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Annexing New Audit Spaces: Challenges and Adaptations

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ANNEXING NEW AUDIT SPACES: CHALLENGES AND ADAPTATIONS

Abstract

Purpose: This paper examines attempts at jurisdictional expansion in the audit field. Specifically, we critically analyse the professional implications of 'new audit spaces', that is, novel auditing and assurance services that have emerged at intersections between audit and other fields such as the environment, the public sector, sport and education. The purpose is two-fold. First, to better understand the dynamics of new audit spaces, and second, to highlight the major challenges and adaptations prompted by these dynamics.

Design/methodology/approach: Drawing on Bourdieu's theory of practice, we highlight and problematise four issues central to the construction of new audit spaces: (1) independence; (2) reporting; (3) professional accreditation; and (4) the nature of the audit role.

Findings: The audit profession has experienced mixed success in seeking to annex new audit spaces; in some instances, practices initially located at the margins of auditing have moved towards its centre, while elsewhere projects have been abandoned, colonised by others or remain in flux. In these ventures, the accounting profession is brought into competition with other bodies of expertise and modes of practice. In new audit spaces, core elements of auditing, as conventionally conceived, are transmogrified as they travel.

Originality/value: This analysis calls into question some of the 'sacred cows' of auditing and challenges the transferability of the capitals and habitus of the accounting profession in other domains. Future research avenues are suggested.

Keywords: New audit spaces; Independence; Audit report; Accreditation; Bourdieu; Accounting profession

1 Introduction

Professional auditing has long been marked by dynamism and fluidity. Throughout their history, audit firms have been proven to be highly adaptive, responding and innovating amid dynamic and competitive markets. In recent decades, audit markets have experienced substantial change, characterised by a high degree of concentration and 'tiering' of firms and expansion into a set of occasionally polemic consulting services, as well as the emergence of a series of 'new audit spaces' offered by a combination of different actors and firms. The very nature of auditing has changed as the boundaries have been redrawn (Miller, 1998), with some new audit practices moving into the very core of auditing while others remain at its periphery.

This paper has two key objectives. First, we seek to better understand how the nature of the emergence of *new audit spaces* (Andon *et al.*, 2014), and the key characteristics assigned to them, have reoriented the fundamental features of audit. Second, we explore the implications that this reorientation has had for the efforts of professional accounting elites (e.g., the Big-4 and professional accounting bodies) to expand their jurisdiction into new audit spaces. For the purposes of this paper, new audit spaces is used as an umbrella term to describe novel assurance and auditing services outside of the traditional attest audit domain. In his widely cited *Audit Society* work, Power (1994, 1997) argues that auditing has infiltrated many areas of contemporary Western society, with its terminology and methodologies now applied to other domains such as environmental auditing, value-for-money auditing, and technology auditing. These service offerings have led the audit field to intersect with semi-autonomous fields and brought into question the very definition of auditing.

While Power distinguishes auditing from "supervisory practices of real time inspection" (Power, 1994, p. 300), he intentionally avoids defining the concept clearly, highlighting a lack of consensus within the field itself, and warning that 'official definitions' only offer an idealised projection of hopes invested in audit practice (Power, 1997, p. 4). As such, emphasis is placed on the dispersion of the word 'audit' in scoping the field, rather than on its conceptualisation (Lindberg, 2007). Further, Power (1997) asserts that this 'fuzziness' is in fact what enables it to be translated and adapted to an ever growing variety of organisational and social contexts. The manifestation of "general conceptual ingredients" (Power, 1997, p. 5)[1] is argued to be contextually dependent, meaning they may not appear as they are conventionally conceived from the perspective of financial statement auditing.

While there are some exceptions, for the most part the accounting literature on auditing is narrow in scope, focusing almost exclusively on professional accountants, financial statement audits by licensed auditors and related regulatory regimes (Cooper and Robson, 2006; Francis, 2011; Nelson and Tan, 2005). Further, research on the expanding jurisdiction of audit firms has tended to focus on the so-called 'non-audit services', primarily in the form of consulting services, which have raised animated debates about independence (DeFond, 2002; Kinney Jr, 2004; Schmidt, 2012). The emergence of new audit spaces has been less explored. This is, however, an important area to study as this refashioning of the boundaries of auditing has opened markets that are in many instances substantial in their own right, as well as raising questions that go to the heart of contemporary financial management and corporate governance.

Our focus on the emergence of new audit spaces contributes to the literature by offering a window into the social construction of expertise and inter-professional rivalry. This facilitates the development of in-depth insights into how new audit services are created and developed and who and what is seen as legitimate. As Francis (2011, p. 322) concludes:

> … we can benefit from a more expansive view of auditing without borders, one that considers the commonalities of financial statement audits with other certification practices. We can both learn from and potentially contribute to other research literatures.

Our study also contributes to the long stream of work in the area of professions that has investigated the notion of jurisdictional expansion (Greenwood *et al.*, 2002; Muzio *et al.*, 2013; Suddaby and Greenwood, 2001; Suddaby and Viale, 2011). A recurring image in this work has been the powerful professional elite proactively and strategically commodifying and colonizing adjacent professional jurisdictions deemed to be commercially significant (Suddaby and Greenwood, 2001). New audit spaces offer an interesting window into this phenomenon, reflecting areas where a mature, hierarchical audit field intersects with other fields such as sport (see Andon and Free (2012) in relation to salary cap auditing), government (see Radcliffe (1998) in relation to value-for-money auditing), the environment (see O'Dwyer *et al.* (2011) in relation to sustainability assurance) and higher education (see Wedlin (2007) in relation to university rankings). In these intersections, new institutional infrastructure is created that draws heavily on the mature audit field. We demonstrate that new audit spaces may be primarily driven by actors outside the mature audit field and that the capacity of professional accounting firms to adapt and colonise new audit spaces is neither unproblematic nor inevitable (Greenwood and Suddaby, 2006; Muzio *et al.*, 2013; Suddaby and Viale, 2011). We illustrate that the process of adaptation in new audit spaces has seen fundamental aspects of audit challenged: the nature of independence conceived differently, modes of reporting reconsidered, different accreditations emerging, and the very nature of the role of the audit acquiring new meanings.

This paper is structured as follows. The next two sections provide a brief overview of the history of professional auditing and recent expansion of new audit spaces. This is followed by the theoretical framework of the paper, informed by the work of Pierre Bourdieu. The discussion presents a wide-ranging discussion of four different themes raised by the emerging literature in the area of new audit spaces: (1) independence; (2) reporting; (3)

professional accreditation; and (4) the nature of the audit role. The final section concludes the paper and draws together the implications of the analysis.

2 Mature but evolving: Developments in audit practice

Reviews of the history of auditing as a practice have consistently underlined its fluid and dynamic nature. Brown (1962) documents that the objectives, methods and emphasis on internal controls in auditing have changed dramatically in the past 400 years, shifting from the detection of fraud to the determination of 'true and fair' financial position. Table 1 illustrates key trends, including an enhanced reliance on internal controls and a decrease in detailed testing.

[INSERT TABLE 1 HERE]

Although Zeff (1987) observes that the relaxing of accountants' code of ethics (which had previously prohibited direct competition in the supply of services) began as early as the 1970s, diversification escalated throughout the 1990s as accounting firms saw the profitability of attest auditing decline due to hyper-concentration of the sector, a wave of corporate mergers, and the role of technology in the audit process (Brock, 2006; Malsch and Gendron, 2013). In particular, there was a dramatic spike in consulting as firms developed new areas of business not directly related to traditional audit services. The decade witnessed a wave of acquisitions, including Deloitte's acquisition of Access Economics, and PwC's acquisition of PRTM, as each major firm built its advisory and consulting arm, with particular emphasis on organisational performance improvement capability. In the UK, Robson *et al.* (2007) illustrate that the ratio of non-audit fees to audit fees for FTSE top 100 companies increased from 0.2:1 in 1992 to 3.7:1 in 2001 (the year before the collapse of Enron). By expanding service options beyond its original jurisdiction, the accounting establishment had to expand the scope of recruitment to include experts (in law, IT, strategy, etc.) with different (and sometimes conflicting) social and professional dispositions (Malsch and Gendron, 2013).

Parallel to these developments has been the emergence of a number of novel assurance services in "new audit spaces". These initiatives have varied widely in terms of timing, participating actors, contexts and success. A highly influential case in point is the development of efficiency auditing,[2] where auditors reinvented auditing methods for purposes of passing evaluations on the efficiency and effectiveness of public sector initiatives. Other examples include the so-called "WebTrust" initiative to establish the profession's presence in cyberspace (Gendron and Barrett, 2004), the rise of salary cap auditing in professional sport (Andon *et al.*, 2014), assurance of rankings and league tables (Free *et al.*, 2009; Jeacle and Carter, 2011), and sustainability reporting assurance (O'Dwyer and Owen, 2005, 2007; Wallage, 2000). This adding of practices has typically taken place through a process of problematizing existing practices (Rose and Miller, 1992). Sometimes this problematizing of existing practices is done by accountants themselves. At other times, this problematizing of existing modes of auditing is done by outsiders.

