



‘Above the fray’: Interests, discourse and legitimacy in the audit field



Andrea Whittle^{a,*}, Chris Carter^b, Frank Mueller^c

^a Chair of Management and Organizations, Newcastle University Business School, 5 Barrack Road, St James, Newcastle NE1 4SE, United Kingdom

^b Chair of Strategy and Organization, Edinburgh University, 29 Buccleugh Place, Edinburgh EH8 9JS, United Kingdom

^c Chair of Strategy and International Business, Newcastle University Business School, 5 Barrack Road, St James, Newcastle NE1 4SE, United Kingdom

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ABSTRACT

Legitimacy is a crucial concern for the institutional field of auditing, given its reliance on perceived legitimacy for its political mandate and license to practice, in addition to its wider credibility and trust amongst stakeholders such as clients, investors and the public. In this paper, we explore the role of interest-discourse in the discursive strategies of legitimization in the audit field. We develop an Ethnomethodologically informed Discourse Analysis (EDA) perspective that enables us to theorise how institutional actors account for interests as a means for de-legitimization and re-legitimization. We ask: how do institutional actors in the audit field establish who or what is ‘above the fray’ and who or what is ‘interested’? We illustrate our argument by examining how the ‘Big Four’ audit firms handled a ‘crisis of legitimacy’ in the accountancy profession following the recent financial crisis, focussing in particular on a Parliamentary inquiry into market concentration in the audit industry in the UK. First, we show how de-legitimization is achieved through the discursive strategies of stake attribution, stake interrogation and stake mis-alignment. Second, we show how re-legitimization is achieved through the discursive strategies of stake inoculation, stake confession, stake alignment and stake transcendence. We conclude by examining the implications of the discursive processes we have studied for the future of the audit field in the UK.

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“...any theory that denies the reality of purposive, interest-driven... behavior is limited in the range of problems to which it is applicable” (DiMaggio, 1988: 5)

1. Introduction

Interests are at the heart of contemporary notions of what it means to be a ‘profession’. The idea of ‘professionalism’ – deeply embedded not only in accounting but also in professions such as the law and medicine – is founded on the notion that actors are able to transcend their vested sectional or personal interests in pursuit of higher goals or values, such as truth, knowledge, reason, client well-being, or more general notions of ‘societal benefit’ or the ‘public good’ (Abbott, 1988). To borrow an idiom, professions are expected to be ‘above the fray’ and to act in a ‘disinterested’ fashion. Judges are expected

* Corresponding author.

E-mail addresses: andrea.whittle@newcastle.ac.uk (A. Whittle), cjgcarter@yahoo.co.uk (C. Carter), frankmueller100@yahoo.co.uk (F. Mueller).

Table 1

Definitions of discursive strategies for handling interests.

De-legitimation	
Stake attribution	The discursive process of ascribing (illegitimate) interests, stake and motive to other individuals or groups.
Stake interrogation	The discursive process of questioning the legitimacy of the interests, stake and motive of an individual or group.
Stake misalignment	The discursive process of claiming that an individual or group is not aligned with a legitimate set of interests.
Re-legitimation	
Stake inoculation	The discursive process through which actors deny, or down-play, the notion that they have an illegitimate stake, interest or motive in a particular argument or course of action.
Stake confession	The discursive process through which actors admit or “confess” to having a particular stake, interest or motive.
Stake alignment	The discursive process through which actors claim to share, or align with, the (legitimate) interests of certain others.
Stake transcendence	The discursive process through which actors claim to transcend self-interest through attachment to a certain higher norm, value or ideal.

not to accept bribes from defendants or purposefully acquit their family, friends or associates. Doctors are expected not to prescribe medicines based on ‘kick-backs’ from pharmaceutical companies. Similarly, accountants are expected to not get too ‘cosy’ with the clients they are auditing or to help their clients ‘fiddle’ the books or evade tax. Indeed, the political settlement that offers many professions an oligopolistic position, jurisdictional protection and a quasi-autonomous status is founded on the notion that professions can, through self-regulation, ensure that ‘vested interests’ do not unduly influence their work (Freidson, 2001; Larson, 1993). To avoid being subject to the ‘full force’ of open markets, or governmental intervention and regulation, professions are expected to demonstrate that they can effectively self-manage any vested interests that could ‘distort’ the achievement of their purported higher goal, value or purpose.

How, then, are ‘interests’ – and their role in professions such as accountancy – monitored and evaluated? Our focus here is on how interests are ‘worked up’ and ‘worked on’ in discourse (Woolgar, 1981; Callon and Law, 1982; Gilbert and Mulkay, 1984; Potter, 1996), namely through the production of accounts. We are guided by Woolgar’s (1981) observation that “the construction and use of interests... demands treatment as a phenomenon in its own right” (p. 371). We develop an approach to discourse analysis informed by ethnomethodology’s concern with members’ own accounting procedures, which we call Ethnomethodologically informed Discourse Analysis; EDA for short. EDA, we propose, advances existing work on the relationship between interests, discourse and institutional action by developing a framework for understanding interests as a *discourse topic* employed by institutional actors to establish (or undermine) the legitimacy of specific actions or events. Thus, we advance existing approaches to studying interests as an analytic resource for social scientific explanation by turning this ‘resource’ into a ‘topic’ of study in its own right (Woolgar, 1981).

Our central aim is to show how the discourse of interests is central to the institutional work concerned with building, disrupting and repairing the legitimacy of the audit field. We focus on the ‘crisis of legitimacy’ faced by the accountancy field following the recent financial crisis in the UK. The British audit industry, which is dominated by four major accounting partnerships (the “Big Four”), have been recently subject to parliamentary scrutiny regarding anti-competitive behaviour, protectionism and conflicts of interest. We analyse the discursive strategies employed in the questioning of politicians and testimonies from senior executives of the “Big Four” accounting firms to a House of Lords enquiry into market concentration in the British audit industry.

Our analysis reveals the role of interest discourse in two distinct (but parallel) processes. First, we show how de-legitimation occurred through three discursive strategies: attributing a stake to the Big Four (stake attribution), questioning the stake of Big Four (stake interrogation) and portraying the Big Four as not properly aligned with ‘legitimate’ interests (stake mis-alignment). Second, we show how re-legitimation occurred through four discursive strategies: claims by the Big Four to have no stake or vested interest in a situation (stake inoculation), claims to having a stake or interest in the situation (stake confession), claims to being properly aligned with ‘legitimate’ interests (stake alignment) and claims to transcending or superseding vested interests through attachment to higher goals or values, such as ‘professional ideals’ (stake transcendence). Definitions of these terms are given in Table 1 below. Finally, we conclude by discussing the importance of this interest-discourse for the institutional field itself, in particular State intervention in the audit field in the UK and beyond. We conclude that interest discourse shaped the possibility and desirability of different courses of action, such as new forms of state intervention in the accounting profession.

2. Legitimacy, interests and professions

Legitimacy is a master concept for institutional theory; it has been defined as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within socially constructed systems of norms, values, beliefs and definitions” (Suchman, 1995: 574). De-legitimation can be understood as the process of questioning, eroding or undermining the legitimacy of a particular institution (Suddaby and Greenwood, 2005; Vaara and Monin, 2010). Re-legitimation, as a counterpoint, can be understood as the process of defending, repairing or maintaining the legitimacy of an institution under actual or potential threat of de-legitimation.

For institutional theorists, the desire for legitimacy is understood as a central driving force behind organizational action (Oliver, 1991: 149; Deephouse and Suchman, 2008). While not all institutions require legitimacy to the same degree, for

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