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*Operationalising Closure in a Colonial Context: The
Association of Accountants in East Africa 1949-1963*

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**OPERATIONALISING CLOSURE IN A COLONIAL CONTEXT: THE
ASSOCIATION OF ACCOUNTANTS IN EAST AFRICA, 1949-1963**

Abstract

The migration of British accounting professionals to both settler and non-settler colonies in the late nineteenth and early twentieth centuries bequeathed an enduring legacy for the professionalisation process in these countries. This study sets out to trace the rise of professional accountancy in colonial Kenya, a racially diversified and hierarchical colonial society where non-whites were marginalized and the minority white population ruled. Drawing from archival sources and some oral history data, the study traces the formation and operation of a colonial professional body, the Association of Accountants in East Africa (AAEA), comprised mainly of British expatriate accountants. In particular, it shows how traditional, formal closure devices, such as the restrictive use of designations, examinations and training requirements and the registration of accountants were employed by AAEA in its attempts to exclude unqualified practitioners and control the market for accounting services in the colony. It also presents evidence that attests to the use of more informal closure devices, taking advantage of the socio-cultural conditions specific to this colony, to exclude on the basis of race.

OPERATIONALISING CLOSURE IN A COLONIAL CONTEXT: THE ASSOCIATION OF ACCOUNTANTS IN EAST AFRICA, 1949-1963

1. Introduction

The expansion of the British Empire in the late nineteenth and early twentieth centuries facilitated the international transfer of capital and goods, the migration of citizens and the promulgation of the English language, culture and constitutional forms. Theories of British imperialism suggest that different colonial outposts were acquired for different reasons and as such gave rise to the establishment of different forms of political lien and related administrative expenditure (Robinson and Gallagher, 1981; Davis and Huttenback, 1988). Early empire (pre 1880) was characterised by colonisation and the establishment of permanent settler societies having a majority white population, for instance in the Americas, Canada and Australia. Late empire (post 1880) was characterised by the emergence of non-settler colonies, for instance Trinidad and Tobago and Nigeria, which had small long-standing European populations, the majority of whom were there only on a temporary basis and still regarded the mother country as ‘home’¹. This later period of empire expansion also witnessed the emergence of new settler colonies where whites were in the minority, as in the case of Kenya in East Africa², the focus of the present study.

This expansion and subsequent consolidation of empire, coincided with the rise of professionalism in Britain as associations formed and sought to regulate practice both at

¹ Based on this definition, India is also normally classified as a non-settler colony.

² In the “late” settler colonies, such as East Africa and South Africa, there was large scale land dispossession and alienation of the majority black population. Although, Kenya does not fit the classic white settler model (Canada and Australia), the powerful white minority ensured that the experiences of Africans were very different to countries such as Nigeria, a classic non-settler African colony. The same could be said for Rhodesia, Mozambique and Angola, as all had powerful white settler minorities and independence was achieved only through violent and protracted struggle.

home and increasingly throughout the Empire (Johnson, 1973). In accountancy, British professionals followed in the wake of capital transfers between the metropole and the periphery, exporting their “skilled labour, their mode of labour organisation, symbolic capital and occupational norms” (Chua and Poullaos, 2002, p.411). The professional organisation of such migratory accountants and the ensuing professionalisation trajectory to be found in the different colonies were partly dependent upon the form of political lien established. Thus in the case of most settler colonies, local professional accountancy bodies originated in the late nineteenth century whereas in most non-settler colonies local professionalisation did not take place until after political independence had been achieved³. This study will show how the case of Kenya straddles the settler/non-settler divide and exhibits characteristics of both with respect to its professionalisation trajectory.

Various approaches have been adopted by researchers investigating the linkages between accountancy, colonisation and Empire. Some authors have set out to study the rise of the profession within a settler-colony context and examine the emergence of local autonomous associations in the periphery (Chua and Poullaos, 1993; Chua and Poullaos, 1998; Carnegie and Parker, 1999; Carnegie and Edwards, 2001). Many of these early associations were variants on the British model or “hybrids reflecting the specificity of place and British accommodation of peripheral demands” (Chua and Poullaos, 2002, p.409). In recent years there has also been an increasing number of studies profiling the emergence of local, indigenous professional bodies in non-settler, non-white colonies in the post-independence period (Wallace, 1992; Annisette, 1999; Susela, 1999; Yapa, 1999; Bakre, 2001; Uche, 2002). In such cases, the profession was dominated in the colonial period by British accounting professionals, who retained their allegiance to the British bodies with which they

³ Most colonies gained independence after the Second World War, many between 1960 and 1970.

qualified. The existence of racially diversified and rigidly stratified colonial societies resulted in the almost absolute exclusion of indigenous people⁴ from the accountancy profession until after independence.

Other writers have focused on the role of accounting and accountants in the creation, ratification and maintenance of empire (Annisette and Neu, 2004). Thus, in her work on Trinidad and Tobago, Annisette explores imperialism in accountancy through her study of the profession there (Annisette, 1996). Similarly, Johnson documented the symbiotic nature of the state-profession dynamic within an imperial context and the expansionary activities of British accounting associations throughout empire (Johnson and Caygill, 1971; Johnson, 1982). The wider concept of an “imperial accountancy arena” has also been explored by comparing the emergence and activities of autonomous professional accounting associations in self-governing colonies (Canada, Australia and South Africa⁵) with the reciprocal actions of parent bodies, particularly the Institute of Chartered Accountants in England and Wales (ICAEW), in the mother country (Chua and Poullaos, 2002). Finally and more recently, writers have directed their research to the role of accounting in “moulding the behaviour” of colonised societies in order to make them more “governable” (Neu, 2000; Bush and Maltby, 2004).

However, there does appear to be a lacuna in the literature with respect to the activities and influence of professional accountants in the non-white colonies during imperial rule. The immense difficulties incurred in accessing archival material⁶ in developing countries, and the

⁴ Claims have been made that prior to the period of imperial consolidation, Africans had not been excluded from existing professional posts – particularly in West Africa (Johnson, 1973, p.288).

⁵ Local associations were formed in Canada and Australia between 1883 and 1902 and the first local associations were formed in South Africa in 1903 and 1904.

⁶ It may be the case that documents may have been destroyed, often because of climactic conditions or because their importance has, in the past, been undermined. In other instances (as in the case of certain

case of Kenya is a prime example, may help to explain the absence of such research. This gap in the literature is touched upon in Annisette's work on Trinidad and Tobago. Societal structure in colonial Kenya was similar to that found in other racially diverse ex-colonies, in that it was hierarchical, subject to distinct division (white, Asian and indigenous African) and white minority rule. Commercially, such a structure provided ample opportunity for the peripatetic British professional accountant to tender his services.

This study contributes to the professions and accounting history literature at a number of levels. Firstly it provides new empirical data on the rise of professional accountancy in colonial Kenya, drawing upon hitherto unutilised archival sources and supplemented by some oral history data sources. Secondly, at the theoretical level, it extends the closure literature by drawing attention to the application of socio-cultural filtering devices (Walker, 1996) specific to this colonial context. Thirdly, it analyses a professionalisation process with a strong race dimension. The study explores how a group of expatriate accountants with diverse professional allegiances and operating within the essentially racist societal norms in Kenya at the time, organised themselves to form the Association of Accountants in East Africa (AAEA).

In the wake of capital transfer, many British accountants were posted (or migrated) to East Africa to take up positions serving in either the colonial administration or the numerous British companies operating in the region. Other accountants, for instance many ICAEW members, established practices in various parts of the colony to provide accounting and audit services to commercial organisations. By 1949, there were enough expatriate accountants to warrant the establishment of a professional body, the AAEA, in the colony. The Association

documents held at the Kenya National Archive) some catalogued documents simply could not be located by staff.

set out to monopolise the market for the provision of accountancy services to the exclusion of non-professionals⁷ and, initially, non-whites. The study provides a penetrating analysis of the relationship fostered with the colonial administration, the influence wielded by this association and the almost absolute control exercised over matters relating to professional accountancy in the colony. It shows how traditional closure devices such as membership regulations, restrictive use of designations, credentialism and attempted registration were used by the AAEA to control the market, supplemented by socio-cultural devices specific to the colonial context in Kenya. The paper covers the period from 1949, the creation of the Association, to 1963 the date of independence.

The paper is organised as follows. Section 2 examines the adoption of closure devices by occupations seeking to professionalise, with a specific focus on the activities of accounting associations in a colonial context. Section 3 provides some historical context and focuses on the hierarchical structure of the racially diversified society in colonial Kenya, from which the AAEA emerged. Section 4 links the rise of commercial activity in the colony in the early twentieth century to demand for the provision of accounting services and the presence of British accounting professionals. Drawing on the minutes of the AAEA's meetings and other archival data, sections 5 to 9 highlight the activities of the Association in ensuring that the market for professional accountancy services in Kenya remained firmly within its control through the use of both formal and more informal exclusionary devices. Section 10 summarises and concludes.

2. Formal and informal exclusionary devices in a colonial context

⁷ Initially, professionally qualified AAEA members were competing in the market with unqualifieds (either visitors from Britain or settlers) who were offering accountancy and bookkeeping services

The Weberian model of social stratification identifies professions as collective interest groups or 'status groups' that attempt to control the market through closure and seek not only economic advantage but also "high occupational status honour" (Collins, 1990, p.36). Typically, exclusionary closure strategies in professionalisation projects are based on establishing boundaries which permit entry to eligibles whilst excluding ineligibles⁸ (Saks, 1983; Murphy, 1984; Witz, 1992). Thus closure has been defined as "the process of mobilizing power in order to enhance or defend a group's share of rewards or resources" (Murphy, 1984, p.548). Invariably, it is the occupational group, seeking elevation to professional status, that devises formal eligibility criteria resulting in the creation of a self-selecting elitist group.

Formal devices

Once the group has been established, formal or codified closure devices may be operated to maintain the demarcation boundary and ensure that membership remains restricted. These include: credentialism to ensure that only those achieving established standards of knowledge and competence are included; the use of authorised designations, or badges of professional competence by those that have satisfied membership criteria; state registration⁹ or legal sanction of professional monopoly, whereby the ability to practise is restricted to only those appearing on official registers; and finally there are invariably specific exclusions encoded

⁸ In the case of the English profession, the boundary line drawn by the ICAEW had excluded enough practising accountants to allow these ineligible members to form a rival body, the Incorporated Society of Accountants and Auditors, only five years after the ICAEW had obtained state recognition in 1880. Such rival bodies are most likely to form where the closure net is too tightly drawn.

⁹ In the case of the early British accountancy profession, monopolies were secured through the acquisition of Royal Charters rather than through state registration. The main significance of the Royal Charter for ICAEW members was as an indicator of "official approval", a badge differentiating them from other accountants. Thus, the audit market was already substantially controlled by ICAEW members by the time the Companies Act, 1948 conferred eligibility upon certified and incorporated accountants to conduct company audits.

within the institutional regulations¹⁰. In accountancy, various authors have analysed closure in the profession by reference to these traditional, formal devices (Macdonald, 1985; Willmott, 1986; Kedsle, 1990; Lee, 1990; Walker, 1991; Chua and Poullaos, 1998; Walker and Shackleton, 1998; Chua and Poullaos, 2002).

