

Ethical dilemmas and paradoxes in assurance practice: A new approach that acknowledges compromise, trust and relationality

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A thesis submitted in partial fulfilment of the
requirements of the University of Hertfordshire
for the degree of Doctor of Management

The programme of research was carried out in the Department of
Human Resources and Strategy, University of Hertfordshire

October 2007

Abstract

Assurance of corporate sustainability reports relies on the idea of a third-party assessor who is independent and objective. The assurance approaches typically used by accountancy companies have been developed over many years and are supported by internal as well as external standards. With the help of these standards, the assessor provides credibility to the public statements of the companies through a thorough checking of statements, data and supporting systems.

However, the orthodox approach overlooks or neglects the many paradoxes and dilemmas that are the daily experience of most assessors, e.g. what it means to be independent and objective while at the same time trying to develop a relation with the client. There has also been criticism of assurance, as currently practiced, as being too rigid, too predictable and providing too few benefits to the companies assured.

In this thesis, the author explores why and how his own assurance practice differs from the more orthodox approach. This has led to the description of an alternative approach to assurance, called the 'artist' approach that takes the ethical dilemmas and paradoxes into account. The approach has been developed and described on the basis of the author's own experiences using a critically reflexive methodology. The methodology builds on personal narratives and iterative feedback from fellow researchers and supervisors.

The development of the 'artist' approach is based on: 1) a critical investigation into the idea of 'compromise', which leads to an alternative way of thinking about the practice of assurance; 2) a critical investigation into notions of trust and distrust, and power relations, and the effect of these on assurance work; and 3) a concept of 'stumbling together', which is built on relationality and 'essential references', where the assessor and the assuree are mutually exploring the territory.

In the 'artist' approach, the values of independence and objectivity are compromised. The assessor actively strives to build personal trust based (at least in part) on technical kinship. Through this trust the power dynamics of the 'insider' and the 'outsider' are contained; indeed, the notion of 'insider/outsider' is forgotten in the moment. Independence has

turned into interdependence, and objectivity into mutual engagement, where both assessor and assuree together might discover new issues not known to either of them before.

In the orthodox approach, the assuree is 'called to account', whilst in the artist approach, the assuree is invited to 'give an account'. This process of collaborative exploration allows the potential for radical new discoveries, for both assessor and assuree.

The 'artist' approach as described here has affinities with complex responsive processes of relating as explained by Stacey. In the 'artist' approach, the craftsman approach is always paradoxically present at the same time, and the approach makes use of the same tools and the same framework as the craftsman approach.

A wider understanding and application of the 'artist' approach can potentially lead to significant changes in the way assessors act, and hopefully to assurance results that are more relevant and useful.

Acknowledgement

I want to thank my principal supervisor, Dr. Farhad Dalal for his valuable support and guidance throughout the DMan programme. I also want to thank my secondary supervisor, Prof. Donald MacLean for valuable input and discussions, and the rest of the faculty for inspiring discussions and inputs.

My learning set has been a source of support and inspiration and without the feedback from them and my fellow cohort this thesis had never come in to being; I want to direct my thanks to Tinus Berger and Claus Have from my learning set and to Chris Mowles and Stephen Billing for offering me valuable feedback at times when it was most needed.

I also want to thank Ane Nymark Jensen and Alison Terry for helping me to improve my English and for valuable comments, Jens Evald for valuable discussions on methodology, and my work place for granting me the time and money to fulfil my study.

Finally I want to thank my wife, Ulla and my two smallest children, Johannes and Zakarias without whose love and patience I could not have managed.

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Introduction

Assurance as carried out by accountancy companies is normally defined as an independent professional service that improves information quality or its context. Assurance, together with audits and certain reviews, belongs to a subset of evaluation that is characterised by being carried out by a third-party, independent organisation. I have been employed in a variety of organisations and have carried out numerous third-party assessments. This thesis is specifically about assurance approaches. The thesis presents an alternative view on the practice of assurance, which has been inspired in part by complex responsive processes of relating and in part by the way I have come to understand my own assurance work. My key research focus has been to explore exactly how and why my practice as assurator differs from the more orthodox approach.

As will become apparent to the reader, the focus of my research has gradually emerged during the course of the DMan programme. Not only has it emerged, it has also developed from being rather coarse, “black and white” like to a more nuanced focus as time has progressed and my own thinking has matured. When I joined the programme I was very interested in the dilemmas and paradoxes inherent in the apparent tension that companies experienced between ‘doing good’ and ‘doing well’, typically in relation to their stakeholders. My interest arose from the ethical concern I felt when working for and consulting to companies that wanted to be seen as socially and environmentally responsible: how could we demonstrate that this was indeed the case? If there were areas for improvement, could the assurance process help to pinpoint these, or could it only ever be an exercise in book-keeping?

Throughout the DMan programme I have narrated episodes from my professional life, and many of these episodes have been connected to assurance assignments. My initial intention was to research at a macro, company level. But I gradually came to realise that the subjects I wished to explore were pertinent to me and applied to my role as assurator. From the broad outline of corporate companies, stakeholder issues and ethics, I explored my own personal ethics as they related to a specific career change and a particular assurance project. This led me to investigate more closely how my assurance practice

differed from the more orthodox approach. Finally, I wrote about issues of trust and distrust related to an ongoing merger of my business with that of a business partner.

The title of my thesis is: 'From compromise to trust and relationality: Ethical dilemmas and paradoxes in assurance practice'. The title encompasses my journey through the DMan programme so far and the various foci of my projects, i.e. compromise in Project 2, relationality in Project 3 and trust in Project 4. It certainly deals with many ethical dilemmas and paradoxes that I have encountered in my assurance practice. But at the time the title was written, I still did not know that I was going to write about a new approach to assurance; an approach which I came to call the 'artist' approach, and which I found paradoxically coexisted with and was mutually defined by the more orthodox approach. As has been the case whenever I started a new project within the DMan programme, I started to write into the unknown, although of course constrained by what I had previously been researching. Some of the options I explored were to focus much more on trust and distrust in assurance or to explore implications of paradoxes and symbiotic relations in assurance approaches. Through the writing and the sharing with my supervisor and learning set, I ended up describing the 'artist' approach to assurance. Although not initially planned, my synopsis thereby came to reflect my research method as described in chapter 6, in line with the DMan methodology of taking our own experience seriously through personal narrating and critical reflection involving ourselves, our supervisors, learning set and fellow students in an iterative way.

In the following I will invite you to take part in my journey, which is indeed a journey without a fixed point of arrival. Rather, it is a journey with a promise to explore ethical paradoxes and dilemmas related to assurance work in order to gain an increased understanding of how our assurance approaches can be better understood and hopefully improved.

Project 1 is a reflexive narrative bringing together the influences and experiences that inform my current practice as a consultant. In this project I begin to articulate my interest in ethics.

Project 2 describes ethical reflections related to an assurance project I carried out just after having left a large accountancy company to become an independent consultant. The

reflections led me to explore the idea of compromising in relation to how we come to know and understand our values in our daily practice.

Project 3 explores another assurance project I carried out when I was employed in an accountancy company. In this project I try to explain what it is that on the surface looks like people revealing issues to me in the assurance project that one might normally expect them to keep for themselves. I conclude that they do not so much ‘reveal’ issues, so much as discover them together with me through a relational process. Rather than ‘calling them to account’ for various numbers and statistics via checklists and manuals, I invite them to ‘give an account’ of their working practices.

Project 4 deals with the merger of my consultancy business with that of a business partner. The merger happened while writing the project and explores the feelings of trust and distrust that I experienced. While I initially saw distrust as something negative, I concluded that trust and distrust are defined by each other and paradoxically exist at the same time. In the project I contrast my view of trust and distrust with the rationalist approach to trust that is pervasive in management literature, which claims that trust can be willed and learned. I specifically reflect on how trust and distrust come into being and how they impact upon power relations.

The Synopsis and Critical Appraisal brings the different projects together in what I call the ‘artist’ approach to assurance. Here I specifically deal with the ethical dilemmas and paradoxes related to the orthodox approach, which I call the ‘craftsman’ approach to assurance. I argue that the ‘craftsman’ approach operates within a realm of predictability and thus cannot assure anything other than what is already known. In the ‘artist’ approach, by contrast, it is possible to discover mutually unknown issues; but only if the assurator is willing to compromise the values of independency and objectivity, and to accept that it is possible – and indeed necessary – to be both ‘outsider’ and ‘insider’ at the same time. In achieving this, trust and distrust between assurator and assuree are important influences on the power relations that are at play in the relationality needed for the mutual discovery. At the same time, I argue that the ‘artist’ approach and the ‘craftsman’ approach cannot exist without each other.

The method I use is thoroughly described in the chapter on **Methodology**. In this chapter I try to contrast my method with other methods that have some superficial similarities, and I try to answer the questions of how valid, generalisable and reliable my method is.

1. Influences and experiences that inform my current practise in organisations

March 2005

I. The shaping of my inquiry

Throughout my life it has been important for me to respect the opinions of individuals, to help reconcile differences of opinion and to help reduce friction between strong personalities. However, on several occasions I have had personal encounters with people whose motives and moral codes I simply could not come to terms with. Over the years this has gradually led to my developing a strong interest in the subject of morality, not so much as a search for right and wrong, but more as a way of trying to understand others.

The context in which I have been engaging with the theme of morality is broadly that of sustainable development.

My interest in sustainable development evolved as a reaction to the positivist way of thinking embedded in my first university degree as chemical engineer. Sustainable development today is a highly complex area where notions of understanding and balance are of the essence. At the same time the issue of morals, and more specifically the aspect of morality called business ethics, is of critical significance to the possibilities of motivating the business world to take up the issue of sustainable development.

My 'journey' essentially has been from *positivism* to different versions of *systems theory*. The journey started in the applied research field before I became a manager, and eventually influenced the way I viewed management as well.

In my narrative I will pinpoint and describe important episodes in my life that have shaped and influenced the way I think today. The episodes, which have been identified through the re-writing process of Project 1, are:

- Questioning the positivist view – my areas of interest in my scientific period and my emerging interest in management

- Management and sustainable development – rebellion against first-order systems thinking
- Going beyond management – the Tavistock period
- My life as a consultant – mixing my skills while trying to pull things together into something more cohesive.

II. From applied analytical chemistry to management

The 'positivist' period

After graduating, I decided to pursue chemistry as my line of specialisation at University. After graduation I took on a position as a researcher/consultant at the Danish Isotope Centre. I was working with radioactive analytical measurement techniques for heavy metals; for example, levels of heavy metals in fish, and pollution records in sediments.

I gradually specialised in analysing mercury and organic mercury, and eventually became a recognised scientist within the European scientific community. A piece of my work that made me particularly proud was a study where I compared different analytical methods and discovered methodological biases within them. Apart from this, I also became involved in the work of an institution called the Community Bureau of Reference within the European Community. This organisation focused specifically on developing certified reference materials that laboratories could use as a test of their precision and accuracy.

My workplace, was a small institute of 30 people. Some of the things that happened in the company seemed to me to be ridiculous: the procedures were far too bureaucratic, the forecasting simplistic, and there was no long-term planning. Nevertheless there were no management initiatives to address these issues. This observation triggered my interest in the process of management *per se*, and I started on a part-time BSc in Economics and Organisation at Copenhagen Business School. I remember very clearly my fascination at

that time with the ‘garbage can’ model, and found great amusement in comparing the decision-making style in my own organisation to a garbage can.¹

Through my study – and through the insights I had gained at work of how management should *not* be performed – I started to develop ambitions for myself as a manager. I slowly acquired an informal status as a powerful opinion-maker in the company. I believe that I was considered powerful because I was able to see and make connections between departments within organisational issues.

As I completed my bachelor’s degree, my boss left for another job and I was appointed department head. ‘Head of Department’ – what a title! I was very proud and full of energy. I was made aware of a vacancy as a group manager at a larger institute, the Danish Technological Institute; I applied for the job and got it. That was back in 1988.

A ‘sceptical positivist’?

I do not think it was a coincidence that I chose to study natural science. Coming from a working-class family, studying itself was clearly a sign of having made a transition to a ‘higher’ class, a transition that my parents wanted us children to make. For me, the scientist stood for something very special and worth aspiring towards. Science also represented a search for the ‘objective truth’, which for me represented a safe place where I thought at that time there would be less subjective quarrelling.

In hindsight, I can see that I was a positivist to the core. Positivists usually hold that all meaningful statements must be either logical inferences or sense descriptions, and they usually argue that the statements found in metaphysics, such as ‘Human beings are free’ or ‘Human beings are not free’ are meaningless because they cannot possibly be verified by the senses. Positivists subscribe to a science without theology or metaphysics, based only on facts about the physical/material world.

¹ The ‘garbage can’ model of organisational decision-making was developed to explain otherwise irrational decisions by organisations. In this case, the ‘irrational’ means decisions that do not fit into the general rational framework, mainly because the basic parts of the decision-making process – the problem, the solution, the participants, and the opportunity to make the decision – are separated; see e.g. Cohen et al. (1972)

Within positivism there are two different schools: the older *positivism* based on the thinking of August Comte in the nineteenth century, and the *logical positivism* founded in the 1920s by the Vienna Circle. The older *positivism* essentially placed thoughts before feelings and feelings before actions:

The object of the synthesis will not be secured until it embraces the whole extent of its domain, the moral and practical departments as well as the intellectual. But these three departments cannot be dealt with simultaneously. They follow an order of succession which, so far from dissevering them from the whole to which they belong, is seen when carefully examined to be a natural result of their mutual dependence. The truth is, and it is a truth of great importance, that Thoughts must be systematised before Feelings, Feelings before Actions. It is doubtless, owing to a confused apprehension of this truth, that philosophers hitherto, in framing their systems of human nature, have dealt almost exclusively with our intellectual faculties.

(Comte, [1848] 1957, chapter 1)

While Comte used ‘positive’ as a synonym for ‘scientific’ and claimed that scientific work rested upon an indivisible *combination* of interpretation and observation, the *logical positivists* hold that scientific work could only be based on observations alone and that philosophy should provide strict criteria for judging sentences true, false or meaningless. The most characteristic claim of *logical positivism* asserts that statements are meaningful only if they are verifiable, and that statements can be verified only in two (exclusive) ways: empirical statements, including scientific theories, which are verified by experiment and evidence; and analytic truth, statements that are true or false by definition (for more on Logical Positivism, see e.g. Ayer, 1959).

I would have loved the world to work according to *logical positivism*, and I liked the rationality of chemistry and science in my study. I think I had a somewhat naïve belief that if just everyone acted accordingly then the meaningless discussions I had experienced with my parents would simply not arise.

In my first job I had several opportunities to do basic research, but I soon discovered that I did not find much joy in doing this. Instead, I was attracted towards applied research, especially research comparing different methods and trying to discover biases and errors. I was still at that time searching for the objective truth, but more and more realised that it might not be there. Although I initially attributed errors to mistakes or technological inadequacies, I increasingly realised that this was not always the case. Unknowingly, I had become sceptical towards the basis of *logical positivism*.

In my research I came across several areas where the implication of erroneous findings has led to wrong models and wrong actions. I now see that during this period I moved gradually from *logical positivism* to some kind of *social constructivism*, and realised that a lot of existing science within my field was based on a subjective, rather than an objective, reality (see e.g. Iversen, 2003). I think that this critical stance towards ‘objectivity’ continues to inform my thoughts and practice today; for example, I strongly object to such statements as ‘based on scientific facts’, an idea which is part of the dominant thinking in most environmental policy-making.

Interestingly, I went through a similar development within management. Initially I was attracted to management because I felt it could be done better. Seen through *logical positivism* lenses, I simply could not understand why management did not do what seemed so obviously necessary. In models like the ‘garbage can’, I did not really engage with the validity and usability of the model, but took it more as an example of the absence of deliberate decision-making. I therefore regarded the model as an explanation of something that did not work the way it should, and which could (and should) be corrected. This view informed my thoughts about management at that time. Similar to my research, it took some years of practice before this was to change.

III. Management and sustainable development

Engaging in management and discovering how management competences can be applied in the development of new consultancy concepts

When I started at the Danish Technological Institute I made a transition from analytical chemistry to emission monitoring. It was a rather dramatic shift because I left the secure

and recognised base where I had an international reputation, to work in a field where I had only limited prior experience.

Only one month after I commenced my new position the head of department ‘transferred to other duties’ because of ‘bad management’. His department was split into two and I was made head of the Environment department. This promotion came as a great surprise to me, but it presented a significant opportunity and was also something of a relief. I no longer needed to become an ‘expert’ in emission monitoring; instead I could focus on the management of approximately 30 people.

Several disasters had laid open the tenuous and fragile side of industrial technology. Among them, the Bhopal mass poisoning in India; the Chernobyl nuclear reactor disaster in Ukraine; and the Exxon Valdez oil spills in the United States. Human impact on a global scale like ozone depletion was now recognised and finally taken seriously, even by conservatives like Ronald Reagan and Margaret Thatcher, who joined other signatories when signing the Montreal Protocol in 1987.

Denmark was one of the most progressive countries in environmental regulation and among the first countries to establish an environmental agency. Great focus was put on water quality, air emissions and waste recycling. Industry complained about the increased costs they incurred through environmental taxes and abatement technologies; however, some of the more forward-looking and progressive companies were also beginning to see potential competitive advantages in being proactive within environmental protection. The concept of ‘cleaner technology’ – trying to reduce the environmental impact at the source, instead of using ‘end-of-pipe’ solutions such as waste water treatment – was new, and came to life with concepts like the Canadian *Waste Minimization and Opportunity Assessment Manual* (1988). These concepts demonstrated that it was not only possible, but very likely, that companies could reduce environmental impact and save money at the same time. Some of the employees in my department were at the forefront with these concepts. They were very idealistic and enthusiastic about their work, but not very realistic about nor appreciative of the hard-core consultancy facts: that the department also had to meet budgets.

The department earned itself a name within the cleaner technology and lifecycle assessment, and I increasingly became preoccupied with the task of creating a truly

multidisciplinary environment. I was soon to experience that technical experts are often eccentric personalities. It became a challenge for me and the rest of the department to prove that – indeed – multidisciplinary teams and eccentric personalities could function together.

Bridging management and Sustainable Development

At that time, management education and training in Denmark was rooted in systems thinking and strategic choice theory. Mintzberg (1983) and Porter (1980) were very influential. For me, the emphasis on strategic planning was immediately acceptable, but what appealed to me was really the vision/mission part of strategising, the planning cycle and the interaction with employees. I never really made use of the extensive planning models and my weak points were really the operational bottom-line management. I was definitely more a ‘big picture’ person than someone who cared for the details. However, I accepted that planning was necessary and tried to compensate for my lack of interest by being well-organised and systematic (although I never really succeeded with that).

The approach to management at the Danish Technological Institute was based on *first-order systems thinking*, i.e. the organisation had a distinct boundary, was made up by smaller parts and thought of as being more than the sum of the parts, implying a particular focus on the parts rather than the relations between the parts. The organisation on the other hand was thought to be part of a larger suprasystem. As a manager, I was then supposed to be able to adjust my department as if I was an outside observer.

Although looking at organisations as systems fitted well with what I learned at the university, I had always been very interested in the human relation part of management. My management style was extensively informed by Maslow’s theory on the hierarchy of needs (Maslow, 1968),² McGregor’s X and Y theory on work behaviours (McGregor,

² Maslow has classified motives into five developmental levels, with the satisfaction of physiological needs being most important and esteem and self-actualization needs least important. According to Maslow, the most basic needs must be satisfied before successively higher needs can emerge.

1960)³ and Herzberg's motivational theories (Herzberg, 1966).⁴ Using appraisals as a management tool was an essential part of my management style and I conducted them for every employee twice a year. I emphasised transparent and respectful management, i.e. ensured that the employees knew what management did and understood that their opinion counted and was valued. Without being aware of it at that time, I was contesting the assumption that organisations can be understood as machines. Jackson called this *hard systems theory*. *Hard systems theory* is a subset of the *functional systems* approach (Jackson's analogy for *first order systems thinking*), i.e. systems approaches that claim to be objective and aim to understand the status quo (Jackson, 2000, pp. 22 -4). So I did not find myself questioning my initial positivist view on management, although I may not have been conscious at the time that that was my approach.

I was very much attracted to the cleaner technology concepts. Some of the key characteristics of the cleaner technology concepts were lateral thinking – i.e. taking an untraditional approach: motivating employees, integrating 'soft aspects' like environment with operational management, and taking a strategic approach. My management experience and skill proved very helpful both in the conceptualising phase and when we tried to sell the services to industry. Environmentalists at that time took a very fundamentalist view of nature. The natural environment per se was 'sacred'. Industry, on the other hand, was 'bad' and envisaged as profit-seeking at the expense of environment. It was therefore very interesting to try to break the ice and build bridges between the traditional activist view and the traditional business view. Bridging these differences or dilemmas was particularly interesting to me because I had previously been an environmental activist and now was consulting to industry.

³ McGregor's theory X and Y are – according to him – the foundation of management values. These values affect the way managers and leaders interact with employees, and are a driving factor in policy- and decision-making. Theory X people dislike work, need control and force to make them work, like to be directed and lack ambition. Theory Y people like to work, can be self-disciplined for objectives they are committed to, and will accept responsibility.

⁴ Herzberg's two-factor theory, or motivation and hygiene theory, proposes differentiating between intrinsic and extrinsic aspects of the job. The intrinsic factors are the motivators and include achievement, advancement, the work itself, responsibility, and recognition. The extrinsic factors – called hygiene factors – include company policy and administration, technical supervision, working conditions, salary, and interpersonal supervision.

A concept related to cleaner technology – *lifecycle assessment* – was beginning to emerge. Lifecycle assessment contends that analysis based only on environmental impacts from final production of a product can lead to wrong conclusions. Instead, deciding whether one product or the other is the better alternative requires consideration of the associated environmental impacts ‘from cradle to grave’, i.e. from extracting the raw materials to producing the product, its usage, and ultimately its disposal. The early lifecycle assessments were rooted in *systems analysis*, with the International Institute for Applied Systems Analysis (IIASA) as an important early contributor. IIASA used systems analysis to help public and private decision-makers to resolve problems arising in complex socio-technical systems. *Systems analysis* is classified by Jackson as a subcategory of *hard systems theory* (Jackson, 2000, pp. 130 -34). Using a *system analysis* approach to lifecycle analysis quickly proved to be very difficult. Critics contend that it was like comparing apples and oranges and that it would yield whatever result was required, depending on where the system boundaries were set; and this was, as matter of fact, often the case. I found this rigorous approach increasingly meaningless. In my opinion, the data always reflected choices made by the scientists who selected the measurement criteria. Though more radical researchers tried to obtain as complete a picture as possible, opponents could always point out where data were missing or substantially different in quality. Furthermore, weights had to be attributed to different types of health and environmental impacts, which again implied a high degree of subjectivity sometimes hidden in complex impact models. Consequently, no such thing as *the answer* could exist. There were many answers; and pursuing the ‘correct’ answer ended up in political or methodological discussions. I therefore advocated that more pragmatic models be used, where the key emphasis was on getting different stakeholders together with different skill sets to examine the problems in a dialogue using readily available data, and then to learn from the dialogue and the analysis, with a clear focus on innovation and improvement.

In essence, my view on management and consulting had evolved into a dismissal of *first-order systems thinking*. I refused the objectivity of the observer and acknowledged the subjective elements. I was therefore gradually moving towards *second-order systems thinking*, or the *interpretative systems* approach often referred to as *soft systems thinking* because ‘it gives pride of place to people rather than technology, structure or organization’ (Jackson, 2000, p. 211).

My life-long curiosity to combine, integrate and try out things that have never worked together before was really founded in those days. At the same time I realised that I was very attracted by working with issues of environment, and later sustainable development, because it allowed me to combine science with my personal values. I strongly believed that respect for each other, and transparent, appreciative management, would always be successful; and I managed to create a very unique environment where we produced remarkable results in my department.

Getting exposed to the 'reality' of managerial power games

After 18 months at Danish Technological Institute, the institute was merged with another institute in the eastern part of Denmark, and I was made department director. Not only did the department grow to 60 employees, I also had management responsibility for people from six different departments. The integration challenge was substantive. At the time, I believed that the key to success was to create a common culture. I was very much inspired by Edgar H. Schein's writing on organisational culture (Schein, 1985) and tried to define a common language, give new middle-management responsibilities, formulate new norms and incentives, and create an ideology for the department. I found the challenge of bringing different employees together very stimulating, and once again I was very successful in using my management style to achieve this integration. However, I did not entirely meet the budget. I identified a lot with the managerial role, I was respected and popular amongst employees – 'I won their souls', so to speak – and I was, in a sense, 'pushed forward' by them. I tended, however, not to pay enough attention to the corporate tactical power-play around me, mistakenly believing that working with the employees and customers was sufficient to be a successful manager.

Two years after I joined the Danish Technological Institute, the CEO retired. He picked his own successor, deliberately recruiting someone who in many respects was his opposite. The new CEO was more academic, with a background in research and only very limited hands-on experience. My immediate sense of him was that he believed that 1) a good manager needed to have considerable experience; 2) experience could only come with age; and 3) science outclasses pragmatic approaches. I had limited managerial experience, was

young, and tried to develop pragmatic business solutions in the complicated scientific area of environment.

It was hardly a surprise that we did not get along very well.

Shortly after commencing his new position, the new CEO announced that he would make organisational changes. He wanted to reshuffle the 25 departments and reduce them to six divisions all directly referring to him. I became the division director for three departments.

I felt the new organisational set-up was a mess. I had too many managers referring to me, and also too many roles. I therefore began explore potential new ways of organising the division. I consulted the employees I wanted to give management positions and prepared a proposal that outlined roles and responsibilities – with names of the persons to take up the management positions – and, without prior consultation with the other departmental director, I presented my plans to management. With hindsight, I realise that I was (and still am!) too impatient, and a novice in organisational tactics. It was a crucial error from which I would learn my first insight into managerial power games.

My proposal was not well received, and instead played some cards into the hands of the CEO. He formed an alliance with the other department director in the division – like himself, a person with a background in university teaching. Together they persuaded a university professor to accept the position as divisional manager. This was revealed to me by the department director without any advance warning or notification. My successor should commence his new job only one month after I was asked to leave my position as division director; I was to introduce him to the job and continue as department director.

Needless to say, I was furious. I had come across bad management before, but to realise that unethical and cynical behaviour was also part of senior management was an utter surprise and a gross disappointment.

After two months I resigned and joined an institute called dk-TEKNIK as Business Development Director and manager of a multidisciplinary centre for development of business concepts within integrated environmental assessments.

Morality and management

Why did I leave? A mixture of revenge and impatience; and because I was not able to fully deal with the situation. The employees wanted me to stay, and after a relatively short time the professor turned out to be a complete failure as division director. Looking back on the experience, I can see that the decision to leave Danish Technological Institute was also a decision to move away from management. It was definitely not a conscious decision, but I was beginning to realise that cynicism played an integral part in senior management and the power games so inherent in it, and I decided that I was not prepared to play this game. Along with my thoughts on the human relation aspect of management and environment, I now also began to consider *morality*. Why did people behave as they did? Should we not all behave ethically, and should managers not set the example? Current management behavioural theories were not able to provide me with good enough answers. While *morality* was not yet a conscious theme for me, a seed had been planted.

IV. Going beyond management

Another go at management; digging in to the Tavistock thinking

As with several of my jobs, my role with dk-TEKNIK proved to be misrepresented by the job description I had been given.

It turned out that the CEO had given the employees a rational description of my role that differed from what he had communicated to me, on the basis of which I had decided to join. According to the employees, I was hired to run an externally financed development centre at no cost to the company, while the CEO had sold the job to me as having membership of the executive board. Perhaps I had been too eager to get away from the Danish Technological Institute to properly scrutinise my new role. Once again I experienced ethical flaws amongst senior management!

Anyway, I started my work and concentrated on getting the centre going. Some ten of my former employees made a shift to dk-TEKNIK and things were developing well despite the messy start.

As part of the psychological profiling I had to go through to get the job I was recommended to take part in a Tavistock Leicester conference to explore unconscious issues around authority⁵.

I never attended the Leicester conference. Instead I joined the Tavistock Advanced Organisational Consultation (AOC) programme. I used dk-TEKNIK as a case for my thesis at Tavistock. Due to bad economic performance, the CEO was forced to leave. As part of management I was heavily involved in the ensuing turmoil, and at one point was in the running as a potential new CEO. However, things worked out differently and a new CEO was brought in from outside. I stayed with dk-TEKNIK another 9 months after this, and introduced the new CEO to the job.

