

RELEVANCE AND PROFESSIONAL ASSOCIATIONS IN 2026

edited by James Guthrie, Elaine Evans and Roger Burritt



Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand is a professional body comprised of over 115,000 diverse, talented and financially astute members who utilise their skills every day to make a difference for businesses the world over.

Members are known for their professional integrity, principled judgement, financial discipline and a forward-looking approach to business which contributes to the prosperity of our nations.

We focus on the education and lifelong learning of our members, and engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international capital markets.

We are a member of the International Federation of Accountants, and are connected globally through the 800,000-strong Global Accounting Alliance and Chartered Accountants Worldwide which brings together leading Institutes in Australia, England and Wales, Ireland, New Zealand, Scotland and South Africa to support and promote over 320,000 Chartered Accountants in more than 180 countries.

charteredaccountantsanz.com

School of Accounting, RMIT University

The School of Accounting at RMIT University provides a range of high-quality academic programs that enable graduates to enter the accounting profession. The School focuses on innovative teaching and established its international reputation by continuously recognising global perspectives and addressing contemporary issues facing the business community. It recognises and promotes the study of accounting as technical practice and social practice.

The School aims to be recognised as the leading Australian business school in the accounting discipline. Its mission is evidenced by the provision of high-quality academic programs that not only are responsive to the needs of the accounting profession, but also provide leadership in innovative thinking pertinent in creating strategic directions for the profession in the public interest.

In achieving its overall aim, the School actively develops an effective student-centred learning environment through strategies in flexible delivery, quality teaching and continuous student support. The School offers high-standard educational programs in Melbourne, Vietnam, Singapore and Indonesia.

Development of staff expertise and reputation involves the promotion of relevant research activities, fostering closer relationships with the profession, industry and commerce, and encouraging regular communications and interactions with other universities and institutions on a global basis. Our staff are active in conducting applied research in accounting, with a focus on governance, accountability and sustainability as well as accounting education and accounting history.

For further information visit rmit.edu.au/accounting


Copyright © June 2016 Chartered Accountants Australia and New Zealand. All rights reserved.

DISCLAIMER This document was prepared by Chartered Accountants Australia and New Zealand with the assistance of School of Accounting, RMIT University. The information in this document is provided for general guidance only and on the understanding that it does not represent, and is not intended to be, advice. Whilst care has been taken in its preparation, it should not be used as a substitute for consultation with professional accounting, tax, legal or other advisors. Before making any decision or taking any action, you should consult with an appropriate specialist or professional.



RELEVANCE AND PROFESSIONAL ASSOCIATIONS IN 2026

edited by James Guthrie, Elaine Evans and Roger Burritt



All information is current as at July 2016

First published 2016

Published by:

Chartered Accountants Australia and New Zealand

33 Erskine Street, Sydney, NSW 2000, Australia

RMIT University


445 Swanston Street, Melbourne, VIC 3000, Australia

Academic Leadership Series, Volume 7

National Library Cataloguing-in-Publication data:

ISSN: 2200-2820

Accounting – Profession



Preface

What will you be doing in 2026? This was the provocative question that opened the Chartered Accountants Australia and New Zealand Thought Leadership Forum on Relevance and Professional Associations in 2026, which was co-hosted by RMIT University in Melbourne on 4 April 2016.

The question was of course intended to make each of the forum participants think about the future. Because this is the very question that professional associations must also consider.

Professional associations were traditionally formed to establish the legitimacy of their members within a specialised professional field such as accounting, law, medicine and engineering. Professional associations have since evolved to offer a wider range of benefits to their members that may now include the value of the professional qualification and a designation that reflects the association's ethical, professional and technical standards as well as access to a global network of professionals, lifelong learning, mentoring, professional development, practice support and representation in thought leadership and public policy discussions and debates.

However, with their traditional business models under increasing pressure from the impacts of major trends such as globalisation, digital disruption and demographic changes, professional associations must continuously re-evaluate their relevance and value to their members into the future.

Not only must professional associations remain responsive and adaptive in this rapidly changing environment, but the very professions they represent must also address these disruptive forces, particularly the speed and scale of the many technological changes we are encountering in the professions in terms of

automation and innovation. A new paradigm is emerging in which some professional associations and their members are even disrupting themselves by developing new and diversified business models in an effort to maintain their relevance and competitive advantage.

Our forum participants were left in no doubt as to the significant risks and challenges faced by professional associations. But there is still much cause for optimism given the many opportunities that our changing environment brings for professional associations and their members to consolidate their positions as trusted leaders and advisors who are capable of contributing to the prosperity of their nations in areas of public interest that impact on the economy and the community.

I would like to thank everyone involved in making this year's Forum and this publication such a success.

This current issue in the *Academic Leadership Series* will contribute to an ongoing dialogue between academics, practitioners and public policy makers concerning the key challenges facing professional associations and their members as they confront digital disruption.

I commend those who have gathered to discuss, debate and synthesise information and ideas that will shape the way we meet the challenges ahead and will help us face our future with confidence.



Lee White, FCA

Chief Executive Officer,
Chartered Accountants Australia and New Zealand

Preface

The insightful contributions appearing in this volume of the *Academic Leadership Series* are intended to envisage our thought processes 10 years ahead, to consider the relevance of professional associations in 2026.

In this context, I very much welcome the focus of the 2016 Chartered Accountants Australia and New Zealand Thought Leadership Forum proudly supported by RMIT University. Through the Forum, and subsequent publication, the issue of the future of professions and professional associations is reflected upon, both nationally and internationally.

It is often useful to look back in time when reflecting on the future. For decades, much of the literature on the professions was based on the notion of altruism; the idea of professional associations being committed to the 'public interest' or to the protection of the public. This conception involved consideration and identification of 'attributes of a profession' until at least the 1960s.

From the mid-1970s the notion of 'social closure' began to take precedence in the literature where social closure underpins the endeavours of individuals within a particular occupational group or 'interest group' to identify themselves as distinctive from others with a separate identity. Herein lies the notion of 'self-interest' of the individual members or the interests of the membership group as a whole.

It would appear that today we are witnessing the advancement of a new paradigm where professional associations are being positioned as cross-national 'corporations', with the prime focus being placed

on growth with positive implications for the bottom line. This apparent trend may be termed 'the rise of the corporate association'. Under this conception, the interests of the professional association may potentially rise above the interests of the members and even potentially above the public interest. A major challenge, therefore, is predicated to involve the balancing of these key interests during a period of rapid technological change and ongoing globalisation.

It is trusted that the contributions featured in the volume, based on the presentations made at the Forum on the theme held at RMIT University, will inspire readers to contribute to discussions and debates on this key topic in an informed fashion in shaping the future of professions and professional associations in 2026 and beyond.

Finally, I note that this is the seventh volume to appear in the *Academic Leadership Series* and the School of Accounting, RMIT University is truly delighted to be partnering with Chartered Accountants Australia and New Zealand to open up debate on issues of significance in canvassing the professions of the future.

A handwritten signature in black ink, reading 'Garry Carnegie'. The signature is fluid and cursive, with a large 'G' and a stylized 'C'.

Professor Garry Carnegie

Head, School of Accounting
RMIT University

Contents

- 9 **Professional Associations – Past Contributions, Present Tensions and Future Opportunities**
Roger Burritt, James Guthrie and Elaine Evans

PART A: CONTEXT

- 25 **The Future of Associations**
Ross Dawson
- 32 **Historical Patterns and the Inevitable Decline of Professional Associations**
Göran Roos
- 44 **Relevance and Professional Associations in 2026: Towards a New Role for Thought Leadership**
Geoffrey Stokes
- 48 **The Future of the Legal Profession**
George Beaton and Ben Farrow

PART B: EDUCATION ISSUES

- 57 **The Role and Nature of Professional Development Education in the Future**
Jason Dale
- 63 **Professional Associations, Accreditation and Higher Education: Foundations for Future Relations**
Mark Freeman and Elaine Evans

PART C: PRACTITIONERS' PERSPECTIVES

- 79 **Future Tensions in Professional Associations**
Sarah Davidson
- 84 **The Future of the Professions: A Regulator's Perspective**
Deen Sanders
- 87 **Accounting: A Survival Guide**
Ken Stephens

PART D: SPECIFIC ISSUES

- 93 **Professional Accounting Bodies: Scoping Options for Sustainability**
Katherine Christ and Roger Burritt
- 101 **Modern Professional Practice and Its Future: An Overview**
Sharon Winocur
- 105 **List of Contributors**

Professional Associations – Past Contributions, Present Tensions and Future Opportunities

ROGER BURRITT, JAMES GUTHRIE AND ELAINE EVANS

A professional association (also called a professional body, professional organisation, or professional society) is usually a non-profit organisation seeking to further a particular profession, the interests of individuals engaged in that profession and the public interest.¹

Professional associations abound: professional groups can exist at local, state, national and global levels. Many professions have professional associations, which were traditionally formed to help establish the legitimacy of members within a specialised professional field (e.g., accounting, law, medicine, engineering, etc). There are potential member benefits of belonging to a professional association, such as networking, career opportunities, grants, professional development and lifelong learning, advocacy and socialising.

However, with the rapid development of communication technology and the rise of Facebook, Twitter, LinkedIn, Google, Instagram, and so on, we have seen many of these activities being undertaken outside the traditional professional associations' sphere of influence (Dawson, 2016). The traditional and highly valued role of professional associations is being disrupted in an intensely networked interdisciplinary world (Dawson, 2016). Therefore, the question arises as to what will be the relevance of professional associations in 2026?

Many of the traditional functions of professional associations can be achieved through mechanisms such as self-organising networks, distributed peer accreditation, knowledge-sharing platforms and algorithmic market oversight. Associations that resist

change will be bypassed and transcended, yet those that adjust to a changed world with new structures and approaches are expected to remain highly relevant and facilitate the inevitable transformation of the professions they support (Beaton and Farrow, 2016; Stokes, 2016).

All professions and educational institutions are grappling with the pressure of rapid change, a more complex and integrated global environment and the consequences of what could be described as increasing fluidity in the boundaries of traditional disciplines. No longer do professionals regard themselves as belonging to a narrow, isolated discipline. Professionals are all part of a more integrated, global community, whether acting as a practitioner in business, serving in government or an academic in a university. In the increasingly interactive and global community, if you are a professional you will be engaging with many and varied stakeholders and colleagues. The demarcation lines between traditional disciplines are disappearing and a new vision for professionals and professional associations is required as they plan for 2026.

CONCEPTUAL FOUNDATIONS OF PROFESSIONAL ASSOCIATIONS

A professional association is an organisation of members of the same occupational group. They come together to protect their occupation from competitors. In the early development of professional associations, meetings were in the form of informal groupings that led to more structured gatherings out of which professions emerged. Occupational authority was

1. https://en.wikipedia.org/wiki/Professional_association

exercised through professional associations, which gave members of the occupation a distinct identity. Johnson (1972, p. 52) describes these associations as 'colleague-controlled institutions of practice'.

The authority gained by professional associations is used to manage social tensions in the market for services, where producers have gained a monopoly over the supply of certain occupational services. Professional associations seek all members of an occupation to join, excluding other potential producers from supplying services. This ensures that all the work encompassed by the occupation is undertaken exclusively by members of the association, thus achieving and maintaining a monopoly position in the market. Producers of services will join and remain in the professional association if they believe their interests are being advanced.

In support of member interests, professional associations attempt to restrict entry, thus becoming the recognised producer of services. From this position of authority, professional associations seek to warrant the competence and integrity of their members. Competence ensures the quality of the service and integrity ensures that consumers will not be exploited in the provision of monopoly services. In support of this warrant, professional associations point to careful recruitment and training of their members, the formal and informal organisation of members, codes of ethics and disciplinary practices for enforcing these codes.

Friedson (1994, p. 174) saw professional associations as having authority that was independent of the state. This authority arose from their monopoly position and their practices. The state grants independence to professional associations more or less, because (i) their services are needed by consumers, and (ii) the authority of the association is exercised to prevent the exploitation of consumers as a minimum and to benefit the associations (and their members) beyond that. They need to demonstrate that they do not abuse their authority and that they act in the public interest.

The sustainability of professional associations depends on their ability to improve continually the status and public recognition of their members. This can be achieved, in part, through legal recognition where legislation can prevent unqualified people from using

a particular professional designation. A further way is to warrant educational and ethical entry standards into the professional association and to enforce standards of professional practice. Continuing professional development for members is also a way to improve status and public recognition because the public will be confident that the specialist skills and knowledge residing in the professional association and its members is contemporary and trustworthy.

In summary, the conceptual foundations of professional associations include a monopoly position in the market for occupational services, a warrant for specialist knowledge, competence and integrity, and the authority to enforce entry standards and standards of professional practice. When professional associations are able to sustain these conditions, they are deemed to be embarking on their professionalisation project. The following section defines professionalisation and explains the role of professional associations in professionalisation projects.

PROFESSIONALISATION PROJECT – PRESENT TENSIONS

Vollmer and Mills (1966) define professionalisation as a process by which an organised occupation, usually – but not always – by virtue of making a claim to special esoteric competence and to concern for the quality of its work and its benefits to society (public interest) obtains: exclusive rights to perform a particular kind of work; control over training for, and access to it; and control of the right to determine and evaluate how the work is performed.

Ferguson and Ramsay (2010) explain that a professional association has a key role in the process of professionalisation of an occupation. They argue whereas an occupation is 'the principle activity one engages in to earn money, a profession is an occupation requiring specialized knowledge or skill' (p. 24). It is this specialised knowledge or skill that lies at the heart of contemporary tensions facing professional associations.

The primary task of a professional is to apply specialised knowledge to complex problems, which requires a large degree of discretion (Brock, 2006). The exercise of judgement assuming superior knowledge is what professionals are paid for.

But where does the professional association fit into the life of a professional? It is through the process of professionalisation of an occupation. The process of moving from being employed in an occupation to being an owner/manager in a professional firm is said to involve professionalisation. In a 'mature' profession, such as accounting or medicine, professionalisation is said to include the following steps (Ferguson and Ramsay, 2010, p. 26):

- establishing a set of widely acceptable professional qualifications;
- establishing barriers to entry (occupational closure);
- establishing professional associations; and
- establishing and enforcing a professional code of ethics.

Professions can exist without professional associations but mature professions institutionalise professional associations. Hence, the presence of a professional association is a necessary but not sufficient condition for the existence of a profession. Professional associations, as they are largely driven by membership dollars, are constantly assessing their contemporary relevance to members. Brock (2006) suggests key functions of professional associations usually involve development of socialisation/collegiality, consensus building among partners, quality of service and technical autonomy in serving clients as well as being mindful of the need for a profession to operate with the public interest in mind. According to Ferguson and Ramsay (2010, p. 26), this is aided by providing help

...to establish and regulate continuing education in order to ensure that practicing professionals continuously improve skills and knowledge... [and] develop and lobby for specific policy and or legislation that affect the practice of the profession, the credentialing of its members or the education of its students.

THE CONTEMPORARY RELEVANCE OF PROFESSIONAL ASSOCIATIONS

What is the relevance of professional associations in contemporary times when, because of the vast expansion of information and communication technology systems, they are no longer the only source of knowledge for their particular fields?

To address this question the answers to sub-questions are important to understanding the contemporary and future relevance of professional associations. First, what advantages does the professional member see from becoming a member of a professional association and can these be maintained? Second, what current environmental changes are facing members and potential members of professional associations and in the face of these changes can associations continue to be of help to members in the future?

Advantages to members from belonging to a professional association

Contemporary advantages from belonging to a professional association are examined by Markova et al. (2013). They undertake a review of the extant literature and, based on this, conduct a survey in one accounting association to ascertain reasons why professionals become and remain members. Key benefits of membership identified for testing are largely confirmed in their survey of a random sample from 20,000 members of a large international professional association. Perceived tangible and symbolic advantages to members confirmed from analysis of the 1,980 completed web-based questionnaires include (Markova et al., 2013):

- **tangible** – helps obtain certification, continuing education, professional networking, interest in local chapter/branch activities, access to professional knowledge via publications, conferences, development seminars and websites, finding job opportunities, benefits from joining as part of an organisational program, provides training/guidance, and good customer service; and
- **symbolic** – perceived as a necessary and valuable social group by the member, social recognition of professional identity in the public and legal realms, presents a milieu for expanding and revising specialised knowledge, provides reputation, international recognition of qualifications, and career opportunities.

Several key points about current perceptions are evident. First is the importance of access to professional knowledge and support for education and training to develop such knowledge and skills. Second, given ongoing rapid movement towards the development of cyber-physical systems, of particular

interest is that satisfaction with access to specialised knowledge through the professional association's website was not related to member satisfaction or intent to renew membership. Because of the growth of the internet as a communication device, and the even greater focus on connectivity through social media and digitalisation of information, reasons for this perceived lack of importance will be of concern to this and other associations and needs to be addressed. One possible reason, referred to by McKinley Advisors (2016), a firm that assists professional associations to understand the changing environment facing their members, is the importance of the symbolic desire for community rather than networking. There is a tension here for professional associations. Although Markova et al.'s (2013) study cannot be generalised, it is indicative of a potential change for associations to consider – given the demise of many of the tangible knowledge benefits provided to members, a refocus could take place on enhancing the social milieu of members.

Finally, Markova et al.'s (2013) results also confirm different perceptions between generations to be important to the advantages gained from membership of professional associations. To be effective the association must differentiate its policies between members according to age. Tangible benefits were found to be more important to older members and symbolic rewards of greater importance to younger members, as older members looked for a stronger tangible justification for paying annual fees. Current research looking at the motivations of Baby Boomers, Gen Xs, and Gen Ys, finds no difference by stereotypical generation. Instead, it finds differences based on age (Wong et al., 2008) and helps towards an understanding of the composition of the provision of future policy guidance, so that members can choose and pay for the services the profession offers on a case-by-case basis.

Current environmental changes facing members

A profession generally is said to have a monopoly over the application and regulation of specialised knowledge (Morral, 1997) and, as Markova et al., (2013) comment, this provides a core tangible and symbolic *raison d'être*. As noted, in a mature profession this is overseen by a professional association to make sure that the profession is mindful of the need to operate

in the public interest given the monopoly powers conferred. Yet, the contemporary and future milieu in which professional associations operate is in a considerable state of flux. Professional associations find themselves in a market where their members can now rapidly and cheaply access what has previously been knowledge under the associations' control. Changes in access to specialised information have been brought about by four main factors: innovative communications technologies; deregulation with opening up to new service providers; national and international competition; and new cooperation between associations (Brock, 2006). Each is considered in turn.

The first main factor is that, with the advent of new exponential information and communication technologies, control over knowledge content by professions can no longer be monopolised. As monopolisation of knowledge is currently a core *raison d'être* for association existence, a threat to survival is evident. Mature professional associations face different operating conditions from when many of them were established. Demand for the specialised professional knowledge provided by members can now be more easily substituted because of the spread of innovative digital information and communication systems. In their recent survey of 277 executives across a variety of associations, recruitment and retention were the main concern of 76% of professional associations (McKinley Advisors, 2016). The loss of control over specialised knowledge caused by the dissemination of free information is also of concern in relation to the member base. The implication is that other organisations can now heavily influence education of new graduates, member professional development, and charges for services. Additional speed, higher quality data, cloud delivery, larger volumes and big data analytics and so on, may transform offerings and delivery of professional development courses by associations (Dawson, 2016; Dale, 2016).

The second main factor affecting professional associations is that over recent decades markets have been deregulated, generating intra- and inter-professional competition, new business opportunities, leading to internal restructuring, mergers, the development of new services and internationalisation

(Brock, 2006). Deregulation of professional services was introduced to remove monopoly rents from professional association control over their specialised knowledge. Evidence indicates that both inefficiencies and larger-than-average profitability have been reduced because of increased competition (Canton et al., 2014). Deregulation has led to the marketing of professional services and access to markets previously barred (e.g., accounting moving into the provision of legal services). For professional services associations deregulation of the industry has led to greater competition.

The third main factor is national and international competition. Although future recruitment and retention seem to be the main concerns, McKinley Advisors (2016, p. 16) found 67% of professional associations responding to their survey to be 'extremely concerned' about competition for existing members. In particular, respondents pointed to worries about competing associations, for-profit educational providers, free program design offered by other organisations, and inability to differentiate products and services in an increasingly saturated and global market. Part of the problem to be considered is that accompanying the development of technologies to speed adaptability, autonomy, efficiency, functionality, reliability, safety and usability of cyber-physical systems (Dumitrache, 2010) is a transdisciplinary approach. This requires the bringing together of many disciplines to solve complex systems problems, including those of information and communication systems (Whittington, 2011). Integration of knowledge from multiple professional perspectives is critical to the approach, with teamwork essential. Hence, engineers, accountants, lawyers, scientists, practitioners, academics and so on, all contribute to solutions bringing pressure to bear on breaking down the boundaries of knowledge (Tingey-Holyoak and Burritt, 2012). In the competition for members some associations have begun to poach other professional members within the transdisciplinary mix and broaden their constitution (e.g., to become a professional services association rather than an accounting association) in order to retain or build membership (McKinley Advisors, 2016). Relevance of professional development is a related competitive concern for associations, with 63% perceiving members' attendance at others' educational seminars to be an extreme concern,

this being a vital source of non-member subscriptions. Through transdisciplinary developments, once the benefits of the tangible offerings of different professions become apparent to members of other professions, lack of allegiance and member swapping have the potential to remove some of the symbolic advantages of association membership and require a flexible approach to the disciplines represented and member inclusion.

The fourth main factor is that professional associations have joined together and developed cooperative allegiances within Global Professional Networks (Brock, 2006). For example, the International Federation of Accountants (IFAC) has more than 175 member bodies and associates in over 130 countries and jurisdictions, representing almost three million accountants in public practice, education, government service, industry and commerce (IFAC, 2016). The Global Accounting Alliance promotes quality services, shares information and collaborates on important international issues, whilst operating in the interest of a quality accounting profession and the public interest through 10 professional associations in 180 countries, who have a total of one million members (GAA, 2016). With the advent of innovative communication technologies, professional associations have to offer their services across country boundaries to capture data and encourage knowledge and knowledge development in many disciplines for their members (e.g., economics, engineering, law, accounting and environmental sciences to keep members abreast of carbon accounting and water accounting knowledge) (see, Brock, 2006; Christ and Burritt, forthcoming; Tingey-Holyoak and Burritt, 2012).

Tensions exist between the perceived advantages of belonging to a professional association when its powers and status are being eroded and the ongoing transformation in information technologies, which could be a catalyst for even faster decline. Professional associations need to consider what specific value they add to their members and that this varies from member to member. Scott (2008) argues that professional associations are the most influential, contemporary crafters of institutions, but that the increasing specialisation of associations has led to fragmentation of interests and reduction in the power of the general professional associations.

Just as contemporary information and communication technologies allow each customer to have products made to suit their own purposes, the challenge for professional associations is to work out how they can best provide every member the services they desire at the price they are prepared to pay. In this way, professional associations can work towards their institutional continuity.

FUTURE OPPORTUNITIES AND CHALLENGES

The aim of the 2016 Thought Leadership Forum 'Relevance and Professional Associations in 2026' was to promote discussion about the future of professional associations and opportunities for change and resistance.

Business and finance professionals are facing a period of immense transformation. Success in responding to this challenge will be determined by the ability of these professionals to move beyond their traditional capabilities and embrace alternative forms of value creation and sustainability. How do professional associations embrace these rapid changes and take advantage of the possibilities opened up by innovation?

This was the focus of the more than 100 participants at the Forum, including the presenters and authors of the papers briefly discussed below. Each of the papers in this collection extends our thinking on the future of professional associations.

The papers are presented via the following four themes.

- Part A: Context
- Part B: Education Issues
- Part C: Practitioners' Perspectives
- Part D: Specific Issues

Each of the authors and papers are briefly discussed to highlight main themes and conclusions.

Part A: Context

Ross Dawson is globally recognised as a leading futurist, keynote speaker, entrepreneur and authority on business strategy. His paper 'The Future of Associations' challenges all of us to think about the concept of the professional association as based on the idea of co-operation – that is, working together collectively to create something worthwhile. Where we are co-operating within the association and co-operating beyond it to develop society, we have not just the potential to create an extraordinary future for

associations but also to tap the potential of collective human value.

Dawson (2016) highlights that associations, over the course of their history, have been the fundamental realisation of the abstract concept of connection and collaboration, of networking and the bringing together of knowledge and expertise to create value. He argues that as the world is changing, so too is the role of professional associations. Possibly, they are now facing the greatest change in their long history. We are now starting to see the rise of a networked world on all fronts. One of the interesting aspects around these networks in society and organisations, given the way in which value is created, is the idea of scale-free networks and the way that knowledge and information are shared in this scale-free structure puts into question the boundary of the professional association.

The blurring of boundaries means that no longer is competition between organisations in particular industries, but between industries themselves. This is a blurring of the boundaries of how value is created across a broader ecosystem.

Dawson (2016) asks how professional associations can adapt to this world of fluid boundaries. His answer is that, while there are risks in confronting a massively changing world, equally there are risks in not confronting it. The same standards and ethics that are the foundation of the professional association of the past and present should enable and encourage the transformation to the professional association of the future.

Dawson (2016, p. 31) concludes by stating that:

The concept of the professional association is fundamentally based on the idea of collaboration, working together collectively to create valuable outcomes. Collaborating effectively within and beyond professional associations, we have the potential not just to create an extraordinary future for associations but also to create immense social value.

Göran Roos has advised the South Australian and Federal governments on advanced manufacturing strategies. He has been a 'Thinker in Residence' in South Australia, a program that brought leaders in their fields to work with the South Australian community and government in developing new ideas and approaches to problem solving.

In his current paper titled 'Historical Patterns and the Inevitable Decline of Professional Associations', Roos (2016) sets out to discuss contemporary professional associations by providing a brief history of their development in three waves. First is the development of the *collegia opificum* during Roman times; second, the development of trade guilds from the early middle ages and onwards; and third the development of professional associations in contemporary times. He then goes on to identify a fourth phase, in which professions are 'stripped of their powers and rights or in the worst case scenario, prohibited, as a reaction by other societally governing powers to the profession's lost legitimacy' (Roos, 2016, p. 38). He concludes that present-day professional associations are in the third phase and may be on the cusp of the fourth phase.

Roos (2016), from his analysis of history and contemporary developments, identifies 10 threats to existing professional associations:

1. the body of knowledge becomes publicly available embodied in a piece of hardware or software;
2. newly created knowledge becomes obsolete faster than it is possible for humans to absorb it;
3. the application of existing and new knowledge is implemented in equipment at a faster rate than new knowledge is developed and deployed by humans;
4. the profession slows down or stops the development and application of new knowledge or allows another profession or body to become the provider and accreditor of its critical knowledge;
5. the work provided by the professions loses its perceived value in the social system;
6. the profession becomes less relevant in the eyes of its members;
7. the profession becomes primarily self-serving by either losing its relevance to society or by focusing on ensuring personal material gain through political influence aimed at securing monopoly rents;
8. changes in the institutional logics that govern an organisational field including changes in societal meta-logics that describe generalised, field-independent ideas on how work and other instances of human behaviour are supposed to be structured;

9. one profession invades the area in the social division of labour controlled by another profession;
10. professional privileges are revoked by society's ruling elite.

Roos concludes his paper by stating that the majority of today's professional associations are going to decline. There may well be new entities formed that, in the future, will repeat the same pattern. If this is to happen they will likely exist in the intersecting emerging worlds of peer-to-peer and algorithmic organisations.

Professor Geoffrey Stokes is Deputy Pro Vice-Chancellor, Research, College of Business, RMIT University. Stokes (2016), in his thoughtful paper 'Relevance and Professional Associations in 2026: Towards a New Role for Thought Leadership', states that the traditional mission of most professional associations is to educate those within their field and protect the interests of their members. By their nature, professional associations express that kind of discourse we call 'thought leadership' on what they think is 'relevant'.

He argues that insights into this topic are more likely to emerge if we avoid a static analysis of what we currently call 'professional associations'. Instead, he shifts the focus and argues that we should devote attention to the much more interesting historical and sociological process of 'professionalisation'. By so doing, he examines the ways in which associations of various forms arise, take shape, and evolve over time. A focus on the process of professionalisation enables a more sophisticated and critical approach to the subject of relevance and the role of professional associations, as well as their possible futures.

If professional associations are concerned with their relevance, Stokes (2016) proposes that they broaden their social and public role to engage more strongly in debates of public importance. Where associations do not already perform this function, they could undertake activities consistent with this role, such as commission and promote discussion papers, public briefings and deliberative forums.

George Beaton is a partner at Beaton Capital and Senior Fellow, Melbourne Law School, University of Melbourne. His research interest is in the imperative for law-firms to remake their business models, a subject he has explored in his books on this topic. Ben Farrow is a consulting analyst at Beaton

Capital. He researches and consults on the future of professions, drawing upon industry experience and empirical evidence to motivate change and innovation.

Beaton and Farrow's (2016) paper focuses on legal service providers and new models for service delivery. Their observations can be applied to other professional fields and their professional associations. They observe that much has been made of the massive changes, both recent and imminent, to the legal services landscape. Buoyed by enhancements in technology and degrees of deregulation, new categories of legal services providers are emerging and impinging upon the market share of providers of traditional legal services.

Beaton and Farrow (2016) in their paper 'The Future of the Legal Profession' argue that overall the picture is one of a new reality for legal services providers, in which services are delivered better, faster and cheaper to clients. This will be balanced by diminished rewards for professionals in private practice who previously enjoyed the rents associated with regulated monopolies of their services as a result of massive information asymmetries. While these changes will be uncomfortable for many, society will benefit in net terms through reduced cost of legal services, increased access to justice and more enriching work for those who remain a part of the legal profession.

In their paper, they outline the broader trends affecting not just the legal services industry, but professional services generally. Disruptive technology and the pressure of new business models are not unique to the legal profession. Consulting engineers, accountants and medical practitioners all face these forces to varying degrees and different ways.

Beaton and Farrow (2016) state that contemporary professions and their institutions are ill equipped to deal with the challenges and benefits of new methods of service delivery. They argue that there is likely to be substantial distress and disruption amongst the professions in the short term. The prevailing trend is enhancement of professionals' productivity, resulting in fewer professionals being needed to meet clients' needs. Replacement of professionals by technology will also arise, raising questions with respect to the ownership of substitutes, responses of educators

and the organisation of remaining professionals in transformed industries.

In their conclusion, Beaton and Farrow (2016, p. 54) observe that:

The challenges and opportunities faced by the legal profession are substantial, and we are likely to see a major shift in the way clients are served in the next five to 10 years. This shift is not unique to the law, which is only part of a new reality that members of the other professions are also facing.

Legal services providers must prepare for a world in which they are no longer shielded from market forces by a regulated monopoly on information. Deep change based on the benefits of the digital revolution should be embraced, and members of the legal profession should take leadership positions in responding to and shaping the future of its service delivery. This will help ensure their survival in a world where their business faces reduced regulatory protection. It will also allow them to be a part of better access to legal services for clients.

Part B: Education Issues

Jason Dale (2016), Head of Education, Chartered Accountants Australia and New Zealand, in his paper 'The Role and Nature of Professional Development Education in the Future', states that the professional association will continue to be relevant – but it must also not be complacent. He outlines recent Chartered Accountants Australia and New Zealand research to determine what members' value in belonging to a professional association. There are no surprises: networking; advice and professional updates; professional development; ethical standards; mentoring, coaching and support; advocacy and representation; and industry schemes.

In terms of adaptation, professional associations will engage with the new challenges. Dale (2016), for instance, states that professional development will be more relevant in the face of disruption, as new talent coming into the profession will need new skills, and it is the role of the professional association to both provide and assure these. For example, accountants of the

future need to be technology literate and Chartered Accountants Australia and New Zealand has identified and sought to address employer demand for big data knowledge in new graduates. Also, it is the role of the professional association to develop the new skills required as part of its lifelong learning professional development role, helping members to adapt and change over the course of their careers.

The need for education and accreditation of education does not change in the face of changes to the profession – in fact, it is more important than ever. So too is the role of the professional association as a leader and advocate for its profession

Dale (2016, p. 62) concludes by stating that:

As an organisation that is made up of members they must be able to participate in the change and help take the profession to the future. This is not just a Chartered Accountants Australia and New Zealand movement but a global movement through our membership of the Global Accounting Alliance. As a part of this group, we can share ideas, learning and curriculum. These are activities that go to the core of the reason for professional associations. And for these reasons alone the professional association will continue to be relevant – but it must not be complacent.

Mark Freeman is an Associate Professor at the University of Sydney Business School and former Australian Business Deans Council Scholar and Elaine Evans is an Associate Professor in the Department of Accounting and Corporate Governance at Macquarie University. In their paper, titled 'Professional Associations, Accreditation and Higher Education: Foundations for Future Relations', they pose the important question: What is the purpose of accreditation of higher education programs by professional associations?

Freeman and Evans (2016) explore several issues in relation to the links between professional associations and higher education.

They state that, while the role of the professional association in setting and guarding standards has been examined in the literature, less examined is the inextricable link between higher education providers and professional associations. For instance, one critical

link is that professional associations set admission standards to their professional programs. A university course of study that is an accredited pathway into a professional program can be attractive because it can reduce the cost and time incurred by university graduates seeking professional membership. Their paper examines the influence of accreditation from a university perspective. It compares and contrasts how different accreditation options impact universities, and ultimately the future of professions.

Freeman and Evans (2016) argue that professional associations have a key role in sustaining a profession and signalling credibility and quality. Those who manage and govern professional associations have a responsibility to their members to ensure that high standards are pursued for admission of new members and that all members maintain these standards when they practise, interact and serve clients and others.

In their conclusion, Freeman and Evans (2016, p. 74) state that:

Our main question is whether accreditation of higher education programs by professional associations is the best means to support students gaining employment as professionals and experiencing social mobility in 2026.

Given our discussion above we believe that the answer to this question can only be yes if the following four governance conditions are met: if standards reflect the true capabilities that count; if those standards are applied; if standards are enforced; and if accreditation is the most efficient signalling method.

Accreditation will be the most effective signalling mechanism: if the standards that the professional associations require reflect the skills that will optimise employability and social mobility; if these standards are transparent and applied consistently and efficiently; and if the professional associations enforce their requirements in higher education institutions through the possibility of disaccreditation, particularly when an investigation into specific university practices, processes and policies finds there is sufficient evidence to substantiate a claim of unsatisfactory graduate outcomes.

Part C: Practitioners' Perspectives

Practitioners have much to contribute to the discussion about the relevance of professional associations, and the Forum invited their views in a question and answer session moderated by Sarah Davidson, Leader of Business and Government Affairs, Chartered Accountants Australia and New Zealand. The session had five participants: Dr Brent Jackson, Executive General Manager, Engineers Australia; Debra Eckersley, Managing Partner, Human Capital, PwC; Dr Deen Sanders, Chief Executive Officer, Professional Standards Authority; John Burgin, Regional Vice President, Australia and New Zealand, Cognizant Technology Solutions; and Ken Stephens, Partner, KPMG, New Zealand.

Sarah Davidson's (2016) paper, 'Future Tensions in Professional Associations', synthesises their views and encapsulates the issues for practitioners in the changing role of professional associations. The stated purpose of the practitioner forum was to focus on: what are the possible major tensions or challenges that will impact on the traditional role of professional associations and how they will operate in the future? This key question considers the relevance of professional associations in the future by seeking to establish what a professional association means now and how it will respond to the disruptions faced by the professions and society.