In summary, profitability concerns and deregulation have structurally supported the consolidation of commercialism in the audit field, manifested in practices such as 'low-balling', financial incentives for partners and the aggressive pursuit of a consulting market. Another manifestation has been the cultivation of certain new audit spaces. While research has focused heavily on the non-audit services in accounting firms (e.g. DeFond, 2002; Kinney Jr, 2004; Schmidt, 2012), research on the evolution of new audit spaces has been a more recent and fractured phenomenon. This emergent field provides a useful base to examine the nature of new audit spaces and offers important insights into the future operation of auditing firms and auditors more generally.

3 Theoretical considerations

To critically examine the expanding reach of audit-styled practices into a range of new areas, we draw on key theoretical tenets from the work of French sociologist Pierre Bourdieu. Broadly speaking, Bourdieu's work is focused on dynamics and struggles for power and how order is maintained within social worlds. It offers a suite of interrelated analytical concepts – social structure (the field), power relations (constructed and exchanged through various forms of capital), and internalised attitudes and behaviours (habitus) (Malsch *et al.*, 2011, p. 198) – that aid understanding of a given domain's 'logic of practice', including its dominant structures, prevailing power relations, accepted actions and practices, and struggles to both sustain and disrupt these elements.

Bourdieu conceives of modern society as comprised of *fields* – semi-autonomous spheres of action, distinguished by their own historically-derived power relations, schemes of domination, rules of engagement and legitimating principles – that structure human behaviour. A field is always engaged in a struggle, always under tension. Fields are also characterised by particular stakes, for which field participants compete and collectively value. Important in the competition for stakes in a given field is the relative capacity of participants to acquire, exchange and exploit various forms of *capital,* including economic, cultural (which may be institutionalised, objectified or embodied), social and symbolic capital. Prized forms of capital within particular fields are important resources that can be mobilised to enhance one's power and authority in competing for valued stakes (Bourdieu and Wacquant, 1992; Emirbayer and Johnson, 2008). *Habitus* reflects internalised schemes of perception embodied in individuals or groups, manifesting in socially learned values, sensibilities and dispositions acquired, and internalised over time and reproduced through everyday activities and life experiences (Bourdieu, 1977, 1990, 1995).

To better understand professional trajectories emerging from new audit spaces through a Bourdieusian lens, one needs to appreciate the valued stakes, legitimating principles or 'rules of the game', as well as the forms of power that sustain important players. In line with an increased salience in commercial priorities in professional accounting in recent decades (Anderson-Gough *et al.*, 2000; Kornberger *et al.*, 2011; Spence and Carter, 2014), the name of the game in the audit field is economic capital accumulation. Within accounting firms, particularly the Big-4 professional service firms, business activity is animated by the pursuit of new profit sources through winning and retaining clients, and finding new and innovative ways of servicing client needs (Spence and Carter, 2014). This is not to suggest that commercial logics have totally supplanted professional virtues (e.g. public duty, ethical conduct, technical competence). However, as Carter and Spence (2014), Spence and Carter (2014), and Spence *et al.* (2015) evidence through a series of in-depth interviews with Big-4 PSF partners, there is a clear privileging of commercial priorities within the field and concern with what Gouldner (1979, p. 22) calls the "latent function" of cultural capital, whereby those possessing it seek to increase their "income and social control".[3]

In Bourdieusian terms, audit professionals may be characterised as "cultural intermediaries" (Negus, 2002), being involved in the production and circulation of symbolic materials (e.g., audit reports and opinions) that fulfil an ever-expanding demand for assurance and verification, thus positioning auditors with the power to "exert, from their position within cultural institutions, a certain amount of cultural authority as shapers of opinion" (Andon *et al.*, 2014, p. 78). Many forms of capital are at play in the provision of these of these symbolic goods/services as illustrated in Table 2.

[INSERT TABLE 2 HERE]

In line with the institutionalised commercial logic prevailing in audit field, certain forms of capital are more highly valued than others for their convertibility to economic capital, including social capital (growing and using personal networks and leveraging colleagues' connections for new clients and business), forms of cultural capital such as educational capital (educational qualifications) and linguistic capital (a capacity to speak easily and meaningfully with both existing and potential clients to build social capital), and symbolic capital (recognition from involvement in philanthropic or charitable activities) (Carter and Spence, 2014; Spence *et al.*, 2015). Interestingly, within the Big-4 environments studied by Carter and Spence (2014) and Spence and Carter (2014), partner technical expertise (e.g. auditing skill and knowledge of relevant standards - a form of cultural capital) was considered necessary, but of lesser value in the pursuit of economic capital accumulation. In fact, in the context of Big-4 partner promotions, too much expertise can convert to negative symbolic capital (being labelled 'too technical' and consequently 'not partner material') (Spence *et al.*, 2015, p. 10).

The prevailing habitus inculcating acceptable thinking and conduct within the audit field is also influenced by the prevailing commercial logic. Successful audit professionals (i.e. partners and those aspiring to partnership admission) are meant to appear entrepreneurial, charismatic, and commercially savvy; have a nous for spotting business opportunities from emerging client concerns; and know how to comport themselves, including how to dress, speak, listen, set people at ease and generate trust amongst existing and prospective clients (Spence and Carter, 2014). Professional virtues (ethics and technical competence) are also inculcated in accounting professionals, but in a limited way, and subordinated to commercial priorities, framed in a language of risk management and/or litigation threats (Spence and Carter, 2014). By and large, these dispositions are sustained and reproduced through graduate selection (Jacobs, 2003), and firm/professional acculturation and socialisation (Anderson-Gough *et al.*, 1998, 2001; Carter and Spence, 2014; Covaleski *et al.*, 1998). There is also a sense of successful audit professionals transcending their technically-oriented origins and reforming themselves as more commercially-minded as they progress up the professional hierarchy (Chang and Birkett, 2004), leading Spence and Carter (2014, p. 14) to conclude that "the habitus is adaptable and professionals within the Big-4 have scope to re-invent themselves, provided that they can inculcate substantially commercial-professional logics."

It is important to note that presently prized capitals in the audit field are historically contingent, derived from long standing developments within the accounting profession. In addition, prevailing habitus can be personally stylised to reflect an individual's differing social trajectories and life experiences (Bourdieu, 1977, 1990), or disrupted by change (e.g., moves to seize opportunities for new audit services, or the emergence of new players in the audit field) that exposes it to markedly different conditions and/or competition from opposing dispositions and values (Malsch and Gendron, 2013). Thus the attributes that sustain the current hegemonic status of qualified accountants cannot be considered inherent or natural. They can be subjected to trial and challenge (e.g., in the aftermath of the recent global financial crisis). They can also be threatened by the emergence of new services and/or players. Powerful players in the audit field mobilise considerable reserves of economic and other capital to ensure their own resource strengths remain privileged (Cooper *et al.* (2005, p. 376) call this "the power to name capital"). At the same time, there may be junctures where new intersections between auditing and other fields demand change and adaptability if accounting firms are to mount successful jurisdictional claims for new audit services that emerge.

3.1 Professional stakes and the emergence of new audit spaces

Bourdieu's comments on the notion of professions as sociological constructs are scarce but highly critical. He largely derides the notion as "a folk concept", which "has been uncritically smuggled into scientific language and which imports into it a whole social unconscious" (Bourdieu and Wacquant, 1992, p. 242), preferring to focus instead on the concept of fields. Following Schinkel and Noordegraaf (2011), we see "professionalism" as a form of symbolic capital in Bourdieu's terms, characteristic of a historically constructed field of power. For Bourdieu, a profession forms "a system of objective relations between … agents or institutions and … the site of the struggles for the monopoly of the power to consecrate" (Bourdieu, 1993, p. 78); it is the successful claim to professionalism that ensures social closure of a field. In competing for symbolic status with other occupations, a profession is structured as one sub-field of the field of power able to be recognised as legitimate. In these struggles, auditors have been brought into competition with other occupations.

Conceiving of professionalism as a form of symbolic capital that is sought and contested by various social actors draws attention to competitive dynamics in the field. A range of researchers, commentators and professional organisations have argued that the accounting profession's credibility, built from its provision of financial audit, has strong resonance in emerging audit spaces. Claims of 'well-developed global standards', professional 'independence and ethical requirements', 'quality control mechanisms', and 'reputational capital' (particularly amongst the big PSFs) have led many to argue for public accountants as 'higher quality' assurance providers (DeAngelo, 1981; Simnett *et al.*, 2009; Watts and Zimmerman, 1986). As Power (1997) contends, this has led to competency claims by professional auditors in areas of assurance work "with which it may not be natural or, from some points of view, desirable to associate them" (p. 124).