Tavistock, systems thinking and my own development

What really attracted me about Tavistock were the psychodynamic aspects that made up a large part of the AOC programme. What I was not prepared for was how we students and the faculty turned out to be schoolbook examples of such psychodynamic aspects as e.g. Basic Assumption behaviour (Bion, 1961).

Nevertheless I learned a lot from the Tavistock experience. Some of the new insights, which I have used very much since, included the psychodynamic perspectives of organisations (Czander, 1993; Miller, 1993; De Board, 1997). I also learned more about consultancy skills, e.g. through reading *Flawless Consulting* (Block, 1981). I certainly gained a better understanding of why changes in organisations are so difficult to accomplish, and at that time I also saw how the many personal experiences we carry with us as individuals could and would have tremendous influence on other aspects of our lives, including the way we function as managers.

The Tavistock tradition is a combination of *open systems theory* and psychoanalysis. In *open systems theory*, technical and social systems are interconnected and it makes no sense to regard one as dominant over the other. In open systems, each system imports material,

⁵ Authority, Leadership & Organisation (the Leicester Conference) is a working conference for the study of group and organisational dynamics; see www.tavistock.org.

labour, money and information from other systems or subsystems and exports them again (see e.g. Jackson, 2000, pp. 50-54 on General System Theory). In the Tavistock tradition, there is a particular focus on the boundary, which is seen as a region that exhibits insulation as well as permeability for the system to survive. In the boundary regions, mediating or regulating activities occur both to protect the system from externally influenced disruptions and to allow it to adapt to external changes. Another particular focus of the Tavistock tradition is the primary task of the group, where it is suggested that a group basically operates at two levels. At one level the group focuses on the task, while at another level group members develop feelings and attitudes (basic assumptions) towards each other, the group and its environment. The role of the manager, then, is to manage the boundaries and to be aware of and alleviate the BA disorder within the group. Apart from this, the third focus of the AOC programme was action research, which here meant using a circular structure of contracting, diagnosing, feedback, and intervention.

I joined Tavistock AOC as a manager, while most other participants were organisational development consultants. For them it was quite natural to take up the role at the boundary and to use that position to understand the primary task of the organisation, as well as recognising the BA behaviours, projections and transferences that prevented the organisation from accomplishing its primary task. As a manager it was difficult to look at one's organisation as if one were not part of it; and although intellectually I found the focus on the boundary and the primary task very interesting, I experienced life within the organisation itself differently; things were happening here and now, and the cleverly designed interventions were seldom effective in meeting actual needs. I also found that applying the Tavistock thinking as a manager resulted in becoming even more distanced from the organisation than you when applying first-order systems theory: it was far too easy to look at the system and what went on there as something that did not necessarily involve oneself. Although the Tavistock tradition involved an action research focus, I felt that taking the perspective of an action researcher meant keeping my own boundaries intact and never really regarding myself as part of the system I was observing.

I did, however, learn a great deal from the psychodynamic perspectives of the Tavistock training. This was what I saw as the strength of the Tavistock tradition, i.e. its ability to diagnose dysfunctional behaviour in an organisation. I had begun to acknowledge all sorts of reasons why people did not behave rationally, and how that influenced the way they

related to each other. I found that really helpful when I reflected over why things did not happen the way I had anticipated.

I now firmly buried my initial positivist thinking. I had become much more aware of the importance of relations between people; and at the same time I started to question some of the fundamentals of systems thinking, although I still subscribed to those theories in general.

In a way, the AOC programme was my own little paradox – introducing a lot of constraints due to the workload and stress around my participation, while at the same time enabling me to start breaking away from systems thinking by learning more profoundly about it.

Later it became even clearer for me that my principal means of learning is through partaking in conversations with others. In that sense I tend to work very intuitively and have learned that I can rely on my intuition. Today I see the Tavistock AOC experience as an important and perhaps necessary learning experience leading up to the ideas and thinking imbedded in the DMan programme.

While doing the Tavistock AOC certification, I also spent time reflecting on my own management style. Although I was very keen to be a manager, I thought a lot about whether the pressure exerted on managers inevitably resulted in unethical behaviour at some point. After all, I had now experienced several examples where other managers benefited from unethical behaviour and got away with it as long as they could demonstrate a ‘healthy bottom line’. Personally, I was interested in bottom-line issues so much as in doing things the right way. As I see it today, my assumption that this was an either/or choice was relatively naïve. At that time I viewed *morality* as a system of personal ethical conduct that the individual imposes on himself or herself; in this view, morality is concerned with individual choices, as a personal effect of free will. The Tavistock emphasis on psychodynamics, however, had provided me with more explanations to the why people sometimes did what they did, suggesting to me that impacts from earlier experiences could have a considerable impact on free will and therefore, by extension, on personal ethical conduct. My reflections on this were mostly on the personal level, but certainly had an impact when I chose my next career step.

V. My life as a consultant

Moving away from management

As a result of my reflection I wished to move in a direction that would allow me to employ the skills and methods I had acquired from Tavistock. I did not think that management roles provided this opportunity. This direction had given me many disappointments and I felt that a senior management role might not fulfil my current development needs. By then I had worked within technical consultancy institutes for 17 years, and wished to look for opportunities outside this area.

I was offered a position as corporate environmental manager in a Danish multinational company, Sophus Berendsen. I accepted this position, where I would now be on the other side of the table: I would now be the buyer of the services I developed and sold.

Beginning to link morality and sustainable development

At the time I started in Sophus Berendsen, public interest in the 'ethical' company was starting to take off. Today discussions are still ongoing to define what an 'ethical' company is, and the concept is much more widely accepted. With the transition of the environmental agenda to the sustainability agenda, fundamental aspects of human rights and limits to corporate responsibility have become important topics in progressive companies. For me this meant that my personal urge to understand what I saw as unethical behaviour in management could now combine with my consultancy domain.

Morality can be described as a complex of principles based on cultural, religious, and philosophical concepts and beliefs, by which an individual determines whether his or her actions are right or wrong. These concepts and beliefs are often generalised and codified by a culture or group, and thus serve to regulate the behaviour of its members. *Morality* is a large subject, ranging from doing what is right in a particular situation to more fundamental questions about what is good for humanity:

Moral problems do not permeate every moment of our existence: occasionally, we are unsure about what to do (e.g., whether to tell the truth, when doing so may bring irreparable damage to our career and economic hardship upon our family); but thankfully, such quandaries are the exception rather than the norm in day-to-day life. However, if the primary moral question is not What is the

right thing to do in a problematic situation? but What is a good life for a human being? morality suddenly seems to invade all corners of life

(Louden, 1992, p. 29).

What is thought to be moral has varied greatly over time, and from culture to culture. Usually, a *morality* applies to fields in which the choices made by individuals express an intention relative to other individuals (even non-members of the society). A concept of morality may therefore tend toward any of the possible directions in a given field, and moralities exist that recommend heavy restrictions on behaviours, as well as moralities that recommend totally free self-determination.

Morality in relation to business is most often concerned with arriving at practical moral standards that tell us right from wrong, i.e. *normative ethics*; today, the term *business ethics* is generally used for the study and evaluation of decision-making by business according to moral concepts and judgements. *Business ethics* thus draws together my two interests – sustainable development and morality.

One of the problems I see in relation to *business ethics* is the rather non-reflexive use of the word ‘ethical’. Many consultants advocate that an ‘ethical company’ is a company that behaves according to the values decided by management. The framework they are thereby applying is pure systems thinking: not only talking about the company as an ‘it’, but also implying that its management can decide on values and that such values are equivalent to some larger whole or greater good to which employees must submit. Not only does this way of thinking mean that the employees lose their autonomy, it also disregards the existence of timeless ethical imperatives as proposed by Kant (see e.g. Stacey, 2003a, pp. 20-24), and in my view endorses the existence of ‘ethical companies’ that deliberately violate rules and regulations but are still considered ‘ethical’ as long as they follow their own stated values.

The whole debate about the ‘ethical company’ often touches upon the more fundamental discussion about the role and purpose corporations have in society. The economist Milton Friedman has argued that the principal purpose of a business is to maximise returns to its owners, or, in the case of a publicly traded company, its shareholders. His views have been used to promote the view that the only companies likely to survive in a competitive

marketplace are those that prioritise profit maximisation above everything else. However, advocates endorsing their view through Friedman miss his point that self-interest would still require a business to obey the law and adhere to basic moral rules, because the consequences of failing to do so could be very costly in fines, loss of licensure, or company reputation (Friedman & Friedman, 2002).

I personally believe that any business has moral duties that extend well beyond serving the interests of its owners or shareholders, and that these duties consist of more than simply obeying the law. A business has moral responsibilities to its stakeholders and to anyone who has an interest in the conduct of the business, which might include employees, customers, vendors, the local community, or even society as a whole. For me this places stakeholder dialogue as central to the understanding of the moral responsibilities of the business and opens up an array of questions concerning how companies relate or can relate to their stakeholders.

Starting my own consultancy

From Sophus Berendsen I moved to international consultancy because I wanted to explore the integration aspects between business and sustainability in the international context of large multinational companies. I used the experiences gained from four years at Dames & Moore, and later at one of the large accountancy companies, as valuable assets when I started my own company two years ago.

My profile within consultancy has always been to provide assistance on ‘odd’ projects (e.g. for companies looking for best practice in trend-spotting) and to provide learning for clients within traditional services like assurance by engaging differently with the companies, e.g. in site visits. My great asset is my ability to combine my experiences from research, business and consultancy with the actual engagement on site to challenge people on their assumptions and findings. I find that clients generally are satisfied, but nevertheless the consultancy domain – sustainability and business – does not attract many new customers. The budget constraints faced by environmental departments are part of the explanation. It is generally believed that companies can and should do the majority of the work themselves because the added value from assigning consultants is too small to warrant the expense. Instead, the corporate interest is on engaging with non-governmental

organisations (NGOs) to learn more about potential business risks and opportunities and to team up with academic resources at the universities.

My current consultancy domain is sustainable development and business, i.e. how issues like environment, social responsibility and business ethics can be integrated with business. My typical clients are international corporations. I consult both to individual companies and to a group of companies working together on an issue or a project. Stakeholder engagement and relations often form part of my projects. Another aspect is helping companies to identify and overcome barriers for effective integration of issues like sustainable development into their business. In addition, I do work within assurance and accountability. Most of this work is interviewing selected people in the target companies about company performance on stated issues, i.e. whether the company 'walk the talk', and feeding the results of these interviews back to the organisation as part of their ongoing learning and improvement processes.

How the themes come together to inform my inquiry

As a self-employed consultant I have been forced to take on many different types of projects. I have used all aspects of my competences, and this has helped me to start defining exactly what it is that I have to offer clients that differentiates me from other consultants. I am still in the process of identifying this, and I actively use my participation in the DMan programme in this endeavour. I value my increased understanding of the importance of relations between people and of the underlying psychodynamics, and I think that I have now arrived at a place where I have let go of my own need to please and appease people, which derives from my childhood. For this and other reasons, I am satisfied with being a consultant rather than a manager. As a consultant I now try to be something through the work I do, and through what I am, rather than through the management position I hold. In that sense, *morality* and being true to what I believe in has become much more conscious and important for me.

My 'journey' has taken me from *positivism* to various forms of *systems theories*, which I have now started to question. In my present work this 'journey' has been very helpful, e.g. in assurance projects when assessing whether data are 'correct' or not. The ordinary accountancy approach is based on a positivist view, which I can easily understand and

work with, while my own experiences enable me to focus on the organisational learning part of the assurance process rather than simply looking at accounting processes. In most of my projects the focus is exactly on learning and improvement, although I also do many 'expert' projects where I compile inputs to a client process. My preferred way of working, however, is through meetings involving different inside and outside stakeholders in order to address barriers and opportunities here and now. In these meetings or workshops, I am as much a part of the process, and equally a stakeholder, as all the other participants.

Within the themes of *morality* and *sustainable development*, I see interesting questions that I would also like to explore further. Some advocates of universal human rights claim that human rights are based on timeless ethical imperatives; do these exist, and how is that related to the way companies define their values? Advocates of sustainable development claim that businesses are responsible for more than just their bottom line, but how do we actually define the responsibility of business?

Although I accept that working with sustainable development must be either part of a common and agreed framework for doing business, or something that adds – or a least does not subtract from – the competitiveness of the company, I believe that business must develop a better understanding of how morality, individual employees and stakeholder relations work together in order to benefit from the work. I have come to believe that *systems theory* here will not be able to provide adequate explanations, and my aim for my participation in the DMan program is to explore these questions within the framework of complex responsive processes of relating.

2. Compromising as a way of functionalizing cult values

October 2005

I. Introduction

Project 2 has been a real struggle. Both in terms of the methodology applied and the content. I made several attempts with the version you are currently reading as the final outcome. During the re-writing of this narrative I started writing about what we call compromises and ended up with a contribution on how making compromises are a way of making values meaningful.

The project has evolved in a much unstructured way and it has been difficult to bring the story together. I have had to add more to my narrative during the writing process in order for the reader to follow my line of reasoning better. My narrative thus has also emerged in an iterative way.

As will become apparent for the reader I am rather critical towards the accountancy industry in this transition period of my life where I leave this industry to become self-employed. It should be noted that my criticism is rooted in my particular experiences and that others probably have other and more positive narratives to present.

II. The CSR Scorecard – a project developed out of a long process of compromises

I work as an independent consultant and, at the time of this story, my future prospects were not as good as I could have hoped. Against this background, I met with Judy from the public institution, DCIC. Judy was in charge of maintaining a database of companies subscribing to the Corporate Social Responsibility (CSR) Database. The purpose of the meeting was to discuss a potential consulting opportunity, which was a project involving the verification of information supplied by companies to be listed on the CSR Database. I had mixed feelings about this project. The CSR Database had been partially developed by

a former close colleague from the days of my working for a large international consulting organization, and I had been involved in discussions of the proposal submitted by our organization to DCIC. However, I had always had serious doubts about the CSR Database concept, which I shall explore here before going on to describe my meeting with Judy.

The Corporate Social Responsibility Database concept

The CSR Database was developed by DCIC, which now operates it. It was designed to be a tool enabling ethically aware consumers to make informed decisions about their purchases from socially responsible companies, as well as providing a platform for companies and other organizations to communicate publicly about their initiatives on social responsibility and corporate governance. Companies and organizations sign up as members by application, and their application is initially granted by DCIC. Subsequently, however, the members are subjected to external control by spot verifications to check on what they were doing. The CSR Database is based on the international conventions of the International Labor Organization, a specialized agency of the UN, and on rules and regulations on employee rights and health and safety at work. The results of the verification check on each member are made available to the public on internet.

I strongly support the intention behind the CSR Database but, in my opinion, DCIC has made far too many compromises in the initial stages of the project; and this severely inhibits its potential success. The project targets consumers and therefore the information about a range of relevant consumer goods needs to be easily accessible, understandable, relevant and up-to-date. Consequently a broad participation of companies is needed. There are, however, two inherent problems in this. Firstly, consumers buy products, not companies; so if information is classified by company rather than product, consumers may well not get the relevant information on their first search of the database. Secondly, companies are hesitant to pay large membership fees or to use significant internal resources in providing and updating the information, particularly if they are not sure that it will be used by consumers.

As is the case with many other projects, the resources available for project development in the end determined certain priorities. Priority number one was to recruit member companies, which meant that the membership had to be relatively cheap and that

procedures had to be simple. This made the information available for the consumers inadequate and irrelevant – a potential catastrophe for a consumer information project! The DCIC believed that if the project attracted sufficient members, then the content could be improved later from new member fees. Although sceptical of the current design and organizational back-up for the Database I did believe that the process of providing the information itself could have some value for the participating companies in helping them to understand what CSR meant for them.

The role of the auditor

Fundamental to the credibility of the CSR Database is the validity of the data. Although data submission is based on self-evaluation and initial approval by DCIC, part of the concept is justified by the fact that one fifth of all members' scores are verified by an independent auditor every year. I was now on my way to negotiate a contractual arrangement with the operator of the CSR Database for taking on the task of this independent auditor.

Judy did not know very much about third-party verification. As part of the project, my old consulting organization had developed verification guidelines requiring each participating company's own auditors to carry out the verification for CSR Database purposes. I already knew the amount of money set aside for a single verification in the project I was to discuss with Judy, and knew that this was far less than most auditing companies would charge if given the task. In addition, the procedures required DCIC to have their own auditor, who should also be able to give accreditation to other auditors if members wanted to use their own auditor rather than the DCIC one.

Having conducted many verifications, I consider myself a seasoned auditor. Basically, I believe that the conventional accountant approach of number-crunching, systems-checking, limited dialogue and focusing on documentation, is of limited value when applied to CSR. The normal accountant's procedure only scratches the surface and accountants seldom know enough about the subject-matter to provide what I would call meaningful assurance. I regard the normal services provided by accountancy companies to be more or less a smokescreen for buying a "stamp" of accountability. Auditing companies, on the other hand, will argue that they have abandoned this old-fashioned approach to bring their

practice more in line with modern notions of accountability. My own perception of my role as an auditor is more that of an outsider engaging with particular members of a client organization with the purpose of mutual exploration of experiences, sense-making and learning. I believe – but do not know – that I can do something meaningful for the members of CSR Database as their verifier. But along with my general scepticism of the audit business, rooted in the accountancy tradition, another of my concerns about the meeting with Judy was whether the budget constraints for the verification project were too tight to enable much meaningful work to be done.

Getting the job

During my conversation with Judy, I discovered that no one else had been invited to bid for the verification project and that I would not even have to submit a proposal. I knew that it would be difficult for her to find other independent verifiers, particularly given the constraints of the budget. We discussed a possible approach to the verification, and she asked me whether I thought it would be possible to carry this out with the limited money she had available. The project budget allowed for three days' work for each of the selected members, regardless of company size. This would involve at least two meetings; between four and ten interviews, often at different locations; and preparing reports and a verification statement. The sensible thing would have been to say: "No, it is not possible". Nevertheless I said "yes" because the project would boost my cash flow, even if I did have to spend more time than I was being paid for.

Judy informed me that a partner from another major consultancy had been appointed as chair of the Audit Committee. The role of this Audit Committee was to oversee the verification work; this made me feel a little anxious. Naturally Judy had gone for a safe option by putting a well-known partner from another accountancy firm in charge of the Audit Committee, which was to officially guarantee the third-party assessment. This would mean that I would have to document my work according to the standards of accountancy companies. I already knew from internal audits in my previous company that this would entail formal paper trails, including risk assessments, work plans, audit programs, sign-off and evaluation memos. All these needed to be in place to document the independence and objectivity of the verifier and the credibility of the verification. I knew that I would be

writing to myself, in that it was most unlikely that the Audit Committee would ever inspect my files. The paperwork served only to add to the administrative overhead and lower my profit margin!

Even if the files were inspected, would this provide any guarantee of my independence and objectivity? No one would compare my evaluations before and after the project, meaning that all the paper trails would be judged retrospectively, at best. And would such a sign-off be a guarantee? From previous experience, I knew that the sign-off was often a formality, with nobody caring to read the documentation anyway. What was most important to the inspection was that the documents were there and that they had been signed. That was their guarantee of independence and objectivity. From my own experience, I knew that some of the documents were even prepared after the event! Furthermore, the documentation itself could easily be falsified or twisted to serve any purpose, which I knew was done on many occasions in risk evaluations. And even the most carefully prepared documentation would never guarantee that the job had been carried out in an objective and independent manner. These were my speculations, which I realized were not shared by the general public. For some reason, accountancy companies are perceived by the public to operate with the required independence and objectivity.

I thus found myself in a situation where, if I wanted to be a verifier of the CSR database, I would have to demonstrate independence and objectivity to the Audit Committee. This made me feel vulnerable, because I knew that an Audit Committee would see nothing but myself and my personal integrity; I had no organization or brand to protect me.

My concerns and anxieties were not shared by Judy. Although I did not raise my concerns myself, it was obvious that Judy seemed to take it for granted that I was independent and objective. I believe she attributed this to my previous employment; in her eyes I was an accountant, and accountants are born objective and independent.

Making compromises

After the meeting, I was left with some unanswered questions and many reflections. First of all, I was struck by the lack of rigour and formality that Judy applied before giving me the job. I knew that such things happen, and that as a consultant I should consider myself

lucky to avoid all the formalities. All the same, I found it somewhat questionable that the operator of an ethical database did not apply methods that could survive public scrutiny. On the other hand, what she did might be totally defensible, given that I did possess the necessary expert knowledge and experience in the field. My second question was more directed towards my own ethics. Was it ethical of me to accept a project within a framework that I found flawed, within a concept (the CSR Database) that I felt had built-in contradictions, and finally using an audit methodology that I did not entirely believe in? I justified my participation by hypothesizing that the CSR Database could be improved and further developed. If I could contribute to this further development and also provide learning and gain exposure to the participating companies, my involvement with the CSR Database would be worthwhile.

One could argue that I made compromises. Because I needed the income, I acted in apparent conflict with my own opinion, which was, “I do not believe in the CSR Database concept, therefore I should not endorse it by accepting the verification project”. My compromise was between my own *values* and my *need* to fill my project pipeline. Although others also had a negative attitude to the CSR Database, I believed that I could rightfully be accused of not being authentic or of being selfish – just doing it for the money. My first reflections were a reaction to what I saw as the perception that others would have of me and my reaction caused me to create another rationale, to “excuse” myself for making the compromise, and to articulate some ends that could justify my immediate conduct and make sure that it “looked” right. By turning the verification work into a learning experience for the members and by using the audit results to suggest the improvements that I thought would be needed, I could justify the job to myself. I could even – and justly, I thought - argue that by taking it on I could achieve something better than a more orthodox auditor might manage.

Compromise as an enabling constraint

Does it make sense to speak of what took place in the encounter with Judy as a series of compromises? According to the dictionary, what we call *compromise* is either “a settlement of a dispute in which two or more sides agree to accept less than they originally wanted” or “something that somebody accepts because what was wanted is unattainable”.

In Judy's case, she most likely got less money than she initially wanted and, as is often the case, an "ideal" budget was unattainable. Given that she had put forward a clear proposition with an accompanying budget, then she could be said to have accepted a compromise. But in reality, she would never know what the "ideal" project would be, or whether less money would result in poorer outcomes. I was forced to balance different aspects and consequences of a potential action, but although it might look to outsiders as if I was compromising some of my values, I could also be said to be doing the opposite. Besides the formal verification, I identified learning as a key outcome, with benefits for those involved in the verification process that would make the work meaningful. At the same time I would ensure that the work would fulfil the requirements of an Audit Committee. I was thus creating constraints on my actions, namely, that the verification should entail learning and that it should fulfil the requirements of the Audit Committee; and it was these constraints that enabled me to go on.

I thereby formulated a project design and justification sufficient for me to accept the job. The result of the reflections was not to change the overarching project, but to change the terms of what was required to achieve the outcome. Instead of making a compromise, like accepting the job because of the money while acknowledging that I would rather have said "no", I ended up really wanting to do the project because I believed it could make a difference. But if I had not initially recognized the compromise, then I would probably not have reflected on what I was doing and so might have ended up either refusing, or accepting the project and then carrying it out in a way that would have been in conflict with my beliefs. Recognizing the compromise, and reflecting on it, in a paradoxical way made the compromise disappear by transforming it into an enabling constraint.

In a way, compromising is the way we discover, negotiate and, to some extent, make use of the constraints we continually face in all our day-to-day actions and interactions. What is called "compromising" is the process that enables us to move on rather than being blocked. In some cases, we are aware of the compromises we are about to make. However, often we do not know them in advance and only experience them through the process of acting. What we call compromises are thus experienced in the "living present", that is, actions we take in the present on the basis of expectations for the future that arise in accounts of the past (Stacey et al., 2000). Compromises are rationales we create while we are experiencing the constraints on our actions.

Compromise: universal versus contingent views

The usual definition of what we call “compromise” derives from Kantian thinking on ethics. In this view, we are autonomous individuals who make rational decisions based on reflections independent of action and before the action itself. We are weighing the potential consequences of the outcomes and are using these to decide on whether to proceed or not. We reflect and then we act. But by making compromises, we also indicate that we do not do entirely as we would like to. We acknowledge that there might be many solutions, and that not all of them are wrong in themselves. Here we are not helped very much by Kant’s first *categorical imperative*, “Act only according to that maxim by which you can at the same time will that it should become a universal law” (Kant & Paton, 1964). What Kantian thinking offers in the situation of a compromise is a boundary around the potential compromises denoting what we cannot accept, rather than what we can. For example, it is easier to agree that stealing is bad than it is to judge certain types of legal business where the more knowing exploit the less knowing.

In the case of accepting the job as a verifier of the CSR database, a Kantian perspective would be that you should only accept the job if you believe in what you will be doing. But the “believe in” is so particular to the individual that it tends to be a useless statement in itself, offering little guidance to this same individual, because what one person might use as an argument for accepting a job might not be sufficient for another. However, it would also follow, in the Kantian perspective, that if you did not believe in what you were doing, you should not accept the job. Thus it makes more sense to refuse something from Kant’s principles than to accept something.

What we call “compromise” might also be viewed from the purely utilitarian perspective of aiming to achieve the greatest good for the greatest number (e.g. see Benn, 1998). From a utilitarian perspective, the moral act is not a private affair. On the contrary, utilitarianism, like Kant’s approach, demands an end that can be universal. The utilitarian universal is the general good, the general happiness of the whole community, while Kant finds the universal in a society of autonomous, rational human beings who apply rationality to the form of their acts. Thus the utilitarian and Kantian perspectives both assume that when you face a compromise you ought to try to generalize, to say to yourself: “What would another

person do in my place?”. The problem with this is that although we do indeed often ask this question, in our reflection this hypothetical “other person” has to be located in the same circumstances as our own, the same special conditions that in the end are only valid for us.

Although we might be tempted to believe that there is a universal answer to our ethical questions, this is very rarely the case. As pointed out by Mead, “Neither of them [i.e. Kantian perspective or utilitarianism] is able to state the end in terms of the object of desire of the individual” (Mead, 1934, p. 382). As individuals, we are therefore not assisted very much either by Kant or by utilitarianism when we have to choose between different alternatives that are all universally acceptable. According to Mead it is not the *form* of the act, but the *content* of the act, that we should universalize.

You do have to bring the end into your intention, into your attitude. You can, at every stage of the act, be acting with reference to the end: and you can embody the end in the steps that you are immediately taking. That is the difference between meaning well and having the right intentions. Of course, you cannot have the final result in your early steps of the act, but you can at least state that act in terms of the conditions which you are meeting

(Mead, 1934, p. 383).

In the case of my decision to accept the CSR Database job, I focused on the stated end – the third party verification – but also included a further end for the CSR Database itself: that is, companies embracing CSR in a meaningful way so that consumers could look for useful information about products. In the steps I took, I tried to embody an end that I knew from the beginning was not straightforward and which sometimes entailed interests different from my own.

Through this perspective, “compromising” is understood to be a central aspect of our relating to each other. The basis for what we call “compromise” is our own interests; but in the compromise we have to sacrifice what Mead calls the “narrow self”, that is, the self that takes only its own interests into account rather than those of all involved. This leads to the development of a larger self, which can be identified with the interests of others and

also transforms the basis for what we call compromise from the self to the relation between the self and the others.

The moral problem is one which involves certain conflicting interests. *All of those interests* which are involved in conflict must be considered

(Mead, 1934, p. 387, italics added).

The problem, however, is that when our own immediate interests come into conflict with others' interests that we may or may not have recognized, we tend to ignore others and take into account only those interests that are immediate. Thus we do not consider *all interests* and, according to Mead, cannot be said to behave ethically. But is this always true? I do not think that there is a clear answer to that. How is it possible to be sure that we really have taken all pertinent interests into account? Surely the term "all" is naively idealistic? What constitutes "all" interests, and does the understanding of this vary from person to person? I think the answer is "yes", and this is exactly why compromising also contains the built-in opportunity for new things to happen. To quote Mead once again: "There is room for mistakes, but mistakes are not sins" (Mead, 1934, p. 389).

