Management* in 1999 to reflect this change in emphasis. Their Website defines a CMA as "a financial management professional who combines accounting expertise and business management skills to provide leadership, innovation, and an integrating perspective to organizational decision-making".

[2] A review of any contemporary management accounting textbook will highlight these issues but for a good review of emerging issues see Ansari [1999].

[3] I recognize that the question of *whether or not* management accounting lost its relevance is debatable. See footnote 6.

[4] The factors that might be relevant include the changing costs of information processing capabilities, changes in the nature of the business environment, theoretical developments in information economics and others. This paper focuses on the nature of the relationship between financial and managerial accounting; it does not address the question of the effect of this relationship on the irrelevance/relevance of management accounting information.

ment".[5] This sentence is a strong statement about the relationship between financial and management accounting during the period considered by Johnson and Kaplan. The use of the term "dominance" implies a relationship of power (i.e., if financial accounting is dominant then management accounting must be subordinate). This relationship is claimed to extend to both practice and education. Finally, Johnson and Kaplan imply that management accountants recognized the "realities of the contemporary environment" and had preferences for different techniques but were "inhibited" by the demands of financial accounting.

The possibility that financial accountants could affect the development of management accounting is consistent with Freidson's [1970] analysis of the role of professional dominance in structuring related professional fields and Abbott's [1988] emphasis on the role of jurisdictional disputes in the development of professions. Freidson's work is concerned with the effect of the dominance of one group of professionals (in his case, doctors) over other professionals in interdependent fields (health care more broadly). The existence of professional dominance implies that one group within the division of labor has significant influence on the definition of problems, the selection of intervention strategies and the organization of work. He suggests that professional dominance can prevent an entire system of professions from meeting the needs of clients. Freidson, however, regards professional dominance as an institutionalized aspect of practice and recommends empowering the client and the administrative structures within which the profession practices as a means of overcoming the attendant problems. He does not enquire into how these relations of dominance between professions are created and/or maintained.

Abbott contends that the relationship/boundary between professions is subject to negotiation and suggests, "effective historical sociology of professions must begin with case studies of jurisdictions and jurisdictional disputes" [Abbott, 1988, p.2]. For

[5] There is a growing literature that provides alternative histories of management accounting. Several studies question Johnson and Kaplan's claims that academics were to blame for the declining relevance of management accounting by showing innovation in course materials e.g. Solomons [1987], Vollmers [1996]. Other studies have argued that the use of management accounting techniques reflects the economic and social system in which the profession is embedded thereby defining relevance in a different sense than that used by Johnson and Kaplan, e.g. Ezzamel, Hoskin and Macve [1990], Hopper and Armstrong [1991].

Abbott, then, professional dominance is not inherent in the structure of the professions but an outcome of processes of negotiating boundaries between different professional groups. Abbott [1988, p.230] asserts that cost accounting "has been without question the most contested information jurisdiction in American history." His analysis of jurisdictional disputes related to cost accounting, however, focuses on the period up to 1925 and on the boundary between cost accounting and such professions as statistics, engineering and operations research [ibid., pp. 226-239]. He concludes that by 1925 accountants, as a broad profession, had gained control of this field. Further he suggests, "since cost accounting took place within organizations, it rapidly lost many of its links with public accounting and became largely independent" [ibid., p. 232]. Contrary to this view of the resolution of jurisdictional disputes in cost accounting, the claims by Johnson and Kaplan that managerial accounting was subordinate to financial accounting suggests that this process of jurisdictional negotiation has failed or is incomplete.

Does it matter if management accounting exists as an independent profession rather than being under the control of financial accounting? There are a number of articles that demonstrate the dangers of using financial accounting information for managerial decision-making [e.g., Kaplan, 1988; Cooper and Kaplan, 1987]. These articles provide technical reasons why management accounting information should be independent of financial accounting. These articles however do not address the question of whether or not management accounting has emancipated itself from financial accounting in order to fulfill the role that theorists suggest it should play in organizations. The issue is of particular concern as the reform movement begun by Kaplan has come full circle. In early work, the need to separate cost accounting systems from financial accounting systems was highlighted but in more recent work the need to integrate information systems has been emphasized through the construction of enterprise resource planning (ERP) systems. [e.g., Cooper and Kaplan, 1998]. If the factors that originally caused management accounting systems to be dominated by financial accounting systems still exist, then the management accounting information supplied by these systems may still be irrelevant for managerial decision-making.

The remainder of the article is organized around three questions. First, is there evidence that management accounting was perceived by management accountants to be subordinate to financial accounting during the period 1926-1986? The evidence

supports the induction that Canadian management accountants perceived three forms of subordination: (1) limitations imposed upon management accounting technique due to a requirement to integrate cost accounts into the general ledger (technical subordination); (2) limitations on the influence and innovativeness of management accountants due to their position within organizational hierarchies (organizational subordination); and (3) limitations on the profession of management accountancy originating from the role of chartered accountancy in its creation (professional subordination).

Second, what specific mechanisms brought about this relationship? The data suggest that the subordination of management accounting to financial accounting was a side effect of the new profession's search for legitimacy. Management accountants were under pressure from auditors and financial accountants to ensure that cost accounts reconciled with the general ledger as a test of their accuracy and these groups provided the intellectual capital (such as concepts and texts) on which management accountants based their practice. Furthermore governments and trade associations were pressuring management accountants to develop verifiable uniform costing systems thereby linking management accounting practice to audited statements. Each of these institutional pressures constrained the development of management accounting technique.

Third, were management accountants aware of the effect of environmental conditions on the relevance of their information to management decisions? The data provides evidence that management accountants were aware of the effect of competition and changing technologies on the relevance of their work throughout the period. There is a tension in the literature between approaches that reinforced the link between financial and managerial accounting and approaches that tried to carve out a distinct form of accounting linked to the economic and strategic decision-making needs of the firm. This tension relates to the question of whether the fortunes of management accounting as a profession were tied to the status of financial accounting (and more generally public accounting) or whether the profession could establish a value to clients independently of the value of financial reporting.

METHOD

This paper examines the relationship between management and financial accounting as reflected in the Canadian manage-

ment accounting literature between 1926 and 1986. The use of Canadian data provides further insights into the development of the management accounting profession in Canada[6] and allows for identification of potential cultural biases in the work of Kaplan and Johnson and that of others drawing on the US experience.

The starting date used to define the time period examined reflects the claim by Johnson and Kaplan [1987] that all of the important management accounting innovations were developed by 1925. This claim is also supported by the work of Chandler [1977] and Garner [1954] but see Fleischman [1996] for a summary of contrary evidence. Johnson and Kaplan claim that, after 1925, the dominance of financial accounting over managerial accounting began to erode the relevance of management accounting for decision-making. The end-point for the period is the publication of Johnson and Kaplan's [1987] book in recognition of its impact in encouraging introspection by management accountants and innovation in management accounting technique.

