

REGULATION AND GOVERNANCE OF THE PROFESSIONS: INSTITUTIONAL WORK AND THE DEMISE OF ‘DELEGATED’ SELF-REGULATION OF THE ACCOUNTING PROFESSION

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INTRODUCTION

While professions are now widely viewed as primary societal institutional agents (Scott, 2008) assuming central roles in creating, disrupting and maintaining prevailing institutions (Currie, Lockett, Finn, Martin, & Waring, 2012; Lawrence & Suddaby, 2006; Lawrence, Suddaby & Leca, 2009, 2011; Suddaby & Viale, 2011), they are also often the *objects* of institutional change efforts, especially regarding how they are regulated. Nowhere has this change been more profound than in the accounting profession. In the last 15 years as the profession has evolved to embrace and serve globalised enterprise, it has come under increased scrutiny. This is especially evident in the steady imposition of independent oversight bodies established to supervise key aspects of its governance. This represents a major disruption to a regulatory regime that prevailed for almost a century in several western European jurisdictions (Canning & O’Dwyer, 2013; Caramanis, Dedoulis, & Leventis, 2015; Hazgui & Gendron, 2015; Malsch & Gendron, 2011; Quack & Schubler, 2017).

Shifting institutional logics¹ underpinning the rationales and actions prevalent in the regulatory field of accounting have both shaped and been shaped by the institutional work enrolled by various regulatory actors seeking to activate altered regulatory oversight of

¹ Institutional 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 used by actors to inform their sensemaking and are reflected in their vocabulary, actions and sense of self and identity (Greenwood, Diaz, Li & Lorente, 2010; Thornton, Ocasio & Lounsbury, 2012). They are absorbed into regulatory structures, organisational forms, and social norms. They manifest into the issues that are deemed relevant, the goals to be followed, the instruments to be adopted and the standards that are summoned to reflect success (Smets, Jarzabkowski, Spee & Burke, 2014).

professional accountants (see also: Empson, Cleaver, & Allen, 2013; Gawer & Phillips, 2013; Marquis & Lounsbury, 2007; Thornton, 2004). Institutional work refers to the practices and processes associated with these actors' effort to develop, dismantle, expand, and contain the regulatory institutions overseeing the accounting profession, as well as magnifying or suppressing the effects of these institutions (Hampel. Lawrence and Tracey, 2017; Lawrence & Suddaby, 2006)². Different forms of interrelated institutional work have underpinned a shift away from a self-regulatory logic underpinning the rationales and practices surrounding the regulation of accountants towards an oversight logic advocating greater interference in the profession's affairs. There is, however, some debate as to the effectiveness of this change effort, with recent evidence suggesting that change has been minimal in many contexts as a result of enterprising efforts by the accounting profession to assimilate the 'new' oversight logic within the pre-existing self-regulatory logic (Caramanis et al., 2015; Hazgui & Gendron, 2015; Malsch & Gendron, 2011; Quack & Schubler, 2017). Such debate is to be expected given that prevailing logics can promote conformity (Tracey, Phillips & Jarvis, 2011) and thereby restrict the possibility of institutional work instigating substantive change. This chapter explores the nature of the extensive efforts to reconfigure the regulation of the accounting profession. Drawing on over a decade studying regulatory change in the Irish context, it illuminates how the state, and in particular its supporting agencies, has engaged in forms of institutional work in its interactions with the accounting profession in order to legitimise and implement radical changes to the profession's governance.

² Institutional work 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). It can be categorised into the work of actors aimed at creating, maintaining and/or disrupting institutions (Lawrence & Suddaby, 2006; Rojas, 2010). Creation work is concerned with the establishment of rules and the construction of rewards and sanctions to enforce those rules. Maintenance work seeks to ensure conformance with existing rules and systems and entails supporting, repairing and recreating social mechanisms. Disruption work involves attacking or undermining the mechanisms that lead actors to comply with institutions (and their rule systems) (Lawrence & Suddaby, 2006).

The chapter is organized as follows. We first outline the nature of regulation of the accounting profession and explore the process through which the demise of self-regulation and public oversight has unfolded. We then contest the widespread view that transnational development in oversight has been readily translated to the national level while simultaneously exploring the role that the ‘Big N’ professional services firms have played as the sites of governance have shifted. Drawing on the case of Ireland, we outline how the accounting profession has strategically responded to efforts to interfere in its governance by engaging in enterprising efforts to obstruct change aimed at making it more accountable to the public interest it claims to serve. We present a process model drawn from an analysis of this context to depict the interrelated institutional work required by nascent regulators seeking to introduce, legitimise and implement oversight of the accounting profession in order to dismantle self-regulatory regimes and make them more publicly accountable.