Credentialism

Larson explains the professionalisation process as “an attempt to translate one order of scarce resources – special knowledge and skills – into another – social and economic rewards” (Larson, 1977, p. xvii). Thus the monopolization of a specialist body of knowledge is regarded as a core trait of professionalism and can be used as a device to ensure that those without access to such knowledge are excluded. In accountancy, the specialist knowledge that underpins the claim to professionalism is certified through professional examinations and training established by the accountancy bodies.

In the UK, access to such specialist knowledge (through education and training) and acceptance into the profession were subject to the operation of geographically restrictive education and training regimes by the UK chartered bodies. This meant that chartered accountant apprentices were required to undertake their training in the UK. Although requests were made by colonial members¹¹ to train chartered apprentices locally in order to satisfy their need for local accounting labour, the British chartered bodies refused to admit non-UK trained members. In the settler-colonies, such refusal precipitated the establishment of local professional bodies. Thus, “even those local accountants who were CAs had difficulty in extracting support from their British-domiciled associations to reproduce home arrangements

¹⁰ Specific exclusions can include requirements for members to be in practice as a public practitioner, to be resident in a certain geographical location, or to be disqualified in the event of a bankruptcy or being found guilty of a misdemeanour.

¹¹ The ICAEW had rejected training in Scotland and in Canada and it was only natural that training in other colonies, such as the Transvaal, follow suit (Chua and Poullaos, 2002).

locally” (Chua and Poullaos, 2002, p.425). The result was that British chartered accountants, based in colonies such as Australia, influenced the formation of early local professional associations (Briston and Kedslie, 1997). Later, many of these British chartered accountants joined local associations, which were often hostile to the ICAEW, because “the Institute could not, or would not ‘deliver’ locally” (Chua and Poullaos, 2002, p.437). There is also evidence that in Australia, at least, some British qualified accountants adopted co-membership of both Australian and British bodies (Carnegie and Parker, 1999).

As local autonomous bodies were created¹² in the settler-colonies, the numbers of British qualified accountants eventually declined (Johnson and Caygill, 1971) as the numbers of locally qualified accountants increased. After the Second World War, this pattern changed and several British professional bodies, such as the SIAA and later the ACCA, began to either accredit local courses and training (in both settler and non-settler colonies) or developed universal qualifications to create a “world-wide system of examining, recognition and reciprocation” (Johnson, 1982, p.198) in the pursuit of empire expansion. Reaction in the settler colonies to the expansionist activities of the British accounting associations varied (Annisette, 2000). Thus in Australia the Society of Incorporated Accountants and Auditors (SIAA) (and its predecessor body, the Society of Accountants and Auditors in England) was politically active locally and able to establish branches whereas in Canada similar attempts were thwarted in favour of the establishment of local bodies (Chua and Poullaos, 2002). In countries such as Kenya, the establishment of local training was viewed favourably as a solution to the acute labour shortage in accountancy.

The appropriation of designations

¹² In Australia the Incorporated Institute of Accountants, Victoria (IIAV) was formed in 1886, the Sydney Institute of Public Accountants (SIPA) was formed in 1894 and the Australasian Corporation of Public Accountants was formed in 1908 (Carnegie and Parker, 1999).

The appropriation of designations as badges of organizational membership (Walker, 2004) is an important means of distinguishing between those that have attained the necessary levels of professional competence and those that have not. In accountancy in Britain, the appropriation of different designations helped to enforce an internal separation of the profession, based on the type of work performed. Such institutional organisation and demarcation were recreated to some extent in the colonies.

In their conceptual development of an “imperial arena”, Chua and Poullaos (2002) draw upon two aspects of what they refer to as the “diffusion process”. Firstly that interaction between British and colonial associations assisted in the production of a “relatively uniform ideal of the ‘professional’, in particular, the public accountant” (p.411). These characteristics, or “imaginary”, included someone who had passed difficult examinations, was of good character, male, had undertaken a tutelage, had shown integrity and judgement and behaved ethically. Secondly, the existence of competition between professionally qualified accountants with different designations and indeed with those who were not professionally qualified but offered accounting services throughout the empire. The “chartered” designation was considered superior and was associated with elite status and acceptance of the above-noted “imaginary”. By the early twentieth century, the ICAEW¹³ was functioning as the imperial ‘CA’ watchdog, arguing that the only “true charter” was the one that was “granted by the King: that is, obtained from the Privy Council in London where the ICAEW was on its home turf” (Chua and Poullaos, 2002, p.428). As will be shown, in Kenya the pursuit of the legal recognition of designations was a method employed to exclude the “unworthy” and unqualified.

¹³ Throughout the empire, the ICAEW was involved in tussles with local bodies. Thus in the Transvaal, the issue for ICAEW members was access to work, in Newfoundland and Canada it was the use of the CA symbol and in Australia it was variants of both issues (Chua and Poullaos, 2002).

The pursuit of registration

“Many occupations have seen registration as a keystone which would lock into position, once and for all, their often shaky structure of norms, practices, rights - and privileges” (Macdonald, 1985, p.541). Occupational groups seeking elevation to professional status pursued registration as a means of procuring social closure. In Britain, professional bodies sought a legal monopoly by securing the passage of an Act of Parliament that registered the membership and stipulated that only those appearing on the register be permitted to provide occupational services.

The early British accountancy associations attained recognition and prestige through the acquisition of a Royal Charter by petitioning the Privy Council. Despite various attempts, the pursuit of the registration of qualified professionals by the accountancy profession was not successful, mainly because of the internecine quarrels between the various bodies. However, similar attempts in the colonies proved to be more successful. For instance, The Transvaal Society of Accountants (TSA) was formed in 1904 via Ordinance No.3, as a result of pressure from the local branch of the SAAE who viewed this as an opportunity to achieve parity with the chartered bodies (Chua and Poullaos, 2002). Here, the Ordinance determined who could and who could not be a recognised accountant, public accountant or auditor (namely members of the SAAE’s local branch and resident members of the ICAEW)¹⁴.

Informal devices

¹⁴ Future British CAs “who became resident would gain automatic registration if the chartered associations were “declared to be sufficient” under the TSA’s by-laws”, which the ICAEW was. However, given the notions of superiority associated with the CA designation, British CAs were entitled to continue using their CA designation, whilst other registrants were designated ‘Registered Public Accountant (Transvaal)’ (Chua and Poullaos, 2002).

In addition to the formal devices described, there are also more informal practices which are usually operationalised at the point of recruitment and serve to restrict entry to the formal processes of vocational preparation. These are more likely to be “socio-cultural filtering devices” (Walker, 1996) that result in certain sectors of society effectively being excluded from elitist bodies such as professions. For example the necessity for new entrants to be sponsored by existing members or the requirement to undertake articles with an existing member both entail passage via gatekeepers who may be disposed to admit only those that mirror their own social standing. In accountancy, previous studies have attempted to analyse the professionalisation process by reference to the impact of such informal devices, resulting in exclusion on the basis of gender, class or race (Macdonald, 1984; Kedslie, 1987; Lehman, 1992; Kirkham and Loft, 1993; Hammond and Streeter, 1994; McKeen and Richardson, 1998; Hammond, 2002; Annisette, 2003).

On the whole, the literature has, to date, been biased towards Anglo-American models of professionalisation. However, in recent years studies drawn from continental Europe (Ramirez, 2001; Caramanis, 2002; De Beelde, 2002) and various British ex-colonies (Wallace, 1992; Chua and Poullaos, 1993; Chua and Poullaos, 1998; Annisette, 1999; Susela, 1999; Yapa, 1999; Bakre, 2001; Chua and Poullaos, 2002; Uche, 2002), have enriched the debate. Those in the latter category are particularly relevant to this paper as they have provided evidence of diverse motivations for pursuing professionalisation projects, variant closure strategies and bases for exclusion within disparate political, socio-cultural and economic contexts. This Kenyan study endows this body of literature as it unearths the complexities of the professional organisation of British expatriate accountants in a colony where the non-white population formed the majority.

The exclusion of non-whites in non-settler colonies

Professional organisation is inextricably linked with the society in which the process takes place and it is within the resultant institutions that “the workings of these wider social processes are amplified and made visible” (Walker, 1999, p.5). Thus whilst in the settler colonies, conflicts may have arisen from the use of traditional closure devices, in many of the racially diverse non-settler colonies, professional projects were often not considered worth pursuing as societal structure and organisation perpetuated the exclusion and marginalization of ‘non-whites’ in accountancy.

Colonial Trinidad and Tobago is exemplary as: “in the pecking order of things the white group occupied the pinnacle of the hierarchy with the black group at the base. Then there was a select coloured group who came to represent a median group with a social rank between that of whites and blacks” (Annisette, 2003, p.648)¹⁵. Accountancy, in this colony, was a profession closely associated with “whiteness” and “Britishness” and the earliest firms were outposts of UK-based firms, staffed exclusively by professionals imported from Britain. The presence of a rigid, hierarchical, “caste-based” society in the colony, divided along racial lines, meant that non-whites were not expected to be employed in accountancy and the British firms, therefore, held an absolute monopoly over the market for the provision of accountancy services. It was not necessary for these British chartered accountants to embark upon a local professionalisation project¹⁶ as the structure of colonial society in Trinidad and

¹⁵ Annisette (2003) notes, however, that these groups were not homogeneous. For instance the “white group” constituted a number of nationalities: the British were in administration and commerce, the French formed the landed aristocracy and the Spanish gravitated mainly towards the professional occupations (p.12). The “coloured group” was made up mainly from East Indians from Calcutta and Madras, imported to undertake work considered to be menial by the white group. This group, however, also included the early Chinese workers imported to work on the plantations (as slaves abandoned these roles after emancipation in the mid-nineteenth century) and immigrants from Syria and Lebanon (the two latter being referred to as “off-whites”). The majority “black group” was made up from freed slaves and the descendants of slaves.

¹⁶ The first national professional body, the Trinidad and Tobago Association of Chartered and Certified Accountants was formed in 1964, two years after independence.

Tobago “acted as a built-in market shelter for the resident accounting elite” whereas such projects were necessary in Australia and Britain in the late nineteenth and early twentieth century in order to achieve occupational closure (Annisette, 1999).

The experience of other non-settler, racially diverse British colonies is similar. Thus, in colonial Jamaica, similar social conditions existed and imperial rule was “characterized by racially based social inequality, exploitation and oppression” (Bakre, 2005, p.1000). Here “the black majority in the country had been denied the opportunity of becoming qualified accountants, let alone practice as chartered accountants in their own country...the attitude of the colonial government made the matter worse, as it refused to employ even the few Afro-Jamaicans who were able to cross the hurdle and became qualified accountants” (Bakre, 2005, p.996). In Nigeria, too, there was a transient white-settler population. The rise in commercial activity in colonial Nigeria and the passage of companies legislation saw a rise in the demand for accountancy services. The Companies Ordinance, 1922, required that only auditors “approved” by the Minister responsible for the supervision of the Ordinance could act as auditors for registered companies (Wallace, 1992). Therefore, as in other colonies, this resulted in the presence of an elite group of British qualified accountants¹⁷.

