Making the Best of It:
Three Essays on Overcoming Challenges in the Public Accounting Profession

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Abstract

Making the Best of It:
Three Essays on Overcoming Challenges in the Public Accounting Profession

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This dissertation reports on three essays relating to challenges public accountants face in exercising their profession. These essays explore how public accountants sensemake about these challenges and reframe (or not) their vision of the value their occupation provides. The first chapter draws on Alasdair MacIntyre's virtue ethics framework and narrative interviews with twenty Tunisian auditors to understand how they make sense of ethical challenges in a context where transnational norms for the profession are at odds with the local customs. In this context, auditors adapt their purpose within the profession to serve a telos that is congruent with their moral tradition. The second article leverages a qualitative field study into the blockchain specialty practice of a large accounting firm to study the practices auditors deploy when expanding into the blockchain field. This chapter explores the role of Bourdieu's master concept of habitus in guiding auditors' approach to and understanding of the terrain they seek to conquer. Without shared habitus, auditors and blockchainers fail to agree on which types of assurance are needed in the blockchain ecosystem, how assurance should be communicated, and who should be providing it. Ultimately, this study sheds light on how auditors can establish a lasting presence in settings where technological innovation is prevalent. The final chapter draws on 31 semi-structured interviews with public accountants carried out during the height of the first wave of the COVID-19 pandemic. It suggests that accountants can experience a sense of freedom when they are given choices that appeal to their value set, which, in this case, is their desire to make rational choices that maximize their human capital value. Choice itself becomes a technique of governmentality because employers control the array of available choices, or the choice architecture, and the information used to evaluate those choices. Altogether, these three studies dig into settings where practicing the profession is difficult – and shed light on how accountants as a profession and as individuals can overcome these obstacles.

Résumé

En tirer le meilleur parti:
Trois essais sur les défis à surmonter dans l'exercice de la comptabilité publique

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      Cette thèse porte sur trois essais explorant les défis auxquels les experts-comptables sont confrontés dans l'exercice de leur profession. Ces essais explorent comment les experts-comptables perçoivent ces défis et recadrent (ou non) leur vision de la valeur que leur profession apporte. Le premier article s'inspire du cadre d'éthique de la vertu d'Alasdair MacIntyre et des entretiens narratifs avec vingt auditeurs tunisiens. L'article vise à comprendre comment ces auditeurs appréhendent des enjeux éthiques dans un contexte où les normes transnationales de la profession sont en contradiction avec les coutumes locales. Dans ce contexte, les auditeurs adaptent leur mission au sein de la profession pour servir un telos conforme à leur tradition morale. Le deuxième article s'appuie sur une étude de terrain qualitative au sein d'un département specialisé dans l'audit de la blockchain d'un grand cabinet comptable. Cette étude explore le rôle du concept Bourdieusien d'habitus pour comprendre comment les auditeurs s'orientent à un terrain qu'ils cherchent à conquérir. Sans habitus partagé, les auditeurs et les blockchaineurs ne parviennent pas à s'entendre sur les types d'assurance nécessaires dans l'écosystème blockchain, comment cette assurance devrait être communiquée et qui devrait la fournir. Finalement, cette étude met en lumière la manière dont les auditeurs peuvent établir une présence durable dans des contextes où l'innovation technologique est prédominante. Le troisième article s'appuie sur 31 entretiens semi-structurés avec des experts-comptables menés durant la première vague de la pandémie COVID-19. Cet article suggére que les comptables peuvent éprouver un sentiment de liberté lorsqu'ils sont en mesure de faire des choix qui font appel à leur ensemble de valeurs, ou dans ce cas, de faire des choix rationnels qui maximisent leur valeur en capital humain (comme dans le cas d'un programme volontaire de réduction du travail). Le choix lui-même devient une technique de gouvernementalité parce que les employeurs contrôlent l'éventail des choix disponibles, ou l'architecture des choix, et les informations utilisées pour évaluer ces choix. Ensemble, ces trois études explorent des contextes où l'exercice de la profession est difficile - et mettent en lumière la façon dont les comptables en tant que profession et en tant qu'individus peuvent surmonter ces obstacles.

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Contribution of Authors

Chapter 2:
Soraya Bel Hadj Ali conducted and transcribed the interviews reported in this manuscript. Cédric Lesage participated in data analysis and manuscript writing.

Chapter 3:
Emilio Boulianne and Crawford Spence participated in manuscript writing.

All authors reviewed the final manuscripts and approved of their contents.

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Chapter 1: Introduction

Public accountants have long touted their role as trusted advisors who serve the public interest by attesting to the integrity of financial reports. However, the usefulness of this role has recently come into question. Sikka (2009) challenges the value of audits in light of the financial crisis. He documents instances where banks received unqualified audit opinions and, shortly thereafter that, were declared insolvent as evidence that auditors may not be serving the public interest. Conversely, Daoust and Malsch (2019) recount the experiences of auditors who, recognizing that audits have no value, decide to leave the profession entirely. These auditors see their work as simply a box-checking exercise and, absent a real impact on society, choose to pursue their careers outside of public accounting. Other studies have documented the pressures arising from how work is organized in professional service firms (Carter & Spence, 2014; Covaleski et al., 1998; Kornberger et al., 2011), especially relating to routine overwork (Lupu & Empson, 2015). Altogether, this suggests that despite the prestige associated with the public accounting profession, members of the profession face substantial barriers in the exercise of their work.

Yet when asked, public accountants express a high degree of job satisfaction. In a 2019 survey of 16,000 workers in the UK, "auditors and accountants were second-most satisfied with their current employer (only behind digital media/software development), fourth-most likely to recommend their current employer to a friend and second most loyal to their employer" (Chan, 2019). This raises a question regarding what allows public accountants to reframe their work and experience meaning and satisfaction in such an arid terrain. This dissertation aims to answer this question by exploring the processes through which individual auditors sensemake (Weick, 1988, 1990, 1993, 1995) about challenges they encounter in their professional work and reframe their experience to obtain satisfaction.

This is achieved in two ways: the first two articles of this dissertation focus on contexts where the value of the profession is under assault. Essay one explores how auditors reframe the value that their profession can provide, effectively job crafting (Wrzesniewski & Dutton, 2001) by reorienting their work towards a telos (MacIntyre, 2007), or purpose, that is valued in the context of their moral tradition. Essay two looks at what happens when auditors try to expand their professional jurisdiction to new technological fields – and are unable to make inroads into a new sector. This essay focuses on micro-level interactions to understand how auditors develop and deploy their habitus (Bourdieu, 2018) in new fields. Habitus refers to ingrained habits, skills and dispositions that shape how one perceives the world around them. Understanding how auditors articulate what they find most valuable about their profession when trying to sell their services to new fields can shed light on what they find most gratifying in the exercise of their profession. The final article of this dissertation turns the focus away from broad challenges to the profession towards challenges in navigating the environment within accounting firms. This chapter explores how public accountants navigate a diffuse apparatus of governmentality to control employee behavior (Covaleski et al., 1998; Dirsmith et al., 1997; Foucault, 2008; Grey, 1994, 1998). More specifically, this article focuses on how accountants experience freedom (Foucault, 1985, 1994) within this disciplinary context by finding empowerment in the opportunity to make rational choices based on abundant financial data.

Altogether, this dissertation brings together over 80 interviews with public accountants and an ethnographic study into the activities of the blockchain specialty practice of a large Canadian firm. Although the settings across the three chapters in the dissertation differ, they are

united by a focus on the micro-level dynamics that drive public accountant sensemaking. These micro-level insights are then used to theorize on the institutional and field-level changes that constrain and shape the way public accountants interact with their surroundings. Additionally, while different theoretical lenses are deployed, these lenses serve to unpack how public accountants reposition the challenges they face to find purpose in a profession that is increasingly difficult to practice.

      The following sections serve to ground the dissertation in the broader literature on the sociology of professions (Abbott, 1988; Carr-Saunders & Wilson, 1933; Freidson, 1970, 1983, 1984, 1986, 2001; Larson, 1977; Parsons, 1939, 1951) with a focus on the more recent literature on professions in crisis (Eyal, 2013, 2019; Nicholls, 2017a, 2017b). Next, this chapter reviews the literature on sensemaking and then dives into the three settings explored in this dissertation (non-Western cultural contexts, technological disruption, and intrafirm dynamics) to situate these essays in their broader contexts and tie those back to the question of public accountant sensemaking. Finally, the chapter will close with reflections on the overall contributions of this dissertation.

1.1 ON THE SOCIOLOGY OF PROFESSIONS

      Given the focus on public accountants within their profession, it is helpful to situate this analysis in the broader literature on the sociology of professions. The earliest work on the professions comprised mainly of case studies documenting the history of various occupational groups and determining whether a particular occupation rose to the level of a profession based on specific traits (e.g., Carr-Saunders & Wilson, 1933; Vollmer & Mills, 1966). Abbott (1988) summarizes the key characteristics of professions as "organized bodies of experts who appl[y] esoteric knowledge to particular cases. They ha[ve] elaborate systems of instruction and training, together with entry by examination and other formal prerequisites. They normally possess and enforce a code of ethics or behavior" (p. 4). As various scholars took on classifying different occupational groups as professions or not, it became clear that these analyses were not agnostic. Instead, they reflected political concerns which aimed to gatekeep certain groups away from the prestigious label of "profession" (Abbott, 1988, p. 4; see also Millerson, 1964). The literature then turned to professionalization, or the regular sequence of steps occupational groups follow in their process of becoming a profession (Wilensky, 1964). Freidson (1986) contends that it is not simply the attainment of factors like self-regulation or the establishment of an oversight body that represents the culmination of a professionalization project, but rather obtaining public approval that a group is deserving of the prestige and power associated with classification as a profession.

      Early scholars also questioned why professionalization might take place at all. In other words, they sought to understand why society would agree to hand over jurisdiction to a specific sphere of expertise to a particular group. Some sociologists suggest that this occurs because of an asymmetry of expertise between a professional and their client. Dingwall (1983) explains "that not only do professions presume to tell the rest of their society what is good and right for it: they can also set the very terms of thinking about problems which fall in their domain. They exemplify in an extreme form the role of trust in modern societies with an advanced division of labor" (p. 5). Freidson (1983) notes that "the professions 'strike a bargain with society' in which they exchange competence and integrity against the trust of client and community, relative freedom from lay supervision and interference, protection against unqualified competition as well as substantial remuneration and higher social status" (p. 41). In other words, professions act

in service of the public interest, in exchange for power, prestige, and even monopolistic control of an industry (Berlant, 1975). This stream of research aims to challenge the altruistic motivations of behavior promoted by early scholars like Parsons (1939, 1951).

Larson's work (1977) was among the most vocal critics of a romanticized view of professions as public stewards. Sharma (1997) explains that, for Larson,

> the professions are really economic interests attempting to dominate intellectually the market for necessary expert services - not, as Parsons has posited, for the service of mankind but for monopoly rights to sell their expertise. The real emphasis behind the pretensions of altruism, in her view, is on gaining status and power even if at the expense of lay clients. In this rather extreme position, instead of using their privilege in the service of a difficult but important social relation, the professions use their expertise to extort benefits from society and clients alike (p. 765)

Ultimately, Larson's (1977) work points to the inherent tension between serving the public interest and the commercial concerns associated with the business of being a professional (see also Freidson, 1983). Discussion of the tension between commercialism and professionalism is also common in the accounting literature (e.g., Barrett & Gendron, 2006; Carnegie & Napier, 2010; Dirsmith et al., 2015; Gendron, 2002; Hanlon, 1996; Wyatt, 2004) which positions these as competing institutional logics. Malsch and Gendron (2013) advance this discussion by suggesting that these logics are interdependent, as one cannot exist without the other and "neither logic can afford to supplant the other" (p. 889). Competing pressures over independence and serving client interests are fundamental to the literature on auditor independence – and its impossibility (Bazerman et al., 1997).

1.2 PROFESSIONS IN CRISIS

Altogether, the literature on the sociology of professions has pointed to struggles for acquiring and applying various kinds of specialized knowledge within and amongst occupational groups (Abbott, 1988). Much of Abbott's 1998 book entitled *The Systems of Professions* focuses on jurisdictional struggles, or the process behind the division of expert labor in modern society. More recently, the literature has turned away from the sociology of professions towards the sociology of knowledge-based work (Gorman & Sandefur, 2011) or even the sociology of expertise (Eyal, 2013). These spheres of inquiry focus less on the boundaries between different occupational groups and focus more on how specialized forms of knowledge are acquired, translated, and protected by specific individuals. Changes in technology and workforce organization have allowed expertise to shift outside the guarded walls of professions to more diffuse groups. On the one hand, this has been a welcome improvement, for instance, for patients, who can more actively participate in their healthcare by accessing medical information through websites that previously were not available (Lyles, 2002). On the other hand, increased access to specialized knowledge poses a threat to professionals who may lose their preferential status.

Nichols (2017a, 2017b) documents what he refers to as the "death of expertise," or a broader movement that discredits specialized knowledge in favor of a bricolage of facts acquired from Google and Wikipedia. Nichols (2017a, 2017b) points to the wider societal impact of this mistrust and the implications of a breakdown in the social division of labor. He explains,

I fear we are moving beyond a natural skepticism regarding expert claims to the death of the ideal of expertise itself: a Google-fueled, Wikipedia-based, blog-sodden collapse of any division between professionals and laypeople, teachers and students, knowers and wonderers - in other words, between those with achievement in an area and those with none. (…) This is a very bad thing. A modern society cannot function without a social division of labor. (…) We prosper because we specialize, developing formal and informal mechanisms and practices that allow us to trust one another in those specializations and gain the collective benefit of our individual expertise. If that trust dissipates, eventually, both democracy and expertise will be fatally corrupted because neither democratic leaders nor their expert advisers want to tangle with an ignorant electorate (Nichols, 2017a, pp. 61-62).

Eyal (2019) counterbalances the mistrust of experts with the broader over-reliance on and politicization of science. He argues that there is a feedback loop between an increasing reliance on facts and science on the one hand and an increasing skepticism towards science and the experts that put forward those ideas on the other hand. Altogether, Eyal and Nichols' work points towards a crisis period for professions whose legitimacy is under assault.

On top of the skepticism towards professionals and experts more broadly, the factors of technological disruption and anti-elite attitudes, or growing populist sentiment, also undermine the professional project. Technological disruption can be as straightforward as sites like WebMD that help patients diagnose their illness or even software like uFile that allow taxpayers to file their tax returns without the assistance of a licensed accountant. However, it can also be more insidious, like the development of new technologies such as blockchain, which threaten to take the accounting away from accountants or render auditors obsolete (CPA Canada & AICPA, 2017; ICAEW, 2018). The recent rise of populism in the West is often associated with a broader critique of elites as privileged and out-of-touch with the plight of the common person (Oliver & Rahn, 2016). Oliver & Rahn (2016) survey Trump supporters and find that they are "distinctive in their unique combination of anti-expertise, anti-elitism, and pro-nationalist sentiments" (p. 189). Although President Trump has left the White House, anti-elite, populist parties continue to occupy important positions of influence in Europe (The Economist, 2018). Together, these forces of technological disruption and anti-elite sentiment challenge the prestige and coveted status of professions in society.

While these threats impact the professions broadly, this thesis focuses on the impact of these challenges on the sensemaking of individual professionals. Miller and Rose (1990) describe becoming a professional as a technology of the self, or a process of self-management (Grey, 1994). Once an individual becomes a professional, they must establish a separate professional identity that conforms to specific rights and responsibilities laid out in a profession's code of conduct (Callaghan, 2014). The process of being socialized into a profession allows an individual to internalize the norms, expectations, and concerns of the profession and, as a result, develop their own professional identity. This dissertation seeks to dig into the sensemaking of individuals whose professions are under threat to explore how they understand their chosen occupational role. Focusing on what these individuals find valuable even during trying times can provide an effective way to understand the primary sources of value in professions more broadly.

1.3 SENSEMAKING AND FINDING NEW MEANING IN A PROFESSION

Fundamental to the process of sensemaking is understanding how individuals reflect on past experiences, integrate them into their identity and leverage those experiences when taking new actions. In his seminal book, Weick (1995) summarizes sensemaking into seven key steps. "Sensemaking is understood as a process that is (1) grounded in identity construction, (2) retrospective, (3) enactive of sensible environments, (4) social, (5) ongoing, (6) focused on and by extracted cues, (7) driven by plausibility rather than accuracy" (Weick, 1995, p. 17). The process of sensemaking is initiated by a moment of ambiguity that contradicts the internal script individuals customarily use in navigating their way through an organization (Maitlis & Christianson, 2014). Weick (1988, 1990, 1993, 1995) documents how sensemaking can be crucial, especially during and after a crisis, as part of a process of "social construction (Berger & Luckmann, 1967) in which individuals attempt to interpret and explain sets of cues from their environments. (…) Sensemaking allows people to deal with uncertainty and ambiguity by creating rational accounts of the world that enable action" (Maitlis, 2005, p. 21).

This is not to say that sensemaking is only initiated by trauma or extreme circumstances (although these can be catalysts; see Weick, 1988, 1993 and Christianson et al., 2009 as examples of sensemaking in response to a crisis). Instead, sensemaking can also occur in response to threats to one's identity. "Sensemaking is triggered by a failure to confirm one's self" (Weick, 1995, p. 23). Some studies have explored contexts that threaten an individual's ability to do a particular job, like music (Maitlis, 2009) or ballet (Wainright & Turner, 2004). Other work has looked at how industry-level threats like the growing concerns over climate change impact workers in the US chemical industry (Hoffman & Ocasio, 2001) or changing attitudes towards haute cuisine impact French chefs (Rao et al., 2003). When an individual's ability to perform their chosen occupation, or more broadly, threats to their work status emerge, this can have important implications for an individual's identity – the first step in Weick's definition of sensemaking. As Maitlis and Christianson (2014) explain, "sensemaking may thus be understood as an important way of trying to gain control and create predictability when people feel most deeply threatened" (p. 75).

As previously explained, professions are in crisis due to numerous external forces that undermine their status, prestige, and jurisdiction. Given the literature on the impact of sensemaking on identity, this dissertation explores how the crises facing professions impact how professionals come to terms with these threats and reimagine their place in their profession. This is similar to the literature on job crafting, where workers "craft their jobs by changing cognitive, task, and/or relational boundaries to shape interactions and relationships with others at work. These altered task and relational configurations change the design and social environment of the job, which, in turn, alters work meanings and work identity" (Wrzesniewski & Dutton, 2001, p. 179). In other words, workers can emphasize certain parts of their job over others as a way of redefining their work. This allows them to draw greater meaning from their occupation (Berg et al., 2013). This can also enable employees to improve how they define their work identity (Wrzesniewski et al., 2013).

The process of job crafting not only allows employees to introduce new positive elements to their work, but it also allows them to cast off negative elements, referred to as "dirty work" (Ashforth & Kreiner, 1999; Ashforth et al., 2007; Kreiner et al., 2006; Hughes, 1962). Ashforth and Kreiner (1999) theorize about how individuals engaged in occupations characterized by dirty work reframe their work. They give the example of grave diggers who refocus their attention away from the distastefulness of grave digging by emphasizing the importance of funerals as a

ritual. Morales and Lambert (2013) explore the "processes by which identity work influences accounting and organisational practices. [They] study how accountants engage in a struggle for recognition in a context where tensions emerge from the confrontation between idealised occupational aspirations and situated possibilities" (p. 228). Morales and Lambert (2013) demonstrate the possibility for job crafting to happen within professional work. They demonstrate how the notion of dirty work is also present in the accounting field – and the professions more broadly. This leads me to this thesis' broad research question:

Research Question: How do public accountants sensemake about their role when faced with issues that challenge either, broadly, the value of their profession or, more specifically, their value within their firm?

1.4 IMPACT OF CULTURE ON THE PROFESSIONAL ACCOUNTING PROFESSION

The original literature on professions approached the issue from the Anglo-Saxon perspective (Abbott, 1988; Carr-Saunders & Wilson, 1933). As the field developed, attention expanded to explore professions in Continental Europe (Larson, 1977) and the United States (MacDonald & Ritzer, 1988). The language around ensuing notions of professionalism evolved primarily from a Western perspective. This ethnocentrism – or the evolution of expectations of a professional being deeply rooted in Western values and morals – has held the literature back from understanding how professions, and professionals by extension, have extended their practices to adapt to cultural norms outside the West. While some recent work has explored the work of medical professionals (e.g., Al-Rumayyan, 2017) and accountants (e.g., Bakre, 2005, 2014) outside the Western world, this research remains sparse and has not changed the predominant expectations for professions from ones steeped in the Western tradition.

As for the literature on the public accounting profession, some research points to the transnationalisation of the profession driven by accounting bodies (Gillis et al., 2014) and large accounting firms. Other work suggests that in fact, "the locally rooted nature of social capital and cultural barriers (…) limit the social mobility of practitioners, [and as such, the importance of the] national as the most important frame of reference for professional organizations" (Spence et al., 2018, p. 235). Professional audit bodies and global firms point to an auditor's duty to an independent public interest. Yet this ideal is very much at odds with local customs like *guanxi*, in China, or *wasta*, in North African and Middle Eastern countries that emphasize the importance of personal relationships on business. Ho and Redfern (2010) explain that "*guanxi*-related behaviors in the workplace are often misunderstood by Westerners, with some going so far as to equate *guanxi* with forms of corruption" (p. 207).

These competing value systems reinforce the challenges of transplanting institutions based on a Western model into other jurisdictions. For instance, Gallhofer et al. (2011) "highlight challenges facing the Syrian [accounting] profession, including (…) the need to adopt and enforce international standards of accounting in Syria and related changes required in training to achieve integration in the global order" (p. 376). Bakre (2014) explores accounting as a force of globalization. He explores the colonial overtones associated with valorizing international accounting education and training systems in the Commonwealth Caribbean (see also Bakre, 2005). Other work has investigated the impact of transplanting a globalized accounting model onto places like Greece (Caramanis, 2002), Trinidad and Tobago (Annisette, 2000), or Kenya (Sian, 2007). This body of work points to the importance of fit between the values an institution promotes and the moral tradition in which it operates. The presence of

customs that impose a duty of care to close personal networks creates an interesting challenge for auditors who are expected to adhere to transnational, idealized standards of independence by their professional bodies.

1.4.1 Study One - Auditor Independence in Kinship Economies: A MacIntyrian Perspective
 The first paper in this dissertation considers how auditors sensemake about their profession when faced with the difficulty of exercising their role in a context where transnational norms for the profession are at odds with the local customs. In this article, we draw on Alasdair MacIntyre's After Virtues (AV) ethical framework (2007) and narrative interviews with twenty Tunisian auditors to investigate how auditors reconcile their duty to independence expectations vis-à-vis a kinship economy. Additionally, we explore how institutions, like professional oversight bodies, play into this reconciliation. We find that although auditors may pursue a telos at odds with international auditing standards, the purpose that these auditors serve is congruent with their moral tradition. Rather than positioning themselves as objective judges of financial reporting, auditors position themselves as guardians of their auditees. While this revised position engenders conduct that may appear to violate their independence, our auditors' practices are entirely congruent with the virtues of justice, courage, and honesty, as they conceive of them in the context of a Tunisian moral tradition.
 This chapter fits into the broader perspective of this dissertation by exploring the sensemaking activities of professionals exposed to threats that challenge the value of their profession. Fundamental to sensemaking is the notion of identity formation (or reformation) in response to new information that runs contrary to one's established understanding of one's role in an organization (Weick, 1995). The auditors interviewed conceive of their role in comparison to a transnational, idealized view of a professional who is independent, objective, and protected by the institutions that uphold their occupation. The respondents explain that this idealized view is what they learn in school and is enshrined in the auditing standards. However, their experience in the field runs contrary to this view. Instead, auditors face an arid terrain where audits have no value and are seen as a box-checking exercise. These professionals need to reform what it means to be an auditor by identifying the parts of their work that create value – for their clients and themselves. In this way, an auditor's professional identity evolves in response to their moral tradition and cultural context. These auditors effectively job craft by focusing on the elements of their work that are more gratifying – providing advice and taking on the role of protector of their auditees – and reimagining the meaning of independence in their context. Therefore, this chapter explores non-Western culture as a challenge to extant views on the profession.

1.4.1.1 MacIntyrian virtue ethics
 MacIntyrian virtue ethics (2007) provides a relevant lens because it provides the tools to map out the virtues and goals of an individual within the context of the institutions and moral tradition (culture) that shape their actions. MacIntyre does not frame an individual's behavior within the context of a single social space but rather within a continuity, both temporal and spatial, to appreciate the integrity of a person's actions. An individual's life has a narrative history, which is socially and culturally located, with a beginning and an end (Moore, 2005; MacIntyre, 2007). He reframes morality as satisfying one's telos by adopting a consistent set of virtues across all areas of life. This contrasts with what he calls "moral schizophrenia," or a shortcoming in modern ethical life whereby different morals are applied in different contexts.

This framework provides a valuable toolkit to unpack the process of auditor sensemaking and identity reformation in response to a moral tradition that is at odds with the expectations of their profession. The emphasis on narrative unity and moral tradition allows us to understand the origins of the virtues auditors deploy through their sensemaking and how auditors find their telos, or purpose. Previous studies have described the accounting profession as a practice, or a coordinated set of human activity, that requires specific skills and gives rise to internal and external goods (Francis, 1990; West, 2018a, 2018b). Internal goods are normally derived from achieving excellence in practice and living a life consistent with the pursuit of excellence in a domain. External goods represent extrinsic rewards arising from achieving excellence in an area, like money, power, or prestige (MacIntyre, 2007). To understand how auditors job craft or reframe their role, we need to explore the evolution of the virtues that inform this process. Therefore, the distinct focus on culturally-embedded values, telos, and personal narratives means that MacIntyrian virtue ethics is a meaningful lens to explore the role of culture in auditor sensemaking about their profession.

1.4.1.2 Contribution

This study makes three main contributions to the literature. First, we provide empirical evidence of how auditors redefine their role in the context of a kinship economy. We mobilize previous studies on independence as a social construction (Ben Hamadi, 2020; Compernolle, 2009; Gendron et al., 2006; Richard, 2003) to suggest that the role of an auditor is influenced by the moral tradition of the environment in which they operate. We demonstrate that in a kinship economy, a lack of objectivity does not limit an auditor's standard of care but rather extends it. Auditors possess tacit knowledge about their clients that would not otherwise be available, allowing auditors to develop their conception of the public interest to adopt a stakeholder perspective.

