

## **Institutional work and regulatory change in the accounting profession**

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### **ABSTRACT**

Independent oversight bodies such as the PCAOB in the U.S. and the POB in the U.K. pervade the international accounting regulatory environment. Their existence has been hailed as marking an end to self-regulation of the accounting profession. This paper examines how, and with what effect, individuals within one such oversight body attempted to reconfigure the regulatory field of accounting in Ireland. We mobilise the concept of institutional work to theorise the interrelated nature of the forms of institutional work these individuals engaged in as they sought to realise regulatory change. The paper advances prior theorisations of the recursive relationship between different forms of institutional work and patterns of institutional change and stability. We unveil a more refined, nuanced categorisation of institutional work within efforts to instigate regulatory change. We show how specific forms of institutional work interact and mutually reinforce or displace one another as regulators seek to establish power and legitimacy in a regulatory field. The role and nature of *work rejection* – whereby regulators initially reject certain forms of work but later embrace them – is unveiled within a change process where shifting regulatory logics both shape and are shaped by the forms of institutional work undertaken. The paper provides a counterpoint to prior research by illustrating how socio-political factors enabled more than constrained the impact of the institutional work undertaken by individuals within an independent oversight body. It concludes with a call for research focusing on how targets of regulation in accounting engage in institutional work as they respond to efforts to restrict their autonomy.

## INTRODUCTION

The current international regulatory environment in accounting is littered with independent oversight bodies set up in response to accounting and auditing failures. These bodies include the PCAOB (Public Company Accounting Oversight Board) in the U.S., the POB (Professional Oversight Board) in the UK and umbrella bodies such as the International Forum of Independent Audit Regulators (IFIAR). While “created to watch the watchers” (Richardson, 2009, p.571), their primary purpose is to enhance or restore public confidence in the financial reporting and auditing of public companies (Arnold, 2009; Caramanis, Dedoulis, & Leventis, 2015; Cooper & Robson, 2006; Guenin-Paracini & Gendron, 2010; Hazgui & Gendron, 2015; Humphrey, Loft, & Woods, 2009; Malsch & Gendron, 2011; Wainberg, Kida, Piercey, & Smith, 2013). The efficacy of these bodies, which are frequently domestically organised and embedded within diverse socio-political national contexts, has come under recent scrutiny (Anantharaman, 2012; Caramanis et al., 2015; Samsonova-Taddei & Humphrey, 2015). This has unveiled their impotence and partial influence in several settings (Canning & O’Dwyer, 2013; Caramanis et al., 2015; Malsch & Gendron, 2011). While significant research on oversight bodies such as the PCAOB focuses on the effects of their inspection processes and the wider impacts of their enforcement actions (Abernathy, Barnes, & Stefaniak, 2013; Lohlein, 2016), we have little in-depth knowledge of individuals’ efforts to shape these bodies and establish their operational effectiveness. This is despite increased calls for studies focusing on “[a]gendas of local [regulatory] implementation and the possibilities as to what can and cannot be implemented at national level” (Samsonova-Taddei & Humphrey, 2015, p.69).

This study examines efforts by individuals to instigate institutional change in the regulation of accountants through the formation and operation of an independent oversight body, named IAASA (the Irish Auditing and Accounting Supervisory Authority), to oversee the Irish accounting profession. The establishment of IAASA represented a major institutional change in the regulation of the Irish accounting profession given that self-regulation had been the norm for over a century. A self-regulatory logic had underpinned a widespread belief that leaving the profession to regulate itself best served some notion of the public interest, and provided a frame of reference for professional accountants that was central to their sense of self and identity (O’Regan & Killian, 2014). Confident proclamations that this “system of self-regulation work[ed] infinitely better than a statutory regime managed by civil servants” (Suiter, 1997, p.15 ) were repeatedly reinforced by this logic despite the Irish accounting profession being confronted with evidence of extensive malpractice by accountants in the mid to late 1990s (Canning & O’Dwyer, 2003). A subsequent series of investigations uncovering extensive frauds implicating members of the profession placed further pressure on the plausibility of the claims made for self-regulation (see: Canning & O’Dwyer, 2013; O’Regan & Killian, 2014) and eventually led to IAASA’s formation.

We specifically examine how, and with what effect, the directors of the board and senior executive management of IAASA struggled for power and legitimacy as they sought to reconfigure the regulatory field of accounting. By examining how IAASA operated at the micro-level over an extended period we aim to better understand regulatory change efforts in accounting and their potential impact on how the accounting profession governs itself. Given our focus on the lived experience of individuals seeking institutional change in the regulation of accountants, we mobilise the concept of institutional work to theorise these efforts (Empson, Cleaver, & Allen, 2013; Lawrence, Suddaby, & Leca 2011), as the concept directs explicit attention to the purposeful role of human action in the creation, maintenance and transformation of institutions (Lawrence & Suddaby, 2006; Lawrence et al., 2011; Lawrence, Leca, & Zilber, 2013) and is “useful for examining how actors, with diverse interests, struggle to dominate particular fields” (Chiwamit, Modell, & Yang, 2014, p.146).

Prior research offers key related exemplars of changes in the regulatory context of accounting (Radcliffe, Cooper, & Robson, 1994; Robson, Willmott, Cooper, & Puxty, 1994; Willmott, Cooper, & Puxty, 1993). Much of this work highlights how reforms in the internal management of the accounting profession have been (sometimes) inadvertently stimulated by government initiatives and how heightened proximity between governments and the accounting profession has ensued. Our focus resides not on the internal management of professional accounting bodies but on the efforts of a regulator to oversee and influence key aspects of this internal management. We concentrate on how the actions of the directors and senior management of an oversight body influence and are influenced by the enduring efforts of professional accounting bodies to protect their powers of self-regulation, given that such powers are often seen as a defining characteristic of what it means to be a profession (Robson et al., 1994).

Our focus is important for two reasons. First, the establishment of oversight bodies independent of the accounting profession represented an effort to instigate significant institutional change in the regulation of the profession. However, understanding the extent to which this change has been realised requires in-depth, longitudinal examinations as regulators require not only that others accept them but that they will change their behaviour because of what the regulators request (Black, 2008). It has often been argued that state-backed regulators can rely on the authority of the law to motivate people and to bolster their legitimacy claims (Black, 2008). However, the delegation of regulatory functions from the state to a (quasi) state, independent agency does not automatically lead to a transfer of legitimacy (authority) because issues of regulation are as much about will as about authority and capacity to regulate (Arnold & Sikka, 2001; Cooper & Robson, 2006). Black (2008) warns against expecting that legal validity will grant legitimacy to a regulator in terms of it “having a right to govern both by those it seeks to govern and those on behalf of whom it purports to govern” as such a crude interpretation may be “irrelevant, or at least unproductive” (p.145). Certainly, prior work suggests that such authority is rarely automatic and can be continuously contested (see: Canning & O’Dwyer, 2013; Caramanis et

al., 2015; Hazgui & Gendron, 2015; O'Regan & Killian, 2014), especially as a regulatory body evolves over time.

Second, while prior work has focused on the processes through which professional accounting regulation has been developed and interpreted (see, for example, Canning & O'Dwyer, 2013; Caramanis et al., 2015; MacDonald & Richardson, 2004; Malsch & Gendron, 2011; O'Regan & Killian, 2014; Shapiro & Matson, 2008; Yee, 2012; Young, 1994, 1995), our study is important in that it explicitly examines how, in their diverse engagements with regulatees (and others), oversight bodies "jockey for positions that confer legitimacy on [them] as they attempt to ensure relevance and survival" (Gillis, Petty, & Suddaby, 2014, p.897) during a dynamic process of attempted realignment. By examining the shifting nature and impact of the interrelated forms of institutional work underpinning these engagements, the paper uncovers how certain elements of "the network of cognate organizations to which ... [a regulatory body] is linked", particularly the professional accounting bodies (PABs) it seeks to regulate, can influence its "ability to act" (Richardson, 2009, p.572) and potentially constrain its capacity to exercise power over the accounting profession (Richardson & Eberlein, 2011, p.219). As Radcliffe et al. (1994, p. 619) argue "the dynamic is not simply government imposition on a previously self-regulated profession". Instead, movements among assorted constituencies can affect the relative power of these constituencies in ways that would not be evident from a standpoint that relies on a simple antagonism between a homogenous profession and the state. By focusing on individuals and their day-to-day efforts which can be "successful and not, simultaneously radical and conservative, strategic and emotional, full of compromises, and rife with unintended consequences" (Lawrence et al., 2011, p.52), our institutional work framing also allows us to connect to practical issues surrounding regulatory change, thereby responding to repeated requests for increasing the practical relevance of management (and accounting) research (Alvesson & Sandberg, 2011, 2013; Dover & Lawrence, 2010; Kieser, Nicolai, & Seidl, 2015; Lawrence et al., 2013).

The paper offers the following contributions. First, it responds to recent requests for more studies of the emergence of accounting oversight in domestic political and social contexts in order to highlight the contextually contingent nature of the local regulatory implementation of global regulatory trends (Caramanis et al., 2015; Hazgui & Gendron, 2015; Jeppesen & Loft, 2011; Malsch & Gendron, 2011; Samsonova-Taddei & Humphrey, 2015). This localised focus is important given that the fragmented character of public oversight operating on a country-by-country basis calls into question how effective oversight bodies are, given the often unique domestic institutional contexts they operate in (Blavoukos, Caramanis, & Dedoulis, 2013; Caramanis et al., 2015). In contrast to prior work examining the evolution of oversight bodies in other European countries such as Greece (Caramanis et al., 2015), we find that socio-political factors encompassing Ireland's representative democracy and the legislation underpinning the creation of the oversight body enabled more than constrained the impact of the institutional work undertaken by individuals within the oversight body. Our analysis particularly

highlights how the institutional context within which regulatory change is attempted influences whether individuals seeking to induce regulatory reform in accounting engage in institutional work, the form this institutional work takes, its intended effects, and its ultimate influence.

Second, we trace the nature and extent of the institutional work undertaken by individuals within an oversight body seeking to realign a regulatory institution. This advances prior theorisations of the recursive relationship between forms of institutional work and patterns of institutional change and stability (Zietsma & Lawrence, 2010), both generally and within the regulatory field of accounting. In particular, we contribute to recent research highlighting the transient and fluid nature of the institutional work involved in the process of creating, maintaining and disrupting institutions (see, Currie, Lockett, Finn, Martin & Waring, 2012; Empson et al., 2013; Gawer & Phillips, 2013; Hayne & Free, 2014). First, we offer a more refined, nuanced categorisation of institutional work within efforts to instigate regulatory change through our unpacking of some of the traditional forms of institutional work outlined by Lawrence and Suddaby (2006) within processes of attempted regulatory change. For example, we show how advocacy work manifests itself in both 'hard' and 'soft' forms in different phases of a regulatory realignment. Second, we illustrate the nature of the interplay between the different forms of institutional work that individuals within the oversight body engaged in over time (see, Chiwamit et al., 2014; Hayne & Free, 2014). In particular, we build on prior research by uncovering the nature and prevalence of *supportive interactive work* - forms of institutional work mutually reinforcing one another - and *work displacement* - where forms of institutional work are supplanted by other forms due to the unintended consequences engendered by originally adopted forms of work (see also: Currie et al., 2012; Hayne & Free, 2014; Zietsma & Lawrence, 2010). Third, we introduce an extra dimension within studies of institutional work by illustrating how individuals explicitly reject certain forms of institutional work (*work rejection*) but then later re-engage with them as part of their regulatory change efforts.

Our third contribution involves our unveiling of how shifting institutional logics underpinning the rationales and actions prevalent in the regulatory field of accounting both shape and are shaped by the institutional work enrolled by regulatory actors (see also: Empson et al., 2013; Gawer & Phillips, 2013; Marquis & Lounsbury, 2007; Thornton, 2004; Thornton & Ocasio, 1999). Our evidence highlights how the nature of the institutional work undertaken by the oversight body and the interrelationship between forms of institutional work are influenced by the efforts of professional accounting bodies (PABs) to restrict change. The PABs' attempt at restricting change assimilated the oversight-supervisory logic underpinning the regulatory body's rationales and actions within the PABs' preferred self-regulatory logic (see, Thornton, Ocasio, & Lounsbury, 2012). This assimilation effort reflects a similar sense of concern among professional accounting bodies found in prior studies regarding their role and identity in light of the powers attached to regulators (O'Regan & Killian, 2014; Radcliffe et al., 1994; Robson

et al., 1994; Willmott et al., 1993). It suggests that the power of the attachment of self-regulation with what it means to be an accounting professional persists over time and space.

The remainder of the paper is structured as follows. The next section presents our mobilisation of the concept of institutional work in order to theorise the efforts undertaken by individuals seeking institutional change in the regulation of the Irish accounting profession. This is followed by an outline of the research methods adopted. A case narrative is subsequently presented chronologically depicting the interrelated institutional work individuals undertook in order to: initially disrupt the institutional norms underpinning the regulation of the Irish accounting profession; create and maintain the regulatory changes emanating from this disruption; and disrupt the outcomes of this prior institutional work in order to instigate more radical regulatory change. The findings are then discussed in the context of the institutional work framing and the paper concludes by offering several suggestions for future research.

