ACCOUNTING MEETS POLITICS:
THEORETICAL INTERPRETATION OF HISTORICAL EVENTS
OF THE ACCOUNTING PROFESSION IN AUSTRALIA

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Abstract:

The HIH Group failure has challenged the credibility of the accounting profession and various stakeholders in Australia and has questioned the relevance of financial reporting for decision making. This paper examines the recent historical developments of the Australian accounting profession as a corporative association in a social setting and its authoritative influence in accounting standard setting and financial reporting. It reviews the historical events before, during, and after the HIH Group collapse to understand the power re-structure between the political constituents and the accounting profession. The historical deliberations are analysed in relation to the profession promoting functionally defined interests, offering stable compromises, while government questioned the legitimacy of techniques of the profession and the demand to re-structure inevitable inequalities. Finally, the paper offers suggestions as to how the profession can reconstruct itself to regain its lost authority using the graph theory.