Second, we contribute to the stream of literature on the development of accounting institutions in post-colonial societies (e.g., Annissette, 2000; Bakre, 2005, 2014; Chua & Poullaos, 2002). We find that when Western institutions are transplanted into a kinship economy, an uneasy tension emerges where these bodies are neither suited in form to their local context nor in operation to transnational expectations. Instead, these organizations appear in a hybrid form whereby, without the political will to ensure their success, they become ineffective in their oversight capacity.

Third, we provide evidence that challenges an emerging perspective of the auditing profession as transnational (Gillis et al., 2014; Samsonova-Taddei & Humphrey, 2014; Suddaby et al., 2007). Previous studies have explored the role of public accounting bodies and large firms in harmonizing the profession across the globe by cultivating neoliberal values across their offices. We demonstrate that while this may be the case in appearance, it is not the case in practice. Efforts can be made to implement structures that mimic those seen internationally, like an accounting oversight body or international firm networks, but actual practices at these firms are distinctly adapted to their local context. Informal structures supersede formal institutions that exist only to satisfy the appearance of transnationalism.

1.5 IMPACT OF TECHNOLOGICAL DISRUPTION ON THE PROFESSIONAL ACCOUNTING PROFESSION

The second article in this dissertation considers how auditors sensemake about their profession in light of technological disruption. Technological disruption is an essential threat

because, as Eyal (2019) and Nichols (2017a, 2017b) explain, technology can take the primary claims on expertise away from professionals and distribute them to non-specialists. In other words, technological disruption threatens the jurisdiction professionals have on expert knowledge and undermines their value proposition.

The claim to jurisdiction is fundamental to the professional project (Abbott, 1988). "In claiming jurisdiction, a profession asks society to recognize its cognitive structure through exclusive rights (…). These claims may include absolute monopoly of practice and public payments, rights of self-discipline and of unconstrained employment, control of professional training, of recruitment, and of licensing, to mention only a few" (Abbott, 1988, p. 59). Abbott (1988) explains that jurisdiction can take on many forms, notably that of public perception or legal jurisdiction. The most sacred areas of professional jurisdiction are those that have legal protection. These are the ones that "evolve slowly and endure forever" (Abbott, 1988, p. 64). For instance, only certified accountants can offer audit opinions, and only licensed notaries can validate wills and testaments. However, some technologies can render these legally protected rights obsolete, as with blockchain technology.

Blockchain constitutes an existential threat not just to auditors but to the world of accounting more generally for four main reasons. First, by seeking to distribute calculative practices across various actors and expert systems, blockchain effectively purports to take accounting away from the accountants. By reporting all the transactions across a network on a decentralized, immutable ledger, some have questioned the need for audits in a blockchain-enabled world (Raj, 2017). Second, professional auditors' primary area of expertise is in the area of auditing financial statements. Blockchain-based finance enables the equivalent of billions of dollars to be raised using non-traditional assets like cryptocurrencies. The Initial Cryptocurrency Offering (ICO) boom of 2017 demonstrated that participants in this ecosystem are prepared to create ventures funded outside the traditional channels – often ones that do not require audited financial statements. Many of the cryptocurrencies issued as part of the ICOs were designed to skirt securities law as a way of avoiding securities regulator oversight (U.S. SEC, 2020) - yet another reason why audited financial statements may not be relevant to this sector. Therefore, the blockchain sector becomes a threat to the jurisdiction of auditors because it renders their core competency, rendering audit opinions of audited financial statements, obsolete. Third, the specialized knowledge required to audit blockchains is far outside the scope of financial statements. Many auditors are reluctant to offer opinions in this space because they believe that their knowledge is insufficient. While we have seen auditors engage specialized professionals like business valuators in the past, auditors believe that the fundamental principles associated with blockchain technology are too far outside their area of expertise to engage with this sector (Pimentel et al., forthcoming). Fourth, while auditors have been able to expand to highly unrelated areas like sports leagues or awards ceremonies (Andon & Free, 2012, 2014; Andon et al., 2014; Free et al., 2009; Jeacle, 2014), auditors may very well suffer from a lack of legitimacy when they enter more technologically intensive spaces. Recast in terms of Bourdieu's lexicon, the forms of capital that sustain their status and privilege in the auditing field do not necessarily hold the same value when applied to fields where other forms of capital are more highly valued. For example, in Andon et al.'s (2014) case of auditing a rugby league's salary cap, auditors' reputational capital was portable as a sports field as members of that field view themselves as accruing legitimacy by associating themselves with established assurance providers. In a less institutionalized field like blockchain, where the very notions of expertise and experts are questioned, this might not be the case.

In light of these diverse but interrelated challenges, blockchain presents an interesting setting to study auditor sensemaking in response to technological threats to the profession's jurisdiction and to the relevance of their specialized knowledge. In response to this threat, auditors must decide how they can either subordinate this competing group (Abbott, 1988) by overtaking a competing field or reframing their position to better market the value of their expertise. In chapter three of this dissertation, we study auditors engaging in both strategies. On the one hand, we study the activities of the blockchain specialty practice of a large Canadian audit firm (referred to as BlockchainCo., a pseudonym) and its attempts to impose its logic of auditability on clients in the blockchain sector. On the other hand, we also observe the micro-level interactions through which auditors and blockchainers interact, whereby auditors try to explain how and why audits matter. Altogether, these sensemaking processes can have important implications for how auditors conceive of their profession in light of a technological threat and for how auditors reimagine their occupation in a way that reasserts the value of their work.

1.5.1 Study Two - Blockchain and the Limits of Audit

Existing studies show that auditors can export their vision of the world and practices to substantively different fields with seemingly little or nothing in common with audits (Andon & Free, 2012, 2014; Andon et al., 2014; Free et al., 2009; Jeacle, 2014). As such, auditors have been shown to effectively transform these fields to their advantage, taking positions therein from which they can influence the prevailing rules of the game (Andon et al., 2014). This chapter aims to understand what happens when auditors' traditional approaches to jurisdictional expansion do not take hold and explain why. When auditors recognize the threat of blockchain and try to impose themselves on this field, as they did in the area of sustainability assurance (O'Dwyer, 2011; Power, 1997), the blockchain field does not recognize the auditors' jurisdictional claims. Instead, the blockchainers demonstrate that they have developed native assurance providers who have their own expectations for what types of assurance are needed, who can perform these audits, and how these audits are communicated. The blockchain sector has developed competing forms of assurance that do not recognize the auditors' jurisdictional claims nor their specialized knowledge.

These findings have important implications for auditor sensemaking because they challenge the discourse that auditor expansion is inevitable and unstoppable. In response to claims that auditors' value is irreplaceable in relation to new technologies (CPA Canada & AICPA, 2017; ICAEW, 2018), the auditors in this study face a reality where their value is replaceable. Yet, the auditors are reluctant to accept this outcome. Rather, auditors inherit doxic, or taken-for-granted, views about the value of their profession and do not understand why BlockchainCo. would be unable to make inroads into the blockchain field. Therefore, this chapter contributes to the overall picture of auditor sensemaking by looking at what happens when auditors' dispositions, or habitus, do not evolve in response to new information. Rather, the auditors refuse to incorporate the competing information they receive from the blockchain field, which has implications for their commercial success. Auditors must adapt their habitus to become effective ambassadors, or organic intellectuals, for the logic of audit to take hold in new fields. In this case, auditors are unable to pivot, which ultimately has important implications for the survival of BlockchainCo.

We conduct our analysis by mobilizing a qualitative field study into a large accounting firm's blockchain specialty practice. We mobilize interviews with blockchainers and auditors about their views on assurance as a way to contrast their habitus. We also draw on a series of

meetings observed during our ethnography where auditors' and blockchainers' habitus are activated. By watching our respondents' habitus in action, we are well-positioned to theorize how these conflicting habitus contribute to the difficulty of transporting logics of auditability to the blockchain ecosystem. We find that, due to dispositional differences, auditors and blockchainers cannot agree on which types of assurance are needed in the blockchain ecosystem, how that assurance should be communicated, and who should be providing it. This dispositional impasse prompts auditors to adapt their strategy to something that effectively limits the reach of audit logics, seeing blockchain firms as potential clients themselves in the traditional sense rather than constituting an entirely new domain to be colonized by audit. In this respect, we can chart the limits of audit.

1.5.1.1 Bourdieu's field theory

To make sense of our field data, we draw on the work of Pierre Bourdieu and his master concepts of habitus, capital, and fields. Adopting a relational ontology (Emirbayer, 1997, Everett, 2002) and focusing on actors' dispositions, Bourdieu's framework provides us with a vocabulary to describe the confrontation between actors from fields with very different origins – the blockchain ecosystem and the auditing sector. More specifically, it allows us to focus on how a field's history contributes to how field members inherit dispositions – and how these dispositions make a field more or less receptive to logics of auditability.

Habitus is "a system of lasting and transposable dispositions which, integrating past experiences, functions at every moment as a matrix of perceptions, appreciations and actions and makes possible the achievement of infinitely diversified tasks" (Bourdieu & Wacquant, 1992, p. 8). Stated alternatively, habitus provides a schema that aligns "social structure and individual agency" (Maton, 2014, p. 49). This schema is built up in layers based on the many experiences a person has endured over their lifetime. When applied to the field of auditing, extant literature has demonstrated that the habitus of the auditing field is organized around strict hierarchies, a reification of client needs, and an adherence to professional norms and regulations (Anderson-Gough et al., 2018; Carter & Spence, 2014; Kornberger et al., 2011; Spence & Carter, 2014). In contrast, the habitus of actors within the blockchain ecosystem would, at first glance, appear to be completely different. Blockchain technology emerged from a desire to upend the traditional financial order and eliminate intermediaries (like accountants, auditors, and lawyers). This attracted a potpourri of anarchists, libertarians, and cypherpunks, with close ties to the hacker community (Dodd, 2018). The blockchain habitus necessitates a way of working that is open and fosters collaboration across organizations, unlike the auditing field that emphasizes confidentiality and strict internal hierarchies. In this way, being a good auditor might mean possessing strong client service skills, strong technical accounting skills and an ability to 'play the game' within one specific organization for a prolonged period (Spence & Carter, 2014), while being a good blockchain might mean being an excellent cryptographer, programmer and evincing a nomadic, peripatetic ability to work with a disparate set of peers. Therefore, members of these fields inherit disparate habitus, which impacts how they will engage with one another.

According to Bourdieu, one's dispositions are fundamentally linked to one's social position, or the amount of capital one possesses (Bourdieu, 2018). As the auditing field has settled and matured (Greenwood & Suddaby, 2006), it has taken a hierarchical form dominated by select players who use their power to establish and maintain the rules of the game in their favor. While auditors prioritize achievement within the profession, members of the blockchain system see a world that is open-sourced, collaborative and antagonistic to the traditional financial

order. They pursue economic capital that is not even fiat currency but rather digital currencies like Bitcoin, Ether, or alt-coins that may have no value outside the blockchain ecosystem. Just as differing habitus are likely to present challenges for integrating firms from entirely different fields, fields that attach different values to different forms of capital may struggle to integrate. Therefore, understanding how capital is constructed and leveraged is essential to understanding the strategies used by auditors to make in-roads into new fields.

1.5.1.2 Contributions

This chapter aims to make three primary contributions to the literature. First, we respond to Power's (2021) call for more research into how auditors become carriers of audit logics. We find that auditors acquire doxic views on what constitutes assurance and good governance through their socialization. These dispositions shape how auditors approach audits and how they interact with members of other fields. The inherited nature of the auditor habitus makes those dispositions relatively durable. This is in contrast to the weak socialization of blockchainers into a developing field. We find that the inflexibility of auditor habitus – at least in the case presented – constitutes a barrier to expansionary ambitions. It prevents auditors from adapting to the rules of the game that pertain to other fields.

Secondly, we respond to Power's (2021) call for more work on how audit logics are reproduced within different contexts. We find that there is an absence of shared worldviews between the auditing and blockchain fields. Blockchain technology does not simply represent a field where existing auditing techniques can be adapted to a new setting, but represents an entirely new logic unto itself. We find that for the logic of auditability to be reproduced in a new context, there must be a potential congruence between auditing habitus and the habitus prevalent in the target field. Auditors must adapt their habitus to become effective ambassadors, or organic intellectuals, for the logic of audit to take hold.

Thirdly, we theorize about why auditors have been unable to adapt their usual strategies of legitimation in a new audit space - namely, the exchange of economic capital (money) for social capital (connections) and cultural capital (reputation). We find that it is not enough to purchase forms of institutionalized cultural capital as a basis to gain legitimacy in a new field. This capital must be earned anew and extended. Auditors can try to reconfigure the fields into which they expand, yet they also stand to be transformed by those fields if they wish to truly establish a lasting presence.

1.6 IMPACT OF ACCOUNTING FIRMS ON PROFESSIONAL ACCOUNTANT SENSEMAKING

The early literature on professions painted professionals as sole practitioners who prioritized autonomy. As Carr-Saunders and Wilson wrote in 1933, "the typical professional man is a free lance, and the most common and most simple form of organization is found when freelance practitioners set up, either by themselves or in partnership with a small number of other practitioners, and seek to attract clients" (p. 446). Since then, professionals have become organized and much of professional work has moved into bureaucratic forms, creating "internal hierarchies of professionals" (Abbott, 1988, p. 151). An important stream of literature in the 1960s explored the "presumption of conflict between professional and bureaucratic principles of control, [whereby] these scholars sought to understand both how organizations affected the nature, status, and satisfaction of professionals and how the employment of professionals affected the nature of organizations" (von Nordenflych, 2010, p. 158; see also Bucher & Stelling,

1969; Freidson, 1970; Hall, 1968; Litwak, 1961; Miller, 1967; Montagna, 1968; Scott, 1965). Later research explored the different alternatives for organizing professional work, especially in terms of what is referred to as professional service firms (Cooper et al., 1996; Greenwood et al., 1990; Hinings et al., 1991; Malhotra & Morris, 2009; Winch & Schneider, 1993; von Nordenflych, 2010; Zardkoohi et al., 2011). This shift in organization had significant implications for the training, motivation, and retention of a highly skilled and mobile cadre of professional employees (Greenwood et al., 2005).

As it pertains to accounting firms, Abbott (1998) describes the shift in accounting firms to multi-professional environments and its implications on competition.

> In the larger accounting and auditing divisions, however, accountants themselves fall into a hierarchy that originates due to the massive nature of the clients. (…) The merger of commercial firms has gradually meant the expansion and bureaucratization of a few giant accounting houses at the expense of medium-sized ones. (…) Size and bureaucracy confer competitive advantage *within* the profession (italics in original, Abbott, 1988, pp. 152-153).

The bureaucratization of accounting firms also has important implications for the individual career trajectories of professionals. Rather than graduating from an accounting training program and putting up their shingle, public accountants are shaped by their time in a firm. "By hiring at the B.A. level, [accounting] firms reserve the recruit's loyalty to the firm rather than allowing it to an occupation" (Abbott, 1988, p. 154). The intense socialization processes in accounting firms transform a new recruit's identification with the profession to an identification with their employer.

Previous literature has documented the extensive structures that socialize accounting firm employees into the norms and dominant logic of the profession (Anderson-Gough *et al*., 2000, 2018; Covaleski *et al*., 1998; Grey, 1994; 1998). Much of this literature has focused on implementing structures that inculcate employees into expected behavior patterns and discipline them into a culture of overwork (Covaleski et al., 1998; Lupu & Empson, 2015). This process is not agnostic. The process of socialization into the firms infuses employees with neoliberal ideology. Foucault explains that neoliberalism has caused a transformation of employees into human capital - from the worker as an object to a subject charged with making rational choices to maximize their value (2008, p. 223), effectively becoming an entrepreneur of the self. Entrepreneurs of the self look to the firm for opportunities to "maximize their (human) capital value" (Cooper, 2015, p. 15). This translates into a willingness to make continuous sacrifices to become "successful" (Carter & Spence, 2014; Kornberger et al., 2011; Lupu & Empson, 2015; Spence & Carter, 2014). In becoming an entrepreneur of the self, "the employer and the worker enter into a business partnership, albeit an unequal partnership. (…) Part of what is being offered is the worker's reflexive ability to be an improvable subject" (Gershon, 2011, p. 540). In this environment, techniques of discipline and control confine employee behavior to the parameters of a neoliberal ideology.

The final chapter of this dissertation leverages the perspective of employees within professional service firms to understand how employees sensemake about their duty towards the firm. Thus far, the dissertation has explored how professional accountants sensemake in the context of threats to their profession. This chapter adopts a different

perspective to explore how accountants sensemake in response to an external threat that challenges their value within a firm. This additional viewpoint is essential to rounding out the study into accountant sensemaking as the organization within which one practices their craft can have important implications for how that profession is experienced.

Abbott (1988) describes how, within professions, "the professionals who receive the highest status from their peers are those who work in the most purely professional environments" (p. 118). In the accounting world, professionals in large accounting firms occupy this role — these individuals' professional identity is most closely tied up in their elite status within their occupational group. By understanding how these individuals sensemake about a threat to their value within their firms, we can gain theoretical insights into how others may respond to these types of workplace challenges.

1.6.1 Study Three - Freedom Through Choice: Employee Empowerment in the Neoliberal Workplace

This study explores employee responses to a voluntary work reduction program that was implemented in response to the economic uncertainty brought on by the first wave of the COVID-19 pandemic in Canada. Firms deployed a voluntary work reduction program as the backbone of their human capital response to the pandemic. This voluntary work reduction program provided employees with a suite of options to reduce their workload (with an almost commensurate reduction in pay). Given that the voluntary work reduction program was launched during the height of an unprecedented humanitarian crisis (a global pandemic), this provides an ideal setting to explore how employees sensemake about a choice to, on one side, potentially lose their job or, on the other side, accept a pay cut. The study digs into how employees frame their decisions and rationalize their choices based on the value this choice brings to themselves and the firm.

This study finds that, by and large, employees overwhelmingly opt-in to the voluntary work reduction program because it enhances their value in the firm. Furthermore, employees experience a sense of freedom when they are given choices that appeal to their value set, which in this case is their desire to make rational choices that maximize their human capital value. Choice itself becomes a technique of governmentality because employers control the array of available options, or the choice architecture (Thaler & Sunstein, 2008; Whitehead et al., 2014), and the information used to evaluate those choices. Freedom is derived from the ability to exercise a sense of control over one's condition, even if those choices are constrained. A voluntary work reduction program allows for the firm to transfer financial responsibility for a firm's pandemic response onto employees – but employees are happy to accept this arrangement because it plays into their desire for freedom and empowerment in the workplace. Effectively, a global pandemic does not challenge the existing neoliberal order but provides a new managerial technique to advance this ideology.

Exploring the process of employing sensemaking about choice within the firm complements the existing perspectives in this dissertation. This chapter presents the opportunity to understand how employees evaluate their financial value to a firm and how they prioritize their human capital value to the firm over the financial rewards they receive personally.

1.6.1.1 Foucault on freedom

Conceptually, I extend Foucault's 1979 lectures on biopolitics and governmentality (2008) by integrating the impact of neoliberal techniques of control on the ability of employees

to find freedom, or experience empowerment in the Foucauldian sense (1985, 1994), in the workplace.

As an economic theory, neoliberalism advocates for free markets and deregulation to encourage fair competition amongst individuals (Amable, 2011). However, the term has evolved into include "the extension and installation of competitive markets into all areas of life (…) [such that] that the market is [seen as] the most efficient and moral institution for organizing human life" (Birch, 2015, p. 572; see also Bourdieu, 1998; Dean, 2012; Harvey, 2005; Mirowski & Plehwe, 2009; Mudge, 2008, Turner, 2007). This version of competition emphasizes self-reliance and individualism as an inconvertible value (Amable, 2011). This individual achievement is facilitated by making rational choices to maximize one's market value (Amable, 2011; Bourdieu, 1998). Facts and figures are used to support those decisions. "'Economics' expands to become that science which analyses 'rational conduct'" (Odysseos, 2010, p. 752). This need for data to make decisions is closely associated with the broader phenomenon of quantification across all areas of life (Mennicken & Espeland, 2019), especially in the workplace (Moore & Robinson, 2016). In sum, neoliberalism has evolved from an economic theory to an ethos in many business circles, namely in accounting firms (Mennicken, 2010; Sikka, 2015).

In creating this ideology, neoliberalism relies heavily on the notion of "freedom," in the sense that an individual must possess the freedom to make rational choices to improve their value in a marketplace (Harvey, 2005; Kingfisher & Maskovsky, 2008; Smith, 2007). Governing bodies oversee the "choice architecture" (Thaler & Sunstein, 2008; Whitehead et al., 2014) or the array of options available to individuals as they make rational choices. For Rose (2017), these pre-arranged choices provide only an illusion of freedom and instead offer a back door to government control of citizen behavior. For Foucault, freedom can exist within disciplinary regimes if one is aware and critical of the systems of domination that exist around them. Given the well-documented control apparatus within accounting firms, one wonders whether it is even possible for employees to push back against these systems of domination to find freedom in a way that allows them to reclaim their identity and maintain their ethical code. Foucault's conception of freedom (1985, 1994) provides a practical analytical toolkit to explore this relationship. Ultimately, a Foucauldian analysis can shed light on the workplace dynamics of accounting firms and make sense of the ongoing subjectification of their professional employees (Knights & Willmott, 1989).

1.6.1.1 Contributions

This paper makes three main contributions to our understanding of how employees can experience empowerment in a neoliberal workplace. First, I extend existing studies on organizational practices in accounting firms (e.g., Carter and Spence, 2014; Covaleski et al., 1998; Kornberger *et al*., 2011) to study a new practice: a widespread voluntary work reduction program. Unlike existing studies that position alternative work arrangements as a potential barrier to employee advancement (e.g. Almer et al., 2003; Cohen & Single, 2001; Johnson et al., 2008), this study documents a context where a work reduction program provides a way for employees to maximize their human capital value.

Second, I explore the role of choice as a technique of governmentality in neoliberal workplaces. Previous studies have investigated how oversight bodies can effectively direct an individual's choice by controlling the array of choices available (Rose, 2017; Thaler & Sunstein, 2008; Whitehead et al., 2014). This study extends this line of inquiry to demonstrate how choice can at once be used as a technique to control employee behavior (governmentality) and allow

employees to experience a feeling of freedom in the Foucauldian sense (Foucault, 1985, 1994). This study demonstrates how choice can be an effective management technique to foster employee empowerment while aligning with organizational objectives.

Third, this study responds to calls for further application of Foucault's later concepts of care of the self and freedom to the accounting literature (Crane et al., 2008; Kosmala & McKernan, 2011). Previous studies have primarily focused on Foucault's work on discipline and control. In this study, I combine Foucault's work on neoliberalism (2008) and his conception of freedom (1985, 1994) to explore how neoliberalism can become the ideology through which employees push back against the systems of domination. Effectively, these employees construct their freedom using the language of data and the material of rational choices. As both employers and employees are steeped in neoliberal ideology, freedom can be achieved in a way that aligns with organizational objectives.

1.7 OVERALL CONTRIBUTION

This dissertation makes several substantial contributions to the literature on sensemaking in the public accounting profession. First, this dissertation explores how auditors reframe their role when they are faced with a cultural environment that is antagonistic to the notion of an independent auditor who serves the interests of a faceless group of shareholders. This setting demonstrates how in a context where independence is not valued, auditors pursue a new telos – that of a guardian of the auditee. This analysis contributes to our understanding of how culture can, on the one hand, be perceived as a barrier to the exercise of the profession, but, on the other hand, present an opportunity to re-examine how auditors can provide value to the public interest.

Second, this dissertation explores how technological disruption can challenge the jurisdictional and expert knowledge claims of auditors. Despite claims in the professional literature that professional auditors can serve the role of "data masters" (CPA Canada, 2019) and lead the digital revolution, technologists do not necessarily recognize this position. Instead, experts in new technological areas resist auditors' entry into their field. This chapter contributes to the literature on auditor sensemaking by exploring the implications of auditors not adapting their habitus to new information that challenges their current view of the world. In this case, if auditors do not update their understanding of the value their profession can provide in a given context, this can have implications for the profession's commercial success and, ultimately, trace the limits of auditor expansion.

Finally, this paper explores how public accountants respond to threats to their value within an accounting firm. Using the implementation of a voluntary work reduction scheme in the context of the COVID-19 pandemic, the final chapter of this dissertation explores how individual auditors respond to the threat of layoffs. Sensemaking in this context means understanding how employees frame their decisions and rationalize their choices based on the value this brings to the firm. Freedom is derived from the ability to exercise a sense of control over one's life, even if those choices are constrained. This chapter complements the other perspectives on sensemaking presented in this dissertation by exploring intrafirm dynamics – an integral part of the overall experience of professional accountants.

Overall, this dissertation presents a profession that, despite its prestige and attractiveness to potential hires, is fraught with challenges from without (cultural factors and technological disruption) and within (firm treatment of employees). Despite these challenges, my respondents are adamant about their attachment to the profession and their firms. Rather than focus on the

challenges, public accountants find new ways to inject value into their profession. The remainder of this dissertation discusses the three studies in detail.

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Chapter 2: Auditor Independence in Kinship Economies - A MacIntyrian Perspective

2. 1 INTRODUCTION

      This paper explores the following theme: how do auditors make sense of ethical challenges in a context where transnational norms for the profession are at odds with local customs. Although much has been written about the conditions that promote auditor objectivity (e.g., DeAngelo, 1981; DeFond et al., 2002; Nelson, 2009), this stream of research presumes that the environment in which an auditor operates upholds and promotes objectivity. In other words, this research promotes a Western view of an auditor as free of bias, supported by their professional oversight bodies, and selling their services to clients willing to pay for this objectivity. However, this is far from the case in many jurisdictions (e.g., Gul et al., 2003; Ben Hamadi, 2020). In this paper, we investigate how auditors reconcile their formal duty to independence with the expectations of a kinship economy where commerce is facilitated by an extended web of interpersonal relationships of mutual obligation. Additionally, we explore how institutions, like professional oversight bodies, play into this reconciliation. By understanding how auditors negotiate ethical dilemmas in this context, we can challenge the profession's dominant Western perspective.

      Theoretically, we employ a MacIntyrian virtue ethics lens to our analysis. Alasdair MacIntyre's virtue ethics framework, elaborated in his book *After Virtue: A Study In Moral Theory* (2007) (hereafter referred to as AV), seeks to modernize Aristotelian virtue ethics by eliminating the reliance on an individual's biologically driven telos (purpose) to articulate a framework that embeds individual action in social practice. MacIntyre aims to integrate the importance of culture, context, and institutions on acquiring and developing virtue. As a result, AV provides us with the tools to map out the virtues and goals of an individual within the context of the institutions and moral tradition (culture) that shape their actions. While previous studies have applied the AV framework to the accounting profession (Francis, 1990; West, 2018a, 2018b), we extend this line of research by demonstrating how virtues are mobilized within a practice to achieve a telos that is congruent with the moral tradition in which an individual operates. We also provide evidence of the potential for institutions to undermine telologically-driven practices.