## **THEORETICAL FRAMING**

We frame our analysis of the efforts by individuals to instigate institutional change in the regulatory field of accounting using the concept of institutional work (Lawrence et al., 2011). We firstly delineate the notion of institutional work, its different forms, and how they are interrelated. We subsequently explore the relationship between institutional work and institutional logics before locating this framing within our study of individuals' efforts to instigate regulatory change in accounting.

### **Conceptualising institutional work**

The institutional work concept considers “institutional actors as reflective, goal-oriented and capable” and prioritises the study of actors’ actions in order to “capture structure, agency and their interrelations” (Lawrence et al., 2013, p.1024). These actions can sometimes be highly visible and dramatic, but are often almost invisible and frequently mundane (Lawrence, Suddaby & Leca, 2009). Early neo-institutional theory and later institutional entrepreneurship studies (Hardy & Maguire, 2008) have been accused of focusing too much on the effect of institutions on individual actions and of losing “sight of the individual as a key agent of change” (Empson et al., 2013, p.811; Gawer & Phillips, 2013). Focusing on actors’ activities also facilitates a focus on the relationship between institutions and action, “a relationship which is made up of muddles, misunderstandings, false starts and loose ends” (Lawrence et al., 2009, p.11) where discontinuous and non-linear institutional processes prevail (Zietsma & McKnight, 2009). As actors are neither treated as ‘cultural dopes’ trapped by institutional arrangements nor as ‘hypermuscular’ institutional entrepreneurs (Lawrence et al., 2009) a more nuanced view of the relationship between actors and institutions is offered which avoids stylized reductionism to either structure or agency (Currie et al., 2012; Hwang & Colyvas, 2011; Lawrence et al., 2009). Overall, given that the concept of institutional work highlights how institutions can be products of human action and

reaction (Lawrence et al., 2009), undertaking in-depth analyses of actors' multifaceted motivations, interests, and efforts enables us to "better understand the broad patterns of intent and capacity to create, maintain and alter institutions" (Lawrence et al., 2009, p.6; Hwang & Colyvas, 2011).

Institutional work is not only concerned with successful instances of institutional change (Lawrence et al., 2011) as priority is afforded to "the study of *activities* rather than accomplishment, success as well as failure and acts of resistance and of transformation" (Lawrence et al., 2009, p. 11, emphasis added). Moreover, while much research on institutional work tends to include any action with institutional effects, reflective purposefulness is a defining characteristic of institutional work (see: Lawrence et al., 2013; Lawrence & Suddaby, 2006; Lawrence et al., 2009) whereby actors engage in highly reflexive forms of action that intentionally seek to affect institutions (Zietsma & Lawrence, 2010).

The institutional work that actors engage in is influenced by their social position in a field, their control of resources (Currie et al., 2012; Empson et al., 2013; Hayne & Free, 2014; Lawrence & Suddaby, 2006; Micelotta & Washington, 2013) and their social skills (Fligstein, 1997; Perkmann & Spicer, 2008). Key to an actor's social position is the social capital that derives from the informal networks that the actor has created (from which resources can be drawn) (Battilana, Leca & Boxenbaum, 2009; Bourdieu & Wacquant, 1992), their formal authority (Battilana et al., 2009; Empson et al., 2013), and their specialist expertise (Empson et al, 2013; Suddaby & Viale, 2011). Professional groups such as professional accounting bodies have been particularly influential in reconfiguring or transposing fields and the institutions within them (Cooper & Robson, 2006; Malsch & Gendron, 2013; Muzio, Brock, & Suddaby, 2013; Suddaby & Viale, 2011) because they have "the financial and intellectual resources to harness the capacity of the state and the judiciary to disrupt institutions that privilege them in some way" (Lawrence & Suddaby, 2006, p.238).

### **Insert Table 1 about here**

#### **Forms of institutional work and their inter-relationships**

Lawrence and Suddaby (2006) developed a taxonomy of forms of institutional work which they classified into three discreet categories: work that entailed (i) creating (ii) maintaining and (iii) disrupting institutions (see also, Rojas, 2010). Table 1 summarizes and describes the work involved within each of these categories. Creation work involves establishing rules and constructing rewards and sanctions that enforce these rules. This incorporates: "overtly political work in which actors reconstruct rules, property rights and boundaries that define access to material resources; actions in which actors' belief systems are reconfigured; and actions designed to alter abstract categorisations in which the boundaries of meaning systems are altered" (Lawrence & Suddaby, 2006, p.221; Lawrence et al., 2009,

p.8). Maintenance work entails supporting, repairing and recreating social mechanisms that ensure compliance with existing institutional norms. Such work is usually “triggered by the threat of a potential change to existing institutional arrangements” and “is tightly related to acts of resistance aimed at neutralizing threats [and] preventing change...that enable the status quo to be preserved” (Micelotta & Washington, 2013, p.1139). This work seeks to ensure conformance to rules and systems and to reproduce prevailing norms and belief systems. Disruption work involves attacking or undermining the mechanisms that lead actors to comply with institutions. Here, actors may use the apparatus of the state “to disconnect rewards and sanctions from some sets of practices, technologies or rules” (Lawrence & Suddaby, 2006, p. 235). They also seek to disassociate practices, rules or technologies from their moral foundations and undermine the key assumptions and beliefs that stabilise institutions (Lawrence & Suddaby, 2006; Lawrence et al., 2009).

This three stage categorisation and the implicit assumptions underpinning it, nevertheless lack the nuance necessary to illuminate the inherent complexity embedded in individual actor efforts to instigate institutional change. Empson et al. (2013) argue that the categorisation is overly simplistic as it “suggests that institutional change happens in a linear manner and that institutions are developed to replace others as they decay” (p.814) thereby failing to reflect the “far more complex and messy reality” (p.814) of institutional change. While many studies have focused on just one form of institutional work Empson et al. (2013) uncovered the simultaneous occurrence of multiple forms of institutional work embedded in the creation, maintenance and disruption of the institution of professional law partnerships; consequently concluding that “while the three stages of institutional work may be analytically distinct, they are not necessarily empirically distinct” (p.837). Similarly, Hayne and Free (2014), in their examination of the emergence and diffusion of enterprise risk management by a hybridized professional group, found scant evidence of the neat sequential categorisation suggested by Lawrence and Suddaby (2006). Instead, their analysis implied a more fluid, non-linear process whereby “certain forms of institutional work persisted, others disappeared, while others in turn re-emerged” (Hayne & Free, 2014, p.326) thus indicating how individual actors can skilfully combine several sorts of institutional work (see also, Currie et al., 2012; Gawer & Philips. 2013; Slager, Gond, & Moon, 2012; Zietsma & Lawrence, 2010). However, forms of institutional work may also contradict each other (Perkmann & Spicer, 2008) and have unintended consequences (Currie et al., 2012; Slager et al., 2012). Chiwamit et al.’s (2014) study of the institutionalization of Economic Value Added as a governance mechanism for Chinese and Thai state-owned enterprises unveiled how different forms of institutional work supported and detracted from each other leading them to suggest that “the relative success of institutional work needs to be evaluated against its propensity to uphold fragile coalitions of interests” (p.172).

## **Institutional work and institutional logics**

Institutional work is shaped by and also seeks to shape institutional logics (Guerreiro, Rodrigues, & Craig, 2012; Thornton et al., 2012). Logics provide a link between institutions and action (Thornton & Ocasio, 2008) by offering belief systems that furnish guidelines for practical action (Friedland & Alford, 1991). They represent frames of reference that inform actors' sensemaking, the vocabulary they adopt to motivate action, and their sense of self and identity (Thornton et al., 2012; Greenwood, Diaz, Li & Lorente, 2010; Lounsbury, 2002). Logics are embedded into the fabric of regulatory structures, organizational forms and social norms and signify which issues are considered relevant, which goals to follow, which instruments to use, and which standards to mobilise to define success (Smets, Jarzabkowski, Spee, & Burke, 2014). Prevailing logics can restrict the capacity for institutional work to succeed in instigating change due to their role in promoting conformity (Tracey, Phillips, & Jarvis, 2011) but they can also be mobilised to shape the nature of the institutional work actors seek to undertake (Empson et al., 2013; Gawer & Phillips, 2013; Rojas, 2010). In certain circumstances, institutional work can be a significant source of pressure for institutional logic change (Gawer & Phillips, 2013), especially in the presence of potentially competing institutional logics (Lounsbury, 2007; Rojas, 2010). For example, Gawer and Phillips (2013) illustrate how Intel Corporation concurrently managed different forms of institutional work to successfully shift a prevailing logic in its field. Similarly, Empson et al. (2013) show how managing partners and management professionals jointly engaged in institutional work which simultaneously disrupted an old institutional logic and created a 'new' blended logic (Thornton et al., 2012; Lander, Koene, & Linsen, 2013) to underpin the institution of partnership in legal firms.

### **Institutional work and regulatory change in the accounting profession**

The introduction of independent oversight bodies to oversee key aspects of the governance of the accounting profession in the past decade represents a major attempt at instigating institutional change in the regulation of accountants (Canning & O'Dwyer, 2013; Caramanis et al., 2015; Hazgui & Gendron, 2015; Malsch & Gendron, 2011). A relatively long period of self-regulatory dominance was contested over an extended period as oversight bodies were established in many national contexts. This instigated a shift away from a self-regulatory logic underpinning the rationales and practices supporting the regulation of accountants towards a form of oversight logic advocating greater interference in the affairs of the profession. There is, however, some debate as to the effectiveness of this attempted regulatory change, with recent evidence suggesting that the change has been minimal in certain contexts (Caramanis et al., 2015; Hazgui & Gendron, 2015; Malsch & Gendron, 2011). Moreover, regulatory change – in our case the introduction of independent oversight – "is a complicated and unpredictable process with varying outcomes in different times and places" (Hazgui & Gendron, 2015, p. 1236). Regulatory dynamics and their impact on the accounting profession cannot simply be predicted from the existence of laws, policies and regulatory bodies (Black, 2008; Caramanis et al., 2015; Humphrey, Kauser, Loft, & Woods, 2011). In order to better understand these dynamics, we need to carefully study

the ongoing institutional work of individual regulators (and their supporters) seeking to realise regulatory change, given that securing such change is as much about will as about authority and capacity to regulate (Arnold & Sikka, 2001; Cooper & Robson, 2006). These individuals are key agents of change and while much of the institutional work they undertake may be humdrum and unseen, its influence can be considerable (Lawrence et al., 2009). Hence, it is essential to study the underlying nature of the institutional work they undertake, how it evolves over time, and the multifaceted motivations and interests driving it, if we are to gain deep insights into the process through which regulatory change in accounting is enacted and its likely effects.

Research of this nature also needs to recognise that, as we highlighted earlier, the process through which actors engage in institutional work is much more complex, dynamic, nuanced and infused with unintended consequences than Lawrence and Suddaby's (2006) initial conceptualisation suggests. We are only beginning to understand the extent of the interplay between different forms of institutional work in different contexts and how, over time, different (and new forms) of work can be mutually reinforcing and/or contradictory. Moreover, the reasons why and the extent to which different forms of institutional work may be adopted and abandoned either permanently or temporarily within institutional change efforts has yet to be extensively examined. Much more needs to be known about how individual actors such as regulators decide on the forms of institutional work they will undertake and what influences these choices. It is the need to study this *dynamic* institutional work *process* within the context of regulatory change in accounting that motivates our research question:

How did individuals in IAASA mobilise interrelated forms of institutional work in their attempts to instigate institutional change in the regulation of accountants?

## **RESEARCH METHODS**

The objective of our research is to extend and develop our understanding of the dynamics involved and efforts undertaken by individuals to instigate institutional change in the regulation of accountants through the formation of an independent regulatory body to oversee the operation of the accounting profession. To address this objective the principal methods we employed were documentary data analysis and in-depth interviews.

### **Documentary data**

The core formal documentary evidence analysed included the report from the Review Group in Auditing (RGA, 2000), IAASA annual reports from 2006 until 2012; IAASA's work programmes; and

public pronouncements and presentations made by IAASA to external stakeholders<sup>1</sup> (see Table 2). We also analysed the consultation paper issued by IAASA seeking views on the implementation of its mandate under section 23 of the Companies (Auditing & Accounting) Act, 2003 (hereafter, 2003 CAA Act) (IAASA, 2007a), all submissions made in response to this paper, together with IAASA's feedback paper on these submissions (IAASA, 2007b) as well as its report on its first enquiry into the operation of the disciplinary procedures of the Institute of Chartered Accountants in Ireland (ICAI) (IAASA, 2010). In addition to these documents, we analysed: transcripts of all debates in the Irish parliament (the Houses of the Oireachtas<sup>2</sup>) where IAASA was referred to or where the directors of the board or senior executive management of IAASA were invited to attend and report; media reporting commenting on the regulation of the accounting profession and IAASA; as well as all press releases emanating from the Irish government and from professional accounting bodies (PABs)<sup>3</sup> which made reference to the regulation of the accounting profession and IAASA.

### **Insert Table 2 about here**

#### **Interview evidence**

We selected for interview directors of the board of IAASA and senior executive management given their involvement in the governance and day-to-day management of IAASA. Specifically, we conducted twelve semi-structured in-depth interviews with individuals who were either former<sup>4</sup> directors of the board of IAASA or served on the senior executive management team. Seven of these interviews were with directors who were part of the original interim board<sup>5</sup> and two of whom had also served on the Review Group on Auditing (RGA), the group responsible for recommending the establishment of

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<sup>1</sup> At these presentations, especially in the earlier years, the role of IAASA was set out as well as the nature of its relationships with the accounting profession, see <http://www.iaasa.ie/publications/presentations.htm>, last accessed 10 March 2014.