Despite the preponderance of British professional accountants in these non-white, non-settler colonies, there is little evidence of local professionalisation in the colonial period. By 1949, the resident British chartered accountants in Trinidad and Tobago had established the Association of Chartered Accountants in Trinidad and Tobago, although it was described by a surviving member as only “a social thing”. Annisette comments that it was unlikely that anything as “parochial as a separate accountancy profession” (Annisette, 1999, p.111) would

¹⁷ The first Nigerian to qualify was Benjamin Bankole Akinpelu Osundiya with the London Corporation of Accountants in 1928 and with the Association of Certified Accountants in 1929.

have emerged from this group owing to the transient nature of its members. In colonial Jamaica, there were two autonomous local bodies¹⁸ representing those qualified with the British chartered and certified bodies. Even in countries where Britain was not the colonizing power, expansion of the informal empire (Robinson and Gallagher, 1981) resulted in the presence of British accountants. Thus in the Philippines, British accountants did exercise influence although “there is no evidence to suggest that the British accountants employed by these firms felt any great desire to promote local branches of their home associations or form locally an association of foreign accountants” (Dyball et al., 2003, p.23).

Within the colonial context, studies on professionalisation have tended to highlight the experiences of the settler-colonies and have unearthed issues similar to those experienced in professionalisation projects in the metropole. In the non-settler colonies most studies have tended to focus on the post-independence period and refer in little detail to the conditions that existed in the colonial period. Thus there is a gap in the literature with respect to the activities of professional expatriate accountants in colonies where there was a non-white majority. It is this gap that the evidence presented in the remainder of this paper sets out to address. The empirical evidence that follows focuses on a country that has not previously appeared in the professionalisation literature, Kenya. It provides detailed insights into the activities of the dominant expatriate professional accountants in a colony where they constituted a minority of the population. In particular, it looks at how the AAEA made use of both formal and informal closure devices to ensure that accountancy remained “white” in colonial Kenya.

¹⁸ The Association of Accountants of Jamaica Incorporated (AAJI) was formed in 1946 and was affiliated to the ICAEW and the Jamaican branch of the Association of Certified and Corporate Accountants in 1947. In 1962 a third body, the Society of Chartered Accountants in Jamaica was founded to represent the expatriate accountants, from Australia, the USA, the UK and Canada, at independence (Bakre, 2004). Whilst in the colonial period the majority of members were expatriates, non-whites could be permitted provided they were able to surmount the difficulty of traveling to the UK to study, or undertake correspondence courses.

3. The emergence of a white settler colony

Following the post-1882 “scramble for Africa”, the British created two states in East Africa, the Protectorate of Uganda in 1894 and the British East Africa Protectorate in 1895¹⁹ (Odhiambo and Wanyande, 1989). Between the years 1895 and 1905 the latter was “transformed from a footpath 600 miles long (between Mombassa and Kisumu) into a harshly politicized colonial state” (Ogot and Ochieng, 1995, p.xiv). Britain ruled over the territory by issuing ‘Orders in Council’ and appointed officials to administer the newly-acquired territories. By 1895 work had started on the Mombassa-Uganda railway and by 1897 various farming and agricultural ventures had been initiated. Imperialist policy established settlement programmes in the region and the colonial government was effectively a dictatorship, where the administrators appointed by the British government were not accountable to the local indigenous population.

The land incentives that had been offered by the British Government encouraged the settler farmers to grow and sell cash crops, with the aim of exporting back to the United Kingdom and ultimately helping to finance infrastructure projects in the colony. Leys (1975) notes that during this early stage of colonisation “Kenya began to play the classic role of a country at the periphery of the capitalist system, exporting primary commodities and importing manufactures” (p.28). Under colonial rule Kenya’s economy was underdeveloped and much of what was produced was siphoned off by the colonial power (Leys, 1975), resulting in a dependency relationship with the colonial power. Indeed, much of Africa became a supplier of raw materials and food to the metropolitan centres and a market for manufactured goods (Nzomo, 1978, p.128).

¹⁹ Which later became the Colony and Protectorate of Kenya in 1920.

During the colonial period, Kenya was a country where a tripartite system of segregation was enforced (Mutungi, 1974). At the top of the “colonial economic, political and social pyramid” (Ogot and Ochieng, 1995, p.xv) were the colonising Europeans who monopolised fertile farm land, commandeered the Highland areas for housing and occupied positions of influence both within industry and the civil service administration (Leys, 1975). A “colour bar” operated that excluded Africans and Asians from services and opportunities enjoyed by the Europeans. Although the majority of the Europeans were of British origin, class divisions continued to exist in the colony reflecting society in Britain²⁰ at the time. The immigrant Asians²¹ (mainly Indians) and Arabs occupied the mid-tier of this social pyramid and were “the natural targets of African hostility” (Leys, 1975). Although there had been a long history of scattered Asian settlements along the East African coast, the numbers increased significantly when 35,000 Indians were brought to the colony as labourers for the construction of the Mombassa-Uganda railway in the late nineteenth century.

The base of the social hierarchy consisted of the disenfranchised black indigenous African population, who were mainly subsistence farmers with strong tribal allegiances. As the Europeans acquired land for farming, more unskilled labour was required to help run the farms. However, it was difficult to induce the African Kenyans to work unless they could earn more by seeking employment than was possible through subsistence farming. In order to ensure an adequate supply of black African labour, the Colonial Administration introduced taxes aimed specifically at this section of the population. Thus “Hut and Poll” taxes and wife

²⁰ There were the civil servant cadre, an agricultural upper class or estate owners, an urban middle class, a professional class (lawyers, doctors, accountants), a skilled workers group, those working for multinational companies and missionaries (adapted from Ogot and Ochieng, 1995).

²¹ The Asians cornered the retail and wholesale markets, others began their own businesses (in areas such as manufacturing and construction) and later many were employed in clerical work within the civil service and in industry.

taxes forced black Africans to seek employment on white farms in order to be able to afford to pay these taxes (Ogot and Ochieng, 1995).

This three-way racial divide permeated all aspects of colonial society and the imperial mindset was so deeply engrained that such attitudes continued to have an impact upon Kenyan society well into the post-independence period. This, despite the fact that by 1960 there were only 61,000 Europeans, compared with 169,000 Asians and about 7.8 million Africans (Ogot and Ochieng, 1995). In common with indigenous groups in other colonies, such as the native Americans in the US and Canada and aborigines in Australia, African Kenyans too were “already excluded from the wider capitalist society on the basis of unequal legal and political rights” (Annisette, 2003, p.641). As the next section will show, in colonial Kenya Africans remained insignificant in the rise of professional elites that emerged from this society. This is mainly because they were denied access to the levels of education necessary for entry and it is education that creates “an obvious and major separation or closure within society” (Lee, 1990, p.167).

4. The rise of British accounting professionals in Kenya

Companies legislation became necessary in early twentieth century Kenya as a result of increased activity by commercial enterprises in the colony. The Companies Ordinance of 1921 set out to regulate companies operating in the colony by establishing requirements for accounts and audit. It stated that “*no person was to be appointed as an auditor unless he held the Governor’s Certificate or was a member of a society recognised by the Governor*” (CO533/378/3). As such the Governor was empowered to make ‘rules’ (as advised by the ICAEW) for the granting of certificates and for the recognition of accounting societies. Colonial administrations across the Empire had enacted imitative ordinances regulating the

audits of government departments and local companies, which excluded all but the members of the established British associations from acting as auditors (Johnson and Caygill, 1971). Thus, in Kenya, the Chartered and the Incorporated accountants were recognized as being suitable to conduct audits. Further Companies legislation was passed as the result of the increasing commercial activity in the colony in Kenya in 1933, based on the Tanganyika Ordinance, 1931.

The resulting increased demand for accountancy and audit services, was satisfied by the arrival of expatriate British accountants. Thus, in common with other colonies, the majority of early accountants working in colonial Kenya were expatriates (Johnson and Caygill, 1971; Johnson, 1973) who provided accountancy and audit services to individuals, farmers, companies and the administration. Although the British accountants are referred to as expatriates, many were transient visitors whilst others were actually born in the permanent white-settler colony and traveled to Britain for education and qualification purposes. Whilst the ICAEW required articles to be undertaken by trainee accountants with accounting firms in the UK, bodies such as the SIAA established an examination centre in Nairobi as early as 1930 so that expatriate trainees could take examinations locally (Johnson and Caygill, 1971) as part of their strategy of expansion through a “British Empire policy” (Parker, 1989).

The presence of professional accountants in Kenya can be dated to 1907 when the first known English Chartered Accountant, E.B. Gill, established a practice in Nairobi. Although the English Institute was generally not as influential throughout the Empire as it was at home, in Kenya, as in other colonies, the strength of the Institute was dependent upon the local influence of its senior members (Johnson and Caygill, 1971; Chua and Poullaos, 2002). Of all the British bodies in Kenya, the ICAEW had the strongest presence, being the first body to

have members in the colony and claiming the largest contingent of members (peaking at 160 members by 1960). The other British bodies also had a presence in colonial Kenya; the first members of the Institute of Chartered Accountants of Scotland (ICAS) appeared in 1925, the first member of the Institute of Cost and Works Accountants (ICWA) in Kenya was listed in the 1931, the first member of the Institute of Municipal Treasurers and Accountants (IMTA) was registered in Kenya in 1947; and, the first members of the Association of Certified and Corporate Accountants (ACCA) arrived in 1939-40. In addition to these British accountants, there were also Asian practitioners offering accountancy services and later there were accountants who had qualified with the Institute of Chartered Accountants in India²². However, it was not until after the Second World War that there were sufficient numbers of British expatriate accountants in Kenya to warrant some form of professional organisation.

5. Creation of a professional body: The Association of Accountants in East Africa

“Professionalisation is an important means by which an occupational group might establish its difference and superiority from a related occupational group, and the concept of difference is an important part of the discourse of professionalisation” (Kirkham and Loft, 1993, p.508). By the late 1940’s the numbers of British expatriate accountants in Kenya were increasing and although auditors were governed by legislation, accountants effectively remained unregulated. In an attempt to close off opportunities for work and differentiate themselves, as the elite, from the non-qualified individuals offering accountancy services, the British expatriates established a local professional association. Such exclusionary tactics are

²² The Institute of Chartered Accountants in India had been established in 1949. By 1956, three members of the Indian Institute were registered as practising in Mombassa, four members were registered in Nairobi and one further member was registered in Kisumu (all in Kenya). Additionally four members were registered in Kampala (Uganda) and two in Dar-es-Salaam (Tanganyika). *Source: ICAI Year Book 1956.*

commonly referred to in the professionalisation literature (Saks, 1983; Murphy, 1984; Witz, 1992), as occupational groups seek to create a scarcity in the market for their services and thereby preside over a monopoly (Larson, 1977).