      To conduct this study, we conducted narrative interviews with twenty Tunisian public *Experts-Comptables* (the equivalent of a Canadian or American CPA). Narrative interviews allow us to explore how public accountants arrange the series of experiences in their professional past to extract meaning in context (Singer, 2004). We chose the Tunisian setting because it presents a challenging economic and institutional environment where auditors are squeezed by clients who face financial precarity and an audit regulator that provides only weak oversight and protection (Khlif & El Omari, 2015). This provides an environment where it is possible to explore how auditors navigate the ethical challenges of practicing in a kinship economy.

      Our findings highlight that in exercising their profession, auditors recognize that adopting a standard of excellence, or telos, consistent with the transnational standard of an independent auditor is not appropriate for the expectations of their kinship economy. Instead, they reposition themselves as guardians of their auditees by, for instance, protecting an auditee from bankruptcy (by participating in the misstatement of financial statements to avoid covenant violations) or protecting the entity from legal repercussions (by enacting their own form of justice rather than reporting misdeeds to the Attorney General). Our respondents take an interest in protecting visible, human stakeholders who stand to lose from the financial failure of the auditee, like

employees or suppliers. Our respondents perceive a duty to defend and demonstrate loyalty to those with whom they share these social ties and obtain personal satisfaction from doing so. Our respondents' conduct is entirely congruent with the virtues of justice, courage, and honesty, as they conceive of them. Auditors experience fulfillment from their ability to achieve this type of unity. Our respondents' conduct is enabled by professional oversight bodies that facilitate this type of behavior through lack of enforcement.

This study makes three main contributions to the literature. First, we provide empirical evidence of how auditors redefine their role in the context of a kinship economy. We mobilize previous studies on independence as a social construction (Ben Hamadi, 2020; Compernolle, 2009; Gendron et al., 2006; Richard, 2003) to suggest that the role of an auditor is influenced by the moral tradition of the environment in which they operate. We demonstrate that in a kinship economy, a lack of objectivity does not limit an auditor's standard of care but rather extends it. Auditors possess tacit knowledge about their clients that would not otherwise be available, allowing auditors to develop their conception of the public interest to adopt a stakeholder perspective.

Second, we contribute to the stream of literature on the development of accounting institutions in post-colonial societies (e.g. Annissette, 2000; Bakre, 2005, 2014; Chua & Poullaos, 2002). We find that when Western institutions are transplanted into a kinship economy, an uneasy tension emerges where these bodies are neither suited in form to their local context nor in operation to transnational expectations. Instead, these organizations appear in a hybrid form whereby, without the political will to ensure their success, they become ineffective in their oversight capacity.

Third, we provide evidence that challenges an emerging perspective of the auditing profession as transnational (Gillis et al., 2014; Samsonova-Taddei & Humphrey, 2014; Suddaby et al., 2007). Previous studies have explored the role of public accounting bodies and large firms in harmonizing the profession across the globe by cultivating neo-liberal values across their offices. We demonstrate that while this may be the case in appearance, it is not the case in practice. Efforts can be made to implement structures that mimic those seen internationally, like an accounting oversight body or international firm networks. Still, the actual practices at these firms are distinctly adapted to their local context. Informal structures supersede formal institutions that exist only to satisfy the appearance of transnationalism.

The remainder of the article is structured as follows. First, we provide a theoretically informed review of the literature. Second, we describe the relevance of our setting and explain how narrative interviews allow us to understand how auditors reconcile their telos, virtues, and moral tradition. Third, we analyze our findings. Finally, we provide a discussion and conclusion.

2.2 VIRTUE ETHICS IN AUDIT PRACTICE: A THEORETICAL REVIEW

2.2.1 Achieving narrative unity

In his book, *After Virtues: A Study in Moral Theory* (2007), Alasdair MacIntyre proposes an ethical lens to address what he calls "moral schizophrenia," or a shortcoming in modern ethical life whereby different morals are applied in different contexts. He reframes the issue of morality in terms of satisfying one's telos, or final goal, by adopting a consistent set of virtues across all areas of life. Thus, to understand an individual's behavior, we must not look at them in a single social space but place them in a continuity, both temporal and spatial, to appreciate their

integrity. An individual's life has a narrative history, which is socially and culturally located, with a beginning and an end (Moore, 2005; MacIntyre, 2007).

2.2.2 Achieving a virtuous practice

Previous studies have described the accounting profession as a practice or a coordinated set of human activities that requires specific skills and gives rise to internal and external goods (see our discussion on internal and external goods below; see also Francis, 1990; West, 2018a, 2018b). MacIntyre deduces three fundamental virtues necessary for pursuing excellence in a practice (MacIntyre, 2007, p. 191): justice, honesty, and courage. While MacIntyre defines these virtues mainly in the most common sense, he acknowledges that their meaning is contextual and must be derived from the moral traditions in which an individual operates.

This contextualization can also apply to how auditors construct their duty to the public and their role vis-à-vis their clients. Extant literature has documented the inclination for auditors to engage in practices that violate their independence, like ignoring material misstatements, even when auditors are aware this conduct is at odds with their duty to the public interest. This literature points to two primary justifications for this type of behavior: psychological bondage and financial bondage. Psychological bondage refers to the "impossibility of auditor independence" (Bazerman et al., 1997) caused by auditors who find it "psychologically impossible to remain impartial and objective" (Bazerman et al., 1997*, p. 89)*. Self-serving biases interfere with an auditor's ability to interpret information objectively, causing auditors to privilege their interests or those of their clients over those of unknown financial statement users. Moore et al. (2006) build on this finding to argue that financial scandals arise because "at the micro tier, professionals are often unaware of how morally compromised they have become by conflicts of interest. (…) The majority of professionals are unaware of the gradual accumulation of pressures on them to slant their conclusions—a process [they] characterize as moral seduction" (pp. 10 – 11). The underlying argument is that auditors engage in unseemly behavior due to the presence of unconscious bias (Guiral et al., 2010) and rationalize away misconduct (Dermarkar & Hazgui, in press).

On top of these psychological limitations, auditors also face economic impossibility or inherent limitations to auditor conduct because clients pay auditor fees. "The Commission on Auditors' Responsibilities (1978) observed that a completely independent audit is, by definition, impossible due to the fee dependence inherent in audit contracting" (Francis, 2006, p. 749). Together, the psychological and economic limitations interfere with an auditor's ability to be independent even before they begin the mandate. We seek to build on this line of inquiry to examine how adopting a contextualized definition of virtues can shed new light on how auditors reconcile their duty to the public with their foundational virtues. This leads us to our first research question:

Research Question 1: How do auditors reconcile seemingly independence-violating actions with their duty to the public interest?

2.2.3 Institutions and the pursuit of internal and external goods

To achieve excellence in a practice, an individual generates what MacIntyre refers to as internal goods. Internal goods are specific to an activity (they cannot be generated by any other activity) and can only be recognized by those with experience in this practice (MacIntyre, 2007, pp. 188 - 189). Internal goods are typically recognized as deriving from excellence in a practice

and living a life consistent with the pursuit of excellence in a domain. Internal goods are distinguished from external goods, which represent extrinsic rewards arising from achieving excellence, like money, power, or prestige.

Internal goods are acquired through socialization, where an individual learns the socially acceptable behaviors and norms in their environment. A characteristic of MacIntyre's moral framework is the inscription of the individual's ethical behavior in time (tradition) and space (community). Entering a practice requires an individual to learn the techniques, accept the standards of excellence, and submit to the judgment of contemporary practitioners to be part of a community (MacIntyre, 2007, p. 190). A community is the product of its traditions and the interactions between its institutions. Extensive research into the socialization of new auditors describes how auditors internalize notions of what it means to be an auditor, especially a good auditor, through their education and the influence of their firms (e.g., Anderson-Gough et al., 2018; Elias, 2006; Grey, 1998). Auditors learn the rituals associated with performing an audit and develop a standard of behavior about how an auditor should behave (Spence & Carter, 2014).

In a MacIntyrian analysis, institutions like public accounting firms and professional bodies are by nature and by necessity concerned with the production of external goods. "[Institutions] are involved in acquiring money and other material goods; they are structured in terms of power and status, and they distribute money, power and status as rewards" (MacIntyre, 2007, p. 194). Therefore, while institutions are necessary for sustaining practices, they are also their corruptors (MacIntyre, 2007, p. 194). MacIntyre's view is that virtues be cultivated to resist the corrupting power of institutions. As firms export their values, consideration must be given to how auditors reconcile their virtues and the values espoused by their firms. More importantly, we must consider how auditors align their virtues and their actions in light of the influence of institutions like firms and regulators. This leads us to our second research question:

Research Question 2: How do auditors achieve unity in their virtues and practices?

2.2.4 Integrating experience into a moral tradition

Fundamental to a MacIntyrian analysis is the integration of an individual's narrative within a community, or moral tradition. This moral tradition provides a contextual understanding of virtues. While some research points to the transnationalisation of the auditing profession driven by professional accounting bodies (Gillis et al., 2014) and large accounting firms, other work suggests that in fact, "the locally rooted nature of social capital and cultural barriers (…) limit the social mobility of practitioners, [and as such, the importance of the] national as the most important frame of reference for professional organization" (Spence et al., 2018, p. 235). While professional audit bodies and global firms point to an auditor's duty to an independent public interest, this ideal is very much at odds with local customs like *guanxi*, in China, or *wasta*, in North African and Middle Eastern countries that emphasize the importance of personal relationships on business. Ho and Redfern (2010) explain that "*guanxi*-related behaviors in the workplace are often misunderstood by Westerners, with some going so far as to equate *guanxi* with forms of corruption" (p. 207).

These competing value systems reinforce the challenges of transplanting institutions based on a Western model into other jurisdictions. For instance, Gallhofer et al. (2011) "highlight challenges facing the Syrian [accounting] profession, including (…) the need to adopt and enforce international standards of accounting in Syria and related changes required in

training to achieve integration in the global order" (p. 376). Bakre (2014) explores accounting as a force of globalization. He explores the colonial overtones associated with valorizing international accounting education and training systems in the Commonwealth Caribbean (see also Bakre, 2005). Other work has investigated the impact of transplanting a globalized accounting model onto places like Greece (Caramanis, 2002), Trinidad and Tobago (Annisette, 2000), or Kenya (Sian, 2007). This body of work points to the importance of fit between the values an institution promotes and the moral tradition in which it operates. The presence of customs that impose a duty of care to close personal networks creates an interesting challenge for auditors who are also expected by their professional bodies to adhere to transnational, idealized independence standards. This leads us to our final research question:

Research Question 3: How do the values perpetuated by transnational accounting institutions impact micro-level auditing practices?

2.3 METHODOLOGY

When starting our project, our objective was to conduct narrative interviews with Tunisian public accountants to understand how they encounter and respond to threats to their independence. We chose to study the Tunisian audit context for two primary reasons: first, the Tunisian economy is threatened by the lingering impact of the 2011 Jasmine Revolution, and an expectation of mutual obligation in business relationships known as *wasta.*[1]Second, Tunisian auditors appear to be quite open about their practices. The revolution has "freed the word" (translation by the authors, UE, 2012, p. 9) whereby ordinary citizens are openly critical in a way that was impossible before the revolution.

Once we had concluded on a research site, we engaged in narrative interviews with twenty Tunisian auditors. In the following sections, we provide further detail on our research setting. We also explain how our interview approach and data analysis serve to answer our research questions.

2.3.1 The Tunisian Public Accounting Profession

The Tunisian public accounting profession is characterized by three main features: weak incentives for a faithful exercise of the profession, poor institutional oversight, and an ongoing struggle to establish its post-colonial traditions.

Firstly, the financial rewards for exercising the accounting profession are low. In Tunisia, the Minister of Finance sets the minimum audit fees using a sliding scale based on firm size (OECT, 2016). All entities must obtain a statutory audit, and auditors are assigned for three-year mandates with some limits on auditor renewal (OECT, 2005). Anecdotal evidence obtained by one co-author indicates that audits are misunderstood and that Tunisian capital market participants do not recognize their value. As a result, auditors routinely accept less than the threshold to secure new business or keep clients.

Secondly, public accountants face low levels of protection from regulatory bodies.

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[1] *Wasta* is "an Arabic term that refers to an implicit social contract, typically within a tribal group, which obliges those within the group to assist (provide favorable treatment) to others within the group" (Barnett et al., 2013, p. 2). In this way, *wasta* operates as a form of social capital where "commitments are bound by honor as well as mutual obligation" (Ramady, 2016, p. viii).

The Tunisian auditing profession is overseen by *l'Ordre des Experts-Comptables de la Tunisie* (OECT), modelled after *l'Ordre des Experts-Comptables* in France. "Structurally, the OECT operates as a variety of commissions and empty shells. After more than twenty years of development, it remains committed to a structure that is centralized around a board, and more importantly, its chairman" (Khlif & El Omari, 2015, p. 52). This centralized structure has been marred by difficulties, namely a rotating door of leadership and a generalized ineffectiveness in implementing a rigorous audit inspections and member oversight program. Auditors must report any financial wrongdoing or conduct they uncover that would undermine the financial health of an auditee to the Attorney General. Failure to comply is technically subject to the potential for a fine or even imprisonment (Yaich, 2011). However, Zouari (2013) documents the wholesale rejection of this rule by Tunisian auditors. She notes that auditors avoid reporting their clients to the authorities for failure, that the auditors will face legal repercussions. Additionally, auditors express fear of experiencing personal harm should they resist client pressures due to a lack of institutional support (Ben Hamadi, 2020). This weak institutional environment provides a setting where auditors face significant environmental pressure to look the other way while experiencing low protection and rewards for their work.

Thirdly, El Omari and Khlif (2014) describe the duality of Tunisian and French influences on the auditing profession. At its origin, the Tunisian accounting profession emerged from a desire to replicate the French accounting tradition in post-colonial Tunisia. The first Tunisian *experts-comptables* (ECs) were trained in France (as were most of the first generation of ECs) and used this as a basis to "impregnate the foundations of the profession with French logics" (Khlif & El Omari, 2015, p. 50). The French language was (and remains) the principal operating language of the Tunisian accounting profession. French accounting rules were used in Tunisia until 1969, when they were replaced by a national accounting code "inspired by the French approach" (El Omari & Khlif, 2014, p. XIII). Additionally, the Tunisian accounting training program is closely modeled after the French system. Candidates to the profession must complete a master's degree, followed by a professional licensing exam, three years of professional experience, and a thesis to obtain the designation. Despite present challenges to exercising the profession, becoming an EC is highly sought after. Only 3% of candidates pass the exam annually, and candidates take the exam on average four times before passing or abandoning their hopes of entering the profession (Khlif & El Omari, 2015). Despite the low fees associated with the practice of auditors, ECs benefit from being perceived as business advisors who help businesses large and small in achieving their financial objectives. Although the audit side of the business is not well remunerated, the profession retains prestige due to its other services like taxation and consulting. From the outset, French tradition has stood as an example of how accounting "should" be done and has influenced the institutional environment in the country.

2.3.2 Data Collection

Our interviews sought to understand how auditors exercise their profession in light of the challenges of the Tunisian context. We designed the interviews to elicit discussions about the independence threats auditors face and their responses to these threats (see our interview guide in Table 2.3.2.1 below). To structure our interviews, we used a narrative interview format to provide a rich understanding of how an individual sees their role within a larger context (Jovchelovitch & Bauer, 2000; Sims, 2003). This approach dovetails with MacIntyrian virtue

ethics. AV relies on narrative unity to account for a person within their practice and as a mechanism to link that person's story to other narratives (MacIntyre, 2007).

Table 2.3.2.1 Interview Guide

Topic	Example of questions
Introduction	Personal presentation, research confidentiality matters Opening informal discussion to create a comfortable environment for the participant
Path to becoming an auditor	Tell us about your path into the auditing profession.
Being an auditor	Tell us about your current position and your experience as an auditor.
Independence and related threats	Tell us about your experience with threats to your independence. Have these threats changed since the revolution?
Sanctions and role of supervisory bodies	Tell us about your experience relating to the enforcement of accounting and auditing standards in Tunisia.

Altogether, we conducted twenty interviews with Tunisian auditors (see Table 2.3.2.2 for a description of our respondents) through 2016 and 2017. We began by recruiting participants through the Tunisian co-author's network and used snowball sampling (Patton, 2014) to obtain references from the individuals we interviewed. When recruiting study participants, the interviewing author made clear that the interviews were being conducted for academic research and that anonymity would be guaranteed.

Table 2.3.2.2 Profile of Interviewees

Auditor #	Rank in the firm	Firm Type	Duration
1	Partner	International network	2h10
2	Partner	Local firm	2h16
3	Partner	International network	1h55
4	Partner	Local firm	2h09
5	Manager	Local firm	1h54
6	Manager	International network	1h26
7	Partner	Local firm	2h44
8	Partner	Local firm	2h21
9	Partner	International network	1h42
10	Partner	International network	1h38
11	Partner	International network	1h33
12	Partner	International network	2h11
13	Partner	Local firm	1h03
14	Partner	Local firm	2h30

Auditor #	Rank in the firm	Firm Type	Duration
15	Partner	Local firm	1h41
16	Manager	International network	1h28
17	Manager	International network	1h11
18	Manager	International network	1h06
19	Partner	Local firm	1h12
20	Partner	Big Four	1h06

International network firms include large mid-sized firms like (but not necessarily including) Baker Tilly, BDO, and Grant Thornton, as examples.

       The interviews were conducted in a combination of French and Tunisian Arabic by the Tunisian co-author, who herself is a Tunisian accountant and perfectly fluent in French and Tunisian Arabic. As such, the interviewees were able to be candid about the realities of the field as she is deeply familiar with the organizational and cultural context. At the beginning of each interview, interviewees were reminded that the discussion was intended for academic purposes and that their comments could be used in scholarly publications. The author sought permission to record the conversations and obtained verbal consent from each of the respondents. Interviewees were informed that they could stop the recording at any time, which did happen on several occasions when interviewees wanted to give personal examples that were more sensitive.[2] As such, steps were taken before, during, and after the interviews to ensure the participants' informed consent, confidentiality, and anonymity (Patton, 2014). After the interviews were complete, they were transcribed into French and anonymized by the Tunisian co-author. Anonymity was achieved by ensuring that only the interviewing author knew the identity of the participants. The respondents were only referred to by their initials in the interview transcripts and audio recordings.

2.3.3 Data Analysis

       Transcripts were coded thematically using nVivo by the two other co-authors who are fluent in French and familiar with audit matters. They are both former audit managers at large audit firms. We started with the IFAC Code of Ethics[3] (2018) to devise a list of the potential threats to auditor independence (self-interest, advocacy, familiarity, intimidation, and self-review). Our first reading of the transcripts revealed an ethical dimension to how auditors make sense of their experience. The importance of being honest, prudent, and having courage were balanced with a sense of justice towards making everyone better off if the auditors helped their clients make their misstatements disappear. Therefore, we sought a theoretical framework that would allow us to map out the players in the audit field and the potential threats to an auditor's independence. We first coded the interviews using Thorne's (1998) virtue model. However, we noticed that significant parts of the interviews were either not coded or were coded as "background." As noted by Malsch and Salterio (2016), "field researchers must be wary that they do not see in their field observations only what their adopted theory suggests they should see in the field. The researcher has to be alert for field data that do not fit into the overarching

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[2] We do not report on the conversations that happened when the tape recorder was off, as these were signaled as being "off the record" by participants.

[3] We chose to use the definitions of threats provided by the IFAC Code of Ethics, as many countries, including Tunisia, use them.

theoretical perspective adopted by the researcher" (p. 5). We spent six months searching for a more comprehensive theoretical framework and decided to use MacIntyre's *After Virtues* (2007).[4] The findings and related discussion presented below are based on this approach.

We developed a shortlist of broad themes from *After Virtues* (community, moral tradition, education, virtues, audit practice, institution, and telos). The first two authors then independently coded the first transcript applying these themes. At this stage, each of the coders had extended the list of the initial 13 themes to approximately 35 themes and subthemes that were quite similar in terms of content but quite different in terms of labeling. Both coders then agreed on a common list of 43 nodes (label and definition). They then double coded all twenty interviews, with a discussion of inconsistencies after each lot of five transcripts. Through this iterative process of reviewing five transcripts at a time, the authors were able to improve the reliability of their coding, such that inconsistencies between coders become less frequent as the coding progressed.

2.4 FINDINGS

2.4.1 Defining one's telos

According to MacIntyre, the primary purpose of life is to achieve one's telos or live a "good" life through the pursuit of excellence in a given sphere of activity. At first glance, our respondents conceptualize doing "good" audit work as expressing rigor by turning over as many stones as required by a firm's risk-based auditing methodology and closely following the audit standards.

We don't forget anything. We do our due diligence. Everything is documented. This is my profession. One of substantiating everything. I have standards, and I apply them. [Auditor #6]

The role of the auditor is to provide confidence. There are numbers and indicators which are the basis for users' financial decision, for investors in the market. My job is to provide a stamp of confidence. This role is fundamental. When I verify the numbers and give an opinion, I provide value to the financial statements and to the numbers. I think this is an important role for financial activity in general. [Auditor #9]

This description of the role of an auditor closely maps to an idealized view of the independent, objective financial auditor. These quotes appear to possess a rehearsed quality as they map almost perfectly to the expectations of an auditor as stated in international auditing standards and as taught in auditing courses. As our conversations went on, our respondents added the nuance that honesty is not just about emphasizing rigor but also means exercising the profession "*dans les règles de l'art.*" This French phrase translates to "working in accordance

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[4] To understand the relationship between auditors and identity threats, we sought a theoretical framework that would allow us to map out how an auditor's responses to those threats are based on their institutional environment and personal ethical values. After reviewing the literature, we settled on MacIntyre's After Virtues. This framework aims to reconcile how virtues guide the exercise of a practice with existing traditions (institutional context). MacIntyre specifically focuses on how individuals rely on virtues to navigate challenges in pursuing their telos (life goal) (MacIntyre, 2007).

with rules, written and unwritten, and that are applied by experienced professionals in their field" (translation by the authors, OQLF, 2002). This oft-repeated expression points to acknowledging that a job well-done means adhering to other rules beyond the codified international accounting and auditing standards. It lays bare a host of "unwritten rules" which must be considered when exercising the profession faithfully, as our respondents see it.

Our respondents also explain that real excellence is achieved by bringing value beyond simply checking the accuracy of financial statements. Auditors who can become invaluable business advisors through their actions are seen as those who genuinely represent the best of the profession.

[Describing how to create a sense of credibility] By providing real advice. By alerting the client to certain internal control issues, tax risks. By giving him a bit of an overview of new laws as they arise. By sharing best practices from other companies in the industry. When we speak to our client in a private meeting or in a consulting role, we provide him with added value. We try to provide advice. [Auditor #13]

Sometimes the client sees us as an auditor and other times as a permanent advisor to the company. Soon enough, we even become friends, and our relationship is no longer strictly professional. We end up going beyond the engagement, and the client sees us as a close friend, a partner. [Auditor #18]

This is not to say that offering advice is necessarily at odds with being independent. The notion of providing management recommendations is consistent with practices around the world. Deloitte Canada describes their audit approach as "ensuring that [its] professional team is knowledgeable about [a client's] industry and bringing to [their] attention business issues that [the firms uncovers] uncover during [their] engagement. [Deloitte] will help [the client] design the proper response and assist, where possible, with the implementation" (2020). Previous literature has pointed to the crucial advisory role auditors can play, especially in family firms (Collin et al., 2017; Dobler, 2014). However, the type of advisory services that our respondents allude to veer towards becoming a "friend" of the entity. In this context, an ideal auditor is someone capable of exercising "flexibility," a value that is couched in language that equates flexibility and "professional judgment" [*Auditor #9, #12, #15*] with a willingness to actively assist one's client with misstating their financial results if this will protect that client from harm. Harm, in this case, is understood to mean, for instance, having a loan called due to defaulting on covenants or losing out on international investment due to poor reported results.

[Describing how he allows clients to correct material misstatements over several periods rather than one] It's to help the company. Plus, in the private sector, the owner holds 90% of the shares, and the rest are owned held by his wife and kids. If the suppliers and employees are not any worse off, why would it matter? However, it has happened that I have to report a client to the Attorney General, and in those cases, I assert myself. But I try not to. I try to apply the most efficient legal solutions. Running to the Attorney General is not particularly efficient. I think about the longevity of the business. This is why I tell you that if the employees are not laid off, and the suppliers are not hurt, I try to arrange things my way. [Auditor #9]

This notion of having a duty to maintain the business's longevity was a recurrent theme for our respondents. While they are aware of the need to remain independent under the profession's rules and obligations, they see their real duty as owing a standard of care to the vast web of stakeholders who stand to lose if an entity were to, for instance, go bankrupt as the result of a qualified audit opinion. This conduct is consistent with the practices in "kin-based, traditional systems where informal customary rules and norms regulate most aspects of life, both socioeconomic and political aspects, within and between communities" (Abdullkadir & Buttorff, 2016, p. 97). Kin-based societies operate as collectivisms (Charrad, 2001) where allegiance is to one's clan or tribe over loyalty to a broader public. Here, our respondents make clear that they favor the visible, human stakeholders' interests that they know, like employees or suppliers, over those of a faceless public interest.

There is this issue that once the client has renewed the mandate several times, we become friends. But friends in the sense that you want the best for that person. Because when you took the mandate, you were in a consulting mindset. Not a friend in the sense that I overlook his mistakes. On the contrary, if someone is really your friend and makes a mistake and you leave it like that, you're not doing them any favors. You will harm them. The friendship I'm talking about is one where they will consult you for advice before doing anything. One where the client calls us for everything. They ask us if they should do this or that transaction, what are the documents they need, if this or that entry is allowed. The relationship can change to this kind of friendship. [Auditor #3]

As a result of this posture, the auditor's role changes from an outsider to someone who is a business partner, who is viewed as an integral part of the business operations. In this way, the auditor's telos, or goal, is no longer providing an objective, independent opinion on the financial statements but shifts towards acting as a guardian for the entity and its stakeholders.

One barrier to this type of conduct could be internal firm guidelines like global audit methodologies that demand a minimum level of independence in fact and appearance. Our respondents from large firms profess that the firms act as an institutional barrier to these independence-violating practices.