The most systematic professional attempt to carve out new professional opportunities in auditing has been *The Special Committee on Assurance Services* (*The Elliott Committee*), set up by the American Institute of CPAs (AICPA) in 1994, with a final report appearing in late 1996 (AICPA, 1996). The Elliott Committee defines assurance services as "independent professional services that improve the quality of information, or its context, for decision makers" (p. 1). It contends that assurance services "help people make better decisions by improving information available to them" (p. 2). Based on this definition, assurance services encompass, but are not confined to, attestation services.

[INSERT FIGURE 1 HERE]

The Committee proposed six new services that fall in areas as diverse as risk assessment, business performance measurement, information systems reliability, electronic commerce, health care performance measurement and care of the elderly (AICPA, 1996). Here, the audit profession is trying to realign itself with decision-usefulness approaches frequently espoused by the accounting standard setters.

In spite of their claims to the provision of all forms of assurance service, forays by both the professional accounting bodies and PSFs into new forms of assurance have proven neither automatic nor mechanical. They have been successful in certain areas (for example, value-for-money or efficiency auditing (Radcliffe, 1998, 1999)), failed in others (such as WebTrust (Barrett and Gendron, 2006; Gendron and Barrett, 2004)), and the status of new forms of assurance remains contested elsewhere (as has been observed in sustainability report assurance (Green and Zhou, 2011; Mock *et al.*, 2007; Simnett *et al.*, 2009)). What Power describes as "audit implosions" (audit-related functions becoming supplanted by the risk management movement (Power, 2000)) are also evident. And indeed, increasing digitisation of knowledge has led some to suggest that the audit profession is at risk of being left behind (D'Adderio and Pollock, 2012; Jeacle and Carter, 2011).

As new audit spaces continue to emerge, conventional rules, values, and logics of practice that characterise financial statement audit practice become more distant. Establishing the legitimacy of assurance services in new spaces thus requires certain bridging activities –

strategic actions and institutional work – that embed and legitimise assurance practices in novel ways (Andon *et al.*, 2014; Greenwood and Suddaby, 2006).

Like the phenomenon of new audit spaces itself, the emerging academic literature in the area is fragmented and divergent in terms of focus, methods and conclusions. Table 3 provides an overview of key studies in the field, broken down by emerging assurance area.

[INSERT TABLE 3 HERE]

This body of work covers a disparate array of methods and research paradigms, characterised by bursts of analysis of particular phenomena rather than the steady accumulation of knowledge. However, as Table 3 shows, there is now a material body of work that has opened up a variety of different issues inherent in the jurisdictional expansion of the audit field.

4 Analysis

In this section we critically examine attempts at jurisdictional expansion in order to identify major adaptations and transformations at the intersection of financial auditing and other fields. It is structured around four major themes: (1) independence; (2) reporting; (3) professional accreditation; and (4) the nature of the audit role. We argue that development of new audit spaces has important implications for each of these themes, all of which are major structuring principles in financial auditing.

4.1 Independence

A long-standing view deeply held by the profession, researchers and regulators, is that auditor independence is fundamental. Independence may be considered a form of embodied cultural capital, which can confer symbolic capital, and hence legitimacy on auditors deemed to possess it. Without independence, audit is seen to have "no value" (Power, 1997, p. 132).

Lack of audit independence is consistently considered a major contributing factor in high profile scandals (e.g., Enron, HealthSouth and WorldCom), prompting significant regulator responses exemplified by the Sarbanes Oxley Act (SOX henceforth) in 2002. In order to preserve independence, SOX introduced a number of auditor restrictions, including: (1) a list of prohibited non-audit services;[4] (2) a requirement for audit committee approval of other non-audit services from their auditor; (3) audit firm rotation where the audit lead/responsible audit partner has audited the same company in each of the five previous fiscal years; and (4) a prohibition on any audit service where the audit firm previously employed any of a company's key executives within 12 months of audit commencement. Similar regulatory provisions to SOX are being adopted around the world (e.g., the *Corporations Act* in Australia, *Regulation No 537/2014* and *Directive 2014/56/EU* recently passed by the EU).

Over time, there have also been numerous calls for a watering down of independence to accommodate a broader scope of work. Despite these pragmatic urgings, most professional accounting bodies have retained a requirement that a professional accountant in public practice should be *independent in fact* as well as *in appearance*. Wallman (1996) argues for a retreat to an independence in fact test, claiming that public perception of independence is confused by focus on independence in appearance "even when there is no tainting in fact" (Wallman, 1996, p. 79). He argues for a reconceptualisation in terms of 'inappropriate' dependency and conflict; arguing that this approach "more closely fits the reality of how people think" (p. 78). As part of an AICPA project taking "a fresh look at independence for a changing world" (AICPA, 1996), Elliott and Jacobson (1998) argue that independence should be displaced by the concept of objectivity. Objectivity, it is claimed, is a function of independence as well as integrity. As such, an auditor may be objective while having interests in the auditee, provided his/her integrity is high. In this way, independence is transformed from a general problem of appearance affecting the profession, "to a specific problem affecting the independence in fact of the individual auditor and his firm" (Jeppesen, 1998, p. 533).

While rhetoric about independence is a central part of the rules of the game in financial statement audit, recent research has begun to highlight that "the very meaning of independence as a presumed [legitimating] attribute of assurors is much more fluid than we might realise" (Power, 2011, p. 325). In particular, Everett *et al.* (2005) highlight that the symbolic value of audit independence is historically and contextually contingent on developments within the accounting profession. Focusing on the Canadian accounting profession, Everett *et al.* (2005) reveal that independence has not always been central to the ethical discourse of the accounting profession. Other ethical notions, more "religious than scientific" and "character-based than rule-based", were prevalent in earlier parts of the 20th century (p. 416).[5] According to Everett *et al.* (2005), an ethical shift to independence was encouraged by events external to the profession that increasingly legitimated scientific notions like independence and objectivity, along with demographic changes that pluralised and secularised the accounting profession, and consequently its ethical discourse. This not only caused the accounting profession to become "colonised" by notions of independence and objectivity, but for such notions to be "molded and bent by the profession, apparently to fit the needs of the moment" (Everett *et al.*, 2005, p. 435).

The work of Everett *et al.* (2005) raises questions about the symbolic value of independence across fields of assurance outside of financial statement audit, and recent research has begun to consider how the notion of independence travels when assurance services are introduced to new and unfamiliar fields. Knechel *et al.* (2006) find from their study of desirable attributes of assurance services providers (via a survey of a sample of senior accounting and financial officers from 350 companies in the Netherlands) that independence is not an important consideration for engaging assurance services outside of financial statement audit. Overall, expertise (in the context and the performance of the service) and objectivity (whether conclusions are affected by personal bias) were considered most important. Jeacle and Carter (2011) demonstrate via a case study of the TripAdvisor travel website that assurance in the field of travel can sustain legitimacy in the absence of demonstrated independence. Further, this example demonstrates that democratised processes of verification can supplant independent expert knowledge with trust in mass lay opinion, as the latter becomes more valued in an increasingly 'digital age' society. Jamal and Sunder (2011) demonstrate that in the market for baseball cards, certifiers who are "deeply immersed" in the market (i.e., they also provide 'for profit' services in the same field) are seen to provide higher quality service in the form of "being stricter graders, command larger price premiums, and dominate in market share" (p. 284). In this field, these certifiers are seen as more credible than their 'independent' contemporaries. Finally, Andon *et al.* (2014) reveal in the context of salary cap auditing in professional sports fields that priority is placed on a range of cultural and social capitals and relevant habitus, the configurations of which are importantly conditioned by contextual influences and the configurations of power evident in individual sporting leagues.

Taken together, these papers provide further empirical support for the idea that independence as conventionally conceived may not always be as prized as one might think when audit practices are transplanted into new fields. In financial audit, independence has been an important form of cultural capital legitimating practice and claims to professionalism largely seen as beyond reproach. As Big-4 PSFs and other accounting professionals move into new spaces, they continue to accord independence a privileged position both in marketing and arguments about the public interest. However, as it is confronted with different interests and prevailing attitudes, the concept of independence becomes contestable, with different conceptions and constructions of *what it means to be independent*. How a concept of independence is normalised in the field requires careful unpacking. In financial statement audit, a client paying an audit firm directly for an audit opinion is not seen to offend the principle of independence; in the baseball card market, a card seller also undertaking the role of verification is not seen to offend the field's conception of bias (Jamal and Sunder, 2011).