The data on which this paper relies consists of all articles, editorials and letters published in *Cost and Management* magazine between 1926 and 1986 that mentioned both management and financial accounting/accountants. This was the official journal of the Society of Management Accountants of Canada.[7] I assume that this body of literature would capture the tensions that may have existed between managerial and financial accounting during this period. I recognize, however, that the relationship between the content of this literature and actual management accounting practice remains moot. Although *Cost and Management* was not the only source of management accounting

[6] Unlike the financial accounting profession in Canada, the evolution of management accounting has not received a great deal of attention by academics. In Murphy's [1994] *Anthology of Canadian Accounting History*, for example, only one article examines the evolution of management accounting.

[7] The emphasis of the Society throughout its history is reflected in the changes in its name:

1920-29	Canadian Society of Cost Accountants
1930-46	Canadian Society of Cost Accountants and Industrial Engineers
1947-66	Society of Industrial and Cost Accountants of Canada
1967-76	Society of Industrial Accountants of Canada
1977- 99	Society of Management Accountants of Canada
1999-date	CMA Canada

literature in Canada, it is the only publication dedicated to management accounting issues and produced by management accountants. The section below provides a brief history of the Canadian accounting profession and the development of a management accounting literature in Canada.[8]

The first professional organization of accountants in Canada was formed in 1879 in Montreal, Quebec, and it gained a provincial charter in 1880. Other organizations, each calling their members Chartered Accountants (CA), quickly appeared in other provinces and at the federal level [Richardson, 1993, Table 1]. In 1910, the provincial institutes gained control of the federally incorporated Dominion Association of Chartered Accountants (DACA) and, in 1911, began publishing the *Canadian Chartered Accountant* (*CCA*). Although articles published in the *CCA* were primarily on public accounting topics, a few cost and management accounting papers did appear. These, along with a small number of articles in engineering journals,[9] were the only Canadian source of guidance for management accountants in the formative years of the profession (1910-1922).

In 1908, the Canadian Certified General Accountants Association was formed to represent the interests of accountants in industry. The Association produced a newsletter beginning in 1923, but this had no technical content until 1967 when *CGA Magazine* was introduced. In 1920, explicitly following the lead of Britain and the US, the CA's created the Canadian Society of Cost Accountants (CSCA) to represent and provide professional guidance to cost accountants. The CCA, to support this new

---

[8] The description of the management accounting literature is updated from Richardson and Williams [1988].

[9] A review of the *Engineering Index* over the sample period uncovered eleven cost accounting articles from Canadian engineering journals between 1908 and 1922. There were no cost accounting articles from Canadian engineering journals listed between 1929 and 1986. The lack of cost accounting articles in these journals after the 1920s may be attributed to the inclusion of industrial engineers in the Canadian Society of Cost Accountants. Many early contributors to *Cost and Management* had engineering backgrounds.

Although the *Engineering Index* is an American publication, it does index Canadian engineering and trade journals dealing with engineering in general, mining, architecture, electrical engineering, civil engineering and legal issues in engineering. The coverage of this index is broad enough to allow generalization of these findings to other journals that may not have been covered. The key words included in this search (from among those used by the *Engineering Index* to categorize articles) were cost accounting, industrial management, depreciation, budgetary control, production planning and control, inventory control and industrial economics.

organization, expanded its publication from bimonthly to monthly and promised to increase its coverage of management accounting topics. This arrangement continued until 1922, when the Society became affiliated with the National Association of Cost Accountants (NACA) in the US. As part of the affiliation agreement, the Society's members received copies of the NACA's publications. In 1926, however, the relationship was severed due to the CSCA's desire for greater autonomy and better service. Jamieson [1948, p. 96] attributes the break up to differences in the "maturity" of the US and Canadian economies and, therefore, the different interests of management accountants in each country.

In 1926, the Society introduced its own journal, *Cost and Management*, which has continued in publication to the present (its name changed to *CMA Magazine* in 1985 and *CMA Management* in 1999). The following year, the Society began administering examinations leading to a "certificate of efficiency". Allan [1982, p. 21] suggests that this program followed the example of the Institute of Cost and Works Accountants in Britain in form, but in content followed the US example and was more concerned with financial control than productions/operations management.

Also during this period, in 1921, a group that eventually became the Canadian Institute of Certified Public Accountants was incorporated in Ontario as the Association of Accountants and Auditors of Ontario. This group, like the CAs, began as a general accounting association, but increasingly specialized in public accounting. Between 1950 and 1961, they produced the *Canadian Journal of Accountancy* that included some cost and management accounting articles. In 1962, the Institute of Certified Public Accountants merged with the CAs.

Following this line of development, the journals that Canadian management accountants may have referred/contributed to during the period 1926 to 1986 are:

1911 - 1921	*Canadian Chartered Accountant*
1922 - 1925	*National Association of Cost Accountants Bulletin* and *National Association of Cost Accountants Year Book*
1926 - 1986	*Cost and Management/CMA Magazine*
1950 - 1961	*Canadian Journal of Accountancy*
1967 - 1986	*CGA Magazine*

Cost and Management was thus the key source of professional guidance for management accountants during this period

and the only publication controlled by management accountants. It is recognized that professional journals serve many purposes that may affect their content. They serve as a means of communication among members to advance technical knowledge and to establish an epistemic community. They also provide the professional elite with a means to "re-present" the external demands on the profession in a manner that helps the rank-and-file membership make sense of their craft and its place within the institutional field [Simmons and Neu, 1997]. It is the latter role that is the focus of this paper.

Abbott [1988, pp. 99-100] pays special attention to the role of rhetoric in establishing and contesting jurisdictional boundaries. Professional journals provide an important media through which rhetorical strategies are implemented. The journals are read in this paper as part of the broader discourse about the role of cost accounting and its relationship to other professionals claiming influence upon this area of practice. Abbott [1988, p. 135] suggests that jurisdictional disputes reach equilibrium over different time frames. He suggests, based on his review of the history of many professional bodies, that "jurisdictions are renegotiated in workplaces over two- to three-year periods, in public over ten- to twenty-year periods, in law over twenty- to fifty-year periods". The data used in this paper relate to the "public" recognition of jurisdictional boundaries. The data suggest that jurisdictional disputes between cost accounting and financial accounting have recurred at about 20-year intervals triggered by "disturbances" [Abbott, 1988, p. 215] such as the development of new techniques such as marginal or standard-costing or the rise of inflation in the immediate post-war period and again in the late 1960s/early 1970s. The period under consideration thus provides several overlapping episodes in which cost accounting was motivated to reconsider the boundaries between itself and financial accounting.

In this article I use commentaries (articles, editorials and letters) from *Cost and Management* between 1926 and 1986 to specify the nature of the relationship between financial and managerial accounting. A research assistant (blind to the topic under consideration) read the entire set of journals and any contribution that mentioned *both* financial and managerial accounting was copied for further analysis. Since the purpose of this paper is inductive rather than deductive, no formal content analysis was undertaken. A grounded theory approach was used [Glaser and Strauss, 1967; Strauss and Corbin, 1998] in which conceptual categories were created that could parsimoniously

and comprehensively capture the variation in the data (this is referred to as achieving "theoretical saturation").