Davidson (2016) outlines several key factors likely to impact the professions – and therefore professional associations – such as the major trends of globalisation, digital disruption and demographic changes. The paper's discussion centres on the role of professional associations and considers the competing interests for professional organisations, particularly in the context of the risks, opportunities and ethical questions that lie ahead.

Davidson (2016) considers if we accept that these changes are taking place, and at an unprecedented speed and scale, what are the implications for professional associations, professionals and for members, clients and customers?

In conclusion, Davidson (2016, p. 83) comments:

While the challenges facing professional associations and professionals seem at first to threaten their existence, there are many reasons to be optimistic about the future.

Professional associations have an important and continuing role to play in promoting the public interest, maintaining quality and professional standards and educating their members. However, in order to maintain their relevance into the future they must also address the implications of globalisation, digital disruption and demographic changes.

Professional associations must embrace new opportunities to deliver greater value to their members and enable their members to do the same for their own customers and clients. One of the most important ways they can do this is to equip their members with the knowledge and skills required to anticipate, adapt and respond to change.

Dr Deen Sanders is Chief Executive Officer, Professional Standards Authority. Sanders works with industry, government and regulators to protect consumers and promote excellence in professional standards by encouraging self-regulation. His academic and professional interest is focused on the role professions play in society, their relationship to law and regulation, and how trust, ethics and professions affect consumer protection and confidence.

In his paper titled 'The Future of the Professions: A Regulator's Perspective', Sanders (2016) states that his views are meant to be deliberately challenging because the professions have not yet grappled with this fundamental truth. Professions – and professional associations – are not victims of this change. They are, in fact, partially to blame for the change. This is a dynamic across all professions; it is not unique, for example, to the accounting space or the law space.

In conclusion, Sanders (2016, pp. 86) states that:

Professions have a duty to focus on the specific, on negotiating and then communicating expected 'good practice', and in doing so may even solve some of the larger, more significant concerns that government and the community may have about trustworthiness in the professions.

Clearly the professions have the capacity to work at solving some of society's complex problems. But to do so they must remain true to their purpose and not lose sight of their mission to work for all their members and for the public interest.

Ken Stephens is a partner with KPMG, New Zealand. He first joined KPMG's Hamilton office in 1998 after graduating from the University of Waikato. He gained international experience with KPMG secondments to the US and London. Following six years with Fonterra as GM of Accounting Services, leading a team of 100 accountants, he returned to KPMG in 2015 as a partner in Private Enterprise.

In his paper entitled 'Accounting: A Survival Guide', Stephens argues that disruption is everywhere. All sorts of traditional business models are being challenged by technology and changing consumer requirements. Accommodation providers do not own buildings, transport providers do not own cars, food providers do not own stores – the list of business models disrupted by technology unthinkable a decade ago goes on and on. He also points out that professional associations are prime targets for this kind of disruption. In this 'new world' it is likely that several of the traditional strengths of professional associations will be rendered irrelevant or obsolete – disrupted by technology, artificial intelligence, and changing business models and societal demands. He then poses two questions and explores possible answers: (1) So what is the future for professional associations? More specifically: (2) Does society need an accounting profession (or for that matter accountants)? His position is absolutely 'yes', society does need the accounting profession. But he states that accountants only earn the right to survive if they stay relevant, and that means working smarter and, most importantly, working differently. His thoughtful paper has a number of calls to action, including: our profession must attract and keep the right people; get really good at identifying talent for leadership early in your organisation; so what is your reputation, are you trusted?

Part D: Specific Issues

Dr Katherine Christ from the University of South Australia, has research interests in environmental management accounting, water accounting, and sustainability in the global wine industry. Professor Roger Burritt has researched and published widely in environmental and sustainability accounting and is associated with the University of Kassel, Germany.

Christ and Burritt (2016), in their paper 'Professional Accounting Bodies: Scoping Options for Sustainability', suggest that the future of the accounting profession in 2026 depends largely on how members and potential members view the benefits and costs of membership. Also, whether credibility is maintained in the eyes of the public, so that the public interest continues to be served. The stated aim of their paper is to consider a key matter, sustainability, which has been of growing public interest through issues such as climate change, water crisis, health and safety, and so on.

They point out that professional accounting bodies are themselves in a 'catch 22' situation with their own futures. Should they expand their scope to include new horizons, which are not part of conventional accounting, and risk losing the credibility associated with being a professional accounting body? Or should they reinforce the notion of specialised accounting education within the sea of other professional bodies vying for their own futures and looking to move, as if by osmosis, into the realm of accounting? They have not only the future of the profession to consider but also their own jobs, which could be on the line if demand for professional membership declines. The current problem of sustainability brings the dilemma facing professional accounting bodies back home and provides a stark illustration of some of the practical issues and solutions that could be adopted.

Christ and Burritt (2016, p. 98) in their conclusion state that:

The importance of sustainability issues for business and society and associated client and corporate interests presents professional accounting bodies with a timely opportunity to remould or reaffirm their mainstream purpose. They can seize the day in relation to sustainability issues and make these a fundamental element of what is considered to be an ethical accountant.

Professional accounting bodies could do nothing and turn a blind eye to over-commercialisation by firms through consultancy that does not have the public's interest at its core, and use of the word 'accounting' in their logos/letterheads even when non-accounting activities begins to dominate.

Sharon Winocur is the Executive Director of the Business/Higher Education Round Table in Australia, the mission of which is to pursue policies and collaboration initiatives that will advance the goals, and improve the performance, of business and higher education. Winocur (2016), in her paper titled 'Modern Professional Practice and Its Future: An Overview' provides an insightful, considered overview of the Forum activities and captures the discussion of the day. She points out that professional associations need to link with where business is going tomorrow, and as the workplace evolves so must the professions. There is value in reviewing this current complex landscape in which all professions are operating so as to understand and adapt to the tremendous changes brought about by technology in the way we live and work, which underpins the necessity of life-long learning. For Winocur (2016) all services (e.g., medical, financial, legal or social) involve the internet now.

In conclusion she writes (p. 103) 'That change is upon the professions and their associations is unequivocal. It is reassuring, however, that there is a consistent view among the contributors to this volume of the ongoing need for professional associations'.

POSTSCRIPT

In concluding our introductory paper, we would like to focus briefly on the processes associated with our project.

This innovative collaboration between accounting professors from the Faculty of Business and Economics, Macquarie University and the professional accounting body, Chartered Accountants Australia and New Zealand, is an annual, ongoing stakeholder engagement activity. The initiative is aimed at exploring contemporary trends and social, political and cultural issues associated with the accounting

profession and informing education, policy and practice to support and guide current and future professional accountants and business leaders in turbulent times.

Starting in 2009 and in its seventh year in 2016, the collaboration's core has expanded to become a strong network incorporating the business community, practitioners, academics and policy makers, who share ideas and work together to confront issues critical not only to their own organisational interests but also to Australia's national productivity and prosperity. These issues have included the leadership and direction of accounting education in Australia, bridging the gap between research and practice, emerging pathways for new entrants into the profession, the role of online learning in new accounting education, engagement with Asia and future proofing the profession, grappling with how to secure opportunities and face the challenges of digital disruption and the changing face of work, as well as this current volume, examining the relevance and future of professional associations (Guthrie et al., 2016).

There are two pillars to the collaboration: the Thought Leadership Forum and the *Academic Leadership Series*. The first pillar, the annual Forum, brings together participants from a wide range of stakeholder groups, including government, higher education institutions, the business community and professional bodies. It provides an opportunity for dialogue in developing the profession in the modern and changing economic, social and environmental milieu. The Forum attracts different participants and attendees every year, because of the diversity of topics chosen. Over its seven years to date, more than 600 individuals, representing various stakeholder groups, have been involved in the Forums.

Forum talk is not enough to implement change. Hence, to engage further with the business, academic and policy communities, the second pillar of this collaboration is the annual *Academic Leadership Series*, which synthesises and disseminates the key messages from the Forum. It extends the discussions at the Forum by providing a platform for contributors to explore the concepts in greater depth.

Chartered Accountants Australia and New Zealand represents over 140,000 professional accountants and is committed to developing relationships with higher education and engagement with current and future business leaders – the Forum and publications have been successful in forging these links, with a focus on developing relevant and pragmatic outcomes. Representatives of all parties in the profession come together for the activities, creating a strong sense of collective action to bring key issues into the open and influence the recognised need for change.

The editors are indebted to the many people who make the Forum and the series possible, especially the presenters and authors whose work is featured. The authors of the papers have been generous in their time and attendance at the Forum, as well as expressing their insights in the papers in this collection.

All papers in this series are the subject of independent refereeing and editing. The authors are most grateful to Lee White, CEO, Chartered Accountants Australia and New Zealand, and Professor Geoffrey Stokes, Deputy Pro Vice-Chancellor, Research College of Business, RMIT University, whose vision and financial commitment made this project possible.

We are grateful to the following sponsors this year who helped with the associated expenses: ACCA, School of Accounting, Economics and Finance, Deakin University, the Department of Accounting and Corporate Governance, Macquarie University, and the School of Accounting, RMIT University.

Our thanks are due to Fiona Crawford and Sara Haddad from the Editorial Collective for their outstanding effort in editing and project management to bring this volume to fruition. Our thanks also to RMIT University for its joint financial support, organisational and administrative skills. Finally, we are deeply indebted to Julz Stevens, Knowledge Research, for her oversight and research support before, during and after the Forum and this publication.

REFERENCES

- Beaton, G. and Farrow, B.** (2016), 'The future of the legal profession', *Academic Leadership Series*, Vol. 7, pp. 48–54.
- Brock, D. M.** (2006), 'The changing professional organisation: A review of competing archetypes', *International Journal of Management Reviews*, Vol. 8, No. 3, pp. 157–174.
- Canton, E., Ciriaci, D. and Solera, I.** (2014), *The Economic Impact of Professional Services Liberalisation* (No. 533), Directorate General Economic and Financial Affairs (DG ECFIN), European Commission.
- Christ, K. and Burritt, R.** (forthcoming), 'What constitutes contemporary corporate water accounting? A review from a management perspective' *Special Issue of Sustainable Development*.
- Christ, K. and Burritt, R.** (2016), 'Professional accounting bodies: Scoping options for sustainability', *Academic Leadership Series*, Vol. 7, pp. 93–99.
- Dale, J.** (2016), 'The role and nature of professional development education in the future', *Academic Leadership Series*, Vol. 7, pp. 57–62.
- Davidson, S.** (2016), 'Future tensions in professional associations', *Academic Leadership Series*, Vol. 7, pp. 79–83.
- Dawson, R.** (2016), 'The future of associations', *Academic Leadership Series*, Vol. 7, pp. 25–31.
- Dumitrache, I.** (2010), 'The next generation of cyber-physical systems', *Journal of Control Engineering and Applied Informatics*, Vol. 12, No. 2, pp. 3–4.
- Ferguson, L. H. and Ramsay, J. D.** (2010), 'Development of a profession: The role of education and certification in occupational safety becoming a profession', *Professional Safety*, Vol. 55, No. 10, pp. 24–30.
- Freeman, M. and Evans, E.** (2016), 'Professional associations, accreditation and higher education: Foundations for future relations', *Academic Leadership Series*, Vol. 7, pp. 63–76.
- Friedson, E.** (1994), *Professionalism Reborn*, Polity Press, Cambridge.
- GAA** (2016), 'GAA Intro. Global Accounting Alliance', available at <http://www.globalaccountingalliance.com>, accessed 15 May 2016.
- IFAC** (2016), 'About IFAC', available at <https://www.ifac.org/about-ifac>, accessed 15 May 2016.
- Johnson, T. J.** (1972), *Professions and Power*, Macmillan, London.

McKinley Advisors (2016), *2016 Economic Impact on Associations Report. Reflecting on the Past, Preparing for the Future*, McKinley Advisors, Washington DC.

Markova, G., Ford, R. C., Dickson, D. R. and Bohn, T. M. (2013), 'Professional associations and members' benefits: What's in it for me?', *Nonprofit Management and Leadership*, Vol. 23, No. 4, pp. 491–510.

Morral, P. (1997), 'Professionalism and community psychiatric nursing: A case study of four mental health teams', *Journal of Advanced Nursing*, Vol. 25, pp. 1133–1137.

Roos, G. (2016), 'Historical patterns and the inevitable decline of professional associations', *Academic Leadership Series*, Vol. 7, pp. 32–43.

Sanders, D. (2016), 'The future of the professions: A regulator's view', *Academic Leadership Series*, Vol. 7, pp. 84–86.

Scott, W. R. (2008), 'Lords of the dance: Professionals as institutional agents', *Organisation Studies*, Vol. 29, No. 2, pp. 219–238.

Stephens, K. (2016), 'Accounting: A survival guide', *Academic Leadership Series*, Vol. 7, pp. 87–89.

Stokes, G. (2016), 'Relevance and professional associations in 2026: Towards a new role for thought leadership', *Academic Leadership Series*, Vol. 7, pp. 44–47.

Susskind, R. and Susskind, D. (2015), *The Future of the Professions: How Technology Will Transform the Work of Human Experts*, Oxford University Press, Oxford.

Tingey-Holyoak, J. and Burritt, R. (2012), 'Transdisciplinary nature of accounting: A Pathway towards the sustainable future of the profession' *Academic Leadership Series*, Vol. 3, pp. 93–103.

Vollmer, H. M. and Mills, D. L. (1966), *Professionalization*, Prentice Hall, Englewood Cliffs NJ.

Whittington, R. (2011), 'The practice turn in organisation research: Towards a disciplined transdisciplinarity', *Accounting, Organisations and Society*, Vol. 36 No. 3, pp. 183–186.

Winocur, S. (2016), 'Modern professional practice and its future: An overview', *Academic Leadership Series*, Vol. 7, pp. 101–104.

Wong, M., Gardiner, E., Lang, W. and Coulon, L. (2008), 'Generational differences in personality and motivation: Do they exist and what are the implications for the workplace?', *Journal of Managerial Psychology*, Vol. 23 No. 8, pp. 878–890.

PART A

CONTEXT

The Future of Associations

ROSS DAWSON

INTRODUCTION

Historically, professional associations have demonstrated the power of connection and collaboration, of bringing together knowledge and expertise to create value, ideas that are now at the heart of the 21st-century economy.

As the world is changing, so too is the role of professional associations. Indeed, they are now facing the greatest change in their long history. Guilds were the first incarnations of professional associations, creating boundaries around professions. Nobody could work outside a guild, which completely controlled who could practice a trade or profession within the walls of a city. To become a member of a guild an apprentice had to learn the craft for a minimum of five years and then be a journeyman in that craft for a minimum of 10 years. Only once that investment of time and resources had been made could they take their place among the masters of the guild. The guilds had great power, to the extent that members of some guilds could not marry without special dispensation until they had become a master. The guilds were absolute monopolies and sharing the secrets of the guild was punishable with expulsion, and hence loss of livelihood. In protecting their profession or trade, the guilds were acting in self-interest but were also seeking to maintain standards.

Centuries later, many of these characteristics of the guilds can be seen in the way contemporary professional associations function. Although we no longer live in walled cities, in many ways today's professional associations are still defined by their boundaries. But things are changing.

A powerful metaphor and example of falling boundaries in the modern world occurred on

9 November 1989 – the day the Berlin Wall came down – with many other boundaries across many domains falling or blurring since then. Just a few years later, HTML and HTTP were introduced, with open standards that allow the flow of information to shift from bounded domains to open sharing. Just as political walls were crumbling so too were the walls around data and information.

A NETWORKED WORLD

We are now starting to see the rise of a networked world on all fronts. An important aspect of how networks underlie value creation in society and organisations is the idea of scale-free networks. A scale-free network has the same structure and topology, irrespective of its scale. The internet, for example, has exactly the same fundamental structure as it did 20 years ago; it is just many times larger. Organisations are fundamentally networks, despite their design as hierarchical structures, and in a highly connected world are shifting towards this scale-free structure. The way that knowledge and information is shared in these scale-free structures calls into question the boundaries that underlie professional associations.

As boundaries break down, will the fabric of professional associations also break down? While they clearly face significant challenges, conditions are also being created in which the value of an association is potentially greater than it has been in the past. To date, the vast majority of associations have significantly under-exploited their potential value. Now, confronted by change, they have the opportunity to realise that latent value.

THE FOUR DOMAINS OF ASSOCIATIONS

There are four broad domains in which associations play a key role. The first is in representation. A professional association represents the members of that profession and, in doing so, uses the power of their collective voice to influence and shape policy, both in the interests of the profession and in the public interest. In taking this leadership role, professional associations can be too static. The interests of members change over time and it is important that representation is dynamic, focusing not just on the present but also on the future. A key principle in representation should be in leading the discussion of what participants want their profession to become.

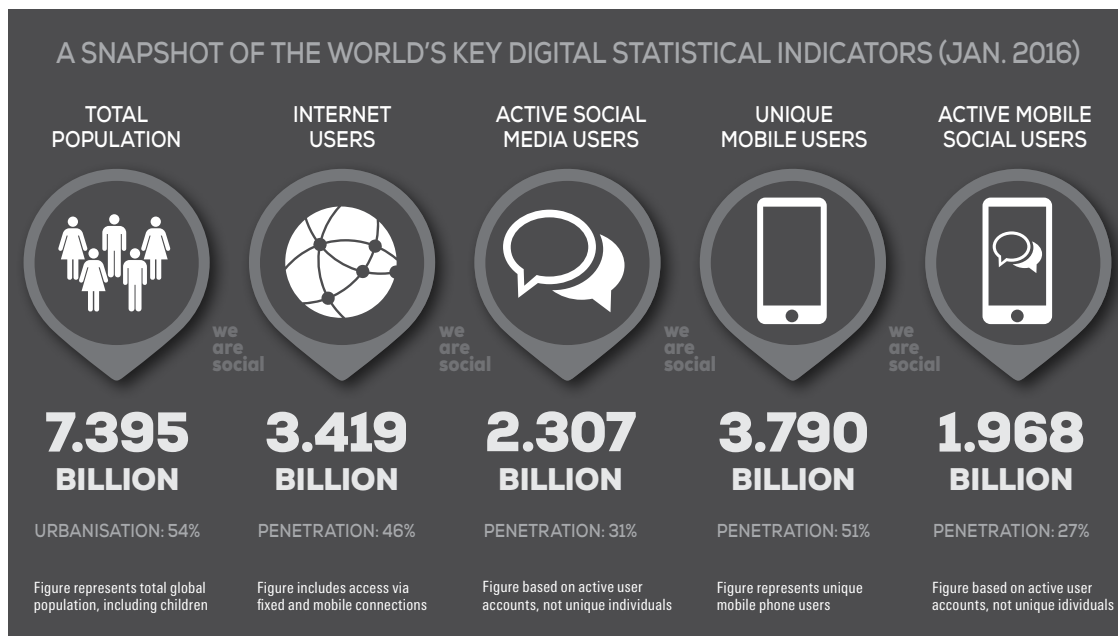
The second broad domain of professional associations is that of standards. These include the standard of entrance to the profession, professional recognition and the ethics that guide professional behaviour. In some respects, these standards define the profession by accrediting the skills required to practice in that particular profession and by establishing and enforcing the ethical standards by which practice is undertaken.

Third, education and development are a key domain for professional associations, assisting members to achieve and transcend the standards they establish. Finally, the fourth domain is that of connecting members for mutual value. This can be achieved through a multitude of means, including organising events and online platforms.

SHIFTS IN THE LANDSCAPE

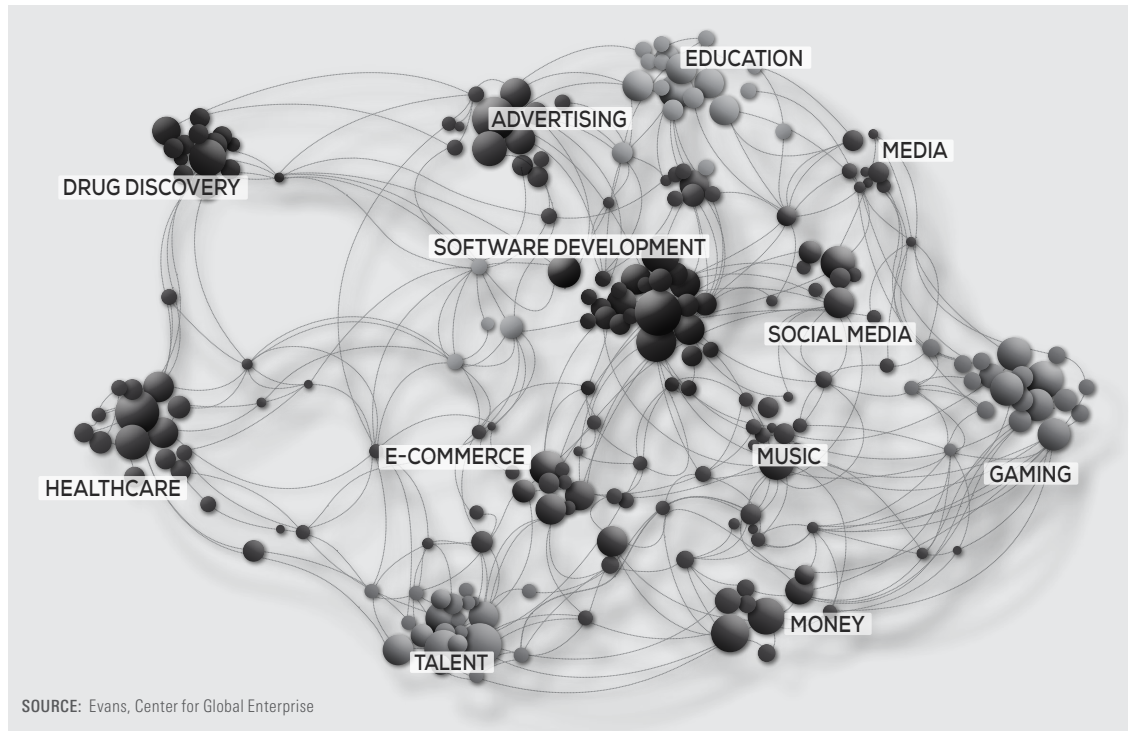
There are a number of fundamental shifts that are changing the world of business, and in turn the role and nature of professional associations. Connectivity is at the forefront of these, not just through fixed internet but also through the use of personal devices such as smartphones. Of the global population, currently half are mobile users, and a significant proportion of these are on social media. In the next five years around 2.5 billion more people will become mobile phone users, most of whom will be using 3G or internet-enabled devices (see Figure 1). With this rapid adoption of connectivity comes an engagement in immersive social media from Twitter to LinkedIn, allowing ready flows and connections across boundaries.

FIGURE 1 GLOBAL DIGITAL SNAPSHOT



SOURCE: We Are Social, <http://wearesocial.com/au/>

FIGURE 2 BLURRING BOUNDARIES



This blurring of boundaries means that no longer is competition between organisations in particular industries, but between industries themselves. This shift to value being created across a broader ecosystem means that we can no longer deal with the world from within neatly defined boxes (see Figure 2).

THE ECONOMY OF INDIVIDUALS

In the connected world outlined above the unit of value creation is no longer the organisation, but the individual. For example, in the professions, more and more individuals are choosing to practice outside large firms to work with other individuals to create new virtual and networked organisational forms. This economy of individuals starts to reshape not just the ways in which professions are practiced but also the nature of how value is created.

This is illustrated in the rise of platforms (see Figure 3). There is a shift from institutional value to individual value creation. Value in this world is greatest for those

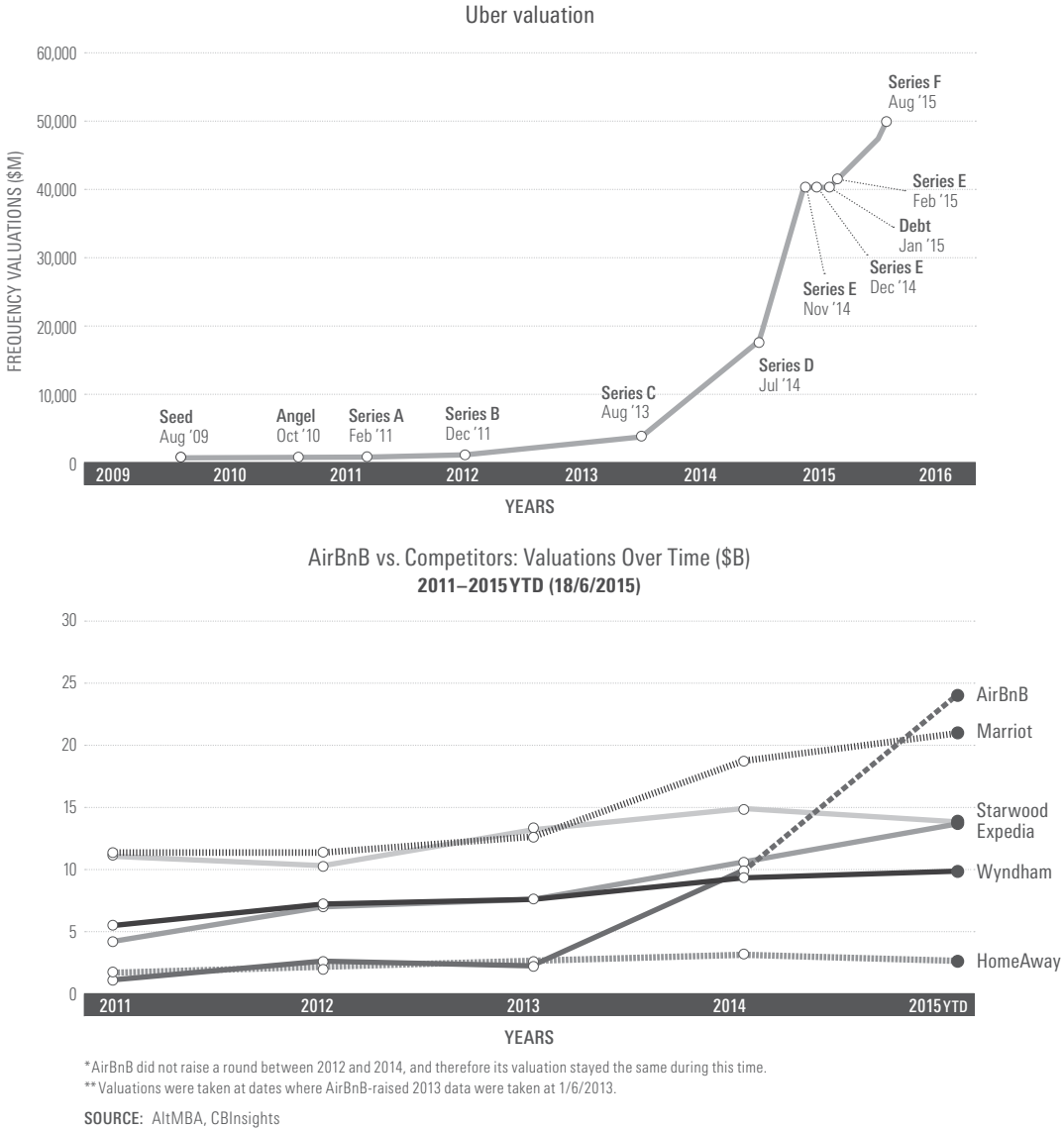
that enable others' participation in value creation, as shown in examples such as Uber, Airbnb and a plethora of emerging platforms.

In this connected world there are more and more mechanisms and structures that enable us to organise ourselves collectively, enabling the value of the economy of individuals. Wikipedia is a longstanding example of this. There are an increasing number of social movements forming through Twitter hashtags, often without a single leader as the catalyst. We are seeing that groups can be self-organising and can create extraordinarily valuable impactful movements without formal structures.

THE EXPLOSION OF CONTENT

There are two sides to the explosion of content creation that we are experiencing: the almost infinite information now available, and humans' seemingly insatiable appetite for content. Figure 4 shows how much time is spent on media in US households.

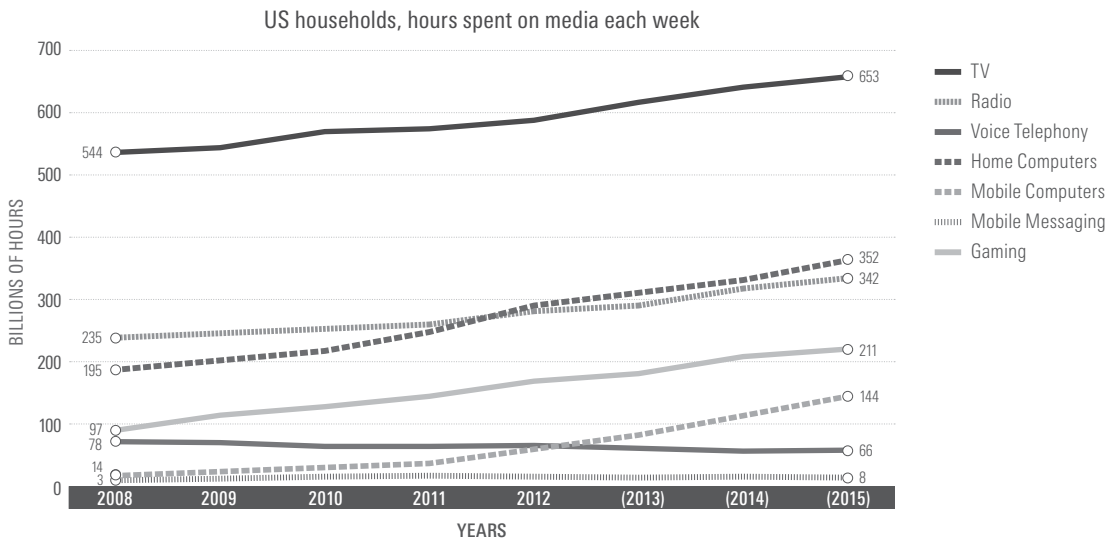
FIGURE 3 THE RISE OF PLATFORMS



We are getting closer to the point where we consume more media than we have waking hours in the day, as we use multiple media simultaneously. At the same time this infinite information availability plays against the closed boundaries of information that characterise the professional association. Because information can be provided by anyone,

with anyone who has a Twitter account, for example, being a media entity, we no longer have to rely on traditional media outlets such as television stations and newspapers for the latest news. More importantly, we no longer have to rely on professions and can break their monopoly of specialised information.

FIGURE 4 CONTENT EXPLOSION



SOURCE: University of Southern California Marshall School of Business

() = projected

A VISION FOR THE FUTURE FOR PROFESSIONAL ASSOCIATIONS

Taking into account these significant shifts in the external environment, we need to consider what is a powerful and achievable vision for what professional associations could and should be. Below are some elements of a possible vision for their future.

In a world of fluid boundaries, professional associations must be proactive and not reactive in facing the challenges of the changed world. A starting point is to identify where is the greatest and deepest knowledge in the association and how can that be made available to others within that profession. This should drive continually higher standards and greater capabilities among all participants. Rather than being satisfied with reaching a threshold level of knowledge, the goal should be open-ended, permanent growth and development by all members. That can be achieved by tapping the best within the network, identifying and connecting the sources of the most trusted knowledge, and sharing it widely. The professional association is ideally placed to do exactly this.

Professional associations can amplify the serendipity of connections between members. The happy

accidents of valuable fortuitous connections, for example through networking at events, is important. However, associations can do far more to make the most useful connections more likely to happen, through 'engineering serendipity', through the careful design of digital and physical interactions.

Just as we are seeing a shift in governments around the world from representative democracy to participatory democracy, so too professional associations have the opportunity to move towards a structure in which members directly shape the organisation. In many associations there is a big gap between the board and the members; however, there is today real potential for members to participate in association governance.

More than ever in the future there will be a role for professional associations to take collective action, to use their collective voice to have an impact, but this is more likely to be through self-organisation rather than delegating an individual within the association to lobby on members' behalf. This has the potential for powerful impact because members have many touch points with people around them, in their organisations, with local politicians and others, enabling them more directly to shape society and legislation.

An association needs to have the ability to understand not just its membership and their demographics but also the nature of the association as a network. Who is connected to whom? What is the nature of those connections and what are the things that we can do to become a better networked association? In addition, the availability of very rich data enables direct and deep insights into whether standards are being followed, allowing potentially real-time oversight of markets and professional activity.

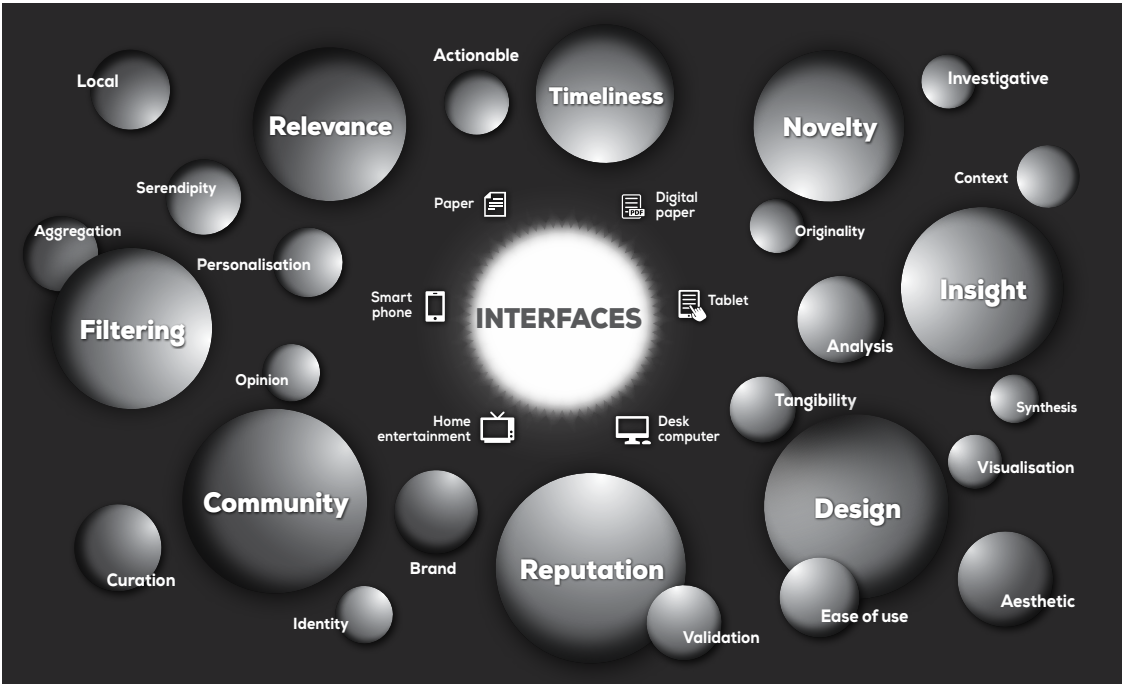
Further, associations can establish platforms that assist value-creation in their communities. Figure 5 provides an overview of platform strategies. Platforms provide interfaces that enable participants to create value for themselves, sometimes in unexpected and unpredictable ways. Associations can start to build their own platforms as well as making use of other platforms, including social platforms. For example, LinkedIn is a professional platform that can be used effectively to connect with a user base.

FIGURE 5 PLATFORM STRATEGIES

Own platforms	Other platforms
<ul style="list-style-type: none"> Identify complementary participant pools Design compelling offer and interface Create value for participants Enable participants to create value 	<ul style="list-style-type: none"> Analyse platforms: trade-offs, costs, choices Identify potential paths and scenarios Apply game theory Establish commitments and contingencies

A key role of the professional association is to filter, from the vast array of information available, what is relevant and put that together in an accessible way, through active filtering, aggregation and curation, drawing on the association's unique expertise. Figure 6 shows the emerging landscape for news,

FIGURE 6 THE NEWSSCAPE – VALUE CREATION IN A POST-CHANNEL MEDIA WORLD



SOURCE: University of Southern California Marshall School of Business

a framework created to help news organisations think about where value resides in the future of news. The framework can be adapted quite easily to professional associations, in that both are in the business of creating value with information and knowledge. Professional associations can be the reference point for sharing and developing the knowledge relevant to their members.