GOVERNING WITHOUT INTERFERENCE – THE ‘PUBLIC INTEREST’ UNDERPINNINGS OF SELF-REGULATION

A defining characteristic of a profession is its commitment to serve and protect the public interest (Abbott, 1988). This ability to sub-ordinate or at least assuage self-interest in the service of the public interest (Canning & O’Dwyer, 2001; Lee, 1995) has traditionally been used by sociologists to distinguish professions from other occupations (Friedson, 1993; Suddaby & Muzio, 2017; Willmott, 1990). While there is little agreement on what is meant by the public interest or how to measure it, the public interest legitimization of professions is a key reason they have historically been granted the privilege to regulate themselves with minimal government or outside interference. Failure to grasp the public interest basis for the social contract that underpins self-regulation (Robson, Willmott, Cooper, & Puxty, 1994) has resulted in the gradual demise of the self-regulatory model for the accounting profession in many jurisdictions (O’Regan & Killian, 2014; Canning & O’Dwyer, 2013, 2016; Caramanis et al, 2015; Hazgui, Lesage & Pochet, 2011; Quack & Schubler, 2017). In its place a regulatory

environment comprising a broad mix of independent oversight bodies has emerged whose role has been to enhance and restore public confidence in corporate financial reporting and auditing (Catasus, Hellamn, & Humphrey, 2013; Humphrey et al., 2009; Quack & Schubler, 2017) in the face of recurring crises.

THE GRADUAL DEMISE OF ‘DELEGATED’ SELF-REGULATION

The notion of self-regulation within the accounting profession has long been problematic. In the UK and Ireland, for example, a more precise term is ‘delegated self-regulation’ because professional accounting bodies were traditionally recognised and supervised by government ministers under statutory powers set out in various pieces of Companies legislation. As such, they were considered part of the modern capitalist state schema operating as quasi-state regulators, a relationship that was seen to be of benefit to both the state (politicians) and the accounting profession (Quack & Schubler, 2017). For example, the state saved on the cost of regulation by passing it off to the private sector (Willmott, Cooper & Puxty, 1993) but it was also allegedly able to benefit from the profession’s knowledge and expertise (Sikka & Willmott, 1995) as well as distancing itself from the downside of any accounting failures by being able to blame the profession instead. In return, the state granted the accounting profession monopoly over the provision of audits and the setting and enforcing of auditing and accounting standards on the assumption that the profession continued to demonstrate its ability “to responsibly and reliably regulate the quality of its services” (Willmott, 1986, p.558). In many jurisdictions, there was a widespread belief that leaving the profession to regulate itself worked “infinitely better than a statutory regime managed by civil servants (Suiter, 1997, p.15).

Professional bodies have continually enrolled their knowledge-based resources to maintain the self-regulatory logic traditionally underpinning the governance of professions. In

doing so they seek to protect their own professional interests by endorsing or seeking to construct rule systems that become part of the institutional fabric of the regulatory field. These rules are constructed in such a manner that the profession can lay claim to being the only parties with the necessary expertise and legitimacy to interpret and apply them (Humphrey et al., 2017; Suddaby & Viale, 2011). For example, the accounting profession's disciplinary rules are purportedly designed in the broader social interest but largely operate to consolidate the power and status of the profession (Canning & O'Dwyer, 2001; 2003, O'Dwyer & Canning, 2006; Muzio, Brock, & Suddaby, 2013) with their application often shrouded in mystery. However, when the rules have been exposed to external scrutiny, they have frequently been found to be wanting (Canning and O'Dwyer, 2001, 2003) thereby instigating attacks on the continuation of the profession's self-regulatory status.

In the Irish context that we have studied extensively over the past sixteen years, evidence of extensive frauds incriminating members of the Irish accounting profession in the late 1990s led to a public outcry as the profession failed to take disciplinary measures against implicated members, including a former Prime Minister. Public and political support for delegated self-regulation diminished, eventually leading to the formation of an oversight body (Canning & O'Dwyer, 2013; O'Regan & Killian, 2014). After the subsequent high profile corporate collapses of Enron and WorldCom in the US, efforts to restore confidence in financial audit and reporting also led to the establishment of independent oversight bodies in other jurisdictions, such the Public Company Accounting Oversight Board (PCAOB) in the US, the Professional Oversight Board (POB) in the UK and other umbrella organisations such as the International Forum of Independent Audit Regulators (IFIAR). Subsequent mimetic and isomorphic pressures led to many other jurisdictions dismantling their self-regulatory regimes and replacing them with greater state oversight of core elements of the accounting profession's activities (Caramanis, Dedoulis & Leventis, 2010; Hazgui et al., 2011; Humphrey, 2008; Humphrey, Kausar, Loft & Woods, 2011; Malsch & Gendron, 2011).