Limitations of a linear time perspective

The original meaning of the word "compromise", namely, that two parties get less than they originally wanted or that one person accepts something because what he/she wanted was unattainable, entails a linear time perspective. To be aware of having made a compromise, we must know in advance what alternative was available. If that alternative was indeed realistic – for example, someone wanted a wall to be painted red while their partner wanted it green, and they gave in because their partner insisted – it would be clear that a compromise had been reached. The person who capitulated would be reminded of this whenever they saw the wall, and might even feel a sense of loss or regret. On the other hand, they might also be surprised to find that they actually like the green. Thus in the very situation where the decision is taken, where the compromise is made, we are able to visualize what the result will be, although cannot know in advance what feelings we will subsequently experience.

What we call compromise in the everyday understanding of this word entails a conscious reflection in a linear time structure. If used about the past, it tends to serve as a justification or an explanation of an act where there were conflicting views of the desired result. It might even become an excuse: “I was forced to make a compromise!” If used in the present, it tends to describe why we do something different from what we had previously expected to do, and this will typically entail a rationale created by the weighing of pros and cons and an optimal decision. But most situations are far more complex, and we cannot know if what we really wanted was attainable in reality. In the case of me taking on the auditor project for the CSR Database, I will never know what would have happened had I refused to take the project on. Describing the course of events for others, it might look as though I made a compromise; but in what I did and the way I decided to go about it, I myself did not feel that I was compromising. I did not get less than what I wanted, simply because I will never be able to describe exactly what that was.

Rather than using a linear time perspective, what we call compromise could also be seen as interactions that occur in the living present (Stacey et al., 2000), where we act in the present on the basis of expectations for the future that arise in accounts of the past, all in the present. These accounts of the past influence expectations for the future; but the expectations are also simultaneously affecting the accounts of the past. The living present, therefore, has a circular time structure in which the past changes the future and the future simultaneously changes the past, all in the action of the present. From this perspective, what we call compromise could be seen as an enabling constraint that allows us to go forward without being sure of what the future will bring. In other words, being faced with a choice between “a” and “b”, we are forced to reflect on our intent and the actions following from that intent; and through the reflection it becomes clear that it is not a choice we are facing, but rather constraints that will affect our actions and the outcome, without necessarily changing the overall intent. Instead of searching for the optimal decision through some rational analysis of pros and cons, this kind of thinking stipulates reflection on the constraints on our actions that we are facing, and how we can act without changing our overall intent. In the case of my decision, I did not list the pros and cons. Instead, I reflected, not only on what the pros and cons were, but also for whom, thereby including the interest of others as well. These reflections helped me shape my actions and desires without losing sight of my overall intent for the CSR Database.

Compromising, understood in this way, is a positive aspect of acting and when done consciously, involving the self, signals a change in the actions leading to an intent, without necessarily changing the overall intent. The ability to compromise then becomes a strength rather than the weakness that is often suggested by ordinary language, for example, referring to someone as “a man of uncompromising nature”, meaning a person with strong and visible values. In daily life we make compromises all the time, often without recognizing it. Thus, I would conclude that *what is commonly called compromising is the equivalent of the ongoing negotiation and dialogue that we have with others.*

III. My research question

For me, this perspective on what we call compromise throws up some important considerations regarding values in companies and the potential impact if these values are “uncompromising”. In the project for the CSR Database, it was very important for me that my work lived up, not only to my own standards, but also to those of the accountancy profession. Values of independence and objectivity are no doubt an important foundation of these standards. As a verifier of the CSR database, I would have to demonstrate independence and objectivity. I did this by not taking these two values literally, by “compromising”. Rather than taking such values for granted, compromising thus made me reflect on what these values meant to me in the specific actions I was taking. This is contrary to my experience in the consulting organization I used to work for, where I found that the meaning of these values was seldom discussed. This leads me to several questions: Why is it that seemingly important values in the accountancy profession – like objectivity and independence – are beyond discussion? What is the potential impact of this? What role does compromising play in the way we understand our values?

In the following, I will start to explore this further. Using my experiences as an employee in a consultant accountancy firm, I will argue that employees in these companies are neither independent nor objective: where there is no acknowledgement of the conflicts that emerge from an ordinary need to make money and build a career while hoping to remain independent and objective, these values become nebulous and to some extent meaningless. Using accountancy as an example, and drawing on my own experiences with my former

employer and the CSR Database project, I will argue that making compromises helps us to pay attention to the things that matter, thereby helping us to take our own values seriously.

IV. Accounting, compromises and cult values

The history of accounting is as old as civilization. Accountants have participated in the development of cities, trade, and the concepts of wealth and numbers. According to Matthews et al. (1998) accountants contributed to the development of money and banking, invented double-entry bookkeeping that fuelled the Italian Renaissance, saved many Industrial Revolution inventors and entrepreneurs from bankruptcy, helped develop the confidence in capital markets necessary for western capitalism, and are by many judged to be central to the information revolution that is transforming the global economy. The inventors and the entrepreneurs of the Industrial Revolution, however, were not cost accountants; and those who survived the inevitable depressions recognized that continued success (and avoiding bankruptcy) required accounting expertise. Accountancy introduced a sense of economic reality, making the economic constraints that the business faced transparent for the business owners and managers. Most of this reality arises in a historical perspective, through book-keeping.

Accountants have developed a strong standing in society through the formalization of their services, expressed in the creation of professional associations. For many years, through these associations accountants have managed to create an image of professionals guided by a strong code of ethics. The contributions of professional accountants during the Second World War have especially emphasized this:

On price regulation committees, over the problems of clothes, food and raw materials rationing, purchase tax, rent control, custodianship of enemy property and the defense finance regulations, the accountant was brought in to act as an impartial arbiter between the licensing authority, the State, and the trader, or the manufacturer. The accountants' task was to prepare returns so that authorities could compute the extent of available supplies. On the fiscal plane the services of the accountant were indispensable to the smooth running of the financial machine. The impartial computation of liability under the excess profit tax, income tax and the national defense contribution ensured that, as much as possible, the burden of war should be covered from current earnings. Profiteering from the miseries of war, if not totally eliminated, was cut down to

the minutest proportions, and much of it can be attributed to the untiring efforts of the accountancy profession

(Stacey, 1954, p. 191).

The increased complexity of global companies caused a consolidation of the big accountancy companies, which meant that audit services could provide access to further work. Companies and individuals increasingly turned to accountants to help them cope with the growing weight of taxation that resulted from the imposition of a wide range of new taxes. In addition, the audit has provided direct access to the often more lucrative consultancy work which, although dating back at least into the nineteenth century, has grown at an unprecedented rate during the last quarter of a century.

The dilemmas of accounting: objectivity and independence versus income generation

Strong professionalization, however, has had some negative repercussions. Through restricted access to becoming an accountant and by rejecting services not authorized by the professional bodies, accountants became an elite class with the potential for high incomes. Thus, profit maximization for the members became yet another objective aside from professionalization. When I started at my former consultant accounting firm, I was told that, in principle, I could earn as much money as I wanted. Although I knew this was not true, it is an example of a myth that accountancy companies use heavily when trying to attract new employees. What they did not say is that the partner system demands that you first pay your “toll” to the partners above you. They depend on their employees’ earning capacity to feed their own high incomes. The rather unrealistic claim of unlimited high earnings is true to the extent that money-making is one of the key criteria for becoming a partner oneself.

Over the last decade, there have been numerous examples of accountancy companies having problems balancing the desire for personal incomes, reflected in the partner structure, with their roles as respected, independent guardians of economic transactions. The professional bodies were originally set up to protect their members, sometimes by

discouraging them from pursuing income opportunities that might damage the profession's image. The high income from consultancy services, however, took some of the focus away from the independent auditing business and the big accountancy companies; and as the partners became increasingly dependent on this income, they experienced greater and greater difficulties in maintaining their integrity and independence as they tried to balance the concerns of their clients.

I witnessed this not long after I joined my former company. A key audit client wanted help in carrying out a project that was close to "green-wash": the dissemination of misleading information by an organization to conceal its abuse of the environment, in order to present a positive public image. When we raised this as an issue with our partner-in-charge, rather than confronting the client with this, he looked at the potential for income generation and overruled our concerns. In the official risk evaluation, our concern was not flagged up. Had it been flagged up, the partner in charge of the client would have stopped the project, not necessarily going back to the client to tackle the issue direct, but more likely by refusing personal involvement in the project and letting another advisor carry it out. His major concern would be the risk such a project posed to his own project portfolio. Clearly, the whole culture of this accounting company was one of protecting one's own income streams; our loyalty was (supposed to be) to our partner structure, rather than to the clients or the profession. This also showed up in the way audits were carried out, where every inspection of files and issues was accompanied by an immense volume of documentation, not for the client, but for the partners in charge. The documentation was done in a hierarchical way, from junior accountant to partner-in-charge, the latter having sole authority to sign off on what is called a "high-level memo".

One of the most spectacular examples of the difficulties of balancing integrity and independence with income generation is the case of Enron and Arthur Andersen, where Arthur Andersen was indicted in 2002 for obstruction of justice following the Chapter 11-bankruptcy protection of Enron (Hawkins & Cohen, 2003). The Enron audit business of Arthur Andersen in the year 2000 amounted to \$25 million compared to the consulting work of \$27 million (Fusaro & Miller, 2002; Hawkins & Cohen, 2003). The Enron case was only one of many instances where audit companies were accused of wrong doing. Other prominent cases were those of Waste Management, WorldCom, Sunbeam (Fusaro & Miller, 2002). The public reaction to such high-profile cases has been to intensify

regulation, which in turn escalates the demand for audit companies to demonstrate independence through increased documentation. The big question is whether such legislation will actually remedy the root causes of the problems, or whether it is just preserving the fantasy of the existence of such a thing as an independent auditor.

Human relating and “self-serving bias”

The auditing business, as well as many other consultancy businesses, is fundamentally based on human relating. In accounting and auditing companies, the more effectively one secures customer satisfaction and repeat sales, the higher one is valued as a professional. Repeat sales, and knowing what the client wants, fundamentally requires an in-depth understanding of the client and good relations with key contacts. “Target meetings” to discuss additional business opportunities from existing clients are regularly held, and an important part of the methodology in these meetings is to map personal relations with key clients. Good client relations – and bad – inevitably affect one’s personal career, thereby destroying any notion of being independent.

Post-Enron and Arthur Anderson, Bazerman et al. (2002) described some of the mechanisms behind the apparent accountancy errors. The main reason, they claim, is the so-called “self-serving bias”, a bias that happens unconsciously and works by distorting the way people interpret information.

This is an example of self-serving bias: Armed with the same information, different people reach different conclusions – ones that favour their own interests

(Bazerman et al., 2002, p. 97).

In their study, Bazerman et al. give numerous examples of how the judgment of consultants is strongly biased toward the interest of their clients. One might argue that the major accounting companies are large enough to absorb the loss of one client, minimizing the urge to please the client. However, an individual accountant’s job and career prospects might be dependent on success with specific clients, as was the case in Arthur Anderson.

Rather than introducing new regulatory systems, Bazerman et al. recommend eliminating incentives that create self-serving biases: for example, reducing the auditor's interest in whether a client is pleased by the results of an audit. But even in the case of one-off audits, one cannot help being affected by the attitude of the persons audited and by one's own need for self-recognition.

The dilemmas tend to disappear

Although legislation has forced many accountancy companies to reconsider the balance between consulting and accounting practices, many companies outside the US, including Denmark, are strong advocates of keeping consultancy and auditing within one firm. Cross-selling is still a focus area, and the powerful position of key account manager can be attained only by senior managers or partners. Employees in these companies are consequently forced to compromise constantly between the need to be independent and objective while at the same time creating strong bonds with the client and focusing on increased cross-selling. But as long as these compromises are not named or acknowledged, then they are not seen to exist within the company.

The apparent paradox – needing to be independent and objective while at the same time developing strong relations with those who, in principle, should not influence one's practice – is resolved in several ways. One way is by applying a linear time perspective, by relating with the client in the phases leading up to a project, then retrospectively demonstrating independence in carrying out the project. Another is through self-deception, by defining independence solely in terms of economic interests. All internal procedures for proving independence, therefore, deal only with potential financial conflicts of interest with the client, and not with any kind of personal relations that may exist. Independence thereby becomes an attribute of an object, rather than a relation in itself.

In the various kinds of auditing that I have been involved in, it is clear that audits evolving from the tradition of accountancy companies tend to avoid extensive interaction with the clients. Instead, the auditing process focuses on numbers and systems. This focus, the preservation of an outside perspective and establishing a temporary existence as controllers in separate on-the-premise offices, maintains the perception of being independent and contributes to the self-deception already mentioned. Consequently the perception that

accountancy companies, through their design of certain tasks and values, are independent and objective, appears to me to be nothing but an illusion upheld by the companies themselves. This illusion has permeated society to a considerable extent, and in the case of the CSR Database the fact that I had been employed by an accountancy company and thus knew about audit methodologies was enough to credit me with the independence and objectivity needed for the job. I was very much aware of the so called “self-serving bias” of consultancy work, and knew that I had to think of independence and objectivity in a different way when actually carrying out the verification work itself. This different understanding is fundamental for the type of audit work I do concerning assurance and accountability. Why, then, is it so difficult for accountancy companies to acknowledge the problems related to independency and objectivity? Part of this – I believe – has to do with the strong reliance of the accountancy profession on systems theory, which I will discuss in the next section.

Accounting, auditing and systems theory

General audit principles have remained unchanged through history. Auditors are supposed to be independent, to be objective in their observations, with a duty to report their findings. Although accounting and auditing in principle are older than systems theory, which as a general theory first commanded widespread attention after the Second World War (Jackson, 2000), these general audit principles fit very well with systems thinking. The audit object is considered to be a “thing”, a system, which the auditor can objectively observe and evaluate. With the introduction, in the 1980s, of various management systems for quality assurance, environmental protection and other related issues, it became increasingly clear just how much accounting and auditing relied on systems thinking. The remit of auditors is to check the implementation of these various systems; not only is it their intention to check the internal controls and feedback systems, but the auditing itself can also be regarded as a control system. With the widespread growth of issue-specific management systems, there has been a surge toward the integration of management systems. This has spurred the development of more integrated approaches to auditing, inspired not only by systems theory and focusing on interdependencies within the company systems (Karapetrovic & Willborn, 2000), but also by Senge’s Learning Organization

(Beckett & Murray, 2000). This development has led to a confirmation of auditing as firmly rooted in systems theory.

It seems natural that a profession that is in essence about systems checking must itself be based on systems thinking. Consequently, the basis for accounting and auditing firms is their own systems and procedures, which are applied in auditing routines to ensure objectivity in the reporting of findings. Auditing firms typically have strict hierarchical organizational forms, with very precise descriptions of function and authority (Hawkins & Cohen, 2003). These firms also have procedures for judging the principle of independence. This principle, which is fundamentally linked to the principle of objectivity, is the Achilles heel of the accountant and auditing firms. Compromising is not an issue, because in principle an optimal solution can always be found through rational thinking. Again, the belief in the accounting methodologies is so strong that the accountancy companies themselves have little doubt that they can be applied to areas other than economics, for example, the environment and CSR.

These systems thinking-based methodologies are presented by the companies as a guarantee of trustworthiness and, when combined with the brand of objectivity and independence, are often accepted at face value by others who need to demonstrate accountability, as in the case of the CSR database. Ideals rooted in values like objectivity and independence are not bad in themselves; in fact, one would think that building a company on these values would foster something good. The problem, however, is that there are other ideals in play at the same time, which have developed and become an important part of most accountancy company ideals, and these have come to work against objectivity and independence. It is to these issues that I will now turn.

Accounting, ideals and compromises

The original ideal for accountancy companies was linked to the three principles of being *independent, objective*, and with *a duty to report findings* (Karapetrovic & Willborn, 2000). In this way, accountants are the guardians of the financial system, giving trust to financial operations and investments. Apart from this ideal, employees in accountancy companies aspire to become successful (and rich) partners. The successful partner is a role model held up for the employees and in this way also a kind of ideal, although of a

different character. While the first one is rooted in idealism, that is, a theory positing the primacy of spirit, mind, or language over matter, the latter is driven by materialism and pragmatism, a tendency that seems to become more and more prevalent in today's society. These two contrasting ideals often work in the same direction. Being good at the primary task of the accountant means being recognized for one's efforts and skills, resulting in gradual progress up the ladder that culminates in becoming a partner.

The road towards partner status is long and burdensome, and the temptation to make shortcuts by uncritically securing new projects rather than upholding the strictest accountancy ideals is a daily challenge. Usually, this involves minor decisions and actions where the need for income is placed above accountancy principles. While claiming to uphold the ideal of an independent and objective accountant, one can demonstrate that in some cases this ideal can be compromised in the interests of securing a new project or opportunity on behalf of the company. This was what I experienced in my former company: whenever new project opportunities were poor, what mattered was an individual's ability to generate income; anyone who lacked this ability risked being squeezed out of the company. Business opportunities, job security and the ideal of the successful partner thereby become more important than the ideal of accountancy.

The compromise we make in this case is not necessarily paradoxical, because we resolve it by ranking our ideals. Furthermore, our actions are very often unconscious. We might not even be aware of what we are doing because it has become part of the day-to-day practice; it has been accepted because superiors stress the need for income and never question the accountancy ideals. Rather, these ideals are taken for granted. Only when many small actions combine to make our doings visible to others do we realize that we have done something that is not laudable. In some cases this "something" might even be a violation of laws or internal rules.

Likewise, an auditor's biases may lead her to unknowingly adapt over time to small imperfections in a client's financial practices. Eventually, though, the sum of these small judgments may become sufficiently large and she may recognize the long-standing bias. But at that point, correcting the bias may require admitting prior errors. Rather than expose the unwitting mistakes, she may decide to conceal the problem. Thus, unconscious bias may evolve into

conscious corruption – corruption representing the most visible end to a situation that may have been deteriorating for some time. It's our belief that some of the recent financial disasters we've witnessed began as minor errors of judgment and escalated into corruption

(Bazerman et al., 2002, p. 101).

Contemporary role models

Often, when we use the phrase *being ethical*, we speak of being true to our ideals. Ideals here can be anything from philosophical ideals to role models. The role models used to be extraordinary people embodying philosophical ideals. In modern times, our role models have changed dramatically from being people who embody philosophical ideals to people who achieve personal success in the form of fame and power. The enormous influence of the media has even spurred the development of ideals whose role models' only attribute is that they are famous – the cult of the celebrity. Our ideals have thus changed from being unattainable and utopian to more pragmatic goals attainable by everyone, taking the form of self-fulfilment, of “being true to ourselves” (Bloom, 1987; Taylor, 1991). This need for self-fulfilment has led to the development of a kind of “value-abundant” society where everyone has his or her own “values” and where it is illegitimate to challenge another's values (Bloom, 1987). According to Taylor the problem, however, is not the ideal of authenticity in itself but the risk that individualism causes one to lose a sense of a bigger purpose, leading to a flattened and narrower life. This is linked to the widespread use of “instrumental reason”, that is, the kind of rationality we draw on when we calculate the most economic application of means to a given end (Taylor, 1991). Authentically being true to oneself, according to Taylor, means finding one's own originality, which is something we can discover only in a dialogical process. Defining oneself means finding what is significantly different from others; but finding the difference is not just a matter of choice. It has to be a choice that recognizes other issues of significance apart from the choice itself:

The agent seeking significance in life, trying to define him- or herself meaningfully, has to exist in a horizon of important questions. That is what is self-defeating in modes of contemporary culture that concentrate on self-

fulfillment in opposition to the demands of society, or nature, which shut out history and the bonds of solidarity

(Taylor, 1991, p. 40).

My ideal

My ideal, at the time I worked for an accountancy firm, evolved around personal integrity. At the same time, I saw wealth, formal position and the ability to make money as important tokens of success, although I recognized that they often conflicted with personal integrity. My attraction to my former company was to work with an international company, where I assumed that integrity would be a key value, and to sustain a relatively high income. I was told that I was to be positioned for a fast-track partner admission. I soon found, however, that although integrity was certainly a featured value in the glossy brochures about the company, it did not penetrate very deep. Promises and personal integrity seemed to come second to income generation. If we did not bring in sufficient money, the promises made to us were abandoned, and if we had the chance to generate money we could bend our integrity to serve this purpose.

It was not always pleasant to be confronted with many “successful” partners who were good at making money but were not very bright and did not demonstrate much integrity. I soon lost whatever might have been left of the idea that integrity was a prerequisite to earning tokens of success, such as formal position and recognition. I increasingly realized that money had played too big a role in my choice to join the company and that I had neglected other issues of significance. While I gradually experienced and recognized the downsides of the company, I also gradually realized how I became part of the downside. In order to have a say, it was essential to aim for partner status oneself, and in order to become a partner the most important criterion was to generate income. Instead of being true to my own ideals by considering the question of integrity, I was gradually destroying my ideals, at the cost of my own identity. Part of this identity, I realize, was also connected to the values of objectivity and independence that I can easily trace back to my initial interest in rationality and science. I was faced with the fact that the company which, in principle, should embody these values now seemed to destroy them for me.

What about other employees in that company? Can they maintain values of objectivity and independence? I do not believe so, because any problems related to these values remain unacknowledged and are not openly discussed in the organization. This and the conflicting ideals, I think, are some of the reasons that prevent the elimination of what I call the illusion of objectivity and independence of accountancy companies. In the next section I will look more closely at the way values are interpreted, or not interpreted, in the daily practice of an accountancy company and how this can eventually lead to a culture that works against these same values. I will contrast this with my experiences from the CSR Database project, which I undertook as a self-employed person.

Cult values and functionalization

George Herbert Mead, the American pragmatist and social psychologist, offers several insights into the genesis of values and the development of what he called a *cult*. In his terminology, values such as becoming rich and powerful can be said to be the result of an idealization of the collective of powerful partners (Mead, 1934, 1964). He called these *cult values*. In Mead's understanding, all values – positive as well as negative – are cult values. Mead also defines what he calls a *functional value*, which is the way a cult value is functionalized in our everyday actions. Such a functionalization inevitably causes conflicts because there is no unique functionalization. These conflicts then have to be negotiated between people in their practical interactions with each other, leading to a consolidated understanding of the cult value and the possibility for changes in the way the cult values are understood. If you apply the cult values directly without functionalization, they tend to become overriding universal norms to which members must conform. Such memberships constitute what we normally understand to be a *cult*. The functionalization of the cult value of becoming rich and powerful takes the form of a variety of ways of making money, often disregarding other ideals or seriously infringing them. Such cult values thus tend to make it more important for employees to think about how to make money than to think about the way money is made, thereby diverting their attention from the ethics of their daily actions (Griffin, 2002).

The conflict between the cult values of independence and objectivity and those rooted in the wealthy and powerful partner ideal is very seldom addressed in daily practice.

Formally, it is recognized and dealt with in various procedures, which each person who is assigned an overall project responsibility must adhere to before starting a new project. Basically, the auditor must complete a risk assessment evaluating their own competence and independence. Usually what this means is that one cannot both audit and consult to the same client at the same time, although this is not always adhered to. The key procedure to demonstrate independence is the yearly declaration of financial independence of the clients. The procedures outline some general rules that must be followed, but apart from these they are regarded as formalities. By this means, the ideals of independence and objectivity in daily practice are subjugated to the application of rational procedures, and being a good accountant becomes synonymous with the ability to make money. Unless able to demonstrate this ability, one has a limited future in the company and definitely no partner potential. On the other hand, it is possible to become a partner without demonstrating the ideals of independence and objectivity, because it is tacitly assumed that these are fundamental prerequisites of being a successful professional. This illustrates the core problem: independence is implicitly assumed to be inseparable from winning clients, instead of being inherently at odds with consistently sustaining and expanding the client base.

This is another example of the abundant use of Charles Taylor's "instrumental reasoning". Management do not pay attention to the potential conflicts in the functionalization of the various cult values, and ignore/are not aware of the potential bad practices that unwittingly may have evolved. Instead they have idealized the non-conflict between the different cult values and created a third cult value: that is, independence and objectivity are assured by the absence of direct financial interest in the client company. This cult value is applied directly through the procedures and criteria that explicitly define "direct financial interest", and is never really functionalized. Thereby, employees are freed of the conflicts that normally arise in functionalization and any compromise that they might think they could face; that is, the compromise is made purely hypothetical. Instead, what matters is that the required documentation is in place – that is, the relevant procedures and checklists are in place and will be available for internal inspection. Although from time to time one might question whether one is truly independent and objective, the fact that the necessary documentation has been applied exempts one from paying attention to the potential conflicts of interest that might arise when actually carrying out the project. In this way it is

both a smokescreen and a false security, caused by the heavy reliance on systems thinking and the linear time perspective applied.

In the CSR database project, I knew I had to demonstrate to the Audit Committee that I had procedures and documentation in place. For each of the ten audits I prepared a letter of engagement, an audit plan, a risk assessment, a planning memo, documentation of interviews, a declaration and a post-project memo. I knew that this formed the backbone of the evidence required for the Audit Committee that the verification had been conducted to the best professional standards. At the same time, I realized that to do a good job I needed to relate to the clients, and I needed to make many assumptions and personal evaluations. So I was not independent and could not be objective in the conventional/literal meaning of these words. The “objectivity” applied in the verification and my “independence” had to rely on my judgment and the personal integrity I invested in all the verifications, however fragile that may be. I thus had to functionalize the principles of objectivity and independence faced with the dilemmas and conflicts of carrying out the project. I was compromising. But I did it consciously and not against my ideal. Compromising thereby became the very way I came to make sense of the principles of “objectivity” and “independency”, and helped me pay attention to what was important for me. This not only made it meaningful for me to conduct the verification, but also meant that these two principles could become part of my values.

In my former company, this could never have happened because the two principles were “uncompromisable” and not open for discussion. By not acknowledging the problems related to this non-functionalization of cult values, accountancy companies risk developing a cult with their own understanding of what independence and objectivity mean. Employees then become part of an *enlarged personality* (Stacey, 2003a), where there is no need to consider what objectivity and independency mean. As a member of a cult, one’s identity will inevitably become affected by this.

Strong and weak evaluations

So far, I have claimed that making a compromise does not necessarily mean going against one’s ideals. One is simply functionalizing the values making up the ideal. The argument could be made, however, that one can go against your ideals, and when one does this it is

making a compromise. We know what we think would be the right thing to do, but the circumstances make us take a deliberate decision to act differently. This kind of compromise is, in my opinion, based on what I earlier called rational, linear thinking. We are considering pros and cons, and end up in a compromise that is rationally defensible.

This is the kind of rationalism that is also the basis of “economical reasoning” defined by Charles Taylor, which is partially the cause of many “false” ideals (Taylor, 1991). These kinds of rational decisions presume that we know the potential outcome of our actions. They are fundamental to systems thinking and rely on the kind of rationality that is used in traditional science, where we aim to find the objective truth. This kind of rationality leads us to think that we can predict the future and leads us to define criteria for success that can guide us in our decisions. Ideally, this rationality also dissolves the compromise because in theory we should be able to find the optimal solution.

When we nevertheless feel that we have been making a compromise, it is exactly because feelings have been excluded from this rational decision-making. We have transformed what Charles Taylor names a *strong evaluation*, which is when we reject a perfectly realizable desire because we believe it is unacceptable, into what he calls a *weak evaluation* (Taylor, 1989) by the use of rationality. According to Taylor, a *weak evaluation* is the criterion we use to choose between two conflicting desires, where the conflict is a practical matter, so it is not possible to realize both of them in a particular, limiting situation.

A weak evaluation is thus very similar to the ordinary understanding of a compromise. What happens is that we discard our ideals by rationalization, by neglecting or overruling our feelings, and turn the situation into a choice between conflicting desires, only one of which is practically possible. We thereby avoid strong evaluations and risk a loss of identity. Acknowledging these feelings and paying attention to them could help us to become clearer about our ideals and about the necessary functionalization of the cult values.

Richard Rorty (1991) suggests that there is another kind of rationality. In his sense the word ‘rational’ means something like ‘sane’ or ‘reasonable’ rather than ‘methodical’.

It then comes to encompass a set of moral virtues like tolerance, respect for the opinions of those around one, willingness to listen, reliance on persuasion rather than force

(Rorty, 1991, p. 37).

This kind of rationality comes closer to the kind of critical reflection that is necessary when we engage in the conflicting processes of functionalization than the rationality we apply in the weak evaluations that Taylor discusses. Applying Rorty's notion of rationality could even show us a totally new way of understanding our own ideals. Using the kind of rationality championed by Rorty, in my view, helps us make the compromises that will prevent our ideals from becoming simply put and non-functionalizable. Being able to compromise in this respect becomes a real individual asset, in relation to which the apparently positive assertion, "an uncompromising nature", should be regarded as something less favourable.