4.2 Reporting

Power (2003) opines that audit is valueless unless its results can be clearly communicated to an appropriate audience. He bemoans the historical prevalence of anodyne and carefully constructed audit opinions that rarely encompass genuine critique in the name of accountability (see also Shore and Wright, 2000). While the stylised language in boiler-plate audit reports is an important part of the stock of linguistic capital within the financial audit field, audit practitioners and investors have increasingly criticised conventional audit reports for their opaqueness. A more explicit focus on report users has recently emerged with the IAASB's recent approval of ISA 700 (Revised) requiring long form audit reports. Audit reports must now include enhanced disclosure of the risks of material misstatement identified by auditors, how auditors have applied the materiality concept, and the audit scope.[6] This explicit shift towards more decision-useful financial audit reports, a prominent feature of the Elliott Committee's objectives, also reflects the likely future focus for reporting in new audit spaces.

Voluntary developments in some new audit spaces are informative when seeking to unpack this trend towards decision-usefulness. For example, in sustainability reporting, a desire for more decision-useful assurance statements has stimulated controversy and driven innovation in statement content. The contrasting nature of the opinions initially offered by Big-4 PSFs and many smaller non-accounting 'boutique' consultancies created significant tensions, with the latter exhibiting greater innovation and a more user-oriented focus in their reporting. O'Dwyer *et al.* (2011) illustrated one Big-4 pioneer's efforts to translate the cautious wording underlying financial audit reports into sustainability assurance statements. The non-financial audit trained ('non-accountant') assurors working in these firms were very frustrated, as these statements failed to communicate the extent to which they felt their assurance processes addressed perceived user/stakeholder needs. Lacking the cultural and linguistic capital required to successfully seek changes to these reporting practices, they mobilised supportive financial auditors to lobby for more user-focused statements which eventually led to the introduction of more expansive statements comprising commentary sections, higher levels of assurance and recommendations for improvement offering the more customised and informative narratives consistently called for by Power (1997; 2003). However, despite this evolution, the overriding evidence from the cases studied by O'Dwyer (2011) and O'Dwyer *et al.* (2011) suggests that innovation in the early stages of reporting in new audit spaces may be stifled if Big-4 PSFs come to colonise them (O'Dwyer, 2011).

The heightened attention to user needs in financial audit reports and sustainability assurance statements highlights again the evolving democratisation of verification processes. In the sustainability assurance space, some Big-4 firms have even suggested that stakeholders should select the material issues for assurance in sustainability engagements, and that these stakeholder views should be included in assurance statements (O'Dwyer, 2011). While these proposals were fuelled by risk-related concerns, they represent a rare acknowledgment *by the Big-4* of the limited expertise of professional accountants in new assurance spaces; a direct contrast to Power's (1997) allusion to audit promising more than it can deliver (see also Pflugrath *et al.*, 2011). These proposals coincide with the approach Royal Dutch Shell (Shell) adopted for the external assurance of its sustainability report in 2005 when it ceased using PwC and KPMG, instead enrolling an external review committee (ERC, comprised of non-accountant experts in social issues) to publicly comment on its reporting 'quality'.[7] While

Shell contend that the ERC does not seek to provide formal external assurance, its approach has attracted considerable controversy given that specific (Big-4) professional assurance expertise has been displaced by a 'stakeholder-focused' reporting mechanism that Shell claims has more user relevance, despite widespread concerns about the lack of independence and expertise of the ERC members (Asif *et al.*, 2013).

These user-oriented trends in sustainability assurance statements resemble aspects of TripAdvisor's user engagement. However, while TripAdvisor users primarily confer reputational benefits on the auditee (Power, 2011), the Big-4's proposals for stakeholder involvement also produce greater comfort for *assurors* in the sense that stakeholders take responsibility for issues of reporting completeness and materiality. Power (2011) argues that Jeacle and Carter's (2011) TripAdvisor study signifies a shift in the originating source of assurance from certified professional experts to consumers. He argues that this type of assurance places voice and power in the hands of the consumer/user and that Jeacle and Carter (2011) indirectly remind us of how professions are hostile to real markets and real users. This claimed hostility to real users is, however, far from universal in new audit spaces. Although it is consistent with the Big-4's initial reluctance to identify users of sustainability assurance, it is challenged by their suggestion that stakeholders should determine and report on assurance scope and materiality. The audit reporting in the TripAdvisor case is also distinct in the nature of its attention to users as it *exclusively* represents the voice or rating of the consumer and is fluid with respect to reporting content. Moreover, while the 'auditors' who sign off on the integrity and legitimacy of the TripAdvisor rankings may simultaneously threaten the relevance of their expertise (Power, 2011), Big-4 sustainability assurors mobilizing stakeholder views explicitly acknowledge their own limited expertise while concurrently promoting key aspects of this expertise centred on assessing data accuracy (O'Dwyer, 2011).

The likely evolution in user-focused reporting in new audit spaces may coincide with the view of many sustainability assurors that a natural advisory element is necessary to allow companies to develop appropriate systems and procedures to facilitate the creation of auditable environments (O'Dwyer, 2011; Power, 2003). As with sustainability assurance and efficiency audits, strategic advice may also emerge in new audit/assurance reporting in response to demands from users less concerned about independence when this advice is seen to enhance the quality (relevance and reliability) of the information on which they seek to rely (see also, Andon and Free, 2012). The recent user-focused experiment by KPMG, in its financial audit report for Rolls Royce Holdings plc, may also signify more openness among the Big-4 to user-focused innovation in reporting, given the recent changes to ISA 700;[8] a development that contradicts the observations of O'Dwyer (2011) and O'Dwyer *et al.* (2011). It will be informative to ascertain if this user-focused reporting trend translates into the debates on the assurance of Integrated Reports, where the development of assurance is currently restrained by concerns regarding the auditability of data and the extent and nature of user demand for assurance in this new domain.

4.3 Accreditation and Institutionalised Cultural Capital

In order to position themselves prominently in new audit spaces, emerging or established professional groups frequently develop accreditation processes designed to attain and maintain legitimacy in these spaces. These efforts often form part of strategies aimed at asserting authority and expertise over new or existing practice areas in order to establish exclusivity in terms of social closure (Abbott, 1988; Freidson, 2001). This creates membership boundaries around professional fields (Abbott, 1988; Covaleski *et al.*, 2003; Dezalay and Garth, 1995) – where membership describes the bases of legitimate participation in the field (or a sub-set of it) (Lawrence, 2004). These accreditation strategies commonly produce a number of outcomes, including: the emergence of new professional groups claiming legitimacy in new spaces; the hybridisation of new and old professional groups into combined entities operating in new spaces; or the colonisation of new spaces by established professions (Lawrence, 2004; Suddaby and Viale, 2011). A core component of these processes is the construction of exclusive social categories or 'titles' that can only be conferred by certain professional groups requiring adherence to certification criteria comprising distinctive training, education and behavioural elements (McMurray, 2010). Accreditation can, over time, help build considerable institutionalised cultural capital, thereby assigning significant economic, cultural and symbolic resources to those accredited. The resulting symbolic capital acquired can attain such prominence that the accredited 'title' becomes institutionalised, thereby ensuring that the economic and cultural rewards deriving from it are continually maintained whatever changes occur in the nature of the work underpinning the title (Bourdieu, 1987).

In the area of sustainability assurance, accreditation efforts have emerged from the non-profit body AccountAbility in the face of considerable efforts by the accounting profession, particularly the Federation of European Accountants (FEE), to lay claim to the sustainability assurance space (O'Dwyer, 2011). From 1995 onwards, AccountAbility developed a reputation as a leading international organisation promoting the professionalisation of ethical, environmental, social and governance accountability among and within organisations. It developed a series of 'accountability' standards aimed at guiding assessments of organisational accountability. One of these standards, the AA1000 assurance standard (AA1000AS), provided guidance for assurance on sustainability reports. The standard was more content-specific and stakeholder-focused than the IAASB's ISAE3000 standard on non-financial assurance and, while its adoption rate varied, it was often used by Big-4 PSFs in conjunction with ISAE3000. In 2007, AccountAbility sought to solidify the emerging status of AA1000AS by establishing an exclusive accreditation mechanism for sustainability assurance practitioners. A practitioner training programme was developed in conjunction with the IRCA (The International Register of Certificated Auditors), the leading professional body for management system auditors, which conferred the title of 'Certified Sustainability Assurance Practitioner' (CSAP). The accreditation process was promoted as an essential response to "a need to professionalize the [sustainability assurance] discipline [and] to codify what experience [wa]s relevant and how best to judge individual competence" (AccountAbility, 2012, p. 4). A 'Competency Framework' was built on AccountAbility's AA1000 assurance standards platform, which aligned accredited assurors with AccountAbility's stakeholder-focused conception of sustainability assurance, while simultaneously stressing the suitability of the accreditation for all sustainability assurors.