The expatriate accountants in Kenya, who were already members of British accounting associations, formed the AAEA in 1949. Although there is evidence that the idea of such an association had been considered over ten years earlier, it is speculated that earlier attempts to establish a local professional body were superseded by looming war. Since the end of the Second World War the numbers of expatriate accountants in Kenya had started to rise and the issue of professional organisation was again brought to the fore. Membership of the Association was restricted to those with specified qualifications (see Figure 1), although this list was subject to amendments as the Association saw fit. The requirement for members to be recommended in writing by at least two existing members (who should have known the prospective member for at least six months) and the list of qualifying professional bodies meant that in the colonial period, this organisation was restricted very much to the white expatriate accountants belonging to one of the recognised and respected British accounting bodies. In common with other cases found in the professionalisation literature, this strategy ensured that the association remained closed to all but those with an ‘acceptable’ social standing (Kirkham and Loft, 1993). Here, the combination of a formal closure device (internal regulations specifying qualifications for admission) and a formal device which operated as an informal means of exclusion of non-whites (the requirement to be sponsored by existing members) ensured that accountancy in Kenya remained, initially at least, associated with “Britishness”.

Figure 1: Members of these bodies were eligible for membership of the AAEA

The Society of Accountants in Aberdeen Society of Accountants in Edinburgh The Institute of Accountants and Actuaries in Glasgow The Institute of Chartered Accountants in England and Wales The Institute of Chartered Accountants in Ireland The Society of Incorporated Accountants and Auditors The Association of Certified and Corporate Accountants The Societies of Chartered Accountants in South Africa The Institute of Chartered Accountants in Australia

(Source: Memorandum and Articles of Association of the AAEA, 1949)

The Association was established as a company limited by guarantee and not having a share capital, under the Companies Ordinance, 1933, and was financed mainly through subscriptions paid by the members. The main purpose of the AAEA was to act as an interest group and qualifying association for British accountants throughout East Africa, to provide advice to the colonial administration and latterly to establish examinations for students locally and regulate training. The objectives of the Association are detailed within the Memorandum and Articles of Association:

- To provide a central organisation for accountants and auditors in East Africa ... to maintain a strict standard of professional etiquette amongst its members and to advance the interests of the accountancy profession in East Africa.
- To promote generally a higher sense of the importance of systematic and modern accounting and to encourage greater efficiency therein.
- To represent to the governments in East Africa the views of the Association on any legislative enactment or proposed legislation on any subjects of concern or interest to accountants in East Africa.
- To provide a body to which the governments or other official or unofficial authorities or organisations in East Africa can have recourse for advice.

- To provide for the training, examination and local qualification of students in accountancy.

On 29 April 1949, drafts of the Association's Memorandum and Articles were reviewed at a meeting held at Nairobi Town Hall at 5pm, the aim of which was to consider the formation of the Association. Fifty expatriate accountants were present at the meeting, which was opened by Mr. G.C. Reed ACA. At the meeting, the first expatriate accountant in Kenya, E.B Gill (co-founder of the early firm, Gill and Johnson) was recommended for the position of President²³.

Whilst there were some suggestions that the Association apply for a charter, the Chairman of this first meeting (G.C. Reed) explained that it was not necessary at that time because there may well be amendments required to the draft Memorandum and Articles and this would be best done before charter application. In addition, the minutes show that if the Association did apply for a charter there may be unwelcome consequences:

We might be asked to admit all practicing accountants – qualified and unqualified – *regardless of race*, and I emphasise that ... We feel that to maintain the highest possible standard *considerable discrimination must be used* (AAEA Minutes, 29/4/49, p.4, italics added).

²³ The project has been “pending for some eleven years but for various reasons it has not been possible to hold the first meeting” (AAEA Minutes, 29/4/49, p.2). The draft documents had first been prepared by Mr. J.G. Stephenson and later work was carried out by P.J Gill and E.P Seex (all prominent accountants at the time). By the time of the Committee Meeting held on 25 August, 1949, the number of members who had applied had risen to 64 (including one woman: Mary Day) and the financial position showed cash in hand of Sh. 3,363.50. At the first Council meeting held on 21 October, 1949, the first auditor was appointed (Mr A.E Keatinge) and the first solicitors were appointed (Messrs. Hamilton, Harrison and Mathews). The registered office was the offices of Gill and Johnson, Livingstone House, where the early meetings were also held.

The motion to create the Association was unanimously passed. As many of the members of the Association were chartered accountants themselves, there appears to have been no intention to use the word ‘Chartered’, without Royal assent. Such action is quite different from the situation encountered in other colonies where the word was incorporated through legislation, for instance Canada, South Africa and Rhodesia²⁴.

Although proposals had initially been forwarded that only Chartered Accountants be admitted to membership, ultimately the list of ‘qualifying bodies’ prepared by the preliminary drafting committee was guided by proposals in the Public Accountants Bill to be laid before the British Parliament. However, some minor amendments were made to accommodate local conditions, such as the inclusion of the Institute of Chartered Accountants of Australia and The Societies of Chartered Accountants in South Africa. The Minutes note that it would be left to the first Council to determine any changes to the ‘qualifying list’ as approaches had also been made from the following bodies for inclusion:

- The Institute of Cost and Works Accountants
- The Cost Accountants Association
- The Institute of Commerce (Birmingham)
- Registered Accountants (Indian Government Diploma)
- The Institute of Municipal Treasurers and Accountants
- Commonwealth Institute of Accountants

Eager to maintain and control standards of accounting practice in the colony, and presumably therefore its own status, the Association’s draft Memorandum and Articles noted that in the

²⁴ Other than in Australia (1928), no colonial accounting body had been granted a Royal Charter. Many ex-colonies did adopt the chartered title through legislation after independence: India (1949); Sri Lanka (1959); Ghana (1963); Jamaica (1965) and Nigeria (1965) (Johnson and Caygill, 1971). Kenya gained independence in 1963 and when the Kenyan Institute was formed through statute in 1978, it adopted the CPA designation.

event of “improper behaviour” action should be taken by the Council. The Chair of the meeting stated that “if at least two-thirds of the total number of the Council are satisfied after hearing a member’s case that he is an unsuitable person to be a member, then I do not think that provision for a public appeal is wise – it might easily become merely a case of ‘washing dirty linen’ which should do the profession no good” (AAEA Minutes, 29/4/49, p.6). Although the Association had disciplinary processes within its constitution to exclude errant members, post admission, ultimate control was exercised by the parent professional bodies, who alone could revoke the designations of such members. However, the Association was able to make it difficult for errant members to practise in the colony, given the relatively small communities in which services were provided.

In Kenya, the Association acted as an umbrella for members of the different UK bodies and did not bestow members with any further designations. The situation was therefore quite different to that in other settler colonies. In contrast to the case of most of the white settler colonies, the AAEA did not have to contend with strong local professional accounting associations. In Australia, many of the migrant accountants held co-membership of both Australian and British bodies formed prior to 1914 (Carnegie and Parker, 1999). In most professional associations, the operationalisation of closure ensures that the future membership (although not necessarily the founding membership) is homogenous in that all will have fulfilled identical training requirements and have passed the same qualifying examinations. However, Johnson (1973) notes that “the homogeneous professional community described in the literature relating to professionalism in industrial societies...is certainly misplaced when applied to the colonial situation” (p.292)²⁵. In the case of the

²⁵ Commenting on professionals within the administration, Johnson (1973) makes the point that “the colonial professions were internally differentiated in accordance with the bureaucratic status hierarchies: principals, deputies, assistants and seniors were among the established posts in the various professional services” (p.292).

AAEA the membership was drawn from a variety of existing professional associations and relied upon their use of closure devices, such as entry filters, to serve as indicators of professional suitability. For this reason, the AAEA could be categorised as a 'pseudo' professional association. It also differed from the situation in colonial Jamaica, where the different groups of accountants operating in the colonial period formed three main accounting associations in the colonial period, two of which were local branches of the British chartered and certified bodies, thereby maintaining the homogeneity of membership (Bakre, 2005).

Although the British accountants in colonial Kenya maintained their primary professional affiliations, they did have the option of membership of a local body which accepted members from a variety of competing parent bodies. The minutes note that it was "agreed that no further approach be made to the Parent Institutes and Societies as the Association had already received their 'blessing'" (AAEA Minutes, 29/4/49, p.9), implying that at some point permission had been sought from and given by the parent bodies (although no documentary evidence of this has been located). The Association resolved that facilities should be made available in the future to any of the parent Institutes and Societies that may be interested in offering their examinations at local centres in Kenya (referring primarily to those, such as the SIAA²⁶, that did not require articles to be undertaken in the UK). Although many AAEA members were also ICAEW members, given that they were unable to train locally, their support for such bodies offering local training and examinations is perhaps not surprising. Parallels can be drawn with similar scenarios to be found in other parts of the Empire, for instance in the Transvaal (Chua and Poullaos, 2002).

²⁶ The Minutes of the Fourth Council meeting on 22/3/50 record a meeting with Mr. Platts, a member of the Council of the SIAA suggesting the possibility that students could take the SIAA's intermediate exams in East Africa provided they took the final exams and spent a period of time in the UK. However similar discussions with the ACCA were not as positive as they stated that no alteration could be made in their arrangements for examinations (AAEA Minutes 3/7/50, p.2).

The draft Memorandum and Articles were accepted with some minor alterations (such as inserting an Objects clause that authorised the Association to grant scholarships and bursaries) and nominations were invited for the seven Council members²⁷. The constitution of the first Council is shown in Figure 2.

Figure 2: The first elected Council of the AAEA, 1949

Name	Designation
First President: E.B. Gill	ACA, FSAA
Col. A. Dunstan-Adams	OBE, MC, FSAA
E.B. Seex	ACA
G.C. Reed	MBE, ACA (not in practice)
K.A. Jeremy	ACA
W. Bain	CA (practising in Tanga)
V.H. Merttens	BA, ASAA (not in practice)
Hon. Secretary/Treasurer : P.M. Johnson	ACA

Mirroring the activities of their parent bodies, the Association felt that it was important to raise its profile and create a professional image. Such action can be regarded as an attempt to “advertise” and brand services to prospective clients, a mode of differentiating its members from non-members for commercial advantage and publicly reiterating the demarcation boundary. Outwardly, the Association viewed such action as fulfilling its responsibility for the maintenance of standards within the profession in accordance with the objects stated in their Memorandum. This was achieved by exposure in articles in the *East Africa Standard*, the Association hosting debates, discussions, lunches and dinners, the publication of a broadsheet²⁸ to keep members updated on the activities of the Association and decisions made by Council, sponsoring the formation of a library (housed within a section of the McMillan Library in Nairobi), sending out pamphlets to commercial firms, giving talks and providing literature for the local Technical College on “Accountancy as a Career” and

²⁷ The regulations dictated that the Council should be constituted from two practising members, two non-practising members, one practising from outside Nairobi and two others to whom no restrictions applied.