V. Conclusion

The normal understanding of a compromise entails a linear time structure and systems thinking:

- Think before you act;
- Assess the consequences;
- Finding an optimal solution is always possible.

However, the use of the word compromise is often also used retrospectively as a way of offering an explanation for what has happened or simply as speculation.

Compromise understood in this way tends to be something negative, where we get less than what we want or not at all what we wanted. Being an uncompromising nature is upheld as something strong and favourable. Not making compromises is part of being true to us, regardless of the absence of any bigger purpose.

When we instead apply a circular time structure, then the idea of compromise describes our ordinary interactions and dialogues we encounter in our daily life. By being aware of a potential compromise we become aware of the constraints that we are facing in all our endeavours. This awareness inevitably makes us reconsider what we want and it either makes us want something different given the constraints, or makes us deal with the constraint while. In the last case we acknowledge that in the end this something will have changed. In this way a compromise becomes an enabling constraint that instead of inhibiting us – makes way for new solutions and actions and thereby allows us to proceed.

In a rational, systems oriented perspective many organisations uphold certain values as being uncompromisable. In the auditing and accounting profession such uncompromising values are independency and objectivity. Even though such values originates from certain ideals, other - and some would say - more contemporary ideals like being rich and powerful might conflict with these values. Not only will all consultancies suffer from 'self-serving biases', i.e. a bias that is unconsciously adapted and works by distorting how people interpret information whenever they have relations with clients, but as part of 'good' consultancy practise we are also encouraged to build stronger bonds with our key clients in order to increase repeat sales. Thereby the conflicting ideals are ranked with the need to

make money prevalent. Instead of acknowledging these conflicts thereby making it possible to discuss them openly the values of independence and objectivity are kept as core and uncompromisable cult values. The result is that they cannot be functionalized, but are applied directly and without any reflection. Part of the reason for this is the inability to break with systems thinking and the linear time perspective which has installed an overwhelming believe in the ability to solve potential conflicts through procedures and checklists applied in an organisational hierarchy.

Uncompromisable values applied in such a way tend to form the identity of the employees in the organisation. If they do not accept the values they must either pretend to do so with the personal difficulties that will entail or simply leave. In my case I left. Later on I was presented with the opportunity of doing an audit project that also required me to demonstrate independence and objectivity, but where the understanding of the audit process and the principles of independence and objectivity was intrinsically linked to the public perception of the accountancy companies. Having left an accountancy company and having had serious concerns regarding the culture of such a company it would have made sense and would most likely have been judge to be an “ethical” correct decision for me not to accept this project. Initially it looked like accepting the project would mean that I would compromise my own beliefs. Believing, however, that I could indeed deliver value and realising that others immediately accepted my role as an auditor I started reflecting on what such a role really meant to me and what the cult values of independency and objectivity entailed. These reflections allowed me to functionalize these cult values thereby changing my own perception of them. I accepted the project and thereby was forced to make what others would have named a compromise and what I now see more as enabling constraints that allow us to go on. Accepting the job in this sense for me was a very ethical action where I paid attention to not only what mattered most to me, but also looked at and took into account what others might think.

The kind of reflection needed in the kind of functionalization I am describing is related to what Charles Taylor (1989) calls strong evaluations. Rather than rejecting a certain option or thinking because we believe it is unacceptable we force ourselves to think through why it is unacceptable and to link that to the option. Thereby, we start to functionalize the value that made the option or thinking impossible in the first place and this inevitably affects the option and thinking and often induces acceptable actions. This kind of reflection is not the

normal rationalisation but rather the kind of rationalisation where rational is thought of as reasonable or 'sane' and encompasses a set of virtues like tolerance, ability to listen and respect for others opinions, Rorty (1991). I believe that this was exactly what I did confronted with the task of doing independent and objective auditing of the CSR database. Rather than rejecting the project because I did not believe in the concept and the whole idea of the independent and objective auditor, I critically reflected on what these values meant to me. Through this reflection I came up with solutions that allowed me to retain my critic of these values while applying them in my job. I thereby forced myself (or was forced) to make what we call a compromise and this lead to a new functionalization of these cult values.

Through this project I thus have come to the conclusion that compromising seen in circular time perspective, in the living present, is how we come to functionalize many cult values in our everyday life. I do not consider it to be an expression of forcefulness, resoluteness and in any respect a strength when companies speak about their uncompromisable values. They - often unwillingly - avoid the necessary functionalization and instead apply these values directly. This can result in the development of vulnerable cultures and a behaviour that seem acceptable from within but often cannot stand an external scrutiny.

3. The (Re)Assurance Touch – a different way of doing assurance

March 2006

I. From exploring my values to understanding my practice

In my research proposal I proposed to examine the links between ethical values, company values and company responsibility and what this means for how companies define their responsibility. I specifically wanted to focus on the responsibilities companies have towards different stakeholder groups and how they understand these responsibilities in practice. While I am still in the initial phases of inquiry into my research proposal, I have embarked on exploring my own values and practice in the context of environmental auditing and assurance of companies. Such work is often initiated by stakeholder pressure and therefore relevant to the research proposal.

In Project 2, I examined the understanding of the theme of *compromise*. I particularly looked at the link between values and how that influenced the ability to make compromises exemplified by the accountancy profession and my own practice. I contended that the potential clash between the core values of being objective and independent, and the more superficial value of becoming powerful and rich, is not sufficiently acknowledged in the accountancy profession. I concluded that this could be partly attributed to the inability of the accountancy profession to compromise their core values, i.e. to acknowledge them and subsequently reflect on what these values meant in daily practice and to their practice in general. Instead, these values were unquestioned, taken for granted and applied without reflection.

I described in Project 2 how my understanding of objectivity and independence has evolved as my own situation has changed from being employed in an accountancy company to becoming a self-employed consultant. During my work on an assurance assignment where I needed to apply the same kind of independence and objectivity that has come to be taken for granted by the accountancy companies, I was forced to reflect on

what these terms (objectivity and independence) meant to me as an autonomous consultant. In conducting the assurance assignment I was presented with the pressures of both maintaining and managing my relation with my client, whilst at the same time being professionally obliged to exercise my own sound judgement, along with the requirement to earn money to support my family. I could therefore not be considered to be objective and independent in the ideal meaning of these words, but had to “compromise” or functionalise the meaning of these values while applying (and functionalising) my value of personal integrity. This was contrary to the perspective of a conventional employee in the accountancy company where I previously worked, who had been freed of any speculations of how values of objectivity and independence could potentially work against each other through an idealisation of the non-conflict.

II. Putting values into practice

The next logical step from this inquiry is to explore how this insight may inform, impact or challenge the environmental assurance work I do. I intend to devote the present project to look more into this. I will explore what the potential differences are, the drivers or causes, and explore the reason for my approach being – as I perceive it – different from what I would term the orthodox or traditional accountancy approach. This is important to understand not only from a theoretical point of view, but also because I find that my approach produces significantly different results. Understanding how, on which assumptions, practices and implicit judgments my approach is built and informed will help me reflect on and further develop my work as a consultant.

My emerging research question(s)

Since I joined one of the big accountancy companies in 2000 (I will refer to this company as ACCOUNT in the rest of the project), I have been an assurance practitioner. At that time I certainly did not expect assurance to become a dominant part of my consultancy activities, especially not after I left that company three years ago.

Assurance in the accountancy world is an independent professional service that improves the information quality or its context, e.g. in a client report. The result of assurance and especially *environmental assurance* is typically a statement declaring that, based on sample checks of procedures and metrics, the client’s environmental data in their annual report and

the comments related to this are accurate. The assurance provides customers or other stakeholders with an assurance statement that the programmes, commitments and targets set out by the client in their external report are supported by management procedures and key performance indicators. The client is thus supposedly endorsed as trustworthy.

The assurance approach in the company I was employed in is definitely of the orthodox kind. I do, however, believe that the projects I have carried out always had another aspect, which I think is of a different, maybe even transformative character. During my time with the assurance company I was always aware that my approach and line of inquiry was different from the mainstream company practice. I had my own “touch”. More than anything else, this “touch” has been a kind of special trademark that I took pride in, yet never really tried to define. As a consequence I have not sufficiently reflected on what made it distinct and what value it added to the client.

Assurance assignments today comprise a substantial part of my current practice and have also become an important part of my identity as a consultant. However, most of my assignments are projects where I am a subcontractor to larger companies, like my former employer. This obviously restricts how I can define my work; it also dictates the scope and overall approach, since I do not “own” the client relationship but have to align with other companies’ priorities and strategies. However, last year interesting opportunities presented themselves that suddenly gave me an opportunity to develop new assurance approaches within my own business. This has led me to rethink my business and has also made me realise that in order to be able to develop a new assurance approach, it is of paramount importance for me:

- To be able to articulate more clearly what my so-called “touch” really is: to demystify it, describe what makes it distinct from other assurance approaches, and explain why these distinctive traits are pertinent for a successful assurance;
- While doing this – I will try to deconstruct the concept of assurance and explore how assurance could be both understood and undertaken differently with significant benefit for the client.

This is the aim of my Project 3.

I will build my narrative on a particular episode that took place four years ago, when I was still with the large accountancy company. It was this episode that made me aware that I did assurance differently. During the narrative part I will reflect upon this experience, what it reveals of my approach and how it contrasts with the orthodox approach. I will then revisit my research question(s) to see if this has helped me distil my thoughts on this; and I will then try to explain my approach in theoretical terms.

III. Deconstructing environmental assurance – contrasting the orthodox approach with my approach

Converging transition periods at my employer and the client company

I am in a meeting with my client NN from a large Danish power producer, Energy X (the name is invented, to preserve anonymity). Energy X has been a client of my department for some years. We have repeatedly been commissioned to give assurance of their green account.

The background for the meeting is important for me. During my two years with ACCOUNT, I have not yet had any management responsibility for the assurance part of the department's work. Although I have been involved in our assurance projects, I have never had any formal training in the accountancy approach to assurance, having picked up the approach as I went by working alongside a trained practitioner. Through this on-the-job training, I had been evolving, revising and enhancing my own distinct approach; creating my own "touch", as it were.

Another aspect makes this meeting particularly important for me. F, a senior accountant, who used to be the director responsible for the Nordic assurance work within our unit, has just left the company and I have taken over responsibility for the Danish clients. In the turmoil following his departure Energy X, one of our key clients, have expressed some misgivings about the value of the environmental assurance service ACCOUNT has provided to them over the years. The environmental assurance work was essentially the familiar routine of data assurance provided by accountants, as described. They were in the

middle of an environmental certification process and were concerned that the assurance work added only marginal value on top of this.

Questioning the value of environmental assurance

Environmental assurance is an approach that is linked to the history of sustainability reporting; it is based on traditional financial assurance procedures tailored to non-financial information (International Auditing and Assurance Standards Board, 2005a).

Environmental reporting started in the early 1980s with the chemical companies trying to cope with a bad image. Gradually, environmental reporting began to be included in the way responsible companies communicated their progress as a result of environmental management. Critical stakeholders, however, did not trust what the companies disclosed and accountancy companies immediately saw a business opportunity where they provided assurance to such reports in order to reassure critical stakeholders that the companies did indeed speak the truth in their reports.

In its earliest form, the assurance process concentrated on tracking the integrity of data in the reports and through the systems and procedures surrounding them. This is still the major focus of the orthodox assurance process. Such assurance, however, in my opinion can only verify that these systems and procedures were in place and that environmental numbers then could be compared with some consistency within that specific company. They were seldom able to say anything meaningful about the relevance, or even the accuracy, of the data.

Apart from being static, backward-looking and judgmental in nature, assurance projects will typically also provide recommendations for improvements; but these recommendations will for the majority be around systems improvement, quality control and improved documentation. If, for example, an assessor examines a supplier evaluation procedure, he/she will ask the supply chain manager what he/she does based on the procedure in place. The assessor will pick a few random samples and check whether the prescribed evaluation and follow-up actions have been documented. If not, the supply chain manager will be asked for explanations. This ultimately results in the assessor recording a material finding, which usually includes recommendations for improvements in the form of better procedures or quality control.

There is no doubt that these orthodox assurance approaches are based on formative causality (i.e. the causality Kant used to describe nature and that cannot explain novelty; see Stacey, 2003a). They presuppose that behaving responsibly as an organisation can be described in systems terms, and the assurance process basically assures stakeholders that the humans in these systems have rationally unfolded what was enfolded in these systems. Assurance findings will typically point out areas where the system can be improved or the actors in the system better informed on how to behave. The result is that the orthodox assurance engagement, by focusing extensively on procedural systems, tends to disregard what really goes on in the company and therefore fails to notice aspects of human interactions and intentions that have an impact on how the company – as an entity composed of these individuals – will affect stakeholders and society. The focus is systems and procedures; and humans are used as potential gauges of system failure, as in first-order systems thinking, similar to hard systems thinking, Jackson (2000). As the focus is on whether or not the data remains consistent as it travels across the company, this exercise does not engage with questions about the relevance of the data. The solutions suggested by such an assurance process then consist of modifications to existing procedures, or new procedures. But all these procedures can achieve is to ensure that the data has a greater chance of retaining its integrity as it moves on its journey from measurement to written report.

In the case of Energy X, I know that they have literally millions of data points. Most of these originate from process monitoring of the various energy streams in a power plant, e.g. measurements of primary, secondary and tertiary fuel consumption in the form of spent oil, gas, coal or bio fuel. These are measured at oil connection and process points and at each block. All pumps are monitored, temperature is measured in thousands of places and on the output power, heat and electricity produced is measured together with emission data from tens of monitors. Typically, data is measured at half-hour intervals. Most of the time in the assurance process is spent on checking the robustness of procedures and collation of numbers, rather than trying to overview or even understand the myriad of data in the power plant. I know that previous results of ACCOUNT's work have found nothing substantial except for recommendations on improvement of the data collection procedures and the quality control, along with some minor adding errors; i.e., the final reports have amounted to little more than recommendations for how to improve recording of data. What

is more, the assurors are often unable to put such recommendations in an environmental context, i.e. whether it matters for the environment or not. It is therefore not without reason that Energy X might believe that ACCOUNT has so far demonstrated limited awareness of what actually goes on in the organisation. Critics might even think that we did not care because we did not understand it anyway.

As a result, I could empathise with any feeling Energy X might have that the ACCOUNT environmental assurance might not be worth the money. In addition, the data collection procedures and quality control would be part of the environmental management system that Energy X is now having certified; this would further add to their doubts about the possibility of any value being added by future assurance.

A different proposal?

Although I acknowledged all the concerns around the value of environmental assurance, I also believed that the accountancy process could be useful for the client if we, as the assurance providers, understood more clearly what the data meant in terms of environmental parameters, how they were generated in the first place, and how they were used in the organisation. I knew that this was not the normal focus of accountancy companies. Nor did I have any hard proof data to back my belief; only my experience from previous jobs where I knew that clients had been satisfied.

V, my colleague who is a trained accountant, is joining me for the meeting. V has been doing the environmental assurance work for Energy X for several years. She has several times expressed that she finds it difficult to check the validity of the more complicated aspects of the data. That said, V is a skilled accountant; and it is to her that I owe a lot of my own insights into the accounting methodology, including the rigorous testing of data integrity and accompanying documentation.

We are both anxious about the potential outcome of the meeting. Managing to obtain the meeting was a challenge in itself; NN had declared that they would not continue to request assurance from us, and I put a lot of effort into persuading her that we could offer other benefits from the assurance than just the verification statement – benefits such as

organisational learning and an increased understanding of the potential impact of the human element in the data collection process.

In the meeting, it becomes clear that mentioning organisational learning and the human element had hit a chord within NN. Energy X is the result of a recent merger between two power-producing companies, and NN tells us that there is a considerable culture difference between the two different companies. These differences have become very apparent in the work with the environmental management system. One of the original companies used to be part of the Copenhagen Municipality; the employees of the power plants from this company have a kind of “laid-back” attitude and seem not to take the corporate work very seriously. NN fears that this might be equally true in the case of the work within the power plant. She is very interested in applying the environmental assurance process, with a particular focus on the human element and the organisational culture, to one of these power plants as an input to their future organisational development.

Assurance as a learning process?

After the meeting, we managed to get our contract with Energy X renewed and V and I are both very pleased. I am particularly happy that I managed to keep Energy X as a client. I saw it as a head start for my new management responsibility. On the other hand, I had also put myself at risk. Firstly, I had promised Energy X something based on my special experience and approach, which of course I could not be sure that I could deliver, and which was outside the normal remit of ACCOUNT’s assurance work. Secondly, I could be accused of complicity in the critics of the ACCOUNT approach to environmental assurance. Thirdly, I had claimed that I could deliver assurance that added more value to the client, all though my own approach; and the claimed results were undocumented. How arrogant! Having said all this, I did not feel that I was taking a great risk. The assurance I promised was still within the ACCOUNT framework, as long as numbers and procedures were checked and documented according to the ACCOUNT checklists; my approach only added extra deliverables in terms of insights into organisational structures and procedures – deliverables that I knew from previous projects provided clients with useful tools to manage their environmental impacts.

The way I perceived my role and approach at that time – and consequently, the way I presented it to Energy X – was that I combined the ACCOUNT assurance approach with my own skills set. I was able to understand the context of the numbers in the realm of (1) environmental science, as I was a former researcher within environmental chemistry and (2) organisation and business, as I was also a former manager and trained within organisational development and strategy. I especially emphasised to Energy X that, as part of the assurance work, we would be looking at traceability to *primary standards*. This is an aspect of metrology where you establish a link for a given measurement to absolute metric standards like the *standard metre*⁶. I had often used the term in ACCOUNT in this sense, and was only starting to become aware of the difference between my use of this term and the assurance term *primary data*. *Primary data* for ACCOUNT represents the place where specific data like NOx⁷ emissions are registered the first time. The term is especially noted when accountants speak about *audit trail*, i.e. tracing specific data in a report from the presented data back to the *primary data*, i.e. where these data first enter the audit trail. Thus, the audit trail traces whether this information is correctly transferred from one part of the organisation to the other as part of the consolidation. It does not check whether it is valid in the first place. Part of my approach is that I use my scientific knowledge to have a view of the validity of the measurements *per se*, tracing the data back to *the metrology understanding of primary data* as well as the way the data is handled in *the accountancy audit trail*. This is also the case in certain types of more technical related audits, e.g. (1) inspection of measurement devices to check whether they function as intended or (2) inspection of CO₂-emission plans to check whether credited CO₂ emissions are valid.

It is therefore true to say that adding a technical, scientific focus to the environmental assurance approach is a unique part of my “touch”, i.e. the approach or the extra dimension that I believe I bring to assurance. I do not think, however, that it is the more important part. What that is will hopefully become apparent later, but my assumption is that it is linked to the ability to understand environmental data in a business and organisational

⁶ The standard of length has changed over the years as scientists’ ability to make measurements has improved. Since 1983, the metre has been officially defined to be the distance travelled by light in a vacuum in 1/299,792,458 seconds. Before that, it was a standard ruler made of platinum.

⁷ NOx is shorthand for the sum of nitrogen oxides emitted. They impact the environment negatively because they contribute to acid rain and ground-level ozone formation.

context and to use the relations between humans and the environmental data as the key focus in the assurance work.

The site visit at the power plant, “A-plant”

The site visit commences with a kick-off meeting with all employees involved in collecting environmental data. After this V and I move on to do our actual assurance work. We have divided the various data categories between us. V is going to cover categories where the data originates from factual invoices and separate accounts/registrations like water and waste, while I will cover the more technical data categories based on on-line sensors and process monitoring.

I start with the emission data. The main emissions from a power plant like A-plant originate from the actual burning of coal and oil. We are covering NO_x (nitrogen oxides) and SO₂ (sulphur dioxide). I decide to start with NO_x.

I am introduced to PP, the employee in charge of emission monitoring and calculations. We head off to his office and his computer. He asks me what I want to see. He is friendly, but at the same time I get the feeling that he does not expect anything to come out of this exercise. In a way he seems a bit indifferent; I get the sense that he rules in an isolated part of the system, dealing with complicated issues, and that he does not believe anyone else is likely to understand his domain.

We are looking at only one year's data, and the amount of data is enormous. For NO_x alone there are several monitors, and each of these generates data every 30 seconds. The numbers are imported to Excel spreadsheets and averaged to 30-minute values. Through various transactions and macros in the spreadsheet, emission values result from the concentration monitoring and calculations of the volume of the emitted stack gas. We go through the calculations and the macros. It is clear that PP knows his system. And it is equally clear that he has not previously experienced anyone questioning him in order to try to understand what his system does. The documentation is highly inadequate. I keep asking questions, and we go deeper and deeper into the spreadsheets. He starts to appreciate my interest and methodology. My intuitive inquiry starts with the generation of the NO_x molecules and their detection in the NO_x monitor. From there we look at the initial data

collection and identify what additional data are necessary for the calculations. We look at where the numbers come from and how they potentially can be affected before being recorded. We look at the calculations themselves and their theoretical basis in combustion theory. We look at the boundary conditions and assumptions in the calculations, and compare that with the specifications for the emission monitoring equipment. And finally we look at the monitoring of the equipment and how calibration of this equipment is used in the calculations.

The tone and atmosphere in the room has gradually changed from friendly disengagement to common interest. PP is eager to demonstrate mastery of his own system and eager to demonstrate its logic to me, while at the same time acknowledging that the traceability in the system is complicated. From being a mere waste of time for him, the assurance job has become interesting for both of us.

In the monthly emission report I ask what the term “operational availability” means in relation to the emission monitors. He explains that whenever the concentrations measured exceed some lower or higher limits, a substitution value is automatically used instead of the measured value; the measured value is presumed to be wrong, either because a filter is assumed not to work or for some other reason. The reasons are, however, not checked; so I immediately noted, in the back of my head, the possibility of a mistake similar to the one that made scientists overlook the holes in the ozone layer⁸. The “operational availability” is the percentage of time where measurement values are not substituted, i.e. within the off-set limits, and therefore used. For some months, “operational availability” has been as low as 30%. We further probe the results and calculations, looking for the basis on which the substitutions were being made. It was whilst going through this process that PP remarked that maybe these substitution values should be different from what they were. This was because in the previous year new stack gas cleaning equipment worth more than 10 million Euros had been installed; the current substitution values did not take into account the consequences of this new piece of equipment. The result of all this was that whenever the NO_x monitor for some reason reports a concentration outside the range of the monitor, **the value that was substituted was considerably higher than it should have been**. The high

⁸ The “discovery” of the ozone hole over Antarctic came as a shock because old, low measurements had been discarded by a data quality algorithm as unreasonably low (Farman et al., 1985).

frequency of substitution values (30%) meant that the reported NO_x emissions were actually too high. From the management reports, I had noticed that these mistakenly high NO_x emissions had already caused an investigation of the efficiency of the NO_x cleaning device. What we now found was that this investigation had been instigated on the basis on faulty data.

This finding provoked many feelings in both of us. Mine was the satisfaction I found in pointing out such inadequacies in this complicated system; inadequacies that not only were highly material in environmental assurance terms, but also had implications for the organisations in terms of economic and organisational efficiency.

These findings were substantial and significant compared to the findings that would normally be reached by applying what I would term the “traditional accountant” approach to assurance. Such findings were often meaningless for the aggregated numbers and within the uncertainties on the primary data registration, but nevertheless gave us a feeling that we were doing a good job.

For me, these new findings were evidence that my approach and contribution were adding particular value to the client in this assurance assignment. While I acknowledged these feelings silently, reacting to them was a delicate matter. PP and I had begun a mutual search where power differentials had been forgotten. We were no longer trapped in a power relationship where he was being audited and I was paid to detect and report possible errors. I therefore had to think carefully about how I would respond to this detected error. If I attributed the identification of the error to myself, by pointing to it I would definitively remind him of the power relations that we had (temporarily) forgotten, and his embarrassment would prevent any further positive exploration. I actually never pointed out the error. Instead it was PP who openly acknowledged it, and we both concentrated on what the consequences could be and how the error could be remedied in future calculations. I think that my reactions to my feelings made a significant difference to the way we each proceeded.

In the assurance work I do, the power relations between the assuree and the assurator can be very distinct. I have found that the asymmetric power balance is a hindrance to finding anything other than the most obvious issues that become apparent from numbers and records. I therefore contend that paying close attention to these power relations is a prerequisite for successful assurance. The question, however, is how these power relations show up during the work, and whether they can or should be managed. I will return to this question later.

Are power relations, then, not a normal (and necessary) attribute of assurance work? Yes and no! In the most common type of assurance work, i.e. financial assurance as carried out by accountants, most of the scrutiny is focused on numbers and procedures. In these assurance jobs the primary objects of the assurance are artefacts and relations between artefacts, i.e. invoices, accounts and procedures for registration and payment. We look at the economic audit trail and balance accounts. We look at accounting principles and spend most of the actual assurance time looking at different physical binders or – nowadays – computer records. What is being looked at is similar to what Stacey calls “reified symbols”:

These are symbols taken to be the reality they point to. People use written symbols to construct models and frameworks of many kinds and the tendency is to equate the model with the reality being modelled.

(Stacey, 2003a, p. 341).

The documentation produced internally in accountancy companies during the assurance process is extensive, and for environmental assurance projects it is often disproportionately extensive. These projects are often reasonably small, and some of the critical findings rely on specialist insight where a sign-off on documents indicates that the project director secures that documentation is in place, rather than reflecting upon or even understanding the actual findings. This emphasis on documentation is a key component of the assurance approach. The internal documentation requirements are laid down in the internal quality system and form a system in itself, yet another reified symbol. From a rational perspective the approach appears well justified; but this, together with the need for control and hierarchical sign-off, tends to shift the focus away from the client and towards the internal systems of the accountancy company.

Human relations are not the focus. It is not unusual to find a whole group of accountants occupying a meeting room in the company they are auditing; many of them literally spend weeks in the room sitting in front of their computers, without meeting or speaking to any of the employees. As such, power relations in a way are hidden and relations between individual are instead mediated by the systems and procedures of the respective organisations, as if the power relation is between the individual and the systems. This might suggest that an important part of my approach, the “touch” I am looking for, is linked to what is made the primary object of the assurance work. Unlike my accountant colleagues, I tend to focus on the human relations in the audit trail; and I tend to spend most of my assurance time relating to other humans in the client organisation, rather than to reified symbols. I believe that this focus provides more information about what actually goes on, and thus – from a practical as well as a theoretical level – is more relevant to the assurance work that I do. It is through the creation of an atmosphere of mutual learning and understanding rather than one of blaming and shaming that we sometimes discover errors in the data handling and data generation that would not otherwise have shown up.

I believe, furthermore, that the normal accountant approach often will not work precisely because environmental accounts contrary to economic accounts most often cannot be balanced. The nature of environmental data is more complex than that of financial assets. Environmental impacts are non-linear in nature and do not add up, i.e. there is no universal “converter”, no “absolute” unit like money and no simple way of double book-keeping. Secondary controls and indications of any of the data being incorrect are therefore hard to identify, so it is easy to overlook important aspects that focusing exclusively on numbers and systems will not reveal.

In relation to power, the issue of shame is also worth exploring, although I will touch upon it only briefly in the present project. When assurance work is abstract and depersonalised, then shame is also absent from the actual assurance interaction. When things are found to be wrong, then the blame is put on “the system” rather than on individual persons. In the type of assurance work I do, because I work directly with people, shame is necessarily present whenever mistakes are encountered. This adds to the complexity of the dynamics and makes the immediate task at hand more difficult. On the other hand, I believe that “blame and shame” is a real issue that should not be avoided; and I consider the ability to manage the moment of potential shame, without actually shaming, to be a critical element

in “my touch”. The element of shame and blame cannot be circumvented without neglecting what happens in the relation, which ultimately changes the focus and depersonalises the assurance work. This then positions the auditor in the role of the “objective” observer. This is precisely the role that I find highly questionable and inhibiting, as I will elaborate upon later in the paper.

IV. My preliminary conclusions based on the narrative

In a very crude way I am tempted to conclude that the major benefit of the orthodox assurance work performed by accountancy companies is that a third party has been invited inside the door to look freely at whatever they want. The knowledge that third parties will go through systems and data can, in principle, improve performance and definitely sends the signal to the external world that the company cares so much about its environmental impact that they want to ensure that the data is accurate. But when a hammer is invited in, then it is bound to look for nails, so what often results is an assurance process in which numbers are added up correctly and represented correctly in the report, rather than any substantial investigation about the company’s impact on the environment or on society in general. Even though the latter was not an explicit part of the Energy X assignment, it is an increasing requirement of future assurance, and therefore important.