The prior literature used in this study [such as Abbott, 1988; Lukes, 1974; Freidson, 1970] served to direct the "theoretical sampling" undertaken; and to provide a starting point for investigation of the phenomenon. In this case the literature was used to identify the boundary between two professions as an important empirical site and possible power relations across jurisdictional boundaries as a research question [Strauss and Corbin, 1998]. Theoretical sampling is an iterative process in which the data are re-examined in light of the emerging conceptual structure until "theoretical saturation" is achieved. The results reported below interweave representative samples of text with the conceptual categories that emerged from that data. These results are related back to the literature as a way of illustrating the applicability of those concepts to this domain and to demonstrate how the results extend or refine the existing theory.

WAS MANAGEMENT ACCOUNTING PERCEIVED TO BE SUBORDINATE TO FINANCIAL ACCOUNTING?

The assertion that management accounting is "subordinate" to financial accounting implies that a relationship of power existed between the two groups.[10] Following Lukes [1974], this relationship could be reflected by (1) management accountants behaving, against their wishes, in ways preferred by financial accountants, (2) the exclusion of management accounting concerns from consideration in the development of the profession, and/or (3) management accountants forming preferences based on the ideological control of the financial accounting profession. The data used in this paper provides insight into the first two views of power and indirectly into Lukes' [1974] third dimension of power relations.

There is consistent evidence that management accountants felt constrained in the development of their techniques and unable to implement their preferred procedures. The evidence presented below suggests that this relationship was perceived in the linkages between the techniques of financial and management accounting, in the organizational roles that the two groups filled

[10] I will use the terms "accounting" and "accountant" interchangeably but in all cases the exercise of power is assumed to require an agent. I thus focus on management and financial accountants as groups rather than managerial and financial accounting as sets of concepts.

and in the relationship between their professional societies. In each of these areas management accountants recognized and thereby reaffirmed the dominance of financial accountants.

With regard to the technical aspects of their craft, management accountants felt pressure to integrate cost accounts with the general ledger, to fully allocate costs and to use historical cost information during periods of inflation. Although these are necessary attributes of historic cost financial reports, these requirements were seen as limiting the usefulness of accounting information for internal decision-making. These concerns arose particularly regarding the use of standard and marginal costs during the 1920s and 1930s, and regarding the need to adjust accounting information for the effects of inflation during the late 1940s and early 1950s and again during the late 1960s and early 1970s [Leacy, 1999].

Smails, an influential educator at Queen's University during the first decades of the 20th century, was pointedly critical of the effects of integrating cost accounts into the general ledger. He attempted to demonstrate the relevance of marginal cost approaches that would ignore some costs in order to produce information relevant to decision-making:

> The contemporary literature gives the impression that costing procedures were prostituted to the requirements of financial accounting and that everyone was satisfied provided that the aggregate of unit costs calculated by the cost accountant equaled the total expenses recorded in the general ledger [Smails, 1939].

In order to achieve integration, it was necessary to fully allocate costs to products. This resulted in arbitrary allocations that distorted the costs of particular products:

> . . . perhaps the most obvious example of external reporting's overriding and distorting influence on the internal accounting system is the arbitrary allocation of joint production costs . . . Decisions are made on the basis of opportunities taken and rejected but the system does not record opportunity costs . . . there appears to be sufficient evidence to suggest that financial accounting practices destroy or limit the usefulness of much accounting data [Burrows, 1974].

Many of the early publications in *Cost and Management* were descriptions by members of the Society of the cost accounting system installed in their place of employment. In later years, similar articles were produced as extracts from the

"theses" that the Society required students to submit to qualify for their designation (these appeared between 1941 and 1965 [Allan, 1982, p.72]). For the most part these papers describe the integration of cost accounts with the general ledger without comment on the managerial usefulness of this procedure [Selby, 1940; Hood, 1929; Lanthier, 1930]. In other words, the integration of cost accounting systems with the general ledger was a taken-for-granted part of accounting practice that did not need to be bracketed and explained (consistent with Smails'[1939] comment quoted above). The only exception to the integration of cost accounts with the general ledger was in firms which used a standard cost system for performance measurement or pricing [McKnight, 1950; Ripley, 1960; Nelles, 1949]. In these cases a separate set of records was used for specific management purposes but this appears to have been unusual. For example, McKnight [1950, p. 316], in describing his company's cost system, notes that "this company has not accepted the popular trend toward standard costs as a composite part of the accounting system."

An issue that consumed many pages of *Cost and Management* was the effect of inflation on internal accounting information. There was widespread agreement that failure to deal with inflation had adverse consequences, particularly in terms of the tax liability faced by the firm, but management accountants were unable to abandon the historic cost basis required for external reporting:

> Industrial accountants must, more efficiently and directly, cost for the future and let past records be maintained for tax purposes [Editorial, 1947].
>
> How can we expect the fiction of the stability of the dollar to be discarded by our tax lawmaker if we do not even dare to deviate from this fictitious concept for our internal accounting purposes [Editorial, 1957b].

There had been very little progress in the creation of financial accounting standards for inflation-adjusted accounting. Zlatkovich [1975] saw the lack of financial reporting standards for inflation as an opportunity for management accountants to experiment with alternate formats. He also saw that once an inflation-adjusted financial accounting standard was developed, management accounting would become subordinated to that standard:

> The accountant for an enterprise can prepare whatever types of reports and statements it is judged will best

> serve the needs of management without regard for external reporting requirements insofar as price-level changes are concerned. This may not be true much longer (due to the creation of external reporting standards) [Zlatkovich, 1975].

Edwards [1974] suggested that management accountants would only account for inflation after financial reporting standards had been changed:

> If the historical cost valuation basis were to be abandoned, what alternative valuation basis would be used in terms of internal decision-making as it relates to managerial accounting, and how would that affect the managerial accountant? It would place responsibility on him to relate such questions as return on investment not based on cost or book value but rather based on replacement cost in terms of the assets entrusted to management at various levels [Edwards, 1974].

The quotations presented above suggest that management accountants had preferences for particular accounting techniques but were unable to implement these techniques due to the requirements imposed by financial accounting. I will refer to this phenomenon as "technological" subordination. The only exception was in a few firms that had implemented standard cost systems to provide information for monitoring the efficiency of production separately from the general ledger. In the majority of cases, cost accountants either uncritically noted the need to integrate their cost systems with the general ledger or were critical of the effects of this requirement on the quality of information produced for management decision-making.

There is also evidence that management accounting was "organizationally" subordinate as well. The organizational subordination of management accounting followed from its primary use in preparing information for financial reporting:

> The inference seems to be fairly obvious that cost accounting is a detail or phase of general accounting and is thereby a secondary or even minor rank in the hierarchy of the finance function in a corporation…Certainly there is no question of secondary status for men soundly trained in accounting, costs and budget principles, whether they be called cost accountant or industrial accountant [Editorial, 1956].