<sup>2</sup> Oireachtas is a Gaelic language term meaning 'Parliament' in the English language.

<sup>3</sup> The PABs that we focus on are the nine professional accounting bodies that have a presence in Ireland and come within IAASA's supervisory remit. The nine PABs are: Association of Chartered Certified Accountants; Association of International Accountants; Chartered Institute of Management Accountants; Chartered Institute of Public Finance & Accountancy; Institute of Chartered Accountants in England & Wales; Institute of Chartered Accountants in Ireland; Institute of Chartered Accountants of Scotland; Institute of Certified Public Accountants in Ireland; and Institute of Incorporated Public Accountants (IAASA, 2006, p.23).

<sup>4</sup> We were informed by the then CEO of IAASA that our study had been discussed at a board meeting and that a decision was taken at this board meeting that it would be inappropriate for directors of the current board to participate in our study given their interpretation of the obligations for confidentiality under Section 31 of 2003 CAA Act. Hence, out of a total of 34 persons who had served or serve as board directors, 15 were current directors and therefore had to be excluded on these grounds. Out of the remaining 19, four directors did not wish to participate: two because they deemed it inappropriate, one due to poor recollection, and one merely indicated that he was unable to participate and offered no further explanation. No response was received to our invitation from three directors.

<sup>5</sup> An interim 12 member board was established in April 2001 with representatives from the accounting and legal professions, industry lobby groups, regulators, and financial statement users (DETE, 2001a). We contacted each of these directors by letter or email (where available). Two directors stated that they were unable to participate, one because she considered it inappropriate given her ongoing relationship with IAASA through her membership on another board and the other for reasons of poor recollection, given the length of time that had passed since she served. We received no response to our invitation from three directors.

IAASA. Our interviews were guided by a small number of broad open-ended questions<sup>6</sup> and ranged in duration from 50 to 90 minutes. Except for two interviews, both authors were present. All interview data, which is retained in an archive by the researchers, was recorded electronically, transcribed in full and checked with interviewees for accuracy and completeness.

### **Data analysis**

Data analysis was conducted throughout the life of the study. It commenced at the documentary data collection phase and similar to previous research which has studied developments in accounting regulation (see Larsson, 2005; MacDonald & Richardson, 2004; Malsch & Gendron, 2011), we used a modified form of content analysis by focusing our examination on the manifest and latent content of this evidence (Shapiro & Matson, 2008; Suddaby, Cooper, & Greenwood, 2007). This allowed us to obtain an understanding of the chronology of the changes to the regulation of the accounting profession in Ireland during the period 2000 to 2013<sup>7</sup>, the key individuals involved, and the activities that they undertook in seeking to instigate these changes. We were then able to develop this understanding further at the interviews, while returning to the documentary data as new issues emerged at the interviews.

Ongoing analysis of data was undertaken throughout the duration of the interviews whereby extensive notes were taken by both authors during and after each interview. These were reflected upon and discussed in depth in order to provide a running record of analysis and interpretation (Alvesson & Empson, 2008; Baxter & Chua, 1998; Miles & Huberman, 1994; Silverman, 2000). Once our interview data collection had ceased, we then began to code the data, firstly trying to obtain a deeper insight into the evolution of the institutional change, the reactions to it, and the role that participants played throughout its different phases. This analysis brought to the fore the various activities that the directors of the board and senior executive management engaged in which we then coded using Lawrence and Suddaby's (2006) typology of institutional work as a broad, albeit unrestrictive guide<sup>8</sup>. As the various forms of institutional work emerged from the data, we discussed and debated them and eventually assigned them to the five different phases of the regulatory change process that we had identified from our documentary data analysis. The next stage of the analysis entailed an iterative process of moving between the data and the literature on institutional work. This allowed us to interrogate further the forms of institutional work that were emerging and led to a refinement and extension of the theoretical framing that informed our analysis (Denzin, 1994; Glaser & Strauss, 1967). In particular, this stage of analysis

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<sup>6</sup> The broad areas that our questions spanned included their selection and contribution to the board; their recollection of how IAASA's vision was developed and implemented; the nature of the relationships and dynamics between board directors; and their perceptions as to how IAASA is perceived by outsiders.

<sup>7</sup> We commence in 2000, the date that the Review Group on Auditing recommended the establishment of an independent body to oversee the regulation of the accounting profession (which became IAASA) and we cease in January 2013, the date that both the founding chairman and CEO of IAASA had resigned.

<sup>8</sup> We initially theorised our data using an alternative theoretical framework as is common in interpretive studies of this nature (Golden-Biddle & Locke, 2007). However, this theorisation was subsequently abandoned and the documentary and interview data were rigorously re-analysed and re-theorised using the institutional work framing we present in this paper.

led to the identification of a more nuanced categorisation of institutional work in the following four ways. First, we identified the performance of forms of institutional work at different levels (for example, ‘hard’ and ‘soft’ advocacy work and ‘audit’ and ‘enforcement’ policing work). Second, we found that many forms of institutional work reinforced other forms of institutional work, a process we conceptualised as *supportive interactive work* (for example, ‘soft’ advocacy supported the construction of normative networks and the construction of a ‘consensual’ identity). Third, we identified how certain forms of institutional work (for example, ‘soft’ advocacy and the construction of a ‘consensual’ identity) were supplanted by other forms of institutional work (for example, policing work), which we conceptualised as *work displacement*. Finally, we uncovered a form of *work rejection* which comprised institutional work that was considered but actively rejected (for example, mimicry and ‘external’ mythologizing work). We continually sought out contradictory patterns of explanations in the data that questioned the overall patterns emerging from our analysis drawing on the informing institutional work literature and challenged each other’s interpretations of the data (see: Lincoln and Guba, 1985; Silverman, 2000). Our initial narrative underwent several iterations as we continuously moved between the narrative and the key informing literature until we reached agreement on a final focused case narrative which is presented in the following section.

## CASE NARRATIVE

The case analysis is presented in this section. The narrative divides the individual efforts to instigate institutional change in the regulatory field of accounting into five chronologically occurring phases. Each phase analyses, *inter alia*, the most prominent forms of institutional work individuals engaged in, the interrelationships between these forms of institutional work, their focus on creation, maintenance or disruption, and the consequences that different forms of institutional work had for the regulatory change efforts. Figure 1 below diagrammatically depicts these forms of institutional work and their interrelationships in each of the five phases of regulatory change. It provides an overarching process-oriented analytical representation of the narrative constructed from our analysis. This narrative is presented below.

### Insert Figure 1 about here

#### PHASE 1 – Disrupting the regulation of the accounting profession – the shift from a self-regulatory logic to an oversight-supervisory logic

In response to a series of investigations implicating members of the Irish accounting profession in widespread frauds in the late 1990s (see: Canning & O’Dwyer, 2013; O’Regan & Killian, 2014), the Irish Government commissioned an assessment of the regulatory structures operating in the Irish accounting environment. The print media and leading Irish politicians had been questioning the

willingness of the Institute of Chartered Accountants in Ireland (ICAI) to discipline its members in an open and transparent manner given their role in some of these scandals. The prevailing self-regulatory logic that had underpinned the regulation of accountants for over a century came under continual scrutiny (see, Canning and O'Dwyer, 2003). In 1997, a stand-off between Mary Harney, the Deputy Prime Minister, and the ICAI occurred when the ICAI sought, for apparent legal reasons, to prevent a government representative being present to observe one of its disciplinary inquiries<sup>9</sup>. While the representative was eventually allowed to attend, Harney had earlier issued a thinly veiled threat to reconsider the profession's self-regulatory status given her concerns about the ICAI's lack of transparency (Canning and O'Dwyer, 2003, p. 169). While political support for the existing self-regulatory regime was crumbling, support for a more interventionist regulatory regime was simultaneously emerging among prominent business columnists in high circulation national newspapers:

... the magicians, the only people who understand the magic potion, police themselves. They have been policing themselves for generations. And all sorts of obstructions to a smooth audit have been disappearing as they apply the potion. Black magic has flourished ... Both leading accountancy firms have questions to answer. And who will ask them? On recent evidence, no-one. The magicians will continue to regulate their own affairs, as they have always done. And they will continue to make nasty little obstructions to an agreeable audit disappear too ... The correct response is to send in a flying squad of independent investigators and to abolish self-regulation forever.<sup>10</sup>

The government-commissioned assessment of existing regulatory structures was undertaken by the Review Group on Auditing (RGA) which was comprised of an elite group of high profile actors from industry, the trade union movement, the accounting profession, academia and politics<sup>11</sup>. The deficiencies evident within the accounting profession were seen to be so fundamental that the RGA indicated that the profession could not remain self-regulated and that some form of external oversight or direct intervention in regulation was required. It recommended that "the task of supervising the framework for audit regulation be transferred to a statutory oversight board" (RGA, 2000, p.112). This then radical proposal, underpinned by the evident shift towards an oversight-supervisory logic, sought to dismantle the long-standing self-regulatory regime (Canning & O'Dwyer, 2013, 2003; O'Regan & Killian, 2014). It was innovative in that it was unlike the regulatory models for accounting that existed at this time in the UK, EU and US, which the RGA decided against mimicking as they were considered too traditional and unintrusive (Erwin, 2003).<sup>12</sup>

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<sup>9</sup> <http://www.irishtimes.com/business/department-observers-to-attend-icai-inquiry-1.115153>. Accessed May 31, 2016.

<sup>10</sup> <http://www.independent.ie/business/the-auditors-black-magic-26255466.html>. Accessed May 31, 2016.

<sup>11</sup> Membership of the RGA included a senator, who acted as the Chairman, as well as representatives from the professional accounting bodies (4), the commercial world (4), government departments (4), the academic community (3) and the trade union community (1) (RGA, 2000, p.247).

<sup>12</sup> At this time, the disruption caused by the subsequent international financial scandals surrounding Enron and WorldCom had yet to arise.

Prior research suggests that a disruption of an institution, in this case, ‘the regulatory field of accounting’, usually entails a gradual, indirect undermining of moral foundations (Ahmadjian & Robinson, 2001). While it could be argued that the efficacy of the self-regulatory regime to “regulate [professional accounting] members in ways that serve the public interest” (Robson et al., 1994, p.531) was gradually being undermined following the series of fraud scandals (O’Regan & Killian, 2014, p.621), the RGA was unambiguous in its attack of the moral foundations of the existing self-regulatory regime, accusing it of “lacking effectiveness” (RGA, 2000, p.17). Some RGA individuals engaged in ‘hard’ advocacy work aimed at undermining any assumptions and beliefs supporting self-regulation through their unremitting mobilisation of media and political support and their frequently confrontational behaviour. The RGA chairman insisted that the RGA recommendations were broadly in line with the Deputy Prime Minister’s views and that “her support made it happen” (O’Regan & Killian, 2014, p.626). He repeatedly confronted the accounting profession both privately and in the media, outlining their history of failure to regulate their own members. The government, through its Department of Enterprise, Trade and Employment (DETE), saw the RGA report as responding directly to their longstanding “unease with apparent deficiencies” in the existing self-regulatory regime (DETE submission, 2000, p.2; O’Regan & Killian, 2014, p.622). Meanwhile, media commentary repeatedly recommended radical change and viewed the RGA recommendations as “sweeping and hugely significant for the accounting profession” (O’Regan & Killian, 2014, p.626). This level of media and political support allowed the RGA to promote their innovative alternative in order to create what they felt would be “a more demanding and effective system of regulation and accountability” (RGA, 2000, p.16).

The RGA further undermined existing assumptions and beliefs by countering any perceived risks and costs attached to close oversight (O’Regan & Killian, 2014, p.619) with the suggestion that their proposed regulatory innovation would strengthen “the value of audit and the reputation of auditors and accountants in the public mind” (RGA, 2000, p.16). The new regime was advocated as being of undoubted benefit to the professional accounting bodies (PABs) as it would allow them to walk away from the difficult task of admonishing their own miscreant members and instead assign this responsibility to an outside body:

If I were running the accountancy body, I would say this is the end of all our difficulties.... Because in every professional body, the hardest thing is to bring the hammer down on one of your own. I mean, it's done, and they're all, in fairness to all the bodies, they will do it. But it's not work that anybody likes. But it's great to have an oversight body on whom you can at least throw some of the responsibility or some of the blame. (IM1, p.16)<sup>13</sup>

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<sup>13</sup> We use the designation IM to refer to all interviewees outside of the RGA and IAASA chairmen.