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TRANSLATING GLOBAL GOVERNANCE TRENDS TO THE LOCAL LEVEL – SEDIMENTATION AS OPPOSED TO SYNERGY

Accounting practice is increasingly global and frequently requires oversight at a global level as the gaze and reach of national regulators can be increasingly compromised (Muzio, Faulconbridge, Gabbioneta, & Greenwood, 2016). However, it is misleading and somewhat naïve to assume that local regulators operate as regulatory dopes easily enacting mandates emanating from the global arena. While acknowledging that local regulatory sites do not exist in a vacuum (Djelic & Sahlin, 2009; Humphrey, Kokkali, & Samsonova, 2010; Humphrey Loft, & Woods, 2009; Loft, Humphrey, & Turley, 2006; Malsch & Gendron, 2011; Richardson, 2009), a series of studies contest the ease with which global governance trends translate at the national or local level. These studies unveil numerous contextual factors that local regulators must address either in isolation or as part of their efforts to translate global regulatory trends in accounting within their national contexts (see, for example, Arnold, 2005; Caramanis et al., 2010; Canning & O'Dwyer, 2013, 2016; Hazgui et al., 2011; Jeppesen & Loft, 2011; Malsch & Gendron, 2011). Moreover, the translation of transnational regulatory oversight models within different national contexts is especially dependent on the capacity and inclination of nation states to interfere with self-regulation among national professional accounting associations (Suddaby, Cooper, & Greenwood, 2007). The Big 4 professional services firms also play an influential role here (Muzio et al., 2016). Hence, global trends in oversight, often supported by transnational actors, can confront resistance from nation states and their professional accounting associations. In several jurisdictions, a form of 'sedimentation process' has occurred (Cooper, Hinings, Greenwood, & Brown, 1996) in which, transnational

regulatory/oversight requirements have operated alongside national requirements and relied extensively on traditional national actors for their approval and execution (Caramanis et al., 2010; Jeppesen & Loft, 2011; Malsch & Gendron, 2011). Transnational actors promulgating public oversight of the accounting profession have therefore not *dislodged* national professional associations but have instead, to varying degrees, been superimposed on them (Suddaby et al., 2007).

This variation in the embeddedness of global trends in governance of the accounting profession is especially evident in the translation of global oversight trends to the national contexts of Greece and Ireland. Caramanis et al.'s (2015) study of the formation and operation of an oversight body for the accounting profession in Greece (see also: Blavoukos, Caramanis, & Dedoulis, 2013) showed how the Greek oversight body remained largely dormant during its lifespan. Caramanis et al. (2015) attributed this to acutely entrenched local socio-political influences and pressures such as the supremacy of delegative democracy in Greece, rifts within the Greek accounting profession, state control of the oversight body, and a political system where clientelism was rampant. While the Greek oversight body was restricted by its inability to operate independently of the State, Canning and O'Dwyer (2016) found that the oversight body established in Ireland was much more exercised with operating independently of the accounting profession. In Greece, political leaders sought to directly influence appointments to the oversight body (Blavoukos et al., 2013, p. 140) but this was barely evident in Ireland. In Greece, state control and widespread apathy inhibited the transformation of domestic policy making. In contrast, socio-political factors in the Irish context, such as the legislation underpinning the oversight body's formation, sheltered it from government intrusion. Unlike Ireland, in Greece the oversight body was denied basic resources such as office space, manpower, and expertise (where these were available), and was established in a vague legal environment. This contrasting evolution of two oversight bodies supports Caramanis et al.'s

(2015) claim that the efficacy of oversight bodies in governing the accounting profession should not be taken for granted given the different historical, social, cultural and economic traditions into which they are introduced. It also sustains their claim that globally-inspired institutional reforms of governance of the accounting profession do not necessarily translate readily to the local level where their operationalization can “often [be] ... 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 to govern the accounting profession in a particular manner (Blavoukos et al., 2013, p. 142).

SHIFTING SITES OF GOVERNANCE OF THE ACCOUNTING PROFESSION – THE FLUCTUATING ROLE OF THE ‘BIG N’ PROFESSIONAL SERVICE FIRMS

While significant research attention has been afforded to the role of new regulators in shifting governance of the accounting profession, it is also widely argued that Big 4 professional service firms have become the site and not the subject of (global and local) regulation, including that related to the accounting profession (Cooper & Robson, 2006; Humphrey et al., 2009; Malsch & Gendron, 2011; Muzio et al., 2016; Suddaby et al., 2007). A significant stream of work suggests that their global size and significance offers them leverage over national regulators and influence over the design of international regulatory arrangements (Muzio et al., 2016) in which they seek to align regulations with their commercial interests (Arnold, 2005, 2009; Caramanis, 1999, 2002). Caramanis (2002) demonstrated this tendency when revealing the central role played by the (then) Big 5 firms in initiating and coordinating actions by the EU, OECD and WTO to promote regulation aimed at opening up the local Greek audit market to international competition (see also Caramanis, 1999, 2005) thereby allowing the (then) Big 5 to enter this market and prosper at the expense of smaller, local Greek audit firms. Recent work, however, offers a more nuanced perspective on the process through which