Abbott [1988, pp. 36, 98] notes that a common rhetorical technique in boundary disputes between professions is the

Accounting Historians Journal, Vol. 29 [2002], Iss. 2, Art. 5

attempt by one profession to reduce the work of competitors to a subset of their own. In the quote above, the editor of *Cost and Management* recognizes that financial accountants have taken this view of cost accounting work but does not effectively rebut the proposition. Instead the editor attempts to reinforce the cost accountants' image of their level of qualifications without making any claim for the independence of cost accounting from financial accounting.

Management accountants were marginalized within the organizations for which they worked. Either they were located at head office within a financial reporting department, or they were assigned to divisional offices as direct support for shop floor level planning and control processes. In either case, management accounting was not positioned to influence organizational priorities or procedures. Management accountants also tended to be isolated in their work settings:

> While public accountants work mostly with other public accountants, management accountants, scattered over a wide range of occupational pursuits work mainly with individuals who are 'foreign' to their discipline [Jones, 1973].

This isolation was seen as inhibiting the development of a sense of community on which management accountants might build a unique identity. This isolation also meant that cost accountants must work closely with non-professionals in completing their tasks. Abbott [1988, p. 118] notes that within professions, those practitioners who work in the most professional environment (that is, isolated from clients) are accorded highest status. The position of cost accountants within the organizational structure meant that their claims to status among accountants, and hence their ability to legitimate jurisdictional claims, were weakened.

The perception of management accounting as a marginal activity compared with financial accounting was reinforced by hiring practices that regarded financial accountants as substitutes for management accountants but not vice versa. This reflected the fact that about half of all Chartered Accountants would eventually work in industry rather than in public practice. At the same time, public practice was subject to various degrees of regulation that limited practice rights to Chartered Accountants and, in some Canadian provincial jurisdictions, Certified Public Accountants and Certified General Accountants. People who qualified as management accountants, therefore, could not practice as public accountants without meeting

further regulatory requirements. The reverse was not true: a financial accountant could practice as a management accountant without further qualification.

There was also skepticism about the degree to which management accounting and other specializations had a distinct technical base. When new areas opened up in accounting, the evidence suggests that financial accountants were able to adapt to these career opportunities:

> There has been a definable drift in all concerns toward a greater degree of specialized authority [but]...The same old boys seem to be doing these jobs which apparently points out special adaptability rather than special training, which is a good thing in any case [Editorial, 1954b].

Abbott [1988, p. 229] notes that in the higher status professions there are typically fixed career paths that provide specific training and experience. The distinction between the career paths of financial and cost accountants was used as a rhetorical device to assert the dominance of one profession over the other. Financial accountants completed an apprenticeship in accounting firms and a series of three examinations before receiving their designation; management accountants trained "on-the-job". The ability of financial accountants to take on the management accounting role without further training was used to demonstrate the lower professional status of management accounting and to undermine claims to a distinctive jurisdiction.

Management accounting was also "professionally" subordinate in the sense that the Institutes of Chartered Accountants had created the Society of Management Accountants of Canada and the survival of the society during its early years depended upon their support. The first council of the Society consisted of the Presidents of eight provincial Institutes of Chartered Accountants. The initial intent of the CAs was to create an organization to accommodate management accountants but that would not create a credential which would compete with the CA designation [Editorial, 1920a,b; Mann, 1975]. This situation contrasts with the formation of the National Association of Cost Accountants (NACA) in the US. The NACA formed as a separate organization by breaking away from the American Institute of Accountants.

This status was reinforced when the Society of Management Accountants recommended offering designations to its members in 1939 [Allan, 1982, pp. 29-30]. In order to qualify for

the designation of Registered Industrial Accountant, candidates could meet one of three requirements. They could have ten years or more of cost accounting experience; hold a designation from another Canadian accounting body for five years; or, have five years experience as an industrial engineer. The willingness of the Society to certify members of other professions as cost accountants in part reflects an attempt to co-opt members of the other professions and thereby gain jurisdiction over the work that they perform [Abbott, 1988, pp. 168-172]. It also, recognizes that the cost accountants' qualifications are not unique and a subset of the qualifications of the other groups. This feature undermined cost accountants' claim to a unique jurisdiction.

A plenary speech at the first *Cost and Management* Conference in 1927 reminded members of their connection with financial accounting while calling on them to rise above it:

> Within the last fifteen or twenty years there has developed what, in my mind, is a new science, confused, at its inception, owing to the fact that it was an off throw from this older, dignified and splendid science of accountancy, and that is . . . the science of industrial accounting . . . by the use of the word 'accounting', we are tying this new science up to this old science, and we are very apt, unconsciously and unintentionally, to cast reflection on the splendid work which the older science is doing, and I feel deeply that this work is something entirely different . . . We are trying to build an entirely new science under an old name, the application of accounting data to the management of business, and we are - we must divorce ourselves from many of our old precepts and principles [McLeod, 1927].

In later years the probability of the management accountant achieving professional status independently of the public accountant was questioned. On several occasions the Society of Management Accountants raised the possibility of "unification" with the Chartered Accountants. The professional status of management accountants was felt to be at risk and could be assured by becoming a specialized branch of existing accounting associations instead of an independent organization [Coutts, 1958; Editorial, 1957b].

The literature reviewed above shows that management accountants did perceive themselves as being dominated by financial accounting. This relationship had three manifestations:

n: Professional dominance: The relationship between financial accounting and managerial accounting, 1

(1) Technical subordination – the perceived limits placed on management accountants by the need to integrate/reconcile cost accounts with the general ledger, to fully allocate costs and to use historical cost information;

(2) Organizational subordination – the perceived marginalization of management accountants as part of financial accounting departments and the asymmetry that a financial accountant could replace a management accountant but not vice versa;

(3) Professional subordination – the perceived marginal status of the CMA association as a creation of the Chartered Accountants.

Abbott [1988, p. 109] notes that professional dominance/subordination may be either (or both) structural (based on position) or cultural (based on ideas). The data presented above suggest that both forms of dominance occurred in the relationship between financial accounting and cost accounting. Organizational and professional dominance/subordination are based on the financial accountants privileged position within organizations, their linkage to the high status public accountants and the first-mover advantage held by professional associations of public/financial accountants. Technical dominance/subordination is based on the conceptual knowledge underlying accounting, particularly its reliance on historical cost and its status as an internally consistent and articulated set of records.

HOW DID FINANCIAL ACCOUNTING DOMINATE MANAGEMENT ACCOUNTING?

The domination of management accounting by financial accounting is a subtle process. The evidence presented below suggests that management accountants, as a new profession, sought to establish their legitimacy by accepting the standards imposed on them by established organizations in society. Management accountants also found that much of their work during this period was informed by a logic of cost justification rather than cost minimization that reinforced financial accounting priorities over a logic of marginal cost. Finally, management accountants had little intellectual capital available to support their professionalization program and so were dependent, particularly prior to the 1950s, on financial accounting publications (textbooks) for training.