Key to this disruption work were the efforts of the RGA's chairman, Joe O'Toole, a prominent independent senator<sup>14</sup>, who proved to be "a formidable and highly influential chairman, particularly in ensuring that the members remained focused on producing a report within six months" (O'Regan & Killian, 2014, p.622). He further recognised and understood that the change being suggested was not going to be easily embraced by the accounting profession:

And the other thing was their [PABs'] utter resentment at this whole process that we were about to embark on...I could understand it... It was a diminution of their power and influence. (RGA Chairman, p.5)

What was somewhat unusual in this case was that the RGA chairman was tasked with persuading individuals in the RGA to support a disruption effort that could impact negatively on some of them, especially the four representatives of the accounting profession. It required a huge amount of determination on his part to ensure that these individuals did not try to prevent the RGA report from being issued and he had to mobilise critical social skills to motivate some group members' cooperation (Fligstein, 2001). His use of the threat of coercion to inculcate the professional accounting bodies' (PABs') conscious obedience (Lawrence & Suddaby, 2006, p.232) was evident in a confrontation he recalled having with the PAB representatives on the RGA:

There was a major row coming towards the end of my report and the accountancy bodies [PAB representatives] said they couldn't agree. I met with them... and said there will be a report either way.... 'I want to tell you guys that the thing that would give us greatest street cred would be for the accountancy bodies to say that they weren't going to agree with it...I want you to be on board with this, but don't think for one second, just because you're not there, it won't happen. It will happen'. (RGA Chairman, p.10)

His confidence in challenging the accounting profession so robustly was reinforced by his ability to mobilise the political and media support referred to above by drawing on the extensive social capital he had built up throughout his political career. This confidence also reflected his strongly-held belief that "[the RGA] were actually set up [by the government] to get rid of self-regulation" (RGA Chairman, p.1):

We [referring to Mary Harney, the then deputy prime minister] would have a very kind of respectful relationship with each other. (RGA Chairman, p.1)

Because I was a politician... I was dealing with my buddies. (RGA Chairman, p.5)

O'Toole's endeavours were eventually successful in that the RGA recommended the establishment of IAASA (Irish Auditing and Accounting Supervisory Authority) which was to be given the authority to supervise and intervene in the regulatory functions of the PABs. IAASA would have an *indirect* regulatory role with respect to PAB members<sup>15</sup> in that it had no mandate to directly investigate

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<sup>14</sup> A Senator is a member of the Seanad which is the Senate of Ireland. It is the upper House of the Irish parliament which also encompasses the president and the lower house. Unlike the lower house, it is not directly elected but consists of a mixture of members chosen by various methods and its powers are much weaker than those of the lower house.

<sup>15</sup> PAB members include individual accountants and accounting firms.

*individual* PAB members<sup>16</sup>; its engagement would only be with the PABs. The RGA's recommendations reinforced a shift in the overarching logic underpinning the rationales and practices adopted to regulate the accounting profession. The long dominant self-regulatory logic was giving way to an oversight-supervisory logic.

The remainder of the narrative analyses the interrelated nature of the institutional work that individuals serving on the board and the senior executive management of IAASA engaged in as they sought to mobilise and cement this emerging shift in logics as part of their efforts to reconfigure the regulatory field of accounting.

## **PHASE 2: Creating an interim oversight body – Mobilising an oversight-supervisory logic**

### ***Constructing a normative network – the role of educating and ‘soft’ advocacy work***

In April 2001, IAASA was established on an interim basis as it awaited the drafting of the necessary legislation to establish it on a permanent footing. It comprised a twelve director board with representatives from the accounting profession, industry lobby groups, regulators, and financial statement users (DETE, 2001a). The interim board was to take an active role in IAASA's executive activities through its involvement in “regulatory, strategy and policy issues” and its assistance in the discharge of core functions and responsibilities (IAASA, 2006, p.6). Each board director had independent motivations and interests and IAASA became a repository for their pre-existing institutionalized perspectives on the regulation of accountants. While these inter-organizational connections within the board were pre-ordained, the chairman, Karen Erwin,<sup>17</sup> had to engage in extensive efforts to ensure that strong normative networks were constructed in support of IAASA's role; institutional work she recalls as quite daunting given the high profile and expertise of the board:

And so my first thing to do was to call a meeting [of the Board]. I was staring down the table at all of these figures, many of whom are household names and I was wondering how on earth I was going to do this. I didn't know anything about accountancy, or indeed auditing. (IAASA Chairman, p.2)

At the first meeting, she commenced the educating work considered essential to aligning the assorted board directors behind IAASA's remit by creating a clear “template … for action” (Lawrence & Suddaby, 2006, p. 227). She called on the directors to put aside their own organization's interests and reminded them that they were at the boardroom table as directors of a regulator which entailed having “to do what [wa]s right, even if it [went] against [their] other interests” (IAASA Chairman, p.6). She implored the directors to remember that they were expected to fully and independently commit to

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<sup>16</sup> The individual PABs are responsible for regulating their own members.

<sup>17</sup> Karen Erwin was appointed by Government to serve as chair of the interim board of IAASA (DETE, 2001b). She brought with her 15 years' experience as “one of Dublin's top lawyers acting as a litigation partner at a leading firm A&L Goodbody”, served as an executive director of The Irish Times, a leading Irish broadsheet newspaper, before setting up her own firm ‘Erwin Mediation Services’ specialising in workplace and commercial mediation (Ross, 2006).

their role as insiders, especially the PAB representatives who would be subject to supervision by IAASA:

It was made clear to everyone indeed at the outset that we were there not as representatives of whatever organizations we were from. We were there as ... a collective bringing our own individual experience to benefit the mandate that we had been set up to discharge. (IM2, p.4)

A core component of this educating work involved the mobilisation of her skills and experience as a mediator “in her day job”. For example, she recalled “working through line-by-line the draft heads” of the legislation that the board had been given, “enabling the different voices and elements around the table to have their say” by way of “very open, ... frank” (IAASA Chairman, p.2) and “robust debates” (IM9, p.3). This meant that the directors became more intimately aware of the exact nature of their role and potential powers. A sense of cohesion was created which eventually led to some level of agreement on the text:

Because these were different people around the Board[room] [table], they actually were able to counterbalance each other. There was very good balance. (IM6, p.6)

This educating work was essential to ensuring that the pre-established network of the directors was committed to the same normative goal so that when these individuals went back to their organizations and/or professional bodies they promoted the values and aims of IAASA.

The chairman was also conscious that she needed to draw on “outsiders”, for example, government (DETE) officials, to assist with her educating work. These officials had “vast experience” of legislation and would “explain [to the board] why certain things were drafted [in certain] way[s] and then sometimes agree with [the board] as to how [drafts] might be improved” (IM4, p.3). Her aims were implicit in that by collectively studying and debating drafts so closely she hoped to illustrate and develop some of the skills and knowledge that would be required for the board to operate effectively. While she recognised that some of the directors were frustrated at the extent of consultation with the DETE which made the process “painstakingly slow” (IM9, p.4), she wanted to intensify engagement with the DETE. This enabled her to engage in ‘soft’ advocacy work with DETE officials designed to keep IAASA to the forefront of their minds and secure a smoother future path for IAASA (see Figure 1). For example, she continually cultivated allies by repeatedly promising in public that IAASA would “through independent oversight, provide additional assurance to the public that the accountancy profession is adhering to the highest standards of regulation and monitoring” (DJEI, 2004). Support for this ‘soft’ advocacy was ultimately shared around the boardroom table where the directors committed to a common purpose of getting the legislation finalised swiftly in order to establish IAASA’s authority:

I think everybody around the table really had the same vision. I’m not aware that we had anybody at that time who said that’s not what we should do. At a later stage that certainly happened, but not at the beginning, it was very clear that what we wanted to do was to get a regulatory process, if you will, set up, to establish that, to establish our authority. (IM6, p.5)

While the broad visionary statement above advocated IAASA's core regulatory role, details of how this aim would be achieved required articulation and development in the form of a work programme. Hence, a search for a Chief Executive Officer (CEO) to develop and drive this programme commenced.

### ***Constructing normative networks and the explicit rejection of forms of mimicry work***

Ian Drennan was appointed as IAASA's CEO in July 2004 (DJEI, 2004). Welcoming his appointment the Chairman publicly maintained that the "significant experience of [him] having worked in a variety of public interest roles" would ensure "that he [wa]s well placed to oversee the establishment and ongoing operations of the Authority [IAASA]" (DJEI, 2004).<sup>18</sup> Once appointed, Drennan commenced developing a three year work programme.

Drennan initially liaised with IAASA's UK counterpart, the Professional Oversight Board for Accountancy (POB), in order to obtain "an insight into the way they did business" (CEO, p.13) and to determine the extent to which "material received from the POB m[ight] serve to reduce the level of work required by Authority [IAASA] staff" (IAASA, 2004a, p.2). However, board directors were determined that the POB's practices would not restrict IAASA in its development as they saw IAASA as being "ahead of the game" and on a relatively "fresh path" compared to the POB. They were insistent that IAASA would have to take the lead in order to ensure that a better and more transparent regulatory process resulted and rejected any temptation that may have existed to engage in mimicry work by drawing on and associating IAASA's role with UK and other oversight regimes:

We had a sense, certainly in the early stages, [that] we were ahead of the game. I certainly didn't get the impression that the UK body [POB] was terribly active in terms of regulating the bodies [PABs]. We felt we were further along in the process and were taking sort of a fresh path, certainly [compared] to the UK anyway. (IM2, p.16)

Once the CEO had developed a preliminary draft of the work programme and presented it to the board the work of constructing normative networks intensified. An outside firm of consultants, Farrell Grant Sparks, was engaged to help develop the work programme further and give it greater external exposure by speaking directly with the PABs and seeking their input into the development of IAASA's role. The consultation with the PABs was central to creating a normative network and was evident in a Board directive indicating that, where at all possible, IAASA was to "work with the people [it] [was] regulating" (IM6, p.5; IAASA, 2004a, p.7). The board believed that a critical factor in IAASA's success would be "the willingness of the PABs to cooperate and act in partnership with IAASA in pursuance of common goals" (IAASA, 2004b, p.5). It was envisaged that working in this collaborative manner would not only contribute to IAASA's ultimate acceptance and legitimisation but would make the regulatory process "much quicker, more effective, much cheaper, [and] faster" (IM6, p.5).

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<sup>18</sup> Ian Drennan previously worked at the Office of the Director of Corporate Enforcement as well as the Department of Finance and the Comptroller & Auditor General's office. He was a qualified accountant (Molloy, 2012).

### ***‘Soft’ advocacy and defining work: constructing a ‘consensual’ identity***

A copy of the work programme was presented to the then Minister for approval, together with an estimation of the human and financial resources that were needed to operationalize it. Given that the regulation of the profession was no longer in the public eye, the Chair and CEO engaged in further ‘soft’ advocacy work in order to secure the crucial resources required to implement the programme. The chairman indicated that a lot of her time was spent negotiating with government officials over these resources:

Quite a lot of my time, ... maybe 50% of the time [was] spent... doing things around behind the scenes or out of the Boardroom... But I would be on to the department [DETE] frequently, because that was the best way to get through some stuff ... particularly on the lack of resources. (IAASA Chairman, p.7)

The time taken to negotiate human resources caused considerable frustration among board directors but they accepted that the ‘soft’ advocacy work was necessary as IAASA would not be taken seriously as a regulator if sufficient resources were not acquired to ensure that the executive team had key professional experience.

‘Soft’ advocacy work also pervaded initial engagements with PABs and other external stakeholders including Big 4 firms, other regulators and companies. Engagement with the PABs involved not only formally inviting them to participate in the development of the Bill and the work programme; the heads of the PABs also “came in on occasion to meet the Board” (IM10, p.15). In addition, the CEO and some of the senior executive management visited the PABs and other external stakeholders (see Table 2) and formally presented overviews of IAASA’s proposed role and relationships with other regulatory bodies. IAASA used these presentations to engage in defining work by setting boundaries around its activities, clearly distinguishing them from those of the PABs as well as identifying its level of involvement within other national<sup>19</sup> and international<sup>20</sup> regulatory bodies. A central feature of this engagement was the promotion of a change agenda that reassured the PABs as to the supervisory nature of IAASA’s remit in order to mobilise the PAB’s support in making the new regulatory arrangement work. Explicit attention was afforded to implying a hierarchy within the regulatory field by highlighting how the PABs would remain as core regulatory bodies but would now merely have an extra layer of independent supervision over some of their activities:

The Authority [IAASA] has a Supervisory remit as opposed to being a ‘Regulator’. Consequently, members’ regulatory bodies continue to be the Institutes/Associations [PABs] of which they are

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<sup>19</sup>The CEO highlighted in his presentations that IAASA is a member of the Company Law Reform Group, an Irish statutory body whose function is to advise the Minister for Enterprise, Trade & Employment on the review and development of company law in Ireland (Drennan (former CEO IAASA), 2005, p.15; IAASA, 2005a).