²⁸ The broadsheet was subject to censorship by a representative of the Council and was entitled “The Ledger”.

awarding prizes for students taking the Associations' future examinations. The profile of the Association was to be raised throughout East Africa and although all meetings of the Association were held in Nairobi, the membership did encompass accountants in Uganda and Tanganyika (or "up-country" members). By 1952 it was decided that authority be delegated to local committees in Kampala and Dar-es-Salaam to formulate their own by-laws (AAEA Minutes 7/4/52, p.3).

In assuming the classic characteristics of a closed group, the Association ruled that although it was difficult to set agreed rates for work, it was desirable that members should not compete for work by being asked to quote and that they should "try and educate the public not to ask for 'tenders' for professional work" (AAEA Minutes 3/7/50, p.2). It was suggested that should such situations arise, the individual members should let the Association know in writing and they would arrange a meeting of representatives of the firms involved in order to agree the fee to be tendered.

The AAEA's members regularly acted as advisors to the colonial government on company, accounting and taxation issues and, in particular, relevant legislation such as amendments to the Companies Ordinance, 1933 and the Income Tax Management Ordinance, 1952):

They (the AAEA) were mainly sort of governed by the senior partners of the expatriate firms. There weren't probably any indigenous practices at that stage. I think it was basically the sort of senior partners of each individual firm that formed, an informal perhaps, Association for discussion, but mainly making representations to the Inland Revenue regarding tax and I suspect possibly exchange control information as well at that time. And I think perhaps it was mainly a voice of the profession to relate to Government (Senior member in practice, member of first ICPAK Council – Expatriate).

By closing off opportunities to non-members and by promoting membership as a badge of professional competence in the colony, the AAEA gained acceptance as the official representative of professional accountants in colonial Kenya and enjoyed close relations with those in political power.

6. Exclusionary closure through statutory recognition of designations

These close connections with the colonial government also served to empower the Association and enabled it to exert influence in order to secure its own monopolistic agenda. For instance, when faced with the issue of members of the Institute of Chartered Accountants of India using the chartered designation²⁹, the Association considered legal action. A prominent Council member (Mr. Merttens) spoke with the Attorney General (Mr K.K. O'Connor) to discuss the matter and the minutes record that the latter “expressed the fullest sympathy with the feelings of the Association and he would give assistance in obtaining some regulation to carry out our wishes. Mr. O'Connor had suggested that in order to save time the Association should put before him a draft of its requirements from which he could make up some regulation or Bill” (AAEA Minutes, 22/3/50, p.1). This meeting would eventually give rise to The Accountants (Designations) Ordinance (Cap. 524) 1950. By 3rd July, 1950 a draft version of the Bill had been prepared by a sub-committee of the Association, laid before the Council and approved as worthy of sponsorship by the Association.

²⁹ The Association was quick to reprimand those using its approved designations without authority, many of these cases involved Indian accountants using the CA designation rather than CA (India). In 1953 the use of “CA” by members of the Church Army was also called into question. It was decided that an objection would not be raised in this case as long as the letters were not used in any connection with accountancy.

The first legal recognition of the qualification of accountants in the colony came with the passage of the Accountants (Designations) Ordinance (Cap. 524) 1950. The legal report on this Ordinance, compiled by O'Connor and dated 17 January 1951, notes that:

The Ordinance under report was put forward at the instance of the Association of Accountants in East Africa. Its purpose is to provide statutory recognition in the Colony for certain professional qualifications. The Ordinance makes it an offence for persons and firms not entitled so to do to use the professional designations and appropriate initials specified in the schedules. Prior to its enactment the Bill was agreed by representatives of all the professional bodies concerned (CO533/569/8).

The Accountants (Designations) Ordinance set out to define appropriate initials and designations and restrict their use to those individuals belonging to the stated professional bodies (see Figure 3). The passage of the Act represents an interesting case of statutory credentialism and it reinforced the recognition of 'legitimate' badge holders only. In referring to partnerships, the legislation stated that where two or more individuals acting in partnership were entitled to use the same designations, then the firm too may use the designation. If, however, not all the individual partners in the firm were entitled to use the same designation, then the firm would not be entitled to use any designation at all. Similarly, no corporate bodies were entitled to use any of the stated designations. Those that contravened the provisions of the Ordinance "*shall be guilty of an offence and liable to a fine not exceeding one thousand shillings together with a further fine not exceeding two hundred shillings for each day during which the offence is continued after conviction*" (Section 6 of the Ordinance: CO533/569/8).

Figure 3: Statutory recognition of professional qualifications under the Accountants (Designations) Ordinance 1950

Body	Designation	Initials
Society of Accountants in Edinburgh	Chartered Accountant	C.A
The Institute of Accountants and Actuaries in Glasgow	Chartered Accountant	C.A
The Society of Accountants in Aberdeen	Chartered Accountant	C.A
The Institute of Chartered Accountants in England and Wales	Chartered Accountant	C.A or F.C.A
The Institute of Chartered Accountants in Ireland	Chartered Accountant	C.A
The Society of Incorporated Accountants and Auditors	Incorporated Accountant	ASAA or FSAA
The Association of Certified and Corporate Accountants	Certified Accountant	AACCA or FACCA
The Societies of Chartered Accountants in South Africa	Chartered Accountant (SA)	C.A (SA)
The Institute of Chartered Accountants in India	Chartered Accountant (India)	C.A (India) or FCA (India)

(Source: CO533/569/8)

Attempted exclusion on the basis of race: the case of the Indians

The Bill was sponsored by the AAEA and its recommendation was that only bodies recognised by them be included in the proposed Ordinance. It is interesting to note that whilst the Institute of Chartered Accountants of India is a body recognised by the final version Accountants (Designations) Act, it does not appear on the AAEA's first list of recognised qualifications (see Figure 1). It is possible that this may have been because the Indian Institute had only been established a year earlier in 1949. Although, it may be speculated that, given the racial divisions engrained in colonial society, it was indeed the initial intention of the AAEA to operationalise closure on the basis of race, by attempting to exclude the Indians. Evidence supporting this theory is also to found in the "History of the Accountancy Profession in India" (Kapadia, 1973, p.237). In particular, the Indian Chartered Accountants Act permitted its members to use the same ACA designation as the ICAEW. The ICAEW

members of the AAEA were particularly sensitive to this and strongly supported attempts to differentiate English accountants from Indian accountants.

Correspondence between the Commissioner for the Indian Government in Kenya to the Chief Secretary's Office pointed out that the purpose of the proposed Ordinance was to provide statutory recognition for professional qualifications and that some professionally qualified accountants practising in East Africa were members of the Indian Institute. The correspondence reflects strong feelings and states that "by omitting the name of the Indian Institute it is felt that the bill discriminates against the members of that Institute" (KNA/AE/25/68/5, dated 20/11/50)³⁰. Furthermore, in support of this position, Mr D.S Trivedi, a Kenyan (Asian) member of the Indian Institute, had made representations to the Board of Trade in England who had responded by stating that "the Institute of Chartered Accountants of India is considered by them as similar to the Institutes and Societies recognised by them under the UK Companies Act and that a member of the Institute of Chartered Accountants of India would be authorised to practice in the UK on par with members of English, Irish and Scottish Institutes" (KNA/AE/25/68/5, dated 20/11/50).

The Indian Government's representative in Kenya also argued that section 29(1) of the Indian Chartered Accountants Act, 1949, was explicit on the issue of reciprocity and stated that :

where any country ... prevents persons of Indian domicile from becoming members of any Institution similar to the Institute of Chartered Accountants of India or from practising the profession of accountancy or subjects them to unfair discrimination in that country, no subject of that country shall be entitled to become a member of the

³⁰ KNA – Kenya National Archive Reference

Institute or practice the profession of accountancy in India (KNA/AE/25/68/26, dated 25/5/51).

It was as a result of this clause that the UK Board of Trade recognised the Indian qualification under section 161 (1) (b) of the UK Companies Act, 1948³¹. Any alternative action could have made the situation very difficult for members of the UK accounting bodies practising in India. The Indian Institute pointed out that this authorisation (under s.161) covered a member of the Indian Institute who is:

- a) resident and in practice in the United Kingdom
- b) non-resident but has an interest in a practice in the UK, and
- c) is not resident in the United Kingdom and has no office in the United Kingdom but desires to undertake the audit of a public or non-exempt private company registered in the United Kingdom

It was under such authorisation that the Indian Government requested that the Chief Secretary to the Colonial Office confirm whether the Kenyan “Government are falling in line with the United Kingdom” KNA/AE/25/68/26, dated 25/5/51).

As a result of this high level lobbying, the Indian Institute was duly recognised by the Ordinance, however, members were required to use the designation “CA (India)”. This too was considered to constitute discrimination and the Indian Institute lobbied on behalf of their members. In India, as in several other Dominions, the Institute was established through statute rather than through a Royal Charter. The Indian Institute argued that in the case of

³¹ Section 161 (1) (b) of the UK Companies Act, 1948, permitted a person to act as an auditor if “he is for the time being authorized by the Board of Trade to be so appointed either as having similar qualifications obtained outside the UK or as having obtained adequate knowledge and experience in the course of his employment by a member of a body of accountants recognised for the purpose of the foregoing paragraph or has having before the sixth day of August, nineteen hundred and forty-seven, practiced in Great Britain as an accountant”.

South Africa³², the legislation required the use of the “CA (SA)” designation and therefore it was appropriate that this be emulated in Kenya. However, in the Indian case (along with Australia, Canada and Ireland) the designation in the country of origin was simply CA. The Indian Institute therefore argued that “every member of an outside Institute should be made to add the name of the country of his origin or in the alternative, there should be no mention of the name of the country in any case. To put India on a different basis and to support that stand by quoting the instance of South Africa, the consideration of the matter is made on an incorrect basis” (KNA/AE/25/68/21, dated 9/3/51). The implication being that the Indians were being singled out on the basis of race, given that CA’s from the white colonies of Australia and Canada faced no such objections. However, in the final version of the Kenyan Ordinance, the designation for Indian Chartered accountants remained “CA (India)” under the rationale that they would be treated in the same way as the South Africans and later the Rhodesians.

When the Indian Institute was finally recognised as a qualifying body in legislation, the AAEA had little choice but to accept a motion put forward at its AGM (held 9 March 1951) to recognize the Indian Institute as a qualifying body under Article 1 of its own constitution. The main reason cited for recommending the acceptance of Indian members was to enable the Association to exercise control over Indian members of the profession in Kenya and also in order to assist ICAEW members practising in India “who might suffer by the issue becoming political” (AAEA Minutes, 6/11/50, p.1). The first Asian member admitted to the

³² The South African Chartered Accountants Act, 1927, restricted the use of the CA designation to members of the UK Chartered Institutes and the South African Institute.

Association, at a meeting held on 14 May 1951, was Dhirajlal Shankerlal Trivedi ACA (India) who was practising in Mombassa, Kenya³³.