The auditors from large and small firms are not the same. We are not on equal footing. Each person who operates under an international banner is obliged to respect rules of ethics and independence. The networks in Tunis have to abide by all these rules, but a run-of-the-mill auditor does not. [Auditor #1]

However, when pressed, the actual practices across our respondents do not differ. Our respondents from small, medium, and large firms all profess to commit the same behavior, like re-writing their clients' results or avoiding reporting their clients to the Attorney General for concerns over the protection of stakeholders. While our respondents are very aware of the rhetoric of the auditor as the "Professional Man" (Reiter & Williams, 2004) whose character acts as a barrier against conflicts of interest, our auditors' actual practices reflect conduct entirely at odds with this ideal.

2.4.2 Aligning Practices and Moral Tradition

Previous literature has argued that auditors veer from the position of the independent auditor to one who turns a blind eye to their clients' misdeeds as a result of moral seduction (Moore et al., 2006), or an "unintentional reluctance to issue qualified audit opinions alerting investors due to their fear of precipitating clients' final bankruptcy" (Guiral et al., 2010, p. 151). However, our respondents are aware of the challenges they face and the choices they are making. While there are certainly some financial benefits associated with taking actions that favor the client's best interest, like ingratiating oneself as a way to avoid losing a client, there are two primary reasons why our respondents actively engage in practices that violate independence standards: an adherence to cultural values that favor kin-based relationships in trade and the rejection of institutions (and their rules) that are seen as foreign to the Tunisian context. First, our respondents explain that regardless of their purported duty to stand as objective observers of financial performance, they adapt their conduct to their context.

In our culture, it is not common to go to the Attorney General and make a public disclosure. As an auditor, you're there to try to fix things. It's a question of mentality. Of course, theoretically, I'm in the wrong. This everyday behavior. This is not only in the business world. This is habitual behavior among Tunisians in all things. We're used to saying things like, "I'm to get out of this. I'll give him something. I'll bribe him." [Auditor #12]

Our respondents describe that regardless of the upheaval brought on by the Jasmine Revolution of 2011, the Tunisian economy remains ravaged by corruption and weak law enforcement. A complicating factor is that while corruption was largely concentrated in the hands of the ruler Ben Ali and his immediate family before 2011, the revolution did not eliminate corruption but instead made it more widespread (Yerkes & Muasher, 2017). For our auditors, this means that they must find ways to navigate the long-held attitudes of their clients, namely a lack of adherence to laws and an expectation of flexibility in trade. Our respondents repeat that despite international rules calling for independence and objectivity, expectations of true impartiality must be tempered by a culture where everything, including the facticity of financial statements, is negotiable.

Second, our respondents' conduct is encouraged by a rejection of institutions designed based on an international standard but whose operations are entirely at odds with their purposes. Our respondents describe that the OECT was intended as a replica of the French system but was not adequately adapted to the conditions of a developing economy. Its cumbersome rules and inadequate enforcement have led to a wholesale rejection of its oversight power.

The problem with the Tunisian environment is that it is hostile. The government doesn't understand our profession. Accounting standards are too advanced for our economy, which is a developing economy. We have simple business forms, simple forms of financing. They're imposing standards for a developed economy on us. [Auditor #15]

The lack of independence in Tunisia is due to a lack of institutions. To be independent, there need to be cases where you can address yourself to someone, and you can get support if there is a problem. The OECT is useless. Law enforcement is useless. There is so much corruption. It wouldn't surprise me at all if you had a Tunisian auditor who was not independent simply because there aren't the institutions to back him up when a problem arises. [Auditor #4]

The OECT adopted a code of ethics. The problem is in its application, not in its existence. We have regulation that is even more strict than in the French system. [Auditor #1]

As a profession, auditors reject the OECT's oversight because it is perceived as an empty shell with rules that are a "copy-paste from the French system" [*Auditor #2*] and neither updated nor enforced. The OECT is seen as a transplant from a foreign system that is not adequately adapted to the Tunisian context. Therefore, when auditors engage in practices that do not conform with the OECT's standards, this conduct is justified because these rules belong to someone else, anyway. MacLullich and Sucher (2005) document the challenges of implementing Western constructs of independence in a developing economy and suggest that despite increasing interest in the globalization of the accounting profession, constructs like independence cannot be uniformly exported around the globe due to cultural differences. While studies like Suddaby et al. (2007) and Gillis et al. (2014) speak to the transnationalization of accounting standard-setting bodies, we find that the actual practices at these institutions must be adapted to the local customs lest they be as ineffective (as our respondents find the OECT to be).

The existence of an ineffective accounting oversight body is symbolic of the dichotomy between the rehearsed, idealized conception of the profession that our respondents hold and the auditors' actual practices. Auditors implicitly recognize that a system modeled off the French standard does not fit their kin-based economy even though this model is described as being highly effective elsewhere in the world. Embodied in this view is a form of naïve idealism where foreign accounting practices are held up as superior, although these practices are far from perfect given the never-ending list of accounting scandals in places like France and the United States (the most common examples of ideal accounting environments cited by our respondents). Despite this reverence for international accounting standards, the only way Tunisian audit practices can occur is through a lack of oversight by the regulator. This irony appears to be lost on our respondents who appear conflicted between international standards, which they position as an ideal, and their actual practices.

2.4.3 Virtue-Driven Practice

In the absence of institutions that enforce adherence to rules of independence and competence, individuals must rely on personal virtues to guide their practice, especially as it relates to how they construct their attitudes towards independence. However, we find that how our respondents describe their virtues is profoundly contextual and, at times, at odds with how these values are described in international auditing standards.

2.4.3.1 Justice

According to MacIntyre, justice "requires that we treat others in respect of merit or desert according to uniform and impersonal standards*"* (MacIntyre, 2007, p.192). However, impersonality is at odds with the kin-based relationships we observe in this setting. Rather, our respondents conceive of justice as ensuring that no stakeholder is unwittingly harmed by their ruling.

I've had numerous cases where, for example, the company was running into a wall. The company was failing due to ignorance. I asked the client to record an entry with a 15,000 D impact on net income. I was told that if they did that, they would just have to put the key under the door and

close up shop because the bank would no longer provide credit. So, we did it progressively. We didn't do the entry over 20 years, but it could be spread out. [Auditor #6]

Our respondents describe how their objective of being a guardian requires them to take on the role of judge and jury relating to matters of disclosing material misstatements to the Attorney General or deciding how to correct identified misstatements. However, our respondents' conduct is motivated by a deep sense of justice. They are concerned about harming unwitting stakeholders who could lose their job or even scaring off international investors [*Auditor #1*].

Our respondents are aware that justice must be served when issues arise during the audit. However, they choose to rule on financial misconduct issues rather than turning their clients over to the Attorney General.

When I was confronted with reporting to the Attorney General, I was unsettled by the thought of not applying the law. However, my reasoning was that I needed to make sure that everyone got what he or she deserved in the end. I can do my job and, in my own way, make sure that justice is served. If our justice system were effective, I would let the law takes its course. But our justice system is corrupt, so I have to step in. [Auditor # 8]

I prefer to be left to be my own judge. Then, come oversee my file. I assume my responsibility. [Auditor #10] [Auditor #10 follows up with an anecdote where he went before the court, and the judge said she didn't understand why he was there or what type of testimony he was called to provide. He concludes that the legal system is ineffective.]

The uncomfortable situation is that Tunisian judges don't understand the profession. So, you end up in a situation where you choose not to report to the Attorney General. [Auditor #16]

Auditors avoid reporting on their clients because they wish to protect the entity from harm and judge the authorities to be incompetent and ineffective. In cases where they did go before the court, auditors express feeling like they were treated like criminals even though they were witnesses [*Auditor #8, 10*]. They also cite situations where an auditor was imprisoned after reporting on their client [*Auditor #1, 6*]. Auditors resolve that they are better at effecting justice than the courts due to their holistic concern for the auditee – in contrast to a strict rules-based application of the law imposed by the courts. In this way, the auditor reinforces their role as a protector within the business collective. This perception of justice is entirely consistent with the position of our auditors within a kin-based society. In this environment, justice is ensuring that the kin is kept whole and that group members are not harmed.

2.4.3.2 Honesty
MacIntyre describes the virtue of honesty as truth-telling and rigor and integrity in pursuit of a practice (2007). The conception of justice described above would, at first glance, appear to violate recognized standards of integrity or honesty. IFAC describes integrity as an obligation on all professional accountants "to be straightforward and honest in professional and business relationships. Integrity also implies fair dealing and truthfulness. [As a result,] professional accountants shall not knowingly be associated with reports, returns, communications or other information where they believe that the information: (a) Contains a

materially false or misleading statement; (b) Contains statements or information provided recklessly; or (c) Omits or obscures information required to be included where such omission or obscurity would be misleading" (IFAC, 2018, p. 17). Indeed, our respondents can reflexively describe honesty and integrity in the profession following international standards.

Being honest means that that the auditor must be transparent, independent, and faithful to reality. He has to work with professional judgment. [Auditor #9]

We're professional which means that everything is justified, documented in the image of a faithful representation of the client's results. I do my work in light of the notion of independence, of making an informed opinion based on the rules I've learned. [Auditor #15].

However, like with the discussion on the purpose of the audit profession, these responses bear a rehearsed quality. When we begin to scratch at these responses and elicit how auditors reconcile this notion of audit work that is justified with, for instance, actively assisting clients in concealing financial issues, the idea of the objective, honest auditor falls apart.

In my opinion, we have to think about the notion of independence in relative terms. We need to really relativize it, actually. At the end of the day, what's the point? We have to elevate the role of the auditor to think macro-economically. In the fabric of Tunisian society, this is how it works. [Auditor #4]

The notion of objectivity and truth-telling, at least through the provision of an honest account of a client's financial health, quickly disintegrates in practice. The rationale for these behaviors often comes down to a duty to protect the broader Tunisian economy. Tunisian commerce is influenced by the concept of having *wasta*. This practice of providing favorable treatment to members of an in-group, in this case, the stakeholders who stand to benefit from the auditor's obfuscation of an auditee's financial performance, runs contrary to the notion of integrity and fair dealing. However, in this context, fair dealing is consistent with an expectation that one will do right by individuals with whom they share kinship ties or do right by the auditee. Stated differently, honest dealing in this context is adhering to an expectation of loyalty and trust within a kinship group.

2.4.3.3 Courage
In exercising what they conceive to be integrity, there are moments where auditors are required to resist their clients and dare to set limits on their clients' financial reporting. Previous research has explored the importance of moral courage (IFAC, 2016), or the will to act, over the simple possession of virtues (Hannah et al., 2011; Thorne, 2000). Our study extends this discussion to suggest that the degree to which an auditor is willing to exercise their moral courage depends primarily on whether or not the target (client) is part of the auditor's kin network or not.

There is a client in my portfolio who represents more than 50% of my fees that I've issued adverse opinions for. There have been serious repercussions for this client, who is an international client, audited by a Big Four elsewhere and audited by me in Tunisia. I issued the adverse opinion, and they still renewed the mandate. [Auditor #11]

You can't let yourself be intimidated. Recently, I had a file for the audit of a central bank. I went to see the Governor of the central bank to tell him that I was giving him an adverse opinion. Do you know what an adverse opinion for a central bank means? It means a political crisis! This country was undergoing a political crisis, and the climate was strained. We could even have faced threats of physical violence because of the political crisis. But no! [Auditor #13]

The examples our respondents gave us where they issued adverse opinions were almost entirely with international clients. These tend to be large, high-profile clients that value auditor independence and are willing to pay for it. In these cases, it is easier to be courageous because the client shares the expectation that auditors will call out nefarious behavior. When working with local clients, our respondents are more cautious. First, local clients do not value audit reports and see them only as a rubber-stamping exercise on the way to obtaining credit *[Auditor #8]*. The auditors are seen as easily replaceable. In the absence of an oversight body that protects against opinion shopping, the auditors have no protection if they do stand up to their client. Second, if auditors decide to recuse themselves from a mandate, they lose their status as guardians of the entity. The guardianship would fall into the hands of a new auditor who may or may not have the entity's best interests at heart. As with the desire to resist reporting issues to the Attorney General, auditors prefer to keep matters in their own hands. As a result, in cases where a client is a SME and should receive an adverse opinion, auditors favor issuing a qualified opinion with voluminous reserves.

When I issue a report with seven or eight reserves, what does that mean? It's an implicit adverse opinion. I issue reserves but not an adverse opinion because it is too much to issue an adverse opinion. For the market, it would be really catastrophic. [Auditor #12]

[He tells us about a situation where he had a client with 17 reserves]. Of course, it is an adverse opinion without a doubt. My role is to inform users. It is up to them to understand that 17 reserves is an adverse opinion. I argue for the relevance of financial information. For me, it doesn't matter if I issue 40 or 50 reserves. I am concerned for my country. My goal isn't to drown our economy. [Auditor #15]

In those cases, auditors favor providing full disclosure as a way to at once reconcile their desire to protect the auditee with their duty to report the issues to the Attorney General. This allows auditors to express courage at providing visibility in the client's records without jeopardizing their coveted position in the company. It also provides a solution to an issue identified by Ben Hamadi (2020), whereby Tunisian auditors capitulate to pressure due to a real fear for their safety. In the context Ben Hamadi (2020) describes, some auditors face physical harassment from their clients and experience violence when they do try to express resistance to their clients' misconduct. By issuing a qualified opinion, auditors can satisfy their duty to the public while protecting themselves against reprisal.

2.5 DISCUSSION

Recently, there has been renewed interest in applying AV to the accounting profession (West, 2018). We contribute to this conversation by deploying MacIntyre's AV framework to explore how auditors overcome ethical challenges relating to their independence when the

cultural and legal norms emerging from their moral tradition are at odds with generally accepted (Western) expectations for the profession. We find that in this context, auditors reposition their role from that of the independent, objective arbiter of financial performance to take on the part of a "friend of the firm" or guardian to the entities they advise. In this way, auditors develop a personal connection with their clients and create a duty of care to a broad swath of stakeholders who would stand to lose if the entity were to experience financial harm. While this conduct may appear to violate rules of independence, our respondents behave ethically if we understand their conduct in the context of a Tunisian moral tradition. An absence of objectivity pushes auditors from a shareholder perspective to adopting a broader stakeholder perspective. This behavior can also be understood in the context of the misfit between Tunisian audit oversight bodies and the country's moral tradition.

 We will now return to our three research questions to evidence how our findings can provide theoretical insights on these topics.

2.5.1 Reconciling independence with a duty to the public interest

 Our first set of insights relate to the meaning of independence in a context that values community over objectivity. International audit standards put forth the idea that auditors must be objective by avoiding any real or perceived relationships with the auditee (IFAC, 2018) under the premise that a lack of objectivity will impair an auditor's ability to exercise a duty of care. There is a large stream of research exploring the antecedents of auditor independence that seems to suggest if there are just enough limitations on auditor behavior, objectivity is attainable (and desirable). As Bazerman et al. describe, "auditor bias (…) is viewed as a form of deliberate misrepresentation" (p. 90). However, we contend that, in a context like Tunisia, auditor bias is not a form of misrepresentation but rather an essential source of evidence that allows auditors to believe they better serve the public. Through their intimate familiarity with the client, its employees, and even external constituents like suppliers and clients, auditors have access to tacit knowledge about a client's prospects that would not be available to a purely "independent" auditor. Additionally, by reimaging the meaning of the public interest, the auditor can adopt a stakeholder perspective that stands to ensure the wellbeing of all concerned parties.

 Our findings contribute to the stream of literature that explores "independence as a social construction inscribed in time and space, but that is also a compromise (in relation to an ideal)" (translation by the authors, Compernolle, 2009, p. 97; see also Ben Hamadi, 2020; Gendron et al., 2006; Richard, 2003). We posit that objectivity is a valuable part of the independence equation insofar as it matters to the stakeholders to whom an auditor owes a duty of care. In the Tunisian context, relationships are built on *wasta*, or a duty of mutual obligation. In this case, an auditor who assumes a posture that is distinctly non-objective but rather one that builds on their intimate knowledge as a "friend of the firm" is best suited to perform an audit. This means that an auditor may engage in practices that appear to violate their independence but that, in this context, may be in line with their role. In cases where a multinational firm operating in Tunisia is being audited, auditors are best suited to adhere to international independence standards. In these cases, stakeholders expect the traditional (Western) definition of independence to apply. This is what the public to which a duty of care is owed (the firms' shareholders) expect.

2.5.2 Aligning Virtues, Practices, and Moral Tradition

 There has been extensive scholarship on the impact of an Anglo-Saxon model on the development of an accounting profession in former British colonies (e.g., Annissette, 2000;

Bakre, 2005, 2014; Chua & Poullaos, 2002). These studies point to the challenges associated with transplanting accounting oversight institutions with a foreign origin into a new jurisdiction. Given that Tunisia is a former French protectorate, we find that a similar phenomenon is present. However, the expression of how Tunisian auditors reject the French systems is quite subtle. We find that Tunisian auditors become hybrids – adopting the rhetoric of the French system, which adheres to an international, objective duty to a faceless public interest and the practices of a kin-based economy that holds individuals to a standard of care towards a web of interconnected actors. Bhabha (2012) proposes that the hybridization of post-colonial societies provides the opportunity for an ambivalent space where "new hybrid identities emerge from the interweaving of elements of the colonizer and colonized, a position that challenges the validity and authenticity of any essentialist view of cultural identity" (as cited in Yousfi, 2014, p. 396). In this way, our auditors find ways to internalize international auditing standards to adapt them to the unique context of their economy. This is similar to Yousfi (2014), who finds that Tunisian managers resist mimicking American management techniques, instead creating new, hybrid forms of identity and practice, emphasizing this hybridization as a form of resistance. In this way, the French auditing standard stands as a force to at once be resisted and revered.

From a MacIntyrian perspective, our analysis supports the importance of situating virtues and practices within the context of oral tradition. MacIntyre stresses the importance of narrative unity as a way of tying together multiple histories. Personal histories exist as nested dolls within local traditions, national histories, and supranational conflicts. For auditors, how they translate audit standards into practices is far more complex than an objective application of rules as they are written.

2.5.3 Challenging the Transnationalization of Accounting Institutions

MacIntyre (2007) writes extensively of the potential for institutions to corrupt practices as institutions focus on the development of external goods. Accounting institutions like professional bodies and large firms can provide structure to the profession but can direct the profession towards pursuing particular aims or objectives. Several studies have documented how the professional accounting bodies and Big Four accounting firms contribute to the transnationalization of the institutions that underpin the accounting profession (Suddaby et al., 2007; Gillis et al., 2014; Samsonova-Taddei & Humphrey, 2014). For instance, large audit firms have attempted to ensure global audit quality by implementing digital tools across globalized audit teams (EY, 2019; KPMG, 2020).[5] Faulconbridge and Muzio (2012) speak to the development of a transnational sociology of professions to explore the process by which "professional work in large organizations is taking on increasingly transnational dimensions" (p. 136). This would suggest that accounting institutions worldwide are increasingly pursuing the objective of adopting practices that pursue the goal of consistent standards and audit quality across the globe. However, this approach underestimates the impact of moral traditions and local cultures on replicating practices around the world. As we have demonstrated, auditors may internalize rhetoric consistent with international auditing standards when their practices may be distinctly local.

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[5] EY suggests that its Sustainable Audit Quality Program is "its vehicle for confirming that there is a globally consistent approach to delivering high-quality audits" (2017, p. 6). This assumes that these global audit standards are understood and implemented consistently across the globe.

El Omari and Khlif (2014) report on the ineffectiveness of the OECT due to its internal structure and struggles. These findings suggest that while harmonizing accounting standards across the world may have positive implications for audit quality, any suggestion that this ideal has been realized is naïve.

2.6 CONCLUSION

This study aims to explore how auditors overcome ethical challenges relating to their independence when the cultural and legal norms emerging from their moral tradition are at odds with transnational expectations for the profession. Using a virtue ethics lens, we explore how the unity of virtues, practices, and moral tradition allows auditors to redefine the public interest. This enables them to reposition their role from one of an independent, objective arbiter to one of a guardian of the entities they advise. We find that while auditors may engage in practices that could be described as independence-violating, our respondents behave ethically if we understand this conduct in the context of a Tunisian moral tradition. Furthermore, it also can be further understood in the context of the tension between Tunisian audit oversight bodies and the country's moral tradition.

This study makes three main contributions to the literature. First, we provide empirical evidence into how auditors define independence in the context of a kinship economy. We extend extant literature on independence as a social construction (Ben Hamadi, 2020; Compernolle, 2009; Gendron et al., 2006; Richard, 2003) to suggest that objectivity, as a quality of auditor independence, is essential only if it matters to the stakeholders to whom an auditor owes a duty of care.

Second, we contribute to the stream of literature on the development of accounting institutions in post-colonial societies (e.g., Annissette, 2000; Chua & Poullaos, 2002; Bakre, 2005, 2014). We suggest that the institutions that emerge in these societies reflect a hybrid of their colonial past and post-colonial present and reflect an uneasy tension between these two societies. Unless a process of indigenization occurs that adapts these institutions to their new context, they will be ill-suited to the reality of practice, undermining their oversight ability.

Third, we provide evidence that challenges an emerging perspective of the accounting institutions as transnational (Suddaby et al., 2007; Gillis et al., 2014; Samsonova-Taddei & Humphrey, 2014). We demonstrate that while efforts can be made to implement structures that mimic those seen internationally, like an accounting oversight body or international firm networks, these firms' actual practices are distinctly local. We demonstrate that above all, a moral tradition based on kinship and *wasta* dominates. These informal structures supersede formal institutions that exist only to satisfy the appearance of transnationalism.

Altogether, this paper has important practical implications for the transnationalization of the audit profession. This is especially important for group audits where local practices may result in component teams performing work that is not consistent with the group auditor's expectations. A mitigating response could be detailed oversight of component teams by group audit teams to harmonize expectations of audit quality. However, this does not mitigate the fact that component teams may internalize rhetoric consistent with international auditing standards when their practices may be distinctly local. As we have demonstrated, our respondents are quick to describe expectations of independence and a duty to the public interest aligned with international expectations but are wholly disassociated from their moral tradition (and practices). Therefore, audit documentation may reflect language intended to satisfy global expectations of practice but may not reflect work done as the group auditor would have expected. This opens up

the opportunity for researchers to extend the discussion on group audits to explore the role of moral tradition in contributing to audit quality on group audits.

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Chapter 3: Blockchain and the Limits of Audit

3.1 INTRODUCTION

      Existing studies show that auditors can export their vision of the world and practices to new audit spaces such as film award ceremonies (Jeacle, 2014), MBA rankings (Free et al., 2009), or even sports leagues (Andon & Free, 2012, 2014; Andon et al., 2014) – substantively different fields that have seemingly little or nothing in common with audit. As such, auditors have been shown to effectively transform these fields to their advantage, taking positions therein from which they can influence the prevailing rules of the game (Andon et al., 2014). Our aim in the present paper is to understand what happens when auditors' traditional approaches to jurisdictional expansion do not take hold and explain why. Conceptually, we are interested in understanding the role of dispositions, or the "cognitive and motivating structures making up the habitus," (Bourdieu, 2018, p. 78) in reproducing logics of auditability (Power, 2021) and what happens when the auditing habitus finds itself in a field that proves less receptive to traditional logics of auditability. In turn, this provides the basis for understanding the tacit, embodied preconditions for field-level change and adaptation (Cardinale, 2018).

      We conduct our analysis by mobilizing a qualitative field study into a large accounting firm's blockchain specialty practice. We mobilize interviews with blockchainers and auditors about their views on assurance as a way to contrast their habitus. We also draw on a series of meetings observed during our ethnography where auditors' and blockchainers' habitus are activated. By observing our respondents' habitus in action, we are well-positioned to theorize how these conflicting habitus contribute to the difficulty of transporting logics of auditability to the blockchain ecosystem. We find that, due to dispositional differences, auditors and blockchainers cannot agree on which types of assurance are needed in the blockchain ecosystem, how that assurance should be communicated, and who should be providing it. This dispositional impasse prompts auditors to adapt their strategy to something that effectively limits the reach of audit logics, seeing blockchain firms as potential clients themselves in the traditional sense rather than constituting an entirely new domain to be colonized by audit. In this respect, we can chart the limits of the audit.

      Our discussion of Bourdieu's (2018) concept of habitus provides us with a helpful framework to explore how auditors make sense of and engage with their social context. Bourdieu describes habitus as a set of durable dispositions that are both "'structured' by one's past (…) and shape one's present and future practices" (Maton, 2014, p. 50). The cognitive schema underpinning habitus allows for a reconciliation of social structure and personal agency by providing individuals with a 'feel for the game' such that the "social game (is) embodied and turned into a second nature" (Bourdieu, 1994, p. 63).

      This 'feel for the game' develops in the context of a surrounding field, a social space structured by different forms of capital that follows its own laws of development (Bourdieu & Wacquant, 1992). Unlike other fields that auditors have colonized with logics of auditability, blockchain constitutes an existential threat to not just auditors but the world of accounting more generally. By seeking to distribute calculative practices across various actors and expert systems, blockchain effectively purports to take accounting away from the accountants. This sets the scene for a potential conflict when auditors and blockchainers come into contact with each other, as they do in the empirical narrative recounted below. Extant literature on new audit spaces paints a picture of seemingly endless expansion into unrelated domains. As Power (1996) documents, auditors are busy "making things auditable" and this appeals to a world where the

logic of auditability is ubiquitous (Power, 1997b). Yet the emergence of blockchain - and with it, very different understandings of trust in and assurance of financial figures – suggests that the logic of auditability might not be ubiquitous. Indeed, Power (2021) indicates that the advent of blockchain generates new vistas for research and that it remains an "open question" whether digital developments such as blockchain constitute an elevation of "the audit trail logic from meta-logic into an end in itself [or whether] big data and its predictive analytics may make conventional forms of organization-level accounting redundant" (p. 46).

　　We respond to this call here and, in doing so, make three main contributions to the literature. First, we document how auditors become carriers of audit logics. By delving into the socialization of auditors and blockchainers, we explore how the malleability of habitus is impacted by how it has been inherited. Habitus that are long-standing and are entrenched in an established field (like in the auditing sector) will be more challenging to change than, for instance, the habitus of a field like the blockchain sector, which is in its nascent stage. Second, we demonstrate the fate of audit logics when reproduced within different contexts. We find that for the logic of auditability to be reproduced in a new context, there must be a fundamental congruence between the dispositions of auditors and the actors in the target field. Without such unity or any meaningful attempt at adaptation by either group of actors, the logic of auditability will struggle to take hold. Third, and relatedly, we explain why auditors have been unable to adapt their usual strategies of legitimation in a new audit space - namely converting accrued economic capital into cultural capital (in this case, buying an established and seemingly legitimate actor to gain a foothold in a new field). Crude capital conversion strategies such as buying up brand reputation do not appear to automatically grant access or legitimacy in a new setting. Other forms of capital might need to be developed, extended, and embodied in the auditors themselves for the auditors to truly become part of a new field.