<sup>20</sup>The CEO highlighted in his presentations that IAASA has observer status at the UK Auditing Practices Board meetings. It is a member of the European Enforcement Co-ordination Sessions whose role is to seek to ensure a consistent approach to the enforcement of IFRS across the European Union (Drennan, 2005, p.15; IAASA, 2005a). IAASA is also a member of the European Group of Auditors’ Oversight Bodies and the International Forum of Independent Audit regulators, umbrella organizations established to coordinate the activities of oversight bodies at a global level (Samsonova-Taddei & Humphrey, 2014; IAASA, 2006). Through one of its directors, the chief executive of the Pensions Board, IAASA is a member of the UK Professional Oversight Board for Accountancy (Drennan, 2005, p.16; IAASA, 2005a).

members. The Authority's [IAASA's] function is to supervise the manner in which the professional bodies are regulating and monitoring their members and, in circumstances where this is found to be deficient, to take appropriate steps to remedy any deficiencies. (IAASA, 2005b)

The 'soft' advocacy and defining work represented IAASA's attempt to build a constructive relationship with the PABs in anticipation that the PABs would become more accepting of IAASA, acknowledge its benefits for the accounting profession, and consequently more readily legitimise IAASA's role. The combination of both forms of institutional work was ultimately aimed at constructing a 'consensual' identity for IAASA among the PABs:

In year one, year two, we were, in a sense, trying to be nice to everybody, we were trying to bring everybody on board, we were drawing them in, we were saying this is what we're about, you have to play ball with us, but we want you to play ball, it's important for the profession that this is here, it's important that you engage with us and so there were a lot of pleasantries in those kind of first two, three years. (IM3, p.1)

While not directly related to creating a 'consensual' identity, some of the directors and senior executive management simultaneously engaged in 'self-mythologizing' work. They repeatedly spoke of the self-sacrifices they made through their role on the board and of the amount of time it took up. Certain directors were repeatedly lauded by other directors. The chairman was constantly praised for the way she mobilised her social capital in her 'soft' advocacy work and for how she skilfully drew on her mediation expertise in her educating work. She was frequently mythologized as a "woman with considerable talent ... [who was] fair and very clear" (IM3) and reflective and thorough in her work; attributes that apparently held the board together in those early days:

Karen didn't just do stuff because it was next on the agenda, she'd be very conscious of what you need to be doing, what needs to be analysed or needs to be thought about and reflected on. (IM7, p.14)

This sense of 'heroism' in the narratives was consistent with the continual *rejection* of mimicry work given the insistence that IAASA should be unique. These expressions of innate commitment served to create the impression of a cohesive, coherent, robust set of individuals who were, despite their other interests, successfully instigating regulatory change.

Overall, the work of 'soft' advocacy, defining, constructing normative networks and educating contributed to constructing a 'consensual' identity for IAASA among external stakeholders as this was seen as crucial to securing its initial support and acceptance. IAASA wanted to be viewed as a consensual, responsive supervisor guided by a clear mission and driven by a widely experienced and privately heroic board. However, once IAASA (the executive, guided by the Board) began to implement its work programme in phase 3, tensions in the relationship between IAASA and the PABs emerged, with the PABs reacting aggressively to IAASA's oversight role. Consequently, IAASA's board of directors and senior executive management had to become more confrontational. They needed to engage in different forms of institutional work which *displaced* the 'soft' advocacy work that had predominated in this phase.

### **PHASE 3: Becoming a proactive oversight body – Resisting efforts to assimilate an oversight-supervisory logic within a self-regulatory logic**

#### ***‘Audit’ policing work and constructing a ‘confrontational’ identity***

Once the board approved IAASA’s 2006-2008 work programme, IAASA’s executive team commenced with its implementation.<sup>21</sup> This entailed the mobilisation of policing work involving the conduct of desktop reviews, onsite visits to PABs and the selective accompaniment of PAB employees on their monitoring visits to PAB members. These ‘audit’ policing activities allowed IAASA to obtain an understanding and evaluation of “each body’s [PAB’s] rules and regulations, [and] systems and procedures, including investigation, … disciplinary, … admissions and licencing procedures” (IAASA, 2004a, p.2). The nature of this ‘audit’ policing work contrasted with the ‘soft’ advocacy work in phase 2. The CEO proudly claimed that the onsite visits were “pretty invasive” and involved “kicking over rocks” (CEO, p.10) thereby resulting in IAASA experiencing its first pushback from the PABs:

Where the fun started was when the on-site visits started. And then it was like, this wasn’t what we [PABs] signed up for at all. You [IAASA] are taking this very seriously altogether … we [IAASA] were going in and [asking] ‘can we see your disciplinary files, can we see your quality assurance files, all that sort of stuff’. And then it’s like this is not what was envisaged at all [by the PABs]. (IM5, p.8)

The initial institutional work in phase 2 which sought to establish a relatively relaxed relationship between IAASA and the PABs was undermined as the relationship gradually became confrontational, especially with the larger PABs who responded to the ‘audit’ policing work by becoming more obstinate and critical of IAASA’s ambitions:

I felt with one or two of the accounting bodies that they seemed to have decided consciously or unconsciously that they were going to fight everything from the trenches, to the last drop of blood as it were. (IM7, p.7)

The earlier institutional work had led to the PABs feeling a false sense of security about the extent of institutional change IAASA aspired to. The micro-dynamics and dramas involved in one onsite visit, as recalled by one of the directors, aptly illustrate the confrontational nature of the ‘audit’ policing work IAASA was engaging in:

*IAASA:* In order for us to carry out a supervisory visit, and to understand your body and the way it works, I need to see your council minutes.

*PAB:* No.

*IAASA:* Why not?

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<sup>21</sup> While there were two arms to IAASA’s role, “from the start the bulk of the board’s work was focused on PAB regulation rather than accounting standards” (IM2, p.14) and this therefore becomes our focus in this paper. The delay in getting the financial statement review arm in place was due to the original mandate being “very widely drafted” so much so that IAASA had to revert to the DETE and explain to it that the role of financial statement review, as it was then envisaged, was “just not doable” (IM5, p.19). These regulations were not enacted until June 2007 (IAASA, 2007c).

*PAB:* Because they are confidential.

*IAASA:* Well, this piece of legislation entitles me to see them.

*PAB:* No, I don't believe it does. We believe it entitles you to look, for example, at our disciplinary process, but not our governance process.

*So we [IAASA] had to fight over that. And then you get into:*

*IAASA:* There's two ways to do this. We can do it the easy way or we can do it the hard way.

*So we'd eventually get the minutes, subject to perhaps some redactions, something around legal advice or something. Then we'd say:*

*IAASA:* Well, we want to see your disciplinary records.

*PAB:* There's a lot of confidential information there.

*IAASA:* Yeah, that's kind of the point.

*So you have conversations around that. Now, we got everything in the end, but there was a lot of nervousness.* (IM5, p.10)

Many of the directors had expected this opposition from the PABs because IAASA was moving from the aspirational phase of set-up to the live discharge of its duties. The harsh reality of the impact that IAASA would have on their operations began to slowly dawn on the PABs:

I wondered whether some of the accounting bodies [PABs] had reconciled themselves with the existence of IAASA, that although obviously the law says IAASA has the right and responsibility to do this, I'm not sure that some of the accounting bodies had necessarily internalised that. (IM7, p.7)

The PABs' resistance was perceived as being "driven by a feeling that IAASA was interfering with things that [an] accounting body should be left to do" (IM7, p.7). IAASA was accused of "straying outside its statutory mandate" (IM5, p.8) and of "not understanding what [the PABs] were doing" (IM4, p.4). The PABs' arguments were underpinned by a self-regulatory logic aimed at undermining the oversight-supervisory logic guiding IAASA's work. The combative 'audit' policing work became central to the executive management's efforts to construct a more 'confrontational' identity for IAASA in order to repel the PABs' evolving resistance to IAASA's probing of their procedures:

[We said]...we [IAASA] are here whether you [PABs] like it or not, so provide the files [that we have asked for]. And that was a lot of forming the identity of the organization as well because we showed very early on that we meant business. (IM5, p.8)

This confrontational approach caused concern for some of IAASA directors thereby suggesting that the chairman's educating work was not always effective. For example, one of the PAB representatives on IAASA's board questioned whether IAASA should really be so invasive and suggested that it take a less confrontational role at the onsite visits. Most directors were, however, clearly committed to the same normative goal for IAASA as this viewpoint was widely dismissed as "incomprehensible" (IM5, p.7). Many directors also considered the PABs' resistance 'unwise', 'verging on the childish', 'foolish' and 'a bit naïve', and acknowledged that the PABs were attempting to draw a boundary around what they saw as IAASA's legitimate activities:

I thought that they [PABs] behaved very unwisely in trying to fight with stuff that they weren't going to win and all they were doing was getting up the backs of the people on the Board and the management... And some of these people were verging on the childish as if to say 'you lot [IAASA] just bugger off, let us use our own [oversight procedures]' ... It [referring to one PAB] was rather foolishly pushing to keep IAASA out of its patch... They were a bit naïve about it. (IM10, p.5)

### ***Formalising the rule system for regulation - enabling and 'self-mythologizing' work***

As the onsite visits proceeded, IAASA commenced the process of developing detailed regulations on how to conduct enquiries into whether a PAB had complied with its approved investigation and disciplinary procedures, commonly referred to as section 23 enquiries<sup>22</sup>. This enabling work was crucial as it sought to create a rules system that facilitated and supported IAASA in carrying out its work (see, Lawrence & Suddaby, 2006, p. 230). These rules would ultimately facilitate the institutional change IAASA was seeking by allowing it to fully operationalize its mandate to assess whether the accounting profession was adhering to the highest standards of regulation and monitoring. The enabling work initially involved IAASA briefly reverting to a consultative approach by inviting comments on its draft procedures from interested parties in the hope that it would make for a more rigorous, accountable and well informed process (IAASA, 2007a).

The consultative approach encouraged the PABs to reflect on the nature and extent of the institutional change IAASA would instigate. However, while IAASA suggested in its consultation documents that the manner in which its enquiries would be conducted was open to negotiation, its proposed authority was aggressively resisted by the PABs who accused IAASA of being "perverse", "irrational", "unreasonable" and not acting in the "public interest" (Canning & O'Dwyer, 2013, pp.184-187). Consistent with its earlier 'audit' policing work IAASA adopted a non-negotiable position in its response. Consequently, the final mandate resulting from these negotiations reflected little change from IAASA's original position (IAASA, 2007a, b, c) and instead depicted the directors' and executive team's "very strong, fairly high principled views as to what was to happen and what the right way [ahead] was" (IM6, p.5).

The emergence and cultivation of this 'confrontational' identity was aided by the composition of the board and the trusting relationship that had developed between the board and the executive team. The strength of the executive-board relationship gave the executive team more confidence in their work especially in a "business" where many interviewees claimed "you ha[d] to be [as] tough as nails" (IM5, p.13). The board was seen as placing "management [in] a stronger position going back [out] to the Institutes [PABs] as they could use it to demonstrate that they had "consulted with 'my' board" (IM10, p.14). One board director recalled an instance where one of the executive team was asked by a PAB

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<sup>22</sup> Section 23 of the 2003 CAA Act awarded specific powers to IAASA to conduct these enquiries (IAASA, 2006, p.33; IAASA 2007c).

during one of her onsite visits to leave a regulatory procedures meeting on the grounds of confidentiality. When this dismissal was reported back to the IAASA board, it immediately wrote to the PAB and had the executive team individual reinstated (IM3, p.12). IAASA's inability to directly observe how the PABs regulated their members given its primary supervisory capacity was already a shortfall in the regulatory powers that IAASA aspired to, so attendance of this nature was something that it was not going to give up lightly:

... [B]ecause we weren't doing the direct inspections, we had no visibility on the way that KPMG, E&Y, and Deloitte were doing their audits. So the next best thing by way of a proxy, although a pretty poor proxy, is to look at the way that, for example, in that instance, the ICAI supervises its member firms. (IM5, p.15)

To give the directors and executive team an ongoing internal sense of achievement and authority as they dealt with the PABs' relentless resistance, 'self-mythologizing' work also persisted in this phase. For example, a prominent PAB representative board director was repeatedly acclaimed for his considerable social skills in helping appease the PABs when they were at their most resistant:

The most senior man in the [board] room...is a very skilful, very thoughtful, very experienced public accountant and auditor and therefore handles his brief, if I can put it that way, exceptionally well... I'm sure he was having a lot of difficulties back at the ranch. (IM4, p.5)

To summarise, in this phase IAASA members felt compelled to construct a 'confrontational' identity for IAASA, particularly given the resistance they experienced from the PABs as they probed their investigation and disciplinary procedures. 'Self-mythologizing' work also persisted in this phase. However, the substance and extent of the proclaimed heroism of some members was about to receive its ultimate test as IAASA commenced its first section 23 enquiry. This enquiry marked the commencement of maintenance work by IAASA board and executive management as they sought to implement IAASA's now finalised mandate and ensure continual conformance by the PABs to the finalised rules and systems supported by the legislation.

#### **PHASE 4: Commencing maintenance work: cementing the coercive underpinnings of IAASA**

The first section 23 enquiry investigated the operation of the Institute of Chartered Accountants in Ireland's (ICAI)<sup>23</sup> disciplinary procedures in response to a highly public complaint about a case involving a Big 4 firm (Ross, 2007). This enquiry was crucial to IAASA's efforts to impose its authority on the regulatory domain. The enquiry entailed IAASA having direct involvement in an activity which heretofore was conducted solely by the relevant PAB (IAASA, 2010, p.9). Moreover, both the conduct and outcome of the enquiry were crucial to eliminating any remaining doubts among the IAASA board

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<sup>23</sup> The ICAI was referred to as IAASA's "largest adversary" (IM5, p.8) and accounted for and continues to account for the largest percentage of PAB membership in Ireland (2006: 43.5%; 2012: 45%) (IAASA, 2006; IAASA, 2012a).

of directors and executive management about whether they could substantively influence the regulation of the PABs. We present a brief summary of IAASA's involvement in the case before reflecting on the nature of the interrelated forms of institutional work conducted by IAASA board as the enquiry (and other section 23 enquiries) evolved.