The recommendations from accountancy companies tend to increase the proliferation of systems and paperwork: in a way they create a need for the documentation they themselves might ask to see in the future. Thus they tend to corroborate their own value in a circular fashion.

And does such environmental assurance really matter?

Yes – because it is a way for companies to gain general acknowledgement that they care for the environment.

No – because the process of assurance says nothing real about how the company’s intention to care is put into practise.

Furthermore, I find it unacceptable that the orthodox approach itself often does not detect substantial material findings in the data being assured. So although the report provides a

stamp of approval, this stamp might be given in spite of a series of errors that remain unknown.

My research question revisited

My emergent research question was to have a closer look at “my touch”, i.e. my approach to assurance. Through the narrative where I have specifically contrasted my approach with the orthodox accountancy approach, I have obtained a better – but still incomplete – sense of my approach.

The key to my approach?

I believe a small engagement with PP, when we were looking deeply into his extensive and complicated Excel spreadsheet, essentially captures my approach:

“Show me what happens in the spreadsheet where the substitution values are used”, I had asked him. We looked at formulas and links. “Here it is”, he said, “this formula makes use of this value”. “Okay – and where does the value come from?” I asked. PP looked it up, opened new spreadsheets, scrolled through endless rows and columns. After what seemed an endless search, he found it: “This is where the value comes from. It is 10 mg/Nm³, and...” He hesitated. “Wait a moment. That is not correct. It should have been changed when we installed the new stack gas cleaning unit... Hmmm. Not so good.” PP is not feeling well. Something is wrong and he is the only one who would ever be able to know.

Orthodox assurors would never have come across this finding in the first place, because it was hidden in a technical realm they would be disinclined or unable to explore.

Furthermore, it would have been easy for PP not to disclose the finding. He could have refrained from looking up the value, or simply kept an arm’s-length distance by claiming that it was so complicated to explain that he could not do so right now and that he might look at it himself later. I believe he chose not to do so because of the special relation we managed to build together. This was a relation of mutual respect, on a personal as well as a professional level.

When I come to think of it, this is what happens to me repeatedly in my assurance work in a variety of settings and countries; that those I engage with not only reveal things to me

that prove to be material findings, but also, by doing so, potentially put themselves in a vulnerable position.

Why do people I engage with in assurance work reveal information to me that they might have been expected to keep to themselves?

This is the question I think captures my “touch”.

I will try to reflect on and further explore answers to this question in the following sections. As well as giving a better understanding of my approach, it will explore how it works and whether it achieves a better result than traditional assurance.

First I will explore the question from the viewpoint of *evaluation*, a process of which assurance is a sub-section. I do this to examine whether newer forms of evaluation approaches might be able to explain what happened between PP and myself. I will then explore the question from the viewpoint of some of the theories on communication, power and paradox that underpin complex responsive processes of relating as described in Stacey (2003a).

V. The evaluation perspective

Evaluations are based on systems thinking

Assurance in the form of an *assurance engagement* is defined as

...an engagement in which a practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the evaluation or measurement of a subject matter against criteria. The outcome of the evaluation or measurement of a subject matter is the information that results from applying the criteria.

(International Auditing and Assurance Standards Board, 2005b, p. 127).

In assurance terms, to evaluate is to “identify and analyze the relevant issues, including performing further procedures as necessary, to come to a specific conclusion on a matter” (International Auditing and Assurance Standards Board, 2005b, p. 135). *An assurance engagement is thus, per se, a kind of evaluation; so it makes sense to compare this particular kind of evaluation with other kinds.*

The different methods within evaluation range from research-based methods like action research; as well as practice-based approaches, and constitute a research topic in itself; see e.g. Stern (2005). The traditional approach is especially seen as one in which there is a desire for objectivity, little stakeholder engagement, and the evaluator is seen as an outside expert. Furthermore, it has become synonymous with measuring goal attainment.

A social welfare program (or for that matter any program) which does not have clearly specified goals cannot be evaluated without specifying some measurable goals.

(Rossi, 1972, p. 18; cited in Patton, 1997).

New types of evaluation cover a broad range of approaches, like the action research-based *appreciative inquiry* (Dick, 2004) and *utilisation-focused evaluations* (Patton, 1997). Many of the new-type evaluations are applied within organisational development or programme improvement and have also been described as opposed to *traditional evaluation* (Torres & Preskill, 2001). They have a lot more focus on stakeholder involvement in design as well as use of the output of the evaluation.

Clearly traditional evaluations, to which assurance engagements like environmental assurance belong, are firmly based in a functional systems approach (Jackson, 2000). They all assume that the evaluation object in mind is part of a cybernetic system, and that the performance can be objectively evaluated against a defined set of criteria. They take for granted that lack of performance is a system failure that can be corrected, and the evaluator plays the role of system feedback. This kind of evaluation process requires a pre-set goal, and the evaluation process then sets about evaluating how close one got to that goal.

The new types of approach are, however, no different in this respect. They typically aim at improving something existing and typically involve an early definition of the evaluation criteria. "In the first phase of any evaluation the object to be evaluated (the evaluatee) has to be defined" (Beywl & Potter, 1998, p. 57). Although each approach stresses the role of the evaluator as a facilitator or a moderator (rather than the judgmental aspect of a traditional evaluator) they do not really assign significance to the impact the facilitator might have on the setting. Instead they all agree on the importance of the role and thereby emphasise that the evaluator is by no means an ordinary participant.

The interaction between the evaluator and the evaluatee

Apart from the distinction to be made between traditional and new types of evaluation, another way to discriminate types of evaluation is by the intended use of findings.

According to Patton, evaluation findings can serve three primary purposes: rendering judgments, facilitating improvements, and/or generating knowledge (Patton, 1997, p. 65).

Judgment-oriented evaluations are reinforced by the accountability perspective, and specifying the criteria for judgment is central and critical. Typical judgment-oriented evaluations are used for summative evaluation of programmes, audits, quality control, cost-benefit decisions and accreditation/certification.

In improvement-oriented evaluations or formative evaluations, the results are used for improvement, e.g. improving quality through evaluation of a quality system, a total quality management approach, an instructional design, or the learning capability of an organisation.

The new evaluation approaches are more or less equal to the improvement-oriented or knowledge-creating types, but rather than creating new knowledge they are typically just adding experiences or improving what already exists; i.e., the emphasis is on knowledge created as the sum of experiences, i.e. backward-looking. They always assume linearity, and thereby represent a formative causality, i.e. an “if-then” causality of classical natural science. This way of thinking does not adequately explain how new knowledge is really created, because such a causality assumes that everything is already enfolded in the system that the evaluator simply helps to unfold (Stacey, 2001; Stacey & Griffin, 2005). While some of the new evaluation types acknowledge that they can impact the system they are evaluating, they still offer a limited explanation of what might happen in the local interaction except for the need of the evaluator to be assertive and responsive – see e.g. Patton, who speaks about a practised sense, similar to intuition, of where to devote attention:

Effective facilitation involves situation recognition and responsiveness, anticipation, and the ability to analyze people knowing where, when, and how to focus attention.

(Patton, 1997, p. 134).

While he mentions words such as “recognition” and “responsiveness”, he does not define them and apparently does not find it necessary to explain further. This practised sense can, in principle, be found in any type of evaluator. But in the case of the orthodox evaluator, the overarching remit of their job is to check systems; consequently, their focus is on procedures and documents, which to them constitute the system itself. Their cultivated intuition (or practice) might help them identify where systems and procedures are weak, but they will stay within the remits of the system, with a focus on the system rather than on the human relations. Thus they both accept the limitation of the judgmental evaluation and are limited by it. Furthermore, the orthodox approach cherishes the values of independency and objectivity, as mentioned in my Project 2. Taking these values for granted will prevent the assessor from engaging with the same things that he/she is evaluating, because of the need to maintain neutrality as an “objective” observer.

Non-orthodox evaluators will also be limited and influenced by the overall purpose of the evaluation; even the so-called “goal-free evaluations” (Schriren, 1972) will still take an overall goal of society, rather than just the goals of the local staff, into account (see Patton, 1997, p. 182). This suggests that from time to time they will step out of the relation they are in to check whether the external goals are being met; this will be carried out in a sequential and non-paradoxical way that is typical of systems thinking. It is precisely one’s eminent role as an “outsider” – which characterises this type of thinking – that influences one’s practice as an evaluator. This could be one reason why evaluation theories cannot adequately (and often do not attempt to) explain what happens in the moment of interaction in an evaluation.

Environmental assurance belongs to the category of judgment-oriented evaluation. The kind of assurance engagement I perform is of course, by its very nature, judgmental. However, as opposed to orthodox assurance, I have a focus on human relations in the data collection process, and my approach is an open-ended exploratory process – with no particular goal in mind. Here my evaluation is definitely of the formative, improvement-oriented type. That alone, however, does not explain why PP revealed to me what he did. Although I accept that I am pursuing a judgmental evaluation, because that is the expected outcome of the assurance work, judging is not the primary focus of what I am doing when I interact with people like PP. Judging is not the purpose of the formative sorts of evaluation either, as explained above, but I have found it inadequate just to refer to some sort of cultivated intuition as an explanatory model. I believe that evaluation theories that have their basis in systems thinking cannot explain what it is that I experience in my assurance encounters (maybe because they do not think they have to?,) and they are therefore not very useful for me in trying to demystify “my touch”.

VI. A different way of explaining “my touch”

According to Stacey et al. (Stacey, 2001, 2003a; Stacey & Griffin, 2005), organisations can be thought of as population-wide patterns of relating that emerge in complex responsive processes of daily local interaction between people. They call this the perspective of complex responsive processes of relating.

Complex responsive processes of relating is basically a different – and, for me, more meaningful – way of describing what goes on in the organisational encounter between people in general, and in assurance in particular, where a key aspect of my approach is precisely to focus on human relating:

...one moves from thinking in terms of a spatial metaphor, as one does when one thinks that individuals interact to produce a system outside them at a higher level, to a temporal processes way of thinking, where the temporal processes are those of human relating.

(Stacey & Griffin, 2005, p. 3).

This also offers a perspective different from that of systems theory: one is both an outsider and a participant at the same time.

Key aspects of the theory involve acts of communication, relations of power, and the interplay between peoples' choices (as a result of evaluation, amongst others), drawing on the work of Mead (1934) and Elias (2005). Contrary to the formative causality of systems thinking, in which the system unfolds an already enfolded goal, the perspective of complex responsive processes of relating is based on a transformative causality, i.e. a causality that implies a pattern of movement, of evolution, which is paradoxically predictable and unpredictable at the same time. Each interaction is iterated in each present as repetition or habit, and at the same time as potential transformation.

My experience is that it is exactly my focus on human relations that in some way contributes to an atmosphere where it is not a question of catching the other party making mistakes, not a question of blaming and shaming, but a question of mutual understanding and learning. Here I participate in order to learn and understand; in my experience, when I show genuine interest and respect for what they try to accomplish themselves, those I interact with also learn and understand. I embark on an open-ended conversation as described in group therapy (Dalal, 1998), not knowing the outcome but confident – to some extent – that it will lead to a result. Through the local interaction, errors are sometimes discovered, errors in the data handling and data generation that would not otherwise have been identified.

In the case of Energy X, we discovered – or rather, through our relations, PP found out and revealed to me – a critical error in the way their emissions were determined. I knew, and was very much aware at that time, that it was pointless and even meaningless to blame PP. First of all, it could never be the responsibility of one person to make a "fool-proof" system. Secondly, the blame could equally be ascribed to negligence on the part of other employees, for not having tried to understand what goes on and not having engaged with/discussed with PP the key challenges in performing his job. I believe that in some way PP knew what I thought, although it had not been mentioned; and that enabled him to go on. He knew, I believe, when admitting the mistake, that I was not going to shame him; it was more a continuation of the open-ended dialogue we had started, in the context of which a refusal to admit the mistake would have been a disrespectful act that failed to recognise me as a fellow professional.

Local interaction within an assurance framework

In the orthodox approach, the assessor will be looking for those cases where persons are not following established system procedures or where errors have occurred in handling of figures, i.e., I – as assessor – will try to unfold what is enfolded in the system where PP is a part. Specifically, I would in such orthodox approaches look at the systems procedure that describes what PP was supposed to do, compare that with the documentation of his actions, and look for consistency and gaps. This perspective will guide the assessor's questions, and in many cases the persons interviewed will be afraid that they are being caught doing something "wrong". The easy answer for them will therefore be to say that they conform to procedures – procedures to which the assessor has access, which will not question or contradict the alleged behaviour. They are therefore limited to discovering material counting errors or cases where system procedures need to be strengthened.

The only learning involved in such an exercise, in my view, is how to build better systems, but we still cannot discover what really goes on, what the people doing the jobs within the systems really are doing and whether this is good or bad. Orthodox assurance in this sense is conserving and bolstering systems, and seldom leads to any innovation or radical changes in practice, because it does not seek to do that. Practitioners pursue the fantasy that everything can be described in procedures, and that errors are due to poor or

inadequate procedures; by doing so, they subscribe to a worldview where the hope is that everything can more or less be predicted.

By contrast, what I do is to try to explore places that are not necessarily part of the system procedures, and focus more on what the person I am interacting with is doing, is concerned about, and what sense they make of their own actions; that is, I make my way into the systems via the human relations and actively use these as a source of information in the assurance task. Often what I do is rooted in curiosity, and might not always be seen as relevant, e.g. asking why certain containers stand where they stand, or who decides that and why. These actions, I believe, are similar to what Shotter (quoting Wittgenstein) calls *noticing in practice*, that can be used to “deconstruct” people’s routine ways of responding (Shotter, 2005). In Shotter’s own words, this is “the essential references of ‘this’ and ‘that’ in the moment of acting” (Shotter, 2005, p. 125), where we are able at certain crucial moments in our exchanges with others to use expressions such as “look at that” or “listen to this”.

My work, nevertheless, is bound by contractual obligations to check systems and procedures and to give data assurance. But my findings are not limited to statements such as “documentation is not good enough and needs to be expanded” or “material errors because of wrong registration”. *My approach of mutual exploration contains the potential for new and surprising findings that the systems procedures were never meant to cover and which indeed could not be covered because they were not known.* Paradoxically, by not focusing on the assurance *per se*, i.e. the traditional process of assurance, *the assurance results* get stronger and the learning – in my opinion – improves.

Between PP and myself, our exploration and mutual understanding can be seen as the creation of coherent patterns of knowledge, and these continually emerging patterns take *thematic forms* that organise the experience of us being together (Stacey & Griffin, 2005). I try to enter into a conversation about the ordinary actions of the individual I am interviewing. Although this is still conducted within the framework of assurance, my hope is that the atmosphere created, and my engaging – rather than inquisitive – approach, plays this aspect down so that we are together involved in a sense-making about the day-to-day business of the person I interview. Occasionally this will lead us into areas where we discover things that are new knowledge for all involved and where the consequences of

this knowledge can greatly influence the assurance results. It can also potentially lead to changes and innovation, similar to the way Stacey describes how the unexpected results of local actions can transform global patterns (Stacey, 2005).

Joint communicative actions, mutual recognition and professional excellence

In assurance, we normally do not know before going on the assignments which people we are going to interact with. That was also the case with Energy X. PP most likely had an expectation that I would be another ignorant person that he would have to waste his time on. It was therefore critical for me not only to quickly demonstrate to him that I respected his professionalism, but also to find a way to express this that he would recognise and appreciate. It is beyond doubt that it helped me in this particular situation that I am a scientist myself. If I had not been able to demonstrate knowledge of his content area, there is a high risk that he would consider the whole exercise a waste of time. This is not to say that we need to be an expert in their field, but we must be able demonstrate understanding of their work and the context of their work in order to ask meaningful questions. This is comparable to the recommendation in business interviews "...to actively display a sound knowledge of the topic under discussion in order to win the respect and confidence of business elites during interviews" (Mullings, 1999). I use this to build a "rapport" that is markedly different from what I believe is normally attainable for a person external to the organisation. Schein (Schein, 1991) claims that in the process consultant role, where he pursue a process of pure inquiry, a level of trust is built that allows him to probe with questions without feeling that he is trespassing on private ground. However, the process consultant is an outsider in an open-systems dynamics; and according to Schein, it can take several years to build that kind of relation. Rather, the "rapport" that PP and I managed to build resembled what Shotter calls "the dialogical joint nature of human interaction" or simply *Joint Action* (Shotter, 1984, 1993, 2006). When a human being responds to the activity, actions and stimuli of another, what they desire as individuals and what actually is the output/outcome during their exchanges are often very different. According to Shotter, *joint action* produces unintended and unpredictable outcomes:

These special phenomena arise out of the fact that we cannot prevent ourselves from being *spontaneously responsive* to events occurring in our surroundings; we react to them and to each other's activities bodily, in a 'living' way, spontaneously, without our having first 'to work out' how to respond to them. But more than simply responding to each other in a sequential manner, i.e., instead of one person first acting individually and independently of an other and then the second also by acting individually and independently of the first in their reply, the fact is that in such a sphere of spontaneously responsive dialogically-structured activity as this, we all act jointly as a collective-we.

(Shotter, 2006, p. 27).

Although I find that Shotter's description matches my own experience, I do not agree with him entirely. In my opinion, his description is just that: too *descriptive*. First of all, it is not my experience that we cannot always prevent ourselves from being *spontaneously responsive*. Due to the power relations we have because of our different identities and because of the way we sometimes choose to act, we actually manage *not to be* spontaneously responsive in some encounters. In the relations an orthodox assessor might have to their task, this is often the case – albeit not necessarily consciously chosen – and the result, in my experience, tends to be that it does not lead to the unintended and unpredicted outcome Shotter describes. However, at times, having experienced *joint action*, I have also chosen to inhibit my spontaneity in order to deal with shame; and I find this a good thing, as explained earlier (see p. 21). In a sense this implies that something precedes and succeeds joint action, which leads to a linear time perspective in accordance with Shotter's notion of "endless conversations". Although he sees joint action and the use of what he calls "essential references" (see above) as something happening in the here and now, regardless of the past, he seems to indicate that such moments occur as a string of connected incidences. Secondly, Shotter also claims that because joint actions cannot be traced back to the intentions of any of the individuals involved, then "the 'dialogical reality or space' constructed between them is experienced as an 'external reality'" (Shotter, 2005, p. 125). He considers this "external reality" a "third agency" or an "it" with its own ethical demands and requirements. For me, this is almost the same as saying that what you do is unintentional and that you do not have any personal responsibility for the outcome.

My account of my interaction and the outcome with PP is that it was not unintended: our very intention, from the beginning, was to accord with the assurance procedure, and we were both aware that this included trying to identify errors. Also, we both knew that we had individual responsibilities connected to our actions. My responsibility was to make sure that, regardless of the outcome, my assurance should take place in an atmosphere of mutual respect and care-taking. The understanding of this responsibility was, however, continuously negotiated in the relations between us in a way where we – as Mead would put it (Mead, 1934) – act in the present on the basis of our reinterpretation of the past and our expectations of the future. Responsibility in this understanding is similar to the interpretation of *ethics* given by Griffin as “...the interpretation of action to be found in the action itself, in the on-going recognition of the meanings of actions that could not have been known in advance” (Griffin, 2002, p. 216).

I believe that the word “recognition” used by Griffin in the meaning outlined above is much more powerful than the term “responsiveness” used by Shotter. Recognition is what happens not only as the result of being responsive, but as a consequence of acting responsibly, I believe. It is one of my deeply held values to respect other human beings and what they stand for. This is one of the driving forces when I build a “rapport” with the people I engage with in assurance jobs. No matter what their role is and who they are, I recognise them both as individuals and in their professional capacity. And they recognise me as well, both as an individual and as a professional who asks meaningful questions. As already mentioned earlier, I believe that, in the technical realm of an environmental assurance, it takes some technical skills or minimum understanding to create a mutual recognition. If I did not have the technical skills and therefore could not create the environment of understanding, we may still be able to build some sort of mutual recognition, but we would not be able to use it in the technical realm because the dialogue on technical matters would not be dialogue where the meaning was composed in our mutual gesture-response as described by Mead (1934) but a sender-receiver model, with a poor receiver; i.e., our mutual understanding and sense-making would be *that we did not understand and make sense*.

The mutual recognition I experience is different from the struggle for recognition described in Gurevitch (2001) and building on Hegel (1977) as a duel for mastery, which implies the repression and silencing of the other’s speech. Gurevitch, who in his work focuses

particularly on the phenomenology of conversation, goes on to describe this – as opposed to a duel – as a mutual recognition that resembles the *ethical dialogue* where “the notion of giving (not only winning) recognition becomes the hallmark of social bonding” (Gurevitch, 2001, p. 95). In such a dialogue there is an obligation to speak, to listen and to respond; and through these, also an obligation to be silent, but in a non-repressive way, i.e. to receive speech, “listen, attend, understand, and also question, wait, turn to the unsaid” (ibid., p. 96); to respond “acts as proofs for the continuation and expansion of the dialogue” (ibid., p. 96). This is exactly what I think was going on between PP and myself during the moments when we discovered the errors in his calculations.

In summary, I believe that my use of “essential references” and my understanding of the technical realm together inform and constitute my understanding of what good practice of assurance is. As a skilled professional, I have developed a practice that enables me to recognise what is important as I uncover it. I know the rules of the game so well that I am able to improvise on them, not knowing that this is what I am doing until after I have done it. Bourdieu says something similar:

Only a virtuoso with a perfect command of his “art of living” can play on all the resources inherent in the ambiguities and uncertainties of behaviour and situation in order to produce the actions appropriate to each case, to do that of which people will say “There was nothing else to be done”, and do it the right way. We are a long way, too, from norms and rules: doubtless there are slips, mistakes, and moments of clumsiness to be observed here as elsewhere; and also grammarians of decorum able to state (and elegantly, too) what it is right to do and say, but never presuming to encompass in a catalogue of recurrent situations and appropriate conduct, still less in a fatalistic model, the “art” of the *necessary improvisation* which defines excellence.

(Bourdieu, 1977, p. 8).

Bourdieu brings together the objective and subjective poles of my practice by pointing out that without the learning and experiences that I have been through to this point, I would not be able to respond subjectively to the conditions that I encounter. Although this of course makes me unique, I do not believe it means that others cannot do the same when it comes to assurance. I do, however, believe that the very orthodoxy of assurance practice – i.e.

relating to reified symbols such as systems and procedures, instead of humans – can get in the way of their ability to do the same as I do.

Assurance takes place in a web of power relations

For assurance to be meaningful, issues and themes should emerge in the human relations. They should not just be allowed to surface and then die away. If themes are to be noticed and acknowledged at all, then it is extremely important how the power relations between the person being assured and the assurator are handled.

As an assurator in a structural setting, we have the power to ask questions and explore all kinds of documentation; and the people we are auditing need to make all materials (at least in principle) and themselves available to us. The persons we interview have a feeling that they are being controlled and checked. In the orthodox approach, we are in control of the process, and the interpersonal relationships are hierarchical. We are looking for errors to fix in a world where we think we can predict what happens.

The beliefs, thoughts and behaviours of the control paradigm are organized around a single core value: that the ultimate state to which one can aspire is one of perfect wilfulness and predictability. What one desires happens, with no surprises; all outcomes are intended.

(Suchman, 2002, p. 29).

The people we interview, however, have the power of being able to decide which information they disclose to us. In the orthodox, control paradigm there is a strong belief that we will find what we are searching for in the reified symbols, i.e. the handling of data and the obedience to procedures. Power is not relational, but instead appears to be posited in the assurator; the conversation takes the form of an interrogation, where the assurees in Hegel's master-slave analogy (Hegel et al., 1977) use their power surreptitiously not to show us certain things. This is not what I experience. Rather, I would turn to Elias (2005), who describes power not as something that we possess, but rather as a characteristic of all human relating. In order to form, and stay in, a relationship, one cannot do indiscriminately whatever one wants. As soon as we enter into relationships we constrain and are constrained by others and, and likewise, we also enable and are enabled by others. In this

enabling-constraining relationship, a feeling of “we” emerges: again referring to the example of PP and myself, we shared an identity. By acknowledging that the power is in the relation, and is therefore structural rather than an inherent quality of either of us, we co-create an atmosphere of mutual interest where a meaningful conversation, rather than a hierarchical interrogation, is facilitated.

Having said this, however, the conversation still takes place within an assurance realm. In the situation where PP and I discover things that should have been done differently, it is extremely important to be aware of the impact such a finding can potentially have on our conversation and the associated power relation. I know that many assurers take pride in (even claiming as their brand and their value) being tough. When they discover an error, they immediately point out the finding and explore the errors and potential consequences, thereby highlighting that they are in a position to name and shame. This further stiffens the hierarchical relation and creates a barrier where we could only be lucky in finding errors in documentations and number-crunching. The assuree will be cautious, suspicious and defensive. No learning will come out of such an exercise, except how to construct an even better system that could accommodate and compensate for any human errors made. In the actual situation, I deliberately chose not to speak about the error. Although we were both reminded of the power relations, we were still acting in an atmosphere of mutual recognition where the silence was responsive rather than repressive. I was, however, not *spontaneously* responsive as Shotter describes, but deliberately non-spontaneous in order not to shame. I acknowledged what PP saw, silently reacting to a generalised other as described by Mead (1934) and silently responding to PP’s own reflections and concerns. The silent gesture and response was felt as one we shared, and as part of our ongoing conversation. Even though both PP and I knew that I would undoubtedly have to report the finding, we could still go on without reverting to an assurer–assuree structure.

A final comment on values

As an assurer we will inevitably apply our own value judgement when we pursue the issues we believe are important or interesting. In my case, the value is integrity, respect and concern, which are very much in accordance with the very reason for doing these kinds of assessments. These values are the basis for what I do and for what I define as my

approach, “my touch”. My practice is the functionalisation of these same values (Mead, 1934), which never can be taken for granted without risking that they instead become stereotypes. Part of this functionalisation has taken place during years of conflicts between the orthodox approach and the way I did things.

Even today, I often find myself nervous at the beginning of a new assignment and not being sure about what to do. This feeling of inadequacy is another functionalisation of my values, always reminding me of the uniqueness and values of others. This uncertainty is always with me in any assignment I carry out. And I believe this is yet another paradox of my approach: that without *not* knowing if I can do the job, I am not able to do it. In Shotter’s words:

...a way of acting and a form of understanding – both of which we quite often use in our everyday social affairs without realizing it – in which we, so to speak, “know what we are doing” while we are doing it, but which we didn’t plan in detail before we embarked on it. Yet sometimes in such circumstances, although we don’t quite know how we are going to achieve our aims, we can nonetheless feel at least a degree of confidence (as well as a degree of apprehension) in being able to do so.

(Shotter, 2006, p. 1).

The “rapport” that I manage to build with people like PP enables me, more than the orthodox approach does, to get a feeling of how he and others understand and enact the concerns for the environment that the company is trying to express through their communication to stakeholders. It allows me to understand whether this is indeed a key theme in the company, or just a management fad. Today such understandings are seldom included in the assurance tasks, but I believe that this will become an increasingly important aspect to cover in future assurance statements.

VII. Conclusion

In my assurance work I embark on an open-ended conversation as described in Group Analysis (Dalal, 1998), unsure of the final outcome, in the hope that it will lead to a result. The orthodox approach focuses on systems and procedures where the assurator is the outside observer who has the same role as a feedback mechanism in a cybernetic system and errors are seen as systems failures. By contrast, I see errors as inevitably resulting from human interaction. Rather than pursuing a systems approach I focus on the human relations, and use these as the way I probe into the systems and data that I am contracted to assure.

One of my deeply held values is to respect other human beings and the values they have. This is one of the driving forces when I build a “rapport” with the people I engage with, people whom I usually do not know beforehand. Regardless of their role and who they are, I recognise them as individuals in their professional capacity; and they recognise me in a similar way. Trust is built in this mutual recognition, and the anxiety shared and maintained at level that allows us to engage in mutual exploration. The anxiety is connected to the assuree, who is aware that the assurance job is to try to find errors, while my anxiety stems from not knowing where our mutual exploration will take us, nor indeed whether it will produce useful results.

