The legitimacy of new assurance providers: Making the cap fit

Paul Andon [a,1], Clinton Free [a,*], Prabhu Sivabalan [b,2]

[a] *Australian School of Business, University of New South Wales, Sydney 2052, Australia*
[b] *Faculty of Business, University of Technology, Sydney 2007, Australia*

ABSTRACT

According to Bourdieu, legitimacy is a scarce symbolic resource that is subject to struggle and (re)negotiation. Focusing on the emergence and operation of the salary cap audit programs in the National Rugby League (NRL) in Australia and Canadian Football League (CFL) in Canada, this article explores the way in which auditors compete for legitimacy in new audit spaces. We highlight the way that capital from intersecting semi-autonomous fields were drawn upon to generate legitimacy for the new roles. We also draw attention to a range of practical strategies, including conscious ingratiation, sanctioning, and fairness appeals, which were mobilised to impose the auditors in their roles, populate the field with new rules and confer a new order. The contrasting case studies reveal the importance of contextual elements and the configuration of the field of power in each case. Implications for the claims of the accounting profession to new audit spaces are discussed.

© 2014 Elsevier Ltd. All rights reserved.

Introduction

The imposition of audit-styled technologies into a diverse and growing range of societal domains has been a persistent feature of recent decades (Jeacle & Carter, 2011; Power, 1995; Power, 2000b). The words audit and assurance have attached to a wide array of theatres, sometimes of controversial provenance. These labels continue to connect with idealised notions of accountability, stewardship and responsible administration, reflecting the "vague idea of audit" (Power, 2000b) as an important reference point in public and private governance. As the emerging vistas of auditing in the 21st century become more diverse and far-reaching than ever, the movement of assurance beyond the traditional boundaries of the financial audit raises important questions about the extent to which conventional audit concepts can travel to new fields, as well as the receptivity of new fields to purveyors of new assurance services (who may or may not be professionally credentialed).

Recognising a growing interest in auditing and assurance in new audit spaces (Andon & Free, 2012; Free, Salterio, & Shearer, 2009; Gendron & Barrett, 2004; Jamal & Sunder, 2011; Jeacle & Carter, 2011), we aim to investigate efforts by auditors to establish jurisdiction in new audit spaces through two in-depth field studies of the positioning of salary cap auditors[3] in the National Rugby League (NRL) in Australia and Canadian Football League (CFL) in Canada. The salary cap auditor in each league has established himself as a respected and widely recognised figure that has been increasingly invoked as a symbol of fair-play and propriety by leaders within the respective codes:

* Corresponding author. Tel.: +61 2 9385 9705; fax: +61 2 9385 5925.
   E-mail addresses: p.andon@unsw.edu.au (P. Andon), c.free@unsw.edu.au (C. Free), Prabhu.Sivabalan@uts.edu.au (P. Sivabalan).
   [1] Tel.: +61 2 9385 5821; fax: +61 2 9385 5925.
   [2] Tel.: +61 2 9514 3131; fax: +61 2 9514 3669.

[3] In broad terms, salary cap auditors are responsible for monitoring and enforcing the salary cap, a limit on the amount of money a team can spend on player salaries in each league. The practice of salary caps remains a highly controversial one; salary caps have been both held up as essential for the sustainability of professional sports leagues (Hiestand, 2004) and castigated as unfair, ineffective and even illegal (Buti, 1999).

The salary cap audit team works incredibly hard to monitor the clubs and deserves considerable recognition for the role it plays in making the Telstra Premiership [the NRL's elite national competition] the closest and most exciting competition in Australian sport (NRL, 2011).

The success of our salary management system underlines our teams' commitment to putting a great product on the field and following sound business principles at the same time. The work our board of governors and our football leaders have done on this issue is an important building block in our league's strong foundation (Mark Cohon, CFL Commissioner, quoted in Scianitti, 2012).