this influence may arise and suggests that the nature of these regulatory alliances may be contingent on the stage of the regulatory change process. For example, in the Irish context, Canning and O'Dwyer (2013) showed how the Big 4/5 firms formed an allegiance with professional accounting bodies in the early stages of a regulatory realignment of the accounting profession and opposed key regulatory oversight proposals that appeared to threaten their commercial freedom. When they realised that this battle was effectively lost, and independent oversight would occur, with or without their support, they remained silent, choosing to let the professional accounting bodies coordinate any further resistance to regulation on their behalf. This positioning is consistent with prior work by Clemens and Douglas (2005) and Goodstein (1994) who contend that individual organisations who are members of professional bodies may adopt less active strategic responses to interference from regulation as they believe they can rely on their 'trade associations' (in this case, the professional accounting bodies) to publicly adopt the more active, resistant strategies. The following section examines in more detail the interactions between these organisations (and their representative professional bodies) and a nascent regulator set up to modify the governance of the accounting profession.

'THE MOST EFFECTIVE LIES ARE THOSE WE BELIEVE OURSELVES' – THE PROFESSION'S STRATEGIC RESPONSES TO GOVERNANCE CHANGE

There is extensive research suggesting that the accounting profession has been highly successful in influencing the design and initial interpretation of new governance models (Malsch & Gendron, 2011) with many claiming that the profession has largely diluted new governance regimes, thereby rendering them ineffective (Shapiro & Matson, 2008). Prior research work also recounts how reforms in the internal management of the accounting profession have been (sometimes) inadvertently stimulated by government initiatives in

contexts where heightened proximity between governments and the accounting profession has ensued (Radcliffe, Cooper, & Robson, 1994; Robson et al. 1994; Willmott et al., 1993).

Muzio et al.'s (2016) ecological perspective on professions highlights how the projects of specific occupations are constrained, supported and generally affected by the moves of social actors adjacent to them and with whom they regularly interact, such as the state and its appointed regulators (see also: Suddaby & Muzio, 2017, pp. 37-39; Suddaby & Viale, 2011). This interactive process has been a key feature of governance change efforts in the accounting profession. Canning and O'Dwyer (2013) and O'Regan and Killian (2014) studied the extensive interactions between an incoming regulator and the Irish accounting profession in attempts to change the governance of the profession prior to the implementation of new regulatory arrangements. In this context, the accounting profession aggressively resisted proposed changes by seeking to discredit the oversight logic underpinning the proposed changes and to dilute the powers offered to a proposed new public oversight body in the pre-implementation phase of new governance procedures.

Control of information was mobilized as a key resource by the profession to maintain its power to self-govern and in particular, to dictate the interpretation of the proposed governance changes (Scott, 2001). The profession realised that if it relinquished control of this key resource to the oversight body, its ultimate goal of non-interventionist oversight would not be attained. Hence, the profession adopted defiance and manipulation strategies seeking to enforce boundaries on what the oversight body would be permitted to do (see, Hancher & Moran, 1989; Oliver, 1991). For example, when the creation of an oversight body was initially proposed, the profession sought to limit the body's intervention powers so that it would maintain control over key information regarding its members' activities and the operation of its disciplinary processes. Allusions to the profession's extensive knowledge, expertise and

organisational capacity resources permeated these resistance strategies. The profession also sought to undermine the regulatory power assigned to the oversight body by interpreting the draft legislation establishing the body in a manner that suggested the oversight body would be powerless to intervene in the profession's governance as well as continually highlighting a lack of sufficient expertise in the body. These responses exposed tensions between a desire to present a picture of a profession keen to identify itself with a traditional public interest logic (Muzio et al., 2013; Suddaby et al., 2007) and that of a commercial logic evident in its uncompromising responses.

The defiant nature of the accounting profession's response to proposed governance changes in this case illustrates how governance changes imposed from the outside can leave a profession blind to how it publicly promotes its own self-interest while enrolling public interest rhetoric. The remorseless nature of the profession's defiance sought to deflect extensively researched and widely publicised criticisms of its governance of members, in particular in the area of its complaints procedures. The profession's responses expressed disbelief that its 'self' governance was being questioned (see also: Canning & O'Dwyer, 2003). The blinkered nature of these responses reflected a desire to retain relevance and control at national level *at all costs* while also unveiling the persistent problems the profession was having adjusting to a local (and global) political and social environment where automatic deference to the accounting profession was no longer guaranteed. According to Moore, Tetlock, Tanlu, & Bazerman (2006), most professionals sense that their professional decisions are always defensible and that 'external' criticisms of their work are "overblown by ignorant or demagogic outsiders who malign them unfairly" (p. 11). The Irish accounting profession's complacency and implicit dismissal of international regulatory developments corresponds with this perspective. However, the extreme nature of its defiance of efforts to interfere in its governance also unveils some of the internal dynamics of 'moral seduction' within professions, where professionals

become unconsciously biased and find it difficult to abandon their own self-interest even if they seek to do so (Moore et al., 2006). As Canning and O'Dwyer (2013) argue, it is as if the Irish profession was in denial about the authenticity of the accumulation of public concerns over an extended period which contested its previously undisputed status in the Irish social and political context. The profession failed to fully appreciate the extent to which the defiant strategies it adopted actually exhibited extreme self-interest even if the profession itself may have perceived them as reasoned and balanced. As Moore et al. (2006) note, "the most effective lies are those we believe ourselves" (p. 22).