Contrary to this, one of the core beliefs of the orthodox approach is that an orthodox assurator is objective and independent (see Project 2). They must always look at what is being assured objectively, and therefore cannot have their own opinion on what they observe. Taken literally, this inhibits building relationships with the assuree; instead, the focus is on checking procedures and documentation rather than focusing on human relations. Uncertainty and “not knowing” is being avoided rather than being seen as something potentially rich to explore, and the assurator’s own procedures manual and checklists serve to provide a “safe” place and a means to get past any uncertainty related to not knowing.

Rather than being tied down by the terms of reference, I actively use “essential references” that might take us anywhere. Through this joint action in a power relation that is constantly negotiated, and where we – as Mead describes (Mead, 1934) – act in the present on the basis of our reinterpretation of the past and our expectations of the future, surprising findings emerge that could not possibly have been found through the orthodox approach. In

a relation such as that between myself and PP, part of this is connected to a shared understanding of the technical realm, which provides some of the fabric of our mutual - making. Another part is connected to the way errors can be revealed and discussed in an atmosphere of mutual recognition and trust without attributing blame.

In the orthodox approach, emotions are generally avoided and any errors blamed on the system. Ironically, a result of the outsider approach, systems focus and general lack of technical understanding involved in the orthodox approach is that large errors in data can be overlooked anyway, errors that can be discovered only when the person being assured chooses actively to engage in a process where they might become revealed. Consequently I believe that the orthodox approach runs the risk of becoming a travesty, with assurors who look at systems and give recommendations on how to improve these systems without taking into account what the systems were put in place to achieve in the first place.

In my work I am contractually obliged to perform systems and procedures checks and give data assurance. However, I obtain these results – and, I believe, better results than the orthodox assesor – by applying my approach from within the orthodox framework without accepting its constraints. Not only do I obtain better results, I also improve my own learning process and the learning processes with my client. In this way I help them to understand their systems and procedures while at the time helping them to better understand, improve and strengthen their work in the environmental area. This all contributes to improving their performance and increasing their credibility with external stakeholders.

In Table 1, I have summarised what I see as the main differences between my approach, “my touch” which I have come to call “stumbling together”, and the orthodox approach.

Table 1 - Key components of my approach, “stumbling together” as compared to the orthodox approach

My approach	The orthodox approach
<p>Primary focus is on human relations as a more rich and genuine source of the daily practice and as a way into the systems.</p> <p>Errors are seen as the unpredictable result of human interactions.</p>	<p>Focus on systems and procedures and where humans have not acted accordingly or procedures are lacking/inadequate.</p> <p>Errors are caused by inadequate systems.</p>
<p>The dominant values are integrity and respect, which are played out in the temporal human interaction.</p>	<p>The dominant values are objectivity and independence, which fit with the systems perspective.</p>
<p>I embark on the assurance paradoxically knowing that I do not know where I will be going in the process, nor whether it will lead anywhere. Uncertainty is accepted; is in fact a prerequisite and a driver for the process.</p>	<p>Not knowing is unacceptable and outside the scope. Uncertainty should be avoided.</p>
<p>As a skilled professional, I recognise what is important as I uncover it, improvising without realising this until after I have done it</p>	<p>Procedures manuals provide a safe approach and checklists help get past areas where knowledge is inadequate.</p>
<p>Power relations are constantly negotiated in our common actions.</p>	<p>Power is perceived as hierarchical, with the assessor as the more powerful.</p>
<p>Subjectivity and emotions are acknowledged and enough trust provided to contain the anxiety involved when errors are discovered.</p>	<p>Emotions are avoided by focusing on systems and the procedures and by being an objective outsider.</p>
<p>Use essential references and follow paths that are not necessarily included in the terms of reference.</p>	<p>Adhere strictly to the terms of reference.</p>
<p>The approach often leads to discovery of surprising errors that even the assuree has not considered.</p>	<p>Only reveal obvious errors in data compilation.</p>
<p>Findings are dynamic. Often the act of discovery simultaneously changes what is found in the past, the present and the future.</p>	<p>Findings are static and thought of and handled as timeless artefacts.</p>
<p>Potential findings can have an immediately transformative effect that can be taken up as a broader theme and lead to substantial changes.</p>	<p>Potential findings mostly lead to “improved” systems and a proliferation of procedures.</p>

4. Trust-building, the emergence of trust, and the paradox of trust and distrust

February 2007

I. Keeping track of the research focus!

My journey so far has helped me claim aspects of my identity that I was previously not fully able to appreciate because I did not understand their nature. By taking my own experience seriously and by critically reflecting on it, I have become more conscious and appreciative of it and am now better able to explain distinct features of my practice and why it is different. The key themes are (1) a different understanding of the concept of compromise as a way to take my own values seriously in practice; and (2) the notion of stumbling together as the key mechanism to recognise what is important in an assurance task.

Having completed the first three projects in the DMan programme, my research focus has changed. Initially, I proposed to deal with the question of ethics, values and responsibility from a company perspective. Now I find that I do this on a more personal basis, focusing on my own practice. One of the many reasons for this is that the research method and the aim of the DMan are to take one's own experience seriously, which entails starting on the personal level.

Following on from Projects 2 and 3, my immediate thoughts for Project 4 were to look more into the role of the outsider and the tension and links between the structured approaches based on systems thinking and the more exploratory approach based on complex responsive processes of relating. Central to this was the question of what makes companies trustworthy in the eyes of the public and how the assurator, as a trustworthy "outsider", could contribute to this. Furthermore, I wanted to explore the tensions and relations between tools based on systems thinking and approaches rooted in complex responsive processes of relating.

Although interesting and connected directly with the heart of what I do, this is not what I ended up with in this project. In that respect, Project 4 is not different from my previous projects. I have found that the research focus, by emerging through the writing and the iterations, often takes a totally different route than I initially anticipated. In the current project the issue of trust came out, i.e. what is trust and how does it emerge. However, in line with the shift in my research focus from macro to micro, my focus is not on the question, “what makes a company trustworthy?” but rather, “what is trust in my relation with people?”.

Actually, this question has proved to be quite central to my increased understanding of what I am doing in my professional practice. Without trust, I am not able to do what I am doing. At the same time, my whole business is built around trust: in assurance work we are part of companies’ efforts to become trustworthy in the eyes of the public, and in all that I do around business ethics, whether or not I am trusted is also essential. In retrospect, it therefore seems a natural choice of issue to explore further.

II. The start of the narrating process

For quite some time, a project with considerable personal and professional development opportunities has been in the pipeline. In this project I was given the task of developing an assurance process directed towards medium-sized companies in third-world countries. The assurance focus was to be environment, social and human rights and corruption. I started my narrative process by writing about how this project emerged from personal relations with the client. Unfortunately, the project was put on hold, and the narrative felt like a dead-end. However, in the narrative the issue of trust and risk surfaced as an important aspect that related to my approach to assurance and auditing. That spurred me to take up a more “burning” issue: a story that is extremely important for me, but which I have not wanted to explore, although my project group and supervisor have certainly encouraged me to do so. I thought it might be too personal and of too little relevance for business. Nevertheless, trust is a key component of the story; and for that reason, I decided to give it a try.

Narrative: Trust versus risk – setting up a new business

Background

The first time I met J was four years ago. At that time the thought of merging businesses – as we did later – could not have been farther away. He appeared to have a high self-confidence and I found his style rather off-putting, maybe because it was so different from mine. Later I came to realise that J simply has a flamboyant personality and does indeed have the necessary competence to justify his confidence in himself.

I met J again on various occasions; in late 2004, we got together with half a dozen other people. An old colleague of mine had gathered people who were all either self-employed or contemplating a change in their professional life. J had just started his own consultancy business, and had enjoyed a successful start by subcontracting to another company on a reasonably big EU contract. At that time I had had my own consultancy business within corporate social responsibility for 18 months.

At this meeting, J told us about the consulting company he represented in Denmark. He was going to sell a product related to climate change and based on active company networks, which had already proved a success in Sweden and to some extent internationally. He mentioned that he might need a more technically capable person to help him. My basic impression of him had hardly changed since we first met. However, something must have shifted, to the extent that I now felt that we might do some business together if he approached me.

Growing a business?

Soon after the meeting, J called me and asked whether I was interested in working on this corporate climate change network with him. I agreed in principle, and we agreed to meet to discuss it further. We decided to go ahead and that until we had built a business we would continue to work as separate financial units based in our own companies. That implied that we worked at our own risk if the business did not materialise.

Our arrangement entailed a certain level of trust. But because the financial risk was limited – we almost only invested our own time – I saw it primarily as a test of our relationship; and I believe J did so too.

The new business falls apart...

To my great satisfaction, J turned out to be a very considerate and honest guy. We got along very well and complemented each other. Our meetings were always open and respectful and with no apparent hidden agendas.

The relationship we were developing made me reflect on my initial reaction to J. J's approach to clients was very different from mine, and this occasionally made me feel uncomfortable. Later I realised that his style was equally legitimate and effective within his field, and therefore proved to be different but complementary to mine. But clearly at that time I had doubts, so why did I continue? Well, not necessarily because I seriously believed that we were going to build a booming business. Rationally, I could easily see that the business part would be an uphill struggle and therefore not without some personal financial risk. But the thought of splitting up did not occur to me. From just having explored some interesting options, and from a position where I had rationally decided to go into something because of the business potential, the situation now was different. J and I had travelled a fair stretch of our mutually trust-building road. In a way I felt obligated; I could no longer just do what I wanted, but felt obliged by our relation not to break our partnership. Having come to know J better, I now appreciated his competence in many areas, e.g. within the field of anti-corruption. However, this was not enough to allay my concerns entirely. I still reflected from time to time on the potential consequences of our business relation failing. Maybe aspects of trust-building entail an increased willingness to see the potential in others? Or does trust-building in a relation also imply a certain investment of one's self into that relation, and a possible future, which causes us to sustain the relation to avoid a personal loss?

What were the ingredients in the trust-building process? I find it difficult to explain exactly. When we met, we always talked a lot not only about business but also about family and our lives in general. In some ways, J reminded me of some of the people I have

previously encountered as a manager, when I made a virtue out of collecting brilliant but somewhat peculiar personalities. But unlike then, I connected personally to J, and acknowledged that we were equals, i.e. at least both peculiar in our own ways. Maybe part of the mutual attraction was also connected to our relation being built upon values of transparency and respect and our business being founded on precisely these principles, although we had started simply with climate change issues.

We (almost) managed to get the climate network off the ground after many sales meetings, but right at the end a key company opted out just two days after having said yes and the whole network fell apart.

...and the business materialises in a different direction

For the relation between J and myself, the collapse of the climate network had profound implications. Why stick together if we did not do business together? We kept on meeting regularly and continued to talk about a potential mutual business. J started to talk about a possible project with Danida on anti-corruption. That area was not my line of business: I saw our businesses as potentially developing in different directions.

From his previous work, J had developed a strong competence within anti-corruption and the majority of his work in his consultancy company had been and was within anti-corruption. He had suggested to the Danish third-world aid organisation, Danida, developing some kind of toolbox for small- and medium-sized enterprises for fighting corruption when doing business in third-world countries. To my surprise, J was convinced that I had an important part to play in such a project.

For me, this reinforced our mutual trust in a crucial way: J did not have to include me in the proposal, but chose to do just that. I felt grateful, although I could also see that I could help make the project clearer and more readily acceptable to Danida. Why then was this the critical moment? Perhaps because this was a substantial gesture from J where I had no doubt that he could have chosen otherwise but had not done so. Of course it was not risk-free, but on the other hand his gesture did not entail a lot of risk per se for the project: rather, it helped to remove some risk factors by having my competence on board. Nevertheless I did not at that time see the gesture as one born entirely out of rationality,

nor do I now. It was “reaching out” to me, and I felt touched by this gesture. Suddenly there was more to our relationship than just socialising, meeting and talking: I was offered something unexpected, and felt appreciated. While our initial efforts could be said to be rational gestures and responses from two people who did not really know each other, this to me illustrated a genuine wish to do something more.

After two months, we managed to get the contract on the anti-corruption toolbox with Danida. Now we had to consider how we should continue our business relationship. In December 2005 we decided, after consultation with a tax accountant, that we would merge our businesses into one.

Merging proved to be much more difficult and time-consuming than we thought. Not only were we told to go through successive transformations of our respective business ownerships to make them fit for a merger, we also had to agree on various business propositions without really knowing what the respective values of our businesses were. For tax reasons, I had to accept that for a three-year period J would have the controlling interest of our mutual company. J and I agreed that this should not have any practical implications; we would agree to a written understanding of shared and equal responsibilities. But nevertheless, I would never have accepted such a proposition was it not for the trust built in our relationship, and the act itself could be seen as another gesture/response in our trust-building.

From having been something relatively light and easy, the trust between us now changed character. We both had to trust that we would get the same out of our mutual business. Risk was no longer linked to something in the future that might be positive at best and only have a slight negative effect at worst. Now the risk was surviving as a business! How could I be sure that my money did not go down the drain to cover losses that J was responsible for and vice versa? For the first time my company was generating a really positive cash-flow. One of my speculations was whether my cash-flow should be used to rectify a negative cash-flow of J’s business, and if that was fair? Although I wanted to go ahead with the merger, I did not want to be stupid and just hand money away. Not only did I find this difficult to raise with J, but I also acknowledge that I know too little about company accounts and mergers to assess whether my concerns were material or just my own anxious speculations.

I had mentioned my concerns to J and suggested that our financial accountants be the ones that we rely on; and he had accepted that. J was also quite willing to compensate me in the new company. Still these issues caused me to be a bit suspicious, and although I trusted J I found myself having internal dialogues with myself and experiencing unwelcome feelings: thoughts would pass through my head such as “is this really worth it?”, or “what would others say if they knew what I was about to do?”. Although I had these thoughts, I also knew that I would carry out the merger because I had more reasons to trust J than reasons to distrust him. However, I found it disturbing that both trust and distrust was present and I wanted the distrust to go away.

With the anti-corruption project underway, our business prospects began to look really good. We got extremely good feedback on the project and were promised a far larger and more profitable multi-year project by the end of 2006. We also managed to get further funds to finalise the first project, but due the good situation in my company I decided to contribute to the project for free while we were still in the process of merging. In principle it would not matter, as the merger was to be effective as of 1 April 2006. Thus it would only be a matter of cash-flow in our respective businesses, and as my own cash-flow was healthy I saw no reason to increase the financial pressures on J's company. It could therefore seem almost pointless to raise, but nevertheless was something that I thought a lot about. And it was not an easy decision for me to make, because there would always be the risk that the merger might not succeed or that I might suffer from the lack of cash-flow. I mentioned this to J in May. I felt kind of awkward saying it, because I saw myself as the powerful granting the less powerful a service – which was in fact true. In spite of whatever rational motives existed, J was very happy with the proposal. Initially he did hesitate to consent to it, but after some assurance from my side he accepted. Why did I feel awkward? I think it was because the act itself so clearly demonstrated how vulnerable the other was, even though the act was exactly directed towards the opposite, i.e. making the other less vulnerable.

The merger is getting closer

Our accountants had now prepared our respective accounts for the merger and we were presented with an opening balance that we needed to sign and accept. However, there were

still a number of issues that needed to be resolved and my accountant had proposed a meeting involving J, myself and our respective accountants. Though initially I considered that to be a good idea, as the meeting approached I had second thoughts. Such a meeting would be bound to be one where the accountants would fight out their little fight on our behalf, defending what they perceived to be our interests. I had a sense that I would only be an involved spectator at such a meeting, because I did not understand all the numbers. Instead I would prefer to understand the “facts” and then settle things direct between J and myself. I did not want to get caught in a discussion between the accountants around numbers whose origin and true meaning escaped me. In some way, such a meeting seemed to me to be too formal and too “untrusting”. It also left me with some scary questions, such as whether I really would withdraw if things turned out badly, or instead neglect facts because I preferred not to give in to distrust?

Rather than have the meeting, I proposed to J that I call my accountant and ask him to phrase all the nasty questions and explain to me why he posed them; then for me to put these questions to J and let him and/or his accountant answer.

J agreed with the idea and we proceeded. My accountant came up with a list of questions and J and I then discussed the questions together and got them resolved. We were done! At least with the big things. We could file officially for a merger and then tackle the remaining details amongst us.

Reading the statement above again, in one of the many iterations, it occurred to me that my saying “we were done!” at this point seemed a bit naïve. In that moment we managed to move on, and I got some assurance. To say that the distrust was entirely gone is, however, not true. It was suspended in the moment and is still there. As a matter of fact, I believe it will always be there as a complementary pair to trust; and, as I will show later, this is not necessarily a bad thing.

The feelings during our engagement were not just amicable. Rather, it was like balancing on a thin edge knowing that these issues were contentious and sensitive and that they represented a worry that must be raised. Talking about trust and distrust, it was as though the (potential) distrust was raised, but within a relation where trust predominated; although personally, in that moment I was mostly aware of the distrust.

The process with the opening balance was nevertheless good. Working from the input of an accountancy professional made it easier to bring my concerns into the discussion between J and myself, because it changed the issues from being speculative and to some extent paranoid on my part to real issues that could be resolved. In a sense, the use of the professionals removed some of the emotional distrust around the issues, a distrust that could not just be placed in the relation between myself and J but might as easily be rooted in past experiences or lack of understanding.

III. Research question(s)⁹

It is easy to say that we trust somebody. However, when the possible consequences of that trust become part of our reflection, we also start to reflect on what this trust really is. It therefore seems as if just talking about trust is too simple. We have to discriminate between the trust we so easily talk about and the trust that cannot be taken lightly. The first is often linked to being confident that others have the competence to do something; we ‘trust’ they can do this and that. The other is where I believe we invest more of our self into the trusting relation, and where the consequences of a breach seem to be graver for us personally. Not that the consequences of trusting someone’s competence cannot be grave, but being confident about others’ competence can be likened more to a rational decision where we look for evidence of that competence and can be said to make that assessment in good faith. Compared with this “confidence”, the other kind of trust I am talking about is less rational, and seems to me often to be inextricable from distrust.

In this project I will use my narrative to look closer into where, when, how and why I find myself feeling trusted by the other and trusting the other? How has it come about, what

⁹ In previous drafts, this section was entitled *Emerging research question(s)*, and I would normally later have another section with my *Revised research question(s)* to illustrate the iterative approach of the research method. In this draft I have removed the word “emerging” and merged the two sections; not because I have not been through the same iterative approach as before, but because it gives a better reading flow and thus – hopefully – makes more sense to the reader. My initial research questions tended to reflect my initial and pretty naïve knowledge on the subject of trust, and was basically mostly drawing attention to the link between risk and trust.

does it feel like when it happens, how do I then act into the situation, what follows, what am I trusting and on what basis?

I will look closer into the concept of trust and try to distinguish between various forms of trust. I will specifically look at the connection between trust-building activities and the sense of trust we have in our relational acts. A key question for me is to explore whether this sense of trust can exist without a sense of distrust being present as well?

My key interest is to look at trust and distrust in a relational context; by exploring the above questions, I intend to refine a view on these issues that will inform my approach to assurance and auditing.

IV. Setting the scene – what is trust normally seen as?

Many meanings and many applications

The word *trust* and its antonym, *distrust*, have many meanings. My particular interest is related to *trusting* or *distrusting someone*, i.e. what it means in the relations between people. Often *trusting* or *distrusting* someone is linked to a particular aspect, meaning that we often *trust* or *distrust* something *about someone*. However, we tend to translate the sum of such relations into a single characterisation, i.e. we simply say “I trust him” or “I do not trust him”. Trust and distrust are attitudes that affect the way we think, the way we feel, and the way we act. Trusting, we are more likely to let ourselves be vulnerable to others, to allow ourselves to depend on others, to cooperate, to confide.

Understanding why people trust, and how trust shapes social relations, has been a central focus for many different disciplines including psychologists (Good, 2000), sociologists (Gambetta, 2000), political scientists (Barber, 1983), economists (Axelrod, 1984) and students of organisational behaviour (Kramer, 1999). Researchers have seen trust as an essential ingredient in the healthy personality (Erikson, 1963), as a foundation for interpersonal relationships (Miller & Rempel, 2004), as a foundation for cooperation (Jones & George, 1998), as the basis for stability in social institutions and markets (Berggren & Jordahl, 2006), and more recently as a way to understand the dynamics between human relationships and artificial environments, such as artificial intelligence and

e-commerce (Falcone et al., 2006). Researchers of trust within organisations have focused on understanding the efficiencies of trust and explaining its emergence (Mayer et al., 1995; Shitener et al., 1998; Solomon & Flores, 2001). In most of these arenas the focus is on the trust in the relations between parties through cross-functional teams, temporary groups, strategic alliances, and socially embedded partnerships, and a trusting relation is judged as critical for successful collaboration (Sheppard & Sherman, 1998). Nevertheless, most of these researchers tend to move swiftly from the interrelations to the implications of trust, and tend in my opinion to dwell too briefly on the genesis of trust in relations. This might be due to one of the big problems with trust – that is very difficult to define, and that definitions vary depending on the perspective from which it is viewed.

Also definitions aimed at being general (with some cross-domain validity) are usually either incomplete or redundant. They miss or simply let implicit [...] presupposed important components, or they include something just accidental and domain specific.

(Falcone et al., 2006, pp. - Trust: setting the problem).

As an example, the psychological perspective on trust presented by Dasgupta (2000) – that trust is something emerging and experienced alone, i.e. within yourself – leads to what I see as relatively simplistic statements, like the assertion that it is not possible to trust people with whom we have had no previous encounter.

Trust is not just trust

When speaking about trust, we often conflate many different concepts into one. Trust is many things. In the literature, trust is often divided into *simple* or *basic trust*, *blind trust* and a form that some describe as *authentic trust*.

Simple trust (Luhmann, 1979; Solomon & Flores, 2001) is the kind of trust that is unchallenged and untested. It is an attitude of assumption, rather than a conscious decision. It could be said to be a sort of a fantasy or an ideal, which may not exist in reality. A key characteristic is that it is unreflective. *Blind trust* (Solomon & Flores, 2001) differs from *simple trust* in the sense that it is no longer innocent; in the case of *blind trust*, we have

been exposed to violation and betrayal, but it has not affected us and we go on as nothing has happened. *Blind trust* is self-deceptive. In *simple trust* one does not even consider the possibility of a betrayal; by contrast, *blind trust* implies that betrayal is denied.

My aim in this project is not to develop *a complete theory of trust*, as attempted by Falcone et al. Rather, I seek to understand some of the interrelational dynamics around trust-building and distrusting, and the possible implications for what I do. This entails a focus on what happens in the here and now, rather than dwelling on preconditions for trust/distrust or the consequences of trust/distrust. It also embraces *distrust* as something natural, unavoidable and not necessarily negative or opposite to trust.

Trust and distrust

The coexistence of trust and distrust is recognised by many others. According to Solomon and Flores, what they refer to as *authentic trust* has taken into account the arguments for distrust, but has nevertheless resolved it on the side of trust: “Authentic trust is not opposed to distrust so much as it is in a continuing dialectic with it, trust and distrust defining each other in terms of the other” (Solomon & Flores, 2001, p. 92). However, like many others, Solomon and Flores tend to see trust and distrust as a dichotomy, i.e. if you feel distrust in a trusting relation you must confront it and overcome it: “One might even say that authentic trust embraces distrust and involves the wilful overcoming of it” (ibid., p. 94). I see the two as being present at the same time, both constraining and enabling the relation.

Trust and distrust have also been the subject of numerous scholars in management literature. Lewicki et al (1998) argue that while distrust is often seen as “bad”, it should be seen together with trust as one bipolar construct and not mutually exclusive. They propose to integrate trust and distrust via a 2 x 2 matrix with low/high distrust and low/high trust, respectively; and through this they describe how it is possible for us to experience high trust simultaneously with high distrust. Lewicki et al (op. cit.) build their hypothesis around Luhmann’s definition of trust and distrust and thus, like Luhmann (whose work I will examine more closely in the next sections), treat trust and distrust as dichotomies, i.e. as a “both/and”, but related to separate aspects and not present at the same time. Wicks et al. (1999) speaks about *optimal trust*, which “...exists when one creates (and maintains)

prudent economic relationships biased by a willingness to trust” (Wicks et al., 1999, p. 103). Wicks et al. take an Aristotelean view of trust, where we can define the “golden mean”, that is, the optimal level of trust. They do not speak directly about distrust but categorise various levels of trust, where low trust is a situation where we make decisions based on rationality alone. In this way of looking at trust, they come to treat trust as a commodity – as something we can plan for and which should be related to the degree of interdependence we have with those to whom we are relating. Both Wicks et al. and Lewicki et al. propose an instrumental view of trust that is very common in management literature (Möllering, 2006): trust is good – how can we plan for it? I propose that we are much more aware of the trust/distrust paradox in the moment; and that we do not discard distrust as something bad, but see it as part of the trust/distrust dialectic, without which – I will argue – trust could not arise.

Trust research and Niklas Luhmann

Lewis and Weigert (1985), as sociologists, advocate that trust should be looked at from a sociological perspective. According to them, the function of trust is primarily sociological rather than psychological, because individuals would have no occasion or need to trust apart from social relationships. Trust is based on a cognitive process, discriminating between persons and institutions that are trustworthy and those that are distrusted and unknown. Trust, in their view, is a property of collective units and not of isolated individuals; it is therefore applicable to the relations among people, rather than to their individual psychological states. They build – as do many others – on the work of Niklas Luhmann, *Trust and Power* (Luhmann, 1979) and Bernard Barber, *The Logic and Limits of Trust* (Barber, 1983).

My route through the literature has been guided by this view away from the psychological focus towards the more sociological and relational, but has also inevitably led me to one of the most cited researchers within trust research, the system theorist Niklas Luhmann.

According to Luhmann, the fundamental function of trust is to reduce social complexity (Luhmann, 1979). Luhmann claims that in today’s society, with more people and greater structural differentiation, more relations are based on cognitive trust than on emotional

trust. Society has become far too complex for the individual; from having relied almost entirely on emotional, interpersonal trust, we are moving to a social order that is based more on system trust.

Luhmann claims that social systems are systems of communication, and that society is the most encompassing social system (Luhmann, 1995). Being the social system that comprises all (and only) communication, today's society is a world society. A system is defined by a boundary between itself and its environment, dividing it from an infinitely complex exterior. The interior of the system is thus rendered a zone of reduced complexity: communication within a system operates by selecting only a limited amount of all information available outside. Trust, in Luhmann's view does the same. This process is what he calls "reduction of complexity".

Each of Luhmann's systems has a distinct identity that is constantly reproduced in its communication and depends on what is considered meaningful and what is not. If a system fails to maintain that identity, it ceases to exist as a system and dissolves back into the environment from which it emerged. Luhmann called this process of reproduction from elements previously filtered from an over-complex environment "autopoiesis"¹⁰ (Luhmann, 1995).

In Luhmann's theory, the human being is positioned outside any social system. Consisting of "pure communication", any social system requires human consciousnesses (personal or psychological systems) as an obviously necessary, but nevertheless environmental, resource. In Luhmann's terms, human beings are neither part of society nor part of any specific system. He is therefore often accused for being anti-human (Mortensen, 2005) and for positing himself as the "super-observer" outside the system. This could be seen as an inevitable consequence of his approach – functional analysis, which ideally is objective with no stance for or against what he is describing. This is also the case in his book about trust, where he provides a functional analysis of what trust is and how it develops. Mortensen (ibid.) describes Luhmann's book¹¹ as a theory ahead of his time. In the following I will

¹⁰ The term *autopoiesis* was first used by Maturana and Varela (1980) as a way to explain the biological cell; Varela rejected its use in relation to the social (Stacey, 2003a).

¹¹ Originally published in 1968 and later translated to other languages (Luhmann, 1968).

explore his theory in more detail, as well as contrasting his views with the interdependence perspective of Norbert Elias and the social self perspective of George Herbert Mead. I have chosen these two theorists for several reasons: 1) because they are central to the theory of complex responsive processes of relating as described by Stacey (2003a); 2) because I find them interesting and very relevant, and 3) because of input from my learning set and my supervisor.

Through this exploration I hope to provide an answer to the overall question: What are the links between trust and distrust in a relational perspective, how do they emerge in the moment and what is the significance of them for our actions?

V. Contrasting trust according to Niklas Luhmann with the thoughts of Norbert Elias and George Herbert Mead

In the following I will first briefly outline Luhmann's view of trust. I will initially highlight areas where I disagree with him, and in later sections I will try to substantiate these disagreements before giving my answers to my research questions in a separate chapter.