This idea of community is central to where professional associations have relevance in the future. Expert individuals are collectively able to curate and aggregate information and use their reputation to provide deep insights for their peers. Together they can create valuable, pertinent, relevant content (see Figure 7). The professional association can add value to those who are sharing content by using algorithms to filter contributions and insights and add context to information.

FIGURE 7 EFFICIENT CONTENT CREATION

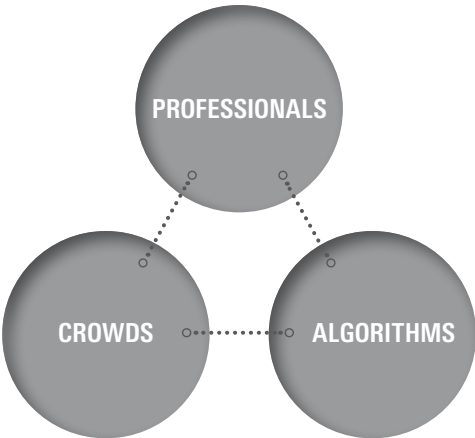


FIGURE 8 GOVERNANCE FOR TRANSFORMATION

Upside	Risks	Risks of NOT transforming
Participate in transforming economy	Implementing the wrong strategy	Extinction
Create immense stakeholder value	Loss of staff who can't accept change	Irrelevance
Seen as creating the future	Lose credibility	Irrelevance

CONCLUSION

The future of associations should not be one of protecting existing interests, but one of taking a dynamic approach that is as flexible as the external environment. Creating a positive future requires effective leadership to create or catalyse or aggregate a vision, building on the value of the past and bringing new possibilities to life. It is about asking what the profession is becoming, what it could be, how the best outcomes can be created. Without a powerful vision to move towards, associations will be static and lose relevance in a changing world.

This process must be done within a framework of ‘governance for transformation’, which acknowledges the risks of change, but also recognises both the benefits of transformation and the risks of not changing. The same standards and ethics that are the foundation of the professional association of the past and present should enable and encourage the transformation of the professional association to continue to be relevant in the future.

The concept of the professional association is fundamentally based on the idea of collaboration, working together collectively to create valuable outcomes. Collaborating effectively within and beyond professional associations, we have the potential not just to create an extraordinary future for associations but also to create immense social value.

Historical Patterns and the Inevitable Decline of Professional Associations

GÖRAN ROOS

INTRODUCTION

To understand the development trajectory of professional associations it is useful to understand trajectories of previous associations of a similar type. This is in line with Machiavelli's view that:

Whoever wishes to foresee the future must consult the past; for human events ever resemble those of preceding times. This arises from the fact that they are produced by men who ever have been, and ever shall be, animated by the same passions, and thus they necessarily have the same results

or the view of Jorge Agustín Nicolás Ruiz de Santayana y Borrás, who says 'Those who do not remember the past are condemned to repeat it' or George Smith Patton Jr's 'Prepare for the unknown by studying how others in the past have coped with the unforeseeable and the unpredictable'. Finally 'History is a vast early warning system' according to Norman Cousins and 'History is the great teacher of life. Unfortunately, it is a teacher with too few students willing to listen and learn from it' from Pope John XXIII.

The analogues of present day professional associations that have been identified so that their emergence, development and decline can be studied are the *collegia opificum* during the Roman Empire and the emergence, development and decline of the trade guilds in England and Northern Europe. A short discussion of professional associations allows us to put them into a similar perspective and hence will allow us to identify any generalisable pattern across that can assist in predicting the future development of the existing professional associations.

THE THREE WAVES THROUGHOUT HISTORY

Collegia opificum

The *collegia opificum* were early forms of professional organisations that provided select products and services, for example, provision for burial (Beieri, 1727; Zamagni, 2013). Although the exact origin of the *collegia opificum* is unknown to us, they were probably either instigated by Numa Pompilius (753–673 BC), the second king of Rome, or by Servius Tullius (575–535 BC), the sixth king of Rome. Numa Pompilius was trying to overcome friction between the Roman and Sabine ethnic groups by mixing them in profession-based groups so as to create an *esprit de corps*. His view was that shared capabilities would be enabled by common gatherings, assemblies and religious ceremonies to achieve unity across the whole population. Servius Tullius assigned Romans to *collegia* as part of his timocratic organisation of the census classes (Gabba, 1984). The *collegia opificum* can, in essence, be described as trade guilds including (according to Publius Ovidius Naso, 8 AD) weavers, fullers, dyers, shoemakers, doctors, teachers and painters, as well as other occupations. Once established an individual *collegium opifex* likely focused on protecting and advancing the interests of the trade whose members it represented, but we know little of this.

In the last century of the Republic the *collegia opificum* appear again in the transformed form of political and religious clubs (*collegia sodalicia* or *compitalicia*) in addition to the original trade guilds, chiefly with the objective (according to Marcus Tullius Cicero, 70 BC) of securing the election of candidates for magistracies that would further the interests of these transformed trade guilds or clubs. These trade guilds

and clubs also sold the votes of their members or caused violence during the conduct of elections to further a given interest. Quintus Asconius Pedianus (9 BC–AD 76), speaking on the conditions in 65 BC, claimed that neither these guilds or clubs nor their actions received any public authorisation and hence were contrary to the welfare of the state. In 64 BC those transformed trade guilds that were thought to be inimical to public welfare were abolished by a *senatus consultum* (*Lex Licinia De Sodaliis*). Six years later (58 BC) they were restored by Clodius during his tribuneship with disastrous results for the workings of government (Husband, 1916). The different *collegia* were finally abolished by Gaius Julius Caesar in 49 BC (Fuller, 1965), who declared them dangerous to public order, although some of them were revived by Augustus in 7 AD under fixed conditions (Moore, 1936). From the reign of Alexander Severus (222–235 AD) the surviving *collegia* became state institutions under increasingly burdensome exactions (Moore, 1936). Membership was no longer voluntary but by conscription and became hereditary and in this way the *collegia* transformed into a state institution and survived and disappeared with the state of which it was a part (Moore, 1936).

This illustrates the journey of the *collegia opificum*: from generating competitive advantage through developing and protecting knowledge embodied in individuals to generating comparative advantage through monopoly rents through regulation and favour systems.

The trade guilds in England and Northern Europe

The English industrial guilds are not direct descendants of the Roman *collegia opificum* but instead emerged completely independently (Brentano, 1870; Seligman, 1887; Ashley, 1893). Similarly, the trade guilds in the Nordic countries, Germanic and Flemish Europe are also regarded as having developed without any links to the Roman *collegia opificum* (Beieri, 1727; Wilda, 1831; Lundell, 1846; Schayes, 1858; Maurer, 1869; Brentano, 1871; Ehrström, 1893; Hazelius, 1906).

One of the earliest of borough privileges recorded was the concession, in the 12th century, to burghers in various towns of their guild merchant, which included the right to bind themselves in an association that exempted them from the payment of trade tolls and gave them the monopoly and regulation of all commercial interests within their domains (Kramer,

1905). Not until trade and industry began to dominate over agriculture within the borough would a protective union like the guild merchant come into being, and its authorisation by royal charter gave the medieval guild merchant special significance as an English institution (Gross, 1890; Kramer, 1905). Artisanal guilds required royal permission to be formed, for which there was payment to the Exchequer (Stubbs, 1874). The artisanal guilds so approved included weavers, fullers, cordwainers, bakers, saddlers and goldsmiths (Kramer, 1905). In 1254 Étienne Boileau, provost of Paris, created a special register in which 100 different guild bylaws were noted down and as a consequence received royal assent. This was published as *Les métiers et corporations de la ville de Paris* in 1260 (reprinted as Boileau, 1879).

The origins of these guilds are explained by three different theories. First, the rise of craft or artisanal guilds was a spontaneous movement of the 14th and 15th centuries in response to changing skill requirements in emerging or existing industries (Gross, 1890). Second, the expulsion of artisans from an existing guild led them to form new guilds of their own (Toulmin Smith, 1870). Third, the hostility between the guild merchant and the later craft guilds took its roots in the monopoly rents that were bestowed on either or both and hence formed a reason to form new guilds in order to access these rents – a common explanation that relates to both German and Nordic trade guilds (Wilda, 1831; Bergfalk, 1838; Nordström, 1840; Lundell, 1846; Odhner, 1860; Schönberg, 1867; Gierke, 1868; Brentano, 1871; Schmoller, 1875; Stieda, 1876; Schönberg, 1890; Hildebrand, 1898).

The earliest preserved English guild roll bears the date of 1196 and refers to 'guild merchant'; this indicates that by at least that time men of every trade then known enjoyed the privilege of enrolling in a guild by paying the entrance fee, pledging obedience to guild rules and promising attendance at all its meetings (Kramer, 1905). This development took place somewhat earlier in Germany and Belgium (Maurer, 1869; Brentano, 1871). By 1380 it seems that the craft or artisanal guilds had totally exited from the merchant guild and taken over the industrial control and hence the monopoly rents of closed industrial activity (Kramer, 1905). Accordingly, this can be seen as the time from which the craft guilds commenced their period of power and influence. From this time the craft or artisanal guild had the sole right to control

the quality amongst its craftsmen, penalising those who did not adhere to a given quality standard set by the guild with expulsion from that same guild. In addition, the guild members took it upon themselves to prohibit the formation of associations of craftsmen (i.e., guilds) when they considered them detrimental to the interests of the community (Bateson, 1901). This can be deemed the end of the merchant guild period and the beginning of the era of the trade guilds.

Kramer (1905) illustrates the growing power of the trade guilds with an example from Bristol. In 1418 the barbers' guild in Bristol was in need of more stringent regulations and a better organisation. To provide for a proper oversight of the barbers' craft, they asked permission to elect annually two searchers, who would be sworn before the mayor. To prevent encroachments on their monopoly from men of other trades, they asked that an apprenticeship of seven years be made requisite for anyone thereafter serving as a barber within the city, and that such a requirement have a place among their ordinances. They asked that this be done to avert what they saw as the impending destruction of their craft unless 'they have remedy and be succored and supported' by the 'very wise discretions' of the town officers (for an interesting discussion around masters and apprentices in trade guilds see Lindström (2008)).

This started a period where, according to Kramer (1905), the trade guilds employed the powers and privileges they possessed to the fullest extent. They took greater powers when they could, at once dominating and being dominated by both state and municipality, both encouraged and made to atone for transgression by the powers above them, and enjoying to the full the licence that the system in its perfected state was able to provide. To the uninitiated, however, their 'privileged position seemed based upon an infringement of the Englishman's natural rights, and their power an occasion for abuse which needed to be curbed and restrained' (p. 38).

During the 15th and 16th centuries this led to an attempt by the state to balance the constantly growing monopoly powers of the trade guilds through an increasingly intrusive set of rules, which culminated in the 1563 Elizabethan Statute of Apprentices. This was supposed to bring order into the trade guild world, though in effect it deprived the guilds of both some duties and some privileges whilst in many other

aspects increasing their basis for monopoly rent. This statute removed the power of remuneration of apprentices from the guilds (Ashley, 1893) and also established a minimum period of seven years for apprenticeship (Kramer, 1905). On the one hand this did remove certain rights and privileges from the guilds, but on the other hand it cemented a monopoly base from which to extract rents. This is evidenced by the ability to exclude alien craftsmen from pursuing their trade within a town – a decision resulting in a monetary gift to the town decision makers and an ensured monopoly rent extraction for the guild members (Davies, 1883). There are many documented examples of the use of monetary inducements, enabled through monopoly rents, to ensure a continuation or strengthening of the base for monopoly rents (e.g., Herbert, 1834; Picton, 1883). The 1563 Act was not fully removed until 1813.

As knowledge bases and technologies converged there are many examples of trade guilds merging (e.g., pepperers and spicers (Hazlitt, 1892), shearmen and fullers (Hazlitt, 1892), barbers and surgeons (Young, 1890), marshals and smiths (Toulmin Smith, 1885), cordwainers and curriers (Toulmin Smith, 1870), shearmen and tailors (Poole, 1970), weavers and fullers (Turner, 1880), etc). There was also amalgamation of multiple trade guilds in smaller towns into one guild in order to better carry the costs associated with guild outlays as contributions to town expenditures (Kramer, 1905).

Throughout the Middle Ages national and local policies were often lax and irregular and the guilds were free to transgress both state and municipal laws, but neither government nor borough allowed such aggressions to go altogether unrebuked (Kramer, 1905). This indicates that for quite some time a balance between the monopoly power of the trade guilds and the power of the state was balanced so that members of society did not perceive undue abuse of monopoly power by the guilds. In England the trade guilds became increasingly obsolete in a world of increasing trade, stimulating immigration and increasingly rapid technological development. The trade guild power reached its peak in the mid-1400s when its market abuse forced the state to intervene. In spite of this the English government, with its conservative industry policy, was not responsible, through legislative enactments, for the decline of the guild system since all evidence

shows the state encouraging the guilds to the last (Kramer, 1905).

This illustrates the journey of the trade or artisanal guilds. From generating competitive advantage through developing and protecting knowledge embodied in individuals to creating comparative advantage through monopoly rents, regulation and favour systems, to being limited by the powers above them and finally onto obsolescence through the changing organisation of work and the transforming knowledge base for industrial activities.

Professional associations

How do we define professions?

Professions are occupations with special power and prestige. Society grants these rewards because professions have special competence in esoteric bodies of knowledge linked to central needs and values of the social system, and because professions are devoted to the service of the public, above and beyond material incentives (Larson, 1977). Professions constitute regulations of actions that are relatively long-lasting and make rules of behaviour binding on the basis of values and norms, and sanctions. They are seen as forming the habitus of particular groups and as symbolically expressing a certain order (Rehberg, 2006).

Liu (2014) states that neo-Marxian market control theory and jurisdictional conflict theory are the most influential paradigms in our 21st-century understanding of the sociology of professions. The literature on professions identifies three dimensions, the control over which identifies a profession.

1. The cognitive dimension:

- the body of knowledge and techniques which the profession applies in its work;
- the training necessary to master such knowledge and skills.

2. The normative dimension (that justifies the privilege of self-regulation granted them by society):

- service orientation of the professionals;
- distinctive ethics of professionals.

3. The evaluative dimension:

- implicitly compares the profession to other occupations, underscoring the profession's singular characteristics of autonomy and prestige.

The professions are real communities, the members of which share a relatively permanent affiliation, an identity, personal commitment, specific interests and general loyalties. These communities are concretely identified by typical organisations and institutional patterns: professional organisations, professional schools and self-administered codes of ethics (Freidson and Lorber, 1972; Larson, 1977; Abbott, 2014).

The cognitive and normative elements above are important because they can be used as arguments in a process to negotiate the boundaries of an area in the social division of labour and consequently establish control over it. Persuasion is used towards the outside and these conflicts, of who shall be included or excluded, mark the process of internal unification of a profession (Larson, 1977; Light, 2010). This is exemplified by the legitimising role that professional associations play in changing the scope and boundaries of a profession (Greenwood et al., 2002).

Once professional status is reached this structural position allows a group of experts to define and construct particular areas of social reality, under the guise of universal validity conferred on them by their expertise (Bergmann, 1971; Griessinger, 1981; Dent and Whitehead, 2013). They, in fact, define the very standards by which they are judged. In other words, professions create the ideology that they live within and that they present to the outside as the most valid definitions of specific spheres of social realities (Parsons, 1939; Freidson and Lorber, 1972; Richardson, 1985; Klatetzki, 2005; Crona and Myllylä, 2012; Klatetzki, 2012). Professional associations strive to have the profession behave in accordance with this socially constructed reality because it reduces ambiguity and uncertainty for all parties involved in any exchange. If this socially constructed reality remains stable over a longer period of time it tends to get locked in and reinforced through formal coded prescriptions (e.g., regulations) forcing homogeneous behaviour across the profession (Burrage and Torstendahl, 1990). As a consequence, any departure from this imposed behaviour will result in either rejection (e.g., expulsion from the profession) or legitimisation of this new behaviour aiming at incorporating it within the now modified socially constructed reality (Elsbach, 1994; Miller and Chen, 1995; Lamertz and Baum, 1997; Deephouse, 1999; Anderson-Gough et al., 2002; Suddaby and Greenwood, 2005; Nerland and Karseth,

2015). As the speed of knowledge development increases, the production and deployment of profession-specific knowledge appears to play a more and more strategic and autonomous role in the dynamics of the profession. This increasing speed also creates an ongoing tension between relevance and standardisation of knowledge within the profession (Muzio et al., 2008; Alexius and Perner, 2011). The process of change in professional associations is synthesised by Greenwood et al. (2002) into the following steps:

1. the occurrence of a precipitating jolt of a social, technological or regulatory nature;
2. re-institutionalisation through the emergence of new players, ascendance of actors or institutional entrepreneurship;
3. pre-institutionalisation through independent innovation as a consequence of searching for technically viable solutions to locally perceived problems;
4. theorisation through the specification of organisational failings, the establishment of finer distinctions in the appropriate knowledge domain and the associated grounded causal effects and linkages that justify possible solutions and the acceptance and incorporation and legitimisation of these new solutions on moral or pragmatic grounds;
5. diffusion of the solutions across the profession with the associated objectification resulting in a social consensus of their pragmatic value;
6. re-institutionalisation as the increasing density of adoption provides ideas with cognitive legitimacy.

Professional associations can create a profession through definition of a domain of expertise and the introduction of formal rules. They can enforce penalties, sanctions or exclusion if rules are not adhered to by the members of the profession (Collins, 1990; Kipping and Saint-Martin, 2005; Karseth and Nerland, 2007; Alexius and Perner, 2011; Ahrne and Brunsson, 2008). Professionalisation can be seen as a process by which producers of special services aim to constitute and control a market for their expertise (Dingwall, 1999). Professionalisation is also a collective assertion of special social status and a collective process of upward social mobility (Abel, 1979; Alvesson and Willmott, 2002). It is about a differential system of competences and rewards and the central principle

of legitimacy is founded on the achievement of socially recognised expertise grounded in a system of education and credentialling (Larson, 1977).

Professionalisation is thus an attempt to translate one order of scarcity of resources (specialist knowledge and skills) into social and economic rewards (Beaverstock et al., 2009). The maintenance of scarcity implies a tendency towards monopoly in terms of expertise in the market and status in a system of stratification (Larson, 1977). Persico (2015) argues that even if a professional association has the right to limit access to the profession, through licensing, they may choose not to do so to a level that would maximise monopoly rent. The argument is that the power to license may be used to expand the professional association excessively because expanding the licensure entails a redistribution of rents among sub-specialties within the association, and the representatives of this sub-specialty may have the power or the numbers to achieve an expansion even beyond the level that maximises the incumbents' rents, and possibly even beyond the socially optimal level.

Given that professionalisation is dependent on a liberal free market view and is, in effect, a response to the move towards an increasingly knowledge-dependent economy (Evetts, 2003) and dependent on the opening up of the educational system to a broader group of society, it is historically most prevalent in the Anglo-Saxon world (Neal and Morgan, 2000). Given that it also is synergistic with the industrial economy (most of the service provision is towards traditionally structured firms that make things) it reached its peak around 2010 and now faces challenges because:

- the education system is being limited to subsets of society that can both afford it and make appropriate choices to benefit from it;
- the making of things is migrating out of many Anglo-Saxon economies and so is the need for associated services;
- modern ways of making things are not organised in the form of traditional firms but rather in temporary network structures with commitments based on future rewards with acceptance of associated risks;
- the knowledge economy is becoming distinct from the information economy and hence any expert-based manipulation of information will be automated;

- the societal value of what is being offered is questioned and society's ability to afford what is being offered is under pressure;
- the historically routed social standing with associated monetary rewards can no longer be delivered, thus reducing the attractiveness of professions.

Suddaby and Viale (2011) outline the mechanisms through which professionals shape organisational fields. They argue that professionals define a new, uncontested space by expanding their spheres of expertise and their jurisdictional boundaries. They do so by either creating entirely new areas to which their knowledge applies or by appropriating adjacent professions' or institutions' fields of work. They also claim that professionals populate these new spaces with new actors. They do so by creating and reconfiguring categories of organisations and occupations. As a result, new individual and organisational actors become legitimate providers of professional services. The advent of new actors, in turn, restructures a field's composition. According to Suddaby and Viale (2011), professionals promulgate new rule systems that redefine the boundaries of organisational fields.

Professional jurisdiction necessarily affects a field's power structures and boundaries. Promulgation of new rules by professionals serves as an extension and objectification of the power of the profession and becomes the 'fabric of a field'. Professionals restructure fields by managing the reproduction of professional capital. Through their high status, professionals possess the power to shape the social order of a field. Their skills in manipulating a field's social order are reinforced through their access to critical positions within organisations and fields. Professionals primarily use rhetoric and categorisation to present changes as appropriate and create new cognitive frameworks through which a field is interpreted. They have been found to be 'skilled rhetoricians' who use language to 'reproduce social, cultural and symbolic capital'. Categorisation, in turn, is the mechanism through which professionals define problems, rules of behaviour and classes of actors. Mostly, they draw on their high status to define categories in a way that allows them to stabilise the social order that provides them with their superior status.

Finally, Suddaby and Viale (2011) write that professionals' constant efforts to advance their professional project reverberate through a field as changes in a profession inevitably imply changes in the structure of a field. They outline how professionals skilfully manipulate a field's social order in a way that is conducive to their professional projects by drawing on their high social status.

Professional associations are broadly affected by six shifts that influence how individuals relate to them: (1) increased competition for their time; (2) an increased desire to see a return on their investment; (3) more organisations competing for their attention; (4) generational differences in the perceived value of membership; (5) increased specialisation of interest; and (6) an increased expectation for technological adeptness (Potter et al., 2013).

From the above discussion we can deduce a set of threats to existing professional organisations:

- the body of knowledge becomes publicly available and possible to absorb by the majority of users or the body of knowledge becomes embodied in a piece of hardware or software (Susskind and Susskind, 2015), for example, the way artificial intelligence is taking over the discovery phase work in the legal profession or the way software is replacing parts of accounting work;
- newly created knowledge becomes obsolete faster than it is possible for humans to absorb it;
- the application of existing and new knowledge is implemented in capital equipment at a faster rate than new knowledge is developed and deployed by humans;
- the risk that the profession slows down or stops the development and application of new knowledge or allows another profession or body to become the provider of the critical knowledge used by the profession;
- the work provided by the professions loses its perceived value in the social system, for example, the accounting professions' inability to handle so-called intellectual capital resources or virtual and temporary network constellations for value creation, etc;
- reduced relevance in the eyes of its members;

- the ideology created by and adhered to by the profession becomes non-functional in its meetings with reality, that is, it loses its ability for causal congruence with reality;
- the profession becomes primarily self-serving by either losing its relevance in the eyes of society or by focusing on ensuring personal material gain through political influence aimed at securing monopoly rents;
- if the paradigm of the world changes, then what constitutes a profession will change;
- change in the institutional logics that govern an organisational field, including changes in societal meta-logics that describe generalised, field-independent ideas on how work and other instances of human behaviour, are supposed to be structured;
- the risk that one profession invades the area in the social division of labour controlled by another profession;
- professional privileges are revoked by society's ruling elite.

THE HISTORICAL PATTERN

From the above it is clear that developments during all three time periods exhibit a similar pattern. The first phase is focused on gaining total independence and control of professional affairs. This includes controlling and developing the body of knowledge and techniques that the profession applies in its work, including controlling the content and processes around the training necessary to master such knowledge and skills. This also includes controlling outsiders' access to the profession and sometimes also limiting the freedom of choice and actions of those exiting the profession. This forms the basis for the profession to extract monopoly rents as long as the competence and associated services and products are in demand in, or valued by society.

The second phase is focused on gaining political influence to secure continued access to existing monopoly rents. This includes gaining the right to self-evaluate and judge the quality of work done by the profession. It also includes gaining and using political power to prevent the establishment of professions that may encroach on the existing profession, to limit the number of members of the profession, as well as influencing the price of the offered goods and services and the wages paid to apprentices and the cost of any inputs. In the

beginning of this phase the outcome is beneficial to society, consumers and members of the profession alike, whereas later the benefits are mostly with the members of the profession. Here a behaviour of mutual protection between members of a profession also appears – initially as a beneficial behaviour but over time as a detrimental behaviour taking the shape of protecting less competent or ethical members of the profession from outside threats.

The third phase is focused on leveraging existing political and monetary power to perpetuate the existing benefits due the profession, in spite of both a declining relevance, value, and/or demand for the offered goods and services, and in spite of detrimental effects on the rest of society – in other words, the profession becomes wholly self-serving. This phase is also characterised by a reduction in innovation and development of knowledge within the profession and a conservation of existing knowledge, which results in the prevention of change and consequent reduced competitiveness. This is compensated for by increased extraction of monopoly rents grounded in increased abuse of political power.

The fourth phase sees the profession stripped of its powers and rights or in the worst case scenario, prohibited, as a reaction by other societally governing powers to the profession's lost legitimacy.

The *collegia opificum* passed through all four phases whereas the medieval trade guilds passed into phase three but seem to have been made obsolete by increasing international trade and movement of people across borders and between regions, as well as by the changing way in which work was organised and distributed within organisations between technological artefacts and people. This was caused by continuous technological development that, as it accelerated, modified the structures for holding and combining the distributed diversity of useful technical expertise, specialised capital equipment with its co-specialised relationships, processes, systems, information and knowledge (of which a large amount is tacit and therefore difficult to acquire), all of which contribute to higher efficiency and effectiveness as well as increased productivity of both labour and capital – in the process making an increasing share of the trade guilds obsolete. In other words, the trade guilds were becoming obsolete before their self-serving behaviour

reached a level requiring society's intervention, hence the trade guilds never entered phase four.

Today's professional associations tend to sit mostly in phase three. This can be seen by the reaction of the medical profession to productivity improvements and the increase in value for money requirements in the health care system, the maintenance of professional monopolies in certain services, for example, the accounting (auditing) and legal (representation) professions. This is in spite of many of these services now being able to be delivered faster, cheaper and with more consistent quality by technology solutions.

CONCLUSION

The question yet to be answered is will today's professions replicate the pattern of the *collegia opificum* and enter phase four, whereupon they will be disbanded by the ruling elite? Or will they replicate the pattern of the trade guilds and match the increasing obsolescence threat posed by technological development and the changing organisation of work with reluctance to change and as a consequence experience death by irrelevance?

The answer depends on a number of factors. The first being the speed by which technological development and the conversion of this development into artefacts can be deployed as substitutes for professionals in economic activities. This development is progressing rapidly and at the moment around 50% of all jobs in Australia are forecasted to be at risk of being automated away within seven years, of which most are in the service professions (Roos, 2015). If this technologically driven productivity improvement continues to increase in pace it is likely that many professional organisations will become obsolete before they enter phase four, since their ability to circulate through the six-step change process identified above will not be fast enough, and hence their development will be analogue to that of the medieval trade guilds.

The second factor is the share of the ruling elite that is part of the profession and hence, due to the socially constructed reality in which they exist, instigates rules and regulations that provide compensatory monopoly rents – normally in the form of transfers of wealth between societal groups – for the declining relevance and societal acceptance for the value

that the profession provides. An example of this is the unwillingness to confront the medical profession around health care productivity, which results in a wealth transfer from the non-medical profession part of society to the medical profession part of society. This behaviour will result in two parallel developments: (1) an increasing level of potential obsolescence that will be kept at bay through rules that preserve the status quo resulting at some future point in a very dramatic shift to a new paradigm in which the protective and conserving forces are overwhelmed by the technology-enabled forces of change and the profession is left out; and (2) a slow but continual restriction of the influence of the profession in response to a combination of pressures from other societal groups (i.e., those that stand to gain from this change) and an increasingly tight fiscal environment requiring productivity improvements (likely to be technology-driven). The result is that the professional association will disappear somewhere between the end of phase three through obsolescence and the early part of phase four through increasing regulation that limits its power.

The third factor is the pace by which the professions are perceived, by the rest of society, to become self-serving. A quick read of newspapers finds ample material to illustrate a potential move in this direction (e.g., Houghton, 2012; Mark and Gordon, 2013; Miles and Fraser, 2014; Owen, 2015; Thomas, 2016). A further indication would be if professional associations' licensing requirements generate a monopoly rent. Friedman (1962) argued that licensing systems are almost always run by and for incumbents, so that gatekeepers and enforcers are self-interested, which lead them to not only create monopoly rents through restrictions on entry but also to limit complaints and disciplinary procedures against most incumbents. Kleiner and Krueger (2010) identified a monopoly rent of up to 15% and Gittleman et al. (2015) up to 24% for licensed professions. Taking into account the methodological differences in these two studies they still indicate an increasing monopoly rent extraction by licensed professionals, a benefit accrued to them through their professional association's right to license. Although professional associations have discretion to operate within formally established constraints, failure to conform to societal and institutionalised norms of acceptability can threaten the professional

association's legitimacy, resources and ultimately survival (DiMaggio and Powell, 1983; Oliver, 1991; O'Brien et al., 2015). If the development towards self-serving behaviour is perceived by society to go too fast and too far, the professional association will end up in the fourth phase and it will be eliminated through intervention, normally in the form of strict rules, by the legislator. This can be seen in the emerging view on, and relationship with, the financial sector since the global financial crisis.

The inevitable conclusion is that today's professional associations are, in the majority, going to decline. There may well be new entities formed that, in the future, will repeat the same pattern. If this is to happen they will likely exist in the intersecting emerging worlds of peer-to-peer and algorithmic organisations (i.e., organizations that use complex learning algorithms to rapidly process large amounts of digital input data into decisions and actions that result in a desirable outcome – all without human intervention or presence; examples are financial robot advisors or autonomous financial trading systems).

REFERENCES

- Abbott, A.** (2014), *The System of Professions: An Essay on the Division of Expert Labor*, University of Chicago Press, Chicago.
- Abel, R. L.** (1979), 'The rise of professionalism', *British Journal of Law and Society*, Vol. 6, No. 1, pp. 82–98.
- Ahrne, G. and Brunsson, N.** (2008), *Meta-organizations*, Edward Elgar Publishing, Cheltenham.
- Alexius, S. and Pemer, F.** (2011), *Struggling to Challenge an Informal Field Order: Professional Associations as Standard-Setters*, Stockholm Centre for Organizational Research (SCORE), Stockholm.
- Alvesson, M. and Willmott, H.** (2002), 'Identity regulation as organizational control: Producing the appropriate individual', *Journal of Management Studies*, Vol. 39, No. 5, pp. 619–644.
- Anderson-Gough, F., Grey, C. and Robson, K.** (2002), 'Accounting professionals and the accounting profession: Linking conduct and context', *Accounting and Business Research*, Vol. 32, No. 1, pp. 41–56.
- Ashley, W. J.** (1893), *An Introduction to English Economic History and Theory: Vol. II. The End of the Middle Ages*, Longmans, Green and Company, London.
- Bateson, M.** (1901), *Records of the Borough of Leicester*, (Vol. 2), Clay, London.
- Beaverstock, J. V., Faulconbridge, J. R. and Hall, S. J.** (2009), 'Professionalization, legitimization and the creation of executive search markets in Europe', *Journal of Economic Geography*, Vol. 10, No. 6, pp. 825–843.
- Beieri, D. A.** (1727), *De Collegiis Opificum*, J.C. Lohmann, Helmstad.
- Bergfalk, P. E.** (1838), *Om Svenska Städernas Författning Och Förvaltning*, Leffler and Sebell, Uppsala.
- Bergmann, J.** (1971), 'Das "Alte Handwerk" im Übergang. Zum Wandel von Struktur und Funktion des Bandwerks im Berliner Wirtschaftsraum in vor- und frühindustrieller Zeit', in *Untersuchungen zur Geschichte der frühen Industrialisierung vornehmlich im Wirtschaftsraum Berlin/Brandenburg*, O. Busch, Berlin.
- Boileau, É.** (1879), *Les Métiers et Corporations de la Ville de Paris: Xiiiè–Xviiiè Siècle*, Imprimerie Nationale, Paris.
- Brentano, L.** (1870), *On the History and Development of Gilds and the Origin of Trade-unions*, Trübner and Company, London.
- Brentano, L.** (1871), *Die Arbeitergilden der Gegenwart* (Vol. 1), Duncker and Humblot, Leipzig.
- Burrage, M. and Torstendahl, R.** (1990), *Professions in Theory and History: Rethinking the Study of the Professions*, Sage, London.
- Collins, R.** (1990), *Changing Conceptions in the Sociology of the Professions. The Formation of Professions: Knowledge, State and Strategy*, Sage, London.
- Crona, V. and Myllylä, J.** (2012), *Revisorsassistentens Socialiseringsprocess: En Kvalitativ Studie Om Socialisering Och Identifiering Inom En Revisionsbyrå I Örebro*, PhD Thesis, Företagsekonomi, Civilekonomprogrammet, Handelshögskolan, Örebro Universitet.
- Davies, J. S.** (1883), *A History of Southampton*, Gilbert and Co., Southampton.
- Deephouse, D. L.** (1999), 'To be different, or to be the same? It's a question (and theory) of strategic balance', *Strategic Management Journal*, Vol. 20, No. 2, pp. 147–166.
- Dent, M. and Whitehead, S.** (2013), *Managing Professional Identities: Knowledge, Performativities and the 'New' Professional* (Vol. 19), Routledge, London.