Two intriguing features of this case urge caution when seeking to construct stories of an all-powerful profession and the interventionist Big 4 firms alluded to in the previous section. First, the regulator consistently repelled the efforts of the profession to neuter its proposed powers. While the regulator initially signalled a symbolic commitment to compromising with the profession to alleviate the profession's concerns, when the profession refused to back down on its demands and escalated its aggressive rhetoric, the regulator defied the profession and dismissed its concerns. This resulted in the final legislation supporting most of the power the regulator was seeking over the profession's governance. Hence, little compromise was evident as the regulatory space was altered, with the joint construction of meaning that Scott (2001) sees as central to the interpretation of initial regulatory rules rarely evident. Second, despite the widely cited influence of the Big 4 professional service firms on regulation and regulators, noted in the previous section, these firms were not visible in protecting the profession's self-regulatory status. Perhaps the Big 4 did not consider that increased regulation of many of their employees posited a commercial threat or, more likely, they were happy for their representatives in the interim regulatory body to make their case privately. We explore this further in the next section by unpacking the institutional work that the nascent regulator

undertook to beget change that effectively dismantled the delegated self-regulation of the Irish accounting profession.

THE INSTITUTIONAL WORK UNDERPINNING THE DISMANTLING OF SELF-REGULATION

Recent work on the professions has been keenly focused on the relationship between professions and institutions such as markets, regulators, and business practices. Aspects of this work highlight how professions are not only key mechanisms for, but are also targets of institutional change (Humphrey et al., 2017; Muzio et al., 2013). In this section, we mobilise Canning and O'Dwyer's (2016) theorisation of the interactive, dynamic process through which new governance oversight arrangements for the accounting profession evolve. We unveil a process of institutional work through which a nascent oversight body targeted the accounting profession as part of a process aimed at introducing interventionist public oversight of the profession. This takes aspects of the empirical dimension of our discussion of professional resistance in the previous section and postulates how the state and its proposed regulators conduct institutional work to fundamentally alter the governance of the accounting profession. We also unveil how shifting institutional logics shape and are shaped by the institutional work undertaken within this process (see also: Empson et al., 2013; Marquis & Lounsbury, 2007; Thornton, 2004; Thornton & Ocasio, 1999). While the process model evolved from Canning and O'Dwyer's (2016) contextualised longitudinal study in the Irish context, it is adapted to theorise the dynamics underpinning the aforementioned shifts in the regulation of the accounting profession from delegated self-regulation to public oversight more widely. This five-stage process is depicted in Figure 1 below. We elaborate on this figure in five separate phases below.

INSERT FIGURE 1 HERE

Phase 1 - Initiating institutional change in governance – disrupting a self-regulatory regime

As noted earlier, proposals to shift the governance of the accounting profession have evolved largely from the proliferation of public scandals surrounding the profession and its members. These proposals are frequently underpinned by a shift from a self-regulatory logic to an oversight-supervisory logic. The latter seeks to tentatively disrupt pre-existing governance structures surrounding the accounting profession by promoting independent oversight models that are not overly interventionist. However, given the embedded nature of the existing self-regulatory logic, the institutional work required to provoke a response from the profession often has to be confrontational. Groups seeking to promote change need to be unambiguous in their attacks on the moral foundations of existing self-regulatory regimes. Direct accusations, with supporting evidence, of the “lack of effectiveness” of existing arrangements, often pointing to prior self-regulatory failures are required. Campaigning individuals with broad-based credibility, such as high profile politicians, need to mobilise ‘hard’ advocacy work in order to undermine widespread assumptions and beliefs supporting the efficacy of self-regulation. This can involve the unremitting mobilisation of media and political support and confrontational behaviour seeking to publicly undermine the moral foundations associated with self-regulation. Existing assumptions and beliefs must be continually undermined by pre-empting any profession concerns with the perceived risks and costs attached to close oversight. This institutional work also needs to ensure that the ‘public interest’ rhetoric commonly adopted by the profession is re-articulated in a manner that makes the profession look weak. In the Irish case, behind the scenes, highly direct and explicit confrontational practices were mobilised to inculcate the accounting profession’s conscious obedience (Lawrence & Suddaby, 2006, p. 232). The combination of work comprising ‘hard’ advocacy and the disassociation of moral foundations underpins the core institutional work

seeking to undermine assumptions and beliefs supporting the self-regulatory status-quo. This creates a sense of crisis surrounding self-regulation which demands a response and provides the space that facilitates the introduction of interim oversight of the accounting profession in advance of full legislative reform. In this way, it legitimises the change efforts and allows an oversight-supervisory logic to prevail in discussions of the profession's governance.

