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Aims of the Institute

Carl H. Nau

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The Aims of the Institute*

By CARL H. NAU

It was my privilege to address the first middle-west regional meeting of the institute held in Chicago last November upon the subject of the American Institute of Accountants. About three hundred accountants, not more than half of whom were members of the institute, were in attendance at that convention.

There are still numbers of practising accountants who, though eligible to membership in the institute, are not yet members thereof. Numbers of practising accountants who are not yet eligible are in the process of becoming eligible. It is hoped that accountants who are eligible will become members, and the institute desires to maintain contact with accountants who are not yet qualified for membership, that they, too, at the proper time, may become members. This is the reason why non-members are invited to participate in these regional meetings of the institute.

At the Chicago meeting I attempted to present a brief sketch of the history of the movement which, beginning in 1887 with the organization of the American Association of Public Accountants and passing through a period of organization of state societies and of C. P. A. legislation, finally resulted in the organization of the American Institute of Accountants in 1916. The genesis and present activities of the institute were reviewed in that address.

Like every worth-while and durable human institution, the institute was not born in the brain of a few individuals, nor was it conceived in any spirit of exploiting the selfish interests of its founders. It was rather the natural and logical evolution of an organization to meet a need which had developed in the growth of our profession.

*An address delivered at a regional meeting of the American Institute of Accountants, Detroit, Michigan, April 8, 1921.

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Since my presence is chiefly directed toward bringing the message of the American Institute of Accountants to those non-members who are now or who may become eligible to membership, may I direct you to the February number of THE JOURNAL OF ACCOUNTANCY for my remarks on the origin of the institute and the reasons for its existence, by way of laying a foundation for my remarks this evening?

The subject assigned to me by your committee for this second middle-west regional meeting is *The Aims of the Institute*. It occurs to me that I can do no better than, preacher-like, to take article I of the constitution of the institute as the text for my sermon and briefly comment upon the several propositions so concisely, but nevertheless completely, enunciated therein. It epitomizes the aims of the institute much better than anything I might say.

It reads as follows: "Its objects shall be to unite the accountancy profession of the United States; to promote and maintain high professional and moral standards; to safeguard the interests of public accountants; to advance the science of accountancy; to develop and improve accountancy education; to provide for the examination of accountants for membership, and to encourage cordial intercourse among accountants practising in the United States of America."

The first enumerated aim of the institute is:

"To unite the accountancy profession of the United States."

Here let me pause to direct your attention to the fact that the word used is "profession"—not vocation, not trade, not commercial pursuit of any kind or description—but "profession." It may not be easy always to distinguish a profession from a commercial pursuit, but if accountants as a body are to lay any permanent claim to being members of a profession, they must make the distinction.

I am not going to attempt to define or to distinguish all of the characteristics of a profession. But let me enumerate a few characteristics which a profession must have.

A profession must have an educational programme.

It must be liberal, broad and catholic in its aims.

Its practitioners cannot preëempt unto themselves the exclusive knowledge or discovery of any useful principle or device without imparting such knowledge or information to the whole body of professional practitioners and to the world. There can be no patent or copyright on professional information.

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It must develop a body of professional ethics.

It must always put service above financial gain.

An individual practitioner may occasionally, perhaps persistently, violate the code of ethics of his profession, but the development of the ethical precepts and rules of professional conduct adopted by an organized body of any profession must be such as to distinguish it and set it apart from ordinary commercial pursuits.

Therefore, the first aim of the American Institute of Accountants is to unite in one body the practitioners of the profession of accountancy of the United States, to the end that the growth of the profession, its standards, its ethics and its discipline may be guided and controlled from within itself, and to the further end that the body of the profession may have an articulate voice and speak with authority upon all matters having to do with the development of the profession and with the interests of its practitioners.

The institute cannot realize this aim nor achieve its highest purpose if considerable numbers of eligible practitioners withhold themselves from membership. The voice of the institute cannot be a voice of authority unless it speaks the composite thought of the profession itself and unless its officers and committees give utterance to the consensus of opinion of its membership.

The American Institute of Accountants is the instrument through which there may be a union of the accountancy profession; and without it, or some other organization which shall be representative of the entire body of the profession, there can be no permanent professional solidarity and accountancy must relinquish its claims to a professional status and frankly describe itself as an ordinary commercial pursuit in which the feeling of fellowship inherent in union shall be abandoned and competition shall supplant coöperation.