- DiMaggio, P. and Powell, W. W.** (1983), 'The iron cage revisited: Collective rationality and institutional isomorphism in organizational fields', *American Sociological Review*, Vol. 48, No. 2, pp. 147–160.
- Dingwall, R.** (1999), 'Professions and social order in a global society', *International Review of Sociology*, Vol. 9, No. 1, pp. 131–140.
- Ehrström, E.** (1893), *Öfversikt Af Det Finska Skråväsendets Historia*, J. Simelii Arfvingars Boktryckeri, Helsingfors.
- Elsbach, K. D.** (1994), 'Managing organizational legitimacy in the California cattle industry: The construction and effectiveness of verbal accounts', *Administrative Science Quarterly*, Vol. 39, No. 1, pp. 57–88.
- Evetts, J.** (2003), 'The sociological analysis of professionalism occupational change in the modern world', *International Sociology*, Vol. 18, No. 2, pp. 395–415.
- Freidson, E. and Lorber, J.** (1972), *Medical Men and their Work: A Sociological Reader*, Aldine Publishing Company, Chicago.
- Friedman, M.** (1962), *Capitalism and Freedom*, University of Chicago Press, Chicago.
- Fuller, J. F. C.** (1965), *Julius Caesar: Man, Soldier and Tyrant*, Minerva Press, London.
- Gabba, E.** (1984), 'The collegia of Numa: Problems of method and political ideas', *Journal of Roman Studies*, Vol. 74, pp. 81–86.
- Gierke, O. F.** (1868), *Das Deutsche Genossenschaftsrecht*, Weidmannsche, Berlin.
- Gittleman, M., Klee, M. A. and Kleiner, M. M.** (2015), *Analyzing the Labor Market Outcomes of Occupational Licensing* (No. W20961), National Bureau of Economic Research, Cambridge MA.
- Greenwood, R., Suddaby, R. and Hinings, C. R.** (2002), 'Theorizing change: The role of professional associations in the transformation of institutionalized fields', *Academy of Management Journal*, Vol. 45, No. 1, pp. 58–80.
- Griessinger, A.** (1981), *Das Symbolische Kapital Der Ehre: Streikbewegungen und Kollektives Bewusstsein Deutscher Handwerksgesellen im 18 Jahrhundert*, Ullstein, Frankfurt.
- Gross, C.** (1890), *The Gild Merchant: A Contribution to British Municipal History*, Clarendon Press, Oxford.
- Hazelius, G.** (1906), *Om Handtverksämbetena Under Medeltiden: En Inledning Till Skråväsendets Historia I Sverige*, Vol. 9, Nordiska Museet.
- Hazlitt, W. C.** (1892), *The Livery Companies of the City of London: Their Origin, Character, Development and Social and Political Importance*, Swan Sonnenschein and Co., London.
- Herbert, W.** (1834), *History of the Twelve Great Livery Companies of London*, William Herbert, London.
- Hildebrand, H.** (1898), *Sveriges Medeltid: Kulturhistorisk Skildring*, PA Norstedt and Söner, Stockholm.
- Houghton, D.** (2012), 'Ill-practice under the microscope', *The Courier-Mail*, 24 March.
- Husband, R. W.** (1916), 'Legislation against political clubs during the republic', *The Classical Weekly*, Vol. 1, pp. 1–14.
- Karseth, B. and Nerland, M.** (2007), 'Building professionalism in a knowledge society: Examining discourses of knowledge in four professional associations', *Journal of Education and Work*, Vol. 20, No. 4, pp. 335–355.
- Kipping, M. and Saint-Martin, D.** (2005), 'Between regulation, promotion and consumption: Government and management consultancy in Britain', *Business History*, Vol. 47, No. 3, pp. 449–465.
- Klatetzki, T.** (2005), 'Professionelle arbeit und kollegiale organisation. Eine symbolisch interpretative Perspektive', in T. Klatetzki and V. Tacke (eds), *Organisation und Profession*, VS Verlag für Sozialwissenschaften, Wiesbaden, pp. 253–283.
- Klatetzki, T.** (2012), 'Professionelle organisationen', *Handbuch Organisationstypen*, Vol. 1, pp. 65–183.
- Kleiner, M. M. and Krueger, A. B.** (2010), 'The prevalence and effects of occupational licensing', *British Journal of Industrial Relations*, Vol. 48, No. 4, pp. 676–687.
- Kramer, S.** (1905), *The English Craft Gilds and the Government: An Examination of the Accepted Theory Regarding the Decay of the English Craft Gilds*, PhD Thesis, Faculty of Political Science, Columbia University.
- Lamertz, K. and Baum, J. A.** (1998), 'The legitimacy of organizational downsizing in Canada: An analysis of explanatory media accounts', *Canadian Journal of Administrative Sciences*, Vol. 15, No. 1, pp. 93–107.
- Larson, M. S.** (1977), *The Rise of Professionalism: A Sociological Analysis*, University of California Press, Berkeley.

- Light, D. W.** (2010), 'Health-care professions, markets and countervailing powers', in C. E. Bird, P. Conrad, A. M. Fremont and S. Timmermans (eds), *Handbook of Medical Sociology*, Vol. 6, Vanderbilt University Press, Nashville, pp. 270–289.
- Lindström, D.** (2008), 'Mästarna och deras gesäller. Stockholm ca 1400–1600', *Scandia: Tidskrift för Historisk Forskning*, Vol. 54, No. 2, pp. 181–216.
- Liu, S.** (2014), 'Foreword', in R. Dingwall and P. Lewis (eds), *The Sociology of the Professions: Lawyers, Doctors and Others*, Quid Pro Books, New Orleans.
- Lundell, J.** (1846), *Om Hantverksskrån, Näringsfrihet Och Arbetets Organisation*, Gleerups, Lund.
- Mark, S. and Gordon, T.** (2013), 'Lawyers' monopoly is in the spotlight', *The Australian*, 11 October.
- Maurer, G. L.** (1869), *Geschichte der Städteverfassung in Deutschland* (Vol. 1), Ferdinand Enke, Erlangen.
- Miles, J. and Fraser, K.** (2014), 'Queensland doctors threaten mass walkout of public hospital system', *The Courier-Mail*, 18 February.
- Miller, D. and Chen, M. J.** (1996), 'Nonconformity in competitive repertoires: A sociological view of markets', *Social Forces*, Vol. 74, No. 4, pp. 1209–1234.
- Moore, F. G.** (1936), *The Roman's World*, Biblo and Tannen Publishers, New York.
- Muzio, D., Ackroyd, S. and Chanlat, J. F.** (2008), *Redirections in the Study of Expert Labour: Established Professions and New Expert Occupations* (No. 123456789/9289), Paris Dauphine University, Paris.
- Neal, M. and Morgan, J.** (2000), 'The professionalization of everyone? A comparative study of the development of the professions in the United Kingdom and Germany', *European Sociological Review*, Vol. 16, No. 1, pp. 9–26.
- Nerland, M. and Karseth, B.** (2015), 'The knowledge work of professional associations: Approaches to standardisation and forms of legitimisation', *Journal of Education and Work*, Vol. 28, No. 1, pp. 1–23.
- Nordström, J. J.** (1840), *Bidrag till den Svenska Samhälls-Författnings Historia*, J. C. Frenckell and Son, Helsingfors.
- O'Brien, J., Gilligan, G., Roberts, A. and McCormick, R.** (2015), 'Professional standards and the social licence to operate: A panacea for finance or an exercise in symbolism?', *Law and Financial Markets Review*, pp. 1–10.
- Odhner, C. T.** (1860), *Bidrag Till Svenska Städernas Och Borgareståndets Historia Före 1633*, Edquist & Kompani, Uppsala.
- Oliver, C.** (1991), 'Strategic responses to institutional processes', *Academy of Management Review*, Vol. 16, No. 1, pp. 145–179.
- Owen, M.** (2015), 'For \$22k, law firm will mentor grads to practising certificates', *The Australian*, 24 August.
- Parsons, T.** (1939), 'The professions and social structure', *Social Forces*, Vol. 17, No. 4, pp. 457–467.
- Persico, N.** (2015), 'The political economy of occupational licensing associations', *Journal of Law, Economics and Organization*, Vol. 31, No. 2, pp. 213–241.
- Picton, J. A.** (1883), *Selections from the Municipal Archives and Records of Liverpool from the 13th to the 17th Centuries*, Walmsley, Liverpool.
- Poole, B.** (1870), *Coventry. Its History and Antiquities*, John Russell Smith, London.
- Potter, S., Musante, S. and Hochberg, A.** (2013), 'Dynamism is the new stasis: Modern challenges for the biological sciences', *BioScience*, Vol. 63, No. 9, pp. 705–714.
- Rehberg, K. S.** (2006), 'Institutions and neo-institutionalism', in A. Harrington, B. I. Marshall and H. P. Müller (eds), *Encyclopedia of Social Theory*, Routledge, London and New York, pp. 280–283.
- Richardson, A. J.** (1985), 'Symbolic and substantive legitimation in professional practice', *Canadian Journal of Sociology/Cahiers Canadiens de Sociologie*, Vol. 1, pp. 39–152.
- Roos, G.** (2015), 'Technology-driven productivity improvements in the professional services industry', *Academic Leadership Series*, Vol. 6, pp. 41–50.
- Schayes, A. G. B.** (1858), *La Belgique et les Pays-Bas, avant et pendant la domination romaine* (Vol. 2), Emm, Devroye.

- Schmoller, G.** (1875), *Strassburg zur Zeit der Zunftkämpfe und die Reform seiner Verfassung und Verwaltung im XV. Jahrhundert*, Trübner, Strassburg.
- Schönberg, G.** (1867), 'Zur wirtschaftlichen Bedeutung des deutschen Zunftwesens im Mittelalter', *Jahrbücher für Nationalökonomie und Statistik*, Vol. 9, pp. 1–72.
- Schönberg, G. F.** (1890), *Handbuch der Politischen Ökonomie*, Vol. 3, Aufl, Tübingen.
- Seligman, E. R. A.** (1887), 'Two chapters on the mediaeval guilds of England', *Publications of the American Economic Association*, Vol. 2, No. 5, pp. 9–113.
- Stieda, W.** (1876), 'Zur entstehung des deutschen Zunftwesens', *Jahrbücher für Nationalökonomie und Statistik*, Vol. 27, Nos 1/2, pp. 1–133.
- Stubbs, W.** (1874), *The Constitutional History of England in Its Origin and Development*, Vols I–III, Clarendon Press, Oxford.
- Suddaby, R. and Viale, T.** (2011), 'Professionals and field-level change: Institutional work and the professional project', *Current Sociology*, Vol. 59, No. 4, pp. 423–442.
- Suddaby, R. and Greenwood, R.** (2005), 'Rhetorical strategies of legitimacy', *Administrative Science Quarterly*, Vol. 50, No. 1, pp. 35–67.
- Susskind, R. and Susskind, D.** (2015), *The Future of the Professions: How Technology Will Transform the Work of Human Experts*, Oxford University Press, Oxford.
- Thomas, H.** (2016), 'Black Saturday bonanza for law firm as victims forced to wait', *The Australian*, 9 April.
- Toulmin Smith, J.** (1870), *English Gilds: The Original Ordinances of More Than One Hundred Early English Guilds; Together with De Olde Usages of De Cite of Wynchestre; the Ordinances of Worcester; the Office of the Mayor of Bristol; and the Costomary of the Manor of Tettenhall-Regis*. From original MSS of the 14th and 15th centuries, Early English Text Society, London.
- Toulmin Smith, L.** (1885), 'Ordinances of the Companies of Marshals and Smiths at York A.D. 1409–1443', *The Antiquary*, Vol. 1 (January–June), pp. 105–109.
- Turner, W. H.** (1880), *Selections from the Records of the City of Oxford*, Vol. 1, J. Parker, Oxford.
- Wilda, W. E.** (1831), *Das Gildenwesen im Mittelalter*, Rengerschen, Halle.
- Young, S.** (1890), *The Annals of the Barber-surgeons of London. Blades, East and Blades*, Vol. 23, Archurch Lane, EC.
- Zamagni, V. N.** (2013), 'Mutualism', in L. Bruni and S. Zamagni (eds), *Handbook on the Economics of Philanthropy, Reciprocity and Social Enterprise*, Edward Elgar, Cheltenham, pp. 238–243.

Relevance and Professional Associations in 2026: Towards a New Role for Thought Leadership

GEOFFREY STOKES

The mission of most professional associations is to educate those within their field and protect the interests of their members. By their very nature, professional associations express that kind of discourse we call thought leadership on what they think is 'relevant'.

I would like to offer a few comments on thought leadership derived from the perspective of my own profession of political science. One of the major aims of political science is to investigate, explain and, where possible, propose methods for the exercise of power and authority, including discursive power. The latter concept suggests that we must take into account both how we think and produce meaning, and how these processes produce various effects on people. In this paper I propose a few ways in which professional associations could revise their interventions into public discourse, so as to produce a somewhat different outcome, namely that of reshaping public debate.

Insights into this topic are more likely to emerge if we avoid a static analysis of what we currently call 'professional associations'. Instead, I would like to shift our focus and argue that we should devote attention to the much more interesting historical and sociological process of 'professionalisation'. By so doing, we may observe the ways in which associations of various forms arise, take shape, and evolve over time. By examining the process, we may discern the diverse forms that professions have taken historically, and how they currently exercise power and authority. A focus on the process of professionalisation enables a more sophisticated and critical approach to the subject of relevance and the role of professional associations,

as well as their possible futures. This is the broad approach taken by the authors Richard and Daniel Susskind (2015), in their stimulating book *The Future of the Professions: How Technology Will Transform the Work of Human Experts*.

The Susskinds speculate on the future of professional associations and the role that technology may play in their maintenance or decline. My own view, derived from my early studies of technology and technocracy, is that such concerns have been a constant throughout technological change, and arise in every generation. Only the ways they play out are different. That is, technology is always perceived as both an opportunity and a threat. The recurring fears expressed in the 19th and 20th century were that power would accrue to the 'technologists' who, by virtue of their specialised knowledge, would comprise an unaccountable, technocratic elite. The political task was often perceived to be that of restraining and controlling such elites. In the view of the Susskinds, however, recent technological advances, especially those in communications, have the potentially more devastating effect of diminishing the size and role of the professional elite itself. Yet, new technologies have a far wider impact than just upon the professions. This observation prompts me to ask whether there may be a larger role for professional associations to exercise thought leadership in society on the larger problem. But first, a few historical observations on the concept of professionalisation itself.

Professionalisation could be said to have begun wherever states and governments required specific qualifications for the conduct of socially or

economically sophisticated types of employment, such as theology or law or medicine. The second strand of this process was where particular organisations or institutions were authorised to provide training and qualifications. Professionalisation required workers not just to be trained, but to earn formal credentials that allowed them to undertake 'professional' work. Professionals were thus distinguished from 'amateurs'. Perhaps more importantly, professionalisation enabled those trained as such to be able to exercise independent judgement and work more autonomously than would have been usual in most workplaces either in the ancient world or in those of the industrial revolution. In this sense, professionalisation entailed a more refined kind of individualism that fitted well with the philosophy of liberalism.

We see the inexorable growth of professionalisation during the rise and advance of liberal capitalism. The specialised technical expertise, or proficiency, of 'professionals' has become indispensable for the proper functioning of corporations and governments. Can we now imagine many firms operating without the knowledge and techniques deployed by various experts, such as engineers and economists, software designers, or possibly more important, those of accountants? This sociological tendency also creates alternative sources of knowledge-based authority to those of the entrepreneurs and owners of corporations. This, in turn, has had consequences for the distribution of power within the firm.

Corporations, especially the larger ones, are essentially bureaucracies that, like governments, ought to abide by the principles of hierarchy, division of labour, neutrality and professionalisation. One of the first tensions that becomes evident is that between the somewhat general 'amateur' knowledge of the entrepreneurs and owners, and the specialised expertise of the professionals on which they had to rely. Owners, managers and technical experts, however, are often motivated by competing principles. For example, the different imperatives of profit, managerial efficiency and technical expertise do not always align. It becomes the task of astute organisational leaders to achieve alignment. In this process, there arise competing judgements of relevance and about the weight that must be given to them in resolving a problem or pursuing a goal in industry or government. Thus, a certain political

conflict may be discerned at the core of the historical evolution of professionalisation. Inevitably, such issues cross over into the organisations that have become known as professional associations.

This political dimension is not immediately evident in the main rationale for professional associations, which is to educate their members and train them in skills deemed essential. As members of professional associations would well know, the associations themselves sometimes do this education and training, but increasingly, it has been subcontracted to institutions of higher education such as universities. Universities – being both public sector bureaucracies and corporations – are now often beholden to professional associations that accredit the courses for accountants, lawyers, medical specialists, engineers and teachers, to name but a few. Professional associations often supplement this training with their own higher forms of accreditation.

By setting standards and qualifications, the association polices the boundaries of the profession and regulates entry into it. At one level, this is a form of risk management in which the quality of the training assists in reducing the risks of poor judgement resulting in adverse outcomes, such as financial insolvency, corporate failure, malpractice, or the collapse of buildings or bridges. Indeed, risk management itself appears to have become a relatively new professional specialty, requiring its own specialised discourse and training.

For individuals, professionalisation establishes identities, as well as pathways to careers, wealth and status. Professional associations are bound to protect their members and advance the interests of the profession throughout society, the economy and government. For this first purpose, they may even set up insurance and indemnity funds for their members. For the second purpose, they have become interest groups in their own right and may perform as lobbyists and marketeers for their profession.

Like any goal-directed activity, professionalisation produces its own unintended outcomes. For example, where professions recognise and promote sub-specialties in the profession, political struggles may occur and even provoke secession by disaffected members who go on to form breakaway groups. Given that professional associations are established

as sources of technical authority to which certain values or goods accrue, they may often have to compete against other associations either for members or for influence.

It is worth noting that professional associations are organisations of civil society, which lie between the informal groups of family, kin and clan, and the formal institutions of the state. These 'secondary' associations are not formally part of the state, but their existence depends on the legal framework determined by the state. Such associations also depend on the state in other ways, such as in providing it with trained personnel and specialist advice. Accordingly, another inherent political tension lies at the heart of professionalisation. As Susskind and Susskind (2015, p. 23) remind us, professionalisation involves a kind of social contract they call the 'grand bargain'. Professionals are granted exclusivity over a range of services, conferred independence, autonomy and self-determination, and accorded respect and status. But the price for this is that they continue to set and enforce suitable standards, deliver reliable services and training, and act with integrity. Although Susskind and Susskind (2015) write that this bargain is with society, in reality, the bargain is usually, and directly, with government. One of the consequences of such a bargain is that professional associations can become absorbed, or captured, by governments.

At every level, therefore, these processes of professionalisation have become exercises of power and authority. Professional associations are political organisations both with their own internal politics and external political impacts. These characteristics give them the opportunity, resources and skills to set the discursive frameworks of relevance and to operate effectively within them.

Clearly, professional associations have always been relevant to some group or other, or they would not exist. But the question must be asked: To whom and to what ought they be relevant now? Is there a place for thought leadership applicable to the process of professionalisation? Can thought leadership be exercised beyond the usual confines of the profession?

At its most basic level, thought leadership requires the leader to be a recognised authority on a particular topic or specialised field of endeavour. The thought

leader may be called upon to respond to a particular problem or set of issues confronting a firm or industry. That is, the thought leader knows what they are talking about and others want to hear their views. Such discourse may be challenging for their audiences. In the corporate world, thought leadership often signifies the creation of a demand or market for a product or service. It is arguable that thought leadership is essential to the creation of innovation and the success of entrepreneurship. But how would it apply to the professions?

I see thought leadership occurring in two main ways, one that is insular, and the other more publicly engaged. In the first approach, an individual member can exercise thought leadership within the professional association. By discussing the vital internal problems and questions confronting the association, a thought leader may redirect the purpose, mission, operations, boundaries and function of the association. New strategies for influence, and even survival, may result. These comprise a form of internal politics that has its own particular significance for members, but is often of limited relevance to the wider world.

Professional associations can exercise thought leadership in another, more critical way. That is, they can use their resources to (i) identify key public problems of the day – social, economic, environmental, political, (ii) take the lead in systematically investigating them, and (iii) offer possible options or proposals for remedy. The problems of climate change, sustainability, inequality, governance and accountability immediately come to mind (Christ and Burritt, 2016). Whereas the perspective of the profession would be vital, such problems usually call for interdisciplinary approaches and contributions. As in the corporate world, thought leadership undertaken in this way has the capability of making our political discourse more challenging and uncomfortable.

This second, more contentious alternative would enable the professional association to fulfil the principles of social responsibility about which its members often teach and advocate with reference to designated 'harmful' industries. Many associations already engage in such activities. But the predominant 'professional' tendency is to be more cautious and inward-looking for fear of giving political offence and undermining the legitimacy gained from their

apparently neutral, technical expertise. One persistent risk of this critical approach therefore is that of governments responding by rejecting the advice and marginalising an association. Nonetheless, I venture further that initiating a debate about what a socially responsible professional association would look like is a valuable first step towards transforming the relevance of professional associations.

If professional associations are concerned to be relevant, I would propose that they broaden their social and public role to engage more strongly in debates of public importance. Where associations do not already perform this function, they could commission and promote discussion papers, public briefings and deliberative forums.

Sponsoring informed research on problems of significant public interest would raise the public profile of a professional association. Depending on the political climate, such activity could enhance its external influence and capacity to shape public agendas. This type of thought leadership, of course, is a long way from the kind that focuses primarily upon one's internal affairs. It is a more difficult and more hazardous project, but one that is much needed. Whereas technology may pose one kind of threat to the relevance of professional associations, insularity and self-absorption is another.

Engaging in socially responsible public debate may offer such associations a revised role and purpose. That is, professional associations could fulfil a different kind of responsibility, not just to government, but also more broadly to society. In so doing, professional associations would significantly reframe their 'grand bargain' and inaugurate a new stage in the historical evolution of professionalisation. Through more innovative forms of engagement, such as those drawn from the field of deliberative democracy, professional associations could enrich the social and political process of professionalisation.

To return to my first comments about power and authority, adopting a stance of 'professional' neutrality is also an exercise of power. Choices are available, and thought leaders who wish to pursue 'relevance' beyond its internal dimensions may find that transforming their forms of engagement in public debate is a worthwhile and innovative professional route to take.

REFERENCES

Christ, K. and Burritt, R. (2016), 'Professional accounting bodies: Scoping options for sustainability', *Academic Leadership Series*, Vol. 7, pp. 93–100.

Susskind, R. and Susskind, D. (2015), *The Future of the Professions: How Technology Will Transform the Work of Human Experts*, Oxford University Press, Oxford.

The Future of the Legal Profession

GEORGE BEATON AND BEN FARROW

INTRODUCTION

Much has been made of the massive changes, both recent and imminent, to the legal services landscape. These changes are expected to accelerate, transforming how lawyers advise governments, businesses and private individuals. Buoyed by enhancements in technology and degrees of deregulation, new categories of legal services providers are emerging and impinging upon the market share of providers of traditional legal services.

Section 1 of this paper outlines a new taxonomy of legal services providers with particular reference to corporate and commercial clients. Section 2 evaluates the macro-dynamics affecting the legal services industry and their likely implications for the market shares of different categories of providers serving corporate and commercial clients. Section 3 outlines the broader trends affecting not only the legal services industry, but also professional services generally.

The overall picture is one of a new reality for legal services providers, in which services are delivered better, faster and cheaper to clients. This will be balanced by diminished rewards for professionals in private practice who previously enjoyed the rents associated with regulated monopolies on their services as a result of massive information asymmetries. While these changes will be uncomfortable for many, society will benefit in net terms through reduced cost of legal services, increased access to justice and more enriching work for those who remain a part of the legal profession.

A NEW TAXONOMY OF LEGAL SERVICE PROVIDERS

To understand the industry dynamics described in the 'Legal Services Industry Dynamics' section of this paper, it is important to understand the emergent business models progressively taking market share from traditional law firms. While drawing bright lines between types of business models is fraught, the categories of legal services providers can be broadly defined as Client In-house Legal Services, Traditional BigLaw firms, Remade BigLaw firms, NewLaw firms and Standalone Automated providers.

CLIENT IN-HOUSE LEGAL SERVICES

Client in-house legal departments act as in-sourced counsel for the corporate parent. While not considered 'firms' *per se*, corporations allocate funds to their in-house departments to deliver legal work when it is more efficient than outsourcing the work. They offer a wide range of work. The in-house department may be viewed as a provider of commercial legal advice mainly of a generalist nature. Total spend on in-house legal departments represents their market share of total revenue of all providers.

TRADITIONAL BIGLAW FIRMS

'BigLaw' refers to the traditional business model of law firms. Although BigLaw generally applies to firms of, say, 20 or more lawyers, it should be noted that it connotes the business model rather than the size of the firm to which it refers.

Broadly speaking, BigLaw model firms have the following traditional hallmarks (Beaton, 2013):

1. Personal brands of rainmakers
2. Lawyers sell and produce work
3. Hourly rates are charged to clients
4. Technical legal excellence is the norm
5. Top legal talent is attracted to these firms and this talent enters into a tournament for partnership
6. Firms leverage full-time lawyers who do the bulk of the legal work for clients, incurring high fixed costs
7. Sustaining, not disruptive, technology is deployed
8. Sustaining processes are applied to improve efficiency and effectiveness
9. Firms are structured as partnerships with cultures that reflect this organisational form
10. The number of equity partners is held low to maximise profits.

These firms represent 99% of the enterprises in the industry, and have approximately an 80% share of the legal services market, as defined here. Excluding clients' expenditure on their internal legal services, BigLaw's share of the market is currently well over 90%. These figures are based on analysis and crowd-sourced estimates by Beaton (2016).

Notably, this group now includes law firms that are part of the Big Four diversified professional services firms. With the backing of the Big Four, they represent a major threat to Traditional BigLaw firms. While their second foray into the legal services market (their first ended

with the Sarbanes-Oxley Act in the US in the early 2000s) is focusing on the mid-market, it is likely that once well-established, the Big Four will turn to higher value work as they chase market share. Unless they establish themselves primarily as 'go-to' resources for mission-critical legal work, the Big Four will need to change their business model to remain competitive with Remade BigLaw and NewLaw providers.

REMADE BIGLAW FIRMS

Remade BigLaw firms are perhaps best referred to as 'law firms in the process of being remade', taking on elements of NewLaw business models to remain competitive and relevant in the rapidly changing market. As such, Remade BigLaw represents a spectrum of firms. Elements adopted to varying degrees include alternative fee arrangements (AFAs), separation of sales and production, greater reliance on corporate brands, fit-for-purpose standards of work and more flexible work practices, which transfer some of their costs from fixed to variable. Elements remaining from the BigLaw model include equity partner ownership structure, leverage of junior lawyers in a tournament for partnership and relatively high fixed costs compared to non-BigLaw providers.

There are several examples of firms remaking their business model, including Allen & Overy, Seyfarth Shaw, Marque Lawyers and Valorem Law. To varying degrees, these firms have elements of both BigLaw and NewLaw business models.

NEWLAW

NewLaw is a neologism coined by Beaton (2013) that refers to these emergent providers based on business models that are quite different to those of Traditional BigLaw firms. While both NewLaw and BigLaw providers use qualified and licensed legal talent, they have very different operating models. NewLaw providers tend to leverage technology, rely on variable cost labour and apply AFAs to a greater extent. NewLaw is a heterogeneous category, encompassing NewLaw firms, Legal Process Outsourcers (LPOs), Legal Service Outsourcers (LSOs) and legal staffing providers (Beaton, 2013).

In direct contrast to Traditional BigLaw firms, NewLaw firms have the following hallmarks:

1. Reliance on corporate brands
2. Separation of sales and production functions
3. Use of alternative fee arrangements
4. Commercial relevance as the standard for legal work
5. Recruitment of business-savvy talent
6. Employment of flexible lawyers on a variable cost basis
7. Adoption of disruptive technology that replaces lawyers
8. Use of process re-engineering to reduce costs, increase speed of work flow, and assure quality and consistency
9. Corporate ownership
10. Non-lawyer shareholders.

Examples include Lawyers on Demand (LOD), Axiom Law and Riverview Law.

LSOs and LPOs have a blurry distinction which is not relevant for the purposes of this paper, as many of these third party providers serve clients directly, while many also serve law firms. This creates co-opetition, whereby they compete in some spheres with BigLaw firms while acting as service providers for BigLaw firms in other circumstances. Many BigLaw firms have set up their own LSOs/LPOs in lower cost jurisdictions, such as Herbert Smith Freehills' office in Belfast.¹

Legal staffing providers supply dedicated contract lawyers to corporate clients and firms on an as-needs basis, matching supply to demand. Some operate in their own right (e.g., LOD, which has recently merged with Australia's AdventBalance), while BigLaw firms own others (e.g., Orbit owned by Corrs Chambers Westgarth and Lexvoco owned by McInnes Wilson). These effectively allow for secondees to be contracted by corporate clients at significantly lower cost, as these satellite providers do not have the high fixed costs of Traditional BigLaw firms.

STANDALONE AUTOMATED LEGAL SERVICES PROVIDERS

There is an important distinction between technologies that enable lawyers to practise more efficiently (i.e., better, faster and cheaper) and those that substitute the absolute need for lawyers. This category refers to the latter – services based purely on technology and artificial intelligence.

Examples include Lex Machina (now owned by Lexis Nexis), which uses data analytics to give lawyers insights into judges, lawyers, parties and patents to predict more accurately the outcome of IP litigation. IBM's ROSS (built on IBM Watson) is an artificial intelligence system capable of natural language processing rather than keyword searching, 'reading' millions of documents and giving answers to legal questions in a matter of seconds (Beck, 2014).

Given that these technologies are in their fledgling stages, they could have significant implications for the type of work lawyers do, automating drudgery and allowing lawyers to spend their time advising.

1. <http://www.herbertsmithfreehills.com/locations/belfast>

SUMMARY OF TAXONOMY

TABLE 1 TYPES OF LEGAL SERVICES PROVIDER

		TYPES OF LEGAL SERVICES PROVIDER						
		CLIENTS	BIGLAW FIRMS		NEWLAW PROVIDERS			
		1	2	3	4	5	6	
Hallmarks		Law Departments	Traditional BigLaw Firms	Remade BigLaw Firms	NewLaw Firms	LSOs and LPOs	Legal Staffing Providers	
A. Primary purpose and client base		Practise law as in-house counsel for corporate parent	Practise law as outside counsel for corporate clients	Practise law as outside counsel for corporate clients	Practise law as outside counsel for corporate clients	Provide legal services directly to corporate clients and with traditional firms	Provide dedicated contract lawyers to corporate clients and firms	
B. Human capital	B1. Legal talent	Not applicable	Top talent	Requisite talent	Requisite legal and other talent		Requisite talent	
	B2. Standards		Near perfect	Fit-for-purpose	Fit-for-purpose		Fit-for-purpose	
	B3. Production and sales		Lawyers to both	Some separation	Full separation		Full separation	
	B4. Brand promoted		Mainly personal	Corporate and personal	Corporate		Corporate	
C. Technology			As a generic enabler of the 'better, faster, cheaper' practise of law	As a substitute for lawyers where feasible		Not applicable		
D. Practice economics	D1. Leverage		Fixed cost, predominantly full-time lawyers	Mixed cost with flexi-work practices	Variable cost, matching supply to demand		Match supply to demand	
	D2. Tournament		Yes	Mixed	No		Not applicable	
E. Ownership structure			Restricted to equity partners	Restricted to equity partners	Often includes non-lawyers and employees	Corporate, including pure investors	Corporate, including pure investors	
F. Pricing structure / Risk allocation				Hourly rates and AFAs / Risk mainly borne by clients	AFAs / Risk shared with clients	AFAs and hourly rates / Risk mainly borne by provider		Not applicable
Notes / Exemplars		Continued growth Some provide services to other corporations Consortia forming	Vast majority of incumbents, typified by AmLaw200 and equivalents in all countries Includes the law firm parts of the Big Four diversified professional services firms	Formed as breakaways from traditional BigLaw firms or as start ups / Most are small Examples: Marque Lawyers Valorem Law	Numerous and varied examples, some recognised as 'virtual law' firms: Bespoke Conduit Law Cognition LLP Potomac Law Radiant Law Riverview Law Temple Bright	Numerous and varied examples: AdventBalance Axiom Law CPA Global Cognia Law Elevate Services Exigent Radiant Law Riverview Law Captives owned by BigLaw firms	Numerous and varied examples: AdventBalance Axiom Law Cognition Elevate Services Virtual Law Those (part) owned by BigLaw firms e.g., Agile, LOD, Orbit, Peerpoint, Vario	

Note that automated standalone legal services providers are not outlined in the table above. This reflects the diversity of legal services offerings in what has become a buyer-centric market. The taxonomy above is fluid and there are hybrids across two or more categories (Beaton, 2015a).

LEGAL SERVICES INDUSTRY DYNAMICS

Imminent and seismic shifts in market share for major groups of legal services providers present a compelling case for action by traditional commercial and corporate law firms. In collaboration with Ross Dawson of the Future Exploration Network, Beaton has analysed the B2B sector of law. Our research combines the identification of mega-forces with scenario-building techniques to assess implications for the market share of five major types of legal services provider over the next 10 years. As quality assurance, we drew on the insights of 21 invited thought leaders and practitioners in the five regions studied. We conclude that firms using the BigLaw business model must start remaking their model now.

TRENDS

We examined the legal services providers outlined in the first section of this article. Market share is measured by the revenue to each of the above services providers. In the case of client in-house legal services, revenue is measured by the cost of these services to their parent corporations and excludes spend on outside counsel.

These revenue shares are shown in Figure 1 in three five-year periods: from now to 2020, 2020 to 2025,

and beyond 2025. The sum of the percentage share of each type of provider in each period is 100. In other words, changes in the height of the columns represent gains or losses for each type over the three time periods. The shares are estimated, not precise, forecasts charted to show the temporal trends.

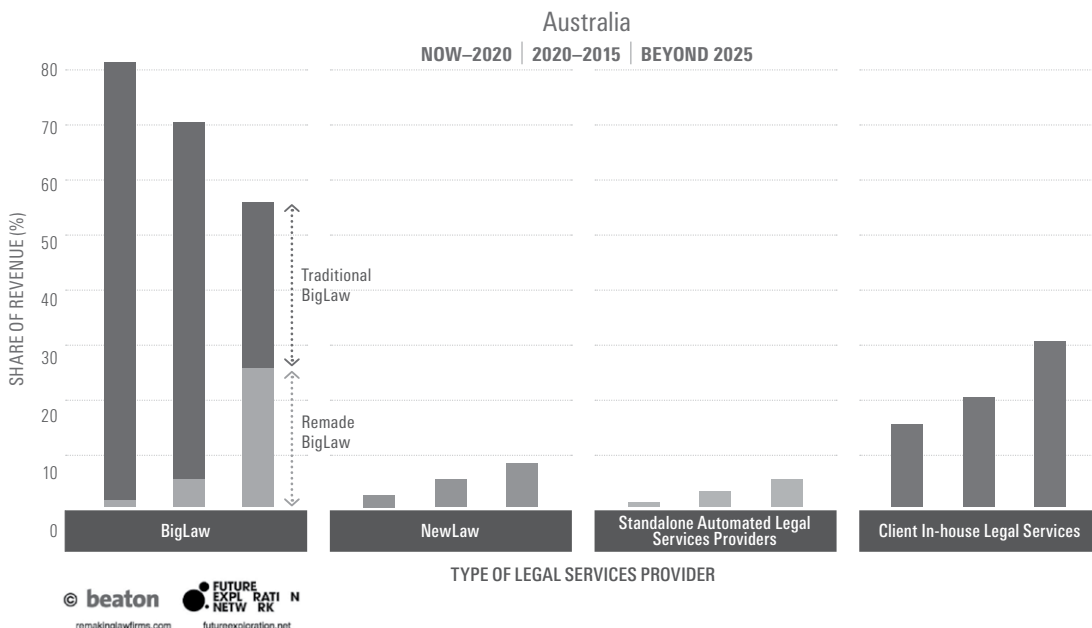
The outcome for each type of provider in a region depends on its starting point in Now-2020 and the speed and intensity with which the mega-forces affect all players in that region.

MEGA-FORCES

Our study identified five mega-forces that will drive the supply and demand sides of the legal services market over the coming 10+ years. These forces are shaping the nature and volume of clients' needs and how these needs will be met. They are:

1. **Hyper-competition.** Hyper-competition will cause changes in industry structure, including clearer delineation of strategic groups and proliferation in the number and type of legal services providers, and intensifying supply-side competitive dynamics.
2. **De-regulation.** De-regulation will progressively reduce, even remove, restrictions on almost all aspects of the ownership of providers and the ways in which legal services are delivered.

FIGURE 1 REVENUE SHARES OF TYPES OF LEGAL PROVIDERS



3. **Client transformation.** The speed and intensity with which clients transform the ways in which they meet their legal needs will occur more rapidly than most anticipate.
4. **Exponential technology.** The impact of technology as a substitute, not just a complement, for lawyers' services will be more dramatic than most predict.
5. **BigLaw firm inertia.** In the main BigLaw firms will be slow to develop the capabilities in change management and innovation that are needed to remain profitable in the conditions expected after 2025.

Crucially, the mega-forces have a profound impact upon BigLaw firms. Remade BigLaw gains share at the expense of Traditional BigLaw, while the combination of Remade and Traditional BigLaw firms lose share to other types of providers. NewLaw providers and Standalone Automated legal service providers will see substantial gains from their low bases, while a great deal of resources will be diverted to the in-house legal services of B2B clients.