A key mechanism by which management accounting's search for a unique purpose was subverted was by the requirement that cost accounts integrate with the general ledger. This was commonly held out as the *sine qua non* of a good cost system. In this way it was more than simply technical guidance; it was a criteria by which the legitimacy of management accountants' work would be judged. For example, in 1927 R.R. Thompson, the driving force behind the creation of accreditation processes for management accountants in Canada, was asked whether or not cost accounts could exist separately from the financial accounting system. He answered that:

> . . . it should be the aim of every cost accountant to link up his system with the general accounts; one should always be cross checked with the other [Thompson, 1927].

Twelve years later, it was recognized that in fact this type of integration of accounts had been accepted as normatively appropriate, if not always technically useful:

> It became the pride of cost accountants and of cost accounting writers to build up systems which interlocked with the financial records . . . The effect of this was that attempts were made in all sorts of ingenious ways to divide up the payments of the business [Editorial, 1939].

One explanation for this apparent paradox is that cost accounts were being used primarily to deal with authoritative demands for cost justification rather than market driven demands for cost reduction. For example, this approach is consistent with the demands of government contracting and the attempts by trusts to use cost as a basis for price fixing.[11] In this setting the objectivity of costs, as proven by reconciliation with the general ledger, may have been more important than their usefulness in managerial decisions:

> During the war businesses engaged on war contracts were obliged to become cost conscious but more from

[11] For example, the creation of a Uniform Cost System by the Federal Trade Commission [US Federal Trade Commission, 1916] was recommended as a basis for fixed price contracts [US Interdepartmental Conference, 1917]. For an example of uniform cost systems used by trusts see Powell [1926, Chapter 4]. More specifically in Canada see Willcox, [1939] who called for a Royal Commission to create standards for mine accounting and Wood [1940] on the need for standards in cost-plus contracts.

> the standpoint of ascertaining total cost rather than as a measure of efficiency or as a close check on the unit cost of diversified products . . . In order to achieve the best results it is essential that the cost records should be kept in continuous agreement with the general accounting records. . . . It is therefore essential that those concerned with cost accounting should not miss any opportunity of introducing up-to-date and economical methods of cost finding and in so doing help to ensure Canada's future as a great trading nation [Gates, 1947].

Cost and Management reproduced materials from the US that was thought to be relevant to its members. This included an assessment of the growing importance of cost data and the existence of an unfilled niche for the cost accountant. This assessment is based in particular on the introduction of the Robinson-Patman Act that prohibited price discrimination except where it could be justified by differences in costs:

> It has often been asserted that the development of cost accounting in the United States owes little to the professional certified public accountant and that even up to the present day he has failed to pay enough attention to this important aspect of accounting... Government regulation of business is bound to include, in an increasingly important degree, this puzzling question of costs [Editorial, 1937].

This is reinforced by observations that government commissions were frequently frustrated by the lack of common cost data across industries. For example, a commission looking into rate setting for public transit facilities tried in vain to get cost data for competitive modes of transportation. A spokesman suggested that:

> . . . it would be a good thing for accountants to take up and suggest a uniform system that could be adopted or even made compulsory by the government. If that were done, the Society would have performed a splendid public service [Editorial, 1929].

For a young profession, such explicit guidance from government and trade associations on ways of establishing the group's legitimacy was difficult to ignore. In the same sense, the legitimacy of management accounting and management accountants depended crucially on the support of the public accounting profession. By linking cost accounts to the general ledger, the cost accounting system would receive the "blessing" of the auditor.

The financial statements are the tangible boundary between financial accounting and cost accounting. The audit provides the medium by which the jurisdictional claims of each profession could be transferred inside the organization. Abbott [1988, pp. 56-57] notes that the clarity of a boundary between jurisdictions can have diverse effects on disputes. In accounting, legislative restrictions on practice rights establish a clear boundary between auditing and other accounting tasks. This boundary provides public accountants with a core task from which to expand their practice. Similarly legislated disclosure requirements provide resources for defending the way in which financial information is prepared. For the cost accountant, the clarity of these boundaries meant that a significant portion of their role would be defined by others and subject to external scrutiny.

A further mechanism by which management accounting became subordinate to financial accounting is through the availability of teaching materials. Abbott [1988, p. 232] notes that control over the instruction of cost accounting in universities was crucial to the success of accountants' jurisdictional claims over this field prior to 1925. His analysis did not recognize, however, that instructors from public practice taught cost accounting courses largely from the perspective of inventory valuation for financial reporting. The limitations of current texts were often noted in *Cost and Management*. For example:

> Nowhere does an accounting text analyze the problems of management or explicitly develop an accounting method in terms of the accumulation of data needed by management. Accounting texts have been the product of public accountants . . . Hardly believable but demonstrably true, this point of view has so permeated the profession and literature that private accountants and cost accountants are also forgetful of the managerial function of accounting [Goetz, 1941].

> The general preoccupation with matters pertaining to financial accounting has resulted in very little attention being paid to the development of administrative accounting. Nowhere is this more apparent than in the dearth of published material on the subject [Editorial, 1959a].

This is a direct consequence of the differential organization of the financial (public) and management accounting professions. Public accounting is a business and generates income that accounting firms can and do allocate to research and development. In addition, financial accounting is a "public good" that

has been subject to regulation to ensure that the quantity and quality of financial information available serves the public interest. Management accounting is a staff position within organizations and, consequently, does not generate funds for its own use. In addition, it is regarded as a "private good" that benefits only the firm in which it is used. The result has been that there is a greater availability of educational materials in financial reporting and auditing than in management accounting.

The subordination of management accounting to financial accounting emerges through the need for a young profession to gain legitimacy by linking their actions to the actions of higher status social actors. The relative emphasis of cost justification compared with cost minimization in the work of management accountants supported the use of cost accounts integrated with the general ledger and tying management accountants to the need for "auditable" results. The subordination of management accounting is also reflected in the need of the emerging profession to rely on the intellectual capital of financial accounting for its academic credibility.

Abbott [1988] uses the dramatic pentad of "act, scene, agent, agency and purpose" as a device for thinking about the legitimation of jurisdictional claims. He suggests that in Anglo-Saxon countries there is a hierarchy with stronger claims to jurisdiction based on acts and purpose, moderate claims anchored in agency, and weak claims based on scene and agent. Cost accounting was contrasted with public accounting only by the location (scene) of practice. Since public accountants and cost accountants dealt with the same clients (agents) and implemented the same techniques (agency), this was a weak basis for legitimating distinct jurisdictional claims. The different purpose of cost and financial accounting would have provided the strongest basis for differentiation but the emphasis of cost accounting on inventory valuation for financial reporting limited the development of this approach.

WERE MANAGEMENT ACCOUNTANTS AWARE OF THE CHANGING ENVIRONMENT?