Informal exclusion on the basis of race

Although formal attempts to exclude the Indian chartered accountants had failed, more veiled attempts by the AAEEA to close off the market to other Indian practitioners met with greater success. Interim amendments were made to the extant Kenyan Companies Ordinance in 1951, to effect changes resulting from the passage of the Accountants (Designations) Ordinance 1950 with respect to who could act as an accountant in the colony. The amendments also included a requirement to maintain books of account in English, a suggestion made by the AAEEA. These amendments were vociferously opposed by the Asian business community (represented by the Federation of Indian Chambers of Commerce and Industry of Eastern Africa), particularly in the case of smaller private companies that did not require the services of a member of a professional body and the associated high level qualifications were not considered essential. They argued that “conditions in this country are not so advanced yet that the requirements as to the membership of the accountancy bodies listed be insisted on. Practical experience must be taken into consideration and be admitted in lieu of membership” (KNA/AE/25/68/60, dated 15/11/51). They also opposed the provision to maintain books in English, arguing that the “use of English alone is impracticable. Majority of businessmen (Indians) are unable to keep books in English and it is not possible for most of them to employ the services of a bookkeeper who knows this system both from a financial viewpoint and the availability of such bookkeepers” (KNA/AE/25/68/60, dated 15/11/51). Perhaps not surprisingly, the Association of Chambers of Commerce and Industry of Eastern Africa (representing the expatriate community) were broadly in agreement with the proposed

³³ The members’ registers of the Indian Institute note that three Indian accountants were registered in Mombassa and one in Kisumu in 1951.

amendments and suggested that identical legislation be enacted across all three territories (KNA/AE/25/68/73, dated 11/3/52). This episode highlights the effect of socio-cultural influences on the development of accounting regulation in the colony. In particular the call for books to be maintained in English is a reflection of the dominant position occupied by the white Europeans in colonial society and in commerce, as not all Asian businessmen were fluent in the language. The requirement for all businesses to appoint professionally qualified accountants only (most likely to be AAEA members), was in effect an attempt to capture the small-business (mainly Asian) market for accountancy services and close off access to the non-qualifieds who had provided such services.

Formal devices – the case of ICWA and SCA

The Accountants (Designations) Ordinance, 1950, was an important piece of weaponry in the AAEA's battle to effect exclusionary closure. The Ordinance had not recognised the qualifications of the ICWA in the schedule to the Act. The main reason cited for this was that despite the ICWA being considered to be a reputable body, the aim was to restrict the professional bodies included in the schedule to those engaged in "pure accounting" (KNA/AE/25/68/94, dated 11/9/52). The ICWA had petitioned the Colonial Government on the issue, expressing "surprise that their Institute and its designatory letters have not been included" (KNA/AE/25/68/95, dated 11/9/52). The AAEA were asked for their advice on the matter and stated that members of the ICWA were not able to call themselves "Chartered Accountants" which provided a "professional description of a general character" (KNA/AE/25/68/101, dated 16/10/52) and therefore had been excluded from the schedule. In response the ICWA argued that "it is recognized throughout the accountancy profession that the industrial accountants, which constitute the largest number of our Members, are part of the accountancy profession, and it is just as necessary to protect the public who employ them

against persons who are not so recognized as in the case of public auditors” (KNA/AE/25/68/123/1, dated 20/1/53). The AAEA capitulated and concluded that, given the reputation of the ICWA, they would present no further objections to their inclusion in the future³⁴.

Similar requests were received from the Society of Commercial Accountants (SCA) (KNA/AE/25/68/151, dated 6/8/54). This was a body that was founded in 1942 and as a result of being “ignored or castigated at home, it set up an extensive Commonwealth operation” (Johnson and Caygill, 1971, p.159). The AAEA were requested to comment on the suitability of the SCA for inclusion in the schedule to the Accountants (Designations) Ordinance 1950 and said that “membership of the body in question does not entitle a person to be considered for admission to this Association, neither does it entitle him to act as an auditor of a public company in the United Kingdom” (KNA/AE/25/68/142, dated 4/12/54). The request from the SCA was ultimately rejected on the grounds cited and on the grounds that it was not recognised by the Board of Trade in the UK.

Subsequent changes to the legislation

In 1951 the three Scottish bodies (Edinburgh, Glasgow and Aberdeen) merged to form ICAS. The Accountants (Designations) Ordinance 1950 required amendment to its Schedule by means of amending Ordinance No.22 of 1955. Later in 1957, the SIAA merged with three UK Chartered bodies (the English, the Irish and the Scottish). Whilst in Ireland and Scotland previous SIAA members were permitted to use the CA designation, the English Institute “with a certain illogicality now regarded as typical of their homeland” (KNA/AE/25/68/213,

³⁴ At the AGM on 9 March 1951, the AAEA recognized the IMTA for membership purposes. However, it was decided that the Society of Cost and Works Accountants would only be recognized for AAEA membership if they were deemed eligible under the Public Accountants Bill in the UK, which eventually proved to be the case.

dated 28/3/58) required that SIAA members continue to use their ASAA and FSAA designations even once the two bodies had merged. The Schedule to the Ordinance again required amendment via the Accountants (Designations) (Amendment) Ordinance, 1959, and left only six of the original recognized qualifying bodies in Kenya as well as adding the Rhodesia Society of Accountants (KNA/ AE/25/68/256, dated 16/2/59), (see Figure 4). The amendments also authorized the Minister for Trade and Commerce to vary the Schedule to the Ordinance, in the event of future mergers or changes in recognized bodies.

Figure 4: Revised Schedule to the Accountants (Designations) (Amendment) Ordinance, 1959

Body	Designation	Initials
The Institute of Chartered Accountants in Scotland	Chartered Accountant	CA
The Institute of Chartered Accountants in England and Wales	Chartered Accountant OR Incorporated Accountant	CA/FCA OR ASAA/FSAA
The Institute of Chartered Accountants in Ireland	Chartered Accountant	CA
The Association of Certified and Corporate Accountants	Certified Accountant	AACCA/ FACCA
The Societies of Chartered Accountants in South Africa	Chartered Accountant (SA)	CA (SA)
The Institute of Chartered Accountants in India	Chartered Accountant (India)	CA (India)/ FCA (India)
The Rhodesia Society of Accountants	Chartered Accountant (Southern Rhodesia) or (SR)	CA (SR)

(Source: KNA/AE/25/68/267, dated 6/3/59.)

As a result, company legislation in Kenya was further revised with the passage of the Companies Ordinance (Kenya) 1959 (based on the provisions of the UK Companies Act, 1948). The Ordinance required that all companies, both private and public, submit a balance sheet with their annual return to the Registrar of Companies (with exceptions for certain categories of private companies). Section 161 of the Companies Ordinance (Cap 486) 1959 provided that only those with qualifications authorised by the Accountants (Designations) Ordinance could be appointed as auditors or those having “*similar qualifications obtained outside the United Kingdom, South Africa, Southern Rhodesia or India.*” These recognised qualifications were mainly those of the British professional bodies and therefore ensured that the provision of accounting services remained within the hands of the colonisers. Section 161 (b) stipulated that the Registrar of Companies could authorise individuals to be appointed as auditors if they had obtained adequate knowledge and experience in the employment of an authorised auditor, or if they had already practiced as an accountant in the Colony, or acted as an auditor of an existing company, prior to 26 May 1959 (effectively a special dispensation

for those offering accounting services without formal qualifications but with experience). These rules on the recognition of qualifications progressed unchanged into the revised edition of the Companies Ordinance, issued in 1962. Thus whilst the rules relating to auditors of companies were defined within the Ordinances, there were no regulations regarding who could act as an accountant and/or auditor to sole traders, partnerships, private companies or individuals.

7. Bifurcation of the profession – accountancy for the British and bookkeeping for non-whites

Controlling access to specialist knowledge is a traditional means of exclusionary closure and one of the key objectives stated in the Memorandum and Articles of the AAEA was ultimately to provide for the training, examination and local qualification of students in accountancy. Thus at an early Council meeting proposals were put forward for the Association to set its own examinations “firstly to put the Association ‘on the map’ and secondly to provide some means of testing local accountancy students but not to award any qualifications” (AAEA Minutes 3/7/50, p.2). Concentrating on the needs of the expatriate trainees, Council felt that although this would ultimately be an objective, perhaps within one year, “there were various accountancy diplomas which could be obtained from England and which were sufficient to provide evidence of the enthusiasm of accountancy students” (AAEA Minutes 3/7/50, p.2)³⁵. The majority of professional accountancy trainees undertook correspondence courses, although tuition for the intermediate and final examinations of the Association of Certified and Corporate Accountants and of the Institute of Chartered Secretaries was available in Nairobi. The Association also supported the formation of a

³⁵ It was also felt that training throughout the colony should be co-ordinated and that similar conditions of service be offered to articulated clerks and trainees. The Association wrote to all practising members with a view to encouraging debate in order to achieve parity.

Students' Society, partly as a means of encouraging future support for the activities of the Association and for the continuity of its membership.

Although local professional examinations were not considered necessary at this stage, there was scope for the Association to assist in the training of bookkeepers as the only bookkeeping classes available were for the examinations of the London Chamber of Commerce Diploma. An Examination Sub-Committee was established to review methods of assisting bookkeeping students, with the following terms of reference:

- to provide encouragement by means of prizes for students to take existing examinations
- by the provision of Association examinations which would give students some sort of standard (AAEA Minutes 14/5/51, p.2).

The Examination Sub-Committee was tasked with preparing syllabuses and examinations which should be aimed "at achieving a standard not higher than that necessary to take books of account to the Trial Balance stage in the theory of bookkeeping....at a later stage it would be desirable for a more advanced syllabus to be produced" (AAEA Minutes 15/8/52, p.2). Two papers were prepared (a Bookkeeping Paper and a General Commercial Knowledge Paper) and the first examinations were held on 31 January 1953 when fourteen candidates sat the examination. However, only two candidates were awarded diplomas and the sub-committee suggested "that means of improving the standards of examinees could best be dealt with by commercial houses and commercial colleges" (AAEA Minutes 8/2/54, p.2). Nevertheless, the examinations proved to be popular and by the next sitting twenty-eight students (8 Europeans, 9 Asians and 11 Africans) had registered to take the Association's bookkeeping examinations at various centres throughout the colony (19 in Nairobi, 6 in

Kampala and 1 each in Dar-es-Salaam, Mombassa and Arusha) (AAEA Minutes 4/1/54, p.1).

The following quotation illustrates that although the entry of suitably educated Africans into the lower echelons of the profession was considered a step forward, the barriers were still all too apparent:

There was an Association of Accountants in East Africa established by expatriates - they organised examinations aimed at producing bookkeepers - it was as far as blacks were permitted to go (ACCA-trained senior member of profession in practice).