　　The paper proceeds as follows. Firstly, we present a theoretically structured review of previous studies on both audit and blockchain as a means of identifying and positioning our main research questions. This is followed by an explanation of the study's research methods to explore these research questions. The empirical findings of the study are recounted in a subsequent section before proceeding to a detailed discussion of the main findings and their conceptual implications. The paper then concludes with a summary of the study's main takeaways and some suggestions for future research.

3.2 HABITUS AND FORMS OF CAPITAL IN TWO DIFFERENT FIELDS
　　To make sense of our field data, we draw on the work of Pierre Bourdieu and his master concepts of habitus, capital, and fields. One of Bourdieu's primary interests was exploring the "patterns of social relationships surrounding the reproduction of the structure of domination within the field" (Malsch & Gendron, 2013, p. 872). Adopting a relational ontology (Emirbayer, 1997; Everett, 2002) and focusing on actors' dispositions, Bourdieu's framework provides us with a vocabulary to describe the confrontation between actors from fields with very different origins – the blockchain ecosystem and the auditing sector. More specifically, it allows us to focus on how a field's history contributes to how field members inherit dispositions – and how these dispositions make a field more or less receptive to logics of auditability. We will consider each of Bourdieu's master concepts in turn, as they apply to our fields under study, before articulating our research questions in the context of extant literature.

3.2.1 Habitus

Habitus is "a system of lasting and transposable dispositions which, integrating past experiences, functions at every moment as a matrix of perceptions, appreciations and actions and makes possible the achievement of infinitely diversified tasks" (Bourdieu & Wacquant, 1992, p. 8). According to Wacquant,

> habitus is a *mediating construct* that (…) captur[es] 'the internalization of externality and the externalization of internality,' that is, the ways in which the socio-symbolic structures of society become deposited inside persons in the form of lasting *dispositions*, or trained capacities and patterned propensities to think, feel and act indeterminate ways, which in turn guide them in their creative responses to the constraints and solicitations of their extant milieu (*italics* in the original text, 2016, p. 65).

Stated alternatively, habitus provides a schema that aligns "social structure and individual agency" (Maton, 2014, p. 49). This schema is built up in layers based on the many experiences a person has endured over their lifetime. This is to say that habitus is durable but not unchanging. Rather, "dispositions are subject to a sort of permanent revision (…) that operates on the basis of premises instituted in a previous state" (Bourdieu, 2000, p. 161). How well these layers fit together depends on the "distance separating [the habitus] from the system of dispositions that serve as scaffolding for its construction" (Wacquant, 2014, p. 8). One's habitus evolves slowly and in piecemeal fashion, but eventually, through ongoing exposure to new experiences and the exercise of reflective agency (Cardinale, 2018), does change over one's lifetime.

The origins of habitus are cultural and based on "schemes of thought" (Bourdieu, 2018, p. 79). Wacquant describes how "habitus is composed of cognitive, conative and affective elements: categories, skills and desires" (2014, p. 3). First, habitus results from "cognitive structures," which allow an individual to understand and internalize the forms of classification that enable members of a field to make sense of their world (Wacquant, 2014, p. 8). Second, habitus is based on conative, or "sensorimotor skills," which allow a field member to carry themselves as a field member ought to (Wacquant, 2014, p. 8). Finally, "habitus is affective, or, to speak more generally, cathectic (in the idiom of Talcott Parsons), or libidinal (in the vocabulary of Sigmund Freud). It entails the vesting of one's life energies into the objectives, undertakings, and agents that populate the world under consideration" (Wacquant, 2014, p. 9). Habitus prompts one to invest their mind, body, and emotions into specific, field-related enterprises.

When applied to the field of auditing, extant literature has demonstrated that the habitus of the auditing field is organized around strict hierarchies, a reification of client needs, and an adherence to professional norms and regulations. Several studies have pointed to the pyramidal organizational structure that characterizes accounting firms whereby novice auditors acquire their initial habitus through intense socialization into the profession (Anderson-Gough et al., 2018). This habitus continues to develop as auditors ascend through the firm (Kornberger et al., 2011) up to partner level (Carter & Spence, 2014; Spence & Carter, 2014). Auditors expend much energy learning the rules of the game and trying to jockey for position within this hierarchy (Mueller et al., 2011). Although formal auditor training emphasizes the importance of technical skills, their socialization through the firm requires an auditor's habitus to be in a state of "permanent mutation" (Hilgers, 2009). By the time an auditor becomes a partner, they can "shake

[the technical-professional logic] off and embody a more empowering (…) suite of dispositions" (Spence & Carter, 2014, p. 959) that reveal a reification of client needs. Although extant literature has pointed to a commercialization of the profession (Malsch & Gendron, 2013), auditors remain preoccupied with professional norms and regulation. The audit function is tightly regulated through multiple levels of regulation (state or provincial, national and transnational), and fear of being sanctioned by any one of these oversight bodies is an essential motivator for auditors to uphold the highest levels of quality (Guénin-Paracini et al., 2011).

In contrast, the habitus of actors within the blockchain ecosystem would, at first glance, appear to be completely different. Blockchain technology emerged from a desire to upend the traditional financial order and eliminate intermediaries like accountants, auditors, and lawyers. In 2008, a person (or group of persons) under the pseudonym Satoshi Nakamoto (2008) released a whitepaper that advocated combining cryptocurrency with blockchain technology to create a 'trustless' system (Nakamoto, 2008). Nakamoto touted Bitcoin as a platform to create an alternative, decentralized financial order centered on new technology and used cryptography instead of professionals to provide trust to the system (Dodd, 2018; Popper, 2015). This attracted a potpourri of anarchists, libertarians, and cypherpunks, with close ties to the hacker community (Dodd, 2018). The notion of "freedom" is deeply embedded in the hacker and Free Open Source Software (FOSS) movement (Coleman, 2004; Coleman & Golub, 2008; Kelty, 2008) to which the blockchain ecosystem belongs. Using cryptography and sophisticated programming techniques, hackers and blockchain enthusiasts "write code to defend privacy" (Hughes, 1993, as cited in Coleman & Golub, 2008, p. 260). Unlike auditors who benefit from a professional jurisdiction enshrined in law, the boundaries of the blockchain community are much fuzzier. Therefore, the habitus of members of the blockchain community should be less consistent across the ecosystem than that of auditors. Ultimately, as members of the FOSS community, blockchainers are expected to emphasize a view of the world that privileges transparency and openness (Coleman & Golub, 2008). The blockchain habitus necessitates a way of working that is open and fosters collaboration across organizations, unlike the auditing field that emphasizes confidentiality and strict internal hierarchies. In this way, being a good auditor might mean possessing strong client service skills, strong technical accounting skills, and an ability to 'play the game' within one specific organization for a prolonged period (Spence & Carter, 2014) while being a good blockchainer might mean being an excellent cryptographer, programmer, and evincing a nomadic, peripatetic ability to work with a disparate set of peers.

This literature review suggests that different habitus prevail in each of the fields under study. Given that the case study below recounts the process of an auditing firm purchasing a blockchain firm in an attempt to conquer a new audit space, it is of interest to explore the extent to which the blockchain field might be receptive to this in principle. An obvious route to exploring this would be by comparing and contrasting each group of actors' views on what is a key stake in each field: the assurance of financial figures and transactions. This brings us to our first research question:

Research Question 1: How do conceptions of assurance differ across auditing and blockchain fields?

This question is conceptually important because differences in opinion vis-à-vis what constitutes assurance and how it should be carried out would reveal differences in underlying

dispositions. In turn, any such dispositional differences would suggest more profound barriers to expanding the logic of auditability.

3.2.2 Forms of Capital

According to Bourdieu, one's dispositions are fundamentally linked to one's social position, or the amount of capital one possesses (Bourdieu, 2018). The pursuit and possession of capital determine the structure of power in a field. As Malsch et al. (2011) explain,

> In Bourdieu's view, capital encompasses a wide variety of different types of resources (economic, cultural, social, or symbolic – tangible or intangible) which are convertible, in principle, into one another to varying rates of exchange. Agents are positioned in fields according to the overall volume and relative combinations of capital available to them. Capital, therefore, plays a key role – as a weapon, constraint, or stake – in the development and range of possible strategies and actions available to agents in the struggle to gain ascendancy over fields (p. 198).

As the auditing field has settled and matured (Greenwood & Suddaby, 2006), it has taken a hierarchical form dominated by select players who use their power to establish and maintain the rules of the game in their favor. For example, Malsch and Gendron (2013) explain that accounting firms have engaged in a "peculiar kind of institutional work, wherein economic capital is reinforced at the field level while the logic of commercialism is strengthened in accounting firms' structures and practitioners' mindset" (p. 870). This has allowed Big Four firms to establish rules of the game whereby professional credentials and reputation provide a pathway to accumulating economic capital.

While auditors prioritize achievement within the profession, members of the blockchain ecosystem see a world that is open-sourced, collaborative and antagonistic to the traditional financial order. In fact, they pursue economic capital that is not even fiat currency but rather digital currencies like Bitcoin, Ether, or alt-coins that may have no value outside the blockchain ecosystem. Although there is no research, to our knowledge, of the blockchain field from a Bourdieusian perspective, inferences about how capital might structure this field can be drawn from the literature on the hacking community. Nycyk (2016) emphasizes the importance of technical computer programming skills as a form of cultural capital in the hacking community. Coleman (2012) explains that "though hackers tend to approach other hackers as equals, they also construct themselves as high-tech cognoscenti creating the bleeding edge of technology. This elitism follows from their commitment to the organizational ideal of meritocracy, a performance-based system that applauds individual skill" (p. 120). Therefore, it can be extrapolated that the most vital form of capital in the blockchain sector is technological skill – be it in cryptography, cybersecurity, or computer programming. However, these skills are not demonstrated through formalized credentials as they are in the auditing field. Having an advanced degree in computer engineering is not valued so much as demonstrating advanced ability in executing computer engineering work. Therefore, the forms of capital that drive competition in the blockchain field are different than in the accounting profession as they do not exist primarily in objectified or institutionalized forms such as degrees, prime office space or market-facing titles such as 'partner', but rather take the form of embodied cultural capital that is deployed at will.

Just as differing habitus are likely to present challenges for integrating firms from entirely different fields, fields that attach different values to different forms of capital may struggle to integrate. Although the literature abounds with examples of auditors successfully extending logics of auditability into new arenas and spaces (Andon & Free, 2012, 2014; Andon et al., 2014, 2015; Free et al., 2009; Jeacle, 2014; O'Dwyer, 2011; O'Dwyer et al., 2011; Pentland, 2000; Power, 1996), the limited studies exploring auditor expansion into technologically innovative domains suggest less propitious results for auditors (Barrett & Gendron, 2006; Boulianne & Cho, 2009; Gendron & Barrett, 2004). For example, the attempt by auditors to provide a WebTrust Seal of Assurance – a form of online certification aimed at providing online consumers with evidence of website's security – failed due to an inability to secure a lasting network of support for the project, especially as it related to the role of auditors in providing services "outside of their comfort zone" (Gendron & Barrett, 2004, p. 594). The WebTrust example raises the question as to why, when auditors can conquer pretty well every other space they enter, they failed to do so in that instance. We suggest here that auditors might suffer from a lack of legitimacy when they enter more technologically intensive spaces. Recast in terms of Bourdieu's lexicon, the forms of capital that sustain their status and privilege in the auditing field do not necessarily hold the same value when applied to fields where other forms of capital are more highly valued.

In Andon et al.'s (2014) case, auditors were successful in entering a new field by adapting their habitus somewhat to the surrounding rules of the game. However, in that case, the auditors' reputational capital would have been portable as the sports field they were entering would have accrued legitimacy in the eyes of its own publics by associating itself with established assurance providers. In a less institutionalized field like blockchain, where the very notion of expertise and experts is questioned, this might not be the case.

Literature exploring the dynamics of large firms acquiring smaller, technologically intensive firms is instructive here. For example, Schweizer (2005) points out that, where significant cultural gaps exist between acquiring and acquired firms, takeovers are likely to work provided that the acquired firm is granted autonomy. Puranam and Srikanth (2007) suggest that integration between firms works well if acquiring firms use the acquired firm's knowledge base to spur innovation in their own processes. If cultural gaps are big from the outset and no attempts at adaptation are made by the acquiring firm, simply transferring existing organizational routines and practices into a new environment is unlikely to succeed (Barkema & Vermeulen, 1998). In the context of large auditing firms acquiring a smaller blockchain company, it would be interesting to know whether any adaptations or accommodations to close cultural gaps are easy to make. Additionally, to what extent can cultural gaps, evidenced by a clash of habitus, be narrowed by capital conversion strategies such as the acquisition of existing networks (social capital), brand value (institutionalized cultural capital), or simply the portability of existing forms of capital from the auditing field to the blockchain field. This can be expressed as our second principal research question:

Research Question 2: To what extent can capital conversion strategies break down barriers to the logic of auditability?

Power (2021) describes the dispositions of auditors as essential prerequisites for the reproduction of logics of auditability. To paraphrase Power (2021), auditors inculcate audit practices as dispositions that then act as the basis for reproducing practices. According to this

line of thinking, transporting audit practices to a domain where the dispositional basis is not there *stricto sensu* will not work. However, there may be ways around this through the skillful conversion of different forms of capital.

3.3 RESEARCH METHODS

3.3.1 Research Context

This project began with an overarching desire to understand the impact of blockchain technology on the auditing profession. We started by interviewing audit professionals to understand the risks and opportunities of taking on clients in the blockchain sector, and more broadly, whether they believed that blockchain technology represents an existential threat to the profession. To do so, we conducted 32 semi-structured interviews with qualified auditors (see Table 3.3.1.1 for a profile of interviewees). Our respondents were recruited through the first author's network, and snowball sampling was used to extend the respondent pool.

Table 3.3.1.1 Profile of Interviewees

#	Position	Date	Duration
1	Mid-Sized Accounting Firm Partner	May 17, 2018	120 min.
2	Big Four Accounting Firm Partner	June 22, 2018 July 25, 2018	36 min. 35 min.
3	Big Four Accounting Firm Partner	July 4, 2018 Aug 21, 2018 Sept 26, 2018	36 min. 38 min. 37 min.
4	Big Four Accounting Firm Senior Manager	July 11, 2018	36 min.
5	Big Four Accounting Firm Senior Manager	July 11, 2018	36 min.
6	Big Four Accounting Firm Partner	July 18, 2018 Sept 12, 2018	39 min. 50 min.
7	Mid-Sized Accounting Firm Partner	July 23, 2018	35 min.
8	Big Four Accounting Firm Partner	July 27, 2018	36 min.
9	Big Four Accounting Firm Partner	July 27, 2018	36 min.
10	Big Four Accounting Firm Manager	July 27, 2018	38 min.
11	Big Four Accounting Firm Senior	Aug 1, 2018	51 min.
12	Big Four Accounting Firm Senior	Aug 2, 2018	140 min.

#	Position	Date	Duration
13	Big Four Accounting Firm Senior	Aug 3, 2018	35 min.
14	Big Four Accounting Firm Manager	Aug 7, 2018	42 min.
15	Mid-Sized Accounting Firm Senior	Aug 8, 2018	35 min.
16	Big Four Accounting Firm Partner	Aug 15, 2018	36 min.
17	Big Four Accounting Firm Senior Manager	Sept 12, 2018	54 min.
18	Big Four Accounting Firm Senior	Sept 12, 2018	61 min.
20	Big Four Accounting Firm Senior	Sept 12, 2018	50 min.
21	Big Four Accounting Firm Partner	Sept 24, 2018	35 min.
22	Big Four Accounting Firm Senior Manager	Sept 27, 2018	47 min.
23	Big Four Accounting Firm Senior	Sept 27, 2018	35 min.
24	Big Four Accounting Firm Partner	Sept 28, 2018	46 min.
25	Big Four Accounting Firm Senior Manager	Sept 28, 2018	55 min.
26	Big Four Accounting Firm Partner	Sept 28, 2018	35 min.
27	Big Four Accounting Firm Partner	Oct 4, 2018	45 min.
28	Big Four Accounting Firm Partner	Oct 4, 2018	55 min.
29	Mid-Sized Accounting Firm Partner	July 3, 2019	90 min.
30	Mid-Sized Accounting Firm Partner	July 3, 2019	85 min.
31	Mid-Sized Accounting Firm Manager	July 3, 2019	95 min.
32	Mid-Sized Accounting Firm Manager	July 3, 2019	80 min.
33	Cryptographer*	Feb 27, 2020	40 min.
34	Security engineer A*	Mar 2, 2020	36 min.
35	Security engineer B*	Mar 3, 2020	51 min.
36	Security engineer C*	Mar 4, 2020	71 min.

*Also included in table 3.3.1.2 under the same labels.

After the first wave of 10 interviews, we began to understand that auditors were very aware of the theoretical threat blockchains poses to the accounting profession, but that they were approaching the space like any other new business sector. At this point, it was not clear to us whether accountants would impose themselves on this 'new audit space' as they had in other domains like sustainability audits, or if auditors would be unsuccessful in approaching this new domain because the blockchain ethos was so opposed to that of the auditing field. To better understand this question, we sought a research site to study the blockchain and auditing fields in confrontation and explore the dynamics of this interaction.

While we continued to conduct semi-structured interviews with auditors to understand how the auditing field constructed its attitudes and developed strategies towards the blockchain field, we engaged in a qualitative empirical exploration into the acquisition of a blockchain startup by an established auditing firm. All interviews were professionally recorded and transcribed.

AuditingCo. (a name chosen to keep the firm confidential) had recently purchased a blockchain consulting firm (BlockchainCo.). BlockchainCo. was set up so that it would operate as a subsidiary of AuditingCo. and specialize in the auditing of crypto mining activities and crypto-assets. It would also act as a subject matter expert in the risk assessment of crypto-assets and blockchain design. BlockchainCo. promoted its ability to combine the technological expertise of a staff of engineers and cryptographers with AuditingCo.'s business know-how. It was vital for AuditingCo. that BlockchainCo. maintain its perception as being native to the blockchain community. Therefore, BlockchainCo. operated under a separate name, used different branding, and ran out of a separate office space from AuditingCo.

BlockchainCo. was originally formed by two young men and two young women who operated the company out of a blockchain incubator until AuditingCo. purchased it. There were significant difficulties in integrating these four founders into the new structure at BlockchainCo. due to different management styles and visions for the company. For one, the founders were 'Bitcoin Maximalists' and embraced a cypherpunk ethos that advocated for privacy, decentralization and a radical revision of the financial order. This was at odds with AuditingCo. which operated as a traditional partnership in an established profession. There were also challenges integrating these individuals into the way work was done at AuditingCo. There were 'rules of the game,' in a Bourdeusian sense that these individuals could not play by and, as a result, new management was put into place.

After the founders left, a new Director was hired. While this person came from the technology sector, they were sought after to restructure troubled businesses and turn ideas into profits. This new Director was responsible for operations while the President and the firm's management team were comprised of partners from AuditingCo. On the ground, most of BlockchainCo.'s employees had a background in cryptography, engineering, or computer science. From the outset, there was an obvious challenge presented by the accountants being in 'charge' and setting the rules of the game while the engineers did the work. This is where the opportunity for our authors to engage with BlockchainCo. appeared.

I became involved with a group of researchers from Concordia who sought to collaborate with BlockchainCo. to have access to real-world applications of blockchain technology. Except for myself, this research group was composed entirely of individuals from the university's computer engineering and information security department. I joined this group to leverage my

decade of experience in public accounting and provide audit expertise.[6] While auditors sat on the management board of BlockchainCo, there were no auditors involved in the day-to-day operations of BlockchainCo at this point. As such, an ethnographic method was deployed to study the perspective of blockchainers vis-à-vis the auditing field (Dey, 2002; Jönsson & Macintosh, 1997; Kalyta & Malsch, 2019; Power, 1991).

The research group met every two weeks from August 2018 to April 2020 (plus additional meetings as needed to work on specific projects). Altogether, 72 hours of meetings were attended, and 94 pages of field notes were generated. I participated in two types of meetings: Research Group Meetings and Audit Methodology Meetings. Research Group Meetings would last a minimum of one hour and had an open format where anyone present could raise issues and discuss the advancement of projects. These encounters provided a forum for researchers to keep BlockchainCo. abreast of our research and for BlockchainCo. to elicit the academics' feedback on new projects. For instance, in one meeting, I was asked to provide feedback about a new audit tool's suitability and whether or not it satisfied auditing standards on the documentation of audit work. My comments were met with responses from blockchainers about whether or not my recommendations were practical (or even possible) from a technological perspective. These meetings effectively elicited competing dispositions regarding audit and blockchain as they drew meeting participants to topics at the intersection of these two areas.

Audit Methodology Meetings were attended only by BlockchainCo. staff and me. These meetings aimed to develop a new methodology for the audit of crypto assets entirely from scratch. For example, one session turned into an extended conversation on how to document the process of coming to an audit opinion. A blockchainer had developed a flow chart to help materialize the work he had done to, in his words, "get comfort" over an audit assertion. The auditors, contrastingly, debated whether it was suitable to put such an analysis into the file because of how a file reviewer (or inspector) might interpret it. In this instance, a blockchainer deployed their technological expertise while co-opting the language of auditors. In contrast, the auditors approached the issue from a different angle – an inherited fear of audit inspections (Guénin-Paracini et al., 2014). Therefore, the nature of the topics at these meetings required participants to engage with their attitudes, dispositions and cognitive schema about audit and blockchain, both alone and together. Table 3.3.1.2 provides the profile of individuals who attended our fieldwork meetings.

We supplemented our fieldwork at BlockchainCo. with four one-on-one interviews with technologists from our research meetings to dig deeper into their attitudes and ideologies about the technology (see Table 3.3.1.1 for detail of the interviews). The purpose of these meetings was to understand their views about the relationship between blockchain and auditing. While we only conducted four interviews, we focused on a sample of respondents as there are only about a dozen technologists at BlockchainCo. (and not all of these technologists participated in our research meetings).

To develop a deep understanding of the blockchain ecosystem, I supplemented my insider view of the goings-on at BlockchainCo. by attending community events, symposia, and interacting with other blockchain community members. Examples of my engagement with the blockchain community includes being part of a panel at a blockchain

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[6] Since our project began, three licensed professional accountants have been permanently hired to work at BlockchainCo.

Table 3.3.1.2 Profile of individuals who participated in meetings

#	Role	Profile
1	Cryptographer*	PhD Computer Science; 10 years cryptography experience
2	Security engineer A*	Master's in Computer Engineering, 5 years experience in blockchain
3	Security engineer B*	Masters in Computer Engineering; 11 years experience in information security
4	Security engineer C*	Masters in Computer Engineering, 7 years experience in blockchain
5	Security engineer #D	Masters in Computer Engineering, 23 years experience in software development
6	Security engineer #E	Master's in Computer Engineering, 7 years experience in blockchain
7	Security engineer #F	Master's in Computer Engineering, 4 years experience in blockchain
8	Programmer	No formal training in computer science, 12 years experience in software development
9	Blockchain developer	Bachelor in Mathematics, 6 years experience in blockchain solutions development
10	Auditor A	Licensed professional accountant, 12 years audit experience
11	Auditor B	Licensed professional accountant, 8 years audit experience
12	Auditor C	Licensed professional accountant, 5 years audit experience
13	Auditor D	Master's in Accounting, 3 years audit experience

*Also included in Table 3.3.1.1 under the same labels.

industry event and participating in almost daily Slack correspondence with technologists at BlockchainCo., the research team, and the local blockchain community. Through this Slack correspondence, I was able to stay abreast of news in the industry and develop contact with key players in the local blockchain ecosystem.

3.3.2 Data Analysis

After each interview (or set of interviews if they happened within a week), myself and a co-author would read the transcripts (or notes) several times before discussing them together. Through this ongoing data analysis and discussion process, we were able to continually update our understanding of the field as we spoke to new players and come to a renewed consensus on our interpretation of the field under study. During these debriefs, we would also review the field notes from BlockchainCo, to compare what was being observed at BlockchainCo. with what was being learned through the interviews with accounting professionals. Through these meetings, we discussed recurrent themes and were able to develop an understanding of the field and update our interpretation as new data emerged.

Our approach can be described as abductive as we continuously circled back and forth between empirical material and potential theorization on our findings as we worked through our

iterative process (Alvesson & Kärreman, 2007; Alvesson & Sköldberg, 2017). To theorize on the link between accounting and blockchain fields, we considered various theorists in organizational studies. However, once we began to engage with Bourdieu's field theory, we quickly became convinced that it offered a helpful frame that could be adapted and expanded to accommodate our context. Our iterative process continued until we arrived at a clear understanding and description of the dynamics between accounting and blockchain fields (Baxter & Chua, 2008; Golden-Biddle & Locke, 1993).

This data analysis underscored the complementary nature of our interviews and ethnographic fieldwork. Maton (2014) explains that "the task for the researchers is to analyze practices so that the underlying structuring principles of the habitus are revealed. However, empirically, one does not 'see' a habitus but rather the *effects* of a habitus in the practices to which it gives rise (italics in original; p. 61)". While the interviews allowed participants to reflect on their beliefs and articulate their attitudes in their own words, the ethnography permitted us to see their habitus in action (Wacquant, 2004a, 2004b, 2011, 2014). As a result, the combination of interviews and ethnography allowed us to examine whether (and if so, and how) the dispositions of blockchains could be transformed to incorporate logics of auditability.

3.4 FINDINGS

In this next section, we outline the findings from our study. We begin by presenting extracts from interviews with blockchainers and auditors to elicit their views on assurance services. This allows us to tease out blockchain habitus, particularly where it contrasts with auditor habitus. In the second part of our findings, we draw on meetings between blockchainers and accountants where they have the opportunity to demonstrate how differently disposed individuals respond to the same stimulus. Seeing the results of our respondents' habitus in action allows us to theorize why these conflicting habitus are fundamental to the difficulty of transporting logics of auditability to the blockchain ecosystem.