AccountAbility sought to mobilise the symbolic and institutionalised cultural capital of the accounting profession by persistently stressing how standards in sustainability assurance were converging through assurors' adoption of AA1000AS in conjunction with ISAE3000. While developing the accreditation, AccountAbility involved members of professional accounting bodies and the Big-4 PSFs in its governance advisory structure. Its certification requirements underpinning the CSAP designation mimicked standard professional accounting body guidance to include requirements for continuing professional development (CPD), annual certification fees, code of practice compliance and a three year certificate renewal period. In addition to requirements for minimal training in sustainability assurance and reporting, existing professional accounting body and management systems auditor qualifications were recognised.

Accreditation processes by professional groups frequently take the form of stratification strategies whereby 'subject positions' in a professional field are clearly differentiated and a hierarchy of subject positions is effected aimed at producing clear status differences (Lawrence, 2004). AccountAbility's accreditation process, however, displayed elements of what Lawrence (2004) terms "an association strategy" whereby less established professional groups (AccountAbility) interact with more established groups to construct 'blended' social categories (the CSAP designation) that bring less dominant and dominant professional groups together. Association strategies tend to succeed when less dominant groups like AccountAbility can offer dominant groups such as the IRCA (or other professional accounting bodies) some form of capital not readily available in the field as it is currently constituted. This can encompass novel expertise, resources or legitimacy in the eyes of new and valued stakeholders (Lawrence, 2004). In the case of AccountAbility, its institutionalised cultural capital in the field of corporate social accountability, combined with the symbolic capital accumulated from its decade-long reputation in the social accountability field, was influential in attracting the support of IRCA.

The CSAP accreditation has been embraced by several ex-employees of Big-4 PSFs who exited these environments to establish their own 'boutique' consultancies. These individuals are commonly not financially trained auditors but the accreditation has allowed them to assign a clear title to, and claim legitimacy for, their type of assurance work. For example, some 'boutique' assurors clearly designate on their websites that they are AA1000 Licensed Assurance Providers. Hence, while the accreditation embraces traditional financial auditors who can undertake extra training to become CSAPs, it also enables these non-financial auditors to compete and claim exclusivity for their specific assurance expertise. It is, however, too soon to say if the title has attained institutionalised value through its bestowal of consistent economic and reputational rewards on title holders.

One title that has attained this institutionalised value, as a form of institutionalised cultural capital, is that of Certified Fraud Examiner (CFE), a credential offered by the Association of Certified Fraud Examiners (ACFE). Professional accountants, particularly forensic auditors, have long espoused their exclusive expertise in providing assurance in respect of fraud or in conducting investigations of potential fraud (see Andon *et al.*, 2014), despite the fact that financial statement audit dispensed with such ambitions some time ago. The CFE designation emerged in 1988 when an accountant-turned FBI agent Joseph T. Wells founded the ACFE to accredit CFEs using a suite of examinations, continuing professional education, and professional conduct and ethics requirements. The ACFE asserts that accredited CFEs possess a unique set of skills that are not apparent in any other career or discipline, and routinely refers to its central role in the 'anti-fraud' profession. The CFE accreditation is underpinned by a distinct body of knowledge purportedly derived from the field of criminology and collectively christened 'fraud examination'. This knowledge underpins the 'rules of the game' attached to forensic accounting, which presents a distinct, individualised perspective on the essence of fraud and how it should be controlled (Morales *et al.*, 2014). In new audit spaces, such processes simultaneously construct the essence of the object of audit and the expertise required to audit the object. The CFE accreditation converted the social and economic capital garnered over time by the ACFE through its extensive networking efforts (see Morales *et al.*, 2014, p. 179) into significant cultural and symbolic capital, contributing to its association with higher monetary (and non-monetary) rewards (for example, the ACFE claims that CFEs earn 25% more than their non-certified colleagues).

A unique feature of this process of accreditation is that the CFE is a title independent of any designated qualification from professional accounting bodies, and CFEs become members of the 'Associate' body representing the distinct 'anti-fraud' profession. Consequently, the CFE accreditation appears to have distanced itself from some of the rules, values and logics of practice assigned to traditional financial audit. It also reveals the fluctuating influence of professional accounting bodies over efforts to accredit individuals, with implications for their capacity to mobilise accreditation as a vehicle to preserve and reproduce important cultural and symbolic capital sustaining the accounting profession in this new ‘forensic’ accounting space.

In response, some professional accounting bodies such as the AICPA, CPA Canada and ICAEW, have developed their own certified credentials for their members who wish to specialise in forensic accounting with the aim of claiming legitimacy for their members operating in this space. As new audit spaces evolve and diverse professional groups seek to populate them, we expect that the conceptualisation of these spaces, the identity of the professional groups who come to populate them, the nature of the audit work undertaken and the content and form of audit reports will be significantly influenced by a variety of accreditation efforts. It is likely that these will often be undertaken by established and emerging professional groups operating either in concert or in competition drawing on association or stratification-type strategies.

4.4 Reorientations in the mediating roles of auditing

As mentioned earlier, audit professionals have positioned themselves as key cultural intermediaries between ‘producers’ and ‘consumers’ of accounting and other important business information. Shifting emphases have been observed over time in the character of this mediating role. Lawrence Dicksee’s classic text-book published in 1892, often considered to be the first major auditing text-book, expressly states that the aim of an audit is the detection of fraud, technical errors and errors of principle. Chandler *et al.* (1993) and Humphrey and Owen (2000) note that the nature of the auditors’ role and responsibilities has changed significantly over time. After a strong concern with fraud in the late 19th century, the primary audit objective retreated to the verification of published financial statements. In the US from 1940 onwards, the prevailing orthodoxy became that fraud detection is not a primary objective of auditing (Brown, 1962; Power, 1997), effectively repositioning the responsibility for preventing, deterring and detecting fraud as a concern for management. To this end, section 110.03 of SAS No. 114 in the United States confirms that "[m]anagement is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, authorise, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements". Chandler *et al.* (1993) argue that audit objectives and practices tend to follow external events and that the profession has encountered great difficulty in reconciling public expectations with the practicalities of auditing (the so-called "expectations gap"[9] (see, Free, 1999; Hassink *et al.*, 2009; Sikka *et al.*, 1998)).

With the rise of new audit spaces, a range of novel mediating emphases have emerged, with divergent styles of control and organisational transparency from that privileged within financial statement audit. Specifically, three distinct trajectories within new audit spaces are observed: (1) certifications of practice; (2) normative opinions; and (3) quasi-judicial investigations.

Power (1997) refers at length to the growth in society of demands for certification, where the particular subject of an audit (e.g., an individual, organisation or some other object) is declared 'fit for purpose' and/or has met certain predetermined standards (e.g., of safety, quality, teaching, cleanliness, environment efficiency) (p. 124). In a sense, certification activities bear similarities to financial statement audits, with both intending to communicate to users something about the achievement of minimum standards (e.g., Generally Accepted Accounting Principles and prevailing accounting standards). However, unlike a financial statement audit, which is limited to the provision of a professional opinion that financial statement users heed at their own discretion, certification practices are more compliance-focused, and usually produce some form of symbolic accreditation, such as the WebTrust Seal (Barrett and Gendron, 2006; Gendron and Barrett, 2004), certificates of authenticity for collectibles (Jamal and Sunder, 2011), Green Star environmental certification (Fuerst, 2009) or ISO certification (Sharma, 2005). Where accreditation is extended, the public is entitled to trust that the entity in question meets minimum standards of operation. The withholding or removal of accreditation may have reputational or financial consequences for the subject entity. Where government bodies are interested in certification outcomes, the withholding or removal of accreditation may also attract other sanctions (e.g., fines, restraint of trade, reductions or removal of government funding).

Chelimsky (1985) characterises efficiency audits as normative opinions. In the area of efficiency auditing, auditors have moved beyond statement verification to provide policy makers and management with a broad-ranging opinion on the program or activity under review, to ensure that a public sector organisation is actually achieving an intended policy outcome. Auditors charged with its execution are called to investigate a wide array of government practice, develop classifications relating to efficiency and effectiveness, and then publicly report their findings. Specifically, efficiency auditors provide guidance on whether the delivery of the service provides an outcome commensurate with public sector resources committed. Elsewhere, Audit Commissions in the UK (Kelly, 2003) and Australia (Colton and Faunce, 2014) have been established to ensure regulatory regimes implement legislation properly and/or issue a series of recommendations aimed at cutting public costs.