Phase 2 – Establishing the structures to realise shifts in governance

Shifting regulation through establishing oversight bodies combines numerous forms of interrelated institutional work such as: educating work; 'soft' advocacy work; work aimed at constructing normative networks; and defining work. Given the diverse composition of oversight bodies, which include some members of the regulated profession, educating work is crucial to ensuring that members fully and independently commit to their role as insiders in the oversight body and to its normative goals. 'Soft' advocacy work aimed at legitimising the body with legislators and public officials is essential to securing the material and intellectual resources necessary to supporting the body's effectiveness. This also operates to ensure that the legislation establishing the body's authority is not diluted and is passed swiftly.

The institutional work of constructing normative networks seeks to soothe the profession's concerns and pursues legitimacy using intermediaries such as consultants with professional attachments to accounting firms. This is assisted by 'soft' advocacy work involving extensive engagement with the professional bodies and Big 4 firms aimed at offering reassurances and clarification. Defining work is mobilised to delineate the boundaries of the oversight body's duties. This combination of 'soft' advocacy and defining work ultimately aims to create a consensual identity for the oversight body that will enable it to regularly interact with the profession and be viewed as both consensual and responsive. A further contextual feature of Canning and O'Dwyer's (2016) theorisation was the explicit *rejection* of mimicry work by the oversight body's Chairman and CEO which was driven by a desire not to

unwittingly follow international trends and to offer a unique, locally-grounded shift in governance of the accounting profession in Ireland.

Phase 3 - Countering profession efforts at logic assimilation

While the interrelated forms of work outlined in phase 2 above seek to inculcate an oversight-supervisory logic to underpin governance of the profession, resistance from the profession is likely when governance moves from the aspirational to the implementation phase. In the Irish case, this was fuelled by a sense within the accounting profession that the oversight body sought to interfere too much in its 'private' affairs and involved a concerted effort by the profession 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 this case, the self-regulatory logic - but new practices (such as those proposed by the oversight body) are made part of this prevalent logic (Thornton et al., 2012, pp. 165-166). This resistance from the profession, the nature of which was outlined in the previous section, can be countered by an oversight body adopting more confrontational forms of work such as 'audit' policing work which instructs professional bodies as to where they need to change their procedures and structures. This work needs to be supported by enabling work aimed at creating a rule system that will facilitate the oversight body's operationalization of its mandate. Persistent resistance from the profession, however, can necessitate continual work aimed at creating a confrontational identity for the oversight body. While this is contingent on the composition of the oversight board and the extent of mutual trust therein, it also necessitates self-mythologizing work to bolster the body's confidence and authority.

Phase 4 - Coercion as institutional maintenance work

The ultimate test of changes to the governance of the accounting profession arises when actions need to be taken in the face of non-compliance with regulations. Initial institutional changes now have to be maintained. This is where oversight bodies need to become coercive and impose their authority using ‘enforcement’ policing work while recognising that resistance from the profession can escalate. In the Irish case, a major enquiry into key aspects of one professional accounting body’s handling of a high profile complaint offered a test to the oversight body. In the face of extensive, legally backed professional body resistance involving, *inter alia*, the submission of irrelevant documentation and significant delays in presenting key evidence, deterring work was mobilised whereby the oversight body aggressively fought the profession’s resistance by drawing on its own legal foundations. This combination of ‘enforcement’ policing work and deterring work enabled the continual construction of the oversight body’s confrontational identity.

Phase 5 - Inserting the global into the local – coping with shifting logics

While we have already argued that the insertion of global shifts in the regulation of the accounting profession to the local national level cannot be presumed, global developments can be used by local regulators to support a reassessment of their role and powers. In the Irish case, while the oversight body was busy seeking to sanction the profession over an extended period (see phase 4 above), a shift from an oversight-supervisory logic to an oversight-interventionist logic occurred at the global level. This involved oversight bodies acquiring much more power to intervene in the governance of professional accounting bodies. In the Irish context, the oversight body moved swiftly to seek such powers which served to disrupt the moral foundations of the oversight regime they had spent so long establishing and implementing in phases 1 to 4 above. The body mobilised ‘hard’ advocacy work, in which it demanded increased powers from the Irish government in public forums, in conjunction with mimicry work seeking to imitate international trends to enable this increased intervention.