Lukes' [1974] three-dimensional view of power raises the possibility that a subordinate group can be so imbued with the ideology of the dominant group that it is incapable of forming preferences that do not take the dominant view into account. The question being asked in this section is whether or not management accountants did recognize the potential irrelevance of

the techniques they were implementing. The literature since Johnson and Kaplan [1986] takes for granted that the irrelevance of management accounting techniques was rooted in changing technology (in manufacturing and information processing) and in the changing nature of global competition. If management accountants were aware of the growing irrelevance of their techniques, these contextual issues should have received discussion in the profession.

The discussions in *Cost and Management* leave little doubt that management accountants were aware of the changing business environment. There was also recognition that management accounting must develop independently of financial accounting in order to realize its potential. For example:

> An awareness within the profession that accounting data for internal purposes need not be subject to the dictates of external reporting should be encouraged without emphasizing one objective to the detriment of the other [Moller, 1954].

The claim in the book *Relevance Lost* is that management accounting as traditionally practiced became irrelevant due to the globalization of competition and the introduction of automated production technologies primarily since the Second World War. While there may be a difference in degree, similar concerns were expressed throughout the period covered by this study. For example, at the first *Cost and Management* Conference in 1927, the plenary speaker, Professor Sugars, stated:

> We are living in an age when the manufacturer has to carefully study the sources of his raw materials, and know what is going on in foreign governments, and in foreign politics; he must know what new railways are being built, the tariff, and what reforms are in contemplation. Today he has to keep ever in view the fierce competition which may come to him from the most remote parts of the Globe; he must consider Russia and China, etc.; the machinery he is using may be superseded by new inventions . . . In certain kinds of manufacturing some substitute may be discovered or invented that will put his product out of business [Sugars, 1927].

In particular, it was routinely recognized that the automation (mechanization) of production would force a reconsideration of cost finding and cost accumulation procedures. For example, in 1936, one author warned that:

> The tendency of mechanization will be to lay more and more stress on the importance of the treatment of overhead and we may have to revise our conception of the elements of cost when the element of direct labor assumes . . . a negligible proportion [Clamp, 1936].

The same story was being told in 1961:

> It would seem that it is time for cost accountants to take a serious look at their methods and techniques and to assess their value to the business world in the light of the many advances in industrial technology and the newer methods of doing business. One of the fastest changes taking place in industry is the replacement of manual by machine and automated methods of production. This should have great significance to cost accountants. First, it is changing the adequacy of labor as a fair base by which to allocate costs. Secondly, as more costs become relatively fixed in the form of investment and maintenance, the old emphasis on variable costs becomes less important. This is especially true when control of variable costs has reached an advanced stage . . . Thus one can see the emphasis shift from the question of how efficient is laboring to how efficient and productive are plant facilities . . . It would seem in order at this time for cost accountants to take a close look at their techniques and the adequacy of their methods in dealing with current problems. Such an analysis may reveal that we are concentrating on refinements and controls of cost questions that have lost their importance [Editorial, 1961].

After the release of Clark's [1923] "Studies in the Economics of Overhead", there was wide recognition of the need to focus on marginal or relevant costs in decision-making. This suggested to many that cost accounting would have to escape from the confines of financial accounting procedures:

> The test is, would any of the expenditure, and if so what part, be saved by refusing the job, shutting down the machine, closing the department or by making any other decision? . . . The restrictions which the double-entry form imposed on cost control and the rigidity which develops from an attempt by bookkeeping methods to analyze past payments is now leading to what appears to be a certain amount of revulsion against artificial analysis . . . The result is that certain writers are turning towards the work on cost theory which economists have done and it seems possible that future

> developments in cost accounting may combine to a much greater degree than hitherto a use of statistical method and economic theory . . . Cost is opportunity cost [Editorial, 1939].

> . . . knowledge of external reporting requirements by the management accountant is essential since he or she is responsible for the accounting system which generates information necessary to meet external reporting requirements, and also because such information is useful to managers for internal planning and control [Grimnel and Kochanek, 1976].

It was obvious that the use of marginal or opportunity cost concepts would require an information system that would escape from the constraints of the financial accounting system:

> Because of the economic and social pressures on individual business concerns they must understand and be able to apply cost and income techniques not always inherent in the debit and credit system. It indicates a flexibility of approach and a sense of vision for which the profession has not hitherto been noted [Editorial, 1954a].

Although the costs of operating two systems may have been an initial obstacle to this approach, it was recognized that changing conditions had also changed the cost/benefit ratio:

> Clearly we must have different costs for different purposes . . . As management's problems grow in complexity and competition forces an ever increasing percentage of "right" decisions, the cost of obtaining applicable cost information may be outweighed by the profits available from its use [Cohn, 1957].

In spite of such insights, the overall judgment of management accounting practice was that it had not succeeded in breaking free of financial accounting concerns to establish its unique competence:

> We seem to be heading away from our task of providing relevant financial information to management and the resulting gap is being filled by non-accountants. One of the persistent theories that has come out of the developments in computers, analytical techniques and information systems is that all management information can now be handled in a single integrated system... Because of the development of new techniques, the increasing complexity of business, and the increasing velocity of

> change, management requires a variety of sophistication in cost data which was undreamed of 25 to 30 years ago... We must reorient our accounting curricula away from the narrow product cost system type of courses to courses which tackle the real problems of cost determination [Dearden, 1968].

The consequences of management accounting relying on the criteria and intellectual capital of financial accounting to develop their craft was recognized by practitioners and academics. The need for multiple systems to reflect different decision needs and the need for system innovation to meet changing business and technological demands was recommended. Management accountants have throughout the period discussed above shown an awareness of the effect of context on the nature of their craft.

CONCLUSIONS

Abbott [1988] shows that accounting, broadly conceived, had gained control of cost accounting by 1925 in a jurisdictional contest with other professions such as statistics, industrial engineering and operations research. He further claims that cost accountants were established as a profession independent of financial/public accounting by this date. Contrary to these claims, Johnson and Kaplan [1986] and others have argued that after 1926, management accounting became subordinate to the demands of financial accounting. In other words, they argue that financial accounting maintained jurisdictional claims/professional dominance over cost accounting such that cost accountants were unable to define cost accounting practice according to the perceived needs of their clients.

The jurisdictional contest between financial accounting and management accounting occurred as the demand for management accounting was growing and practitioners were attempting to create a distinct profession with their own association, literature and jurisdiction of practice. The jurisdictional disputes were thus partly about who would retain control over the expanding definition of the accounting profession and hence be able to provide job opportunities for their members. These disputes were also about the right to define clients' needs and the knowledge base that was appropriate to apply to those needs. This would be reflected in the internal status hierarchy of the broader accounting profession.

I have used commentary in *Cost and Management/CMA*

Magazine to examine the relationship between financial accounting and cost/management accounting in Canada between 1926 and 1986. Evidence was presented to show that management accounting was technologically, organizationally and professionally subordinated to financial accounting in Canada. In other words, management accounting has not been able to develop according to its own preferences because of: (1) the use of financial accounting criteria to judge the quality of management accounting systems, (2) the assignment of management accountants to subordinate positions in organizational units whose primary purpose was financial accounting, (3) the dominance of financial accounting in the market for educational materials, (4) the judgment of the labor market that a financial accountant could replace a management accountant (but not vice versa), and (5) the need for a young profession to gain and retain the support of established interests in society.