In other new audit spaces, auditing has assumed more a juridical status (Bourdieu, 1986), proactively seeking to uncover instances of failure to comply with rules. Although auditing does not hold a ‘quasi-judicial’ status in administrative law, there remains an undoubted correlation between aspects of the auditing function and judicial processes.[10] Andon *et al.* (2014) document a salary cap auditor role where the very raison d’être of the position relates to uncovering attempts at fraudulently manipulating the salary cap regulations. In their example, the auditor had investigative and sanctioning powers, and was able to compel clubs to produce certain documentation as well as issuing penalties for salary cap infringements, including fines and the stripping of competition titles and points. Elsewhere, forensic auditors are concerned with directly applying their financial skills and an investigative mentality to uncovering instances of fraud. Characterised as "a combination of auditor and private investigator" (Gray, 2008, p. 115), forensic auditors mobilise specialist skills, combining competencies rooted in accounting, auditing, finance, quantitative methods, organisational behaviour, applied psychology and investigatory technique to collect, analyse and interpret evidence, and communicate findings (Davis *et al.*, 2010; Gray, 2008). Forensic auditors are also said to rely on experience-based intuition and embody a distinct mindset, attuned to detecting anomalies, probing the substance behind transactions, and questioning the authenticity of audit trails and testimony (Singleton and Singleton, 2010). In the salary cap and forensic auditor examples presented, the emphasis of assurance work is squarely on revealing illegitimate conduct, rather than on the provision of comfort to capital markets.

We believe that as auditing emerges outside its traditional financial statement bounds, the nature of its mediating role is likely to broaden. What we see in the emergence of these new roles is the co-production of familiarity (some audit-styled procedures and conventions remain in play) and newness (approaches and emphases in other audit-related practices shift) such that audit becomes "recognizably familiar but in a slightly different way" (Negus, 1998, p. 363). To this end, attempts to retain a narrowly defined scope by established audit professionals are likely to conflict with user demands in different fields. Limited assurance is deeply engrained in the way financial auditors work and importantly shapes the habitus of auditors. The belief system of auditing is underpinned by an innate conservatism, inculcated in professional training and manifesting in notions of 'reasonable scope'. However, these beliefs do not necessarily hold in new audit spaces, requiring new approaches and forms of practice.

5 Discussion

This paper had two research objectives. First, we aimed to deepen our understanding of how the advent of new audit spaces, and the essential attributes assigned to them, have reoriented the fundamental features of audit. Second, we explored the implications that this reorientation has had for the attempts by professional accounting elites (e.g., the Big-4 and professional accounting bodies) to extend their jurisdiction into new audit spaces. Our analysis unveils how core elements of financial auditing can be clearly distinguished from emerging new audit services. This is true with respect to the nature of the audit role, the operation of independence, participating practitioners and the degree of standardisation of reporting. These differences are summarised in Table 4 (adapted in part from Lindberg (2007, p. 347)). This section elaborates on these differences in terms of issues and challenges they present for attempts by accounting elites (e.g., the Big-4 PSFs and professional accounting bodies) to seize commercial opportunities presented by new audit spaces. We also present some reflections for the accounting profession from the emergence of new audit spaces.

[INSERT TABLE 4]

In line with Spence *et al.* (2015), we expect accounting elites to pursue new opportunities where they believe sufficient opportunities for economic capital accumulation and/or enhancing reputation and thus symbolic capital are on offer. Consequently, Big-4 PSFs and professional accounting bodies hold the potential to influence the emergence, nature and construction of new audit spaces, as they seek to annex new audit spaces by attaching them to their historical expertise in financial audit, as well as to the symbolic characteristics of independence, integrity and ethics (Abbott, 1988; Greenwood and Suddaby, 2006; Muzio *et al.*, 2013). The Big-4 PSFs in particular have proven adaptable and perseverant in this regard, most evidently in sustainability and value-for-money auditing, acquiring new talent and organisations as they attempt to dominate new spaces (see, Etzion and Ferraro, 2010; Humphrey and Owen, 2000; Power, 1997; Suddaby and Greenwood, 2001; Suddaby and Viale, 2011). Such is the force that the well-resourced Big-4 PSFs can impose when entering new fields, potential competitors (such as engineering and environmental experts in the field of sustainability assurance) have sometimes ended up either abandoning new audit spaces or being subsumed within professional accountants' ambitions for these spaces (Power, 1997; Power, 2003).

But despite their potential to influence and colonise, these efforts have not been straightforward nor automatic, meaning the success of accounting profession attempts to impose itself in new audit spaces cannot be taken for granted. For instance, in areas such as online certification and sustainability assurance, accounting firms have been unable to manoeuvre into a position of dominance. As our analysis demonstrates, attempts at jurisdictional expansion led by accounting elites can often prove problematic given that the types and configurations of valued capital and habitus in new audit spaces does not always accord with those privileged within financial audit.

In the case of TripAdvisor and other similar consumer-led assurance processes, the embodied cultural capital financial auditors derive from claims to independence (which also emanates from the institutionalised cultural capital arising from their professional training) is less prominent. Other forms of embodied cultural capital arising from behaviour and conduct, physical appearance, technical expertise, and social skill (see, Carter and Spence, 2014) are also largely redundant. Crucial to operating in this space is, however, a democratised form of social capital focused on *consumers* operating in disparate and distanced networks, facilitated by recent advancements in digital technologies. These developments represent an important alternate form of assurance provision, where participants verify or challenge ratings offered and no face-to-face contact is necessary, in contrast with financial audit where tightly-knit elite networks are frequently established through close interpersonal relations. Institutionalised cultural capital, in the form of externally validated formal credentials, appears to have little direct bearing on the trust placed in ratings. For example, the institutionalised cultural capital attained over time by independent travel agents becomes largely irrelevant in a context where institutionalised claims are treated with suspicion.

Jamal and Sunder (2011) illustrate how *the nature of* institutionalised cultural capital is what determines its importance in new audit spaces. In the baseball card market space, institutionalised and embodied cultural capital derived from the provision of non-audit services (cross-selling) are valued in conjunction with embodied cultural capital arising from sticking to strict standards of grading. These *specific* forms of cultural capital contribute to the market dominance of cross-selling auditors and are consequently converted to economic capital. This represents a clear distinction between the nature of the valued cultural capital in this space compared to financial audit. Moreover, the habitus of this space is likely to be out of sync with that of the financial audit space given these apparently divergent norms, expectations and 'rules of the game'.

In the sustainability assurance space, Big-4 financial auditors traditionally mobilise the social capital derived from their extensive networks, cross partnership contacts, and existing client portfolios to attract assurance engagements from multinational clients. They continually invoke their institutionalised and embodied cultural capital – such as, professional qualifications, advice and technical expertise, and the ability to address client needs – to claim dominance in this space. However, given the specific content of sustainability reports and the professional backgrounds of the client contacts producing them, their existing institutionalised capital is often insufficient. Hence, they seek to access non-financial auditors' distinct and more relevant institutionalised cultural capital in the form of qualifications in areas of sustainability expertise and extensive experience of engaging with sustainability experts. These non-financial auditors also bring their distinct social capital to this domain by accessing their more targeted networks, as well as being crucial to ensuring that meaningful conversations can be conducted with key client contacts, thereby transporting distinct linguistic capital to this space. In some instances, such as the Royal Dutch Shell case outlined earlier, the forms of cultural and social capital valued by *auditees* in auditors may not reside within Big-4 firms. This can result in auditees seeking out alternative 'auditors' who are seen to possess these valued capitals.

The introduction of non-financial auditors into Big-4 environments has also aroused tensions as their "feel for the game" of assurance – or habitus – diverges from that inculcated in Big-4-trained financial auditors. O'Dwyer (2011) and O'Dwyer *et al.* (2011) have illustrated how non-financial auditors are often out of sync with the form of sustainability assurance that Big-4 firms aspire to practice and promote. These studies also reveal how the nature of the embodied cultural capital of non-financial and financial auditors – such as, behaviour and conduct, the nature of advice and technical expertise, and the conduct of meaningful client conversations – can create frictions when financial auditors approach clients in a more detached manner and place emphasis on a stricter notion of independence which precludes advising clients; an approach alien to the 'feel for the game' among many non-financial auditors. This tension has proven particularly prominent where Big-4 firms have mobilised their significant economic capital and acquired boutique consultancies. Within these combined entities, non-financial auditors' disposition towards providing extensive advice while conducting assurance engagements and their desire to offer more expansive assurance opinions alongside strategic advice, has proven difficult to counter. In fact, the constraints set by the prevailing Big-4 firm habitus have led some non-financial auditors, guided by opposing dispositions and values, to leave these environments (O'Dwyer, 2011). Others have, however, thrived in these contexts by stepping back and shaking off their original dispositions (see, Carter and Spence, 2014) and re-inventing themselves so that they come to embody the 'rules of the game' most valued in Big-4 firms (see, Spence and Carter, 2014, pp. 14-15).