3.4.1 Divergent Habitus: Comparing the Dispositions Of Auditors And Blockchainers

3.4.1.1 Auditor Habitus

Despite a blockchain being described as trustless or as a trust machine (The Economist, 2015), the auditors we interviewed[7] still feel their role of providing confidence to potential investors extends to the blockchain sector:

In terms of the supply chain of trust, everybody needs to play a role. [Providing trust] is our role as auditors because [for example], crypto exchanges hold money for others. [If their clients are] companies, then it's our problem from a financial reporting perspective. (...) But it's really a problem from just an investor protection perspective. Auditors have a role to play in providing trust to the people who need it. [Auditor #31]

Our respondents repeatedly describe the "essential" role auditors needed to play in providing "added value" and "investor oversight" to a setting that they believe to be under-

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[7] Consistent with Morales & Lambert (2013), "to distinguish between extracts from the fieldwork journal and extracts from formal, verbatim interviews, we present the former in normal type and the latter in italics" (p. 233).

regulated and presenting real dangers to investors. However, they also acknowledge that numerous scandals in the auditing sector and technological innovations, like big data and artificial intelligence, challenge the value of audits – and auditors, by extension. In many ways, the profession is facing a reckoning over its value to society given its failure to, for instance, predict or mitigate financial crises (Sikka, 2009). However, the blockchain sector is seen as an opportunity for the profession to reassert its role and expand into "new audit spaces" (Andon et al., 2014).

The blockchain sector represents an excellent opportunity to revive the position of the auditor and the value add that can be offered. In the last few years, the value of an audit is less well-known, so this sector provides a real opportunity to showcase the assurance an auditor can provide to an otherwise very speculative, emerging market. [Auditor #29]

Although our respondents are aware that their profession is less than perfect, they view the problem as being the result of others misunderstanding the value auditors can provide or the product of the actions of a few "bad apples." Much has been written in the professional literature on the potential of blockchain technology to replace accountants (and auditors), and our respondents are well-aware of this threat. However, they believe that ultimately the profession will prevail because of its uniqueness and irreplaceability. This set of beliefs seems so well engrained that it could be characterized as a form of *doxa* or a taken-for-granted "truth" that does not require explanation (Bourdieu, 2018). The profession's experience providing assurance in unrelated sectors like sustainability (O'Dwyer, 2011; Power, 1997a) or sports teams (Andon et al., 2015) suggests that this belief may have some foundation. While our respondents recognize that they need to learn new technological skills to adapt to a changing zeitgeist, they fall back on this taken-for-granted notion that audit expertise will prevail in diverse situations where assurance is sought. This is no surprise as the profession's habitus is "something that is painstakingly built up over time and that can only change incrementally" (Spence & Carter, 2014, p. 951).

3.4.1.2 Blockchainer habitus

The habitus of the blockchainers we encountered was quite different from that of the auditors. For one, the blockchainers do not benefit from rigorous, organized socialization into their field. Instead, blockchainers come to the field out of personal interest. While many of the technologists at BlockchainCo. are engineers, some have little more than a high school diploma and are self-taught computer programmers who became involved with the technology out of curiosity. The blockchainers' integration appeared to be somewhat haphazard, with some ecosystem members being more well-versed into the history of the space than others. It was clear that those who benefited from greater experiential exposure to the blockchain sector – that is to say, a more active presence on online forums, frequent attendance at industry events, or even contribution to blockchain podcasts – displayed a more developed suite of dispositions.

Wacquant contrasts primary habitus (the set of dispositions acquired through familial immersion) with the secondary habitus which he describes as a "system of transposable schemata that become grafted subsequently, through specialized pedagogical labour that is typically shortened in duration, accelerated in pace and explicit in organization" (2014, p. 7). Because the blockchain sector does not benefit from the same organized socialization routines as the auditing sector, our respondents had to actively seek opportunities to be "educated" into this domain.

Those who put more effort into cultivating this education appeared to be more committed to and protective of their blockchain habitus. These individuals willed themselves into adopting the blockchain field's guiding principles and were ardent defenders of the notions of openness and collaboration.

3.4.1.3 Assurance Matters

Differences in the habitus of auditors and blockchainers were readily apparent in their views on assurance. Several differences were discerned from our data analysis (see Table 3.4.1.3.1 for summary).

Table 3.4.1.3.1 Summary of differences between auditor and blockchain habitus

Auditor habitus	Blockchainer habitus
• Rigorous, organized socialization; professional knowledge codified	• Haphazard socialization into the ecosystem; technical knowledge embodied
• Position selves as information gatekeepers, central verification authorities	• Defenders of openness, transparency, collaboration; reject centralization
• Regulated environment for audit, legal framework, professional jurisdiction	• Unregulated environment; ethos enshrined in blockchain technology
• Promote uniqueness and irreplaceability of auditors	• Seek to disintermediate the traditional financial order
Differences specific to assurance	
• Seek assurance over financial statements, apply Generally Accepted Accounting Principles (GAAP)	• Seek assurance over systems and code, financial statements are viewed as irrelevant
• Audited financial statements required to get funding	• Blockchain firms raise funds without banks or capital market, so no need for audited financial statements
• Pursue "reasonable assurance," rather than aim to uncover a single truth	• Pursue a "single version of the truth"
• One auditor provides an audit opinion; the firm passes, or fails, the audit	• Crowdsource an audit opinion; these collective reports form the audit
• Motivated by fear of audit oversight bodies	• Audits do not adhere to generally accepted auditing standards (GAAS)
• Systematic methodology developed, codified in procedures and checklists	• Auditing knowledge is embodied, cannot be codified

Firstly, blockchainers seek assurance over systems and code, rather than over financial statements prepared following generally accepted accounting standards. Our respondents

describe a setting where financial statements are, in their words, "irrelevant." In their view, financial investments in this sector are made based on whether or not a technology is reliable, even without knowledge of the underlying firm's financial status. As the guiding force behind the blockchain ecosystem is a form of technology, dispositions reflect technological determinism common to hacking communities (Jordan, 2008).

One argument for rejecting the value of financial statements could be that firms in this sector are primarily startups which do not have an established financial history to report on, thereby making financial statements irrelevant. However, large organizations in the blockchain field communicate with users without the need to produce public financial statements. For instance, the Ethereum Foundation (the governance organization that oversees the operation of the Ethereum blockchain) does not produce financial statements. Instead, it provides periodic updates on its financial position through Reddit (Buterin, 2017) or blog posts (Buterin, 2016) by one of Ethereum's founders. The Bitcoin Foundation (the equivalent organization for the bitcoin blockchain) does not produce financial statements for the public at all. Our respondents from the blockchain field also speak to the fact that companies in this space do not tend to raise capital through traditional means like bank loans or capital markets that require the production of audited financial statements. Embedded in the logic of blockchain is the idea that the technology produces trust and itself becomes the source of assurance – not the financial statements. This guiding principle has diffused into the dispositions of the blockchain sector such that the technology is viewed as a superior source of assurance than a trusted (human) third party.

In the blockchain sector, assurance providers translate programming code so that community members can engage with new blockchain projects with the view of democratizing information. For instance, when a firm starts a new project, the details of what that project intends to do are included in a whitepaper released on the firm's website or on GitHub, a centralized repository used to share documents and code in the software sector. The significant risk is understanding whether the code does what it says it will do and whether there are any critical security risks. Companies in the blockchain sector engage security auditors to assess potential operational and security risks associated with their code. These security audit firms produce audit reports that describe these risks and how to mitigate them (if possible). Two of the security engineers who used to be involved with BlockchainCo. have since moved on and work for security firms that specialize in smart contract audits and blockchain security assessments. We include their comments from interviews on how blockchain-native assurance firms approach audits.

The trust model is that these audit reports make the user more aware of what they're dealing with. Otherwise, there's this whole culture of, "It's open-source, go read the source." But that's not feasible. It's like telling someone to go read the Terms and Conditions they click on when they install software. Are those human-readable? They're not in reality, and no one reads them. We basically read the source code and produce a human-readable report. That becomes the source of truth, and that's linked to the code. We have these links in our audit report that you click on and see the code. [Security engineer A]

The concept of the "source of truth" is often echoed in the blockchain community. More generally, the words "single version of the truth" constitute something of a catchphrase that is often repeated in blockchain circles (Aste et al., 2017, p. 20). Such phraseology supposes that a singular truth is available to be found – or produced. When approaching assurance, the

blockchainers appear to frame it as a process of uncovering this truth – as if this truth were available if we look hard enough for it. However, as we will demonstrate later in outlining the interactions between auditors and blockchainers, auditors are not at all committed to uncovering a single truth. Still, they are interested in obtaining "reasonable assurance" of the facts as presented by their client. At the dispositional level, auditors and blockchainers view assurance as serving different objectives based on their attitudes towards whether or not audits aim to seek out a unified version of the truth (or not).

Second, blockchainers seek out assurance that makes the results of an audit widely available within the ecosystem. To cater to different types of users, security audit firms do not provide an opinion but rather provide an assessment of vulnerabilities without a clear conclusion on the trustworthiness of a blockchain.

We try to never be like, "They passed the audit." It's never like that. It's like, "This is the audit report." Some people, in their blog posts, they have said, "We passed the audit at Firm Y." We usually message them like, "That's not true. You've been audited. You've been reviewed by us." So there's a whole big difference of saying they passed the auditor did not pass the audit, because we will never know. [Security engineer A]

Yeah, we don't make claims like, "This is secure" or this is whatever. We just say, "This is what we looked at, this is how long we looked at it, this is how many people looked at it, these are the kinds of things we looked for, this is what we found." And that's it. [Security engineer C]

Unlike financial statement audits where one auditor is expected to render a verdict as to whether or not a set of financial statements is representationally faithful, users of security audit reports crowdsource a conclusion about the vulnerability of a blockchain's source code. One way this can be achieved is by combining the collective knowledge of multiple experts to tease out all the vulnerabilities of a piece of code. What could be considered 'opinion shopping' in the financial statement auditing domain is a common practice where blockchain firms obtain security audits from multiple firms and publish the contents of numerous reports on their website or on GitHub.

A thing that some companies do, is where they'll come to us, and they'll also go to Firm Y and Firm Z, or whatever. And they'll have competing concurrent reviews or sequential reviews. And yeah, they will find different and similar things. And that's just kind of the name of the game. People have different capabilities or areas of expertise, and there's no saying that if you do three sequential audits or assessments versus doing one, triple-length engagement with one company, that they wouldn't find those things, as well. [Security engineer C]

In this way, a "single version of the truth" may not be visible to one blockchainer on their own but can be uncovered piecemeal through the efforts of many. In this sense, the output of an audit in the blockchain sector is informed by blockchainers' affective commitments to openness and transparency. Financial statement auditors, meanwhile, exist because of legal rules that guarantee their professional jurisdiction. The commitment to confidentiality is enshrined in the International Ethics Standards Board for Accountants (IESBA) Code of Ethics to which all

licensed auditors must adhere (IAASB, 2009). Yet again, blockchainers' dispositions are driven by the ethos enshrined in blockchain technology. In contrast, auditors are driven by an inherited set of attitudes established by the legal framework surrounding their profession.

Thirdly, blockchainers struggle to accept auditors as legitimate actors in the blockchain field. As described earlier, the auditors we spoke to were reasonably convinced of the value their profession can provide in enhancing trust and faith in crypto-assets. This seemingly toxic self-belief explains why the new auditing leadership at BlockchainCo. was flummoxed by its inability to make inroads into the sector. BlockchainCo. found itself outgunned by the "Big Three" security audit firms that have emerged in the sector – Trail of Bits, Consensus Diligence, and Chain Security.

At BlockchainCo., they look at a lot of Consensus and Trail of Bits stuff because I think they feel like we should be doing that. [Cryptographer]

When interviewed, blockchain field participants do not even acknowledge the need for auditors or accountants at all. In fact, before their acquisition by AuditingCo., members of BlockchainCo. did not recognize accountants as part of the blockchain ecosystem, as the following quotes indicate:

Before getting involved with BlockchainCo, I didn't think about accountants at all. It's not a thing people in this space even think about. [Security engineer C]

Accountants were not on my radar before BlockchainCo. I mean, I went to talk to a few accountants for my own accounting and taxes, and they had no clue what I was talking about. The first year I did my taxes where I held any crypto, I sat with my accountant for three hours and I basically explained it all to her. But then she was like, "Okay, don't report any of these. [The tax authorities] don't understand this stuff." I was like, "Are you sure? I know they are getting some understanding gradually." But then at the end I was like, "Okay, just claim this number as profit this year, this number as a loss." The accountant was like, "Okay, we don't know what to do." That was the main interaction. That's why I was like, "Okay, accountants are way behind on all of this." [Security engineer A]

Blockchainers don't think about accountants. They don't. They just don't care. They don't care until they need to care. And then they care a lot more. [Cryptographer]

Interviews with members of these "Big Three" security audit firms probed their perceptions of why they had successfully managed to secure a significant share of the security audit market:

People hire us because we have the expertise. Firm X was a traditional software security firm. In 2015 or so, someone was like, "Hey, this is blockchain stuff," and it kind of picked up as a project and just kind of kept rolling. And then, in 2018, our largest revenue stream was blockchain security reviews. And we were like, "Let's not do that again," because we're not like blockchain truthers or whatever. Maximalists, or whatever, by any stretch of the imagination. [Security engineer C]

Because we have the expertise. This kind of audit, no one else really does it. There are four or five security auditing firms that are doing blockchain security, but this is not the same as blockchain. [Security engineer A]

For the second security engineer quoted above, his firm's blockchain practice also evolved out of a traditional software security firm and is now one of the most prominent players in the sector. Their legitimacy as a software security firm provided a form of institutionalized cultural capital that they could mobilize to be perceived as reputable service providers in the blockchain sector. AuditingCo. purchased BlockchainCo. in order to leverage the firm's reputation as blockchain native. However, the founders' departure left a vacuum that compromised the value of BlockchainCo's cultural capital. The replacement of a cadre of Bitcoin Maximalists by a suite of accountants was the first step in shifting the ethos at BlockchainCo. from that of a blockchain consulting firm to one of a subsidiary of a large accounting firm. The firm also shuttered its co-working space and reduced the number of events it hosted to promote the blockchain community. The founders' departure marked an almost immediate reduction in the value of BlockchainCo's cultural capital within the sector. Rather than encouraging and extending BlockchainCo. 's ties to the space as a way of raising its creditability, the firm's accountant leaders ended up putting the acquisition to neutered ends.

Moreover, BlockchainCo. is not seen to possess the correct forms of embodied cultural capital or expertise to be competitive in this space. Security engineers at the Big Three security audit firms describe how their work involves obtaining a deep understanding of the nuances of programming code. While their firms have tried to use algorithms to find bugs, their expertise is embodied through their experience and training.

Our thing is that we develop open-source tools for security. With some of those tools, you can just look at the source code and pull out the bugs without even running it or anything. You just look at the code and it's like, "oh yeah, there's a bug." Or you are like, "oh, there might be a bug there." Then it starts to get wishy-washy. You still need expertise. Then there's still entire bug classes that you just can't find without having domain knowledge where you sit down, and you read the white paper or the specification for this blockchain or smart contract or whatever it is, and what see if the code is doing. What it's supposed to do. That's how you find out if there's just this subtle thing somewhere that the developers missed. [Security engineer C]

As our respondents explain, auditing blockchain source code requires domain-specific knowledge that cannot be commoditized. Instead, it is activated through repeated exposure to new types of issues and bugs and culminates in the form of deep, situational knowledge (Sandefur, 2015) that is difficult to codify. While security firms have tried to develop a systematic methodology, it becomes outdated before it can become relevant, requiring firms to rely on the expertise of their engineers to ask the right questions.

[In describing how to conduct a security audit] You look where you think you should look, and you review past reports to find the kinds of bugs that we found before. Because in the blockchain, a lot of projects are doing very similar things. They make a lot of the same mistakes. But now that we're growing and getting bigger and bigger, we have tried to put together some kind of checklist. We don't always adhere to them. But it's kind of like an aspirational goal. Right now, I

can sit down and I can look at a report and probably tell you who in the team wrote it. [Security engineer C]

We have these best practices online that we maintain, but the problem is things happen so fast that as soon as you have some guideline, it's outdated. You have to add things to it. It's evolving so much that the way things are, what are best practices now will no longer be that way as soon as some new functionality is added, say. People are trying to create a methodology, but it's almost impossible. This is changing all the time. [Security engineer A]

Financial statement auditors will have difficulty making inroads into this field because they do not possess the recognized forms of expertise (embodied cultural capital). The social ties (social capital) they mobilize from their connection with elite accounting firms do not have value in this field. Therefore, firms like Trail of Bits and Consensus, as examples, which originate in the field have come to dominate the field of blockchain security audits, to the frustration of large accounting firms.

3.4.1.4 Comparing Attitudes Towards Assurance

Altogether, our dive into how auditors and blockchainers develop their attitudes towards assurance and how that impacts the types of assurance they seek out allows us to frame our analysis about the limit of auditor expansion around the notion of incompatible habitus. Auditors and blockchainers are disposed towards different forms of communication (types of audit opinions) and different sources of assurance (the blockchain itself or financial statements), making it difficult for auditors to sell blockchainers on the value that they can provide to their ecosystem. As we will demonstrate in the next section, these differences become most notable when blockchainers and auditors come into direct contact with one another.

3.4.2 Habitus in Action: Performing Audit Work

As BlockchainCo was absorbed into the auditing firm, the new firm's attention turned to preparing its infrastructure to develop tools and execute solutions relating to the financial statement audit of crypto assets. This meant that the firm spent considerable time developing an audit methodology with risk assessment matrices for various crypto-assets. The new auditing leadership at BlockchainCo. believed that for business to begin, a robust audit methodology was required. This is at odds with the approach of security audit firms who, as alluded to above, do not have a formal methodology but instead, rely on the tacit expertise of its engineers to do the work.

3.4.2.1 Immutability of the Blockchain Record

In developing this audit methodology, BlockchainCo. insisted on the collaboration of auditors and technologists. In one research meeting, the team discussed how to obtain reliable audit evidence in the blockchain sector. The discussion turned to whether information taken from a blockchain record could be relied upon directly or if further testing would be required to evaluate the blockchain whence the information emanated from.

Cryptographer: Why do you need to test the blockchain? I don't get it.
Auditor A: Auditors need to validate the reliability of the audit evidence they rely on. The
    auditing standards require it.

Cryptographer: It's immutable. What more do you need? I don't get it. Just rely on the blockchain.

In the exchange above, the cryptographer struggles to comprehend the procedural concerns of the auditor, especially given his belief in the immutability of the blockchain. Yet, the reliability of the blockchain was a concern that was echoed by all of our audit respondents.

Some of the evidence is going to come from blockchain, so how much can you trust the blockchain? And it's interesting because blockchain is this trustless system. It's perfect from a trust perspective, but the reality is it's still a piece of code, so there are flaws, and there are flaws that have been exploited in the past. [Auditor #31]

The technologists at BlockchainCo. were convinced of the immutability of the blockchain. They spoke to the consensus mechanism as evidence of the "trustworthiness" of the blockchain. Still, auditors insisted on the need to "test" the reliability of the blockchain as they would test any other client ledger. The main point of contention was whether a blockchain is simply a distributed ledger like any other (and that traditional audit approaches apply) or a revolutionary new form of database requiring a rethinking of the trust paradigm.

In another research team meeting, the discussion turned to what type of tool would be most appropriate to collect audit evidence from a blockchain ledger.

Security engineer C: You can just use EtherScan [an open-source software] to see if the blockchain is reliable. It's used all the time to do code reviews of blockchains.
Auditor D: I can't use that.
Security engineer C: Why not? It's basically the BlockExplorer everyone uses.
Auditor D: I need to control the development of any tool from beginning to end. I need to know exactly what is in the tool, every line of code, so I can confirm that it's reliable.
Security engineer C: (pauses and has blank expression) You realize you're trying to reinvent the wheel.

These exchanges reveal a fundamental difference in the frames of blockchain actors and auditors towards blockchain technology. The idea of a blockchain as immutable and as a source of trust is fundamental to the design and purpose of the technology. The notion of immutability is fundamental to the logic of the blockchain field, without which the value proposition of blockchain architecture falls apart. It is no wonder that the blockchainers themselves adopted doxic views (Bourdieu, 2018) towards this notion. Auditors lack the blockchainers' adherence to the blockchain architecture as a structuring force and, as a result, espouse contrasting viewpoints on the immutability of blockchain architecture. Auditors chafe at the idea that this ledger might be different from other accounting systems. Naturally, this has consequences on how an audit should be performed, with auditors suggesting that time (chargeable hours) be spent developing procedures to test things that the blockchainers rely on without question.

Technologists and auditors at BlockchainCo. also sometimes disagree because they are auditing against a different standard. In one meeting of the audit methodology committee, the discussion turned to developing a standard for auditing ERC-20[8] tokens.

Auditor D: We need to add to the risk assessment any specific functions in the code that we rely on. For instance, do we use the 'get balance' function to get the balance of tokens a person holds at one time? I don't want to check a balance, and each time it gives me a random number. I want it to give me the actual balance the person holds.

Programmer: But that [that the function spits out a random number rather than the actual balance a token holds] follows the ERC-20 standard.

Auditor D: Don't f*** with me [Programmer]. That doesn't tell me anything about the token. We want to make sure that the function 'get balance' doesn't give me a random number.

Programmer: But even a random number follows the ERC-20 standard.

While auditors use Generally Accepted Auditing Standards (GAAS) as their frame of reference, the engineers on the team are not formally trained auditors. They are unaware and untrained in this frame of reference but instead rely on frames that are relevant in their field, like the ERC-20 smart contract standard. When faced with the same issue (whether a programming function works as described), auditors and technologists come to different conclusions because they rely on different frames. In this instance, both frames are codified in the forms of standards, but in other cases, the differences relate to tacit dispositions. This lack of mutual understanding and recognition of both the formal and tacit 'rules of the games' serve to maintain the distance between the auditing and blockchain fields.

3.4.2.2 Attitudes towards Client Service

These differences in worldview extend beyond the reliability of the blockchain to include perceptions about client service. In one exchange during a meeting of the audit methodology committee, there was a discussion over preparing a risk assessment of a token where BlockchainCo. was preparing a report for another firm that is part of AuditingCo.'s international network. The token they were providing an opinion on was quite obscure, and the general sentiment was that it would be difficult to audit. Therefore, when documenting the risk assessment, the blockchainers had raised potential issues with the coin. In terms of follow-up procedures to address those risks, the blockchainers had indicated "N/A", meaning there was nothing that they could reasonably do to mitigate that risk.

Auditor B: It is not enough to say N/A. We need to say why we can't do anything about it. There is a risk that we've identified. When the risk is identified, we have to come up with a procedure to address this. If we don't, we need to explain why not. People need to understand why there is nothing.

Programmer: [Auditor], but there are these big risks that make us come to the conclusion that this token fails [the audit]. Why would we bother doing small procedures on these other things when we come to the conclusion that there are bigger reasons why we would not accept the coin anyway?

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[8] ERC-20 is a standard in the Ethereum protocol that provides a basic set of functions, or framework, for how a token's code should be written (EthHub, n.d.).

Security engineer D: What if it's cost-prohibitive to do a test of a possible risk and we just conclude that the cost-benefit isn't there to even run the test?

Auditor B: But then why are we doing this risk assessment? Right now, we're half creating this tool. Either we do it or we don't.

Security engineer D: To me, it's pretty obvious that this coin is very non-approachable for people. Few people use it; it's obscure. Why would we support this coin? It's not something well-designed. Probably, we could say it's too cost-prohibitive to develop the infrastructure.

Auditor B: These guys are paying us to determine if the coin is auditable or not. We need to document why or why not. Just saying there is a possible risk isn't enough. We need to say what we could do about it.

Programmer: So, we need to develop a list of things we could do because they paid for it?

Auditor B: At the end of the day, we care about the client. We can't just say to [our client], this is not auditable; please see the bill.

This conversation illustrates the different attitudes that persist between auditors and blockchainers concerning their duty to the client. The auditor has an expectation about what he wants to communicate to his client and how he wants it to be communicated. He clearly expresses a desire to satisfy this client, even if it means documenting procedures that are not going to improve the assurance given over this coin to demonstrate that work is being done. In this way, the auditor clarifies that his job is as much about providing assurance as managing his client's expectations. This desire to satisfy one's clients is deeply engrained in the auditor's habitus (Spence & Carter, 2014). The blockchain technologists lack this socialization and, rather summarily, speak to how to efficiently provide assurance without understanding the necessity of maintaining an image of doing "good work" through specific and extensive documentation. Otherwise put, the establishment of an audit trail is fetishized via a tendency to privilege methods over goals (Power, 2021). These are tacit rules of the audit game that the technologists appear to be unaware of. While technologists try to appeal to the auditor's business sense by using the language of "cost-benefit," they do not understand or care about the deeper message that the auditor conveys regarding client satisfaction.

This exchange also reveals the non-malleability of the auditor's habitus. In the exchange described (only a portion of which is reproduced above), Auditor B repeats the word "risk" six times. He is trying to communicate a concept that he believes is fundamental to his ability to provide audit assurance. Despite the blockchainers attempts to explain how they address this "risk," the auditor simply cannot translate the information he is receiving about the technology into terms he can make sense of. Throughout this discussion, the auditor constructs his world using his familiar vocabulary like risk, materiality, evidence. Still, this language does not equip him to deal with the reality of the blockchain ecosystem. For this auditor, the technical dimensions of blockchain architecture seem distant, and his expertise ill-equips him for the task. Despite being an experienced auditor, he cannot adapt his dispositions and attitudes towards assurance to the reality of auditing cryptocurrencies.

In another exchange during an audit methodology committee meeting, the auditors and technologists discuss how to develop an approach to assessing the valuation of a coin.

Security engineer D: Right now, we are working on a service that collects exchange rates across many exchanges. Auditors want us to get to the client's price. They want us to come up with any random price to make the client's price work.

Auditor C: Well, we look at how a client came up with their price and we try to match it.
Cryptographer: So it sounds like they want to reverse-engineer the client's price?
Security engineer D: This reminds me of when we met a prospective client in [foreign country]. They were worried about this pricing issue. The industry has a problem that they can't find a reliable price. They're trying to apply what works in the traditional financial world, but it simply doesn't apply here.

This exchange again illustrates differences in what auditors and technologists believe their duty to the client should be. While the auditor reveals his habitus through a desire to be flexible and adapt to the client's position, the technologists speak plainly about what they see as "reverse engineering." The technologists have not yet been inculcated with the habitus of a client service orientation. They therefore do not recognize the fine line between objectivity and client service that the auditors walk in this discussion.

The security engineers who work at security audit firms evince a habitus closer to that of the auditors at BlockchainCo. This is not to say that the security engineers at the security audit firms are entirely removed from a client service orientation. One security engineer at a Big Three firm explains, "*It is a business relationship, so you kind of have to be gentle. (…) You can't tell people their babies are ugly*" [*Security engineer C]*. However, they have not been socialized into a habitus that puts client service above all. A mitigating issue here is the ability for clients to source opinions from multiple service providers. Unlike financial statement auditors who run the risk that their clients might leave them for a more amenable auditor, security auditors demonstrate their value by highlighting vulnerabilities that their competitors did not find.