There is also evidence that management accountants have long been aware of the need to develop information, independently of the financial accounting system, to help managers deal with problems of changing technology and global competition. On several occasions the profession has announced its break from external reporting concerns but repeatedly practice has not lived up to the promise. In 1957, *Cost and Management* reproduced part of the American Accounting Association report on Management Accounting [Bower, 1957], proudly declaring, "Management Accounting has arrived":

> We expect this report to speed up a growing recognition of the need for industrial accountants to emancipate themselves from the shackles which legal, and particularly tax considerations, have forced upon accounting . . . An awareness within the profession that accounting data for internal purposes need not be subject to the dictates of external reporting should be encouraged without emphasizing one objective to the detriment of the other [Editorial, 1959b].

Twenty years later, John Buckley was still forecasting the divergence of financial and managerial accounting:

> The twin branches of accounting will increasingly pursue different courses of development . . . Financial accounting is increasingly becoming compliance-based and therefore prone to regulation. But management accounting will never be reduced to a set of rules as long as management can formulate empirical questions... no

book of rules will ever satisfy empirical questions [Buckley, 1977].

The material published in *Cost and Management* demonstrates considerable ambivalence about the relationship between management and financial accounting. On one hand, there is a theme of acceptance of a subordinate role for management accounting as a subsidiary process for generating information for financial reporting. This theme is particularly strong during the early years of the profession due to the role of financial accountants as authors in the journal and their role in the leadership of the Society. On the other hand, there is also a theme that calls for management accounting to emancipate itself from the demands of financial accounting in order to provide management with information to support decision-making and strategy implementation. This theme was present throughout the entire period and was best developed by academics who argued, on theoretical grounds, for the need for different information for different uses.

The ambivalence in the literature reflects the weak basis for the jurisdictional claims being made by management accountants. In the main, cost accountants practiced using the same knowledge base as financial accountants and dealt with the same clients. As long as their practice was restricted to providing information to support financial reporting, management accountants were dependent on the success of that profession for their own success and had little basis for claiming to be an independent profession. Many leaders of the profession recognized the need to redefine the purpose of management accounting as part of the firm's strategic decision-making in order to provide a basis for the profession's claim to an independent jurisdiction. The literature thus treads a delicate line between maintaining the support of the established accounting bodies while providing management accounting practitioners with a new vision of themselves on which to expand their jurisdiction.

There is also evidence that rather than diverging, financial and management accounting may converge toward a view of the firm inspired by the current emphasis on firm-value [Berliner and Brimson, 1988]. The relationship between management and financial accounting is thus the site of an unresolved jurisdictional dispute [Abbott, 1988]. It remains to be seen if the current attempt to develop management accounting as an independent decision technology will succeed. Put another way, it is not clear that the institutional forces that have shaped the development of

management accounting to date have changed sufficiently to put the discipline on a different evolutionary track.

REFERENCES

Abbott, A. (1988), *Systems of Professions* (Chicago: University of Chicago Press).

Allan, N. (1982), *History of the Society of Management Accountants of Canada* (Hamilton: Society of Management Accountants of Canada).

Ansari, S. (1999), *Management Accounting: A Strategic Focus* (Homewood: Irwin).

Ansari, S. and Euske, K.J. (1995), "Breaking Down the Barriers Between Financial and Managerial Accounting: A Comment on the Jenkins Report," *Accounting Horizons,* Vol. 9, No. 2: 40-43.

Berliner, C. and Brimson, J.A. (eds.) (1988), *Cost Management for Today's Advanced Manufacturing: The CAM-I Conceptual Design* (Boston: Harvard Business School Press).

Bower, J. B. (1957), "A Profession of Accounting - Or of Accountancy?," *The Accounting Review*, Vol. 32, No.2: 194-198.

Buckley, J.W. (1977), "The Science of Management Accounting," *Cost and Management*, Vol. 51, No.5: 4-9.

Burrows, C.A. (1974), "Management and Financial Accounting: A Case for Separate Systems," *Cost and Management*, Vol. 48, No. 1: 6-12.

Chandler, A. (1977), *The Visible Hand: The Managerial Revolution in American Business* (Cambridge: Harvard University Press).

Clamp, G.H. (1936), "Cost Accountants and Present Day Problems," *Cost and Management*, Vol. 11, No. 10: 316-320.

Clark, J.M. (1923), *Studies in the Economics of Overhead Costs* (Chicago: The University of Chicago Press).

Cohn, L.A. (1957), "Costing for Decision-Making," *Cost and Management*, Vol. 31, No. 3: 116-123.

Cooper, R. and Kaplan, R.S. (1987), "How Cost Accounting Systematically Distorts Product Costs," in Bruns, W. and Kaplan, R.S. (eds.), *Accounting and Management: Field Study Perspectives* (Boston: Harvard Business School Press): 204-228.

Cooper, R. and Kaplan, R.S. (1998), "The Promise and Peril of Integrated Cost Systems," *Harvard Business Review*, Vol. 76, No. 4: 109-120.

Coutts, M.C. (1958), "Our Future in the Profession," *Cost and Management*, Vol. 32, No. 9: 334-339.

Dearden, J. (1968), "The Accounting Profession at the Crossroads," *Cost and Management*, Vol. 42, No. 3: 7-11.

Editorial (1920a), "Editorial," *Canadian Chartered Accountant*, Vol. 10, No. 37: 31-34.

Editorial (1920b), "Editorial," *Canadian Chartered Accountant,* Vol. 10, No. 38: 116-119.

Editorial (1929), "Urges Need for Cost Accounting," *Cost and Management*, Vol. 4, No. 4: 20.

Editorial (1937), "The New Importance of Costs," *Cost and Management*, Vol. 14, No. 3: 66-68.

Editorial (1939), "Whither Cost Accounting," *Cost and Management*, Vol. 14, No. 3: 117-120.

Editorial (1947), "The Human Factor in the Present Economic Situation," *Cost and Management*, Vol. 22, No. 8: 270-271.