Major structural change is occurring in the legal services industry due to the mega-forces outlined above. This will occur on a global scale, particularly in common law jurisdictions. The majority of traditional law firms are at risk of being overtaken by the tide of change. As a consequence, they will suffer reduced capacity to invest in serving their clients and progressive reductions in profitability – a vicious downward spiral. The rise of alternative business models is inevitable as clients recognise the benefits of choice and exercise their sovereignty.

These changes are typical of an industry entering life-cycle maturity and, while novel in law, are well understood in other industries. The impact of the mega-forces can be successfully addressed in law – provided firms start now in earnest. A small number of pathfinder BigLaw firms are already starting to demonstrate the advantages of remaking their business models (Beaton, 2016).

TRENDS IN OTHER PROFESSIONS

Disruptive technology and the pressure of new business models are not unique to the legal profession. Consulting engineers, accountants and medical practitioners all face these forces to varying degrees and in different ways.

Professions and their institutions are ill equipped to deal with the challenges and benefits of new methods of service delivery and there is likely to be substantial distress and disruption amongst the professions in the short term. The prevailing trend at the moment is enhancement of professionals' productivity, resulting in fewer professionals being needed to meet clients' needs. Replacement of professionals by technology will also arise, raising questions with respect to the ownership of substitutes, responses of educators and the organisation of remaining professionals in transformed industries.

These advances in digital technology will break down information asymmetries, and cause society to question whether it should continue to accept the regulated monopolies the professions have historically enjoyed in what authors have described as the 'grand bargain' (Susskind and Susskind, 2015). They will allow for professional services to be delivered better, faster and cheaper than traditional methods. This is a win for clients and a net gain for the broader public interest.

TECHNOLOGY REPLACING PRACTITIONERS

The many and varied forces impacting upon the legal profession described above are being mirrored in other professions.

In the accounting profession, Xero and other software developers are providing fully automated tax returns. In medicine, IBM's Watson is delivering medical diagnoses that are in some cases superior to those of teams of leading physicians. Invasive surgical procedures delivered by robots may in time prove to deliver better results than surgeons. In law, Lex Machina contributes to greater accuracy in predicting success in patent litigation at a fraction of the cost and time of lawyers undertaking the same tasks, while online dispute resolution without any human agency is being pioneered by the likes of eBay. In engineering, drones are undertaking geotechnical surveys.

No regulated profession is immune from parts of its work being replaced by machines, and there are wide-ranging consequences. These include the spawning of new roles, careers and professions. They also include technological unemployment for those whose skill sets are no longer needed. These changes are daunting for the professions, but with them comes the opportunity of latent demand for needs that were previously undetected and unmet.

As true for law firms as it is for the other professions, the 'innovator's dilemma' may prevent incumbent businesses from taking advantage of these opportunities. In summary, there is little incentive for a firm to invest in new technologies. They have a poor short-term return when they are in their fledgling stages of development, and in the long term they will cannibalise and destroy the existing (and in the case of professions, very profitable) business of a firm. This is particularly the case for high-fixed cost firms, who will not earn profit on innovations the market is not yet demanding. On the other hand, when an innovation has been developed sufficiently by smaller firms, who can afford lean revenue due to lower fixed costs, it will kill the incumbent firm. Ironically, choosing the course of high short-term profitability kills firms in the long run (Christensen, 1997).

The impact of replacement is likely to be incremental rather than abrupt as clients, practitioners, educators and regulators adapt to what is possible. However, the implications for the professions are profound.

TECHNOLOGY ENHANCING PRODUCTIVITY OF PROFESSIONAL PRACTITIONERS

Technology enhancing the productivity of professionals is a continuation of trends covering many decades. Word processors, email, document management, computer-aided design, spreadsheets and countless other innovations have allowed professionals to deliver their services better, faster and cheaper than they previously could.

A shrinking range of work will accompany technological enhancement for traditional professionals. As they work better, faster and more cheaply, fewer professionals will be needed for the same output. The remaining professionals will be enabled to work anywhere, at any time, with enriched intellectual challenges and higher quality outcomes for clients.

In turn, this has profound implications for the organisations that the private arms of the professions have built in the past 50 years, some of which are multinational and much larger than many of their clients. Some professional enterprises will get larger through further consolidation, and at the same time we will also see fragmentation as the new technologies allow a return to cottage industries (Beaton, 2015b).

CONCLUSION

The challenges and opportunities faced by the legal profession are substantial, and we are likely to see a major shift in the way clients are served in the next five to 10 years. This shift is not unique to the law, which is only part of a new reality that members of the other professions are also facing.

Legal services providers must prepare for a world in which they are no longer shielded from market forces by a regulated monopoly on information. Deep change based on the benefits of the digital revolution should be embraced, and members of the legal profession should take leadership positions in responding to and shaping the future of its service delivery. This will help ensure their survival in a world where their business faces reduced regulatory protection. It will also allow them to be a part of better access to legal services for clients.

REFERENCES

- Beaton, G.** (2013), 'How to recognise a NewLaw firm', available at: <http://www.beatoncapital.com/2013/12/recognise-newlaw-firm/>, accessed 11 May 2016.
- Beaton, G.** (2015a), 'Fresh thinking on the evolving BigLaw-NewLaw taxonomy', available at: <http://www.beatoncapital.com/2015/01/fresh-thinking-evolving-biglaw-newlaw-continuum/>, accessed 5 May 2016.
- Beaton, G.** (2015b), 'Digital disruption in the professional services industry', Editor Group, *21 Years of Regulatory Innovation through Professional Standards*, Professional Standards Council, Sydney, NSW, pp. 37-39.
- Beaton, G.** (2016), 'Why BigLaw firms must start remaking now', available at: <http://www.remakinglawfirms.com/evidence-showing-why-biglaw-firms-must-start-remaking-now/>, accessed 10 May 2016.
- Beck, S.** (2014), 'The future of law', *The American Lawyer*, August, available at: https://www.akerman.com/documents/AmLaw_Innovation_29504636_v_1.PDF, accessed 6 May 2016.
- Christensen, C.** (1997), *The Innovator's Dilemma*, Harvard Business School Press, Boston, MA.
- Susskind, R. and Susskind, D.** (2015), *The Future of the Professions: How Technology Will Transform the Work of Human Experts*, Oxford University Press, Oxford.



PART B

EDUCATION ISSUES

The Role and Nature of Professional Development Education in the Future

JASON DALE

WHAT IS A PROFESSION?

Before we can consider the relevance of professional associations – and specifically their role in education – it is important to first establish what is unique about a profession. A key attribute of a profession is that its members have specific technical knowledge that is not available to the general population and they can apply that knowledge at expert levels. Recognition of this specific knowledge is provided to members of the profession through credentialing, that

is, standards of education and indenture are acknowledged by membership of a professional association as well as adherence to high standards of ethics. A professional association is regulated, and on that basis can grant exclusive rights to its members, provided they abide by the rules that apply to membership and maintenance of stated standards of conduct. In addition, the association expects its members to abide by a common set of values that go beyond the formal regulation (see Figure 1).

FIGURE 1 THE KEY CHARACTERISTICS OF A PROFESSION



SOURCE: *The Future of Professions: How Technology Will Transform the Work of Human Experts*, Susskind and Susskind (2015)

WHAT IS THE ROLE OF A PROFESSIONAL ASSOCIATION?

In terms of their role as the home of members of a certain group of workers, professional associations are often compared to unions. However, in Australia, union membership is declining while membership of professional associations has increased. A key driver of this is that members of professions continue to see benefits and relevance in their professional associations.

Chartered Accountants Australia and New Zealand has recently undertaken research to determine what members value in belonging to a professional association. These include:

- networking;
- advice and professional updates;
- professional development;
- ethical standards;
- mentoring, coaching and support;
- advocacy and representation; and
- industry schemes.

Interestingly, while professional associations consider ongoing professional development as one of their core missions, one in four members of Chartered Accountants Australia and New Zealand did not identify any benefit from ongoing professional development. There is more to professional development than ongoing personal development, although this is undoubtedly important, with attracting new talent into a profession a key aspect. However, the role of the professional association in supporting professionals to adapt and change during the course of their career is increasingly important as the environment changes due to a range of disruptive forces. In providing members development that creates a sustainable career and profession, professional bodies are focusing on their mission and continuing relevance to both their members and to society more widely.

Chartered Accountants Australia and New Zealand members taking part in the research highlighted that they value the association with a reputable brand, which gives them a sense of belonging and also a sense of pride. They value the leadership and advocacy role of their professional association, through which the association can represent them

as a body to stakeholders, such as government, as well as provide thought leadership in terms of future directions of the profession. For example, in 2015, Chartered Accountants Australia and New Zealand responded to over 276 formal requests for submissions to government and non-government enquiries in Australia alone.

WHAT IS THE FUTURE OF THE ACCOUNTING PROFESSION?

Technology is likely to cause significant disruption to the accounting profession in the short and long term. Technology allows the dissemination of information in a way that is an equaliser between people without professional qualifications and the professions. It brings knowledge into the hands of individuals, both formal knowledge and know-how and, in doing so, has great liberating qualities for society. It means that machines, systems and technologies allow a wider range of people to do jobs that were once solely the domain of a professional. For example, in 2015 in the US, 48 million individuals filed a tax return online without the help of a professional, a significant increase from 2014.

For the accounting profession, technology will bring greater efficiencies and new services with lower costs but will also bring job losses where basic services, like personal tax returns, are automated. Not only are clients more technologically aware but communication is also rapidly changing with the advent of smart devices and social media. Predictive modelling and big data analysis tools are becoming more sophisticated and there are increasing cyber security threats. In addition, digital money options are developing, posing significant challenges to accounting and auditing. All of these changes present opportunities and threats for the accounting profession (Roos, 2015).

These technology changes raise questions around privacy, confidentiality, security and crime, and liability around these matters is a work in progress. In terms of threats, it seems that it is unlikely bespoke services will continue into the future. Significant elements of professional work will be routinised. Traditional gatekeepers such as accountants, lawyers and doctors will be bypassed in favour of new professionals such as data scientists, process analysts and knowledge engineers. Organisations will no longer work with big teams – rather we will more likely see a network of

'cottage industry' participants who work as freelancers, developing their individual brands (Chartered Accountants Australia and New Zealand, 2015).

The Big 4 will no longer be accounting firms, but aggregation and consolidation will mean they are much more multidisciplinary than they are now when their combined turnover is US\$120 billion, which is equivalent to the GDP of the 60th largest country in the world (Big4.com, 2015). Future audit teams will include, for example, a health and safety expert and a cyber security expert. Rather than be called upon in reaction to a problem, professionals will be strategic advisors, developing a proactive approach to addressing issues before they become problems.

Regulatory changes are also driving change. For example, the number of audit firms registered for audit decreases as audit thresholds increase. Audit skills are adaptable and will be applied to a much wider range of assurance work than the traditional audit. Economic drivers of change will likely lead to the breakdown of some medium-sized companies into smaller companies or scaling up to consolidate into larger organisations.

THE FUTURE OF PROFESSIONAL DEVELOPMENT

In many respects the key roles of the professional association outlined at the beginning of this paper mean that despite the changes described above, the professional associations will adapt to the new challenges. Professional development will be even more relevant in the face of disruption, as new talent coming into the profession will need new skills, and it is the role of the professional association to both provide and assure these. For example, accountants of the future need to be technology literate and Chartered Accountants Australia and New Zealand has identified employer demand for big data knowledge in new graduates. Also, it is the role of the professional association to develop the new skills required as part of its lifelong learning professional development, helping members to adapt and change over the course of their careers.

Learning itself is being disrupted by technology and Chartered Accountants Australia and New Zealand, like many education providers, is addressing the

way it delivers education to members by embracing technology, and placing collaborative and experiential learning at the centre of its programs. Learning in the future will be personalised, and recognition of competencies – the conjunction of knowledge and experience – in the changed learning environment is critical.

To be relevant in the future professional associations will need to be aware of and respond to the changing environment. With an increasingly mobile international workforce they face competition internationally as well as a potentially shrinking number of members as jobs are lost in the profession due to the disruptive forces outlined above. In response, professional associations need to be more entrepreneurial in the way they provide services – they need to experiment, fail and learn, and this is difficult for organisations that are inherently conservative.

In responding to the changing environment, the accounting professional bodies have been active in developing a more holistic approach to accounting education, both in their own programs and in advocacy and leadership with higher education providers. Increasingly, academics and practitioners are calling for accounting education to focus not only on technical skills but also to include critical thinking, communication and applying judgement in a complex world. The US Pathways Commission has recommended greater alignment between education and the future role of the accounting professional (Pathways Commission, 2012). So while traditional core accounting knowledge is still essential, the professional bodies are placing much more emphasis on social and professional skills to match the expectations of the workplace.

A key contributing factor to this shifting focus is access to employment. While superficially it seems that accounting graduates are more likely than other graduates to be employed within 12 months of graduating, there are, in fact, jobs available for more accounting graduates but insufficient experienced graduates to fill them.

In order to meet this skills gap we are undergoing a transformation in education around the use of technology. This extends much further than computer-based learning and blended learning to incorporate collaborative and experiential learning. One of the

key elements of this is socialisation, which supports workplace requirements to operate in teams. While fundamental skills continue to be provided in a formal learning environment, such as university, and traditional forms of ongoing education such as journal articles, short courses, and so on, collaborative learning leverages a learning community and involves social media, think tanks, mentoring and distributed learning. These forms of learning may be more informal in that they are on demand, rapid, accessible and flexible. For example, the Chartered Accountants Australia and New Zealand CA program operates after hours, delivering a more personalised service that suits the program's students who are also employed and therefore not accessing the program 9 to 5. These changes apply not only to the CA program but also to professional development so that rather than an academic online delivery of frameworks or content, students participate in real world or simulated environments from simulated FX trading to working on a real-time problem for a multinational company with participants and a team from 10 different locations. Figure 2 shows the evolution of learning.

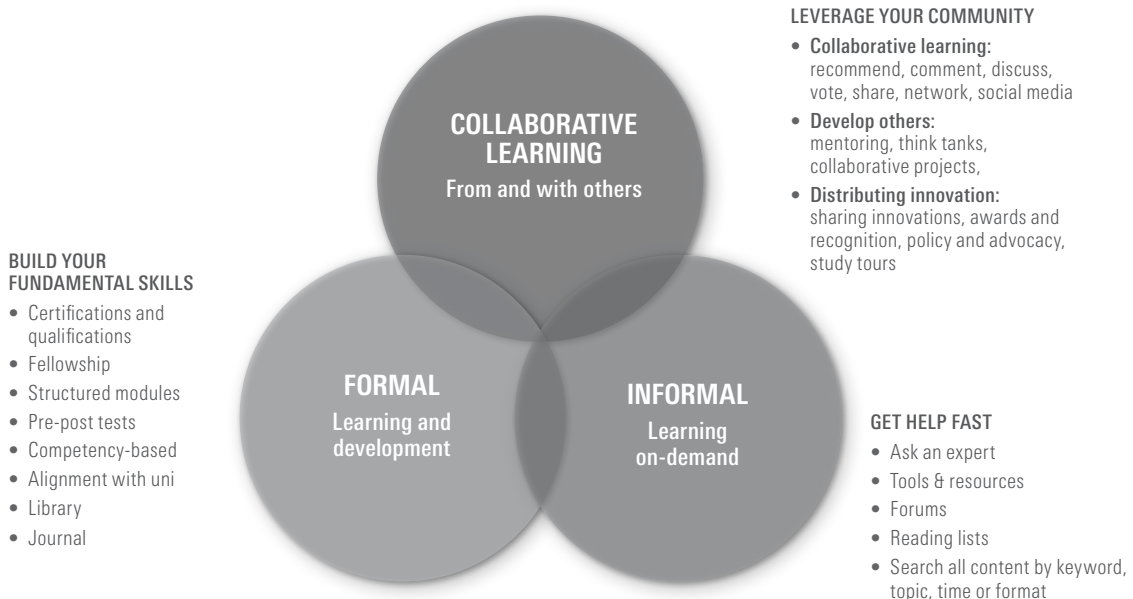
For online learning programs to be successful they must:

- have outstanding content and delivery with optimal designed outcomes;
- result in certification, the acknowledgement of the skills acquired; and
- incorporate socialisation, that is, the learning must be one in a social context, because humans are social beings and need to learn in a social way.

Ideally, they must also be personalised, so that a framework is applied to assess an individual's competency needs, course content is filtered and the resources are focused on areas where that individual needs to learn so that the desired outcome is achieved through best practice program of study design.

These approaches to learning have informed Chartered Accountants Australia and New Zealand's approach to the CA program and professional development. Changes to the program are aimed at moving beyond technical accounting and will work with members to identify changes and partners who can help to achieve best practice.

FIGURE 2 THE EVOLUTION OF LEARNING



As an example, a particular focus for Chartered Accountants Australia and New Zealand is big data. As big data becomes part of an organisation's ongoing competitive advantage or disadvantage it has become increasingly common for both employers and candidates to need to know more about it. For example, in relation to big data, as discussed in the previous section, Chartered Accountants Australia and New Zealand has developed a big data environment for small to medium-sized practices to understand what big data means for them and to give them tool sets to apply that for their clientele.

This is exactly where a professional association is relevant: it is ideally placed to support members in learning about and taking advantage of the opportunities that this kind of new technology can offer. Members not only want education from the professional body but they also turn to the professional association as a trusted advisor, who can recommend the providers of education and services. To address this growing demand for information about big data, Chartered Accountants Australia and New Zealand is making changes to the CA program that link digital competency to traditional competencies like audit skills, tax skills, risk management skills and advisory skills (see Figure 3).

FIGURE 3 NEW SKILLS FOR THE DIGITAL NATIVE

NEW AUDIT SKILLS

- Research and identify anomalies and risk factors in underlying data
- Mine new sources of data (must possess a base level of programming knowledge) and use insights to bring new value to the business
- Understand databases that are relational (a data structure that allows linking information from different types of data buckets) and non-relational (data stored without structured mechanisms to link data from different buckets to one another)
- Use exploratory multivariate statistics, inferential statistics, visualisation tools, optimisation methods, machine learning, and predictive analysis tools
- Process-mine using new data analysis techniques and algorithms, to isolate and investigate specific processes that might have led to changes to the data/accounting ledgers

NEW RISK MANAGEMENT SKILLS

- Use simple vendor risk dashboards and filters to minimize inefficiencies and human error
- Perform data and process mapping from a regulatory and risk-assurance view
- Understand and apply advanced query languages; programming languages like R, SQL, and SAS; and data discovery and visualizations techniques

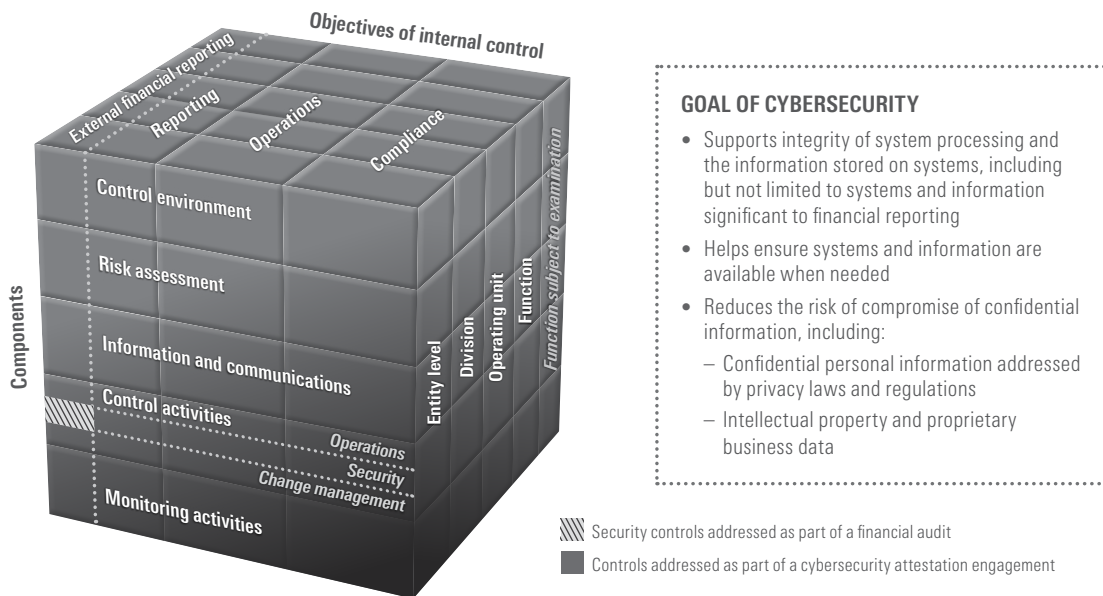
NEW TAX SKILLS

- Gather a large amount of data in many forms and use it to help make tax department business decisions
- Consider after-tax performance insights in decision making
- Visualise accounting data, like credits, debits and tax thresholds
- Use technology to verify that remedial actions or calculations introduced are within regulations and compliance limits
- Help minimise accounting pitfalls using new data software and visualisations (much like tax planning software has revolutionised income tax filing)

NEW ADVISORY SKILLS

- Identify and frame key business decisions and their related metrics to make these solutions more effectively and efficiently
- Extract the right data from different sources, then select and run the most appropriate analytics solution to generate insights
- Visualise and translate insights into concrete actions that businesses can take
- Communicate the decisions and actions needed in a way that highlights the business value to the client
- Create proprietary analytics solutions that capture the unique data analytics that the consulting organisation builds over time

FIGURE 4 CYBER SECURITY ATTESTATION



More accountants now work within organisations providing internal advice and insight to those businesses. As an example, in the future accountants in organisations will be asked to provide advice on cyber security. In fact, auditors will be asked to provide an attestation statement on cyber security (see Figure 4).

CONCLUSION

The need for education and accreditation does not change in the face of changes to the profession – in fact, it is more important than ever. So too is the role of the professional association as a leader and advocate for its profession. Recently, Chartered Accountants Australia and New Zealand has developed a leadership platform to facilitate debate and discussion about macroeconomic issues, public policy and other important issues, such as digital currencies and corruption. Members are part of the debate, and can engage via events that are broadcast so that members can sign on from anywhere.

As an organisation that is made up of members, they must be able to participate in the change and help take the profession to the future. This is not just a Chartered Accountants Australia and New Zealand movement but a global movement through our

membership of the Global Accounting Alliance. As a part of this group we can share ideas, learning and curriculum. These are activities that go to the core of the reason for professional associations. And for these reasons alone the professional association will continue to be relevant – but it must not be complacent.

REFERENCES

- Big4.com** (2015), *The 2014 Big Four Firms Performance Analysis*, available at: <http://www.big4.com/wp-content/uploads/2015/01/The-2014-Big-Four-Firms-Performance-Analysis-Big4.com-Jan-2015.pdf>, accessed 30 June 2016.
- Chartered Accountants Australia and New Zealand** (2015), *The Future of Work: How Can We Adapt to Survive and Thrive?*, Chartered Accountants Australia and New Zealand, Sydney.
- Pathways Commission** (2012), *Charting a National Strategy for the Next Generation of Accountants*, American Accounting Association and American Institute of CPAs, Florida.
- Roos, G.** (2015), 'Technology-driven productivity improvements in the professional services industry', *Academic Leadership Series*, Vol. 6, pp. 41–50.

Professional Associations, Accreditation and Higher Education: Foundations for Future Relations

MARK FREEMAN AND ELAINE EVANS

INTRODUCTION

The role of professional associations in setting and guarding standards has been examined widely in the literature. Less examined is the link between professional associations and higher education. One critical link is that professional associations set admission standards for entry into professional programs, including education standards. A university degree that is an accredited pathway into a professional program can be attractive because it can reduce the cost and time incurred by university graduates acquiring professional membership. Motivated by the increasing supply of competing professional associations and agencies offering accreditation, this paper examines the influence of accreditation from a university perspective. It compares and contrasts how different accreditation options impact universities and, ultimately, the future of professions. We frame the latter with the question: What is the purpose of accreditation of higher education programs by professional associations?

BACKGROUND

Professional associations provide members with a privileged position in status and earnings. In exchange for this grand bargain (Susskind and Susskind, 2015), professional associations can be distinguished by four factors. First, professionals have specialist competence and education arising from their knowledge and skills, from which they can serve the public with specialist services. Second, professions communicate a standard of professional competence, typically by the relevant professional association issuing a credential

that specifies particular courses have been completed and/or experiences (e.g., mentoring) undertaken (McDavid and Huse, 2015).

Certification is a further step where the professional association assures, warrants and certifies individual professional competence by its formal exams that test specific knowledge and skills. Those aspiring to certification enrol in a professional program after joining as a provisional member, which requires appropriate evidence of initial professional development. While assurance of meeting professional competence standards occurs at admission, currency is assured by members providing adequate evidence of continuing professional development. In some cases, a state-issued licence is required to practice, for example, medical doctors.

Third, professional behaviour is governed by regulation or a code of conduct. Fourth, in the grand bargain (Susskind and Susskind, 2015), professionals have a common set of values that revolve around serving the public interest. Without this as a key priority, the legitimacy and sustainability of a profession will be challenged. The public, who use services offered by professionals, rely on and trusts this motive.

Professional associations have a key role in sustaining a profession and signalling credibility and quality of services offered. Those who manage and govern professional associations have a responsibility to their members to ensure that high standards are pursued for admission of new members and that all members maintain these standards when they practise, interact and serve clients and others.

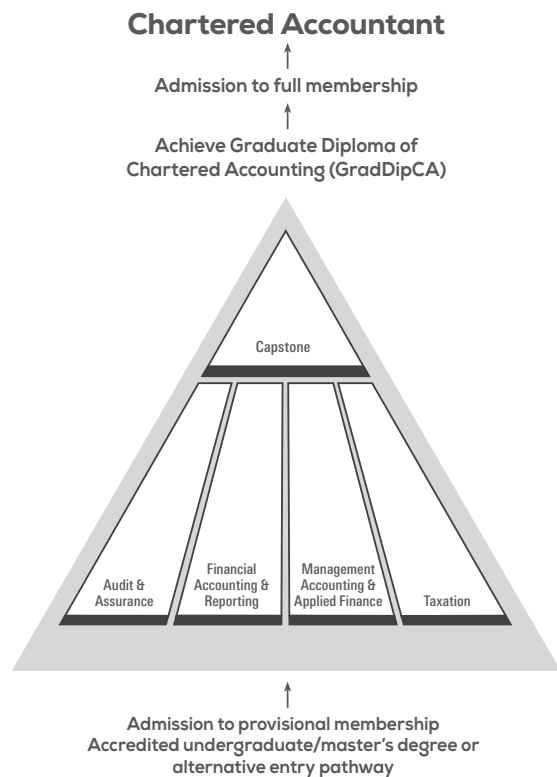
This paper will focus on the admission standards as they relate to professional competence since this is the main point of interaction and link between higher education providers and professional associations. It is not uncommon that a professional program builds upon prior knowledge and skills developed via a formal set of courses in a degree offered by a university or other higher education providers.¹ When higher education providers can provide evidence of achieving formal standards set out in accreditation guidelines that are promulgated by a professional association, such accredited pathways are formally recognised and publicised to aspiring members. For example, the overwhelming majority of new Chartered Accountants completed their accounting degree via an accredited institution as the pathway into Chartered Accountants Australia and New Zealand, completing both elements of the professional program, namely the three years' mentored experience plus the five units of study in the Graduate Diploma in Chartered Accounting.² This is reflected in Figure 1.

ACCREDITATION

Accreditation begins with an accrediting body setting standards and then judging institutions and programs in light of those standards (Pinkham, 1955). Being 'accredited' is the recognition given to an institution/school/program when it complies with standards set by the accrediting body. Accreditation establishes status and legitimacy and means that an institution or program is listed by the accrediting body as achieving those standards. Further, it consists of a set of procedures to gather evidence of meeting those minimum standards (Evans, 2009). There are three steps involved typically in accreditation: (1) self-assessment of performance against a set of standards; (2) external review of performance against standards; and (3) once accredited, taking ongoing action to improve and ensure standards can continue to be met at the next periodic external review (see Figure 2). This final step could involve implementing mandatory changes required by the accrediting

professional association flowing from reviewers' recommendations, or by voluntarily implementing collegial advice provided by external reviewers, as well as taking action to ensure they can meet new or revised standards. Also, it may involve the opportunity to contribute as a peer reviewer to other higher education providers seeking accreditation, or to refining the standards for future accreditation.

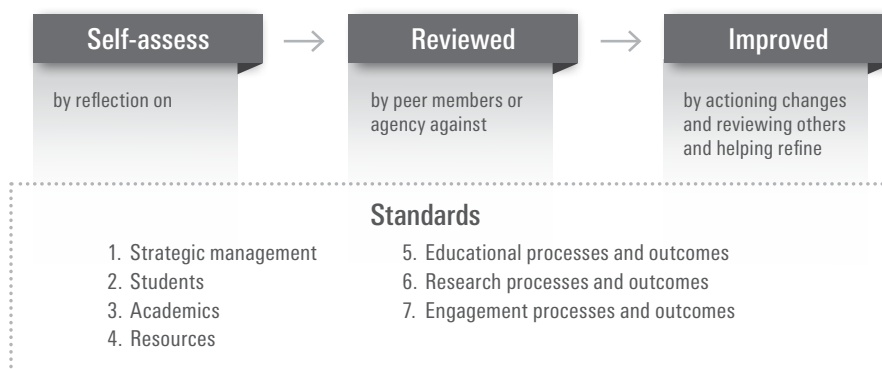
FIGURE 1 CHARTERED ACCOUNTANTS AUSTRALIA AND NEW ZEALAND PATHWAY



SOURCE: <http://www.charteredaccountants.com.au/Candidates/The-Chartered-Accountants-Program.aspx>

1. We distinguish between units of study (also known as subjects, courses or modules in different contexts) and when they are packaged together into some type of award or credential (also known as a program, a course of study, a degree, a diploma or a certificate).
2. Chartered Accountants Australia and New Zealand's website reveals that three in four new members currently are admitted via this accredited pathway, see <http://www.charteredaccountants.com.au/Candidates/The-Chartered-Accountants-Program/Entry-requirements.aspx>, accessed 15 June 2016.

FIGURE 2 THREE STEPS OF ACCREDITATION



There are significant potential implications for a profession if its professional association is lax on accreditation standards or the processes for assuring them. These implications include a loss of protection for members of professional bodies whose reputation may be eroded by poor quality admission standards (Evans, 2009).

Accreditation processes can vary significantly. Some associations may have a less onerous or intense process. Sometimes re-accreditation is less onerous than the initial accreditation. A more intense accreditation process may involve the interrogation of documented evidence over several days via a team made up of peers and professionals, assisted by staff employed by a professional association (CPA Australia and the Institute of Chartered Accountants in Australia, 2015). In contrast, a less intense process may not involve peers or professionals, instead relying on a desktop review by administrative staff employed by the professional association. Some associations have shorter cycles before external review for re-accreditation is required (e.g., three versus five years). Some accreditation processes require annual reporting of progress on improvements for maintenance of accreditation. Some associations have accreditation processes that include opportunities for appeal or probation if an existing accredited provider is judged as not meeting standards. When considering the revision of accreditation standards

some associations involve peers, professionals, academics and even experts from other jurisdictions. Some associations regularly submit their accreditation processes to review by a premier association (such as the Council for Higher Education Accreditation) while accountability is more flexible for others (see, e.g., International Federation of Accountants).³

Accreditation standards can vary significantly as well. First, some associations have in-depth standards. This could arise because the standards are more prescriptive. Alternatively, it could be because the standards have a wider focus beyond knowledge and skills developed in graduates to aspects like the capacity of the organisation to navigate strategically the future, or resource and deliver plans. Some accreditation standards, for example, extend to external engagement, reflecting an assumption that there is a positive influence on the development of professional competence if academics teaching in the program have a high level of engagement with professional practice or with their professional association.⁴

Second, some associations rely primarily on standards around inputs (such as particular topics taught, maximum class size or qualifications of academics) with other standards focusing on educational processes (such as assessments undertaken with strong invigilation or around the use of technology-enhanced learning). When outcome standards are

3. <http://www.ifac.org/about-ifac/membership>.

4. see <http://www.aacsb.edu/~media/AACSB/Docs/Accreditation/Standards/2013-acct-standards-update.ashx>, accessed 14 June 2016.

included, too often the proxy measures are not entirely valid for assuring graduates have achieved specialist knowledge and skills. For example, retention rates (i.e., the proportion of students retained from one period to the next to continue their course of study), progression rates (i.e., the proportion of students that passes a particular unit within their course of study) and satisfaction rates (i.e., the proportion of students that agrees their experience within a unit or course of study is satisfactory overall) reveal little about the development of specialist knowledge and skills towards professional competence needed for entry to a professional program.

Currently, there is a global trend for accreditation standards to incorporate an outcomes focus, and specifically around learning outcomes to incorporate assurance of learning standards. For example, assurance of learning standards was reflected in international education standards for accounting that came into effect in July 2015.⁵ This was influenced by the international accreditation organisations Association to Advance Collegiate Schools of Business (AACSB) and the European Foundation for Management Development (EFMD), which have had assurance of learning standards for over a decade, as well as the experiences of business schools accredited by them. Closer to home, the two representative bodies, Universities Australia and Professions Australia, jointly released a statement of principles for professional accreditation 'acknowledging that the achievement of quality graduate outcomes is the central purpose of professional accreditation and that each party is working genuinely towards this goal' (Professions Australia and Universities Australia, 2016, p. 7). Going one step further, external benchmarking to assure learning standards has also been a critical element for Australian higher education providers since 2011 when it was first included in the national higher education standards.⁶

Third, in a small number of professions, the government may decide to co-regulate practice with a professional association. Robust oversight by a professional association of standards and processes relating to professional competence extends to academic and professional programs. Typically, it is a profession, or a narrow segment of a profession, where non-performance is considered high risk. For example, life and death decisions of doctors and nurses require professional practitioners to be registered or licensed. Australian school teachers must now be registered with their state education board to practise, and all higher education providers of initial education programs are subject to new accreditation standards released in late 2015 – the latter focusing on the assurance of learning to professional standards for teachers, and including external review.⁷

In most business professions, such as marketing, consulting, business advisory, human resources, and business analysis, a professional credential, certificate or licence is not required to practise. However, to enjoy the grand bargain, professional associations have been established in these areas or are seeking to extend their influence and market share. One part of their strategy is to promote accreditation to higher education providers, which includes the Australian Marketing Institute, the Australian Human Resources Institute and the Australian Computer Society respectively. Currently, few business higher education providers are accredited to produce graduates that can immediately enjoy legislated privileges (and be subject to corresponding responsibilities). A financial planning degree would be the main exception since some meet the relevant RG146 compliance requirement of the Australian Securities and Investment Commission (ASIC).⁸ For most aspects of professional accounting work, firms rely on a principal to obtain the necessary additional certificate or licence sometime after becoming a member of a professional association, as in the case of a Chartered Accountant

5. www.ifac.org/publications-resources/framework-international-education-standards-professional-accountants-and, accessed 14 June 2016.

6. Review and improvement activities include regular external referencing of the success of student cohorts against comparable courses of study, including the assessment methods and grading of students' achievement of learning outcomes for selected units of study within courses of study, Standard 5.3.4. See, https://www.legislation.gov.au/Details/F2015L01639/Html/Text#_Toc428368868, accessed 14 June 2016.