Trust according to Niklas Luhmann

When Luhmann first wrote his book about trust in 1968, he was influenced by Talcott Parsons' normative open systems theory and structural functionalism. This posited that social systems cannot function and maintain themselves without a normative foundation, i.e. the normative rules, which Parsons called structural imperatives (Parsons, 1966). These structural imperatives are the basis for the social processes that form the structure and activity of society. At that time, Luhmann still had not developed his idea of autopoiesis and, like Parsons, he saw human action as the key element in social systems.

Luhmann describes trust as a concept that is always present, but which he regards mostly as an interpersonal aspect of close human relations. He claims that in simple societies there was less need for what he called non-personal forms of trust; norms and familiarity were enough. Luhmann, like Parsons, asserted that with the development of very complex societies nowadays the need for trust as a way to deal with this complexity had become unavoidable. To Parsons, the problem of trust emerges in relationships between

professionals and lay persons (Parsons, 1978), due to what he describes as a “competence gap”. Because the lay person cannot fully understand what the professional is doing, their relation must be based on some trusted validation of competence, since the typical lay person lacks the expertise to evaluate this personally. Parsons concludes that in order for trust to exist between these persons, they must share values and common goals. He seems to suggest that trust is a feeling that can only be shared between members of the same group. Consequently he claims that there can be no trust outside the particular societal community to which we belong; and Parsons’ definition of a societal community therefore also defines the limits of trust. In his view, we can never trust strangers. In this way, Parsons almost regards familiarity and trust as synonymous. Trust becomes particular rather than general, and in Parsons’ theory trust is regarded as a feeling or an attitude based on familiarity and common culture, but activated only by making decisions. Although this view of trust appears to me very confined, and places too much emphasis on the particular facet of trust between the expert and the lay person, such situations are often still used as examples of what trust is in general. Why a patient trusts a doctor is a common example used for such generalisations (see e.g. Möllering, 2006). In my view, this kind of trust is more about confidence than what I would call trust; I will come back to this later.

Contrary to Parsons, Luhmann clearly discriminates between familiarity and trust. “Familiarity is an unavoidable fact of life; trust is a solution for specific problems of risk” (Luhmann, 2000, p. 95). Luhmann points out that in the familiar world, which is relatively simple, the past dominates the present and the future. One assumes that the familiar continues and that the familiar world will continue into the future (Luhmann, 1979, p. 54). We can live within a familiar world because we can reintroduce the unfamiliar into the familiar using symbols:

We never have to leave the familiar world. It remains our life-world. We never cross the boundary. It remains a horizon that moves as we move. But we know in a familiar way about the unfamiliar. Familiarity breeds unfamiliarity.

(Luhmann, 2000, p. 95).

Luhmann goes on to distinguish between *personal trust* and *system trust*. *System trust* is described as a more *impersonal* kind of trust that is needed to complement *personal trust*

in order to deal with the complexity we face in modern societies. The concept of *system trust* implies that anyone who trusts in a system basically assumes that the system is functioning and places their trust in that function, rather than in people (Luhmann, 1979). In his later work on trust, Luhmann (2000) distinguishes between *trust* and *confidence* in relation to *system trust*. Confidence is – like trust – a way to deal with complexity. We are confident that our expectations will not be disappointed. “You cannot live without forming expectations with respect to contingent events and you have to neglect, more or less, the possibility of disappointment. You neglect this because it is a very rare possibility, but also because you do not know what else to do” (Luhmann, 2000, p. 97). Thus the difference between trust and confidence, in Luhmann’s view, is that in the case of confidence we do not consider alternatives; in the case of trust, we can choose another action, in spite of the possibility of being disappointed by the actions of others. Trust is required only if a bad outcome would make us regret our action. Trust is therefore linked to taking a risk, while confidence is linked to the concept of danger. In this way, Parsons’ view on trust becomes very similar to what Luhmann calls *confidence*.

Personal trust – shortcomings of Niklas Luhmann

The *personal trust* Luhmann speaks about resembles what others have described as *authentic trust* see e.g. see e.g. (Solomon & Flores, 2001), *communicative trust* (Jalava, 2003), and *interpersonal* or *emotional trust* (Lewis & Weigert, 1985). In Luhmann’s view, *personal trust* is based on three things (Luhmann, 1979):

1. That the process of trust demands mutual commitment, which can only be put to the test by both sides becoming involved in it, in a fixed order: first, the truster and then the trustee;
2. That the participants must know the exact situation, and they must know from one another that each one knows it. The building-up of trust therefore depends on easily interpretable situations and not least, for that reason, on the possibility of communication;
3. That it is not possible to demand the trust of others; trust can only be offered and accepted.

Although Luhmann speaks about mutual commitment, he clearly outlines personal trust as relational. He also clearly separates the process of trust-building into an action followed by a response; personal trust starts within our self. Central to this is Luhmann's concept of personal trust as self-presentation (Luhmann, 1979, p. 39 ff), i.e. the way the actor presents himself in terms of his trustworthiness, which in his view always will be perceived as a selective representation of self, no matter what the motive. But for me this explanation is sufficient only as a more or less rational *explanation* of things that *have already* happened rather than an explanation of how trust arises and how it is experienced in the moment.

When I first met J, I did not connect the word *trust* with him. My reaction to what Luhmann calls his self-representation was negative. I met with him not because I wanted to, but by coincidence. Our encounter left me with no specific intention of further exploration of a mutual relation; and, as in the beginning there was no other reason for a relation, things could have ended there. Such a reason emerged only later: a potential business opportunity showed up, which he was in control of. To gain access to this, a relation had to be built. This was a case of rational considerations, not a case of a relation that was either trusting or distrusting; so the decision to go forward was relatively risk-free.

In our further encounters, I witnessed other aspects of J's self-presentation and saw in him values similar to mine. Gradually, we engaged in various trust-building activities; and although our mutual trust-building could be said to have followed the Luhmann's theories, with J and myself taking turns as truster or trustee, with us both supposedly understanding this process, Luhmann does not take our interrelationality into account. For example, in our encounter to address financial numbers, the whole situation was packed with "not-knowing" and situations that were difficult to interpret, and in these circumstances it was not possible to distinguish between truster and trustee. Rather, Luhmann's way of explaining trust provides only a somewhat reductionist after-the-fact explanation of what happened, and fails to explain fully what happens in the here-and-now. It does not account for the messiness of our daily encounters, the fluctuating power relations and mutual vulnerability of the actual leap towards trusting. And it does not acknowledge that while trust is there, there is undoubtedly also some measure of distrust.

Moreover, Luhmann's second argument for *personal trust*, with its prerequisite that each participant know the exact situation, seems to imply a lack of complexity which, in relation

to my experience, is not the case – even in trusting relations. Although Luhmann is not pointing to the reduced complexity so much as to a need for the participants to be able to identify clearly what the situation is about and why it is a case of trust, the implication is that trust can occur only as a conscious process. In Luhmann's view, for trust to occur it must be acknowledged. I agree that trust emerges in the combined gesture and response, but not necessarily from something easily interpretable. Luhmann allows that "ignorance of particular aspects does no harm, i.e. does not obstruct progress towards trust" (Luhmann, 1979, p. 43), but in his opinion this cannot be decided without empirical research. In other words, trust-building to Luhmann is a deliberate process, although he also points to the danger that employing a conscious process in order to build up trust might invoke distrust. When I look at my encounter with J, I find that in the critical moments where trust-building is taking place I am indeed very conscious about the situation, yet at the same time mixed feelings occupy me: distrust is certainly present, and I am not entirely conscious about what is actually happening. Many of the smaller trust-building actions might not even be said to be conscious, in the sense that they were proposed as a result of prior planning; in my case, it emerged through a conversation and became conscious in the speaking. Certainly when I offered J to work for free in the project, I found it difficult to present the offer because it immediately spoke to the power differentials between us and because it also brought me in contact with the "what if it fails" feelings, i.e. distrust. Luhmann does not account for this connection between trust and distrust.

In summary, I find Luhmann's view on personal trust a rational construct which:

(1) Does not take the complexity of human interaction into account; rather, Luhmann sees trust as a way – like systems – of reducing/filtering external complexity. This view on complexity is radically different from that taken up by Stacey et al., where the idea of complexity is used as an analogy for human interaction seen as complex responsive processes; Luhmann also applies a sender/receiver model, which is opposed to what I experience and to the theories of Mead and Elias (see later);

(2) Ignores the direct interaction between trust and distrust; Luhmann believes that they can both exist in a relation, but that they are separated in time and place, i.e. trust/distrust is

a dichotomy. I see them more as two opposing entities, present at the same time and in the same relation, i.e. as a paradox; and

(3) Reifies trust into something that can be offered and where both the truster and the trustee knows what is at stake. I do not see trust as a thing, and certainly not as something easily identifiable or easily interpretable. I agree that at some point we become aware that trust has emerged, but often I see trust emerging from situations that are messy and difficult to interpret. Certainly I do not see trust as something that is offered, but I believe that trust can emerge from actions that involve what could be identified as an offer. Finally, I believe that trust (and distrust) emerges in a relation, which is why it cannot be offered by one or accepted by the other; it is a joint action.

Trust, interdependence and power relations

For Elias, the concept of human agency as composed of interdependent networks was central. His work focused on the relationship between power, behaviour, emotion, and knowledge over time; see e.g. *The Civilizing Process* originally published in 1939 (Elias, 2005), *The Established and the Outsiders* (Elias & Scotson, 1994) and *What is Sociology?* (Elias, 1978). He significantly shaped what is called process or figurational sociology, which concerns itself with *process*, not *state*, in order to avoid separating human actors from their actions. This approach examines the process of a social feature's emergence and evolution to gain a fuller understanding of its function in the present.

For Elias, understanding social relations means analysing the figurational development of interdependency networks. In a way, “one could summarize Elias’ entire theory by saying that it consists of nothing more or less than tracking the consequences of interdependence” (Dalal, 1998, p. 110).

Unlike Luhmann, Elias did not specifically deal with the concept of trust; but indirectly, trust is nevertheless a central component to Elias’ notion of lengthening chains of interaction described in his book about the civilising process (Elias, 2005). The move from a barter economy to a money-based economy allowed trade chains to lengthen; certain codes of conduct are required of those along the chain, in order for the chain to work. Such codes of conduct are another way of securing trusting relations between tradesmen, and are

developed to reduce economic risk in the more complex society. Thus Elias, in a sense, also emphasises the role of trust in a risk society.

But where Luhmann saw trust as a necessary means of reducing the ever-increasing complexity we face as individuals, Elias was against such attempts to reduce the everyday complexity of processes to states. Even if Luhmann saw trust as something between one person and another, he nevertheless located trust within the individual. Elias would see trust as part of the interdependency between human beings and therefore – like power – as continually in flux, undergoing changes of many kinds: some rapid and ephemeral, others slower but perhaps more lasting. Instead of talking about trust and distrust as two separate states, as dichotomies, he would claim that neither can exist without the other (see e.g. Dalal, 2002, p. 127). This may not seem different from many other writers, who also see trust and distrust as a continuum. The key point, however, is that if we speak about trust – as in my first statement, “I trust J”, then we give in to what Elias calls *process reduction*, i.e., the reduction of processes to static conditions. Instead, we should be looking at the coexistence of trust/distrust and study the underlying plurality of processes that interweave with each other and inform the trust/distrust relation. Elias would therefore not separate trust into *personal trust* and *systems trust*, like Luhmann, but rather see them as aspects of the same: formed out of social activity that impresses itself on both individual and society at the same time.

If I reflect on my experience of trust in the relation with J, an Eliasian perspective would not be complete were it not analysed from a historical and societal perspective. No doubt the way we can meet and start business relations nowadays can be explained from such a perspective. It would, however, be a mistake to try and explain my experience by splitting it up into an outside, historical versus and an inside, here-and-now perspective; this would also be contradictory to Elias’s own view. Rather, I acknowledge that from an Eliasian perspective, the individual and the social cannot be separated.

Elias claims that “...balances of power are always present wherever there is a functional interdependence between people” (Elias, 1978, p. 75). Dalal (Dalal, 1998, p. 91) draws attention to how power is predicated on the notion of function: “People or groups that have functions for each other exercise constraint over each other” (Elias, 1978, p. 78). Dalal concludes that constraint is the outcome of all interdependence. Trust/distrust, from this

perspective, is also a constraint. Because of the trust I accepted, I limited my own options for viable decisions; walking away from the relation became too difficult, even at times where I had a strong feeling that much was at stake, as in the case of starting up a joint business. As I wrote in the narrative, I felt “obligated” by the trusting relation, and thereby constrained by it. The ability “just” to act rationally by weighing up logical elements for and against, was no longer present.

The kind of trust I have described in my narrative is also predicated on function. When I first met J, the function was not apparent; but trust nevertheless was present in our relation, because the concept of trust between business partners – i.e. the code of conduct – is part of the language that permeates western, and in particular Danish, society. When J and I started to build a business relation, the function became much clearer. Our relationship changed through various trust-building efforts, and so did the power relation. Each trust-building effort was an offer to the other of something that he needed, but could not just take; e.g. only I could decide to work for free in the case of the large project for Danida. Thus the trust-building reinforced our need for each other, and through these interrelated needs our power relation necessarily changed. As pointed out by Dalal, “Interdependence is another way of alluding to the idea of need. As soon as there is need then there is a power relation – if I need you then in a sense you have power over me” (Dalal, 2004, p. 10). For Elias, this “need” is what he refers to as “function”: “The concept of function must be understood as a concept of relationship... when one person (or group of persons) lacks something which another person or group has the power to withhold, the latter has a function for the former” (Elias, 1978, p. 78). Here I am not referring to the kind of trust we put in people who have what we need, as in a patient–doctor relationship; I am talking about the more powerful trusting the less powerful, by granting them access to what they need. In the case of me working for free in the anti-corruption project, J needed cash and I gave it to him by asking not to be paid. By doing this, I ran a risk of losing money; and this action shifted the power differentials between J and myself.

J and I gave each other potential to exercise power over each other through our trust-building efforts; the feeling of trust in our relation is the awareness both of this power relation and the belief that the power will not be exploited to the benefit of either party. For me, the actual feeling *in the moment* is as though the power differentials are temporarily set

aside based on what we have experienced together in the past and reaching in to the future; I am feeling “safely held”. At the same time, any action of this kind changes the power differentials between us.

In this sense, the trust expressed at that point through my actions enabled us to go forward with our mutual business, yet on the other hand it also constrained us. This view of time in the moments of “trust” is similar to what Stacey (building on Mead) calls the “living present” (Stacey, 2003a).

Emergence of trust – gesture/response

Although Mead provides us with a very powerful way of understanding processes of human communicative interaction in the form of gesture/response (Mead, 1934), he never speaks directly about trust or distrust. Mead held that gesture and response cannot be separated, but constitute one social act in which meaning arises in interaction between people. He furthermore held that as human beings we have the capacity to call forth a similar response to that being evoked in the other, and indeed that the self is a dialectical process of “I” responding to “me” where the two can never be separated.

This process can be characterized in a certain sense in terms of the “I” and the “me”, the “me” being that group of organized attitudes to which the individual responds as an “I”.

(Mead, 1934, p. 186).

This “group of organized attitudes” is what Mead call “the generalized other” (Mead, 1934, p. 154). Taking on the social roles of the generalised other means to internalize the laws and institutions of the community, the traditional customs and rituals of society, the rules of the game, and so on.

The essence of the self, according to Mead, is its reflexivity. The self is individual only because of its relation to others. Through the individual's ability to take the attitudes of

others, the self becomes an object of its own reflection. Thus the self, as both subject and object, is the essence of being social. The self is not confined within the limits of any one generalised other. Although the self arises through the internalisation of the generalised attitudes of others, there is no absolute limit to the individual's capacity to encompass new others within the dynamic structure of the self. This is the basis of the individuality of the self.

Trust (and distrust) arises in the ongoing conversation of gestures where one is responding to oneself and to other(s) at the same time. Thus, in the case of J, initially in our conversation of gestures I assumed a general level of confidence that is formed as my response to the generalised other. This is an almost automatic confidence level that is more like what Blumer (1966), building on Mead, refers to as symbolic interactionism, or Stacey (Stacey, 2003b) calls communicating in reified symbols. I give an almost unwitting response to the conversational gestures of other potential cooperation partners, building on a shared understanding of how one would normally behave trustingly in such situations. However, trust is yet to emerge in our mutual gesturing and response. My sense is that it often does not emerge before it becomes a conscious part of my inner conversation in the reflexive self; I must consciously recognise a situation where trust or distrust is at stake. This was certainly the case when J and I passed the initial, relatively risk-free, cooperation and went on to doing business together and risking each others' money. We had moved from an automatic confidence level to forming our mutual understanding of what we were about to do on the basis of communication in significant and proto-symbols, as described by Stacey (2003b) where trust (and, perhaps, distrust) had become a theme between us. For a trusting relation to develop, there is often an element of surprise at play, or what Möllering (2006), following Kierkegaard, calls a "leap of faith". We continue "as if" trust were already present; we suspend uncertainty and vulnerability. The element of surprise is when we go on "as if" trust is present when experience and "sound judgment" tell us not to. In Mead's terms, it is the "I" that reacts; and this reaction is incalculable and always different. Thus it is the "I" that can suspend uncertainty and vulnerability.

For the same reason trust cannot be requested as already pointed out by Simmel in 1908 (Simmel & Wolff, 1950). J and I definitely went on in spite of uncertainty and vulnerability. Our previous trust-building acts had led to a theme of trust that formed our

feeling of being together. What we did together was based on trust. Whether the trust was real will play out in other social acts, often where one is not oneself a direct participant; it could be encounters with third persons or family where we make sense of what happened earlier. These social acts will then have an effect on our perception of the past social act, either confirming that the trust was valid or – if not – making the distrust we temporarily suspended, together with the uncertainty and vulnerability, reappear emphatically. This "new" past will have significant impacts on future relations.

Trust and distrust – how are they related?

Trust is defined in relation to its, antonym distrust; my sense is that when trust arises in my mind, so does distrust. I do not just say to myself: "I trust him". Rather, I think: "Can I trust him?", "What is the risk?", "Does he also trust me?" These are all questions that I cannot answer, and which often or maybe always connect me with the counterpart of trust through questions like: "Are there any grounds for distrust?" as in the case of J. The relation between me and J is then not just one of trust, it is also one of distrust. Whether there is more of the one than the other must be the result of our conversation of gestures, our individual interpretation and definition in our social act.

The suspension of uncertainty and vulnerability that Möllering (op. cit.) talks about cannot be said to be a suspension of distrust. Distrust does not disappear; I might be willing it away or temporarily setting it aside, but I find that it paradoxically coexists with trust.

In the beginning of the relation between J and myself, we occupy different positions, act from those positions, and engage in what might be seen and experienced as separate and distinct acts. But as we fit our acts together, first – using the symbolic interactionism defined by Blumer (1966) – by identifying the social act in which we are about to engage and, second, by interpreting and defining each other's acts in forming the social act, we are able to orient ourselves; we develop a key to interpreting the acts of the other and a guide for directing our action with regard to them. This also means that in a sense we could develop blind spots, or quiet our own discomfort and aspects of distrust. This is especially so because distrust is what has the potential to break up relations, and because it is not easy

to speak about. The distrust tends to reside in our silent conversations; if the distrust is too dominant, it is unlikely that a close relation will develop.

One could also say that in the beginning the involvement in the relation from my side was limited and consequently it was easier for me to look at the relation with a greater degree of detachment (Elias, 1956). Later, as the involvement grew, trust became a more prominent part of the relation, characterised by increased lack of control and greater feelings of interdependency. However, greater interdependence does not necessarily need to be accompanied by increased trust, but must be accompanied by a greater awareness of the trust/distrust dialectic. If neither trust nor distrust is recognised, then I would guess that the relation would be occupied by indifference instead. If the interdependence is one that both actors actively want, then trust is also likely to emerge. In the case of J, I trusted that he would not exercise a negative control, i.e. that he would not betray me. Trust in a way compensates for what Elias would see as the impossibility of detaching in the moment because of the increased involvement:

Again, it is, on the other hand, difficult for men in that situation to control more fully their own strong feelings with regard to events which, they feel, may deeply affect their lives, and to approach them with greater detachment, as long as their ability to control the course of events is small; and it is, on the other hand, difficult for them to extend their understanding and control of these events as long as they cannot approach them with greater detachment and gain greater control over themselves.

(Elias, 1956, p. 233).

The basis for the increasing involvement is the trust, and, in turn, the trust reduces our desire or need to control the course of events.

In the encounter with the accountants, one of the most difficult things was to handle the feeling of distrust. As I see it, I deliberately chose to detach myself from the worrying issues in order to be able to deal with them. It felt a bit artificial, but nevertheless enabled me to deal with my distrust. Thus there are clear parallels between trust/distrust and the paradoxes of involvement and detachment that Elias speaks about.

The meeting with the accountants also illustrates how sensitive the balance between trust and distrust can be. I was certainly afraid that the relation between J and myself could be destroyed if the distrust that was present in my mind was not dealt with carefully. In a meeting with our advisors, I could easily imagine that they would play out a battle on our behalf, which would inevitably be based on an "I do not trust you" scenario. They would claim an "objective" stance to the financial numbers, based on their competence – in which we had confidence; and in principle, that is precisely the purpose of using professional advisors. But I believe I would find myself feeling awkward and, in a sense, cowardly by having a professional asking questions on my behalf. I had difficulty seeing this as a constructive way of moving forward. I might even have been tempted to cut some of the discussions short in order to stop what I might have perceived as accusations, directed towards J or myself, of not being trustworthy; and this would clearly have been counterproductive to what we wanted to achieve. I was concerned about the numbers, and wanted to alleviate that concern. Rather than the mutual meeting, each of us facing the other "armed" with our accountants, I believed that through my own simple relation with my accountant I could avoid J and myself becoming caught up in some kind of drama acted out through proxies and without recognition of each other. I could then pose all the questions that were nagging me to my accountant, aware that some of these questions might be outright stupid and paranoid, not to mention difficult for me to ask in a big meeting without escalating any potential drama. I felt that when I posed the questions to J directly, we were sharing a recognition that these were contentious issues that needed to be taken seriously. There was no hiding in the moment, no suspension of uncertainty. To some extent the distrust was suspended, yet the overall feeling was not one of unconditional trust but rather one of relevant concerns. I believe that the exercise reinforced our relation.

VI. Answering my research questions

What do I think trust is?

The kind of trust I am writing about is primarily reflexive and interrelational. It is often, but not always, reciprocal, and is characterised by the more powerful being the truster. This is different from the trust we place in a person from whom we need something, where

you in principle have less power than the other. Such a trust I would equate with *confidence* rather than the trust I describe, even though I acknowledge that it can be reflexive and interrelational.

In the trust I talk about, there is often a reciprocal risk in the relation. As I will show in the section on how trust emerges, this reciprocity means that each party is both truster and trustee at the same time.

Like so many others, I believe that trust has an ever-increasing role in today's society. According to Elias, the move from a barter economy to a money-based economy allowed trade chains to lengthen; as a consequence of this, certain codes of conduct were developed to secure trust along the chains. Thus trust is a way of dealing with the increasing complexity we face. The nature of the relationship between people like J and myself – the commercial game in which we are engaged is also characterised by “long chains of trade”, albeit nowadays in a more temporal sense. The viability of our mutual intention to be proven one way or the other simply takes much longer today. The process is complex, from seeing a potential opportunity and crafting the initial concept to involving a partner, developing the concept, looking around for potential sponsors, securing a sponsorship, checking out the market for the first customer, etc. This is considerably more convoluted than the simple and short commercial transactions of a typical village economy – you catch fish, I buy your fish; either your fish is fresh or old; either I pay you enough or too little, and we know exactly where we stand with each other. That was not, and is not, the case with J and myself. We need to run a risk in order to develop our relation; a risk the consequences of which we cannot foresee; i.e. we need trust in order to carry on.

Luhmann discriminates between personal trust and system trust (which he later calls confidence). I do not concur with this, although I also see a difference between trust and confidence. While Luhmann attributes system trust or confidence to the situations where we have no other options (or do not consider other options) than to trust what we are offered, I see confidence as the kind of trust where we place ourselves in the hands of the more powerful, as in the patient–doctor relation. Yet we do have a choice. Contrary to Luhmann, I see the discrimination between personal trust and system trust in an Eliasian way, where system trust is the plural of personal trust, and as such, not essentially different.

Luhmann claims that trust (and distrust) requires familiarity. Trust (and distrust) cannot exist, and would not be needed, in an unfamiliar world. The unfamiliar is defined by Luhmann as everything we do not know; it is what he calls the “other”, and which he equals to the complexity of the modern world (Luhmann, 2000, p. 96). Trust, for Luhmann, is a way of dealing with the risks posed by the unfamiliar. I do not agree with this view of unfamiliarity as the outside complexity of the modern world. I agree with Luhmann that trust is linked to taking a risk, but this risk does not necessarily have its origin in the unfamiliar. Luhmann’s concern for reduction of complexity here is fundamentally different from the way I see complexity as an analogy for the interaction between human beings described as complex responsive processes.

However, trust as a noun is nothing but a reification of a process. Trust is not something that can be “offered”, as Luhmann puts it. It arises, it emerges. It therefore makes little sense to talk about trust as a “thing”, which is exactly what the orthodox managerialist theories (of which many build on Luhmann) would have us believe. According to these, conflict and anger can be “managed”, trust “built” and values “shared”. These ideas privilege the positive, intentional and rational and cut out the concept from its messy hinterland, presenting it as a fixed and lifeless end-state. In order to understand trust, we need to look at the dynamic relational process from which the feeling of trust emerges.

How trust emerges

Prior to trust, we often see a series of trust-building efforts. These can be unidirectional, but often that is not the case. I believe that if they are unidirectional, i.e. from the truster to the trustee, a *trusting relation* will not necessarily develop. Luhmann does not make such a distinction. If a trusting relation does develop, it is often an uneven relation that can easily develop into *simple trust* or even *blind trust*. In my view, strong relations demand reciprocal trust. In the relation between J and myself, a pivotal point was when he trusted me enough to include me in the anti-corruption project. Prior to this moment, most of the incidents I described involved me trusting J rather than the reverse. But in this pivotal moment I felt appreciated, needed – even though the need relation was most likely in the opposite direction.

Trusting is to take a risk despite experience, or prior to experience yet to be had; i.e. the notion of trust becomes manifest in us when we take a risk beyond what reason and experience would normally advise. Although Luhmann also links trust to taking a risk, he does not specifically link the manifestation of the thought of trust with the risk-taking, nor does he deal with the feelings this may evoke. Taking a risk makes us vulnerable to the other; the feeling of trust is when we experience the other holding our vulnerability and not misusing it. But this is not a terror balance: we do not experience it as terror, rather we feel safe and very pleasant about it, like the joy of giving something to somebody needing it, despite the risk we are running. This feeling of safety – when one is actually at risk – is paradoxical, and is part of the trust-building process. It is when this feeling of safety is sustained, i.e. not broken, that we find that the other is trustworthy. This feeling of trustworthiness, on the other hand, makes us more sensitive to a reciprocal trust-building action from the other.

When we are the trusted, the other, we sense ourselves worthy in the eyes of the truster. We feel ourselves to be recognised as a valuable human being, as I did when J invited me to be part of the project: I felt touched.

In the act of trust, i.e. the gesture/response that in the relation grants both of us a feeling of trust, there is an element of surprise. Prior to the gesture/response, the element of surprise is when we go on “as if” trust is present despite experience and “sound judgment”, i.e. the “me”, telling us to be more careful. In Mead’s terms, it is the “I” that reacts, and this reaction is incalculable and always different. Thus it is the “I” that, from living moment to living moment, can suspend the uncertainty and vulnerability experienced. Luhmann does not cover how trust emerges and, with his clear references to the truster and the trustee, applies a sender/receiver model with one person (the truster) offering the other (the trustee) the trust.

I see trust as something that is created and recreated in the moment. The feeling of trust comes from the combined gesture/response of one showing trust and the other being trusted. It might be that having a history with a person and an experience of previous trust can make us willing to risk even more in the moment. But it is still in the moment that the trust is present, i.e. when we take the risk or when we are reminded of a risk still present.