Editorial (1954a), "Management Accounting," *Cost and Management*, Vol. 28, No. 6: 2-3.
Editorial (1954b), "A New Look at Accounting Titles," *Cost and Management*, Vol. 28, No. 6: 202-203.
Editorial (1956), "Opportunities Unlimited," *Cost and Management*, Vol. 30, No. 6: 202-204.
Editorial (1957a), "Is Evolution in Accounting Imminent?," *Cost and Management*, Vol. 31, No. 7: 251-252
Editorial (1957b), "The Industrial Accountant Claims Professional Status," *Cost and Management*, Vol. 31, No. 8: 298-299.
Editorial (1959a), "How the Educational Foundation Serves Accounting Education," *Cost and Management*, Vol. 33, No. 3: 89-90.
Editorial (1959b), "Management Accounting has Arrived," *Cost and Management*, Vol. 33, No. 6: 209-210.
Editorial (1961), "Changing Emphasis," *Cost and Management*, Vol. 35, No. 2: 49-50.
Edwards, J.D. (1974), "The Impact of New Dimensions in Financial Reporting - On Management, the Management Accountant and the Auditor," *Cost and Management*, Vol. 48: No. 2: 6-18.
Ezzamel, M., Hoskin, K. and Macve, R., (1990), "Managing it all by Numbers: A Review of Johnson & Kaplan's 'Relevance Lost'," *Accounting & Business Research*, Vol. 20, No.78: 153-166.
Fleischman, R.K. (1996), "A History of Management Accounting through the 1960s," in Lee, T., Bishop, A. and Parker, R. (eds.), *Accounting History from the Renaissance to the Present* (New York: Garland Press): 119-142.
Freidson, E. (1970), *Professional Dominance* (New York: Atherton Press).
Garner, P. (1954), *The Evolution of Cost Accounting to 1925* (Tuscaloosa: University of Alabama Press).
Gates, F.E. (1947), "Current Trends in Cost Accounting," *Cost and Management*, Vol. 22, No. 6: 228-232.
Glaser, B.G. and Strauss, A.L. (1967), *The Discovery of Grounded Theory* (Chicago: Aldine Atherton Press).
Goetz, B.E. (1941), "What's Wrong with Accountancy," *Cost and Management*, Vol. 16, No. 1: 358-359.
Grinnell, D.J. and Kochanek, R.F. (1976), "Capabilities and Role of the Contemporary Management Accountant," *Cost and Management*, Vol. 50, No. 4: 40-43.
Hood, T. (1929), "Cost Finding in a Confectionary Manufacturing Plant," *Cost and Management*, Vol. 4, No. 8: 16-24.
Hopper, T. and Armstrong, P. (1991), "Cost Accounting, Controlling Labour and the Rise of Conglomerates," *Accounting Organizations and Society,* Vol. 16, No. 5/6: 405-438.
Jamieson, H.T. (1948), cited in "Reminiscences of 1923," *Cost and Management,* Vol. 22a, No. 3: 96-100
Johnson, H.T. and Kaplan, R.S. (1987), *Relevance Lost: The Decline and Fall of Management Accounting* (Boston: Harvard Business School Press).
Jones, R.D. (1973), "Behavioral Implications for the Management Accountant," *Cost and Management*, Vol. 47, No. 5: 47-50.
Kaplan, R.S. (1988), "One Cost System Isn't Enough," *Harvard Business Review,* Vol. 88, No. 1: 61-66.
Kaplan, R.S. and Cooper, R. (1998), *Cost and Effect: Using Integrated Cost Systems to Drive Profitability and Performance* (Boston: Harvard Business School Press).

Accounting Historians Journal, Vol. 29 [2002], Iss. 2, Art. 5

Lanthier, A. (1930), "Cost System in a Paper Company," *Cost and Management*, Vol. 5, No. 1: 2-9.

Leacy, F.H. (ed.) (1999), *Historical Statistics Of Canada* (Ottawa: Statistics Canada). On-line at http://www.statcan.ca:80/english/freepub/11-516-XIE/sectiona/cover.htm.

Luft, J.L. (1997), "Long-term Change in Management Accounting: Perspectives from Historical Research," *Journal of Management Accounting Research,* Vol. 9: 163-197.

Lukes, S. (1974), *Power: A Radical view* (London: Macmillan).

Mann, H. (1975), *The Evolution of Accounting in Canada* (Montreal: Touche Ross).

McLeod, I. (1927), "Convention Speech," *Cost and Management*, Vol. 2, No. 12: 13-15.

McKnight, J.G. (1950), "Cost Accounting in a Diversified Food Industry," *Cost and Management*, Vol. 24, No. 10: 355-360.

Moller, G. (1954), "Management Accounting for Small Enterprises," *Cost and Management*, Vol. 28, No. 5: 176-188.

Murphy, G. (1993), *Anthology of Canadian Accounting History* (New York: Garland).

Nelles, R.G. (1949), "Cost Accounting in a Small Factory," *Cost and Management*, Vol. 23, No. 3: 81-100.

Powell, L.M. (1926), *The History of the United Typothetae of America* (Chicago: University of Chicago Press).

Richardson, A.J. (1993), "An Interpretive Chronology of the Development of Accounting Associations in Canada," in Murphy, G. (ed.), *Anthology of Canadian Accounting History* (New York: Garland Press): 551-628.

Richardson, A.J. and Williams, J.J. (1988), "The Evolution of Management Accounting in Canada: 1911-1961," *Fifth World Congress of Accounting Historians,* Sydney, Australia, August.

Ripley, W.G.C. (1960), "Process Costs in a Pulpboard Industry," *Cost and Management*, Vol. 34, No. 3: 102-119.

Selby, E.H. (1940), "Costing for a Municipal Council," *Cost and Management*, Vol. 15, No. 8: 218-222.

Shank, J. (1989), "Strategic Cost Management: New Wine, or Just New Bottles?," *Journal of Management Accounting Research*, Vol. 1: 47-65.

Shields, M.D. and Young, S.M. (1989), "A Behavioural Model for Implementing Cost Management Systems," *Journal of Cost Management*, Vol. 3, No. 1: 17-27.

Simmons, C. and Neu, D. (1997), "Representing the External: Editorials and the Canadian CAs (1936-1950)," *Accounting Organizations and Society*, Vol. 22, No. 8: 799-824.

Solomons, D. (1987), "Review of Johnson and Kaplan," *The Accounting Review*, Vol. 62: 846-848.

Smails, R.G.H. (1939), "Differential or Marginal Costs," *Cost and Management*, Vol. 14, No. 4: 129-133.

Strauss, L.L. and Corbin, J. (1998), *Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory*, 2nd Edition (Thousand Oaks: Sage Publications).

Sugars, R.M. (1927), "Opening Remarks," *Cost and Management*, Vol. 2, No.9: 4-7.

Thompson, R.R. (1927), "What Accounting Stands For," *Cost and Management*, Vol. 2, No. 9: 17-22.

US Federal Trade Commission (1916), *Fundamentals of a Cost System for Manufacturers* (Washington: Government Printing Office).

US Interdepartmental Conference (1917), *Uniform Contracts and Cost Accounting Definitions and Methods* (Washington: Government Printing Office).

Vollmers. G.L. (1996), "Academic Accounting 1920-1950: Alive and Well," *Journal of Management Accounting Research,* Vol. 8: 183-199.

Willcox, F. (1939), "Mine Accounting," *Cost and Management*, Vol.14, No. 3: 87-100.

Wood, F.E. (1940), "Cost Accounting for Government Purchases," *Cost and Management*, Vol. 15, No. 12: 339-348.

Zlatkovich, C. (1975), "Accounting Under Inflation and its Implications for Management," *Cost and Management*, Vol. 49, No. 2: 7-16.