There is evidence that the pass rates for the AAEA examinations were low, particularly for the General Commercial Knowledge Paper for which “poor results consistently” were obtained (AAEA Minutes 10/9/56, p.1). Some consideration was given to the lowering of the standard of the examinations as there was “the question of the waste of time involved when a large proportion of candidates presenting themselves for the Diploma examination had obviously not reached a sufficiently high standard” (AAEA Minutes 12/8/57, p.3), however this was rejected on principle. Although the Association recognised that there was a shortage of bookkeepers throughout East Africa, Council felt that “selectivity was essential, particularly in regard to the African, in view of the need not to encourage that race into clerical positions where they could not be properly absorbed” (AAEA Minutes 11/10/55, p.3) and in connection with this comment it was noted that the knowledge of English was also a factor. Although some Africans were permitted to take bookkeeping examinations there were no professionally qualified African accountants until John Mwangi was admitted to membership by ICAS on 18 September, 1959 (the first African IMTA member was registered in 1962 and no other Africans qualified as professional accountants until after Independence in 1963).

Thus, although non-whites were restricted from entry to the higher professional examination, it was considered acceptable for suitably qualified Asians (mainly Goans) and Africans to train as bookkeepers. This mirrors the situation for excluded groups in professionalisation stories in other countries, such as women in the UK in the early twentieth century (Kirkham and Loft, 1993), African Americans (Hammond and Streeter, 1994) and the non-white population of Trinidad and Tobago³⁶, where “this discursive practice of linking social categories to their most ‘appropriate’ kind of work was an important aspect of occupational closure” (Annisette, 2003, p.652).

³⁶ Bookkeeping tasks in colonial Trinidad and Tobago were considered appropriate for local white Creoles and persons of “off-white” colour.

8. Socio-cultural filtering: Impediments to entry and training

There is evidence that indicates that although, individually, the expatriate members of the AAEA were reluctant to accept non-whites into the upper echelons of the profession, outwardly, by the mid/late 1950's attempts were made by the Association to attract more Asians and Africans, given the shortage of suitably qualified accounting labour and the progressively vocal calls for independence. The AAEA began to give talks to aspirant students from all races on 'Accountancy as a Career'. However, the following quotation illustrates the feeling towards non-Europeans: "Mr. R.S. Alexander said that great difficulties would be experienced by Asians or Africans in obtaining articles with a professional firm in East Africa. He suggested that Mr. Storey (who was responsible for delivering such careers talks) should stress the high standards required to pass the examinations" (AAEA Minutes 9/8/54, p.1). Indeed in 1955 the Council Minutes state that "no member of Council had any personal knowledge of an African being articled to a professional accountant" (AAEA Minutes 25/5/55, p.1). Similarly a Government publication on careers in Kenya suggests that "in spite of the local need for more accountants, it is not easy for an Asian or an African to find an opportunity of entering into service as either an articled pupil or an apprentice, whether in Great Britain or Kenya" (RCS, Careers in Kenya, 1957).

At that time, the Examination Sub-committee had considered the possibility of an East African professional accountancy qualification in the future and believed that the bookkeeping exams would be a suitable "stepping stone" to prepare potential trainees (AAEA Minutes 10/1/55, p.2). However, the consensus at other meetings suggested that "the idea of local qualification was distasteful, but had to be kept in mind" (AAEA Minutes 13/12/54,

p.2) and should be something that was to be considered only in the long-term future³⁷. It may be speculated that the possibility of a local qualification was regarded as “distasteful” because it would dispense with the necessity for training for British qualifications, thereby breaking the expatriate monopoly of specialist knowledge, and would raise the possibility of effecting a demarcation boundary more permeable to non-whites.

With this in mind, Council also debated the issue of training for the profession of Asians and Africans. It was noted that some Asian accountants (most would have been members of the Indian Institute at this stage) were prepared to accept premiums from Africans in return for ensuring that they received a qualification “of some sort”.

The Chairman of the Council stated that “the main worry in the minds of practicing accountants (i.e. expatriates) when accepting members of these communities as articulated clerks or learners was integrity” (AAEA Minutes 15/11/55, p.3). Thus, in addition to employing traditional exclusionary devices such as acceptance to articleship and professional examinations, the expatriates were willing to seek out alternative rationales that extended the demarcatory boundaries for non-whites only. At the fringes of this extended boundary, non-whites were further subject to scrutiny on the basis of racial and cultural traits and had aspersions cast upon their “integrity”.

It was suggested, at Council, that sending Africans to the UK for training purposes perhaps ought to be welcomed as they would at least receive higher standards of training than was possible with Indian accountants in Kenya. However, a Council member of the SIAA (Mr

³⁷ The Council did return to the issue of a local East African professional qualification in 1959 but decided that the ACCA examinations met local needs and that the “only real danger was likely to arise if that body integrated with the Institute of Chartered Accountants in the same way as the Society of Incorporated Accountants had done” (AAEA Minutes 4/5/59, p.2).

Jackson, who was invited to attend the meeting) pointed out that “the main difficulty with overseas students in professional offices in UK was the reaction of clients” (AAEA Minutes 15/11/55, p.4)³⁸. In any case, in the long term, the Colonial Office³⁹ could probably not justify the expense and it was argued that eventually the “answer to the problem was that Africans should be accepted in professional offices in East Africa and the profession would have to face up to the integrity problem” (AAEA Minutes 15/11/55, p.3).

Others on Council (such as Mr. A. Lawrie) took a hard-line view of the issue and suggested that they would be willing to accept “training and taking examinations in East Africa if issue of a certificate of practice was withheld until one year’s post-graduate experience had been acquired in the UK” (AAEA Minutes 15/11/55, p.3). Another suggestion was to involve the Royal Technical College in Nairobi (which had been offering instruction in accountancy for local students since 1956), to run courses for “imparting academic knowledge” to those Africans who might be employed in professional offices. The meeting concluded that it would be a while before the Association was actually faced with the problem of Africans entering the profession, since most educated Africans were being absorbed into the teaching and medical professions and administration positions. It is probably fair to say, however, that the reason for this was the difficulty in obtaining articles with the expatriate professional firms in the first place.

On the issue of training Asians for the profession, it was felt that “fears regarding their integrity were stronger than even regarding the African community, except for the Goans”

³⁸ Parallels can be drawn here with the situation faced by pioneering women in the English profession where similar objections were raised by clients when women auditors represented accounting firms (Lehman, 1992).

³⁹ In the post war period, colonial development policy emphasised raising the standards of skills and education amongst Africans and the Colonial Office provided bursaries and scholarships through various schemes in order to facilitate this.

(AAEA Minutes 15/11/55, p.4). Aspirant professionals for all communities were entitled to take the examinations of the ACCA in East Africa and in the case of Asians many were able to afford to go to India to take the examinations of bodies there such as the ICAI. However, Council was pragmatic about the growing participation of Asians and Africans in business and commerce and how these businesses would probably be “attracted to accountants of their own races, and influence of the European accountants was likely to wane in the long term” (AAEA Minutes 15/11/55, p.4). Predicting a rise in the number of non-white accountants in the future, the AAEA devised a strategy that would erect defensive barriers to protect the lucrative audit market. Under the guise of maintaining professional standards, it sponsored legislation relating to the registration of authorised auditors in Kenya.

9. Closure through registration

“For the occupation attempting to obtain a legal monopoly of practice as part of its project for social closure, registration is the master stroke” (Macdonald, 1985, p.544). The issue of the registration of professional accountants has a long history both in Britain and throughout the empire. Thus “while it was the case in Britain that bills for registration were promoted by the accountancy bodies in the face of government hostility or scepticism, in many colonies the administration was to develop a positive attitude towards registration as a means of controlling and standardising accountancy practice, particularly as it related to the needs of international capital” (Johnson, 1982, p.202)⁴⁰.

⁴⁰ In Britain, at least nine private registration bills were introduced, without success, in the last decade of the nineteenth century. Further attempts in Britain, in the early twentieth century, sponsored at various times, by different bodies were not successful. Similar attempts to register accountants in Victoria, Australia in 1899 also failed, although the activities of the SIAA in South Africa, resulted in the passage of local legislation for the registration of accountants (Johnson and Caygill, 1971). In many countries, moves towards registration were linked with growing nationalist sentiment in British colonies (e.g. the New Zealand Registration Act 1908, the Rhodesian Registration Act 1917, the

In Kenya, various discussions were held within the AAEA Council, over a period of time, on the issue of the registration of practising accountants and possibly sponsoring such legislation. Given the importance of this issue a Sub-Committee was first established in 1953, which was directed towards consideration of the following points:

- what is meant by registration of the profession
- should the profession be entirely closed or only partially closed
- who should be eligible for registration
- what machinery would be required to carry out registration
- what ordinances would require amendment as a result of registration
- an indication of similar legislation in other parts of the world (AAEA Minutes 2/3/53, p.2).

Council debated the issue at length, eventually deciding to restrict registration to auditors only, and proposed that a letter be sent to the Minister for Commerce along lines similar to Section 161 of the UK Companies Act 1948:

“That a person shall not be qualified for the appointment as Auditor of a company unless:

- a) He is a member of this Association or is eligible for membership of it, or*
- b) In regard to any particular company, he was at the 1st January, 1954, the auditor of that company and has held that office without interruption since then” (AAEA Minutes 14/6/54, p.1).*

Through registration, the Association sought to restrict access to the lucrative audit market to its own members. The objective of pursuing registration was deftly summarised by minuted comments made by Mr. Alexander “that the aim should be to eliminate as soon as could fairly be effected, bearing in mind the interests of those concerned, the non-qualified

Indian Chartered Accountants Act 1949) – all operated to exclude “outsiders” (ibid. p.169).

practitioners, and all present agreed with this summary of the position” (AAEA Minutes 10/1/54, p.2). As registration was intended to protect and control the market for audit services by ensuring that all company audits would eventually be conducted only by “properly qualified” accountants, namely Association members, Council conceded that a Register of Auditors would have to be established. There were two apparent choices: whether that Register should be maintained by the Association, which then may be subject to political pressure, or whether a new Statutory Registration Board may be more appropriate. Whilst outwardly such action was intended to raise and control standards, it may be speculated that an ulterior motive for such a strategy in the late 1950s was to protect the lucrative audit market in a period of anticipated increasing non-white participation in the profession (some of whom were qualified and others not).

In addition to Association members, there were also non-Association members conducting audits at the time as well as some unqualified but reputable members of long-standing. In the case of qualified auditors, who were not members of the Association through choice, Council concluded that it would be desirable for all auditors to be registered, whether members or not. Although the intention of the proposed legislation was to close off opportunities in the audit market to unqualifieds, it was conceded that a number of these (who had been practising for a long time) would have to be admitted at the inception of the scheme and possibly even afterwards when an examination might be necessary to maintain entry standards. It was decided that the recommendations be forwarded to the General Meeting of the AAEA with a view to petitioning the Colonial Government to pass legislation throughout the three East African colonies (see Figure 5). By 1959 the Kenya Companies Ordinance was already progressing through the legislative process which added to the urgency of the passage of the Registration of Auditors legislation.