In response to a scathing media report on the ICAI's handling of a complaint in which the ICAI's disciplinary procedures were described as "a pantomime" and the overall outcome as "a fiasco" (Ross, 2007), the IAASA board appointed a preliminary enquiry committee<sup>24</sup> in July 2007 to determine if there was a case to be heard by the ICAI (IAASA, 2010). The committee determined that there was a *prima facie* case and in December 2008 an Enquiry Committee was established by IAASA to conduct a full enquiry (IAASA, 2010). The focus of the Enquiry Committee's deliberations was on whether the ICAI had complied with its approved investigation and disciplinary procedures (IAASA, 2010, p.10). IAASA's Enquiry Committee found against the ICAI, declaring that it had breached, on five occasions, four of its own bye-laws due to negligence and inattention to the requirements of the relevant bye-laws.<sup>25</sup> The Enquiry Committee expressed concern at the ICAI's recklessness and negligence in communicating misinformation to the complainant. In respect of each of the five breaches, the ICAI declared that there was "no negligence or inattention on its part" (IAASA, 2010). Instead, it attempted to downplay the seriousness of the breaches by claiming that its behaviour was "inadvertent", while challenging IAASA's authority to examine issues which it deemed to be outside IAASA's remit. It asked IAASA to show leniency in the sanctions imposed because the ICAI had subsequently amended its practices (IAASA, 2010). The Enquiry Committee imposed sanctions which it deemed were "proportionate to the adverse findings" but also "of dissuasive effect" (IAASA, 2010, p.36) and included a censure of the ICAI, an annulment of the decision of the Complaints Committee, and a direction that a fresh investigation of the complaint be commenced. In addition, the ICAI had to pay €110,000 to IAASA towards its costs (IAASA, 2010, p.37).

### ***'Enforcement' policing work underpinned by deterring work: the continuing construction of a 'confrontational' identity***

The enquiry was immensely testing for IAASA and it undertook extensive policing work throughout. This form of policing work was distinguishable from the 'audit' policing work undertaken in Phase 3 in that it explicitly focused on 'enforcement' and was undertaken in response to relentless resistance from the ICAI. For example, a number of interviewees claimed that the ICAI sent irrelevant

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<sup>24</sup> The role of the preliminary enquiry committee is to determine whether (i) there exists a *prima facie* case that a PAB has failed to comply with its approved investigation and disciplinary procedures; and (ii) the circumstances of the matter are such as to warrant the initiation of a full Enquiry (IAASA, 2012a).

<sup>25</sup> The five breaches included: the Complaints Committee failed to consider if the complaint was a matter of public concern (breach of Bye-Law 72.1); the committee meeting was inquorate (breach of Bye-Law 67.2); the Complaints Committee was incorrectly constituted (breach of Bye-law 67.1); one of its appointed members was ineligible to be a Committee member at two of its meetings (breach of Bye-Law 66.1) (IAASA, 2010, p.35).

documents to the Enquiry Committee, huge delays were experienced in receiving documents, and documents were received whose authenticity was in doubt given that they could not have existed at the time that they were said to exist (IAASA, 2010, p.37). The threat of legal action as a perceived delaying tactic and “frightener” was frequently enrolled by the ICAI, as it was in all subsequent section 23 enquiries IAASA went on to undertake:

There were threats from a number of member bodies [PABs] to go to the High Court. The threats were relatively common, but they were never actually followed through. [They were used to] delay or [represented a] hope [that] just by mentioning the High Court, you’d run away. (IM7, p.10)

In this enquiry and others that followed, IAASA regularly responded to PAB resistance by engaging in deterring work aimed at supplementing its ‘enforcement’ policing work. For example, it countered ICAI threats with its own threats of legal action and continually reminded the PABs that: “if [we] ask you for something that [we] believe [we are] entitled to get and you don’t give it to [us], if necessary, [we will also] go down to the High Court” (IM5, p.11). The confidence to engage in this deterring work frequently emanated from the enduring ‘self-mythologizing’ work promoting the skillset that the directors believed they brought to the board:

I was very familiar with regulatory measures and the way they are operated. Lawyers by their very nature are litigious, so they’re not a bit afraid to head to the High Court. Accountants tend to pretend they’re not afraid of the High Court, [however,] when we say ‘off you go lads, that’s my stomping ground’; they’re not so quick to run down there. But lawyers are very quick to run down there. (IM3, p.1)

IAASA’s authority, through the enquiry committees, was being repeatedly challenged and required it “to stake out its position and hold it” in order to “maintain coherence of its role *vis à vis* its investigation of PAB complaints” (IM2, p.22). As with the onsite visits earlier, it was deemed important that IAASA “show[ed] very early on [in the enquiries] that it meant business” (IM5, p.8) and “set the right tone” that could “form the basis for future enquiries” (IM3, p.3). This deterring work was considered crucial as many members insisted that “if [they] showed any weakness at the outset, [they were] … absolutely dead in the water” (IM5, p.11). The combination of ‘enforcement’ policing work and deterring work was an essential aspect of the ongoing construction of a ‘confrontational’ identity for IAASA which set the tone for future enquiries by illustrating IAASA’s determination to continually confront the PABs and not yield to their superior material resources or sophisticated social network:

It [IAASA’s handling of the enquiry] had very much set the tone with the Institute [of Chartered Accountants in Ireland] and the big firms. They knew how the enquiries were going to run; they knew what they had to do. (IM3, p.6)

One director was astonished that IAASA turned out to be so resolute in mobilising this combination of work. He expressed surprise that IAASA “was as tough at the end as it was designed to be at the beginning. I was expecting that this would be substantially watered down as [the] frighteners came on” (IM4, p.10). The intent of the deterring work was clear: it sought to use “the threat of coercion to inculcate the conscious obedience of [the PABs]” (Lawrence & Suddaby, 2006, p. 232). However, its

effectiveness was questionable as “effective deterrence is highly dependent on the legitimate authority of the coercive agent” (Lawrence & Suddaby, 2006, p. 232) and the PABs remained reluctant to afford IAASA the legitimacy its board and executive team clearly coveted.

### **PHASE 5: Disrupting the outcomes of prior institutional work – mobilising an oversight-interventionist logic**

While IAASA’s directors and executive team were occupied with onsite visits and section 23 enquiries, the global financial crisis struck. Regulators worldwide were now being asked how the crisis could have occurred on their watch. In Ireland too, questions were raised as to whether local regulators had been complacent and/or ‘asleep’ (O’Sullivan (Senator), 2009, p.24) prior to the crisis. This caused consternation among IAASA’s board and executive and they moved quickly to re-examine IAASA’s role and powers, especially as IAASA’s key referents, for example, the POB in the UK and the PCAOB in the US, had managed, in the previous six years, to attain more direct, powerful regulatory roles than IAASA. These roles in the international regulatory arena were underpinned by an oversight-interventionist logic that supported practices offering significant powers to oversight bodies allowing them to intervene in, as opposed to simply overseeing, the operation of professional accounting bodies and their members. IAASA was now in danger of becoming an outlier in the international regulatory field as its indirect powers granted it an unwanted distinctiveness, as well as undermining much of the earlier ‘self-mythologizing’ work of the directors.

The directors of IAASA moved to rectify this apparent anomaly by mobilising the newly prominent oversight-interventionist logic to underpin rationales supporting new practices aimed at disrupting the moral foundations of the revised regulatory field of accounting that they had created and worked so hard to maintain throughout the enquiries in phase 4. Their earlier self-mythologizing work may have made them blind to IAASA’s creeping impotence when compared to equivalent oversight bodies internationally. The directors now felt that they urgently needed to emulate the POB’s and PCAOB’s powers in the Irish context in order to recapture IAASA’s lost legitimacy among external stakeholders other than the PABs, such as sceptical politicians and elements within the print media. An underlying desire for more direct regulation with interventionist powers, that was not previously prominent among the IAASA board discussions, took centre stage. The celebrated (at least internally) section 23 enquiry achievements began to pale in comparison to this newly discovered desire for direct powers.

When called in front of the Irish Parliament in 2009 to discuss the role and functions of IAASA the chairman mobilised ‘hard’ advocacy work in order to demand increased powers for IAASA. She was direct and resolute and sought to create a sense of crisis and embarrassment surrounding IAASA’s limited interventionist role. She complained vociferously about how the oversight regime of indirect

regulation operating in Ireland was now “significantly out of line with European Union and internationally accepted best practice” (Erwin (former IAASA chairman), 2009, p.5) and therefore inappropriate “within [this] specific cultural context” (Lawrence & Suddaby, 2006, p.236). Her advocacy mobilised the international shift towards an oversight-interventionist logic as she continually insisted that the Irish government should implement the European Commission’s Quality Assurance recommendation<sup>26</sup> in order to allow “the responsibility for quality assurance of audits of listed entities” to reside with Member States’ statutory oversight authorities (in Ireland’s case, IAASA) rather than with the PABs (Erwin, 2009, p.5). This ‘hard’ advocacy work was underpinned by previously rejected mimicry work whereby she continually highlighted the increasing frustration these international developments in regulation were engendering among IAASA’s board. Other board directors both publically and privately expressed embarrassment and frustration with the position in Ireland which had resulted in foreign oversight bodies being privy to information about Irish audit firms which was unavailable to IAASA:

It is an embarrassment for us that this is one of the last countries in the EU to transpose this directive. The situation which now exists where the public companies oversight body of the US, which was set up after the Enron business through the development of the Sarbanes Oxley Act, can come into this country and investigate what is going on in accountancy firms without sharing that information with us is fraught with danger. (O’Toole (former IAASA board director), 2009, p.14)

Some politicians sympathised with IAASA’s frustrations and agreed that the existing indirect regulatory model was flawed:

I wonder whether the regulatory structure involving the authority [IAASA] is another example of a flawed regulatory model. Instead of regulating accountants, which it is prohibited from doing, the authority must deal with accountants’ and auditors’ professional bodies. In that regard, it must feel it has been frustrated. (Coghlan (Senator), 2009, p.6)

Other politicians were less sympathetic and while accepting that these were “unusual circumstances and ordinary approaches no longer appl[ied]” argued that IAASA “need[ed] to be more aggressive and hands-on” (O’Sullivan (Senator), 2009, p.24).

The combination of ‘hard’ advocacy work and mimicry work had some impact as in July 2010, a decision was taken by the government Department of Jobs, Enterprise and Innovation (DJEI) to implement the European Commission’s recommendation that IAASA would directly regulate the auditors of Public Interest Entities (PIEs) (Erwin, 2012, p.3). There was, however, an extensive period between this decision being taken and the implementation of the regulation<sup>27</sup>. This was a period of

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<sup>26</sup> In May 2008, the European Commission recommended that there would be direct inspection, or what is known as quality assurance, of public interest entities (PIEs). PIEs are defined as companies or body corporates whose securities are admitted to trading on a regulated market, a credit institution or an insurance undertaking (Erwin, 2012, p.3).

<sup>27</sup> O’Toole (2012) noted that “a consolidated companies Bill was expected at the end of 2007, 2008, 2009, 2010, 2011 and 2012” (p.20). However, it was not until June 2016 that responsibility for the inspection and investigation of public interest entity (PIE) audits such as those of banks and building societies was transferred from ICAI to IAASA. Hence, from June 2016 scrutiny of the largest audit firms in the Irish State will be undertaken by IAASA (IAASA, 2014, p.29).

considerable uncertainty for the directors of IAASA as they were placed in a compromising position given that their hands were tied to an oversight body they no longer believed was sufficiently powerful or expansive enough, but was nevertheless subject to escalating external criticism from politicians for being ‘silent’ and in need of ‘an alarm clock’ to rouse itself:

I think the citizens [of Ireland] might like to hear the odd noise out of the Irish Auditing and Accounting Supervisory Authority [IAASA]. It seemed to be remarkably silent at a period when such damage had been done to the country... If somebody could send the authority [IAASA] the present of an alarm clock, it would be helpful... I am beginning to doubt whether this authority even exists at this stage. (Barrett (Senator), 2013)

Several directors insisted that such criticisms could have been avoided had IAASA initially committed to continually engaging in ‘external-mythologizing’ work through the creation of a higher profile for itself. However, the risk of things going wrong in the early years, encouraged them to maintain a low profile:

The worst of all worlds is to go for a higher profile and then have a proper screw up in the first three to five years and then you get it in the neck, and then you’re really finished. You can never get their respect again. (IM10, p.21)

They expressed considerable regret that work on IAASA’s public profile had been deliberately and fatally neglected:

IAASA didn’t have a sufficient public profile or media profile... I felt that the importance of IAASA’s role did need to be communicated by us a bit more than it was. (IM2, p.12)

I think IAASA was a low profile Board and the Board kept it a low profile. I personally would be of the view that it was probably not the wisest approach. (IM10, pp.6-7)

Throughout this final phase the directors and executive team at IAASA decided that mimicry and ‘hard’ advocacy work were crucial to re-establishing IAASA’s centrality within the evolving regulatory field. They were forced to evaluate the consequences of their previous decisions to *reject* mimicry work and refrain from ‘external-mythologizing’ as their struggle for power and legitimacy continued.