3.5 DISCUSSION AND IMPLICATIONS

This paper has reported the results of a qualitative field study into the operation of the blockchain speciality practice of a large auditing firm to uncover why financial auditors have been unable to make in-roads into the audit of the blockchain ecosystem – contrary to accounts of routine expansion into new audit spaces (Andon et al., 2015) like football clubs (Andon & Free, 2012), awards ceremonies (Jeacle, 2014) or even MBA rankings (Free et al., 2009). We explore how incompatible habitus between professional auditors and members of the blockchain ecosystem impede auditor expansion. This is not to say that there are no other reasons why auditors are not successfully expanding into this area – however, based on the evidence presented above dispositions appear to go a long way towards explaining why auditors have been unable to reproduce the success they have had in conquering other fields.

3.5.1 Why Habitus Matters for Audit Expansion

For Bourdieu, habitus is a system of "lasting *dispositions*, or trained capacities and patterned propensities to think, feel and act indeterminate ways, which in turn guide [an individual] in their creative responses to the constraints and solicitations of their extant milieu" (*italics* in original, Wacquant, 2016, p. 65). When auditors seek to make a case for the value of their services in new areas, they do so by crafting a strategy that they believe will appeal to their target audience. Power (1996) argues that the expanding into new audit spaces involves "'making things auditable' which has two components: the negotiation of a legitimate and institutionally acceptable knowledge base [and] the creation of environments which are receptive to this knowledge base" (p. 289). However, how auditors both conceive of their strategy and "make

things auditable" are based on the world as they see it and their experiences in conquering new domains – or their habitus. The blockchainers we encountered respond fundamentally differently to the "solicitations of their extant milieu" than the auditors in our study. They are unlike any other group that the auditors have encountered because their worldview is based fundamentally on the financial order to which auditors belong. Habitus is central to auditor expansion because it guides the auditors' approach to and understanding of the terrain they seek to conquer.

The present case also is in line with previous failed attempts by auditors to expand into areas mediated by technology, such as the case of WebTrust (Barrett & Gendron, 2006; Boulianne & Cho, 2009; Gendron & Barrett, 2004). The motivation to join that project was reminiscent of the comments made by our respondents that entering a new technologically driven sector would provide an opportunity to revitalize perceptions about the value of financial statement audits. Yet transplanting existing organizational routines into an entirely new environment rarely works (Barkema & Vermeulen, 1998). In both the WebTrust and blockchain cases, auditors were unable to adapt their habitus to cohere with the attitudes associated with these technologies – like trust and transparency in the case of blockchain. By rejecting this form of technological determinism (Jordan, 2008), auditors cannot adapt their dispositions to the new social structures at hand – thereby impeding their ability to export their logics of auditability to these new sectors. Of course, accepting the worldview of blockchainers is potentially more problematic because the latter see no need for financial statement auditors in a world of distributed ledgers. In this respect, auditors are between a rock and a hard place.

Yet, auditors can correctly read the cues of members of seemingly less proximate fields like for instance, that of sustainability assurance (O'Dwyer, 2011; O'Dwyer et al., 2011; Power, 1997a), awards ceremonies (Jeacle, 2014) or MBA rankings (Free et al., 2009), than the blockchain ecosystem. The common thread between these three cases is that the consumers of audit services relied on auditors to provide legitimacy. Auditors were able to "produce" legitimacy (Power, 2003) by leveraging their institutional capital and reputation to provide comfort that, for instance, the BAFTA awards were correctly tabulated (Jeacle, 2014), that MBA rankings were reliable (Free et al., 2009) or that a football club's salary cap rules were accurately adhered to (Andon et al., 2014). However, relying on auditors as a legitimating force requires a fundamental belief in a system where a central authority can decide what is right or wrong. It requires adherence to a system where deference is paid to the expertise of specific groups who possess certain forms of institutionalized knowledge that allow them to judge the accuracy of numbers or disclosures. The decision to engage a Big Four firm to audit one's sustainability disclosures fundamentally requires the purchaser of those services to believe in the system of rules and laws from which the auditor emanates.

As our field study demonstrates, blockchainers are fundamentally predisposed to mistrust the value of auditors because they do not value the system from which financial statement auditors emanate. In the blockchain ecosystem, trust does not stem from a single authoritative source – rather, it is established by a consensus mechanism. Trust is sourced from the commons, which is why blockchains aggregate the findings from several security auditors before coming to a consensus view on the reliability of a blockchain. Furthermore, blockchain technology was established to upend the very financial order which auditors seek to uphold. In this way, the blockchain ecosystem throws clearly into relief the limits of audit because blockchainers do not recognise auditors' authority or the value of financial audit.

3.5.2 Achieving legitimacy in the blockchain ecosystem

Andon et al. (2015) describe the strategies auditors traditionally adopt to achieve legitimacy in new audit spaces, like possessing recognized forms of institutionalized cultural capital like professional credentials and embodied cultural capital in the form of relevant expertise. It is clear from our field study that, currently, auditors have not acquired this recognition – but this is not to say that auditors cannot take steps to acquire it. Andon et al. (2014) document a case where auditors could renegotiate their legitimacy and establish a new order (p. 75). Auditors achieved this because they were willing to engage with the micro-level dynamics of the field through strategies like "conscious ingratiation, sanctioning and fairness appeals" (Andon, 2014, p. 75) to obtain power. When new entrants tap into the knowledge base of a field to spur innovation in their own practices, effective integration is more likely (Puranam & Srikanth, 2007). In Andon et al.'s (2014) case, auditors were willing to adapt their habitus or be willing to play according to new 'rules of the game' (Bourdieu, 2018) to achieve legitimacy in a new audit space.

In the case presented above, there was no recognition by auditors that blockchain represented a means to spur innovation in their own organizational routines or habitus. This aversion to innovation is bolstered by the fact that an auditor's habitus has been inherited and socialized into practitioners across generations (Anderson-Gough et al., 2018; Spence & Carter, 2014). The inherited nature of the auditor habitus makes it somewhat resistant to adaptation, and as a result, problematic when it comes to entering new fields where there is little in common with the prevailing habitus.

Alternatively, auditors could obtain legitimacy in the space by purchasing the necessary institutionalized cultural capital. Chainsecurity, one of the Big Three security audit firms, was recently purchased by PwC Switzerland. The reason AuditingCo. purchased BlockchainCo. was to leverage BlockchainCo.'s reputation as being blockchain native. In addition to BlockchainCo.'s brand, the presence of four founders who were deeply rooted in the local blockchain ecosystem provided a form of ready-made social capital which AuditingCo. sought to leverage (and monetize) to develop a presence in the sector. However, the departure of the founders left a vacuum at BlockchainCo. where the absence of legitimate representatives of the blockchain field in a decision-making role left the auditors to impose their doxa and habitus on the firm.

This finding demonstrates that transforming economic capital (money) into institutionalized cultural capital (reputation) by acquiring a firm that is native to the target field is not a sufficient condition to achieve a position of power in a field. According to Bourdieu (1986) "the different types of capital can be derived from economic capital, but only at the cost of a more or less great effort of transformation, which is needed to produce the type of power effective in the field in question" (p. 24). In other words, effort must be expended to synthesize the power inherent in any form of capital. We extend this statement to suggest that purchasing cultural or social capital provides one with an initial position in a field. However, to extract power from this capital, one must allow oneself to be transformed by it. There is, effectively, a feedback relationship between habitus and capital (Bourdieu, 2018). To take an enduring position in a field, one must allow oneself to internalize and accumulate new forms of capital in reflective fashion (Cardinale, 2018) such that it modifies their habitus.

For the case of our auditors, it is not enough to apply their typical habitus to their acquired cultural capital in the blockchain field to elevate their position. Rather, their habitus must sync with this capital to accommodate the new field's rules. Furthermore, newly acquired

capital will not continue to provide a source of power in the field if it is not attended to. If these new forms of capital are not extended and maintained, they can quickly become obsolete or lose value – as with BlockchainCo. BlockchainCo. was acquired due to its status as native to the blockchain field but this quality was not cultivated. This is to say that, as much as auditors can try to reconfigure the fields into which they expand, they also stand to be transformed by those fields if they wish to truly establish a lasting presence therein.

3.6 CONCLUSION

This paper has made several contributions to our understanding of how micro-level dispositions impact the transportability of audit logics. First, we respond to Power's (2021) call for more research into how auditors become carriers of audit logics. We find that auditors acquire doxic views on what constitutes assurance and good governance through their socialization. These dispositions shape how auditors approach audits and how they interact with members of other fields. The inherited nature of the auditor habitus makes those dispositions relatively durable. This is in contrast to the weak socialization of blockchainers into a nascent field. We find that the inflexibility of auditor habitus – at least in the case presented above – constitutes a barrier to expansionary ambitions. It prevents auditors from adapting to the rules of the game that pertain to other fields.

Secondly, we respond to Power's (2021) call for more work on how audit logics are reproduced within different contexts. We find that there is an absence of shared worldviews between the auditing and blockchain fields. Blockchain technology does not simply represent a field where existing auditing techniques can be adapted to a new setting but represents an entirely new logic unto itself. We find that for the logic of auditability to be reproduced in a new context, there must be a potential congruence between auditing habitus and the habitus prevalent in the target field. Auditors must adapt their habitus to become effective ambassadors, or organic intellectuals, for the logic of audit to take hold.

Thirdly, we theorize why auditors have been unable to adapt their usual strategies of legitimation in a new audit space - namely, the exchange of economic capital (money) for social capital (connections) and cultural capital (reputation). We find that it is not enough to purchase forms of institutionalized cultural capital as a basis to gain legitimacy in a new field. This capital must be earned anew and extended. Auditors can try to reconfigure the fields into which they expand, yet they also stand to be transformed by those fields if they wish to establish a lasting presence.

Our study is not without limitations. This account is based on a case study at a blockchain specialty practice embedded within a large accounting firm. There is the possibility that with a different set of acquirers who were more reflexive, more invested in the success of BlockchainCo. and more sensitive to the competing tensions within the firm, we may have come to different conclusions. Despite the idiosyncrasies that characterize our setting, our findings effectively establish how micro-level interactions and incompatible dispositions contribute to the non-exportability of audit logics. This is not to say that there are not also other factors also at play at BlockchainCo. However, we suggest that these dispositional elements remain an essential part of the story.

More work is needed to understand the conditions under which auditors might successfully reproduce their dispositions in the blockchain field. For instance, some firms in the blockchain sector require audited financial statements like those who have conducted regulated Initial Coin Offerings (ICOs) or those who have gone public. In these companies, auditors must

work alongside blockchainers in order for companies to become auditable. More work could be done to understand the discourse and practices auditors used to reproduce their logics in an inhospitable field. In this case, work could be done to understand how auditors transform and are transformed by the presence of blockchainers to become part of a new field.

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Chapter 4: Freedom Through Choice - Employee Empowerment in the Neoliberal Workplace

4.1 INTRODUCTION

Existing studies demonstrate the pervasiveness of neoliberal ideologies in accounting firms (e.g., Mennicken, 2010; Sikka, 2015). From up-or-out business models (Kornberger et al., 2011) to management by objectives (Covaleski et al., 1998), accounting firms encourage individual employee performance at the expense of creating community. Effectively, accounting firms transform their employees into human capital, or subjects charged with making rational choices in order to maximize their value (Foucault, 2008, p. 223). What has not yet been problematized is whether or not the purported rational choices afforded by neoliberal workplaces empower employees to find freedom (Foucault, 1985, 1994). Fundamental to neoliberalism is the idea that we become free through our choices (Rose, 2017). The challenge becomes when the "choice architecture alters people's behavior predictably without forbidding any options or significantly changing their economic incentives" (Whitehead et al., 2014, p. 4; see also Thaler & Sunstein, 2008). In this paper, I seek to explore how accounting firm employees experience freedom in a workplace driven by techniques of neoliberal governmentality. Furthermore, I will examine whether it is possible to shake up these neoliberal tendencies, for instance, through a global pandemic, or if they remain the predominant lens through which accounting firms and their employees see the world.

Empirically, this study draws on 31 semi-structured interviews with public accountants carried out from June to July 2020 – the height of the first wave of the COVID-19 pandemic in Canada (where the interviews were conducted). I explore how firms deployed a "voluntary" work reduction program as the backbone of their human capital response to the pandemic. This "voluntary" work reduction program provided employees with a suite of options to reduce their workload (with an almost commensurate reduction in pay). Given that the voluntary work reduction program was launched during the height of an unprecedented humanitarian crisis (a global pandemic), this provides an ideal setting to explore how firms frame employee decisions and the rationales adopted by employees for opting-in to one choice over another. This also provides a setting that threatens the neoliberal, individualistic narrative as employees are aware of the personal hardships they and their colleagues are exposed to due to the pandemic's economic slowdown.

This study finds that employees can experience a sense of freedom when they are given choices that appeal to their value set, which is their desire to make rational choices that maximize their human capital value. Choice itself becomes a technique of governmentality because employers control the array of available options, or the choice architecture (Thaler & Sunstein, 2008; Whitehead et al., 2014), and the information used to evaluate those choices. Freedom is derived from the ability to exercise a sense of control over one's condition, even if those choices are constrained. A voluntary work reduction program allows for the firm to transfer financial responsibility for a firm's pandemic response onto employees – but employees are happy to accept this arrangement because it plays into their desire for freedom and empowerment in the workplace. Effectively, a global pandemic does not challenge the existing neoliberal order but provides a new managerial technique (a "voluntary" work reduction program) to advance this ideology.

Conceptually, I extend Foucault's 1979 lectures on governmentality (2008) by integrating the impact of neoliberal techniques of control on the ability of employees to find freedom, or

experience empowerment in the Foucauldian sense (1985, 1994), in the workplace. For Foucault (2008), neoliberalism transforms employees into entrepreneurs of the self who almost exclusively seek opportunities to maximize their human capital value at work. Given the well-documented control apparatus within an accounting firm, one wonders whether it is even possible for employees to push back against these systems of domination to find freedom in a way that allows them to reclaim their identity and maintain their ethical code. Foucault's conception of freedom (1985, 1994) provides a practical analytical toolkit to explore this relationship. Ultimately, a Foucauldian analysis can shed light on the workplace dynamics of accounting firms and make sense of the ongoing subjectification of its professional employees (Knights & Willmott, 1989).

This paper makes three main contributions to our understanding of how employees can experience empowerment in a neoliberal workplace. First, I extend existing studies on organizational practices in accounting firms (e.g. Carter and Spence, 2014; Covaleski et al., 1998; Kornberger *et al*., 2011) to study a new practice: a widespread voluntary work reduction. Unlike existing studies that position alternative work arrangements as a potential barrier to employee advancement within the firm (e.g. Almer et al., 2003; Cohen & Single, 2001; Johnson et al., 2008), this study documents a context where a work reduction program provides a way for employees to maximize their human capital value.

Second, I explore the role of choice as a technique of governmentality in neoliberal workplaces. Previous studies have investigated how oversight bodies can effectively direct an individual's choice by controlling the array of choices available (Rose, 2017; Thaler & Sunstein, 2008; Whitehead et al., 2014). This study extends this line of inquiry to demonstrate how choice can at once be used as a technique to control employee behavior (governmentality) and allow employees to experience a feeling of freedom in the Foucauldian sense (Foucault, 1994). This study demonstrates how choice can be an effective management technique to foster employee empowerment that aligns with organizational objectives.

Third, this study responds to calls for further application of Foucault's later concepts of care of the self and freedom to the accounting literature (Crane et al., 2008; Kosmala & McKernan, 2011). Previous studies have primarily focused on Foucault's work on discipline and control. In this study, I combine Foucault's work on neoliberalism (2008) and his conception of freedom (1985, 1994) to explore how neoliberalism can become internalized in employees to such a degree that it becomes the ideology through which they push back against the systems of domination. Effectively, these employees construct their freedom using the language of data and the material of rational choices. As both employers and employees are steeped in neoliberal ideology in this environment, freedom can be achieved in a way that aligns with organizational objectives.

The paper proceeds as follows. First, I present a theoretically structured review of previous studies on Foucault's 1979 lectures on governmentality (2008) and freedom (1985, 1994), as a means of positioning my principal research questions. This is followed by an overview of the research methods. Next, I present my findings and provide a discussion of the theoretical implications of these findings. Finally, I conclude with a summary of the study's main takeaways.

4.2 NEOLIBERAL GOVERNMENTALITY IN THE WORKPLACE: A THEORETICAL FRAMEWORK

4.2.1 Freedom and Governmentality

As an economic theory, neoliberalism advocates for free markets and deregulation as a way to encourage fair competition amongst individuals (Amable, 2011). However, the term has evolved to include "the extension and installation of competitive markets into all areas of life (…) [such that] that the market is [seen as] the most efficient and moral institution for organizing human life" (Birch, 2015, p. 572; see also Bourdieu, 1998; Dean, 2012; Harvey, 2005; Mirowski & Plehwe, 2009; Mudge, 2008, Turner, 2007). This version of competition emphasizes self-reliance and individualism as an inconvertible value (Amable, 2011). This individual achievement is facilitated by making rational choices to maximize one's market value (Amable, 2011; Bourdieu, 1998). Facts and figures are used to support those decisions. "'Economics' expands to become that science which analyses 'rational conduct'" (Odysseos, 2010, p. 752). This need for data to make decisions is closely associated with the broader phenomenon of quantification across all areas of life (Mennicken & Espeland, 2019), especially in the workplace (Moore & Robinson, 2016). In essence, accounting has become "an instrument of neoliberalism" as it provides the data necessary for the "neoliberalisation and financialisation of political and economic systems" (Zhang et al., 2012, p. 1266). In sum, neoliberalism has evolved from an economic theory to an ethos that has taken hold in many business circles, namely in accounting firms (Mennicken, 2010; Sikka, 2015).

In creating this ideology, neoliberalism relies heavily on the notion of "freedom," in the sense that an individual must possess the freedom to make rational choices to improve their value in a marketplace (Harvey, 2005; Kingfisher & Maskovsky, 2008; Smith, 2007). In this context, freedom refers to the absence of regulation that could stifle competition or limit an individual's ability to make self-serving choices. In his much-cited 1979 lectures at the Collège de France, Foucault (2008) introduced the notional of neoliberal governmentality, or "the techniques of power [that allow] governments to shape their citizens as members of society" (Birch, 2015, p. 575; see also Dardot & Laval, 2014; Larner, 2000; Lemke, 2001; Rose, 1993). Governments are capable of directing individuals to appropriate behaviors by shaping the norms these individuals use to make decisions – in this case, the appeal to rationality and maximizing one's market value. Foucault (2008) argues that these disciplinary apparatuses subjugate citizens (or employees in the case of accounting firms), effectively restricting their freedom.

Rose (2017) contends that despite the purported freedom offered by neoliberalism, it entraps individuals into taking on an entrepreneurial perspective towards their lives. Individuals are required to arrange their lives in a way that maximizes their market value in the name of freedom – regardless of whether or not this is truly how they want to live. In other words, being forced to chase freedom is not freedom at all when governments can shape the options available to individuals as they make rational choices.

> Those who would govern have almost always aimed to shape the choices of 'free' individuals in such ways; our freedom to choose was always shaped, managed and governed by others. (…) To govern a free people, it is necessary to *know them*, so that one can create the delicate but crucial affiliations between individual aspirations and governmental objectives. (*italics* in original, Rose, 2017, p. 307)

Governing bodies oversee the "choice architecture" (Thaler & Sunstein, 2008; Whitehead et al., 2014) or the array of options available to individuals as they make rational choices. For Rose (2017), these pre-arranged choices provide only an illusion of freedom, and instead provide a back door to government control of citizen behavior. Foucault (1982a), for one, was concerned with the relationship between power and discipline, or the conditions of a person's freedom. For Foucault, subjectivity is determined by power.

> [P]ower is not exercised simply as an obligation or a prohibition on those who "do not have it"; it invests them, is transmitted by them and through them; it exerts pressure on them, just as they themselves, in their struggle against it, resist the grip it has on them (Foucault, 1979, pp. 26–27).

Foucault's later writings evolved from a focus on discipline (as something done to someone) to a focus on an individual's role in constructing their place within a power relation (Crane et al., 2008; see Foucault 1979, 1985, 1988). "Foucault's definition of freedom is therefore crucially different from that of liberal individualism—where it has often been defined in an atomistic way as an absence of constraints on the individual. (…) According to Foucault, freedom comes from the ability to participate actively and purposefully in power relations, not from escaping them." (Crane et al., 2008, p. 304). Instead, Foucault explains,

> I don't believe there can be a society without relations of power, if you understand [power] as a means by which individuals try to conduct, to determine the behavior of others. The problem is not of trying to dissolve [power relations] in the utopia of a perfectly transparent communication, but to give one's self the rules of law, the techniques of management, and also the ethics, the ethos, the practice of self, which would allow these games of power to be played with a minimum of domination (Foucault, 1994, p. 18).

For Foucault, freedom can exist within disciplinary regimes if one is aware and critical of the systems of domination that exist around them. Fundamental to this kind of freedom is "care of the self [which requires one] to attend effectively to the self and to exercise and transform oneself" (1985, p. 74, see also Foucault, 1994). Technologies of the self become the processes through which individuals reflect on their thoughts and conduct as a way to transform themselves to a higher level of self-awareness (Foucault, 1982b). This type of self-awareness allows an individual to take charge of their identity and engage in conduct in line with one's ethical code. "Extensive work by the self on the self is required for [a] practice of freedom to take shape in an *ethos* that is good, beautiful, honorable estimable, memorable and exemplary" (*italics* in original, Foucault, 1994, p. 29). Freedom is the ability to exercise one's values or to behave ethically, even if this happens within an existing system of institutions or framework of power relations. An individual becomes subjugated, or deprived of their freedom, when they must sacrifice their personal beliefs or desires due to the pressures of a system of discipline.

In the above discussion, Foucault is cited as referring to ethos as a guiding principle in the exercise of freedom. Ethos, in this sense, is consistent with modern ethics (Kosmala &McKernan, 2011). Foucault distinguishes between morals, which are

prescriptive sets of rules established by an external order, and ethics, which refers to how one chooses to behave in relation to a set of norms (Foucault, 1985).

> Ethics then is concerned with one's relationship with oneself, *rapport à soi*, with self-formation, action of the self on the self, in relation to the alternative ways in which one might act with respect to a code, from compliance to transgression; that is, different ways of acting morally. (…) The practice of freedom can be conceived of in terms of the critical analysis and testing of limits and the possibility of transgression of the models "imposed" by culture or the social group: a critique of what we are (*italics* in original, Kosmala & McKernan, 2011, p. 378).

Therefore, freedom is not represented by the absence of domination but rather the ability to critique the systems of power and engage in conduct consistent with one's ethical values. As Knights and Willmott explain, "Foucault's analysis of the individualizing effects of power illustrates how modern regimes push individuals back in on themselves, with the result that self-consciousness becomes a constraining force tying subjects to their (our) own identities (1989, p. 551).

4.2.2 Neoliberal Governmentality in Accounting Firms

This notion of freedom within a system of discipline is closely linked with employee empowerment within a workplace. Styhre (2001) explores how "*technologies of the self,* provide possibilities for analyzing how employees constitute themselves as ethical, productive, and legitimate members of society through the use of management techniques" (*italics* in original, p. 796). His work explores how managerial techniques that promote a particular ethos, like kaizen, can empower employees (in other words, provide them with freedom) by appealing to their values.

A question then arises as to whether and how managerial techniques can (or are) be used to foster employee empowerment in accounting firms. Previous literature has documented the position of accounting firms as promoters of neoliberal ideology (e.g., Mennicken, 2010; Sikka, 2015) wherein structures exist to socialize firm employees into the norms and dominant logic of the profession (Anderson-Gough *et al.*, 2000, 2018; Covaleski *et al.*, 1998). Foucault explains that neoliberalism has caused a transformation of employees into human capital - from the worker as an object to a subject charged with making rational choices to maximize their value as an entrepreneur of the self (2008, p. 223). Entrepreneurs of the self look to the firm for opportunities to "maximize their (human) capital value" (Cooper, 2015, p. 15). This translates into overwork and a willingness to make continuous sacrifices to become "successful" (Carter & Spence, 2014; Kornberger et al., 2011; Lupu & Empson, 2015; Spence & Carter, 2014). In becoming an entrepreneur of the self, "the employer and the worker enter into a business partnership, albeit an unequal partnership. (…) Part of what is being offered is the worker's reflexive ability to be an improvable subject" (Gershon, 2011, p. 540). In this environment, techniques of discipline and control confine employee behavior to the parameters of a neoliberal ideology. There has been little to no research, to my knowledge, that explores how this type of environment makes room for employees to exercise freedom. This leads to my first two research questions:

Research Question 1: How can accounting firm employees experience freedom in a workplace driven by techniques of neoliberal governmentality?

Research Question 2: Which managerial techniques contribute to the empowerment of accounting firm employees?

Previous work on organizational practices in accounting firms has taken for granted the entrenchment of neoliberalism. However, humanitarian crises could undermine this focus on individual performance and instead focus on collective action. Pandemics are unlike previous external threats to accounting firms because they represent an economic shock and an unprecedented threat to human life. Policy experts worldwide are calling for "solidarity, unity and hope" (UN, 2020) as humankind braces for a long battle with this disease. Using the COVID-19 pandemic as a backdrop, it may be possible to uncover new managerial techniques that at once challenge the dominant ideology and foster empowerment in new ways. This leads me to my third research question:

Research Question 3: Can humanitarian crises challenge the entrenchment of neoliberal ideology in accounting firms?

4.3 RESEARCH METHOD

I initiated this research with a broad objective in mind: understanding how the COVID-19 pandemic was impacting how accountants work. Because I was interested in understanding accountants' sensemaking and their personal experiences in the field, I adopted a qualitative approach using semi-structured interviews (Malsch & Salterio, 2016).

From this broad preliminary research question, I developed a sufficiently open-ended questionnaire to allow me to be attentive to the most important issues to my respondents (Gioia et al., 2013). By asking questions like "how has COVID-19 changed the way you work" or "what has the firm told to you about its response to the COVID-19 pandemic," I was able to adopt a grounded theory approach (Glaser & Strauss, 1967; Strauss & Corbin, 1997). While questions were initially quite broad, I could refine my interview protocol as the interviewees went on. I became aware of the voluntary work reduction program that was being implemented almost universally across the firms surveyed (Gioia et al., 2013).