7. Both the teacher standards and the accreditation standards and procedures for providers, were collaboratively developed under the leadership of the national peak body, the Australian Institute for Teaching and School Leadership. State education bodies are responsible for execution and coordinating compliance. See, <http://www.aitsl.edu.au/> and <http://www.nswteachers.nsw.edu.au/higher-education-providers/>, accessed 14 June 2016.

8. 'As a graduate, you'll meet the relevant RG146 compliance requirement of the Australian Securities and Investment Commission, and be eligible for admission to the Financial Planning Association of Australia, allowing you to qualify as a CERTIFIED FINANCIAL PLANNER® professional (achieve CFP® Certification)', accessed 15 June 2016. See, <https://www.griffith.edu.au/business-government/finance-financial-planning/what-can-i-study/financial-planning>, accessed 14 June 2016.

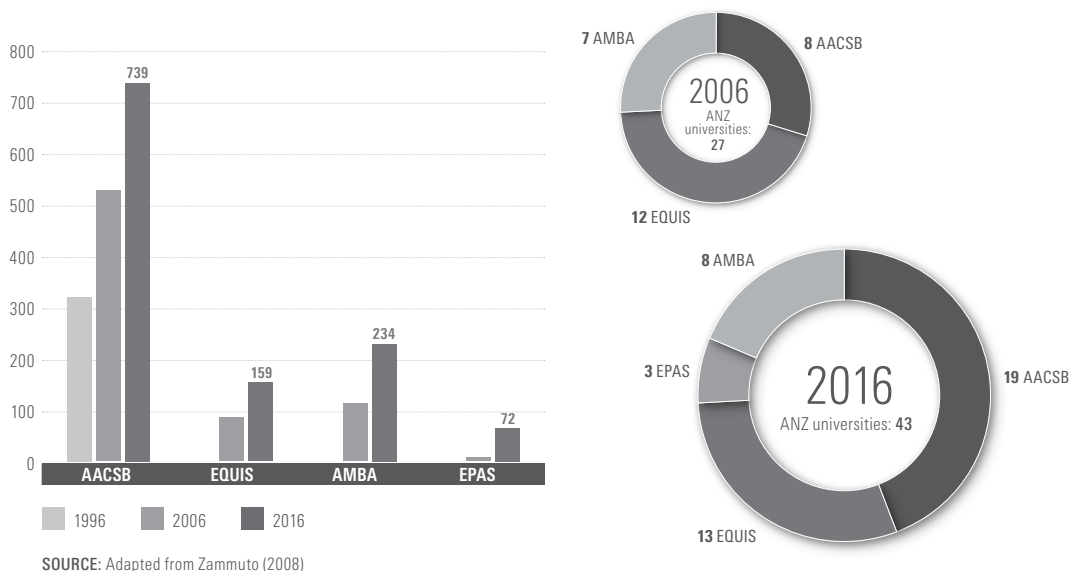
seeking a Certificate of Public Practice. Accounting practice in Australia is subject to co-regulatory environments post completion of a professional program – for example, Chartered Accountants who operate as auditors and liquidators have their practice and behaviour subject not only to the professional association and the relevant government regulator, in this case, ASIC, but also the Accounting Professional and Ethical Standards Board (APESB). Chartered Accountants Australia and New Zealand maintains that the APES 110 Code of Ethics for Professional Accountants is important because:

The heart of the Chartered Accounting designation is a responsibility to act in the public interest. This is akin to a social contract that pledges ethical practice, underpinned by the principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. These professional standards also require members to meet the technical standards overseen by the Australian Accounting Standards Board and the Auditing and Assurance Standards Board.⁹

As indicated earlier, Australian higher education providers are subject to meeting legislated higher education standards. The Tertiary Education Quality Standards Agency (TEQSA) is the national regulator with oversight for all providers, including those with authority to self-accredit new degrees, mainly limited to universities, and accrediting degrees for those higher education providers without self-accrediting authority. TEQSA case managers use a risk assessment framework to establish and monitor the risk of each provider, which determines the level of ongoing scrutiny and accountability. The framework revolves around 12 criteria.¹⁰ Even those universities and providers with strong histories of quality assurance that result in self-accrediting authority are subject to a major review every seven years as part of re-registration.

Given universities in Australia and New Zealand are increasingly enrolling international students, it is also common for them to seek accreditation of specific programs with international associations. Business schools are seeking to accredit their whole organisational unit (as in the case of AACSB

FIGURE 3 THE GROWTH IN BUSINESS ACCREDITATION



9. <http://www.charteredaccountants.com.au/Industry-Topics/Practice-management/Certificate-of-Public-Practice/The-regulatory-and-co-regulatory-framework-in-Australia>, accessed 15 June 2016.

10. <http://www.teqsa.gov.au/regulatory-approach/risk-assessment-framework>, accessed 15 June 2016.

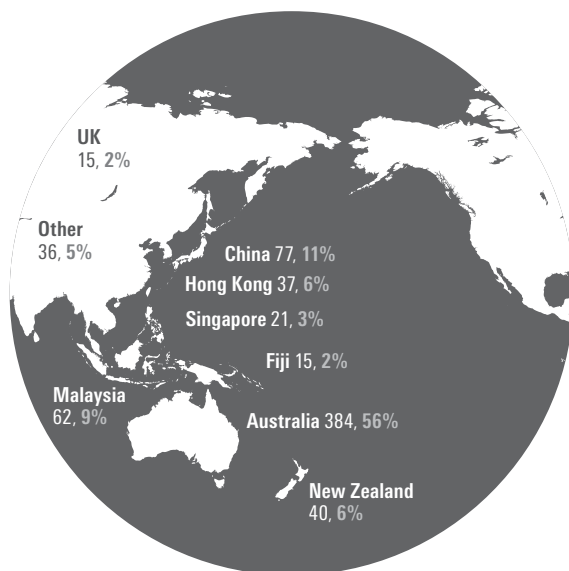
FIGURE 4 PROFESSIONAL ACCREDITATION BY CPA AUSTRALIA IN 2015

687
accounting
programs

185
higher education
providers and

41
in-partner
institutions

in **20**
countries around
the world



In Australia:

384
programs with
58 HEPs

Outside Australia:

303
programs with
127 HEPs

Other countries:

Macau, Vietnam,
Indonesia, Sri Lanka,
Cyprus, Thailand, India,
Mauritius, PNG, Saudi
Arabia, Taiwan

SOURCE: http://www.professions.com.au/images/Speakers_presentations_1_April_2015/Mary_Clarke_CPA_Australia_accreditation_presentation_to_PA_workshop_150401_for_circulation.pdf, accessed 16 June 2016.

International or EFMD Quality Improvement System (EQUIS)) or to recognise particular Australian degree pathways to membership of international professional associations such as the Association of Chartered Certified Accountants (ACCA) or the Institute of Chartered Accountants in England and Wales (ICAEW) for accounting degrees. Australian professional associations are also seeking a global presence. Chartered Accountants Australia and New Zealand and CPA Australia, for example, are accrediting overseas accounting degree pathways or expanding reciprocity agreements with international accounting professional associations to be attractive for those professional accountants wishing to be globally mobile.

Accreditation has become big business and is increasingly competitive. The bar chart in Figure 3 shows that between 1996 and 2016 there has been significant growth in international accreditation of business schools (e.g., AACSB and EQUIS) and programs (e.g., Association of MBAs (AMBA) and

EFMD Programme Accreditation System (EPAS)). In particular, AACSB accreditation has nearly doubled globally. The pie chart in Figure 3 shows the growth in international accreditation of business schools in Australia and New Zealand (ANZ). While EQUIS and AMBA have been fairly static, AACSB accreditation has nearly doubled, in line with global growth.¹¹

Similarly, there has been a growth in professional accreditation. Figure 4 provides a snapshot for CPA Australia professional accreditation in 2015 with 384 programs across 58 Australian higher education providers (HEPs) and 303 programs across 127 HEPs outside Australia, for which a fee is charged for some accreditation. Overseas-accredited programs include 114 in China (including 37 in Hong Kong), 62 in Malaysia, 40 in New Zealand, 21 in Singapore, 15 in Fiji and 15 in the United Kingdom with 36 in 11 other countries – in total covering 20 countries.

The following section examines more closely several possible reasons for this growth by examining the benefits and costs of accreditation.

11. Recently, Deakin University and Curtin University joined the ranks of AACSB-accredited business schools bringing the total to 21.

THE BENEFITS AND COSTS OF ACCREDITATION

Although there is minimal research on the benefits, costs and limitations of professional accreditation, there are relevant studies and critiques of business school accreditation (e.g., Apostolou et al., 2013; Nigsch and Schenker-Wick, 2013).

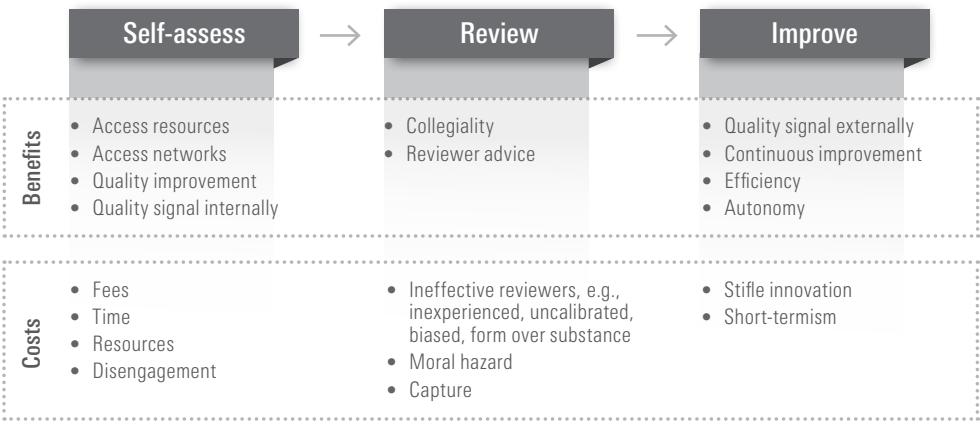
Figure 5 illustrates the potential benefits and costs of accreditation framed by the three steps of accreditation outlined in Figure 2.

There are several groups of potential benefits of accreditation. One of the first and main benefits is the legitimacy or **external signalling of quality** once accreditation has been achieved (Beehler and Luethge, 2013). The more reputable the accreditation agency, the greater the attraction of the school or university to students, academics and other stakeholders and networks. Miles et al. (2015) found that 93% of Deans outside North America surveyed were motivated to pursue accreditation for recruitment in a competitive environment because it was seen as valuable to students. Where universities face no constraints on raising prices – as is the case for international students and domestic coursework master’s students in Australian public universities

– this imprimatur of **quality** can improve revenues since universities can charge higher tuition fees for their degrees. In Australia, Norton and Cherastidham (2015) demonstrate that reputation is strongly correlated with tuition fees for business degrees. Similarly, colleagues investigating the price differential for AACSB-accredited business schools observe that the median MBA tuition fee is \$12,000 higher for Australian business schools with AACSB accreditation than for those without.¹² Additional revenue can provide the school with **greater autonomy**. Universities or schools with stronger reputations can also be a more attractive place to work. AACSB accreditation, for example, may tip the balance for a high-achieving US academic applying for a position in an Australian university. Miles et al. (2015, p. 9) found that of the Deans surveyed in their study, 79% of those outside North America saw accreditation as ‘a requirement to be a credible business school for faculty recruitment’.

The second group of benefits is largely internal. Once a school embarks on the accreditation route, it can gain **access to new resources** (e.g., templates, proven procedures and research about practices that do and do not work) and to new **networks of experts or peers**, which can assist in a range of ways

FIGURE 5 BENEFITS AND COSTS OF ACCREDITATION



12. Personal communication with author, 2 June 2016.

that can help the school become **more efficient or effective** (Zammuto, 2008; Lejeune and Vas, 2009). There can also be **continuous quality improvement** because of the awareness of the requirement to meet the accreditation standards. When academics and professional staff are positively engaged at this stage, there is constant attention to whether standards can be achieved, and outcomes are invariably pursued and delivered as soon as possible.

When a team of experienced external peers visits to review and verify submitted evidence, it is informative to see if it stands up to closer interrogation. Peer review teams are usually selected in consultation with the school under review to ensure conflicts of interest, such as a competitor, are avoided. Experienced peers know the typical weaknesses but also have strong, contextually-relevant experience they can draw on to suggest relevant solutions. One outcome of accreditation visits, therefore, is that the **peers provide expert collegial advice** for the future. Some advice might end up as mandatory actions to maintain accreditation because it relates the improvements to particular standards. Other advice may be recommended rather than mandatory. Such cases can be equivalent or better than the value arising from an expensive external consulting brief. Finally, peer review teams can also advocate to senior internal university leaders for improved **resources**.

Now, turning to the costs associated with accreditation, McDavid and Huse (2015) note that few studies have formally investigated the financial costs of accreditation. Potential explicit costs of accreditation can include purchasing specialised systems (e.g., software to collect specific information and generate reports) or infrastructure upgrades to meet specific accreditation standards. Other explicit costs include fees for different parts of the accreditation process, which can range from a negligible amount to tens of thousands of dollars.¹³ Processes that are more intensive can require covering travel and accommodation expenses for the peer review team. Additional fees may be incurred to access specialised conferences, network or expert consultants to facilitate a faster pathway to achieving accreditation or to conduct mock review visits (Heriot et al., 2009).

In examining the history of accounting professionalisation, Van Wyhe (2007a, b) details attempts made by the American Institute of CPAs (AICPA) to increase the emphasis on practice and the duration of accounting programs as well as professional experience of academics who were teaching. This came unstuck when the AACSB began accrediting accounting programs in addition to entire business schools, attributed by Van Wyhe (2007b) to business school Deans having greater scope and control over the accreditation process. McDavid and Huse (2015, p. 61) conclude, 'stature seemed to play a greater role than improving education for the benefit of students, faculty, employers, and clients'.

McDavid and Huse (2015) contrast the history of professionalisation and accreditation in human resource development (HRD). They note that even though there are stronger links between the HRD professional associations, regulatory bodies and higher education providers in the UK compared to the US, 'in both countries little of the hiring of HRD practitioners shows concern for either certification or accreditation' (p. 62).

Finally, McDavid and Huse (2015) conclude that diversity can play a significant role in the survival of accreditation. The more diverse a field becomes, the more challenging it is to achieve consensus on the key professional competencies as well as accreditation standards and processes. This consensus is exacerbated as more programs and providers become accredited. For instance, the workplace and core knowledge and skills for professional accountants is currently undergoing considerable change due to disruption, particularly due to technological advances (Guthrie et al., 2015).

Implicit accreditation costs can also vary significantly. One significant cost can be the time staff take to prepare a school to meet, and continue to meet standards, and generate the necessary evidence. This time may be extended when some academics are disengaged causing delays in progress. Another potential implicit cost can arise when personal agendas drive accreditation over the net benefit to the organisation – the moral hazard problem – where successful accreditation could be a key performance

13. Currently AACSB charges \$US 20,400 for the initial review and \$US 5,400 for the annual renewal fee. See, <http://www.aacsb.edu/accreditation/fees>, accessed 16 June 2016.

indicator for a leader of a HEP or a professional association. Alternatively, staff can become overly compliance-focused and direct their energies to 'box-ticking exercises' that add little value. Innovation can be stifled if leaders fear potential changes may place achievement of accreditation at risk (Julian and Ofori-Dankwa, 2006). Julian and Ofori-Dankwa (2006) also find an over-reliance on hard data, documentation trumping actual performance in importance, and unnecessarily over formalised processes, leading to what they call 'accreditocracy'.

Another possible cost is the potential for an ineffective or negative review. This can happen if reviewers are inexperienced or not sufficiently aware of the standards. It can also happen if the reviewers are biased or consider form over substance. There is also the problem of short-termism. Accreditation standards must constantly be reviewed for currency, because standards often lag and do not reflect new and innovative ways of thinking and doing (e.g., ICT innovation, technical material, greater emphasis on interpersonal and communication skills), resulting in decisions that do not appropriately value the public interest.

Another potential cost to assuring standards and the public interest agenda is if the professional association, or its accreditation process specifically, is captured by the organisations it is supposed to be regulating. In such cases, the standards may not be appropriately updated or enforced.

Therefore, do the benefits outweigh the costs? Currently, Chartered Accountants Australia and New Zealand accredits accounting and business-related courses at 59 higher education institutions in Australia and Singapore¹⁴ and 20 in New Zealand.¹⁵ Further, from the number of business schools in Australia and New Zealand that have gained (14 in Australia¹⁶ and seven in New Zealand¹⁷) or are seeking AACSB accreditation¹⁸ it appears as though the benefits are perceived to be greater, with the 'signalling of quality' and other benefits outweighing the financial and other indirect costs.

WHAT IS THE PURPOSE OF ACCREDITATION OF HIGHER EDUCATION PROGRAMS BY PROFESSIONAL ASSOCIATIONS?

The question we pose – What is the purpose of accreditation of higher education programs by professional associations? – is related to the question raised by Clayton Christensen in his theory of disruptive innovation first promulgated in 1995 (Christensen et al., 2015), including his application of it to higher education (Christensen et al., 2011). The problem that accreditation by professional associations addresses is critically related to the problem solved by getting a university degree. That is, our stakeholders – students, their families, policy makers – are critically interested in optimising potential employment outcomes and social mobility. Graduate employment outcomes are one important indicator the Australian government collects (via the Australian Graduate Survey sent to every graduate four months after degree completion) to monitor university performance and to set policy. Employment prospects, upon graduation and beyond, are important drivers for individual students (and their parents) since prospects affect social mobility.

Given the enormity of choice globally in terms of business education, how do students choose what university is right for them? While employment prospects dominate student drivers of an internationally recognised degree, Figure 6 reveals that connections come second even before the quality of education. This is not surprising given that connections reinforce and enhance employment and social mobility. Further connections are transferable to other jobs worldwide. In this context, the right accreditation sends a signal to prospective students about the level of quality of a pathway to potential employment and social mobility (see Figure 6). It is a useful tool for parents and students, as well as providing valuable information to policy makers and funders in agencies.

Students choose to study at a business school for their career, with their main focus on their employment prospects. Education promotes social mobility and

14. <http://www.charteredaccountants.com.au/candidates/the-chartered-accountants-program/entry-requirements/accredited-courses>, accessed 16 June 2016.

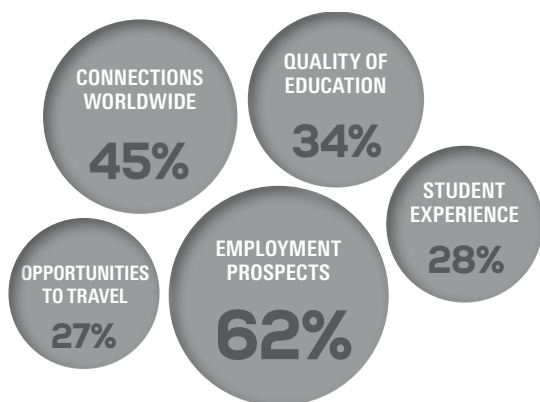
15. <http://www.nzica.com/Students/Tertiary-study/Where-to-study-to-become-a-member.aspx>, accessed 16 June 2016.

16. http://www.aacsb.edu/accreditation/accredited-members/global-listing?F_Accreditation=Business&F_Country=Australia, accessed 16 June 2016.

17. http://www.aacsb.edu/accreditation/accredited-members/global-listing?F_Accreditation=Business&F_Country=Australia, accessed 16 June 2016.

18. Currently in NSW there are at least three business schools seeking accreditation.

FIGURE 6 BENEFITS OF A DEGREE FROM AN INTERNATIONALLY RECOGNISED UNIVERSITY



SOURCE: Top Universities (2016)

opportunities to travel. By choosing an accredited degree, students potentially are on a path to a long-term career because accreditation brings with it professional recognition. Not only is the benefit from the quality education they will receive but also from associating with like-minded students, attracted to the same degree, school or university by accreditation. They have the potential to develop connections and networks they may be able to use in their business career.

Further, international education is the third largest export industry for Australia overall and the largest export service industry, making accreditation a particularly important ingredient to perceptions. The employment objective and aim for social mobility are prevalent among international students since migration' is another potential aspect for social mobility. Because they approach the choice of higher education degree and institution from a base of limited knowledge, they rely heavily on a signal to differentiate between universities in terms of which one will provide employment prospects or help to develop connections worldwide (see Figure 6).

In some disciplines in the Australian context, students at the most expensive universities pay more than twice as much as students at less expensive universities. Despite the cost, many international students are

currently prepared to pay for expensive universities. In most disciplines, high-fee universities enrol more international students than low-fee universities. Australian students are less willing than international students to pay a large prestige premium. They and their prospective employers understand the strengths of local universities. They know that research-driven international university rankings are an imperfect guide to the quality of graduates (Norton and Cherastidtham, 2015, p. 1).

Consistent with this quality perceptions argument, Larkins and Marshmann (2016) illustrate that there has been a significant redistribution in the prices able to be charged to international students in Australian universities over the last decade, even as the market has grown significantly. They also show that the revenue per international student in 2014 had almost a fivefold range (from \$7,894 to \$35,631), with some able to charge less than they did half a decade previously and certainly less than funding they could receive from the lowest band Commonwealth Supported Place (i.e., \$11,574).

How does an international student establish which business degree, which accounting degree, which finance degree to undertake? Some students rely on a trusted individual, perhaps family or friends that may have completed a degree in Australia or New Zealand. Alternatively, they may rely on rankings (e.g., the Excellence in Research for Australia Rankings, Times Higher Education, QS World University Rankings) of which there are a wide range that position universities based on employability, research, subject areas, and so on. However, new universities are disadvantaged in terms of decision making based on rankings, despite the quality of degrees that may be offered. For example, the biggest growth area in accounting education in Australia is coursework master's degrees, which do not feature in rankings related to employment outcomes. Also, ranking is open to gaming. For example, one of the ways a business degree may be ranked is the difference between a student's salary on entry to the degree and graduation. If a student starts on a low salary – say someone from a developing country where wages are low – then is employed in a developed country on graduation, this is likely to boost the ranking of the degree.

As part of its agenda to provide consumer protection and improve the effectiveness of the higher education sector, the Australian government funded the Quality Indicators of Learning and Teaching website, which went live in 2015.¹⁹ While it covers a range of indicators about learning and teaching outcomes, including student satisfaction, student attrition rates and student employability outcomes, its current focus is on domestic bachelor graduates. This limits its usefulness to potential international coursework master's students such as those enrolled in the accredited master of professional accounting where recent growth has been most apparent.

The following section examines the governance of accounting accreditation as the assurance mechanism to solve the problem of how to optimise the possibilities for employment outcomes for graduates.

GOVERNANCE

Governance is the establishment of policies and procedures and monitoring their implementation. In the context of professional associations and higher education, good governance requires the professional bodies to establish policies and procedures for accreditation and the ongoing monitoring of education standards outlined in the policies. It requires the cooperation and collaboration of higher education institutions in producing evidence that they are meeting those minimum standards, including quality learning and teaching outcomes. Recently, Universities Australia and Professions Australia signed an agreement about how the 18 professions were going to work together with universities (Professions Australia and Universities Australia, 2016). The first principle of this agreement is that both will be responsible for achievement of quality graduate outcomes as their central purpose. Another principle is that both groups are responsible for investigating specific university practices, processes and policies where there is sufficient evidence to substantiate a claim of unsatisfactory graduate outcomes.

Governance of accounting accreditation also comes from the International Federation of Accountants (IFAC). They established a standard that all member associations are to maintain: the assessment of member associations is aimed at protecting the

public interest. They outline three steps to do so: prescribing learning outcomes, assessing them validly, and formally assessing those stakeholders undertaking an assessment on their behalf (such as universities). The new international education standards (IESs) released by the International Accounting Education Standards Board and applying from July 2015 are outcomes-focused. They incorporate some important professional skills for future accountants, for example, in relation to communication, active listening, effective interviewing, consulting skills, negotiation skills, awareness of cultural differences and influencing others.

But are these standards being assured? Is every student coming out of every accounting degree achieving these outcomes? For this to occur, these learning standards would need to be incorporated into the programs of accredited pathways, and they would need to be appropriately applied, assessed and externally assured. While the IES 2 (technical knowledge standard) might be relatively straightforward to incorporate, IES 3 (professional skills standard) and IES 4 (professional values, ethics and attitudes standard) would be considerably harder. To our knowledge there is no public evidence that the demanding IESs, and particularly IES 3 and 4, and the revised accreditation guidelines for universities in Australia and New Zealand (CPA Australia and Chartered Accountants Australia and New Zealand, 2015), are being fully incorporated into the curriculum and assessment processes, let alone being externally assured. While this may not be surprising for accounting given the new IESs are very recent, there is also no public evidence that accredited providers are losing their accreditation. Furthermore, to our knowledge, there has been no published empirical work relating to external assurance of learning outcomes or professional competencies arising from professional programs.

.....
¹⁹. <https://www.qilt.edu.au/>, accessed 14 June 2016.

However, there has been one collaborative research project (called Achievement Matters) that has investigated assurance of learning outcomes as they relate to accredited providers at the interim stage (i.e., pre-professional program). Hancock et al. (2015) externally examined random samples of final semester students over the period 2011 to 2014 using national learning standards for accounting degrees collaboratively developed in 2010 (Hancock et al., 2011; Freeman, 2010).²⁰ They found significant challenges in externally benchmarking learning outcomes, which could only be resolved by prior external calibration of judgements (O'Connell et al., 2016).

Further, digital disruption is the major potential competitive force facing higher education if employment and social mobility are not kept as the priority. When Massive Open Online Courses (MOOCs) were rolled out for the first time by prestigious universities such as Harvard, Stanford and UC Berkeley, and new intermediaries such as Coursera, edX and Udacity, they had no real business model to monetise. For many universities they provided two main benefits: the opportunity to learn how the digital environment could work, including by adding value to the on-campus student experience and a significant marketing benefit. However, in the last year monetisation strategies have been crystallising for particular niches. Udacity, for example, currently guarantees employment outcomes for graduates of particular nanodegrees (Lardinois, 2016).²¹ There are other digital disruptions potentially impacting higher education. The latter include blockchain technology, which is likely to provide a more foolproof method for verifying course completion, especially when used alongside badges and badging platforms like Open Badges, and social media platforms like LinkedIn. These platforms could easily disrupt traditional approaches to signalling ability, achievements and experience. Further, they could disrupt traditional ways in which professional associations set standards for institutions and programs, and how they judge those standards.

CONCLUSION

In this paper, we have raised several issues about the link between professional associations and higher education providers in Australia and New Zealand. In the past, accreditation has provided this link because it is a means by which evidence can be established that an institution/school/program has achieved a minimum set of standards as outlined by an accrediting body, often a professional association. Membership of a professional association can signal prestige, status and employability and thus graduates want to join a professional association so that these privileges can be conferred on them. The rite of passage can be through a higher education institution that offers degrees that have been accredited by professional associations. By accrediting a degree, professional associations signal credibility and quality thus optimising possibilities for employment outcomes for graduates. Therefore, the problem that is solved by accreditation is how to optimise potential employment outcomes and social mobility: a problem that is of interest to students, their parents, employers and the government. While accreditation is a confidence builder, providing a reliable authority on the soundness of higher education institutions, it is important to remember that an accreditation exercise is not about certifying every action of an extraordinarily complex institution or every individual student's performance. Accreditation is a sign of quality and accountability determined through the evaluation of standards at a university/school/program level and not at the level of individual students.

Our main question is whether accreditation of higher education programs by professional associations is the best means to support students gaining employment as professionals and experiencing social mobility in 2026?

Given our discussion above we believe that the answer to this question can only be yes if the following four governance conditions are met: if standards reflect the capabilities that count; if those standards are applied; if standards are enforced; and if accreditation is the most efficient signalling method.

.....
20. See also Watty et al. (2014).

21. A series of five online courses that can be completed at \$299 per month. Although they can be completed more quickly, Udacity assumes students will graduate within about nine months with 10 hours of work every week.

Accreditation will be the most effective signalling mechanism: if the standards that the professional associations require reflect the skills that will optimise employability and social mobility; if these standards are transparent and applied consistently and efficiently; and if the professional associations enforce their requirements in higher education institutions through the possibility of disaccreditation, particularly when an investigation into specific university practices, processes and policies finds there is sufficient evidence to substantiate a claim of unsatisfactory graduate outcomes.

REFERENCES

- Apostolou, B., Dorminey, J. W., Hassell, J. M. and Watson, S. F.** (2013), 'Accounting education literature review (2010–2012)', *Journal of Accounting Education*, Vol. 31, No. 2, pp. 107–161.
- Beehler, J. M. and Luethge, D. J.** (2013), 'Achieving success through quality: The role of accreditation and continuous improvement in management education', in A. Altmann and B. Ebersberger (eds), *Universities in Change: Managing Higher Education Institutions in the Age of Globalization*, Springer, New York, pp. 277–291.
- Christensen, C., Horn, M., Caldera, L. and Soares, L.** (2011), *Disrupting College: How Disruptive Innovation Can Deliver Quality and Affordability to Postsecondary Education*, Innosight Institute, Center for American Progress.
- Christensen, C. M., Raynor, M. E. and McDonald, R.** (2015), 'What is disruptive innovation?', *Harvard Business Review*, December, pp. 44–53.
- CPA Australia and Chartered Accountants Australia and New Zealand** (2015), 'Professional accreditation guidelines for Australian accounting degrees', CPA Australia and Chartered Accountants Australia and New Zealand, available at <http://www.cpaaustralia.com.au/cpa-program/professional-accreditation-guidelines>, accessed 14 June 2016.
- Evans, E.** (2009), 'Monitoring accounting education in higher education institutions by the professional accounting bodies in Australia 1944–1988', in J. Baxter and C. Poullaos (eds), *Practices, Profession and Pedagogy in Accounting*, Sydney University Press, Sydney, pp. 392–422.
- Freeman, M.** (2010), 'Setting discipline standards for accounting education, learning and teaching', *Academic Leadership Series*, Vol. 2, pp. 41–53.
- Guthrie, J., Evans, E. and Burritt, R.** (2015), 'Work: Past, present and future', *Academic Leadership Series*, Vol. 6, pp. 9–22.
- Hancock, P., Freeman, M. and Associates** (2011), 'Learning and teaching academic standards project: Business, management and economics – Learning and teaching academic standards statement for accounting', Australian Learning and Teaching Council, available at <http://www.olt.gov.au/resource-accounting-ltas-statement-altc-2010>, accessed 14 June 2016.
- Hancock, P., Freeman, M., Abraham, A., De Lange, P., Howieson, B., O'Connell, B. and Watty, K.** (2015), 'Achievement matters: External peer review of accounting learning standards', Australian Government Office for Learning and Teaching, available at <http://www.olt.gov.au/project-achievement-matters-external-peer-review-accounting-learning-standards>, accessed 14 June 2016.
- Heriot, K. C., Franklin, G. and Austin, W. W.** (2009), 'Applying for initial AACSB accreditation: An exploratory study to identify costs', *Journal of Education for Business*, Vol. 84, No. 5, pp. 283–289.
- Julian, S. D. and Ofori-Dankwa, J. C.** (2006), 'Is accreditation good for the strategic decision making of traditional business schools?', *Academy of Management Learning and Education*, Vol. 5, pp. 225–233.
- Lardinois, F.** (2016), 'Udacity guarantees graduates from its new nanodegree plus programs will find a job in 6 months', Techcrunch, available at <http://techcrunch.com/2016/01/13/udacity-guarantees-graduates-from-its-new-nanodegree-plus-programs-will-find-a-job-in-6-months/>, accessed 14 June 2016.
- Larkins, F. P. and Marshman, I.** (2016), 'Financial performance of Australian universities in 2014', LH Martin Institute, available at <http://www.lhmartininstitute.edu.au/insights-blog/2016/02/222-financial-performance-of-australian-universities-in-2014>, accessed 14 June 2016.
- Lejeune, C. and Vas, A.** (2009), 'Organizational culture and effectiveness in business schools: A test of the accreditation impact', *Journal of Management Development*, Vol. 28, pp. 728–741.

McDavid, J. C. and Huse, I. (2015), 'How does accreditation fit into the picture?', in J. W. Altschuld and M. Engle (eds), *Accreditation, Certification and Credentialing: Relevant Concerns for US Evaluators*. *New Directions for Evaluation*, Vol. 145, pp. 53–69.

Miles, M. P., Franklin, G. M., Grimmer, M. and Heriot, K. C. (2015), 'An exploratory study of the perceptions of AACSB International's 2013 Accreditation Standards', *Journal of International Education in Business*, Vol. 8, No. 1, pp. 2–17.

Nigsch, S. and Schenker-Wicki, A. (2013), 'Shaping performance: Do international accreditations and quality management really help? *Journal of Higher Education Policy and Management*, Vol. 35, No. 6, pp. 668–681.

Norton, A. and Cherastidtham, I. (2015), 'University fees: What students pay in deregulated markets', Grattan Institute, available at <http://grattan.edu.au/wp-content/uploads/2015/08/830-University-Fees.pdf>, accessed 14 June 2016.

O'Connell, B., De Lange, P., Freeman, M., Hancock, P., Abraham, A., Howieson, B. and Watty, K. (2016), 'Does calibration reduce variability in the assessment of accounting learning outcomes?', *Assessment and Evaluation in Higher Education*, Vol. 41, No. 3, pp. 331–349.

Pinkham, F. O. (1955), 'The accreditation problem', *The Annals of the American Academy of Political and Social Science*, Vol. 301, No. 1, pp. 65–74.

Professions Australia and Universities Australia (2016), 'Joint statement of principles for professional accreditation', Universities Australia, available at http://www.professions.com.au/images/Joint_Statement_of_Principles_for_Professional_Accreditation_-_2016-03-09_SIGNING.pdf, accessed 14 June 2016.

Susskind, R. and Susskind, D. (2015), *The Future of the Professions: How Technology Will Transform the Work of Human Experts*, Oxford University Press, Oxford.

Top Universities (2016), 'How do students use rankings?', available at http://www.topuniversities.com/system/files/pdf-uploads/how_do_students_use_rankings.pdf, accessed 14 June 2016.

Van Wyhe, G. (2007a), 'A history of US higher education in accounting, part I: Situating accounting within the academy', *Issues in Accounting Education*, Vol. 22, No. 2, pp. 165–182.

Van Wyhe, G. (2007b), 'A history of US higher education in accounting, part II: Reforming accounting within the academy', *Issues in Accounting Education*, Vol. 22, No. 3, pp. 481–501.

Watty, K., Freeman, M., Howieson, B., Hancock, P., O'Connell, B., De Lange, P. and Abraham, A. (2014), 'Social moderation, assessment and assuring standards for accounting graduates', *Assessment and Evaluation in Higher Education*, Vol. 39, No. 4, pp. 461–478.

Zammuto, R. F. (2008), 'Accreditation and the globalization of business', *Academy of Management Learning and Education*, Vol. 7, pp. 256–268.



PART C

PRACTITIONERS'
PERSPECTIVES

Future Tensions in Professional Associations

SARAH DAVIDSON

INTRODUCTION

What are the major tensions or challenges that will impact on the role of professional associations and what does this mean for the continuing relevance of professional associations now and into the future?

This article is based on a panel discussion moderated by the author on these questions at Chartered Accountants Australia and New Zealand's Thought Leadership Forum, which was co-hosted with RMIT University in Melbourne on 4 April 2016.

These are fundamental questions that go to the core purpose of professional associations and to the need for professional associations to respond to the impacts of major trends such as globalisation, digital disruption and demographic changes.