The second aim of the institute is:

“To promote and maintain high professional and moral standards.”

I submit that the institute cannot maintain high professional standards if for a moment it relaxes its high requirements for membership. It has sometimes been said by those who, either because they do not know or because they themselves have not attained that condition of eligibility which permits them to become members, that the American Institute of Accountants is an

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exclusive body; that it is a sublimated mutual admiration society; that its aim is to establish a monopoly for itself and to keep other aspiring and enterprising practitioners out. In some cases this false notion may be the result of misinformation; but to a considerable extent it is the result of propaganda by those who cannot pass the rigid test of eligibility and meet the requirements for membership.

Should the institute let down the bars and take into its fold every person who for a time hangs out his shingle as a public accountant and offers his services to an ill-informed and unsuspecting public, whether he be qualified for membership or not, it certainly could not maintain its aim to "promote high professional and moral standards." It is, therefore, necessary that the body which is to unite the profession of accountancy in the United States should maintain high and rigid standards consistent with the dignity and the importance of the interests in its keeping.

However, the institute welcomes into its membership every practitioner in the country who can comply with its requirements for membership. Its ideals are in the keeping of the great body of the profession itself, and every practitioner owes a duty to the profession he loves to participate in its development. He can do this by becoming a member of the body which is the exponent and repository of the best traditions and ideals of the profession.

Another aim of the institute is:

"To safeguard the interests of public accountants."

While the institute frequently moves to safeguard the interests of some specific individual practitioner, I submit that it can better safeguard the interests of public accountants by moving to safeguard the interests of the profession itself than by interposing its authority, counsel or advice in specific and individual instances. Through its council and executive committee, through its committee on legislation, committee on professional ethics, committee on professional advancement and other committees, the institute never loses a chance or fails to take advantage of an opportunity to safeguard and advance the interests of public accountants by all honorable and proper means.

The services rendered to our government by the institute and by many of its officers and members doubtless accomplished more in the way of bringing our profession to the front and creating opportunities for constructive service, and thus advancing the interests of the profession, than any other one thing that has yet

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been done to promote the interests of public accountants. Let us suppose that the institute had not been in existence at the outbreak of the war and that this opportunity presented itself. Individual accountants might perhaps have achieved a small measure of success, but no such forward movement of the entire profession could have taken place had there been no thoroughly representative and centralized organization of accountants like the institute. The activities of the institute at the outbreak of the war did more to put the profession of accountancy on the map than anything else that has happened since the profession came into being.

“To advance the science of accountancy” and “to develop and improve accountancy education.”

Perhaps the one activity which has greater possibilities than any other single activity to forward this aim of the institute is the endowment of the library. Three years ago, at the suggestion of and with a large initial donation from one of the leading members of the institute, there was established an endowment fund, the income from which is devoted exclusively to the development and maintenance of a library and bureau of information. Since then, the institute has accumulated a professional library of many volumes, the information in which has been catalogued and made available to every member.

Perhaps of even larger importance than the knowledge preserved upon the printed page is the special knowledge and experience buried in the files and in the memories of individual accountants throughout the country. Any member who desires information or advice upon any question which may arise in his practice can direct his inquiry to the library of the institute. If the information is to be found in a book, he will be directed thereto. If it is not to be obtained in this manner, his question will be referred to some member or members who are entirely likely to be able to answer his question or to inform him of the best practice in respect of the matter. The person answering the question will not know the identity of the questioner. Neither will the questioner know who supplied the information.

Those members who have had occasion to avail themselves of this service appreciate how useful it has been to them. I heard one able and leading member of the institute say that he had obtained information through this service which was easily worth a fee of \$1,000.00 to his organization and for which it willingly

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would have paid. It happened that the person in possession of the information sought was entirely willing to impart it to a fellow member of the institute, but it is extremely doubtful if the inquirer could have obtained it in any other way.

Questions such as are deemed to be of general interest are published in the periodic bulletins issued by the bureau of information and are indicative of the value of the service it has undertaken to render.

There is now on the press and soon will be issued the *Accountants' Index*, which was compiled by the library. It will be a book of approximately 1600 pages and will contain information about every book or other published matter known to the library which may be of interest to practitioners or in any way relates to accountancy.