## DISCUSSION

Our case analysis reveals how *supportive interactive work* – interacting, mutually re-inforcing forms of institutional work – was mobilised by IAASA’s directors and senior executive management as they battled for legitimacy as a new player in the regulatory field of accounting. This reinforces Hayne and Free’s (2014) assertion that what is important to our understanding of the efforts that individuals engage in as they seek institutional change is not which form of institutional work comes first, but rather how one form of institutional work can enable and support other forms (see also: Currie et al., 2012; Zietsma & Lawrence, 2010). In our case, the educating work undertaken by the chairman

to ensure that the directors had a sense of clarity and commitment regarding their roles, and the ‘soft’ advocacy work with Government officials aimed at mobilising their support for IAASA, contributed to the work of constructing normative networks. While the process through which deterring work reinforced ‘enforcement’ policing work in phase 4 is consistent with Lawrence and Suddaby’s (2006) contention that policing work and deterring work “work together” (p. 232), several other forms of institutional work also combined as IAASA’s directors and senior executive management pursued regulatory reform. For example, ‘soft’ advocacy work combined with defining work in phase 2 to assist in constructing a ‘consensual’ identity for IAASA while, in phase 3, ‘audit’ policing work blended with enabling work as part of an effort at constructing a more ‘confrontational’ identity. Overall, the process of institutional work we unveil (see Figure 1) is far more fluid than originally envisaged by Lawrence and Suddaby’s (2006) typology. This further highlights the importance of researchers focusing on the ‘work interrelationships’ interplay (Chiwamit et al., 2014).

**Insert Table 3 here**

We unveil a refined, nuanced categorisation of institutional work (see Table 3) whereby forms of institutional work were performed at different levels, such as ‘hard’ and/or ‘soft’ advocacy work. In addition, different types of institutional work crossed categories of creation, maintenance and disruption. ‘Audit’ policing work was undertaken in the creation phase rather than in the maintenance phase while the advocacy work which Lawrence and Suddaby (2006) associate with the creation of an institution was prevalent in the disruption at the beginning and end phases as well as in the creation of IAASA in phase 2 (see Figure 1). Thus, forms of institutional work often occurred simultaneously (see: Currie et al., 2012; Empson et al., 2013; Gawer & Phillips, 2013; Hayne & Free, 2014), with the analytical distinctiveness outlined by Lawrence and Suddaby (2006), not always according with the “empirical reality” of our case (see also: Empson et al., 2013, p. 837).

Individual efforts to alter the regulatory field also comprised *work displacement* whereby certain forms of institutional work were adopted to replace original forms of institutional work due to the unintended consequences arising from the adoption of the original work forms. This is consistent with Perkmann and Spicer’s (2008) claim that forms of institutional work may contradict (as well as support) each other (see also, Chiwamit et al., 2014). For example, the ‘soft’ advocacy work in phase 2, articulating minimal consensual regulatory change in order to gently prepare the PABs for IAASA’s regulatory role, contrasted considerably with the ‘audit’ policing work undertaken in phase 3. An unintended consequence, or product, of the ‘soft’ advocacy work was the PAB’s aggressive reaction when they were exposed to the relative severity of the subsequent ‘audit’ policing work. This reaction in turn compelled IAASA to become even more confrontational in its policing work, thereby further undermining (and displacing) the ‘soft’ advocacy work. In this way, the PAB’s resistance to the changes in IAASA’s stance towards them was both a product and a source of change in the institutional work

conducted by IAASA. Similarly, the absence of ‘external-mythologizing’ in earlier phases led to unintended consequences in phase 5 when IAASA’s lack of a clear public profile initiated accusations that it had been ineffective given its silence around the time of the global financial crisis; a perspective that ignored IAASA directors’ extensive efforts during the section 23 enquiries in phase 4. This external perception, particularly among some politicians and the print media, partially motivated the belated adoption of mimicry work to support the case for more direct regulatory powers. It also activated a return to the ‘hard’ advocacy work that was prevalent in phase 1 when the Review Group on Auditing (RGA) report was being prepared.

The directors and senior executive management of IAASA explicitly rejected available forms of institutional work (*work rejection*). While Hayne and Free (2014) highlighted the absence of some forms of institutional work in their study, in our case certain forms of institutional work were considered and then explicitly dismissed. Hence, it was not merely the case that forms of institutional work were not evident; they were considered and rebuffed<sup>28</sup>. Forms of mimicry work were rejected from an early stage as directors of IAASA were keen to ensure that IAASA had greater powers than many of the other oversight bodies operating internationally when IAASA was formed. This rejection was especially evident in IAASA’s unwillingness to copy the UK POB model of oversight to provide their change efforts with enhanced legitimacy, and reflected the widespread view that there were few convincing “legitimizing templates” (Slager et al., 2012) available to IAASA in its early days. The shifting developments in the international institutional environment surrounding accounting regulation later fuelled a reconsideration of this dismissal of mimicry work with its later mobilisation in phase 5 becoming crucial to IAASA’s ambitions to obtain expanded regulatory powers.

In the early phases, IAASA directors rejected ‘external-mythologizing’ work for fear that IAASA might be exposed to too much public scrutiny as it sought to establish its position in the regulatory field. This enduring disinclination may also have been influenced by the nature of the media reporting in phase 4, when IAASA was forced into the spotlight but had evidently little influence over how it was publically portrayed. Unlike with mimicry work, the rejection of ‘external-mythologizing’ work persisted throughout all phases and hampered IAASA directors’ efforts to construct a normative network as key constituencies such as government ministers and powerful media commentators were unaware of, or unconvinced by, IAASA’s efforts to instigate significant regulatory change, especially when the global financial crisis erupted. This rejection may also have been influenced, albeit implicitly, by the impact of the ‘self-mythologizing’ work of board directors which could have blinded them to the need to continually promote IAASA’s efforts among key government and media constituencies. Self-celebration was clearly not a panacea for external ignorance and scepticism. The limited availability of

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<sup>28</sup> We are not suggesting that one would expect to find all types of institutional work outlined in Lawrence and Suddaby’s (2006) typology in all empirical domains. It is the express dismissal of possible forms of institutional work that we uncover in our analysis.

narratives that could be mobilised as part of ‘external-mythologizing’ work further influenced its rebuffal. For example, given the nature of the IAASA organization and its required commitment to confidentiality in its dealings with the PABs, valourizing and demonizing work, whereby IAASA would provide examples of what was right and wrong about the ongoing regulation of the accounting profession for public consumption, was not easily enacted. Moreover, wider publication of the successful efforts to get the PABs to amend their disciplinary arrangements in phase 3 would have further undermined the impact of the initial ‘soft’ advocacy work in phase 2 thereby deepening the difficulties of effectively undertaking both the ‘audit’ and ‘enforcement’ policing work in phases 3 and 4.

Key characteristics of the regulatory field, especially the relationship between IAASA and the PABs, had direct implications for the nature of the institutional work performed. A core concern for IAASA was the need to align actors with potentially competing interests to it, such as the PABs, around its proposed regulatory changes. Hence, much of the ‘soft’ advocacy and educating work undertaken by the Chairman acknowledged that careful political negotiation would initially be required in order to foster a consensus both within and outside the IAASA board (see also: Dorado, 2005; Perkmann & Spicer, 2008). Explicit decisions were therefore taken to initially avoid aggressively imposing IAASA’s desires on the accounting profession and their representatives on the IAASA board. However, unlike prior work in other fields (see: Zietsma & Lawrence, 2010; Slager et al., 2012) this early institutional work struggled to create a sense of coordinated, collective action in the regulatory field as contestation between IAASA and the PABs actually escalated, despite some harmony within the IAASA board. Consequently, as noted above, the directors of IAASA abandoned with ease certain forms of institutional work – such as ‘soft’ advocacy – in order to instigate the extent of the regulatory change they ultimately aspired to. Certainly, their ease of abandonment was aided by the directors’ knowledge of the law and regulation through their membership in other bodies, as well as the confidence that one director exuded given his experience as chair of the RGA, the body credited with instigating the change to the regulation of the accounting profession.

Shifting institutional logics both shaped and were shaped by the institutional work undertaken (see also: Empson et al., 2013; Marquis & Lounsbury, 2007; Thornton, 2004; Thornton & Ocasio, 1999). This further illustrates how both the role of individuals as change agents and the structural influences upon them influence the way change emerges (Empson et al., 2013, p. 836-837). The institutional work to establish IAASA in phase 1 was underpinned by a shift from a self-regulatory logic to an oversight-supervisory logic. This shift in belief systems supplying guidelines for regulatory action was strategically mobilised by the Deputy Prime Minister and Senator Joe O’Toole in their framing of the problems in the accounting profession as being representative of the profession’s inability to regulate its members and operate in the public interest. “As logics shift, agents must respond” (Gawer & Phillips, 2013, p. 1036) and the subsequent institutional work by IAASA directors and senior executive

management sought to cement this replacement of the previously dominant self-regulatory logic with an oversight-supervisory logic (see also: Thornton et al., 2012, pp. 165-167; Lander et al., 2013). The resistance of the PABs when confronted with this institutional work by IAASA in phase 3 represented a concerted effort to assimilate the oversight-supervisory logic within the previously dominant self-regulatory logic. The assimilation of logics occurs when the core elements of a prevailing logic remain – in our case, the self-regulatory logic – but new practices – such as those proposed by IAASA – are made part of this prevalent logic (Thornton, et al., 2012, pp. 165-166). The self-regulatory logic provided frames and narratives that guided the PABs' resistance to the new (oversight-supervisory) logic (see also, Canning & O'Dwyer, 2013). Such resistance is supported by O'Regan and Killian's (2014) evidence of a profession that had "become absorbed by its own central role, and over-confident about the strength of its position in relation to the state and the business elites" (p.628). The subsequent institutional work performed by IAASA's directors and senior executive management in phases 3 and 4 sought to repel this logic assimilation effort lest it succeed in neutering IAASA's proposed powers and new practices. However, while IAASA's directors and senior executive management were working to counter these PAB efforts, the changing international institutional context surrounding the regulation of accountants was shifting and an oversight-interventionist logic began to predominate. In the final phase, the directors of IAASA, recognizing IAASA's relative impotence in light of this shift, sought to mobilise the core elements of this new more interventionist logic to underpin their mimicry and 'hard' advocacy work focused on gaining expanded powers and practices. In particular, the oversight-interventionist logic underpinned the rationales the chairman constructed to shape the regulatory environment in a manner suited to IAASA's new-found needs (see also: Thornton & Ocasio, 2008; Tracey et al., 2011; Suddaby & Greenwood, 2005).

The extent and nature of the institutional work unveiled above contrasts with Caramanis et al.'s (2015) examination of the creation and operation of a similar oversight body for the accounting profession in Greece (see also: Blavoukos et al., 2013). Caramanis et al. (2015) discovered that the Greek body, ELTE, remained largely dormant throughout its lifetime and was rife with inertia. They attributed this to deeply ingrained local socio-political factors, influences and pressures such as the dominance of delegative democracy in Greece, deep divisions within the Greek accounting profession, state control of ELTE, and a political system rife with clientelism. While ELTE was constrained by its ability to operate independently of the State, IAASA was more exercised with operating independently of the accounting profession. The "new patrimonialism" evident in Greece in which political leaders sought to gain control over appointments to ELTE (Blavoukis et al., 2013, p. 140) was also less apparent in IAASA. The initial oversight-supervisory logic was merely accommodated in Greece, with state control and indifference preventing the transformation of domestic policy making. The institutional work by the directors and senior executive management of IAASA was facilitated by socio-political factors in the Irish context, such as its representative democracy in which the legislation underpinning

IAASA's creation sheltered it from government interference. Hence, in contrast to Caramanis et al. (2015) socio-political factors largely, albeit not always, operated to enable as opposed to limit IAASA's operation. Unlike ELTE, IAASA was not deprived of basic resources such as office space, manpower, and expertise (where these were available), nor was it established in a vague legal environment. The contrasting progression of the two oversight bodies reinforces Caramanis et al.'s (2015) claim that the efficacy of local oversight boards should not be taken for granted given that countries differ in their historical, social, cultural and economic traditions. It is also consistent with their claim that globally-inspired institutional reforms on audit oversight do not necessarily translate readily to the local level where their operationalization is "often shallow and a mere facade" (Blavoukos et al., 2013, p. 151; see also, Hazgui & Gendron, 2015). Hence, domestic political and institutional settings continue to represent important "intervening variables" that shape the national response to global institutional pressures (Blavoukos et al., 2013, p. 142). Overall, our analysis suggests that social, cultural and economic traditions influence whether actors seeking to induce regulatory reform engage in institutional work, the form any such institutional work may take, its intended effects, and its ultimate influence.

## CONCLUSIONS

This paper has examined efforts by individuals to instigate institutional change in the regulation of accountants through the formation and operation of an independent oversight body. It focused in particular on how, and with what effect, the directors and senior executive management of the newly formed oversight body attempted to reconfigure the field of accounting regulation. Our focus on how the oversight body operated at the micro-level develops our understanding of how regulatory change efforts in accounting evolve and impact on the governance of the accounting profession. We mobilised the concept of institutional work to theorise the individuals' efforts to instigate institutional change given that this concept attends explicitly to the purposeful actions of individuals in the creation, maintenance and disruption of institutions (Lawrence & Suddaby, 2006; Lawrence et al., 2011, 2013). Our institutional work framing also enabled us to examine practical on-the-ground issues surrounding regulatory change, thereby responding to repeated requests to increase the practical relevance of management (and accounting) research (Alvesson & Sandberg, 2011, 2013; Kieser et al., 2015; Lawrence et al., 2013).