The first part of this paper questions and explores the proper role of professional associations in this rapidly changing environment, particularly in the context of disruptive new technologies. The second part outlines opportunities for professional associations to continue to maintain their relevance by delivering greater value to their members.

Consideration is also given to the challenges that may arise in managing the competing interests of the public and professional associations, members, customers and clients.

WHAT IS THE PROPER ROLE OF PROFESSIONAL ASSOCIATIONS NOW AND IN THE FUTURE?

Professional associations have traditionally been responsible for maintaining quality and professional standards through codes of conduct, regulation, ethics and education – underpinned by a fundamental mission to protect and promote the public interest. This role will continue into the future.

However, the impact of globalisation, digital disruption and demographic changes is now challenging professional associations to anticipate and respond to new opportunities in order to maintain their relevance and value to their members. Professional associations and their members must remain responsive and adaptive, particularly to address the unprecedented speed and scale of the new technologies that are changing the professions.

Susskind and Susskind (2015) argue that our current professions are antiquated, opaque and no longer affordable; that today's professions are no longer relevant.

If we accept the Susskinds' view that technology is at the core of most of the changes we are encountering in the professions (in terms of automation and innovation), these changes give rise to many risks, opportunities and ethical questions for professional associations and for professionals.

Technology is likely to have two main effects on professional associations. The first effect is to allow much greater awareness of what members want from their professional association, for example, through increased ability to access and understand data. It is important not to underestimate the significance of being able to obtain a greater understanding of member needs and interests, because this is critical to professional associations in order to maintain their relevance and value to their members.

To give you a perspective in technology ... we expect there will be 100,000 new jobs in Australia in the next five years ... while we get about 4,000 technology graduates a year. This means we have to import about 18,000 a year ... There's a role for professional associations to play to help us balance things better.

Dr John Burgin, Regional Vice President Australia and New Zealand and Head of Digital for Asia Pacific and the Middle East, Cognizant Technology Solutions

The second effect of technology is on what it means to be a professional. Increasingly, professionals are operating across a number of different disciplinary boundaries. In addition to specific knowledge domain expertise, the professional must be a good communicator and must understand the market, the law and the world of finance.

To be a successful engineer nowadays you have to be as good at computer science as you are at the solid mechanics of engineering. You have to be a psychologist to work with people ... You have to know about contracts and contract law and accounting and finance.

Dr Brent Jackson, Executive General Manager – Communications and Member Service, Engineers Australia

While the professional association of the past has focused very much on the specific profession of its member body, professions are now operating in a multi-disciplinary environment in response to the new and emerging business models of their members. For example, as large accounting firms move out of traditional spaces like audit and into technology, automation and predictive analytics, so too their professional association may need to move with them.

Specific qualifications, such as an accounting degree, may become less relevant in this multi-disciplinary environment, where solving clients' increasingly complex problems often requires a diverse set of skills which are not always specific to one profession. As a consequence, professional services firms are increasingly hiring graduates from a range of professional backgrounds and are seeking to develop strong relationships with other professions that have the types of knowledge and skills that are relevant to the needs of their clients.

Because important problems are complex, the solutions don't tend to come from one profession ... we need a suite of people from a range of professions. This is where professional associations are very relevant but they can't be insular to others ... we absolutely want engineers, scientists, technologists, accountants, lawyers ... We want to recruit from the science, technology and engineering faculties.

Debra Eckersley, Managing Partner, Human Capital, PwC Australia

All professions now operate in a global marketplace. Therefore, professional associations that focus only on developments within their own country and fail to take a global perspective may not be fully representing the needs and interests of their members.

Many members of professional associations will work in another country at some point in their career ... If you look at the relationship between the professional association and its members in that case, they have to support their members in developing skills that are current and relevant in circumstances where members have to be globally competitive in providing skills in the market. We don't have the luxury of thinking about this as an Australia or New Zealand only issue.

Dr John Burgin, Cognizant Technology Solutions

The advent of the Internet means that information and expertise is no longer the sole domain of one group or profession. Professional associations must now consider how to harness the powerful opportunity provided by increased speed and availability of data from multiple sources. The Internet is also allowing professional associations to become more accessible and responsive to their members, for example, through

relying less on physical operations such as an office in the CBD, and more on virtual service delivery such as online learning. This also changes the cost structure for the professional association and its members, including the barriers to entry into the profession.

A professional association was once ... a guardian of knowledge and expertise, a gate keeper, a source of truth, a custodian ... Nowadays, that's called the Internet. We really can't claim any more domain over expertise than can anybody... the information is out there and it's never going to be put back solely in our hands...nor should it be. Professional associations used to be very capital intensive operations, built around bricks and mortar. Now you can talk to far more people using digital means. It means that our costs have gone down of course, but barriers to entry into our market, which is a competitive market, have also gone down ... the costs for our customers, that's our members, to exit are next to zero as well. So we need to have a pretty compelling case to retain them.

Dr Brent Jackson, Engineers Australia

New technologies also bring new risks that professionals will need to prepare for and customers will need to be aware of, such as fraud and cyber security in the online environment. Therefore, professionals must not only understand the role of compliance within traditional risk management frameworks, but must also develop proactive and predictive models for identifying and responding to emerging threats.

In the past where the profession has felt threatened, the profession has responded. That doesn't mean we should be complacent, because that's very dangerous. What has got us to this point relatively successfully won't take us into the future. But I think we can be optimistic that a profession made up of clever people with transferrable skills can operate into the future.

Ken Stephens, Partner, KPMG New Zealand

The primary role of professional associations is to promote the public interest and to maintain quality and standards through codes of conduct, regulation, ethics and education. However, the impact of

globalisation, digital disruption and demographic changes is also offering the potential for an expanded role for professional associations, by challenging them to anticipate and respond to new opportunities to maintain their relevance by delivering greater value to their members.

OPPORTUNITIES TO PROVIDE GREATER VALUE TO MEMBERS

The digital arena is a great leveller of experts and brings into sharp focus how professional associations must position themselves for the future and not rely on the past. The challenge is how to continue to deliver products or services that meet and exceed member expectations whilst maintaining a focus on promoting the public interest and delivering benefits for the economy and the community.

In a global marketplace, members, customers and clients who are not happy with what is offered will seek out alternatives. This reality increases the imperative for professional associations to ensure they remain relevant and valuable to their members. To do so, they must support members in having current and relevant skills, in particular, skills that are portable across national boundaries. This means that professional associations must always be forward-looking, identifying future trends and upskilling their members to work to those trends.

This also means that professional associations need to consider their approaches to education, in terms of both regulation and provision. Attention should be given to the disintermediation of the tertiary education market, the role of Massive Open Online Courses (MOOCs) and Small Private Online Courses (SPOCs) and nanodegrees. There is an opportunity for professional associations to become more flexible in professional education, for example, through offering and certifying unique learning experiences based on nanodegrees from different education providers.

There's the opportunity for professional associations to actually step in and offer and mentor and certify unique learning experiences made up of nanodegrees from different educational institutions, to help members stay current globally.

Dr John Burgin, Cognizant Technology Solutions

Similarly, changes in technology mean that professional associations need to support their members in grappling with employment trends. According to technology research company Gartner (2014), one in three jobs will be converted to software, robots and smart machines by 2025. And some of the jobs that are trending upwards now include data scientists, chief algorithmic officers, machine communication specialists and robotic lifestyle integration consultants. The professions can help anticipate these new jobs and support the community in responding to the need for these new skills.

In terms of workforce trends there is an opportunity for professional associations to provide relevant skills and training to their members who may be moving out of traditional roles in accounting firms and into new roles in the areas of technology, automation and predictive analytics.

People who move into these new jobs will still want to be part of a professional association, not only to be recognised, valued and respected as a professional, but also to belong to a community of like-minded professionals. The professional association supports that sense of belonging and value. In professionalising new skills, the community and the individual benefit because quality and standards can be improved, validated and maintained.

Members want to be associated with the brand of their professional association. Well, employers want the brand too. Members want to engage and have an identity as a professional. That's the angle that's quite magical. That's the angle that's really important for professions to grasp ... instead of saying, what is the job of the future and how, for example, can Chartered Accountants take advantage of that new job, it might be that the professional body accepts that's not a job within the accounting profession but it is a whole new profession we can work with.

Dr Deen Sanders, Professional Standards Authority

Professional associations can also play an important role in supporting the growing trend of freelance work. This can be done by providing networking opportunities, a sense of community and belonging, and continuing education and professional

development that helps freelance professionals to maintain their knowledge, skills and job readiness as they to move from one contract to the next.

Around the world, especially in Western countries, we are seeing a trend towards more freelance arrangements ... and they want to make sure that their professional development is up to date so that they are well positioned for when opportunities come along ... the professional associations are very well placed to take that space. Otherwise MOOCs and universities will take that role. It's a big opportunity, but it does require some different thinking about how to deliver.

Debra Eckersley, PwC Australia

While professional associations must remain flexible and responsive to these changes in our operating environment and the emerging opportunities to deliver greater value to their members, they should not lose focus on their core purpose to protect and promote the public interest and to maintain quality and professional standards.

MANAGING COMPETING INTERESTS

Navigating this rapidly changing environment, particularly the impacts of globalisation and digital disruption, will inevitably give rise to competing interests in terms of the public interest and the interests of professional associations, the professions and their members, customers and clients.

The important problems tend to be societal problems, not just problems for one client, and so we advocate for certain changes that may or may not benefit some of our clients. Because sometimes there will be winners and losers ... we believe that we are part of the community in which we live and work and, therefore, we want a better Australia for us all, not just one or two of our clients.

Debra Eckersley, PwC Australia

An example in the accounting profession is the automation and simplification of the tax administration systems in Australia and New Zealand. This digital transformation program is in the public interest because it has the potential to achieve cost savings

and improve the quality of services to the public, such as through online lodgement of tax returns and activity statements. However, this will disrupt the business models of some members of the accounting profession such as tax agents.

Professional associations have a primary responsibility to act in the public interest by advocating for tax simplification and contributing their expertise to achieve this end. Nevertheless, in doing so professional associations should also support their members who are affected by these changes and would benefit from acquiring the knowledge, skills and experience to navigate the new digital environment, evolve their current business models and diversify the professional services provided to their clients.

Professional associations and the professions they represent draw legitimacy from their professional reputation and influence. With that legitimacy comes a responsibility to protect and promote the public interest.

In relation to simplification of tax there is a significant overlap between member interest and public good, and I think that's really important for a professional association, in particular, Chartered Accountants Australia and New Zealand. While a more complex tax system can create additional work and additional fees for accounting professionals, a professional association that operates in isolation of what is best for the public is not an association that will last very long. Our legitimacy is derived from our advocacy in support of the public interest.

Ken Stephens, KPMG New Zealand

CONCLUSION

In reflecting on the relevance of professional associations now and into the future, this paper has focused on the major tensions and challenges that will impact on professional associations and the implications for the professions and their members, customers and clients.

Consideration has been given to the proper role of professional associations in this changing environment, to new opportunities for professional associations to maintain their relevance by delivering greater value

to their members, and to the competing interests and complexities to be managed by professional associations as they navigate emerging risks and opportunities.

While the challenges facing professional associations and professionals seem at first to threaten their existence, there are many reasons to be optimistic about the future.

Professional associations have an important and continuing role to play in promoting the public interest, maintaining quality and professional standards and educating their members. However, in order to maintain their relevance into the future they must also address the implications of globalisation, digital disruption and demographic changes.

Professional associations must embrace new opportunities to deliver greater value to their members and enable their members to do the same for their own customers and clients. One of the most important ways they can do this is to equip their members with the knowledge and skills required to anticipate, adapt and respond to change.

REFERENCES

Gartner (2014), *Executive Summary Report*, available at: <http://www.gartner.com/binaries/content/assets/events/keywords/symposium/sym25/gartner-sym24-executive-report2.pdf>, accessed 15 July 2016.

Susskind R. and Susskind D. (2015), *The Future of the Professions: How Technology Will Transform the Work of Human Experts*, Oxford University Press, Oxford.

ACKNOWLEDGEMENTS

The author acknowledges the contributions of Professor James Guthrie and Fiona Crawford in preparing this article. The author also appreciates the participation of the discussion panellists at Chartered Accountants Australia and New Zealand's 2016 Thought Leadership Forum co-hosted with RMIT University in Melbourne, including Dr John Burgin, Cognizant Technology Solutions, Debra Eckersley, PwC Australia, Dr Brent Jackson, Engineers Australia, Dr Deen Sanders, Professional Standards Authority and Ken Stephens, KPMG New Zealand.

The Future of the Professions: A Regulator's Perspective

DEEN SANDERS

As a regulator of professions, I have a particular interest in the concern I hear from many, that the professions are under a new and looming threat from a shifting operating environment, mostly argued to be caused by technology. As someone who lives and breathes the professions, this paper is very much my point of view of the way the discussion about the future of the professions can be framed and boundaries around the professions drawn.

I think the first challenge to draw out is that, in my view, professions are not at risk because of technology. Rather they are at risk because, in many instances, their professional associations have mistaken their primary contribution to be one of offering services, benefits or advice to their members, which is exactly the sort of thing that technology can often do better than an association. Rather than a threat, technology could offer professional associations the opportunity to examine their core mission and rediscover what is their unique contribution to their members and society.

Will technology mean that professional associations redraw their boundaries and try to re-invent themselves in a narrower frame? Or will it mean they establish a single, clearly stated purpose? These questions are based on my observation that the marketplace (of consumers and members) is asking for different things from their professional community. In an environment where technology and opinion deliver untold volumes of data and choice in response to any one question, the need for professional expertise and wisdom to point the way through the confusion is a growing demand.

In the face of competition and technology, professions have the opportunity to start responding to a different and much larger consideration of what role they might play in society. That technology may be perceived as threatening the professions is merely the consequence of the way these groups respond to a rapidly changing marketplace. That is, the market has said if it cannot get services from these groups in a way that is cost-effective, efficient and correct, then it will seek alternatives in the form of cheaper online technology solutions. Professions have the opportunity to respond to the new opportunities in this new marketplace, rather than be daunted by them.

This is not just about professional bodies but also about professionals, and professional services firms.

This argument is meant to be deliberately challenging because the professions, like many organisations, are trying to grapple with their own fundamental truth. The question 'Who am I?' is often only asked when confronted by a period of intense change. This is so for individuals, for organisations and for their professions. Professions – and professional associations – should not see themselves as victims of change. Instead they should take responsibility, recognising that they may partially be to blame for change and that they also have the power and responsibility to create positive change. This is a dynamic across society.

The core issue for the future is how do we once again legitimise professions? How do we evolve them into the trusted, expert communities we need them to be? Relevant to this is the role of the large professional services firms, which as successful and established

brands have shifted the way in which professions are viewed. We often hear from consumers (and even young graduates) that the public brand of the large firms is more clearly visible than the brand of the profession that sits behind it and in many instances gave the firm its origins of credibility (and in the case of our statute, its formal credibility). Therefore, the role of large firms as ambassadors of professional credibility is critical to the way professions are perceived. In the audit and related professional services environments there is much discussion about multidisciplinary and the changing role of professionals from experts with narrow domain specificity to increasingly broad advisory capacity, so that it is not always clear any more how the firm draws on its professional origins.

However, most law firms recognise that they are law firms and so they respond to the professional domain and general professional field of law. Accounting and audit firms similarly position themselves in a clear professional context. This is how professions derive their authority and legitimacy – from domain specificity, from the fact that their functions can be described and differentiated.

A professional boundary (sometimes called a scope of practice) makes clear that there is a body of knowledge and that in seeking advice in a particular field one looks to a relevant professional with proven (qualified) expertise in that field. While there may be many channels and tools that provide information and data about a field, the warrant for this 'professional expertise' is not provided by the technology; rather it stems from the professional community – the professional association.

In response to those (Dawson, 2016; Roos, 2016) who say that the future of professional associations lies in them being trusted curators of expertise my response is: Why do we think they are not already? Determining what the professional body of knowledge is, what the professional boundary is and warranting to the community that someone is a qualified expert in it is absolutely, fundamentally, the role of the professional association.

It is true that in many instances the professions have drifted away from this core purpose, in part due to economic history (Roos, 2016), in part due to an economic model of 'profession as commerce' and commerciality (Stokes, 2016), and in part due

to government actions (Guthrie et al., 2016). As a procurer of services and a community proxy, I think the government has not confronted the changing role of professions and could do better at identifying expertise and responding to proper boundaries of expertise.

Even so, regulators exist because government wants services to be available to society and to be provided in a certain way. Our legislation (Professional Standards Legislation) exists because society and government wants a profession to exist and the community feels safer and takes greater confidence from knowing that a professional association is behind each genuine professional, establishing and monitoring standards and clarifying who they can turn to for expert advice.

The future of the professions is not only about what happens between the walled boundaries of the profession and the marketplace but more in the professions' dynamic relationship with the community, including with government. This dynamic relationship (especially with reference to government's role in legitimising professions) is surprisingly absent from much of the dialogue about professionalisation and the future of professions. It is often surprising that firms and professional associations spend a great deal of time worrying about changes in technology or services, when, if government were to deregulate professions, or decide they were no longer delivering on the public promise, then disruption would occur on a much more radical scale.

I want to encourage a dialogue that takes this debate beyond matters of economics, or jobs, or employers, or technology. As a regulator of professions, I frequently see professions evolving or even new ones being born. The Professional Standards Authority regulates 20 professional sectors and we are approached regularly by representatives of new or emerging professions with new domains of expertise, recently including data governance professionals and cyber security professionals. I am confident that professions can successfully evolve, so long as they continue to develop their public mandate.

My personal view is that professions are here to stay, and professional associations will continue to be the community channel for professionalisation, primarily because I believe that consumers and professionals want them to exist and society needs them to exist as an element of the trust and credibility system

that we rely on to make important decisions. Human beings are essentially credibility-seeking machines and we are driven to become expert (or even just good) at something. We want to be respected by our colleagues, we want to respect ourselves, and we want the community to understand who we are and what we do. The process of achieving that is a 'professionalisation story'. Stokes (2016) argues that the professionalisation process is inherently a good thing for society. Groups who start from nothing, who go through the process, who improve their standards, who engage in community discourse about what is good and bad, that is a professionalisation story: a positive story that not only creates opportunities for people and business but also gives society comfort and confidence that expertise exists.

However, there are cautionary elements to the tale. Evolution is not always a guarantee of success. In fact, the current trajectory of discussions about professions seems to be an ever-widening one, rather than an increasingly specific one. There is a danger that in trying to find the answers to multifaceted problems and ever-expanding scopes of practice, the professions get lost in a boundaryless place. Here, the very thing that makes them unique – specificity and domain expertise – can get lost.

The professional association can, and should be, an engine for protection of the society. It can act as a potential map to keep members on the path of professional standards. We have seen too many examples of members of the professions straying from this path, with negative consequences for society, for example, in the event of corporate collapses. The professional association's role is to support members of the profession so they do not stray from this path, not only through things like education and advice but even in just providing a clear message about what the 'right path' is.

Professions have a duty to focus on the specific, on negotiating and then communicating expected 'good practice', and in doing so may even solve some of the larger, more significant concerns that government and the community may have about trustworthiness in the professions.

Clearly the professions have the capacity to work at solving some of society's complex problems. But to do so they must remain true to their purpose and not lose sight of their mission to work for all their members and for the public interest.

.....

This is an edited extract of a speech given by Dr Deen Sanders at the Chartered Accountants Australia and New Zealand Thought Leadership Forum, Relevance and Professional Associations in 2026, on Monday 4 April 2016 at RMIT University, Melbourne.

REFERENCES

- Burritt, R., Guthrie, J. and Evans, E.** (2016), 'Professional associations – Past contributions, present tensions and future opportunities', *Academic Leadership Series*, Vol. 7, pp. 9–22.
- Dawson, R.** (2016), 'The future of associations', *Academic Leadership Series*, Vol. 7, pp. 25–31.
- Roos, G.** (2016), 'Historical patterns and the inevitable decline of professional associations', *Academic Leadership Series*, Vol. 7, pp. 32–43.
- Stokes, G.** (2016), 'Relevance and professional associations in 2026: Towards a new role for thought leadership', *Academic Leadership Series*, Vol. 7, pp. 44–47.

Accounting: A Survival Guide

KEN STEPHENS

We are living in very interesting times. Disruption is everywhere. All sorts of traditional business models are being challenged by technology and changing consumer requirements. Accommodation providers do not own buildings, transport providers do not own cars, food providers do not own stores – the list of business models disrupted by technology, unthinkable a few short years ago, goes on and on. Professional associations are prime targets for this kind of disruption. In this new world it is likely that a number of the traditional strengths of professional associations will be rendered irrelevant or obsolete – disrupted by technology, artificial intelligence, and changing business models and societal demands. So what is the future for professional associations? More specifically, does society need an accounting profession (or for that matter accountants)?

My position is, absolutely, society does. But accountants only earn the right to survive if we stay relevant, and that means working smarter and most importantly working differently.

I am not objective in all this. In fact, far from it. I have been part of the accounting profession for nearly 20 years, and I am a Fellow of Chartered Accountants Australia and New Zealand. I have had wonderful opportunities through the profession both in public practice and in the corporate world. I have travelled internationally, worked with interesting clients and assignments of all sizes across audit, advisory, and compliance services. Further, I do not have any formal academic qualifications in this field or extensive research on which to base my views. I have no graphs, tables, or charts. What I do have is a passion for this wonderful and diverse profession we call accounting and an informed optimism about the future.

The accounting profession is like an organism, made up of thousands of individual accountants contributing to and adding up to something bigger than the sum of its parts. Part member-centric and part public good, our profession has been built on generations of accountants adapting, and doing work that is smart and relevant – building trust and adding value in all sorts of ways that previous generations of accountants would not have conceived possible or even necessary. And it is this resilience and flexibility that gives me great optimism – but never complacency – for the future of the accounting profession. The future is there for the taking, but it won't be easy. Put bluntly, we cannot rely just on what got us here to take us there. Because in 10 years' time the profession will either look quite different to how it looks today, or there may not be a profession.

So what is it going to take to survive? My survival guide for accountants has four interrelated conditions and four related calls to action. First, change is going to be constant, complex, big, fast and brutal – but that is okay. In fact it is better than okay. It is fantastic, exciting and scary. Can't you feel the anticipation building? Most importantly, are you embracing change? Because if you are not, then you might already be in trouble. Disruption is everywhere. I've heard someone say that if you are not disrupting your own business, then don't worry, someone else will do it for you. I believe it. As a profession we have wonderful pedigree, reputation and history. We should rightly be proud of this. But at the same time we have to be incredibly alert because complacency is the enemy. Resting on our laurels is a recipe for disaster, the path to irrelevance and doom. Undoubtedly there will be casualties within the profession as those that respond too late (or not at all)

will find their clients rushing to find the services and information they need elsewhere.

Our profession has remained relevant in the past by reinventing, adopting and embracing new approaches and technologies, seeking new opportunities to provide value, all the while maintaining our underlying professional standards. This is not an activity that happens at the professional association level. This is about every single individual member being relevant to their clients. Put another way, for the profession to survive (and thrive) we need to have the right people, doing the right things.

CALL TO ACTION: Our profession must attract and keep the right people. There are three types of people: those who make things happen, those who talk about things happening, and those who wonder what just happened. Without question, our profession needs the first kind of people. We can expect those who fall into the other categories to be casualties. And it's not just dealing with change – this is about more than just resilience. We need people who force change to happen and who come through change faster, higher and stronger.

.....

Second, strong leadership in the profession is essential, and not easy. We need authentic, visionary and inspirational leaders who engage people from all walks of life, working and succeeding in new and creative ways. In a world that is changing in so many ways, having leadership at all levels in the profession is mission critical. We need leaders who are able to navigate complexity and change and who know how to get the best out of people. Traditional leadership is an outdated model. Many of the attributes of leadership that previously have been highly valued in the profession will not be as relevant in the future. Pure technical expertise, intellectual horsepower and promotion through tenure are not the traits of the leaders we need for the new world. There is a real danger that, if we don't have people who can truly lead, then our best people will actively find leaders who can, outside of the profession.

This change in leadership style should be no surprise. The people in our own organisations, our clients and the people in our communities are all experiencing

rapid change in what leadership means in every other aspect of their lives. Why would they look at the accounting profession any differently? Our new leaders will bring together diverse groups made up of people from all sorts of cultural backgrounds, ages, locations, levels and areas of expertise, in ways and using technologies that are disruptive and challenging.

The future of leadership is not about leaders being great at everything. It is about leaders leveraging their personal strengths and being the right leader at the right time. Future leaders will be outstanding at one or more of people, thought and relational leadership, as situations demand:

- People leadership: the ability to inspire, engage, communicate, develop people, create energy, build culture and show vulnerability.
- Thought leadership: the ability to use judgement, creativity, specialist expertise, entrepreneurial spirit, influence and strategic ability.
- Relational leadership: the ability to form networks, connections, collaboration, trust, links to/with Indigenous people and the wider community, and demonstrate respect for the environment.

CALL TO ACTION: Get really good at identifying talent for leadership early in your organisation. Because great leadership is rare, and can be fleeting. So when you see it, treasure it, and accelerate it in your organisation, even if that means upsetting the natural order and breaking down some of your current leadership constructs.

.....

Third, people trust people, so we need people who people can trust. In my experience people are programmed to trust other people. Probably the foundation of the success of our profession is the time-honoured trusted relationship between an accountant and the user of the accounts; relationships that literally can last a lifetime, through thick and thin.

In the modern world this person-to-person relationship is under pressure. It is possible to do almost everything in your business and personal life without interacting with other people. However, interactions are the foundation for trust. And this is hard to replicate with a person-to-technology relationship.

Another aspect of the person-to-person relationship is story telling. Stories are the drivers of emotional value and a primary and effective mode of communication. Regardless of the technical output, the bottom line is that as accountants we create something believable and convey information from person to person using stories. People make decisions based on these stories.

In many ways accounting is more art than science. In every set of financial statements or management reporting there is likely to be a degree of assumption, interpretation, judgement and error. Certainly, convergence of accounting standards gets us all talking a more common language. However, it is only when people trust their accountant and they believe the story that they are willing to make calls without 100% certainty (which is normally a good thing). Undeniably there are amazing developments in technology that can deliver data and information fast and accurately without any human contact. But if people are not using this information to make decisions because they don't trust it, then what good is it?

CALL TO ACTION: What is your reputation, are you trusted? Do you have people in your organisation who have the ability to build trust, and build it quickly? Do you know who are the best people in your organisation at story telling? How do you encourage this discipline?

.....

Finally, knowing is important to people, so let's be the ones giving them knowledge. How much do I have? How much did I earn? How much do I have to pay? Measuring success or failure in all aspects of life is part of the human condition. Our profession is about making sense of complexity and giving people information that drives decision and action. We need to continue to expand on our traditional base (some might say comfort zone) of the financial world, and we need to do it quickly. Because the amount of data in the world is tremendous and growing at an exponential rate and we do not want to miss our opportunity to be the ones trusted to convey information from all this data.

Because data without insight is useless. Worse, it can be downright dangerous. Making decisions based on bad data can lead to extraordinarily poor outcomes. Coincidence can be interpreted as correlation

(I've heard someone say that if you torture data for long enough it will tell you anything). We need to continue to establish ourselves as leaders in measuring things that matter. Dollars, performance, strategy. We need to leverage this strong base to become the custodians of Big Information. There is no question that this shift is going to require new and different skills. We need people who can see patterns in big data sets, who can use technology to data mine, and people who can interpret information in ways that are less traditional.

More than this we have to continue to move from measuring the past to giving insight into the future. This isn't always a comfortable place for traditional accountants. The past is easier to quantify and therefore much more comfortable. More and more, using the past to predict the future is very dangerous. We need to become experts at working in the future.

CALL TO ACTION: Who in your organisation understands big information, projections, forecasts, the future? Are you reporting historic results and position only? Because if you are, then it is likely that your services will be required less and less.

.....

PART D

SPECIFIC ISSUES

Professional Accounting Bodies: Scoping Options for Sustainability

KATHERINE CHRIST AND ROGER BURRITT

INTRODUCTION

The future of the accounting profession in 2026 depends largely on how members and potential members view the benefits and costs of membership as well as whether credibility is maintained in the eyes of the public so that the public interest continues to be served. This paper considers one matter that has been of growing importance to the public through issues such as climate change, water crises, and health and safety, and addresses the problem of the strategies that could be adopted to help move the profession towards embedding sustainability in its scope (see also Stokes, 2016).

The accounting profession is said to encompass the activities of practitioners, academics and professional bodies (Laughlin, 2011). Many and varied dilemmas facing the accounting profession have been well aired over the years, including those considered in previous thought leadership discussions and publications of Chartered Accountants Australia and New Zealand (Evans et al., 2015). Although all three parties work together, professional accounting bodies have a critical role to play in helping to provide guidance on, and be the ultimate gatekeeper for, the scope or future directions of the profession (Hancock et al., 2009).

Recent publications from the Institute of Management Accountants (IMA), the Association of Chartered Certified Accountants (ACCA) in a joint project, the American Institute of CPAs (AICPA), CPA Australia and Chartered Accountants Australia and New Zealand illustrate the point. They reveal the high level

of engagement of professional bodies in adopting strategies and standards to help meet the needs of the profession in current turbulent economic, environmental and social times (Cooper, 2015; Evans et al., 2015). Yet, professional accounting bodies are themselves in a 'catch-22' situation regarding their own future. Should they expand their scope to include new horizons, which are not part of conventional accounting, and risk losing the credibility associated with being a professional accounting body? Or should they reinforce the notion of specialised accounting education within the sea of other professional bodies vying for their own future and looking to move, as if by osmosis, into the realm of accounting? They have not only the future of the profession to consider but also their own jobs, which could be on the line if demand for professional membership declines. One current issue brings the dilemma facing professional accounting bodies back home and provides a stark illustration of some of the practical issues and solutions that could be adopted. The issue is sustainability and sustainable development (Lovell and MacKenzie, 2011).

The professional accounting bodies appear in need of pragmatic suggestions about how to move forward and out of their catch-22 situation in relation to sustainability. We examine how this might be achieved and, in the process, are reminded of what it is to be a professional accountant by asking the following research question:

RQ: How can professional accounting bodies best guide the accounting profession towards mainstream sustainability?

PROFESSIONAL ACCOUNTING BODIES AND SUSTAINABILITY

Professional accounting bodies appear to have two options in relation to sustainability. First, the bodies could decide to do nothing about concerns over the economic, environmental and social issues arising under the sustainability umbrella. They could argue that sustainability is beyond the scope of accounting and falls within the realm of other professions such as engineering, as engineers have great strength in environmental management, or law, as lawyers are experts in human rights and responsibilities. In other words, accountants should stick to conventional perceptions of what they are good at. However, the profession could then fall prey to the warnings of Kenneth MacNeal, writing in 1939, who challenged the fundamental principles behind conventional accounting measurement (Sikka et al., 1995) and warned that the profession would wither and become irrelevant if it did not change (see also MacNeal, 1939; Medley, 1997).

Second, professional accounting bodies could work towards recognition of sustainability issues for the benefit of their members, clients and society. Such an approach would be in line with the actual development of the profession over time. As observed by Parker (2001) and Sin et al. (2011), the scope of the profession has been expanding for over a century, especially into commercial services in the last three decades. Parker (2001) notes that accountants have long ago moved on from their bean counter image. Professional bodies have overseen the development of financial reporting, taxation and auditing, and extended these to include company floats, investigations of efficiency in the private and public sectors, and management advisory services/consultancy, including cost and management accounting. He argues that changing scope is essential for survival. Over time, accounting services have broadened to include production, human resources, marketing, logistics and general management. Of late, professional body involvement with the scope of services offered has been extended to support for sustainability issues, such as intellectual capital and carbon and water accounting, with intellectual and natural resources a growing concern for investors, business and society alike (Parker et al., 2011).

CPA Australia (2013) recognises the importance of sustainability accounting and reporting and understands the barriers to expanding the scope of accounting. Online it has a full set of YouTube videos to help public practitioners grasp the importance of sustainability and environmental reporting and the role of the professional accounting bodies in its promotion amongst members (CPA Australia, 2016). Chartered Accountants Australia and New Zealand (2016a) also recognises that accounting for sustainability is critical for future generations. For nearly a decade Chartered Accountants Australia and New Zealand has been involved with the Accounting Bodies Network (ABN) of the Prince of Wales' Accounting for Sustainability (A4S) Project with the aim of shifting business towards implementation of sustainability-based business models. Chartered Accountants Australia and New Zealand (2016b) argues that accountants are well placed to engage with sustainability issues. They have expertise in reporting and assurance with regard to complex information, and in understanding the financial implications of environmental and social transactions, transformations and external events. In short, the professional accounting bodies recognise that accountants have the ability to bring together the three elements of sustainability: economic, environmental and social. They can make the business case for action on sustainability clear, something which could be overlooked by other professions that are not as cognisant with the economic aspects of business. The large accounting firms would appear to agree with this stance. For example, KPMG, Ernst & Young, PricewaterhouseCoopers (PwC) and Deloitte have all been proactive in the provision of sustainability-related services in the last decade.¹

As the scope of the profession changes, the membership changes and numbers need to be maintained or grown for the profession to survive (Sidaway et al., 2013). In this expansionary process, professional accounting bodies tread on each other's toes (Sidaway et al., 2013), and on the toes of other 'non-accounting competitors' (Parker, 2001, p. 429). For example, evidence about the need for engineering knowledge by accountants involved with sustainability accounting in Australia is strong from mid-tier firms, but tension is evident. In the words of one engineering

1. <https://home.kpmg.com/au/en/home/services/advisory/risk-consulting/climate-change-sustainability-services.html>; <http://www.ey.com/AU/en/Services/Specialty-Services/Climate-Change-and-Sustainability-Services>; <http://www.pwc.com/gx/en/services/sustainability.html>; <http://www2.deloitte.com/au/en/pages/risk/topics/sustainability.html>, all viewed on 18 May 2016.

policy maker, 'Engineers can't work as doctors, so accountants should not work as engineers' (Tingey-Holyoak et al., 2014, p. 8). This is of particular concern when there are fears of a decline in the future of the professions because of new technologies removing demand (Susskind and Susskind, 2015) and loss of demand for Australian accounting services with offshoring (Evans et al., 2015). Care has to be taken that the process does not become one of marketing the profession at the expense of its nature because of such potential threats. While marketing and growth can enhance career possibilities for administrators in the professional bodies and the status of executives, the question is how wide the scope of accounting can be taken to incorporate the multiple perspectives of professions.

For the accounting profession to embrace mainstream sustainability, required professional knowledge would need to include other disciplines such as, for example, engineering, law and natural sciences, in the face of competition from the other professional bodies. For the accounting profession to retain the essence of accounting with its professional accounting credibility, ethics and status would, therefore, require smart manoeuvring. Over-marketing and commercialisation may lead to loss of trust that accountants actually work with the best interests of clients and the public in mind, rather than trying to benefit themselves (Jackling et al., 2007). The next section provides several practical suggestions for the professional bodies when considering the mainstreaming of sustainability accounting by the accounting profession, rather than letting it be captured by other professions.

WHAT CAN BE DONE?

In the context of sustainability, professional accounting bodies need to strike a balance between encouraging an increase in the breadth of services offered by practitioners and academia, adding integrated concerns about environmental and social sustainability to the traditional focus on economic sustainability, while increasing the depth of knowledge of members about sustainability and sustainable development in general.

Practical avenues available for professional bodies to address the sustainability dilemma include the following 10 strategies.