Overall, our analysis suggests that the accounting profession and PSFs have been shown to be 'fish out of water' in many new audit spaces. In some cases, new audit spaces have failed to draw PSF interest in line with their commercial drivers. In other cases, limits of Big-4 PSFs and other accounting elites to compete in these new audit spaces have been exposed, particularly these players find privileged configurations of capital difficult to comprise or emulate. In some new audit spaces, a stronger premium has been placed on the social and cultural capital of the auditor, which may take forms other than conventional accounting accreditations and honours. In other cases, legitimacy can be embodied in characteristics of the individual provider – deep experience in the field and extensive social networking with other powerful actors – rather than a disembodied Big-4 PSF brand. This has resulted in some new audit spaces such as salary cap audits in professional sport (Andon and Free, 2012; Andon *et al.*, 2014), and baseball card certification (Jamal and Sunder, 2011) being marked out, defined and colonised by non-accounting actors.

The digitisation of accountability relations (Jeacle and Carter, 2014) has also opened up important new vistas of assurance and product/service quality verification (Jeacle and Carter, 2011) such that Big-4 PSF services are not viable. In terms of accountability, recent years have seen the rise of the user review within the virtual world (Jeacle and Carter, 2014). User reviews manifest variously in social media, blogs, reviews as well as algorithm-based quantitative rankings such as those provided by TripAdvisor (Jeacle and Carter, 2011) or the Financial Times business school rankings (Free *et al.*, 2009). In this way, the Internet has added further impetus to Power's (1997) audit society (Jeacle and Carter, 2011). These developments represent an important alternate form of assurance provision and which is likely to continue to change the face of the audit field in the future (Andon and Free, 2012; Chapman and Peecher, 2011; Cooper and Morgan, 2013; Jeacle and Carter, 2011).

While Spence *et al*. (2015) convincingly demonstrate that economic drivers within the audit field are more hegemonic than is sometimes presupposed, they also note that “it may be well be the case that complexity … reign(s) during times of institutional change” (p. 3). The intersection of auditing and other domains (e.g., professional sport, travel, government, and the environment) do introduce unfamiliar norms, expectations and the ‘rules of the game’, which make jockeying for dominant positioning, even for the highly powerful and influential PSFs, complex and challenging. In other words, the assumption that large audit firms are high-status providers of assurance does not necessarily translate as the financial audit field intersects with other fields.

6 Conclusion

As Miller (1998, p. 605) argues, accounting is most interesting at its margins. In the context of professional auditing, it is at the margins that we see new practices added to the repertoire of professional audit firms. It is at these margins that auditing intersects with other semi-autonomous fields and bodies of expertise. It is also at the margins that auditing comes to be linked to the demands, expectations, and ideas of diverse social and institutional agencies. New audit services are not merely oddball relatives in the auditing family, but rather important growth areas for the profession.

Our study contributes to the literature by unveiling the key processes through which expertise and inter-professional rivalry are socially constructed. This assisted the development of in-depth insights into how new audit services are created and developed and who and what is seen as legitimate. We also extend work in the area of professions examining the concept of jurisdictional expansion (Greenwood *et al.*, 2002; Muzio *et al.*, 2013; Suddaby and Greenwood, 2001; Suddaby and Viale, 2011), especially work studying how powerful professional elites seek to commodify and colonize adjacent professional jurisdictions deemed to be commercially significant (Suddaby and Greenwood, 2001).

Our analysis of this emerging area draws attention to three key points. First, the development of audit work occurs in multiple fields and, in spite of the undoubted reach and power of the Big-4 and the major professional bodies, is not the preserve of any single group. As Miller (1998) argues, the transformation of accounting as a body of expertise takes place within and through an historically specific ensemble of relations formed between a complex of actors and agencies, arguments and ideals, calculative devices and mechanisms. Auditing is best considered as an ad hoc accretion of practices rather than a coherent body of knowledge, and competition takes the form of ongoing and general contestation rather than revolutionary upheavals. New audit spaces are largely improvised and adapted rather than derived from an over-arching body of knowledge. As the rise of efficiency and sustainability auditing demonstrate, what is outside 'auditing' at one time can soon become a central plank of the discipline. Further unlike some accounts of proactive jurisdictional expansion by commercially-oriented incumbent elites (see, Suddaby and Viale, 2011), we also illustrate how parties outside of the audit field such as TripAdvisor, business schools rankings and the ACFE have appropriated assurance ideals in fashioning new institutional infrastructure around travel, universities and fraud.

Second, our analysis underlines the field-specific nature of prized capitals in the financial auditing field. In Bourdieu's conception, a "field" is an area of structured, socially patterned activity or "practice," in this case disciplinarily and professionally defined. The field of financial auditing, like any social field, is organised around a body of internal protocols and assumptions, characteristic behaviours and self-sustaining values – what we might informally term an "audit culture" (Strathern, 2000). A review of the emerging literature on new audit spaces reveals that many of the elements that are used to define financial auditing – standards, professional accreditation, independence, standardised reporting – have been reconstituted in alternative contexts. This underlines the extent to which ideals and capitals are circumscribed to fields and how intersecting fields can introduce important shifts in meaning and new nuances in taken-for-granted rules.

Third, successfully moving into intersecting social fields requires attentiveness to the valued capitals and habitus in these other fields. Bourdieu's power-centred view of professions underlines that competition is more than an august battle in the realm of ideas where practitioners seek to arrive at "the truth"; rather professionalism is a scarce symbolic resource which is both the work of consecration and the source of legitimate forms of acting (Schinkel and Noordegraaf, 2011). A Bourdieusian approach recognises the constructed nature of the audit 'profession' and that the struggle for new markets is not between equal competitors: some enter the conflict with higher cultural or social capital that gives them more power in the space.

Several interesting avenues of future research are suggested by this review. Professional accounting body involvement in new areas such as sustainability assurance has often been driven by key individuals exercising considerable agency, but the characteristics of these processes and their ultimate impact have been underexplored. We identify a need for more studies examining the role of strategic actions and institutional entrepreneurship in promoting, developing and continually reconstituting new audit spaces. Moreover, we need a deeper understanding of the nature of the institutional work required to develop and maintain the legitimacy of professional accountants and other competing professional groups in new audit spaces. We also advocate for more studies within PSFs. For example, case studies examining the socialisation of non-accountants operating in new assurance spaces in Big-4 PSFs could help unveil the processes (both formal and informal) through which these firms seek to socialise practitioners while simultaneously inculcating a specific way of thinking and 'performing' in new audit spaces. These processes and the underlying potential for clashing professional identities, values and dispositions can have significant implications for both the nature and extent of the evolution of new audit forms. In a related vein, more focused studies of the operation of controls over the work and decision-making discretion of non-accountants working in PSF contexts offering new forms of audit could significantly contribute to our knowledge of the nature of governance within these firms and how this serves to shape, or may even be shaped by, the nature of new audit spaces.

Given the identified trend towards more decision-useful audit reporting, research that examines the processes through which users are enrolled to shape new forms of audit reporting would be especially insightful. In particular, studies could uncover how users in some new audit spaces have been constructed in order to legitimate new forms of audit and the approaches and the objectives held out for them (see, Young, 2006). We have highlighted how core financial audit ideals such as independence may not translate seamlessly to new audit spaces. The translation of concepts such as materiality to new audit spaces is also ripe for more in-depth, nuanced examination given the fluid nature of this and many other underlying concepts of financial audit, as well as their potential to impact on both the nature of the audit work undertaken and the means through which users are engaged. Finally, we also call for nuanced studies that can further unpack the nature of the strategies enrolled by professional accounting bodies, through accreditation efforts or other means, as part of efforts to establish their legitimacy and membership status in new audit spaces. Of particular interest would be studies that illustrate and theorise how, and the conditions under which, different professional bodies seek to collaborate and combine their respective cultural and symbolic capital as opposed to competing for domination within new audit spaces; with a key focus on the nature and extent of the compromises they make and how these influence the construction of these new spaces.