In the time at my disposal it is manifestly impossible to describe the various activities which are being forwarded by the institute. Information about them will be found in the reports of the various committees, appearing in the several year-books of the institute, in THE JOURNAL OF ACCOUNTANCY, in the bulletins and elsewhere.

"To provide for examination of candidates for membership."

A member of the board of examiners is present at this meeting, and doubtless he will explain the rules governing examinations which are set for admission to membership should there be anyone desiring information on this point.

"To encourage cordial intercourse among accountants."

This aim of the institute has surely been accomplished. The intimate and cordial social and professional relationships which have been established between accountants and between groups of accountants, all over the country, certainly has been a delight to behold. Many of those here present, as well as I myself, can testify to the beautiful and enduring friendships which have grown out of the opportunity for intercourse afforded by the annual meetings of the institute.

These regional meetings are a further step which has been taken to extend and increase the opportunity for such relationships. Many members and persons who at some time may become members can neither afford the time nor the expense of traveling to Washington to attend the annual meetings of the institute. Hence, these regional meetings are calculated to expand and multiply the opportunity for intercourse and companionship.

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They permit a greater number of accountants to come in contact with each other and to become acquainted with the leaders of their profession. They bring the institute to those who cannot come to the institute.

Attendance upon these meetings enlarges their mental horizon and makes them fitter and better practitioners. It especially gives the younger practitioner an opportunity to broaden by hearing and participating in the discussions which make up the programmes at these meetings. It gives him a chance to see how others handle some of the problems which he will encounter in his daily practice.

The opportunity of contact with others who are thinking and working along the same lines is invaluable; and the friendships which are formed on these occasions are among the things that make life worth living. Personally, I would not exchange some of the friendships which were formed by attendance upon the meetings of the American Association of Public Accountants and of the institute for thousands of dollars. Each time I come away from a meeting, I feel that I am a better accountant and a better man.

What a difference this opportunity for association with other accountants has made in the viewpoint of the individual practitioner! I can remember the time when, with our provincial outlook, we were wont to look with suspicion upon another accountant. When we saw him on the street, we avoided him for fear he might learn where we were going and try to steal away our client. We have learned that we are not business competitors, but professional associates. Instead of trying to take advantage of each other, we have learned to cooperate with each other.

An increase in the number of accountants has not meant that the opportunity for service of a single one has been lessened thereby, but with the increase in the number of practitioners the opportunities for service have been multiplied.

Of course, the younger practitioner cannot expect at once to acquire the large clientele of some of the older practitioners. If he will stop to think how many years of faithful service it has required to build up their practice, he will have no remaining feeling of envy at their success—a success to which he also thinks himself to be entitled. Patience, hard work and the knowledge of work well done will do for him what it has done for them.

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Let me ask him to consider how much better is his opportunity for establishing a practice than are those of the older and better recognized professions. If he is sometimes tempted to resort to the undignified methods of publicity and solicitation adopted by some—methods which sometimes seem to him to result in a more immediate and larger financial success—let me warn him that this apparent success is often illusory. “All is not gold that glitters,” says the old proverb, and even though unprofessional methods in some cases for a time seem to result in better financial rewards, they will not obtain for one the lasting satisfaction that comes from pursuing the tried and proven methods, which, in the long run, are bound to have a more lasting result and lead to an increased self-respect as well as to the goodwill and respect of all one’s fellows.

The ethical rules and precepts of the profession may not have been completely developed or have reached a stage of finality, but the best thought of the profession is rapidly approaching the position of unanimously adopting the viewpoint of the older professions in regard to the question of advertising and publicity. The time will soon arrive when, in the popular mind, the advertising accountant will be placed in the same category with the advertising lawyer, doctor or dentist, whom the intelligent public calls an ambulance chaser or a quack.

The time is too brief to permit of my enlarging upon this theme or further discussing the aims of the institute. Therefore, in closing permit me to renew the invitation which it is my practice to extend at every opportunity which presents itself. Let me ask every person, who is not now a member of the institute, to make application for membership, if he has the necessary qualifications and can comply with the requirements for membership. If he has not yet attained the necessary qualifications to become an associate of the institute, let me urge upon him the desirability of fitting himself for membership at the earliest possible opportunity.