The paper contributes to the literature in three ways. First, by examining the development of regulatory oversight in accounting in the Irish context, the paper responds directly to requests for more studies of the translation of global regulations at the local level (see Caramanis et al., 2015; Jeppesen & Loft, 2011; Malsch & Gendron, 2011; Samsonova-Taddei & Humphrey, 2015). This localised focus is important as it reveals how the effectiveness of oversight bodies is contingent on the unique characteristics of the institutional environment within which they operate (Caramanis et al., 2015).

Contrary to prior work by Caramanis et al. (2015) illustrating how an equivalent oversight body in Greece remained largely dormant throughout its lifetime due to Greece's dominant delegative democracy and State control of the oversight body, we find that socio-political factors in Ireland largely, albeit not entirely, reinforced rather than restrained the regulator. Our analysis indicates that the nature of and the interrelationships between different forms of institutional work are shaped by the intricate interactions of individual actors and the institutional context within which they seek regulatory change.

Second, we extend existing theorisations of the recursive relationship between types of institutional work and configurations of institutional change and stability (Zietsma & Lawrence, 2010). We unpack some of Lawrence and Suddaby's (2006) traditional forms of institutional work by presenting a more nuanced categorisation of institutional work within the different phases of individuals' efforts to realign a regulatory institution. We reveal the nature and pervasiveness of *supportive interactive work* where forms of institutional work mutually reinforce one another and further highlight the importance of *work displacement* whereby the unintended consequences engendered by one form of institutional work occasion its displacement by other forms. (see also: Currie et al., 2012; Hayne & Free, 2014; Zietsma & Lawrence, 2010). Finally, we show how actors engage in a form of *work rejection* by explicitly rejecting certain forms of institutional work but then later mobilising them. This unveils a distinctive additional element within the fleeting and fluid nature of the process of creating, maintaining and disrupting institutions evident in recent studies of institutional work (see, Empson et al., 2013; Hayne & Free, 2014).

Third, we reveal how the interrelated institutional work mobilised by actors in the regulatory field of accounting shapes and is shaped by shifting institutional logics (see also: Empson et al., 2013; Marquis & Lounsbury, 2007; Thornton, 2004; Thornton & Ocasio, 1999). We show how the institutional work undertaken by regulators, and the interrelationships between these forms of work, were heavily influenced by professional accounting bodies' resistance to change. Rationalisations and actions underpinning this resistance were continually aimed at assimilating an oversight-supervisory logic within a self-regulatory logic in order to minimise IAASA's impact on the accounting profession (see, Thornton et al., 2012).

Our study, through retrospective accounts based on in-depth interviews and archival data, concentrated on the connections between the forms of institutional work undertaken by members of the oversight body to instigate institutional change in the regulation of accountants. However, to better "understand the messy day-to-day practices of institutional work" (Lawrence et al., 2013, p.1029) further field-based research is required to capture more of these real life experiences of regulators (and others) seeking to influence the regulatory landscape of accounting. At a time when oversight bodies such as the PCAOB have been granted the authority (sometimes beyond that of local oversight bodies) to undertake direct inspections of audit firms in different national contexts, future research should

examine how local regulators respond to such changes and the impact that their responses have on the development and implementation of local regulations. Our evidence suggests that while local regulators may be willing to learn from these international bodies and even seek to emulate their practices, such passivity cannot be presumed (see: Caramanis et al., 2010; Malsch & Gendron, 2011). Studying the interactions (and tensions) on the ground between local and global regulators could provide fascinating insights into the processes through which local regulatory mandates are operationalized in the presence of global pressures and offer grounded understandings of the extent to which regulatory shifts in accounting are causing substantive as opposed to symbolic changes in professional body governance. Given that the effectiveness of oversight bodies is dependent on the social and political landscape within which they are embedded (Caramanis et al., 2015), these studies would help determine whether the nature of regulatory reform is such that it has resulted in only symbolic changes to regulatee behaviour (Hazgui & Gendron, 2015).

For reasons of focus, our study concentrated on studying the institutional work undertaken by those seeking to develop and operationalize regulation designed to govern the accounting profession. We do, however, need more detailed studies of how the targets of this regulation, the professional accounting bodies, seek to influence attempts to restrict their autonomy. A potentially fruitful avenue for future research would focus on the institutional work engaged in by professional bodies seeking to maintain the regulatory status quo in the face of possible regulatory change. While we have partly addressed the PABs' resistance to regulatory change in this study, future research could develop more focused, in-depth insights into the institutional maintenance efforts of PABs as they struggle to cope with increasing threats to their legitimacy and concomitant efforts to restrict their autonomy (see: Micelotta & Washington, 2013). This research could be extended to the efforts of the Big 4 to assist in these projects of institutional maintenance especially as, in the European context at least, some Big 4 firms have been forced to engage in significant efforts to protect their legitimacy in the face of highly public crises involving fraud and poor quality audit practices. This has sometimes involved them joining with local PABs as part of proactive efforts to minimise external interference in their affairs and those of the accounting profession generally (see: Future Accountancy Profession Working Group, 2014; Hazgui & Gendron, 2015).

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## **APPENDIX A: List of Abbreviations**

- 2003 CAA – Companies (Auditing and Accounting) Act, 2003 (Ireland).
- CEO – Chief Executive Officer.
- DETE – Department of Enterprise, Trade & Employment (Ireland).
- DJEI – Department of Jobs, Enterprise & Innovation (Ireland).
- IAASA – the Irish Auditing and Accounting Supervisory Authority.
- ICAI – Institute of Chartered Accountants in Ireland.
- IFIAR - International Forum of Independent Audit Regulators
- IM – Interviewee.
- PAB – Professional Accounting Body.
- PCAOB – Public Company Accounting Oversight Board (USA).
- POB – Professional Oversight Board (formerly Professional Oversight Board for Accountancy) (UK).
- RGA – Review Group on Auditing (Ireland).

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**Table 1 - Lawrence and Suddaby's (2006) Typology of Forms of Institutional Work**

<b>Creating Institutions:</b>	
Advocacy	The mobilisation of political and regulatory support through direct and deliberate techniques of social suasion.
Defining	The construction of rule systems that confer status or identity, define boundaries of membership or create status hierarchies within a field.
Vesting	The creation of rule structures that confer property rights.
Constructing identities	Defining the relationship between an actor and the field in which that actor operates.
Changing normative associations	Re-making the connections between sets of practices and the moral and cultural foundations for those practices.
Constructing normative networks	Constructing interorganizational connections through which practices become normatively sanctioned and which form the relevant peer group with respect to compliance, monitoring and evaluation.
Mimicry	Associating new practices with existing sets of taken-for-granted practices, technologies and rules in order to ease adoption.
Theorizing	The development and specification of abstract categories and the elaboration of chains of cause and effect.
Educating	The educating of actors in skills and knowledge necessary to support the new institution.
<b>Maintaining Institutions:</b>	
Enabling work	The creation of rules that facilitate, supplement and support institutions, such as the creation of authorizing agents or diverting resources.
Policing	Ensuring compliance through enforcement, auditing and monitoring.
Deterring	Establishing coercive barriers to institutional change.
Valourizing and demonizing	Providing for public consumption positive and negative examples that illustrate the normative foundations of an institution.
Mythologizing	Preserving the normative underpinnings of an institution by creating and sustaining myths regarding its history.
Embedding and routinizing	Actively infusing the normative foundations of an institution into the participants' day to day routines and organizational practices.
<b>Disrupting Institutions:</b>	
Disconnecting sanctions / rewards	Working through state apparatus to disconnect rewards and sanctions from some set of practices, technologies or rules.
Disassociating moral foundations	Disassociating the practice, rule or technology from its moral foundation as appropriate within a specific cultural context.
Undermining assumptions and beliefs	Decreasing the perceived risks of innovation and differentiation by undermining core assumptions and beliefs.

**Table 2 – Details of evidence used to inform the study**

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**Interview evidence:**

- 12 in-depth interviews with former directors of the board of IAASA and its executive team.

**Documentary data:**

- Report of the Review Group in Auditing (RGA, 2000)
- IAASA annual reports 2006-2012
- IAASA work programmes 2006-2008; 2009-2011
- IAASA press releases 2006-2013
- IAASA Articles and Memorandum of Association (2005)
- IAASA presentations to external stakeholders 2004-2013:
  - 7 presentations to Big 4 accounting firms
  - 19 presentations to professional accounting bodies (PABs)
  - 9 presentations to other regulators
  - 4 presentations to issuers of financial statements
  - 3 presentations to student groups
  - 3 presentations to other stakeholder groups
- Consultation paper (CPI/07) on draft regulations governing the conduction of enquiries pursuant to Section 23 of the Companies (Auditing & Accounting) Act, 2003 (IAASA, 2007a).
- Feedback paper in response to submissions received on the Authority's consultation paper (IAASA, 2007b)
- Regulations governing the conduct of enquiries under section 23 of the Companies (Auditing & Accounting) Act, 2003 (IAASA, 2007c).
- IAASA's reporting of its first Section 23 enquiry case:- 'In the matter of the Institute of Chartered Accountants in Ireland (Operating under the title of Chartered Accountants Ireland) Decision of the Irish Auditing and Accounting Supervisory Authority (On foot of the appointment of an Enquiry Committee under Section 23 of the companies (Auditing and Accounting) Act 2003)' (IAASA, 2010).
- Transcripts of all debates in the Irish parliament (the Houses of the Oireachtas) from 2002 to 2013 inclusive where any reference to the regulation of the accounting profession or to IAASA was made or where directors of the board and senior executive management of IAASA were invited to attend and report.
- Press releases from the Department of Jobs, Enterprise and Innovation (DJEI), formerly Department of Enterprise, Trade and Employment (DETE) from 2000 to 2013 inclusive where any reference to the regulation of the accounting profession or to IAASA was made.
- Professional Accounting Bodies' (PABs') press releases from 2006 to 2013 inclusive where any reference to IAASA was made.
- PABs' practitioner journals from 2006-2013 where any reference to IAASA was made.
- Media reporting relating to the regulation of the accounting profession and IAASA and global regulatory developments from 2006 to 2013 inclusive.

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**Table 3 - Forms of institutional work evident in the attempted regulatory change**

Form of institutional work	Category in Lawrence & Suddaby (2006)	Existence in current study	Nature of adaptation in current study	Category in current study
Advocacy	Creating institutions	Adapted	<ul style="list-style-type: none"> <li>• ‘Hard’ advocacy</li> <li>• ‘Soft’ advocacy</li> </ul>	<ul style="list-style-type: none"> <li>• Disrupting institutions</li> <li>• Creating institutions</li> </ul>
Defining	Creating institutions	Present		• Creating institutions
Vesting	Creating institutions	Absent		
Constructing identities	Creating institutions	Adapted	<ul style="list-style-type: none"> <li>• Constructing ‘consensual’ identity</li> <li>• Constructing ‘confrontational’ identity</li> </ul>	<ul style="list-style-type: none"> <li>• Creating institutions</li> <li>• Creating and maintaining institutions</li> </ul>
Changing normative associations	Creating institutions	Absent		
Constructing normative networks	Creating institutions	Present		• Creating institutions
Mimicry	Creating institutions	Rejected and present		<ul style="list-style-type: none"> <li>• Rejected in creating institutions</li> <li>• Present in disrupting institutions</li> </ul>
Theorizing	Creating institutions	Absent		
Educating	Creating institutions	Present		• Creating institutions
Enabling work	Maintaining institutions	Present		• Creating institutions
Policing	Maintaining institutions	Adapted	<ul style="list-style-type: none"> <li>• ‘Audit’ policing</li> <li>• ‘Enforcement’ policing</li> </ul>	<ul style="list-style-type: none"> <li>• Creating institutions</li> <li>• Maintaining institutions</li> </ul>
Deterring	Maintaining institutions	Present		• Maintaining institutions
Valourizing and demonizing	Maintaining institutions	Absent		
Mythologizing	Maintaining institutions	Adapted and rejected	<ul style="list-style-type: none"> <li>• ‘Self-mythologizing’</li> <li>• ‘External-mythologizing’</li> </ul>	<ul style="list-style-type: none"> <li>• Creating and maintaining institutions</li> <li>• Rejected across all categories</li> </ul>
Embedding and routinizing	Maintaining institutions	Absent		
Disconnecting sanctions/ rewards	Disrupting institutions	Absent		
Disassociating moral foundations	Disrupting institutions	Present		• Disrupting institutions
Undermining assumptions and beliefs	Disrupting institutions	Present		• Disrupting institutions

**Note to table:** Forms of institutional work are classified in our study as **present** (in the manner specified in Lawrence & Suddaby’s (2006) typology); **adapted** (present but performed at the different levels shown in column 4); **absent** (not present); and **rejected** (express dismissal of possible forms of institutional work). These classifications are included in column 3 of the table under the heading ‘Existence in current study’. The definitions of the **adapted** forms of institutional work uncovered in this study (shown in column 4 above) are included in the note to Figure 1.