Figure 5: Recommendations for the Registration of Auditors

1. That the Association should take steps to initiate legislation creating a class of auditor to be known as an “approved auditor” and should take further steps to ensure that all Ordinances requiring the appointment of professional auditors stipulate that any such person shall be an “approved auditor”.
2. That an “approved auditor” should be defined as any person granted a Certificate of Registration by the Statutory Registration Board as
 - Being a member of the Association of Accountants in East Africa; or
 - Being a person who could show to the satisfaction of the Board that he was in public practice as an auditor for a period of not less than three years preceding the enactment of the legislation and that he possessed the necessary skill, experience and integrity.
3. That the Statutory Registration Board should consist as to over half its number of persons appointed by the Council of the Association of Accountants in East Africa.

(Source: AAEA Minutes of the Extraordinary General Meeting, 9/1/59, p. 3.)

The Association’s representative had passed the recommendations to the Ministry of Commerce and Industry and had “gained the impression that it was not particularly favourable towards the proposed legislation, but had in the meantime forwarded the draft Bill to the Attorney General” (AAEA Minutes 4/5//59, p.1). A later Council meeting discussing the issue agreed that any suggestion by the Ministry “that the “Approved Auditors Ordinance” should be held over owing to the lack of sufficient professionally qualified was defeatist” and should be countered by the Council (AAEA Minutes 24/8/59, p.1).

10. Summary and conclusions

The explosion in State-driven commerce in early colonial Kenya brought with it the need for specialists to document and monitor economic activity and helps to account for the preponderance of expatriate professional accountants in the colony. The predominance of these accountants was further reinforced by legislation, passed in the early twentieth century, that stipulated that auditors were required to hold the Governor's Certificate or had to be a member of a society recognised by the Governor, as advised by the ICAEW. However, this did not prevent Asian practitioners and later Indian chartered accountants from providing accountancy services in the colony, primarily to Asian businesses. In the early colonial period, the poor levels of education available to most Africans meant that the African accountant was an unheard of entity.

In the post-war period the numbers of expatriate accountants continued to rise and by 1949 there were enough of them to warrant the creation of the AAEA in Nairobi with branches in Tanzania and Uganda. The AAEA proved to be a formidable force within the colony, acting as an advisor to the colonial government on matters relating to accountancy and taxation. It set out to control the market for the provision of audit and accountancy services in the colony, drawing upon traditional closure devices and socio-cultural filtering to exclude unqualifieds and non-whites.

Entry to the AAEA was restricted to those already possessing specified (mainly British) professional accountancy qualifications and operating within a defined geographical area. New members were required to present written recommendations from two existing members and in the relatively small colonial communities the members would have known each other, and prospective members, through their social circles. This resulted is a closed association

whose members retained allegiance to their individual parent professional bodies. Initially, the AAEA comprised white expatriates with British professional qualifications and a recognised social standing. Although entry examinations are traditionally utilized by professional bodies to assess the competence of prospective members for admission, in this case the AAEA was able to rely upon the filtering processes and conventions of professional behaviour and conduct pre-established by the UK parent bodies.

The Association manoeuvred to differentiate its members, and the services that they provided, from non-members and more importantly from unqualifieds offering accountancy services in the colony. In practice, this strategy was operationalised through the marketing of the Association's badge of distinction and by raising their public profile throughout the territories. To consolidate upon this perceived difference, the Association successfully sponsored colonial legislation to regulate the use of recognized designations and sever opportunities from non-holders. Initially, it was proposed that only those with designations recognised by the Association be legally recognised as professional accountants in the colony. Thus although the chartered, certified and incorporated accountants were included, the public sector and commercial accountants were not. Furthermore, at a later date, the Association debated and eventually proposed legislation to register auditors in order to close off access to the lucrative audit market to non-members.

Such traditional closure devices used by the Association were successful in excluding the unqualifieds and providing an advantage for members. However, the presence of Indian accountants, and later the issue of African entrants, mandated the use of more veiled socio-cultural filtering devices. In particular the initial exclusion of the Indian chartered accountants from the Accountants Designations legislation of 1950 reveals the extent to

which the race-based social hierarchy influenced the activities and objectives of the AAEA. Their later inclusion was granted on direction from the UK, made conditional upon the use of the distinctive designation 'CA (India)' and appears to have been conceded only to prevent adverse repercussions for British chartered accountants in India.

The implementation of such informal devices became even more apparent towards the end of the decade as the AAEA was forced to reconsider the issue of Indians and Africans in the profession as the result of labour shortages and a changing political environment. Thus, although a major impediment to the entry and progression of non-whites within the profession may have been removed, its impact remained muted as they continued to be confronted by socio-cultural obstructions.

The data unearthed in this paper allow parallels to be drawn between the socio-cultural exclusionary practices cited here and those to be found in other societies. For instance concerns aired by the AAEA, in the late 1950's, about the reaction of clients to African Kenyan trainees resonate with Lehman's observations that, historically in Britain, clients often objected to women auditors representing UK firms citing fears about lowering the status of the profession if women were admitted (Lehman, 1992). Thus racist attitudes in the colonial profession in Kenya parallel patriarchal attitudes in the UK profession at the beginning of the twentieth century. In a similar vein, although private business schools in late nineteenth century Canada did accept women, it was apparent that "gentlemen were preferred" (McKeen and Richardson, 1998), whereas in colonial Kenya it was a case of "whites preferred". Other authors have commented on the vertical segregation of the profession, where women were initially employed at the lower levels of the occupational hierarchy (Kirkham and Loft, 1993; Coutts and Roberts, 1995; Shackleton, 1999). A similar

bifurcation was experienced in Kenya, as African Kenyans were able to take the low level bookkeeping examinations of the AAEA, but could not in the colonial period aspire to higher professional status. Eventually, it was even suggested that women in the UK form their own professional association (Lehman, 1992; Shackleton, 1999), however in Kenya the AAEA wished to avoid this scenario as it was acutely aware of the rise in non-white capitalism and the possible desire of communities to use the services of those from the same race.

Similarities between closure strategies adopted in Kenya and those operationalised in other colonies can be drawn from the evidence presented here, but more interesting are the differences that arise as the result of different forms of political lien established by the British. Thus in most strong self-governing settler colonies, local, autonomous accounting bodies were established that not only competed with, but in some cases were in conflict with, the present British accountancy associations. On the other hand, in many racially diversified, hierarchical, non-settler colonies, British expatriates dominated the market for the provision of accountancy services. In these colonies the absence of local competition meant that the expatriates did not feel compelled to establish professional bodies (other than local branches), as some degree of “market shelter” was provided by societal structure (Annisette, 1999). For instance in the case of Jamaica, “satellites of different foreign established professional accountancy bodies, particularly in the UK, employed racial discrimination policies to exclude Afro-Jamaicans from becoming members” (Bakre, 2005, p.1004).

The case of Kenya, straddles these two scenarios. It too was a racially diversified, hierarchical colony where Africans were effectively excluded from society, Asians were marginalized and the minority white population ruled. Therefore, if Annisette’s thesis is projected, then there was a “market shelter” operating here too and the need for a colonial,

expatriate association was redundant. However, different forces were operating in Kenya, which combined to initiate colonial professional organisation: firstly many of the white, expatriates were permanent residents in the colony rather than transient colonial servants; secondly, the expatriate resident chartered accountants were by far the majority group, ensuring that intra-professional rivalry remained insignificant as the umbrella association was formed; thirdly, in Kenya there were significant numbers of unqualified 'accountants' and Indian professional accountants offering services, and the formation of this association was an attempt to close off opportunities to both of these groups; and finally, because this was a colony of permanent white settlement, the settlers were directly affected by legislation passed by the colonial administration and as such the Association was the unified voice of the profession in the face of legislation on taxation and commerce.

In the case of many racially diverse colonies, closure was exercised at different levels and was characterised by a strong racist dimension. Initially, the structure of social hierarchy was such that non-whites were not able to aspire to elite closed groups such as professional bodies. Later, non-white accountants that had managed to circumnavigate the formal obstacles to entry to the profession (articleship, passing examinations, obtaining clients and finding a job) found themselves facing further obstructions that white accountants did not. In Kenya, for instance, the AAEA raised questions about intangible traits such as the "integrity" of Indian and African accountants and trainees, which in fact were veiled attempts to create yet another basis for exclusion. Thus socio-cultural filtering and more discreet, informal devices played, perhaps, an even more important role in the operationalisation of the closure process in this colonial context.

Epilogue

By the late 1950's, driven by political events, accountancy in Kenya was transforming. The rise in commercial activity amongst the Asians and Africans meant that a potential shortfall in the number of required qualified accountants was a distinct possibility. The AAEA was concerned about the suitability of the ACCA qualification in East Africa for local needs and considered the eventual possibility of a new Kenyan Institute with local examinations⁴¹. It is minuted that Council "felt it to be an over-riding requirement that there should be, in due course, an examination directed to East African students" (AAEA Minutes 7/5/60, p.3). It was envisaged that membership would be compulsory and split into practising, designated C.P.A (E.A), and non-practising, designated A.C.P.A (EA)⁴² (AAEA Minutes 28/9/59, p.3). However, perceived difficulties with this plan were costs, the burden of administration for such an Institute and the "likelihood of other races clamouring for something at a lower level" (AAEA Minutes 29/7/59, p.1). Thus, although there was some acknowledgement that the profession would eventually have to be accessible to non-whites, the expatriate Association members were still reluctant to welcome them to the higher ranks⁴³. It may be speculated that the Association's strategy of acting voluntarily to open up the profession to non-whites would avoid the need for Government intervention and thereby leave the Association (mainly white) members to exercise influence and control over the new local Institute too.

⁴¹ The other possibility considered was a new Institute and an examination body that might be separate from the Institute but conferred rights of membership. There was not absolute agreement that local examinations were indeed the way forward as some members believed that once the Association had achieved monopoly through the Approved Auditors Bill, pressure may be brought to bear upon the Association to admit "persons of lower standards and degrees" (AAEA Minutes 7/5/60, p.2).

⁴² The training for students in professional offices, despite the recognised practical difficulties, was viewed as being vital to the maintenance of professional standards and it was suggested that those training in commercial organisations should serve longer than those in articles before qualifying.

⁴³ These early discussions were partly the outcome of a visit by Mr. G. Densem, of the ICAEW Council, who had offered support to the Association should it decide to establish a local professional body. On the issue of a local training, the Council debated the need for students to serve in professional offices and "the difficulty of admission of students of races other than European to professional offices was touched upon" (AAEA Minutes 28/9/59, p.2).

By 1962, the political situation had changed and Independence talks had already been held in the United Kingdom. There were still many reservations voiced about training Africans, although it was conceded that “there seemed a necessity to make the African more familiar with the profession” (AAEA Minutes 31/3/62, p.2). However, the AAEA’s plans for a new Institute did not materialise as planned. Independence was declared in 1963, and the consequent changes in the accountancy profession form the subject of a separate study.

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KNA/AE/25/68/256, dated 16/2/59 - Letter from F. Parnell, Secretary for Commerce and Industry to Attorney General.

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