Overall, the institutional work performed by the oversight body in phases 3 and 4 sought to repel the logic assimilation efforts by the profession in phase 3 (see also section 2 above) lest it succeed in neutering the oversight body's proposed powers and new practices. In the final stage above, the oversight body, recognizing its relative impotence in light of this global shift, sought to mobilise the core elements of this more interventionist logic to underpin the mimicry and 'hard' advocacy work focused on gaining expanded powers and practices. In particular, the oversight-interventionist logic underpinned the rationales the oversight body's chairman constructed to shape the regulatory environment in a manner suited to the oversight body's new-found needs (see also: Thornton & Ocasio, 2008; Tracey et al., 2011; Suddaby & Greenwood, 2005).

CONCLUSIONS

This chapter has explored the nature of the efforts to reconfigure the regulation and governance of the accounting profession as it has evolved to evolved to embrace and serve globalised enterprise. Drawing on over a decade studying regulatory change in the Irish context, it illuminates how the state, and in particular its supporting agencies, engages in institutional work in its interactions with the accounting profession as it seeks to legitimise and implement changes in the governance of the profession.

Extensive examinations of the processes through which professional accounting regulation has been developed and interpreted exist in the literature (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). It is, however, also important, to explicitly examine how new regulation is implemented by studying how oversight bodies interact at the micro level with the accounting profession during dynamic processes seeking changes in the profession's governance. This can expose the

“jockey[ing] for positions that [operates to] confer legitimacy on [oversight bodies] as they attempt to ensure [their] relevance and survival” (Gillis, Petty, & Suddaby, 2014, p.897). It also unveils not only the regulatory consequences of the profession’s enhanced focus on serving globalised enterprise but also exposes the profession’s own enterprising nature when responding to threats to its self-regulatory authority.

The dynamic involved in shifting the governance of the profession does not simply involve government imposition on a previously self-regulated profession (Radcliffe, Cooper & Robson, 1994, p. 619). Instead, movements among assorted constituencies influence the relative power of these constituencies in ways that are not 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), an institutional work framing also allows researchers to connect to practical issues surrounding regulatory change, thereby increasing the practical relevance of management (and accounting) research (Alvesson & Sandberg, 2011, 2013; Kieser, Nicolai, & Seidl, 2015).

We conclude our chapter by advising scholars not to lose sight of the local in their quests to prioritize studies of global regulatory arrangements seeking to govern professions. While we accept that such studies are important given transnational developments, they should not lead us to lose sight of the detailed processes through which these global regulations are translated at local level. Furthermore, studying the interactions between local and global regulators offers insights into how local regulatory mandates are operationalized in the presence of global pressures and highlights how regulatory shifts can be substantive in some contexts (Canning & O’Dwyer, 2013, 2016) while symbolic in others (Hazgui & Gendron,

2015). This supports the importance of recognising the social and political landscape in which regulation is embedded (Caramanis et al., 2015) and for us to continue to investigate, rather than presume, passivity on the part of local regulators (Canning & O'Dwyer, 2013).

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TABLE 1:

Key events leading to regulatory change in the Irish accounting profession

Events leading to proposal to remove self- regulation and the setting up of an oversight supervisory body:

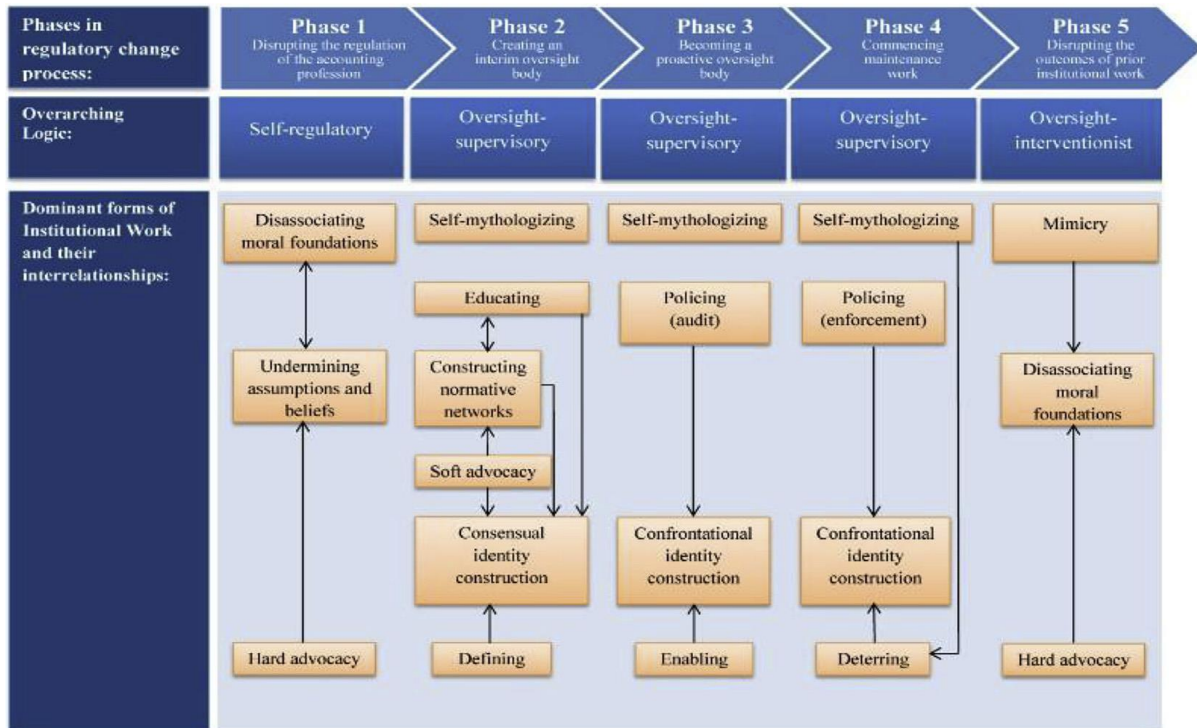
- Three major public inquiries implicating accountants in malpractice and accusing accounting profession of a weak disciplinary process:
 1. Inquiry into beef processing industry which found Irish accountants involved in the setting up of illegal tax avoidance schemes (Beef Tribunal Inquiry, 1994);
 2. Revelations of the operation of a complex tax evasion scheme by various accountants, to benefit among others, a former Prime Minister (McCracken Report, 1997);
 3. Investigative media reports revealing the setting up by accountants of bogus non-resident bank accounts to facilitate the widespread evasion of deposit interest retention tax (Bougen, Young & Cahill, 1999).
- Irish Government expresses concern and establishes the Review Group on Auditing (RGA) to investigate the effectiveness of self-regulation of the accounting profession (O'Regan, 2009).
- Extensive lobbying by professional accounting bodies and the then 'Big 5' professional services firms for the maintenance of self-regulation (submissions to Department of Enterprise Trade & Employment and to RGA, see Canning & O'Dwyer, 2013).
- RGA reported in 2000 and proposed removal of self-regulation of the accounting profession and the setting up of an oversight supervisory body (RGA, 2000).
- Interim oversight body, Irish Auditing & Accounting Supervisory, set up April 2001 (DETE, 2001).
- Continued resistance of oversight by the professional accounting bodies using manipulation and offers of help to draft legislation (Canning & O'Dwyer, 2013).
- Manipulation resisted and IAASA (the Irish Auditing and Accounting Supervisory Authority) established on a statutory footing in December 2005 (see Canning & O'Dwyer, 2013).

Events leading to the move from an oversight supervisory body to an oversight interventionist body:

- International accounting-related scandals (e.g.: Enron, WorldCom) led to the setting up of oversight bodies with direct interventionist powers while IAASA (the Irish Auditing and Accounting Supervisory Authority) remained with oversight supervisory powers (Canning & O'Dwyer, 2013).
 - In 2008, EU commission recommended direct inspection of public interest entities (Erwin, 2012).
 - Global financial crisis resulted in regulators being interrogated as to how the crisis could have occurred 'on their watch' (Canning & O'Dwyer, 2016, p.14).
 - IAASA called in front of Irish Parliament in 2009 to face questioning. IAASA responded by seeking direct interventionist powers similar to its international contemporaries (Erwin, 2009).
 - Responsibility for direct inspection given to IAASA on 17 June 2016 (Canning & O'Dwyer, 2016).
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FIGURE 1:

Institutional work and governance change in the accounting profession



Adapted from Canning and O'Dwyer (2016, p. 8)

Notes to Figure 1:

- The direction of the arrows indicates the direction of support from one form of institutional work to another as part of the efforts by individuals in an oversight body to realise regulatory change.
- **Hard advocacy work**, evident in Phases 1 and 5, is defined as the use of direct, explicit, confrontational, and threatening practices of social suasion which mobilise rhetoric and explicit contrasts outlining terrible consequences. Hard advocacy work is highly insistent and impatient and can encompass scare-mongering and a lack of openness to negotiation or consensus. It is focused on ensuring that advocates get exactly what they are advocating for and is aimed at creating a sense of a crisis that needs to be responded to.
- **Soft advocacy work**, evident in Phase 2, involves the use of subtle, largely implicit, unthreatening techniques of social suasion. It focuses on seeking consensus as opposed to conflict and mobilises gentle rhetoric while avoiding direct confrontation.
- **Consensual identity construction** work, evident in Phase 2, involves efforts to build constructive relationships in order to be viewed as consensual and responsive.
- **Confrontational identity construction** work, evident in Phases 3 and 4, is defined as work involving taking firm, non-negotiable, uncompromising positions in order to be viewed as conflictual and confrontational.
- **Self-mythologizing work** involves work among a community of peers designed to create and sustain myths regarding the community's history and actions in a specific domain.