The motivation for this paper stems from two sources. First, recent years witnessed an increase in auditing and assurance of information published in a variety of new spaces (Free et al., 2009; O'Dwyer et al., 2011). While many authors have considered the way in which these services have attached legitimacy to certified data, auditees and even third parties (Free et al., 2009), "much less has been written about the process of acquiring and developing the legitimacy of audit technologies themselves" (Robson, Humphrey, Khalifa, & Jones, 2007, p. 421). Recent work has begun to draw attention to a range of strategies employed by auditors seeking to promote their services in new domains. Gendron and Barrett (2004) emphasise the need for constructing stable and solid networks of support while O'Dwyer et al. (2011) focus on key conforming, selecting and manipulating activities aiming to secure pragmatic, moral and cognitive legitimacy for new assurance forms (e.g. sustainability assurance). That is, while several studies have examined the emerging vistas of 21st century auditing and initiatives aimed at professional expansion, analysis of the efforts of 'auditors' appointed to newly established roles to solidify their position and legitimacy remains in its infancy.

Second, this paper responds directly to calls for more detailed empirical work examining the extension of audit-type practices into new spaces (O'Dwyer et al., 2011; Power, 2003) as well as ongoing calls for audit researchers to enter the field (Free et al., 2009; Gendron & Spira, 2010; Humphrey, 2008). Due to a number of difficulties in conducting field research in the area, there have been few empirical studies of the substance of these evolving discretionary assurance services (Pentland, 2000). Given the phenomena under investigation, in-depth case-based empirical work is suited to elaborating on an auditor's sources of legitimacy in practice. In both the CFL and NRL, practitioners are revealed to be actively engaged in pursuing strategies that draw upon their accumulated capital and modify prevailing norms and modes of engagement to develop and sustain networks of support.

We investigate these issues through an in-depth review of archival sources and 18 interviews with key stakeholders in the NRL and CFL salary cap. Our cases follow the appointment and operation of the salary cap auditor in each league. Despite inhabiting similar roles, the appointed auditors are shown to possess markedly different backgrounds and employ different resources, tactics and dispositions to impose themselves in their roles. The two case studies highlight practical strategies – conscious ingratiation, sanctioning, and fairness appeals – used by auditors seeking to establish themselves in these new discretionary domains. They also raise questions about the applicability of conventional markers of auditor legitimacy derived from financial audit in new assurance spaces, as well as prior claims made by many in the accounting profession about the legitimacy of accounting-trained auditors in new assurance spaces.

This paper is arranged as follows. The next section reviews the emerging literature dealing with auditing and assurance in new audit spaces. This is followed by an overview of the theoretical framework of the paper, informed by the writings of Pierre Bourdieu. After a brief description of the methods used in this study, we provide some background to the fields of football in which the two subject cases are situated. The two case studies, documenting the appointment and operation of the salary cap auditor roles in the NRL in Australia and CFL in Canada, are presented, compared and contrasted. The final sections summarise the major themes, contributions and conclusions of the paper.

New 'assurance' services

In recent decades, numerous commentators have observed a growing demand for audit-styled technologies (Andon & Free, 2012; Free et al., 2009; Gendron & Barrett, 2004; Jamal & Sunder, 2011; Jeacle & Carter, 2011; Power, 2005). Power's (1994, 2005) classic thesis regarding the notion of the audit society is one of explosion – the immutable proliferation of programmes and practices of verification in an ever growing range of organisational and social domains, promulgated by the symbolic power of social norms and expectations embodied in the notion of auditing. According to Power, central to auditing's symbolic power is its 'essential obscurity' – that auditing work is rather indeterminate and craft-like rather than precisely codified. This has led Power to suggest, along with programmatic shifts in styles of governance promoting desires for accountability and verification, that the foundations of auditing's rapid spread in organisational and social life lie in the seductiveness of vaguely defined auditing ideals. He emphasises that auditing, as such, remains a 'craft', rather than a precisely codified technique. Power sees it as no accident that practitioners talk of providing 'comfort' (Pentland, 1993) rather than 'proof.'

A range of researchers, commentators and professional organisations have argued that the credibility that accounting professionals have built up in financial audit has strong appeal in new assurance spaces. In the US in the late 1990s, the Elliott Report earmarked a range of new opportunities for the profession occasioned by the 'audit society' in areas as diverse as risk assessment, business performance measurement, information systems reliability, electronic commerce, health care performance measurement and care of the elderly (AICPA, 1997). More recently, in the burgeoning area of environmental and sustainability reporting, some researchers have suggested that