1. Build University Education on Sustainability

One primary course of action is to build knowledge about sustainability and accounting into curricula at universities to enhance the education of prospective and actual members of the profession. Accreditation processes could insist that sustainability accounting, reporting and assurance be mainstreamed as Key Knowledge Area 4, broad factual, technical and some theoretical knowledge, or be added as a new Key Knowledge Area. Professional accounting bodies in Australia have gradually loosened their requirements for entrants to have obtained a Bachelor's accounting degree. To enable entry, the professional bodies now accept tertiary degree studies in any field including postgraduate studies such as the Graduate Diploma of Chartered Accounting (CPA Australia, 2016; Chartered Accountants Australia and New Zealand, 2016a). More recently there has been a move for larger firms, such as PwC, Ernst & Young and Random House, in need of quality accounting staff, to accept new members without a university education (Staff Writers, 2016). Surprisingly, however, evidence from a survey of practitioner firms in South Australia indicates that firm managers favour university education as the way members should learn about sustainability practices (35%) (Tingey-Holyoak and Burritt, 2011). For their second preference, managers identified a mix of university education and professional development (32%). Professional development on its own was a distant third (10%). Pressure from the professional bodies to expand the notion of core accounting will need to be exerted if this avenue is chosen, although the professional bodies have prevaricated on the issue since the 1970s (Evans, 2003). Universities can adapt by including sustainability accounting courses, perhaps a minor, or a major stream as with financial accounting and management accounting.

2. Boost Professional Development in Sustainability

Although limited evidence indicates professional development is not favoured by practitioners as the best way to educate members on sustainability issues, it is an important option for professional bodies to consider, as lifelong learning is facilitated even if members do not have prior education at university, or if they wish to add such a specialisation. If a stream of higher education in sustainability accounting is recognised by professional bodies, there would be

expectations on the part of members for updating and developing skills as their careers develop. Professional development provides one avenue for building skills and would complement the scope-broadening associated with acknowledgment of the importance of sustainability accounting as core in accounting.

3. Promote the ‘Sustainability Accountant’

The reintroduction of separate specialist streams of study for membership and the encouragement of majors in accounting at universities is one way professional bodies can promote adaptation to encompass sustainability in accounting work and promote the role of the specialist ‘Sustainability Accountant’. The medical profession has had generalist and specialist qualifications for many years, with education for the former being at undergraduate level and the latter at postgraduate level, and through professional development with a heavy practical component often with experience in public hospitals. Accounting themes such as environmental accounting, environmental tax accounting, environmental management accounting, environmental assurance and sustainability accounting and assurance are desired by the accounting profession (Deegan, 2003; Stechemesser and Guenther, 2012). One possible way to match demand and supply for these services is to revert to previous practice and develop new specific specialist streams in core accounting – for example, financial accounting, management accounting, sustainability accounting and consultancy accounting. Professional bodies could demonstrate leadership by mainstreaming an option for education for the ‘Sustainability Accountant’ within their own professional body-based qualifications, thereby acting in the public interest by integrating the financial with environmental and social issues.

4. Facilitate Transdisciplinary Teams

Another avenue for professional bodies to follow in relation to increasing scope to include sustainability is set up learning infrastructure to encourage the development of transdisciplinary teams in both practitioner firms and their clients. The scope of such teams expands beyond conventional accounting to include environmental, social and economic capital and their integration, and crosses professional boundaries. It recognises that non-financial performance measures play a key role in accounting and that other

professional bodies (e.g., engineers) have an interest in providing advisory services in these areas (Tingey-Holyoak and Burritt, 2012). Of particular significance to professional bodies is that transdisciplinary work incorporates collaboration with other professional bodies and practitioners as critical contributors to the resolution of current world problems as they touch on clients, such as the need for a sustainable intergenerational future, which moves beyond knowledge in individual disciplines (Mobjörk, 2010). There are innumerable academic and professional treatises on the gap between practitioners and academics (Posner, 2009; Tucker and Schaltegger, 2016), but transdisciplinarity would bring all parts of the profession together to solve accounting problems with input from the ‘Sustainability Accountant’.

5. Cross Professional Boundaries In-house

In adopting or encouraging a transdisciplinary approach for the Sustainability Accountant specialisation there are several issues the professional accounting bodies need to address. These relate to how other professional specialisms can be built into the accounting profession. One way is simply to buy the services of the other professional party in the market at arms-length terms (e.g., purchase hydrological services to assist with the provision of water accounting services). Another way is to internalise the other functions within the conventional accounting firm, through the employment of other specialists, making sure they have the same credibility in the eyes of the public and can be trusted to conduct their work in an ethical manner. This is already happening with the induction of engineers and lawyers into accounting. If other specialists such as those from IT come to dominate then employment of non-accounting professionals could threaten the firm’s claim to be ‘an accounting firm’. It is a question of proportionality.

6. Introduce Associate or Affiliate Individual Membership

To include such new internalised specialists within an expanded view of accounting and not lose the imprimatur of respect that the name ‘professional accountant’ or ‘accounting firm’ conjures up, professional bodies could develop and introduce an alternative membership category for non-accounting professional services providers working with accountants (e.g., Associate or Affiliate). If other

specialists, such as engineers and lawyers, are employed in accounting they might be attracted by the availability of Affiliate, or Associate, post-nominals and membership of a professional accounting body. A second possibility to overcome the lack of post-nominals is for the professional bodies to accredit firms themselves rather than individuals, as is discussed further in 'Certify Firms Not Members', below, thereby avoiding the problem of monitoring the various scopes of qualification gained by members. If professional accounting needs to include other professional groups such as environmental managers, whose profession is engineering, health or consultancy, a separate named qualification could be introduced, such as 'Certified (or Chartered) Consulting Accountant' or 'Certified (or Chartered) Sustainability Accountant', with core courses being required, for example, ethics (Sin et al., 2011), and sustainability accounting and reporting.

7. Ensuring Professional Ethics Are Core

Common to all professions is the notion of professional ethics. The professional bodies have their common code of ethics for practitioner certification (Accounting Professional and Ethical Standards Board, 2010). To become an Associate or Affiliate would require all persons in accounting firms to be familiar with and uphold such ethical standards. Professional bodies could require fundamental education in generic business ethics by all professional staff, whether they are full members, Associates or Affiliates, whatever their specialisation, to help address the ongoing and mounting concern with unethical accounting practices, to maintain trust of clients, and to hold a practice certificate working for an accounting firm. Such a requirement for Associates and Affiliates would overcome possible differences in ethical standards between professional bodies between all persons working for firms and help maintain the credibility of the accounting profession.

8. Certify Firms Not Members

Certification of firms instead of individuals (or in addition to individuals) is another possibility for the professional bodies as they move to embrace the inherent transdisciplinary nature of sustainability accounting. Such a process would involve subscription by the firms and the notion would involve extension of quality control and resolution of any issues arising. Thus, in addition to monitoring individuals for their

compliance with requirements to maintain certification, firms could also be monitored. Practitioner firms would know and be able to assure that certified accountants and Associate or Affiliate accountants (such as engineers or lawyers) had complied with the ethics and other professional requirements. The firms would then have to be mindful of their reputations, of not over-commercialising their business, and of acting in the public interest.

9. Maintain Core Accounting Specialisation

Professional accounting bodies need to be mindful of the ongoing perceptions about accounting work held by clients and the public. In a phenomenographical interview study of 18 accountants in practice, Sin et al. (2011) find that, in spite of the moves towards commercialisation in recent decades, the function of core accounting work itself is still seen to be about adding financial value for boards and clients through compliance with standards. Caution is advised against the profession 'overshadowing' (Sin et al., 2011) core accounting knowledge and compliance with an emphasis on skills and commercialisation. Additional skills for effective communication of expert advice from compliance work which adds financial value are seen as being important, as is ethical behaviour given the rising volume of malpractice. To meet these perceptions, specialised education and knowledge about compliance accounting, effective communication and ethical behaviour are essential for the profession to survive. Sustainability accounting, water management accounting, environmental accounting, carbon accounting and material flow cost accounting have all been developed with the notion that it is vital for the accounting systems to bring together the physical aspects of concern with their monetary counterparts. This would place such specialised accountants in a position where they can add financial value, seen by practitioners as an essential component of accounting work, whatever their specialisation. A third option is to mainstream sustainability accounting and reporting, making such knowledge compulsory for all CA and CPA members. A fourth option is not to have a sustainability specialisation but in these times of low trust, this risks a movement of the profession towards missing an opportunity to reconfirm its concern for acting in the public interest.

10. Enforce Stricter Marketing

Ethical conduct and behaviour is essential to the profession, and nearly 20 years ago it was a foundational commitment for the profession to extend into business advice and multidisciplinary practice. Trust in a profession is easily lost and hard to regain, hence the build-up of additional strength of education in ethics introduced by professional bodies since the Global Financial Crisis (Sin et al., 2011). Professional accounting bodies need to better control the goodwill associated with the accounting profession's image. Firms that have rapidly expanded their scope into commercial activities as they view the demise of the provision of basic accounting data services (Evans et al., 2015), still look to capitalise on the credibility and positive aspects of the accounting profession. For example, digital marketing campaigns based on data analytics would benefit from adoption of third-party assurance based on the principle of independence. Credibility and high trust has resided with the accounting profession in the past but with the burgeoning growth of sources and distribution of knowledge it seems just a question of how far the services on offer can diverge from conventional accounting before the over-commercialisation of accounting as professional services is challenged. Sustainability provides a chance to redefine accounting, and for changing direction as the world struggles towards mitigation of environmental impacts on and of clients, and social developments cascade around with little resolution in sight.

CONCLUSION

The importance of sustainability issues for business and society and associated client and corporate interests presents professional accounting bodies with a timely opportunity to remould or reaffirm their mainstream purpose. They can seize the day in relation to sustainability issues and make these a fundamental element of what is considered to be an ethical accountant.

Professional accounting bodies could do nothing and turn a blind eye to over-commercialisation by firms through consultancy that does not have the public's interest at its core, and use of the word 'accounting' in their logos/letterheads even when non-accounting activities begin to dominate.

Alternatively, professional accounting bodies can welcome, accept and develop a new scope for the accounting professional. For university educators, accreditation could be strengthened with the addition of a sustainability accounting stream, either as a minor, a major or a complete specialism for the 'Sustainability Accountant'. In addition, at best, a transdisciplinary, or at worst multi-disciplinary, approach could be included in curricula. For practitioners and firms, professional accounting bodies can expand what is seen by many as a narrowing scope of services on offer in the future when work is lost to robots and technological intensity. A sustainability specialism would retain relevance within the profession, revive its public purpose and thus help repel doomsayers.

Sustainability accounting presents an opportunity for professional accounting bodies to keep accounting in the 'mainstream' of public interest as well as future member-client demand. The opportunity is there to build the 'Sustainability Accountant' of the future who can address issues such as global warming, carbon dioxide emissions reduction, intellectual capital and human rights that impact the globalising world. The professional bodies, rather than marketing their brand, could: make sustainability a key element in professional accounting standards; revise university, external and professional development education; build sustainability into ethical and altruistic standards; and promote once again the accountant's service to society and the public interest which has become lost in an over-commercialisation of professional services.

With sustainability as their vision, the bodies can lead professional accounting practice out of the catch-22 setting, reinstate public confidence and not shy away from being known as the bodies who support accounting rather than the broader notion of professional services. This will require a new role for universities and professional development, which must work seamlessly together – with universities building the general skills needed for accounting, including foundations in sustainability accounting, while professional development focuses on the specialist knowledge for sustainability and the 'Sustainability Accountant'.

Professional bodies can choose which direction to take and how hard they will pursue sustainability and the sustainability accountant. The journey will not be easy, but as the Chinese Philosopher Lao-tzu once said, 'A journey of a thousand miles begins with a single step'. It is now time for the professional bodies to start walking the talk.

REFERENCES

Accounting Professional and Ethical Standards Board (2010), *APES 110 Code of Ethics for Professional Accountants*, available at: http://www.apesb.org.au/uploads/standards/apesb_standards/standard1.pdf, accessed 5 February 2016.

Chartered Accountants Australia and New Zealand (2016a), *Chartered Accountants Program*, available at: <http://www.charteredaccountants.com.au/Candidates/The-Chartered-Accountants-Program>, accessed 3 February 2016.

Chartered Accountants Australia and New Zealand (2016b), *Sustainability*, available at: <http://www.charteredaccountants.com.au/industry-topics/sustainability>, accessed 3 February 2016.

Cooper, B. (2015), 'Class of 2025: The future finance professional', *Academic Leadership Series*, Vol. 6, pp. 81–87.

CPA Australia (2013), *Sustainability Reporting: Practices Performance and Potential*, CPA Australia, in association with the GRI, Melbourne.

CPA Australia (2016), *Am I Eligible for Membership?*, available at: <http://www.cpaaustralia.com.au/become-a-cpa/am-i-eligible/>, accessed 3 February 2016.

Deegan, C. (2003), *Environmental Management Accounting: An Introduction and Case Studies for Australia*, Institute of Chartered Accountants in Australia and Environment Protection Authority of Victoria, Melbourne.

Evans, E. (2003), *Professionalisation and the Problematic of Education: The Case of Accounting Education in Australia 1945–1988*, Unpublished PhD thesis, University of New South Wales.

Evans, E., Burritt, R. and Guthrie, J. (eds), (2015), *Future Proofing the Profession: Preparing Business Leaders and Finance Professionals for 2025*, *Academic Leadership Series*, Chartered Accountants Australia and New Zealand/RMIT University.

Hancock, P., Howieson, B., Kavanagh, M., Kent, J., Tempone, I., Segal, N. and Freeman, M. (2009), 'The roles of some key stakeholders in the future of accounting education in Australia', *Australian Accounting Review*, Vol. 19, No. 3, pp. 249–260.

Jackling, B., Cooper, B.J., Leung, P. and Dellaportas, S. (2007), 'Professional accounting bodies' perceptions of ethical issues, causes of ethical failure and ethics education', *Managerial Auditing Journal*, Vol. 22, No. 9, pp. 928–944.

Laughlin, R. (2011), 'Accounting research, policy and practice: Worlds together or worlds apart?', *Academic Leadership Series*, Vol. 2, pp. 21–30.

Lovell, H. and MacKenzie, D. (2011), 'Accounting for carbon: The role of accounting professional organisations in governing climate change', *Antipode*, Vol. 43, No. 3, pp. 704–730.

MacNeal, K. (1939), *Truth in Accounting*, University of Pennsylvania Press, Pennsylvania.

Medley, P. (1997), 'Environmental accounting – What does it mean to professional accountants?', *Accounting, Auditing and Accountability Journal*, Vol. 10, No. 4, pp. 594–600.

Mobjörk, M. (2010), 'Consulting versus participatory transdisciplinarity: A refined classification of transdisciplinary research', *Futures*, Vol. 42, No. 8, pp. 866–873.

Parker, L.D. (2001), 'Back to the future: The broadening accounting trajectory', *The British Accounting Review*, Vol. 33, No. 4, pp. 421–453.

Parker, L.D., Guthrie, J. and Linacre, S. (2011), 'The relationship between academic accounting research and professional practice', *Accounting, Auditing & Accountability Journal*, Vol. 24, No. 1, pp. 5–14.

Posner, P.L. (2009), 'The pracademic: An agenda for re-engaging practitioners and academics', *Public Budgeting & Finance*, Vol. 29, No. 1, pp. 12–26.

Sidaway, S., De Lange, P., Bouilheres, F. and Sangster, A. (2013), 'Professional accounting body affiliation: Shifting priorities in the transition from student to practitioner', *Accounting Education*, Vol. 22, No. 6, pp. 605–617.

Sikka, P., Willmott, H. and Puxty, T. (1995), 'The mountains are still there: Accounting academics and the bearings of intellectuals', *Accounting, Auditing & Accountability Journal*, Vol. 8, No. 3, pp. 113–140.

Sin, S., Reid, A. and Dahlgren, L.O. (2011), 'The conceptions of work in the accounting profession in the twenty-first century from the experiences of practitioners', *Studies in Continuing Education*, Vol. 33, No. 2, pp. 139–156.

Staff Writers (2016), 'Is it time to turn your back on university?', 30 January, available at: <http://www.news.com.au/finance/work/careers/is-it-time-to-turn-your-back-on-university/news-story/d027a70b034a7b3d8036bde535a5cce4>, accessed 3 February 2016.

Stechemesser, K. and Guenther, E. (2012), 'Carbon accounting: A systematic literature review', *Journal of Cleaner Production*, Vol. 36, pp. 17–38.

Stokes, G. (2016), 'Relevance and professional associations in 2026: Towards a new role for thought leadership', *Academic Leadership Series*, Vol. 7, pp. 44–47.

Susskind, R. and Susskind, D. (2015), *The Future of the Professions: How Technology Will Transform the Work of Human Experts*, Oxford University Press, Oxford.

Tingey-Holyoak, J. and Burritt, R.L. (2011), 'Accounting education for sustainable development: A view from the profession', in W.L. Filho (ed.), *Environmental Education, Communication and Sustainability. World Trends in Education for Sustainable Development*, Peter Lang Scientific Publishers, Frankfurt am Main, pp. 149–171.

Tingey-Holyoak, J. and Burritt, R. (2012), 'Transdisciplinary nature of accounting: A pathway towards the sustainable future of the profession', *Academic Leadership Series*, Vol. 3, pp. 93–103.

Tingey-Holyoak, J., Pisaniello, J. and Burritt, R.L. (2014), *The Need for Engineering Accounting: Identifying Current and Future Demand and Supply*, Report to the Institute of Chartered Accountants in Australia, 30.

Tucker, B. and Schaltegger, S. (2016), 'Comparing the research-practice gap in management accounting: A view from professional accounting bodies in Australia and Germany', *Accounting Auditing and Accountability Journal*, Vol. 29, No. 3, pp. 362–400.

Modern Professional Practice and Its Future: An Overview

SHARON WINOCUR

I would like to commend Chartered Accountants Australia and New Zealand and RMIT University for choosing this topic for the latest volume in the *Academic Leadership Series*, which really reaches deep into the heart of professional associations. It is both courageous and astute to be addressing the issue of relevance head on and I have no doubt such analysis will benefit the profession as it restructures for the 21st century. This discussion is a natural succession to the 2015 Forum on *Future Proofing the Profession* (2015).¹

The Relevance and Professional Associations in 2026 Thought Leadership Forum highlighted the complexity of the environment in which we are all operating: global, competitive and to add to this, all in a state of transition involving many different stakeholders at different stages in the continuum of change. The consensus among the contributors to this volume about the extent of transformation underway confirms Chartered Accountants Australia and New Zealand's strategic thinking and reflection about its future direction.

Ross Dawson (2016) refers to the major shift in connectivity and the blurring boundaries of industries and organisations giving rise to the economy of the individual. As more individuals choose to practice as themselves (and not in organisations) and affiliate with other individuals, this creates new forms of organisations and at the same time reshapes the ways in which professions are practised. As Dawson

(2016) succinctly points out, the fact is that an infinite amount of information is now available but knowledge sharing is different from information sharing and this is where professional associations can make a difference. Dale (2016) reinforces this point by describing the new professionals who have bypassed the traditional gatekeepers to create new specialisations where data scientists, process analysts and knowledge engineers inevitably are a key part of professional services provision. Professional associations need to link where business is going tomorrow, and as the workplace evolves so must the profession. There is value in reviewing this current complex landscape in which all professions are operating.

THE CHANGING EDUCATIONAL LANDSCAPE

Over the past 25 years, the number of educational providers has increased exponentially as the demand for skills continues to grow with the development of global economies. Over the past five years, technology has impacted dramatically on the delivery of education, making it accessible to so many more people. For example, a study program today may consist of: a traditional university program on a campus; a university program online; individual chosen accredited courses or subjects through a university; certified or non-certified Massive Open Online Courses (MOOCs); or a hybrid combination of the above, open to accreditation by a university or potentially certified by an independent agency.

1. <https://www.charteredaccountants.com.au/secure/myCommunity/blogs/jguthrie/education-matters/581/future-proofing-the-profession-preparing-business-leaders-and-finance-professionals-for-2025>, accessed 16 June 2016.

These developments have presented serious challenges to the delivery model of university education and now, as we have entered the second phase of MOOCs, universities have overcome their initial anxiety about the role and relevance of MOOCs and have adapted very well. As content is no longer exclusive to university experts and is virtually available to everyone, many universities have moved from mainly delivering content to curating it for specific purposes. They also have flipped the classroom in the redesigned learning ecosystem. In addition, universities are starting to develop partnerships globally (e.g., UNSW, Arizona State University, UCL (UNSW, 2016)), which allows freer movement of students across university programs.

This educational environment formed the basis of the panellist discussion at the Thought Leadership Forum. Brent Jackson described the Internet as the new guardian of knowledge, replacing professional organisations; associations can no longer claim exclusive domain over expertise. John Burgin from Cognizant Technology Solutions pointed to the importance for associations to think about how skills are curated and are portable across national boundaries.

Debra Eckersley demonstrated how firms are adapting to the new educational landscape and a suite of new potential employees by reviewing the significance of degrees in recruitment. In her own firm, PwC, for example, Eckersley notes that increasingly recruiters are not looking at which degrees or any degree at all when hiring – relevant experience draws interest and credence from potential employers.

21ST-CENTURY LEARNERS

The demand for higher education continues to grow (and reflects the expansion of the higher education industry). In Australia there were 1,213,403 students in 2015, which is an increase of 3.1% from 2014 (Department of Education and Training, 2016). This represents a growing acknowledgement of the importance of the need for higher level skills in a smart economy. Of these 1.2 million students, 312,000 are over the age of 30. In the United States, higher education enrolment by students aged over 25 has increased by 19% between 2003 and 2013. Lifelong

learning, as many speakers at the Forum pointed out, is necessary to retain professional expertise. This older cohort recognises the significance of upskilling, and as a growing sector within the 'student' population, is also reshaping the profile of learners.

We have young learners, older learners, full-time and part-time learners, domestic and international learners – all of whom are choosing from the array of delivery modalities. The largest MOOC providers have delivered to over 12 million students; edX says nearly half of its students come from developing countries. Coursera plans to expand its focus on Asia (The Economist, 2014). Last year during her visit to Australia, Daphne Koller (co-founder of Coursera) showed examples of young African students studying business courses on their mobile phones!

To add further to the complex educational environment, student objectives vary enormously. For example, some students want: an emphasis on a broad education that develops critical thinking skills (learning how to ask the right questions) coupled with professional content; specific expertise to develop sought-after (i.e., employable) skills; an opportunity through education to lift living standards; to become innovative and entrepreneurial; and to become educated citizens.

Student objectives in obtaining an education are indeed very diverse.

Jason Dale (2016) raises lifelong learning as a priority issue for consideration by associations in evaluating relevance, branding and even in curriculum content. Core accounting knowledge alone is no longer enough but needs to be supplemented by topics such as big data, bitcoins and cyber security because these are also the tools that clients need to manage in business today. Chartered Accounts Australia and New Zealand understands that it must not only instil 21st-century skills into new members so that they can do their job in a modern workplace but the organisation also needs to focus on people that are already members that need to change. These issues are not unique to Australia and New Zealand – they are occurring in countries around the world. For professional associations, this is a good thing because it presents real opportunities to share ideas, share learning and share actual curriculum on collaborative platforms.

21ST-CENTURY EMPLOYMENT

Employers have always and will always need skilled employees. Many identify the desired 'soft skills' that ensure analytical and critical thinking, communications, etcetera, in addition to content knowledge. Others focus on deep knowledge with content expertise. Employers need creativity and graduates who can 'ask the right questions' and drive innovation. Some employers just want people to do the job, whatever the skills required.

Once again, we see a broad array of employers with differing work-based requirements. Many employers may not have a clear picture of their current and future skills needs. This is where professional associations can offer a needed and unique service to support employers in their recruitment practices.

Beaton and Farrow (2016) vividly illustrate how the Internet has redefined the legal profession. Through disintermediation, the consumer increasingly can now access some legal services directly via the Internet, for a lower cost, with greater efficiency and without the need for a lawyer. These new professionals are legal services providers as distinct from lawyers, and serve as a prime example of how technology represents a genuine substitution for law professionals. This is a direct outcome of the globalisation and democratisation of knowledge, increasing access to justice and its benefits to society. This is a good thing because the outcome produces better and more educated citizens with a global perspective. This demand will only continue to grow but the disruption will cause casualties among lawyers.

According to Dawson (2016), this complex landscape of students, current workers, future workers and employers is exactly where the latent value of associations can be exploited to the benefit of members. He cites the importance of representation where members' interests are protected and the social value of the profession is promoted. Representing the present is an essential criterion for any association; representing the future – *how do we represent how we want our profession to become?* – is a value add that demonstrates professional leadership. Another responsibility of the association is about standards – entry standards, practice standards and ethical standards – that effectively define the profession and the professional.

CONCLUSION

The tremendous changes brought about by technology and how they impact the way we live and work underpins the necessity of lifelong learning. It is happening informally all of the time as we adapt to the digital age in so many ways. It is happening more formally in the workplace as industrial transformation takes place. All services (medical, financial, legal or social) involve the Internet now. In addition to qualifying, maintaining one's professional status now is regulated because of the pace of change.

That change is upon the professions and their associations is unequivocal. It is reassuring, however, that there is a consistent view among the contributors to this volume of the ongoing need for professional associations. The challenge, according to Dawson (2016), is for associations to be able to shift and adapt to the changing world and even pre-empt the changes. Associations have the ability to share knowledge and capabilities within the profession and are able to offer continuous development within a trusted form. Dale (2016) reiterates this same message in his discussion of the development of an international collaborative platform to facilitate sharing ideas, learning and curriculum. There are real opportunities for associations in curating skills, which are portable across national boundaries, in mentoring and offering unique learning experiences. Sanders (2016) best sums up prospects for associations when he says, 'The future of the professions is not only about what happens between the walled boundaries of the profession and the marketplace but more in the professions' dynamic relationship with the community, including with government'.

REFERENCES

- Beaton, G. and Farrow, B.** (2016), 'The future of the legal profession', *Academic Leadership Series*, Vol. 7, pp. 48–54.
- Burritt, R., Guthrie, J. and Evans, E.** (2016), 'Professional associations – Past contributions, present tensions and future opportunities', *Academic Leadership Series*, Vol. 7, pp. 9–22.
- Dale, J.** (2016), 'The role and nature of professional development education in the future', *Academic Leadership Series*, Vol. 7, pp. 57–62.
- Dawson, R.** (2016), 'Relevance and the future of professional associations', *Academic Leadership Series*, Vol. 7, pp. 25–31.
- Department of Education and Training** (2016), '2015 first half year student summary tables', available at: <https://docs.education.gov.au/node/39331>, accessed 30 June 2016.
- Economist, The** (2014), 'The digital degree', 28 June, p. 3, available at: <http://www.economist.com/news/briefing/21605899-staid-higher-education-business-about-experience-welcome-earthquake-digital>, accessed 30 June 2016.
- Roos, G.** (2016), 'Historical patterns and the inevitable decline of professional associations', *Academic Leadership Series*, Vol. 67 pp. 32–43.
- Stokes, G.** (2016), 'Relevance and professional associations in 2026: Towards a new role for thought leadership', *Academic Leadership Series*, Vol. 7, pp. 44–47.
- University of New South Wales (UNSW)** (2016), 'PLuS Alliance: Working together to improve lives', available at: <http://newsroom.unsw.edu.au/news/general/plus-alliance-working-together-improve-lives>, accessed 30 June 2016.

List of Contributors

GEORGE BEATON, MBA, PhD, Partner at beaton and Senior Fellow, Melbourne Law School, University of Melbourne has held senior academic positions in the medical, business and law faculties of the University of the Witwatersrand, South Africa, and the University of Melbourne, Australia. He is regarded as a leading independent authority on professional services industries and their firms. His research interest is in the imperative for law firms to remake their business models, a subject he covered in his books *NewLaw New Rules* in 2013, and *Remaking Law Firms: Why and How*, which he co-authored with Dr Imme Kaschner in 2016.

ROGER BURRITT is Visiting Professor, Management in the International Food Industry, Faculty of Organic Agricultural Sciences, University of Kassel, Germany. Roger promotes research into transdisciplinary areas predominantly in accounting, finance, law, engineering and management. His work reflects the need to bring together teams of professionals with different but complementary skills to solve real-world problems within a sustainability framework. Roger has an international reputation and significant publication record, largely in environmental management accounting with a special interest in water accounting, and the agriculture, mining and wine industries.

KATHERINE CHRIST is employed by the University of South Australia as a Sessional Academic in the School of Commerce. Katherine holds a First Class Honours Degree in Accounting and recently completed her PhD, which looked at environmental management accounting as a water management tool in the Australian wine industry. Her research interests include environmental accounting, water accounting and sustainability in the global wine industry. Results from Katherine's research have appeared in both academic and professional publications within Australia and internationally.

JASON DALE is Head of Education at Chartered Accountants Australia and New Zealand. He has held a number of senior roles prior to this, including various financial and non-financial management positions at Fonterra, and as CFO at listed companies, PGG Wrightson and Auckland International Airport. Jason holds and has also held a number of directorships in private and listed companies in Australia, New Zealand and overseas. Jason started his career with KPMG in Auckland and Vancouver. Jason's aspiration is for Chartered Accountants Australia and New Zealand's education team to delivering leadership in business education. This will be provided through business education that is contemporary and progressive, offering lifelong learning opportunities of exceptional quality and relevance.

SARAH DAVIDSON is the Leader of Business and Government Affairs at Chartered Accountants Australia and New Zealand. Sarah's focus is on strengthening Chartered Accountants' influence as a professional body with business, government and politicians as well as contributing to policy, advocacy and thought leadership on key issues relevant to business and the profession. Her background includes over 20 years in strategy, policy and business development roles as well as experience in practice as a lawyer and in-house legal counsel in Australia. Sarah holds a Bachelor of Laws and a Masters of Business Administration with distinction and is also a graduate of the Australian Institute of Company Directors.

ROSS DAWSON is globally recognised as a leading futurist, keynote speaker, entrepreneur and authority on business strategy. He is the Founding Chairman of four companies including leading future think-tank Future Exploration Network, and the bestselling author of books including *Living Networks*. Strong global demand has seen him deliver keynote speeches on six continents, while frequent media appearances including those on CNN, Bloomberg TV, SkyNews, ABC TV, Today and Sunrise shows, the *Washington Post* and many others.

ELAINE EVANS is an Associate Professor in the Department of Accounting and Corporate Governance at Macquarie University. Her current research interests include financial reporting in Australia under International Financial Reporting Standards, differential reporting, corporate governance, the interface between academic education and professional training for accountants, the accounting profession in Australia and the integration of graduate attributes into the accounting curriculum.

BEN FARROW, BCom, JD, Consulting Analyst at beaton holds degrees in commerce and law from the University of Melbourne. He researches and consults on the future of professions, drawing upon industry experience and empirical evidence to motivate change and innovation.

MARK FREEMAN is currently Associate Professor at the University of Sydney Business School. First practising in accounting and finance and then teaching and researching in finance, Mark has been active in leading and researching innovation in business higher education for 25 years. He is currently co-leader of a national initiative involving 20 accounting departments and both professional bodies in external calibration and assurance of learning standards for accounting degrees.

JAMES GUTHRIE is Head of Academic Relations at Chartered Accountants Australia and New Zealand. In this role James engages with accounting academics and other stakeholders in the Australian and New Zealand higher education systems and provides thought leadership to benefit the wider accounting profession. James has held positions at various Australian and Italian universities, in a career in accounting education that spans more than 35 years. He is an Honorary Professor at the University of Sydney, and fractional Professor at Macquarie University and Bologna University in Italy. Prior to joining Chartered Accountants Australia and New Zealand he was Chair of the Discipline of Accounting at the University of Sydney and previously held roles at the Macquarie Graduate School of Management and the University of New South Wales.

GÖRAN ROOS is a member of the Economic Development Board of South Australia, the advisory board for Investment Attraction South Australia and METS Ignited Australia Limited's Research and Innovation Advisory Council. He is a Stretton Fellow appointed by the City of Playford at the University of Adelaide; Adjunct Professor at the Entrepreneurship, Commercialisation and Innovation Centre, University of Adelaide; Adjunct Professor at the University of Technology Sydney Business School; and Adjunct Associate Professor at the College of Business, Nanyang Business School, Nanyang Technological University, Singapore. Göran is a fellow of the Australian Academy of Technological Sciences and Engineering and of the Royal Swedish Academy of Engineering Sciences.

DEEN SANDERS is the Chief Executive Officer of the Professional Standards Authority. Dr Sanders is a specialist in the field of professions, with a background in regulation, financial services, law and education. He has had extensive experience with association leadership and professionalisation projects, and in implementing large-scale, regulatory-led industry change programs. Dr Sanders has a global and domestic profile in academic leadership on professionalisation and has advised on global regulatory task forces for professional standards. His academic and professional interests are now focused on the nature of regulation for improved consumer protection and how professions can play a positive role to better society.

KEN STEPHENS has extensive experience in providing best practice management and financial accounting services. Starting his career with KPMG and working with a large number of organisations locally and nationally, Ken also gained international experience with secondments to the US and London. Following six years with Fonterra as General Manager of Accounting Services, leading a team of 100 accountants providing global financial and management accounting services, Ken returned to KPMG in 2015 as a Partner in Private Enterprise. A Fellow of Chartered Accountants Australia and New Zealand, Ken participates actively in the profession, including being a past Chair of the Waikato/Bay of Plenty Branch Committee.

GEOFFREY STOKES is Deputy Pro Vice-Chancellor (Research) in the College of Business, RMIT. His current research interests include governance, democracy and Australian political thought. He has authored, co-authored, or edited 11 books on topics ranging from Australian politics and democratic theory, to the philosophy of Karl Popper. Professor Stokes' articles have been published in international journals in various fields and his research has attracted funding from a range of sources, including the Australian Research Council. He is co-editor of the *Australian Journal of Political Science*. From 1994–1999, he was editor (politics) of the *Australian Journal of Politics and History*. In 1999 and 2000, he was a judge on the history panel of the Queensland Premier's Literary Awards. From 1990–1991, Professor Stokes was Senior Advisor to the Commonwealth Minister for Trade and Overseas Development.

SHARON WINOCUR joined B-HERT as Executive Director in 2008 after having previously held senior executive positions in the Victorian and Queensland Public Service following a successful university career as both an academic and an administrator. Following an academic career in psychology, Sharon established the first Office of Equal Opportunity and UQ-Link at the University of Queensland. She joined the Queensland Public Service in 1991 and the Victorian Public Service in 2004. During her public service career, Sharon held various senior executive positions including Director of Equity, Human Resources and Industrial Relations. She also managed active research programs during this time through the ARC Linkage and Discovery grants programs.



CONTACT DETAILS

School of Accounting, RMIT University

Building 80, 445 Swanston Street
Melbourne VIC 3000, Australia

t +61 3 9925 5721

f +61 3 9925 5624

www.rmit.edu.au

Chartered Accountants Australia and New Zealand

33 Erskine Street, Sydney NSW 2000
GPO Box 9985, Sydney NSW 2001, Australia

t 1300 137 322 or +61 2 9290 5660

f +61 2 9262 4841

Level 7, Chartered Accountants House
50 Customhouse Quay, Wellington 6142
PO Box 11342, Wellington 6142, New Zealand

t +64 4 474 7840 or 0800 469 422

f +64 4 473 6303

www.charteredaccountantsanz.com



A 100% recycled
paper supporting
responsible use of
forest resources.



CHARTERED ACCOUNTANTS™
AUSTRALIA + NEW ZEALAND