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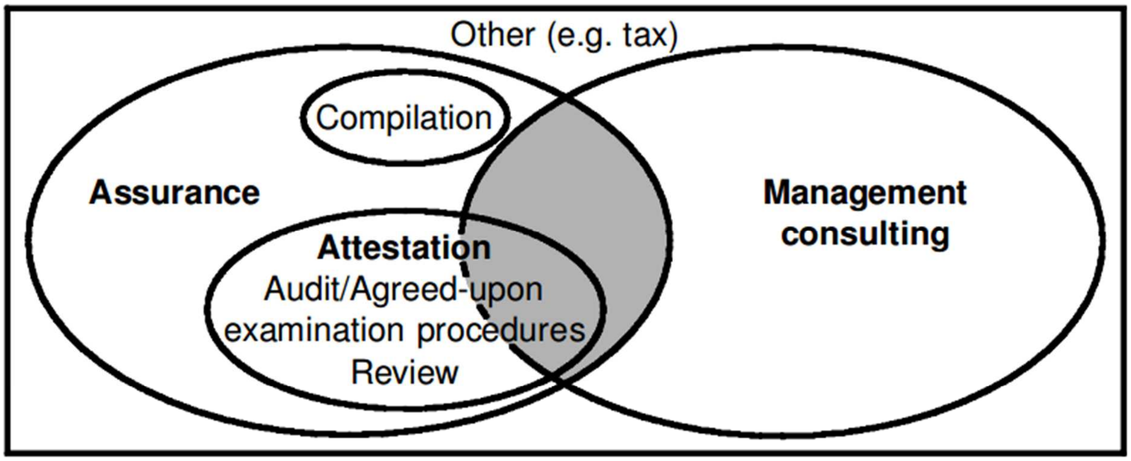
Figure 1: The difference between assurance and attest services



Source: (Jeppesen, 1998)

Table 1: Key phases in the history of auditing

Period	Stated Audit Objectives	Extent of Verification	Importance of Internal Controls
Ancient–1500	Detection of fraud	Detailed	Not recognized
1500–1850	Detection of fraud	Detailed	Not recognized
1850–1905	Detection of fraud Detection of clerical error	Some tests, primarily detailed	Not recognized
1905–1933	Determination of fairness of reported financial position Detection of fraud and errors	Detailed and Testing	Slight recognition
1933–1940	Determination of fairness of reported financial position Detection of fraud and errors	Testing	Awakening of interest
1940–1960	Determination of fairness of reported financial position	Testing	Substantial emphasis

Source: Brown (1962)

Table 2: Forms of capital at play in the audit field (adapted from Carter and Spence, 2014)

Capital	Audit Field Examples
Economic	**Money**: revenue generation; profit-per partner; client billings.
Social	**Internal and External Networks**: Family background; mentors; work teams; contacts in other partnership offices; client portfolios; contacts with clients and potential clients; business networking events; relationships with politicians and celebrities.
Cultural	**Institutionalised** • **Credentials**: CA designation; university degree; executive education; business or civic awards; individual sporting achievements. **Objectified** • **Physical goods**: Office furniture, artwork, personal property (cars, houses, jewelry), standardised items such as audit methodologies or assurance products. **Embodied**: • **Behaviour and conduct**: Advice and technical expertise offered; client management; anticipating/creating client needs, maintain good rapport with colleagues and clients; physical appearance, dress sense; social skills. • **Linguistic**: Knowing when to speak; knowing what to say; conducting meaningful conversations with clients.
Symbolic	Any form of capital recognised as legitimate and valuable in the audit field (e.g. partner capital portfolios).

Table 3: Literature review of research in new audit spaces

New audit and assurance service area	Example Studies
Efficiency Auditing	Adams (1986) Pugh (1987) Funnell (1998) Hamburger (1989) Batra and Kaur (1993) Radcliffe (1998) Radcliffe (1999)
Value for Money Auditing	Levy (1996) Jacobs (1998) Keen (1999) Lapsley and Pong (2000) Lonsdale (2000) Morin (2001)
Performance Auditing	Pei *et al.* (1992) Hepworth (1995) Pollitt and Summa (1996) Barzelay (1997) McCrae and Vada (1997) Jin'e and Dunjia (1997) Pollitt (2003) English (2007) Gendron *et al.* (2007) Lonsdale (2008)
Sustainability assurance	Nitkin and Brooks (1998) Casey and Grenier (2015) Cheng *et al.* (2015) Edgley *et al.* (2010) Edgley *et al.* (2015) Wallage (2000) O'Dwyer and Owen (2005) O'Dwyer and Owen (2007) Hodge *et al.* (2009) Manetti and Becatti (2009) Perego (2009) Kolk and Perego (2010) O'Dwyer (2011) O'Dwyer *et al.* (2011) Manetti and Toccafondi (2012) Peters and Romi (2015) Perego and Kolk (2012)
Salary cap auditing	Andon and Free (2012) Andon and Free (2014) Andon *et al.* (2014)
E-commerce assurance	Gendron and Barrett (2004) Barrett and Gendron (2006) Boulianne and Cho (2009)
Rankings and ratings	Jeacle and Carter (2011) Free *et al.* (2009)
Other	Jamal and Sunder (2011) – collectibles certification Jeacle (2014) – audit of BAFTA voting

Table 4: Key differences between financial auditing and new audit services

	Financial Statement Auditing	New Audit Spaces
Practitioners	Certified accounting professionals	Multiple acceptable competences, some certified
Regulation	Corporations laws; professional accounting codes	Multiple possibilities, alternative or no specified laws/codes
Subject Matter	Assertions about financial position, performance, and cash flows.	Multiple possibilities, context dependent (e.g., VFM, environmental performance)
Criteria	Accounting standards	Multiple possibilities, alternative or no specified standards
Evidence Gathering	According to professional auditing standards	Adaptable from the auditing standards, and/or drawn from other fields of expertise
Expertise	Accounting-based (training and socialisation)	Multiple possibilities, depending on context: adaptable from accounting-based expertise; drawn from other fields of expertise and/or lay experience
Auditor Relationship	Separate and independent from the audited party and intended user	Relative emphasis on independence is context specific
Reporting outcome	Standardised opinions; homogenous format and wording	General advice; less standardised; more expansive
Reporting value	Comfort by reducing risk of moral hazard	Comfort (reducing risk of moral hazard) or discomfort (identifying deficiencies, recommending changes/reforms)

7 Endnotes

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[1] Power (1997a) does concede that "not just any practice can be called an audit" (p. 6), and offers the following as a way of delimiting auditing:

> "[A]udit is a form of checking which is demanded when agents expose principals to 'moral hazards', because they may act against the principals' interests, and to 'information asymmetries', because they know more than the principals. Audit is a risk reduction practice which benefits the principal because it inhibits the value reducing actions by agents." Power (1997a, p. 5)

Some "general conceptual ingredients" (p. 5) are outlined by Power (1997a) to further map the broad contours of auditing. These include: (1) demands for checking in the context of an accountability or control relation; (2) definable assertion/s to be audited; (3) auditor separation from what is audited (often characterized as independence); (4) evidence gathering procedures; and (5) a view/opinion reported based on the evidence gathered and procedures performed.

[2] The term efficiency audit has a range of synonyms in practice including 'value-for-money audit', 'systems audit', 'management audit' and 'performance audit' (sometimes with slight differences in meaning). We use efficiency auditing here in keeping with the balance of prior research.

[3] While Spence and Carter (2014) and Spence *et al.* (2015) focus collectively on the species of capital and embodied habitus consistent with accounting professionals successfully achieving partnership status in Big-4 PSFs, they note that partner promotions should be revelatory about wider dynamics of the field. Following the Bourdieusian notion that "excellence, in most societies, consists in playing according to the rules of the game" (Bourdieu (2012), p. 2, quoted in Spence *et al.* (2015)), Spence and Carter (2014) and Spence *et al.* (2015) conclude that successful elites (Big-4 partners) in their field (auditing) are those who more fully embody species of capital most valued within, and habitus most in tune with, their surrounding field.

[4] Under s201 of SOX, these designated services include bookkeeping, financial information systems design/ implementation, appraisal/valuation services, fairness opinions, actuarial services, internal audit, management/human resources services, broker/investment banking services, legal services, and expert services unrelated to the audit.

[5] Such other ethical notions included morality, character, honesty, reliability, virtue, and duty.

[6] See: https://www.ifac.org/auditing-assurance/auditor-reporting-iaasbs-1-priority. Accessed 28 November 2014.

[7] See: http://www.shell.com/global/environment-society/reporting/external-review-committee.html; and http://www.criticalfriendsinternational.com/index.php/en/case-studies/47-case-study-shell. Accessed 3 December 2014.

[8] See: http://www.kpmg.com/UK/en/IssuesAndInsights/ArticlesPublications/Documents/PDF/Audit/audit-reports-field-testing-a-bold-idea.pdf. Accessed 15 November 2014.

[9] There is now considerable evidence of a gap when external auditors' understanding of their role and duties is compared against the expectations of various user groups and the general public regarding the process and outcome of the external audit.

[10] In any judicial system, there are divided responsibilities, the jury decides questions of fact and the judge questions of law and equity. A judge is also in a position to rely on codified laws provided by legislatures, traditionally the accounting and auditing professions have also carried the burden of developing accounting and auditing standards. Furthermore, the auditor is the ultimate decision maker, there is no system of appellate courts to correct the error — if the auditor makes an error the auditor may be liable, if a lower court judge makes an error, liability does not follow. If a lower court judge errs, the decision is simply reversed by the appellate court. However, "when a court determines where there has been negligence on the part of an auditor, the standard is that of a reasonable professional". Sterling (1973) highlights the problem as one of the auditor being given a responsibility without concurrent authority. The primary sanction of the auditor is the threat of actual resignation: "no other profession that I know of is put in a position where it must make economic sacrifices in order to enforce the judgments for which it is responsible".