To collect the data, I engaged in 31 semi-structured interviews with Canadian public accountants from June to July 2020 (see Table 4.3.1 for a summary of the interviewees' profiles). These interviews were conducted while the global pandemic was part of the respondents' daily reality. While the interviewees were primarily Managers and Senior Managers, I also interviewed Staff and Partner level accountants to obtain a range of perspectives. The focus was on Managers and Senior Managers because these individuals act "as 'hinges' between clients, junior staff and partners" (Kornberger et al., 2011, p. 524) and therefore are privy to changes both in the field and at the administrative level. These individuals were selected to provide a birds-eye-view into how the firms' COVID-19 response was impacting employees, fieldwork and firm management. Interview respondents were initially recruited through my network, and snowball sampling (Noy, 2008) was used to extend the sample.

Overall, the total number of interviews collected provided a sense of theoretical saturation (Glaser & Strauss, 1967), especially given that the themes and impressions discussed became repetitive as I approached my final interviews. Additionally, the number of interviews

conducted is consistent with the average number of interviews conducted by studies in leading accounting journals over the last decade (Dai et al., 2019). I also reviewed the websites of the Big Four firms and large mid-sized firms to understand how they articulate their COVID-19 response. This was useful to triangulate how firms aimed to shape public perception of their pandemic response (Gioia et al., 2013).

Table 4.3.1 Profile of Interviewees

#	Rank	Firm Size	Service Line	Interview Duration (minutes)
1	Manager	Mid-Size	Audit	41
2	Manager	Big Four	Audit	35
3	Manager	Small	Tax	30
4	Manager	Mid-Size	Audit	51
5	Intermediate Accountant	Mid-Size	Audit	91
6	Senior Accountant	Small	Audit	38
7	Manager	Big Four	Audit	48
8	Manager	Big Four	Audit	58
9	Partner	Mid-Size	Audit	57
10	Senior Manager	Big Four	Audit	55
11	Manager	Big Four	Audit	48
12	Senior Accountant	Big Four	Tax	80
13	Senior Manager	Mid-Size	Audit	49
14	Manager	Big Four	Tax	58
15	Senior Accountant	Mid-Size	Tax	51
16	Senior Accountant	Mid-Size	Tax	42
17	Partner	Mid-Size	Audit	35
18	Manager	Mid-Size	Audit	88
19	Manager	Mid-Size	Audit	37
20	Senior Manager	Mid-Size	Audit	48
21	Manager	Big Four	Audit	51
22	Manager	Big Four	Audit	47
23	Senior Manager	Big Four	Audit	50
24	Senior Manager	Mid-Size	Audit	37
25	Senior Manager	Mid-Size	Audit	86
26	Senior Manager	Mid-Size	Tax	55
27	Senior Accountant	Mid-Size	Audit	64
28	Senior Manager	Mid-Size	Audit	66
29	Manager	Mid-Size	Audit	32
30	Senior Manager	Mid-Size	Tax	65
31	Partner	Mid-Size	Audit	35

All interviews were recorded and professionally transcribed. Anonymity and confidentiality were guaranteed to all participants. Similar to Gebreiter (2020), the analysis was conducted in two phases. In the first phase, an inductive approach was taken whereby transcripts

were coded using the nVivo software according to themes that emerged from the data (Strauss & Corbin, 2011). Different theoretical frameworks were considered to help understand the data. At this point, the voluntary work reduction program's centrality to firms' pandemic response became evident. However, the notion of a voluntary work reduction within a neoliberal accounting firm caused me to focus on how employees could become complicit in their subjugation. My analysis also pointed to the delicate balance between choice and freedom. Therefore, I settled on a Foucauldian lens. In the second step, I re-analyzed the data using the selected theoretical framework. This step involved an iterative process of going back forth between the theory, transcripts, and codes until I made sense of my findings (Boyatzis, 1998).

4.4 FINDINGS

4.4.1 An Unprecedented Response to an Unprecedented Crisis

For firms, the COVID-19 pandemic represents a crisis like none they had experienced before. While they had undertaken widespread layoffs during previous economic downturns, most notably during the financial crisis, the pandemic presented a new challenge. Firstly, firms were uncertain about the economic impact of the situation *[Respondent #1, #10, #13*]. Slowdowns were observed in specialty practices, like advisory, that rely on deals to generate work *[Respondent #12, 30]*. Other practices like tax compliance faced an uptick in business due to clients applying for pandemic-related government incentive programs *[Respondent #6]*. As a result, flexibility in the headcount was needed as the financial impact of the crisis was unknown.

Secondly, the pandemic presented a challenge in economic terms and in terms of employee health and safety. The following are taken from the websites of the Big Four Firms:

One of PwC Canada's core values is care: care for our people, our communities and our clients. (…) While this coronavirus presents new challenges, PwC's approach to managing external risks remains the same — including our commitment to the safety of our people (PwC, 2020a).

Our top priority always is to look after our people, our clients, and the communities we serve (Deloitte, 2020a).

There is nothing more important to us than the health and safety of our people, clients and communities (EY, 2020).

Amid the outbreak of COVID-19, we are focusing on the wellbeing of our people, clients and communities (KPMG, 2020).

The language expressed above reflects concern for the safety and "wellbeing" of staff. My respondents confirm that a priority for firms was protecting employees' physical safety by limiting international travel, implementing work from home policies, and promoting personal hygiene (e.g., mask wearing, hand washing, and social distancing) in the workplace. Yet these activities were not being carried out due to an altruistic duty to protect employee health but rather to protect an organization's assets and "*avoid a lawsuit*" *[Respondent #2]*

They put these [health and hygiene policies] in place. And I mean, they didn't really have a choice because when you're a professional service organization, what are your assets? Your

employees, right? So, you'd better make sure that your employees are safe, because if they're not, it can be bad for the organization. [Respondent #1]

Firms had to devise a response to a pandemic that could damage their bottom line and threaten their human capital. In addition to implementing new work-from-home policies, firms almost uniformly responded with a new program: a voluntary work reduction program. Under this scheme, employees could choose to work less and receive a fraction of their pay. The programs described were almost uniform across all respondents and can be summarized as follows:

The way [firm leadership] put it is, 'You can reduce your hours to 80% [of a standard workweek], and we'll pay you 85% of your salary.' Or, 'You can reduce your workload to 60%, [of a standard workweek], and we'll pay you 70% of your salary.' Or, 'You can reduce your workload to 40% [of a standard workweek], but we'll pay you 45% of your salary.' [Respondent #5]

My respondents explained that while the program was voluntary, this was unlike existing flextime arrangements (e.g., Almer et al., 2003; Cohen & Single, 2001; Johnson et al., 2008), which were adopted by a fraction of employees as a way to reconcile work and family responsibilities. This voluntary work reduction plan aimed to reach employees across all levels, with firms targeting an 85% participation rate in the program. To render an account of employees' performance, firms would send almost daily emails to staff with an update on progress towards the achievement of the target. These emails made clear what would happen if the employees did not "choose" to opt-in.

If we don't reach our goal, then the next step is going to start to be layoffs or pay cuts or something like that. [Respondent #7]

At first blush, the program was marketed to employees as a way to put them in the driver's seat of the firm's pandemic response. Employees believed that "*it was their choice to make about how much time they were going to reduce (…), so there was still an element of control*" *[Respondent #24]*. For many of these employees, opting into the program was an opportunity to reconcile competing personal demands (like childcare) with work during the pandemic *[Respondent #7]*. Therefore, this voluntary work reduction program was marketed to employees as empowering them to rationally choose the option that would work best for them and their situation – consistent with the neoliberal conception of freedom as the ability to maximize one's position based on a rational choice (Odysseos, 2010).

This program also appeals to the individualist nature of entrepreneurs of the self (Foucault, 2008). Employees were able to customize their workload based on their pandemic responsibilities. While this provides an element of "control," as Respondent #24 explains, it also atomizes responsibility such that employees relinquish their ability to work together to, for instance, negotiate better benefits for the collective. "Individuals (…) have been seduced by their own perceived powers of freedom and have, at the same time let go of significant collective powers. (…) Individual subjects have thus welcomed the increasing individualism as a sign of their freedom, and at the same time, institutions have increased competition, responsibilisation and the transfer of risk from the [firm] to individuals at a heavy cost to many individuals"

(Davies & Bansel, 2007, p. 249). By stating that at least 85% of employees must opt-in to the program lest there be layoffs, the firms effectively make each employee personally responsible for the firm's pandemic response although firms were reporting record profits (Deloitte, 2020b; PwC, 2020b; Stockhouse, 2020).

Yet, the employees are unfettered by this transfer of responsibility. Many see the program as an opportunity to signal their allegiance to the firm.

[Describing why one would opt-in to the program] *Let's say you're a Senior Manager. You're two years away from what you think is a place in the partnership, and the firm is asking people if they can volunteer to take a pay cut. You have no children. You have no real reason to take a pay cut, but you're going to take it for the good of the firm, but also because you're one of the people who are expected to take it. [Respondent #11]*

The COO was very transparent and said that the layoffs we did have were based on two things. [First, because] there were people who were underperforming. They would have gotten laid off later or at the year-end evaluation. It has just happened earlier because of COVID. [Second, because] people who didn't opt-in to the program because, well, maybe they didn't support the value of the firm. That's how I knew that it was a very strategic move for me to choose the 20% reduced hour option. [Respondent #14]

Some employees perceive the choice to opt-in to the program to maximize their position within the firm. Although some employees had to be coerced into opting into the plan through direct appeals from partners, employees essentially opted-in to the program through their own volition, with participation rates exceeding 85% in most offices (and reaching 100% in others). Employees were overwhelmingly prepared to accept a pay cut as a way to maximize their human capital value (Foucault, 2008) and prove their commitment to the firm – a commitment they have been socialized into since their entry into the firm (Carter and Spence, 2014; Lupu and Empson, 2015; Spence and Carter, 2014). As Grey (1994) points out, in an accounting firm, "every single facet of an employee (is) orchestrated through the single principle of career development and success. (…) Techniques of surveillance become bound up with the self-discipline of career" (pp. 493-494).

From the firm's perspective, adopting a work reduction scheme is especially attractive. After all, even if employees take a workload reduction, they will work as long as needed to get the work done because they're "*professionals*" *[Respondent #1].*

[Describing the weekly conference calls hosted by firm leadership] *So they said, "We don't have enough work for everyone. This is why we're taking an hours reduction. No one's supposed to be working overtime." But our team is still really busy, so we are all working overtime. We're getting paid less because we took the hours reduction, or I guess in this case, it's just a pay reduction. [Respondent #24]*

Ultimately, the voluntary work reduction program becomes a way to induce flexibility into the headcount (and reduce salary expenses for the firm). It allows firms to mitigate the unknown financial impact of the pandemic by pushing this risk onto employees. However, framing the program as voluntary is artificial as its success depends on near-total adherence to the program. Respondent #14 explains that he received emails stating that "*in [his region], 95%*

of managers enrolled in the [work reduction] program. If you were part of that 5% that didn't make a decision, it puts pressure on you to rethink your decision. Are you sure you don't want to enroll? While a voluntary work reduction program is framed as empowering employees to make a rational choice based on their situation, it constrains the employees to do what the firm wants them to do. Employees are aware that they may be disciplined for not opting-in to the voluntary program. As one partner explains, "*I was involved in talking some people into the reduction because nobody really wanted to take it" [Respondent #17].* This responsibilization is largely possible because the employees have wholly internalized the neoliberal perspective and, through the socialization processes in the firm, become "eminently governable" (Foucault, 2008, p. 270). Employees have effectively "internalized the master's gaze" (Lambert & Pezet, 2012, p. 80) and construct their duty to the firm in neoliberal terms.

        Moreover, the fact that the voluntary work reduction program has been established in response to a global pandemic is almost irrelevant to employees. They do not perceive that their employer should "owe" them anything – even though the pandemic presents an untold risk to human life. Respondent #30 works for a mid-sized firm and was temporarily furloughed. However, he bears no ill-will or resentment towards the firm. His position is that the firm did what it had to do based on its financial performance – a sentiment echoed by several respondents *[Respondent #8, #22].* These employees see the world in terms of profitability, even to their detriment and even during a global pandemic.

4.4.2 Choosing for Mutual Benefit

        Although firms and their employees are attached to profitability as a lens through which the world is measured, firms understand that the pandemic requires them to at least publicly communicate a duty of care for their employees (Deloitte, 2020a; EY, 2020; KPMG, 2020; PwC, 2020a) in terms of a broader moral obligation. Therefore, some of the language around the reasons for opting in were framed as a way to "take one for the team" and accept a temporary reduction in wages (and hours) to protect the jobs of many. However, it is the employees who are taking one for the team (and accepting a pay cut), not the firms. Senior employees recognized that if the 85% target were not attained and mass layoffs ensued, their jobs would be protected due to seniority. These employees chose to opt-in to the voluntary work reduction out of a sense of solidarity with their junior employees.

I [took the reduction] out of a feeling that I had to do it to save more junior staff. I have one girl on my team who's going for her permanent residency. Another one whose husband is self-employed and can't work. They could not take a reduction on their less than $50,000 a year salary, so I'm like, "Okay, I can do it, and I could make it work." [People on our team] took it because we cared about each other [...] We realized that if we did not do this, it wouldn't be us [the Senior Managers] who would suffer because we would be the last to be laid off. It would be the more junior staff. [Respondent #28]

I am about to go on a full-time equivalent of 80%. That means 80% of my hours, 80% of my pay. [...] 20% less pay at my level is a lot different than 20% less pay for someone making $30,000. And they're stretched to the max, and they might not be able to handle that 20%. [Respondent #17]

These senior staff explain that if the firm is unable (or unwilling) to protect the financial welfare of junior employees during the pandemic, they are willing to do so. However, this commitment is only expressed by senior staff about lower-level staff (and not to their peers). This is not surprising given the highly competitive nature of accounting firms (Carter and Spence, 2014; Spence and Carter, 2014). Senior staff do not see themselves as competing with these more junior staff (in fact, they see their jobs as being protected), which removes the pressure to behave economically and instead allows them to act human(e)ly. However, this represents a small minority amongst respondents. Most individuals expressed that they opted-in to the plan purely for personal reasons, without regard for others *[Respondent #24, #27]*.

4.4.3 Data-Driven Choices

Part of the ethos of neoliberalism is the need for facts and figures to justify rational decisions. In essence, life itself has become quantified through the emphasis on measurable data (Mennicken & Espeland, 2019; Moore & Robinson, 2016). In making their choice, the firms provide abundant data to justify the necessity of the work reduction program. To communicate the message that firms may be unable to maintain staff levels and pay salaries, firms hold town halls and host presentations delivered by firm leaders to render an account of the firm's financial situation [Respondent #7, Respondent #21]. This communication strategy involves deploying infographics [Respondent #21] and financial figures like revenues [Respondent #7, #14] to articulate their ability to pay or render an account of their ability to maintain their ability to retain employees. These accounts were given with increasing frequency, at one point reaching daily emails and contact points about the pandemic response [Respondent #21]. The purpose of the messaging was to support claims that firms were facing financial hardship due to clients' inability to pay [Respondent #19] or slowdowns in specialty practices, like advisory, that rely on deals to generate work [Respondent #12, 30]. This data was framed as emphasizing the necessity of opting-in to the voluntary work reduction program to avoid layoffs.

[Firm leadership] gave us the results and the statistics of who, by service line, enrolled. No names, but a percentage of people from service lines in different regions. All the information was there, so we sort of knew that 'I'm not the only one in this boat. We all did this.' But that also was used to put pressure on people who didn't make their decision yet to enroll. [Respondent #14]

The accounts given by management are in contrast to what the professionals witness for themselves. Professionals observed that service lines like tax compliance were generating even more business than usual due to new government incentive programs *[Respondent #6]*. Others explain that there still appears to "*be a lot of work in the pipeline. It's not like we're running out of work*" *[Respondent #14]*. Managers describe that "*we're still severely understaffed, I find. Like I can't find anyone [to do the work]*" *[Respondent #23]*.

Despite seeing that mandates are plentiful and staff levels are strained, employees reflexively defer to reality as their firm describes it. "*Homo œconomicus* [is a] person who accepts reality (…), someone who responds systematically to systematic modifications artificially introduced into the environment. *Homo œconomicus* is someone who is eminently governable" (Foucault, 2008, p. 270)." In this case, the reality that employees accept is the account given by firm management, and steps are necessary to curtail expenses to protect the firm's viability.

[In one town hall meeting,] Firm X made a point of stressing that they wanted to avoid laying anyone off. The approach that they took was to offer a voluntary work reduction program. They told us that they were having cash flow problems because the revenues dropped significantly in March and April [2020.]⁹But they said, at the same time, 'We want to do this program because we want to avoid laying off people.' [Respondent #5]

Interestingly, the employees are electing to opt-in to the program, but the employer is rendering an account of the employees' performance. The decision to participate in the program in the first place is motivated by a sense of urgency based on the firm's poor financial performance, as reported by firm leadership. However, employees do not question the integrity of the firm's account of the state of affairs or the actual rate of achievement of the participation rate. When asked whether they considered whether the figures presented were accurate, the resounding response was that the firm "*never gave [employees] a reason to doubt them*" *[Respondent #16]*.

This is perplexing given that the accountants find themselves confronted daily with the fact that "accounting truths are (…) made, not found" (Macintosh, 2009, p. 168) in their work. For accountants, confronting clients over unfounded estimates or adjusting reported tax values is part of the job description. However, the accountants do not challenge the credibility of the account they have been given of their performance or their firms'.

They're trying to be as transparent as possible about facts and figures related to the financials. So they show us graphs, they're pretty open about the fact that they're expecting to lose $XX million by the end of the year. So the reduction of hours is expected to save $XX million. In that regard, they're credible just because it's fact-based. You can't lie about that. [Respondent #27]

Respondent #21 walked me through a slide deck that his firm disseminated with facts and figures on its pandemic response and expected performance. For him, the story was in the numbers. "*At the end of the day […] the numbers speak for themselves*" *[Respondent #21]*. For these accountants, the firms tell the story of their pandemic response using a familiar language of facts and numerical data. They can see into the numbers and understand the firm's message through the data.

Additionally, Respondent #21 uses the firm's abundance of disclosure as evidence of the firm's credibility. The equation of the volume of information provided with its reliability was a heuristic many respondents admitted to. For instance,

Every time they'd do a major program release or something like that, they made it accessible on [the firm intranet]. They sent us emails and held information sessions. In these information sessions, we were able to submit questions or concerns, and then they would have a Skype call afterward and address those questions. It was very transparent. At the end, they would give us a word document or a PowerPoint with all the recurrent questions with the answers of the firm. [Respondent #14]

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⁹ These months marked the peak of the first wave of the COVID-19 pandemic in Canada, where the interviews took place.

We had regular webcasts with our CFO to keep us updated on what the firm was doing, so I think that helped a lot. We had updates on discussions that were made at the level of the firm globally, not just here in Canada. There were discussions about "Are we keeping everyone? Are we profitable?" I feel like they were good in the sense that they kept us all up to date. In addition to that, we have meetings with our counseling family, like with the partner, managers and mentees, and that we're doing every week. (…) I find that those two combined really helped a lot, because we're not involved in every decision that is made at the level of the firm. Just having that communication down to us, I think that helped a lot. [Respondent #23]

Echoing Respondent #21's sentiment, Respondent #14 explains that he felt confident in the firm's response as being transparent due to the volume of information provided. Altogether, these responses demonstrate how data can be used to shape an employee's choice set and, ultimately, direct an employee's behavior towards their employer's desired outcome (Rose, 2017).

4.5 DISCUSSION

Previous literature has documented the position of accounting firms as promoters of neoliberal ideology (e.g., Mennicken, 2010; Sikka, 2015) wherein structures exist to socialize employees into the norms of the profession (Anderson-Gough *et al*., 2000, 2018; Covaleski *et al*., 1998), or in a Foucauldian sense, become entrepreneurs of the self. These studies have primarily focused on the conditions leading to employee subjectification. This study extends these findings to explore how accounting firms can create the conditions for employees to experience freedom despite the overarching structures that aim to discipline and control employee behavior in a neoliberal workplace.

This study finds that employees can experience a sense of freedom when they are given choices that appeal to their value set, which is their desire for opportunities to make rational choices that maximize their human capital value. In this way, choice itself becomes a technique of governmentality because employers control the array of available options, or the choice architecture (Thaler & Sunstein, 2008; Whitehead et al., 2014), and the information used to evaluate those choices. Freedom is derived from the ability to exercise a sense of control over one's condition, even if those choices are constrained. A voluntary work reduction program allows for the firm to transfer financial responsibility for a firm's pandemic response onto employees – but employees are happy to accept this arrangement because it plays into their desire for opportunities to maximize their human capital value.

4.5.1 Freedom through choice

For Foucault, freedom is not simply the absence of domination, but the ability to push outward onto the systems of domination in a way that allows an individual to align their behavior with their ethical values (Knights & Willmott, 1989; Kosmala & McKernan, 2011). This aligns closely with one definition of employee empowerment, which highlights "the process of gaining influence over events" (Fawcett et al., 1994, p. 472) or "a cognitive state [of] perceived control, perceived competence, and goal internalization" (Menon, 1995, as cited in Honold, 1997, p. 204). In this sense, freedom of choice (Sen, 1988) or a freedom to choose becomes a vehicle to push outward and make choices in line with one's ethos or view of the world. However, the options offered under the voluntary work program described are not agnostic. In a Foucauldian sense, freedom requires an ability to transgress or tests the boundaries of the established order

(Kosmala & McKernan, 2011). However, these respondents do not see freedom of choice as an opportunity to upend the establishment but rather as a way to turn towards it.

Accounting firms are so effective at socializing employees to prioritize their commitment to the firm (Carter and Spence, 2014; Grey, 1994; Lupu and Empson, 2015; Spence and Carter, 2014) and become entrepreneurs of the self (Foucault, 2008), that employees' responses to choice are constructed in terms of how they can benefit the firm.

This discussion highlights how choice itself can be a form of governmentality that at once emancipates and constrains. If firms can shape the norms employees use to make sense of the world around them, employees will push out against the world using the same ideology as the firm that constrains them. Despite the adverse effects of the pandemic and effectively willing themselves into a pay cut, my respondents express that the firm has done "*incredibly well*" by them *[Respondent #8]*.

4.5.2 Freedom through data

As accountants, the appeal to data (and especially abundant data) is a powerful language to persuade employees towards one choice over another. For this group, accounting is a language (Graham, 2013; Lavoie, 1987) used to convey meaning and provide a shared understanding of reality. For one, accounting numbers are seen as "fact" or as providing an undeniable state of the world at face value. Although decades of accounting research have demonstrated that "accounting truths are (…) made, not found" (Macintosh, 2009, p. 168), in practice, accountants are in the business of getting to the "right number." Therefore, when presented with accounts of performance that matter to them, they have faith in these figures. Yet this data does more than render an account but also provides the basis through which accounting firm employees can achieve freedom. Callon (1998) explains us that "*homo economicus* […] is formatted, framed and equipped with prostheses which help him in his calculations and which are, for the most part, produced by economics" (*italics* in original, p. 51)

Data is fundamental to producing the entrepreneur of the self. It is also essential to producing freedom as it becomes the basis upon which alternate choices can be made. Therefore, data becomes fundamental to a system of governmentality where employees construct their view of the world in financial terms.

4.5.3 Challenging entrenched ideologies

Looming above the decision to participate in a voluntary work reduction program is the presence of a global pandemic. While international oversight bodies (UN, 2020) have called for solidarity, it appears that firms have not adopted a new perspective, or sense of moral obligation, towards their employees (Bloom, 2017). Bloom (2017) documents that "societal pressure for 'corporate social responsibility,' professional demands for a more 'humane' workplace and personal desires for greater 'work-life balance' reveal the continued influence and prevalence of 'nonmarket' moralities and ethics" (p. 3). He argues that non-market ethics like solidarity and mutual responsibility exist to reinforce capitalism, effectively creating a generation of "ethical capitalists" (Bloom, 2017, p. 3). While this may be true in some circles, this study demonstrates that it does not hold for professional workplaces, like accounting firms where employees see the world in terms of profitability. While employees express some moral obligation for the welfare of junior employees, the pandemic has produced further individuals and has only served to entrench existing mindsets.

4.6 CONCLUSION

This paper has made several contributions to how we understand the ways in which employees can experience empowerment in a neoliberal workplace. First, I extend existing studies on organizational practices in accounting firms (e.g., Carter and Spence, 2014; Covaleski et al., 1998; Kornberger *et al.*, 2011) to study a new practice: a widespread voluntary work reduction. Some studies have explored the role of alternative work arrangements like flextime (e.g. Almer et al., 2003; Cohen & Single, 2001; Johnson et al., 2008), yet these arrangements are often adopted by only a fraction of employees (mostly women) and are framed as potentially limiting professional opportunities in accounting firms – like a "mommy track" offered to women looking to reconcile home and work priorities. My study provides an alternative perspective when individuals opt-in to a voluntary work reduction to maximize their human capital value and demonstrate their allegiance to the firm.

Second, I explore the role of choice as technique of governmentality in neoliberal workplaces. Previous studies have investigated how oversight bodies can effectively direct an individual's choice by controlling the choice architecture or array of choices available (Rose, 2017; Thaler & Sunstein, 2008; Whitehead et al., 2014). This study extends this line of inquiry to demonstrate how choice can at once be used as a technique to control employee behavior (governmentality) and allow employees to experience a feeling of freedom in the Foucauldian sense (Foucault, 1994). This study demonstrates how choice can be an effective management technique to foster employee empowerment when employees and employers are aligned in their world view.

Third, this study responds to calls for further application of Foucault's later concepts of care of the self and freedom to the accounting literature (Crane et al., 2008; Kosmala & McKernan, 2011). Previous studies have primarily focused on Foucault's work on discipline and control, especially in the area of management controls. In this study, I combine Foucault's work on neoliberalism (2008) and his conception of freedom (1985, 1994) to explore how neoliberalism can become internalized in employees to such a degree that it becomes an ideology through which they push back against the systems of domination. Effectively, these employees construct their freedom using the language of data and the material of rational choices.

Altogether, this study has demonstrated that, despite a global pandemic, firms and their professional employees do not challenge the neoliberal terms that establish their accountability relationship to one another. Instead, they reconfigure their relationships in a way that allows firms and employees to achieve their objectives, even if it means employees are effectively electing into a pay cut. This study can have important implications for researching workplace practices in accounting firms and other professional workplaces like law firms, investment banks, or management consultancies that share the same ethos and organizational environment.

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