We might reflect on trusting relationships outside that specific relation, but without feeling the risk when we take it the “trust” we talk about becomes rooted in the past. Here I concur with Luhmann when he states, based on Mead, that trust can be achieved only in the present: “Trust can only be secured and maintained in the present. Neither the uncertain future nor even the past can arouse trust since that which has been does not eliminate the possibility of the future discovery of alternative antecedents” (Luhmann, 1979, p. 12). Even in close relations most of the time we do not experience trust; only in those incidences where we, each of us, realise in the relation that one of us is taking a risk; we acknowledge the trust and might even name it in the conversation. If we take a risk without knowing it and without acknowledging it, it becomes a case of *simple trust*.

In Elias’s terms, trust as power is an aspect of interdependence. Interdependence is another way of alluding to the idea of need, which is again closely related to trust. Our reason for trusting is often one of need. Thus in a trusting relation there is bound to be a close link to power relations as well. When I need something from you, there is a power relation between us. In the case of trust, there is a need fulfilment across power differentials; the more powerful is fulfilling a need that at the same time entails making their self vulnerable to the less powerful, whom they trust not to mis-use this vulnerability. In the case of me working for free in the anti-corruption project, J needed cash and I gave it to him by not wanting myself to be paid. By doing this I ran a risk of losing the money, and through this action shifted the power differentials between J and myself. Not only was I, the more powerful, *willing the power differentials away or setting them aside in the moment based on past experience and reaching in to the future*. By doing so, I also influenced them. In this sense the relational trust enabled us to go forward, but on the other hand also constrained us. Luhmann does not at all refer to power relations and the way trust can influence these relations.

Central to Luhmann’s thoughts is that trust reduces complexity and makes us able to go forward. If there were no trust we would not be able to get up in the morning, he claims. I agree that trust is linked to complexity and that trust in principle can enable us to go forward where we would otherwise be stuck taking a rationalist approach. On the other hand, I believe that trust re-introduces complexity in the relation, or is part of the complexity itself; because only through the trust are we able to take a risk that has the

potential to lead to new discoveries and therefore in itself holds the possibility of both destruction and innovation. It is just this potential for destruction related to an action based on trust that also causes distrust to appear in our mind at the same time. I see trust/distrust as a Hegelian dialectic, where the two notions not only are dynamically linked but where the ongoing gesture–response between two persons results in a ever-emerging understanding of what the trust/distrust in the relation is; this happens through the movement of negating the sense of having been negated, i.e. the act in which we in the relation often surprisingly (and as a result of the action of the “I”, in Mead’s terms) come to make sense of – and name as – trust, despite the risks and potential distrust we face.

Luhmann clearly sees trust and distrust as dichotomies. I see distrust as always, paradoxically, co-existing with our ongoing effort to trust. My suspension of uncertainty and vulnerability does not make the distrust go away; it remains there even if I am willing it away. When we run the risk, when the “I” surprisingly makes us trust, we do this in spite of the distrust, but the distrust remains. If we are disappointed, if we are let down by the other, distrust takes over. On the other hand, reciprocity will affect the trust/distrust dialectic exactly because we are now both being trusted, we are both being held by the other and feeling “safe”. This is also what is needed to create a trusting space where the trust/distrust dialectic can be voiced. If there is no reciprocity related to trust, there is a risk either that the truster may give in to simple trust, so that it becomes routine, or that the trusted might come to take the trust for granted, i.e. there is no sense of need-fulfilment.

VII. Conclusion

Many scholars spend a great deal of time describing what trust is and how it is fundamental to cooperation, sound management, etc.; they tend to reify trust and treat it as something that can be purposely built. By contrast, I have been trying to explore how trust emerges, i.e. how the feeling of trust comes about. I have found that this feeling of trust emerges from trust-building, and that trust-building consists of a series of gesture/responses. The gesture (from A) seems to be one of placing oneself in the other’s (B’s) power – making one vulnerable to exploitation. A is putting him/herself *at risk*, which can be surprising to them and may go against the grain of their previous experience. In doing so, A paradoxically feels safe despite being at risk. If in what follows B does not take advantage

of A, then a state of mind arises in A in which an attitude is taken up in relation to B that one might call trustworthiness, i.e. A is more likely to risk exploitation by B at some future point. Meantime, B, as the recipient of this gesture, must also have feelings stirred up by it – thus the gesture elicits something in B, perhaps some feeling of being “touched” or “moved”, and this in turn must affect B’s disposition towards A. This is the mutual activity of trust-building. Following this, a state of mind arises in A (and perhaps also in B) that might be called a trusting attitude. However, when the activity is reciprocal, a close relation can develop where it is no longer important and not always possible to discriminate between a truster and a trustee. We become truster and trustee at the same time, and in such a relation we experience a feeling of power being set aside or being willed away, and a reality where power relations are constantly in flux. This is where there is a mutual feeling of trust. In the activity of trust-building, trust – as well as distrust – is constantly and paradoxically present; when the notion of trust enters our mind, so does distrust. The distrust is often kept in the silent, inner conversation; but when trust-building has become reciprocal, it can more easily be voiced. In the reciprocal relation, it is less likely that the distrust will dominate the trust. We experience an increased lack of control and greater feelings of interdependency.

Potential implication for my practice

Although my narrative is about a long-term relation, I believe that my definition of mutual trust is relevant to many aspects of my practice. In assurance work, the immediate relation between myself and the assuree would be that of a professional and lay person. The assuree might have confidence in me as a trained assurator, although that certainly also might not be the case. In the approach I have to assurance, I need to create moments of mutual trust in order to discover the things I do. I do this by taking risks myself, by deviating from the routines that are prescribed by the assurance profession and also by exposing myself as a person, showing who I am and saying what I believe in; I make myself vulnerable to the other. Through these *trust-building* steps I invite the assuree to take similar trust-building steps, and what I experience is that in the moment we develop *mutual trust*. In these moments we mutually disclose things that were not documented and therefore would not have become available to me through an ordinary assurance approach. Thus my

understanding of the nature of mutual trust has further contributed to an understanding of my practice. This I will explore further in the synopsis.

5. Synopsis and critical appraisal

I. The journey – wrestling with the orthodox ways and common understandings of assurance

When I look back on my professional journey I realise that I have spent a considerable part of my life observing and wondering why others do as they do. In Project 1, I can see how angry I have been from time to time when I witnessed or was on the receiving end of acts that I considered unethical. I can see how I have been tempted to explain and elaborate from the position of an objective observer and that I have had great difficulties understanding my own role in what happened. Primarily this happened in my capacity as a manager where I was also preoccupied with the creation of creative, but sometimes chaotic, teams of considerable diversity.

As I gradually moved away from management into consultancy, my perspective did not change. As a consultant I was still an outsider in the traditional sense, trying to consult to organisations on how to improve. My focus on ethics was sustained, as my consultancy remit primarily was within environment and sustainable development. My key consultancy competence became to integrate or reconcile incommensurable factors like good economy and taking care of the environment. From time to time a large part of this consultancy has been within assurance and auditing.

Throughout my life I have tried to find theories that could explain what happened around me. From time to time I have stumbled across a theory that I found could explain things but most often I found that even if these theories provided what I saw as useful insights and good advice, they nevertheless were of limited use in reality and much better at recreating the past in the light of the theory. I have kept searching, but increasingly – having learned how to view advanced organisational consultancy through the lenses of action research, from my studies at the Tavistock Institute, as well as gaining insight into complex responsive processes of relating, from the DMan study – I have come to understand my role differently and to discover and appreciate the importance of interdependences with others.

Looking at my DMan project portfolio, I can see that I have gradually started to look into what it is that I am actually doing in my professional life, and in greater and greater depth. I started to explore how I experienced working in an accountancy company, how it affected my self-perception, and how some of the profound values accountancy is built upon can lead to inappropriate and counterproductive behaviour. I found myself feeling very negative towards the culture I experienced, based on how the company's values were exercised in the assurance projects and in our daily practice. Nevertheless, when I left the accountancy company I opted to do more assurance jobs. When I explored why that was, I found that I was indeed making a compromise; but on closer examination I realised that this kind of compromise was justified, and indeed something that I now regard as necessary in seeking a better understanding of one's own values in order to live by them in practice.

I went on to look at what it was that actually happened in my assurance jobs. I know that I tend to be seen as very organised and to be good at what I am doing. Nevertheless I have always had great difficulty in doing things according to a prescription or a recipe. That said, I do like to have a plan, but having it in a way grants me the freedom to deviate from it and – often – to improve or innovate. My way of dealing with assurance jobs is very different from the traditional approach, yet I know that I am considered good at this. What exactly was I doing, how did it differ from the ordinary approach and why was it seemingly more effective?

It became evident to me that I tended to discover things that were not part of usual systems and procedures that were assured in the orthodox way, and this was because of the way that I found myself doing assurance work. Paradoxically these things often turned out to be of crucial importance for the validity of the data and the systems I was hired to give assurance to. It resulted in an assurance output that not only gave validity to what I was hired to assure, but also produced new and surprising findings with more learning for all involved. In Project 3 I describe how in the assurance work I embark on an open-ended conversation as described in Group Analysis (Dalal, 1998), unsure of the final outcome, in the hope that it will lead to a result. Rather than pursuing an approach congruent with systems theory, which is the ordinary assurance approach, I focus on the human relations and use these to probe into the systems and data that I am contracted to assure.

Even though in Project 3 I pinpointed the differences between my approach and the orthodox approach, I knew that there was more to be said. In Project 3 I looked for explanations within *necessary improvisation* as defined by Bourdieu (1977) and on some aspects of *mutual recognition* as described by Shotter (2006). Still the biggest contribution was to highlight the differences between my approach and the ordinary approach. It should be noted that although my findings in project 3 was developed on the basis of one particular project assignment, this was certainly not my only evidence. The findings were in line with similar experiences I have had in a variety of other contexts.

In project 4 I looked closer into the aspects of trust and distrust in relation to merging my business with a partner. I specifically looked at how trust and distrust emerge, what they mean and how the two concepts are interlinked. I found that the commonly used definitions, based on the theories of Niklas Luhmann, were insufficient to explain what I experienced, and developed another view on trust/distrust based on the theories of George Herbert Mead and Norbert Elias.

Looking back on these projects, it seems clear that a common thread for me has been – and still is – around the dynamics and paradoxes of opposites, which are so abundant in assurance work. This has been apparent in my early inclination to bring diverse elements closer together in order to create new and surprising things. I went on to include myself in the midst of these opposites, while grappling with questions such as why it is that values like objectivity and independence can go hand-in-hand with subjectivity and interdependence. This thread seems to be drawn together in the assurance work I carry out and which I enjoy, despite disagreeing with the accepted methodology behind it. In the synopsis I will try to bring my projects together and delve deeper into what I consider to be a different approach to assurance.

II. The focus of my synopsis

Assurance in the accountancy world is an independent professional service that validates the information and the context from which it emerges in a client report. The result of assurance, and especially *environmental assurance*, is typically a statement confirming that, based on sample checks of procedures and metrics, the client's environmental data in

their annual report and the comments related to this are accurate. The assurance process provides customers or other stakeholders with a statement that the programmes, commitments and targets set out by the client in their external report are supported by management procedures and key performance indicators.

The independent and objective assuror?!

The basis of assurance work is the belief that a company cannot itself be trusted immediately. It is bound to be biased and therefore an *outsider*, the assuror needs to be brought in to reassure those outside the company (the stakeholders) that the company indeed is trustworthy. The assuror accomplishes the task by a set of well-known and accepted procedures which in the accountancy world is described in the International Standard on Assurance Engagements 3000 (International Auditing and Assurance Standards Board, 2005a). The key assumptions for an assurance statement are that the assuror is *independent* and can carry out the assurance in an *objective* way. The very foundation of accountancy companies is that they are viewed as independent and objective. This objectivity is secured internally by the accountancy company procedures, and often such procedures are further substantiated by public standards like ISO 26001 (see www.iso.org/sr), AA1000 Assurance Standard (see www.accountability21.net) and multi-stakeholder reporting standards like GRI (Global Reporting Initiative; see www.gri.org). The general belief is that the more transparent, and the more stakeholders involved in preparing these standards, the better.

Assuring what is known – operating within a realm of predictability

Taking objectivity and independence for granted inevitably results in a reliance upon the numerous and extensive procedures and checklists which some will argue are at the heart of the assurance profession. This orthodox approach I will call the ‘craftsman’ approach, and I will deal with this more extensively later. In this approach the client organisation is seen as an object to which one’s craftsmanship is applied:

- I will argue that, although the standards and guidelines are certainly helpful and serve their purpose, the objectivity and the independence claimed by assurance

work are at best a rather innocent illusion and at worst an ideal that is counterproductive to what assurance is intended to achieve. Such misconceptions lead to results that are predictable and tend to fit with what the clients asked for in the first place.

- I will argue that, in the assurance domain related to non-financial issues like environment and sustainable development, the ‘craftsman’ approach is too narrow and often fails to identify key issues that are crucial to the validity of the client statements. The reason is that these issues often prove to be unknown to the client, and cannot be identified by the ‘craftsman’ approach because this only operates within established data.

From the ‘craftsman’ to the ‘artist’ approach

Instead of the ‘craftsman’ approach, I propose to apply what I will call an ‘artist’ approach, i.e. an approach that most experienced practitioners know but have some difficulty in describing and applying.

- I will argue that the practice of the ‘artist’ approach involves actively compromising the values of independence and objectivity, accepting that one cannot and should not be independent and that objectivity is impossible. In this view, we must act into the paradoxes between independence and interdependence, objectivity and subjectivity, trust and distrust. This kind of assurance work is built on relationality and trusting interdependency.
- I will argue that such assurance work is bound to the paradox of being an outsider but relying on inside information that does not necessarily exist objectively, and which becomes visible and known only through participation in relationships where one is accepted and trusted and not – in the moment – perceived as an outsider.
- I will specifically look at the dynamics between trust and distrust, and I will argue that trust and distrust are paradoxically always present in the relations between us and the client; and that a better understanding of this dynamic is core to understanding relationality and interdependence.

The ‘artist’ approach in opposition to the ‘craftsman’ approach?

At first sight, the ‘artist’ approach appears to be in opposition to the ‘craftsman’ approach. It is not!

- I will argue that the ‘artist’ approach exists in a paradoxical relationship with the ‘craftsman’ approach: neither can exist without the other. In this way, the positivistic and systemic thinking that currently inhabits the orthodox approach can and should coexist together with my perspective, which is informed by complex responsive processes of relating.

III. Limitations of the ‘craftsman’ approach

What do clients want?

The rigour of orthodox approaches and the wide use of internal and public standards tend to make assurance more transparent to the client and to the assessor. Equipped with standards and following an agreed recipe enables the assured, the assessor and the stakeholders of the assured project, to see what has happened or is going to happen. Most clients expect few real surprises: the assurance process and the assurance product are not only reliable, but more importantly for my purposes, *predictable*.

Such an approach is typically what companies and stakeholders require. Nevertheless there is a growing concern and debate within the assurance society that orthodox assurance may not deliver real value for money. Assurance providers all share an aspiration to deliver learning and organisational development on top of the standard assurance product (the assurance statement), but in my opinion they have so far failed to find a recognised way to achieve this. Part of this, I believe, is linked to their reluctance to acknowledge the need to compromise values of independency and objectivity. I will later explain what I mean by this.

The 'craftsman' approach: operating within a domain of predictability

The assessor is generally seen as an 'objective' outsider. When clients are asked what this means, they offer responses like: 'you bring in a new and fresh perspective' or 'you are not biased by our past'. It could also be said that as an outsider we do not know the themes that are discussed in the organisation, since we are not a part of them (yet) nor, in particular, are we part of what Stacey (2003a) calls the *shadow conversations*, i.e. rumours and gossip.

In the 'craftsman' approach, not only are we seen as an outsider, but we also perceive ourselves as such. This mutual perception is sustained in several ways. First, the assessor comes in with their own team, and most of the assurance work is carried out by this team in a room where they engage with papers, computers, numbers and procedures much more than with the employees of the client organisation. The assessors maintain their identity as the assessors and depersonalise the client employees by constantly referring to them as 'they', often ridiculing them and making fun of their 'obvious' mistakes and behaviour, creating a 'we' identity against the 'others' as described by Elias and Scotson (1994) in *The Established and the Outsiders*. The assessors do not visit the shop-floor and do not engage with others than those who are designated the owners of the data processes that they are supposed to assure.

In this way the orthodox assurance process will always limit itself to findings that can be discovered through artefacts such as paper trails and data inconsistencies, typically found in the interface between different data systems and showing up as errors in agglomeration routines, deficient data definitions or misunderstandings in/lack of reporting and data handling instructions. Important findings can result from such assurance work, and these findings can lead to a strengthening of the ways data is handled. This leads to greater internal consistency, which also means that the presented data will be more 'correct'. Nevertheless this type of assurance takes place in a domain where findings are predictable and it seldom leads to big surprises.

My experience is that some of the biggest potential for error and some of the greatest learnings in assurance work are achieved through a better understanding of things that are unknown to the organisations and which potentially can have a tremendous effect on the data being assured. Typically these unknowns are related to the human beings in the

company, to the assumptions or actions that are made without any consideration of appropriateness. They may also result from decisions, perhaps taken by someone no longer employed in the company, that have not been documented. Uncovering these subtleties requires the assessor to make them known; and in my opinion, that is not possible within the ‘outsider’ regime that is prevalent in the craftsman approach.

However, outsiders are never completely outside. Even an outsider shares certain characteristics with the ‘other’ – perhaps having the same education, sharing a specific knowledge field (e.g. environment), or noticing certain other characteristics in common, such as having children of similar ages. These ‘insider’ characteristics are essentially necessary for any conversation to take place, and as such are also recognised in orthodox assurance work. However, they are formally seen as unnecessary for the craft of assurance, are not described in any manuals and procedures, and are even seen as a potential threat to objectivity and independency. Therefore the assessors in the ‘craftsman’ approach do not regard this as something integral to their approach. Rather it is thought of as a basic “consultancy” skill that complements the assurance approach, and the potential conflicts between the approaches are not explored in great detail.

IV. Why ‘compromising’ is necessary

As I have shown in Project 3, I have found that to discover things that are unknown to both parties in the assurance process we must expand and build a relation, i.e. we must engage in a mutual discussion and relationality where we enable the ‘insider’, i.e. the assuree, to discover the unknown together with assessor. In this process the ‘insider/outsider’ roles are replaced by a mutual participation in a conversation where a feeling of trust enables mutual exploration of new ground that is meaningful for both parties, where mutual trust means that it is no longer considered too threatening to accept and discuss a new discovery, and where being corrected is accepted as part of the learning. I will later explore more in depth the important role played in this by the dynamics of trust and distrust.

In the assurance process, client and assessor operate together and the assurance is the formal reason for their coming together in the first place. In the reporting process, the assessor must take up the role of ‘objective outsider’ and provide the assurance based on the

findings to the public. But without a relational interlude where notions of outsider/insider are temporarily forgotten, the risk of the assurance becoming a paper exercise within the realm of predictability and with limited potential for learning is high.

But although an assurator might forget they are an outsider and act as if there is no separation from the assuree, they are never a real insider. Rather the inside/outside is a paradox where the assurator will always be the outsider, but where their findings will be dependent on the creation of moments of being an insider at the same time. As the outside assurator, they are dependent on the insider to grant 'insiderness'. On the other hand, the assurator must be aware of and appreciate the importance of becoming an insider, and actively explore the possibilities, acknowledging that this involves compromising the value of objectivity. It involves realizing that in a trusting relationship with mutual participation, objectivity cannot be ascribed to a person because the 'I/Other' paradigm is not in the forefront of our minds.

In practice, the assurance values of objectivity and independence are immediately compromised as soon as the assurator builds a relation to an assuree. However, in the craftsman approach normally this is not discussed, which makes many blind to it. In assurance, one must nevertheless be 'independent' and able to carry out 'objective' work and compromising these values would be considered an error in the ordinary understanding of a compromise. I disagree with this; but that calls for a different understanding of compromising, to which I turn in the next section.

V. How compromising works

A different view of compromising

The conventional understanding of a compromise is informed by Kantian and Utilitarian thinking (Kant & Paton, 1964; Benn, 1998). This assumes that an actor consciously thinks before acting, and that it is possible to assess the consequences of one's actions prior to those actions. On this basis, an actor then decides the optimal way of proceeding. A compromise thus is understood to occur when a real and established standard is diluted. Compromise in this perspective tends to be something negative, because the outcome is inferior to the accepted ideal outcome. This understanding assumes that it is possible to

make a rational, objective decision based on a linear time perspective of cause and effect and rationalist teleology.

However, these perspectives on compromise, which are very much informed by logical positivism, are radically different from what I experienced in real-life situations. In Project 2, building on Mead (1934, 1964) I found compromising to be an essential part of all relating.

Mead's perspective

According to Mead, humans communicate with each other through gestures and responses. Each gesture by one agent calls forth a response from another, and together gesture and response constitute a social act. The meaning of the gesture does not lie in the gesture alone, but in the gesture taken together with the responses to it, i.e. the gesture and the response cannot be separated but constitute one social act in which meaning arises in interaction between people. Thus the self emerges through a dialectical process of the 'I' responding to the 'me', where the two can never be separated and where the 'me' is that group of organised attitudes to which the individual responds as an 'I'.

This 'group of organized attitudes' is what Mead calls the 'generalized other' (Mead, 1934, p. 154), which is humans' capacity for generalising. That is, when making a gesture, one does not simply call forth the response of another individual, but calls forth in oneself the collective attitude of the community one belongs to at the same time.

When we compromise we have to sacrifice what Mead calls the 'narrow self', i.e. the self that takes only its own interests into account and not those of all involved. This leads to the development of a larger self that can be identified with the interests of others, and also transforms the basis for what we call compromise from the self to the relation between the self and the others.

As explained in Project 2 compromise through this perspective becomes equal to the ongoing negotiations and dialogues that we have with others.

Compromise and values

When we make a compromise, we do not choose randomly. When we respond to others, we cannot be aware of how we will respond until after we have responded. We make different interpretations, particularise the generalised, and act upon localised principles. Human interaction is hence a paradoxical process of generalisation and particularisation.

The actual response will be unpredictable, but it will not be entirely random. It will be informed by individual experiences caused by diversities in relationships and a result of past interactions, and the actual situation and habitus in which we find ourselves. Part of the criteria for evaluating these choices are values and norms, together constituting ideology (Stacey & Griffin, 2005). Norms (morals, the right, the 'ought') are evaluative criteria taking the form of obligatory restrictions that have emerged as generalisations and become habitual in a history of social interaction. Values (ethics, the 'good') are individually felt voluntary compulsions to choose one desire, action, or norm rather than another. Values are fundamental aspects of self, giving meaning to life, opening up opportunities for action. They arise in intense interactive experiences that are seized by the imagination and idealised as some whole to which people then feel strongly committed. As described in Project 2, this is what Mead (1938) describe as *cult values*, which need to be functionalised in particular contingent situations. Such a functionalisation inevitably causes conflicts because there is no unique functionalisation. These conflicts then have to be negotiated between people in their practical interactions with each other, which causes both a consolidated understanding of the cult value and the possibility for changes in the way the cult values are understood. If on the other hand the cult values are taken for granted and applied without a functionalisation, i.e. there is only one 'correct' way to understand them, those values tend to become overriding universal norms to which members must conform or risk exclusion. Such memberships constitute what we normally understand as a *cult*.

Compromising is equal to functionalising

My understanding of compromise is exactly what Mead calls functionalising. Understood in this way, the idea of compromise describes the ordinary interactions and dialogues we encounter in our daily life, i.e. the actions that follow out of a perpetual negotiation. By

paying attention to the potential of a compromise we become aware of the constraints that we face. This awareness makes us reconsider what we want and would either make us want something different, or make us deal with the constraint in the action itself. In the latter we acknowledge both that we cannot single-handedly determine an outcome and that the outcome changes as a result of our compromise. Thus a compromise, i.e. the perpetual negotiation, is another name for an enabling constraint, i.e. a constraint that at the same time is enabling. Compromising, rather than inhibiting us, makes way for new solutions and actions and thereby allows us to proceed.

In the next section I will use this understanding of compromising as integral to human relating to speak to the notions of independence and objectivity.

The value of objectivity and independence in the accountancy business

In the auditing and assurance work that I have been involved with, the assumption underlining the work is that objectivity is possible and that it can be achieved by an independent party like the assessor. The final assurance statement provided by the assessor is the guarantee that the information given by a company is credible because it has been objectively checked by the independent assessor. This approach has roots in logical positivism (Ayer, 1959), which asserts that statements are meaningful only if they are verifiable. Furthermore, logical positivism contends that statements can only be verified in two ways: empirical statements, including scientific theories, which are verified by experiment and evidence; and analytic truth, statements that are determined to be true or false by the rules of formal logic. The assessor (or accountant) is thus to be likened to the objective and independent scientist who is testing evidence and applying formal logic; as described by Karapetrovic and Willborn (2000), the assessor is applying the principles of being *independent, objective, and with a duty to report findings*.

Being independent and objective have become core requirements for the accountancy professions. As I described in Project 2, in my view one of the problems for the profession is that the values of independence and objectivity are preserved as core and uncompromisable cult values. The result is that they cannot be functionalised – at least

officially, but are taken for granted without any reflection and instead demonstrated through checklists and cross-signatures; idealisation prevails.

Compromising objectivity and independence

During my work as a verifier of the ethical database as I described in Project 2, I was expected to apply this kind of independence and objectivity; part of my apparent compromise was the knowledge that these terms (objectivity and independence) meant something different to me. Rather than retaining an independent stance, I deliberately aimed to expand an interdependence that I knew potentially would always be there. I knew that the very work I did relied on building a relation with the person(s) I met with, where we mutually recognised each other as individuals. To me, independence and objectivity were more a question of taking a different perspective that could only be brought to work through interdependency. Thus I could not be objective and independent in the idealised (and thus impossible in practice) meaning these terms have in the context of perfect accountancy. But in the practical possible world I had to ‘compromise’ or functionalise the meaning of these values.

This leads to an approach and perspective that are contrary to those of the conventional accountancy professional who, without reflection, perceives these explicit values as unproblematic and straightforward. Any potential conflicts are solved through procedures and checklists applied in an organisational hierarchy.

Summarising my argument for compromising

In the craftsman approach to assurance, there is no explicit need to compromise the values of objectivity and independence. Nevertheless, this does happen, because as assurator one inevitably relates to the assuree. However, the concept of compromising values is, in the ordinary understanding, perceived negatively, so people blind themselves to the idea of a compromise. I see a compromise as the process of negotiating the constraints people encounter in their ordinary, everyday interactions; indeed, it is only this process that enables people to move on rather than remaining stuck in an impasse. Far from being a sign of strength, the ‘no compromise’ stance may well lead people to become trapped in

repetitive patterns, while the ‘compromise’ stance enables them to move forward together in constrained ways.

In what I call the artist approach, my understanding of the values of objectivity and independence inevitably conflict with those of mainstream accountancy; I must compromise them by relinquishing the security of my role as the outsider. I must create a relation to the assuree where we seem to forget about our respective roles as insider or outsider. In this way we manage to create a relation where the assuree can give their own account, rather than merely concurring with my account, of the data and processes.

However, compromising in itself is not enough. In the artist approach relationality is key, and in order to build relationality there needs to be a certain level of trust between the assurator and assuree. Interestingly, the call for trust is also stressed in modern accountancy; and, as I will show in the next sections, the function of trust is exactly to build a relationship that will inevitably lead to a compromise of objectivity and independence.

VI. Breaking the outsider/insider paradigm: the role of trust

The need for trust (and distrust)

As the assurator from a branded accountancy company, we have a role; and in the capacity of the assurator, some will buy our services because they believe that we can provide assurance to their stakeholders, i.e., they trust our company and place that trust in us as an individual once they have bought this particular service. As I stated earlier, this trust is linked to the ‘outsider’ paradigm, where as an outsider we provide evidence that what we see is free from errors and mistakes. In my assurance projects, I have experienced that this trust is not always present at the personal level in the actual assurance assignments. Often the assuree does not trust that accountancy companies can provide any added value for them personally; they perceive the assurance process as a paper exercise that has been forced on them and which is often close to time-wasting, i.e., they distrust the accountancy company, and this distrust extends to me. This means that trust/distrust is present at the

onset of the assurance assignment, with specific impact on the roles and power relations between myself and the assurees and clear views of me as the outsider.

In order for me to accomplish what I find is a rewarding assurance assignment, I have to break the 'outsider' barrier. I need to build a relation between myself and the assuree where there is a feeling of mutual trust. Only when this feeling or theme is present is it possible to practice the artist approach. This does not mean that trust, as a theme, cannot be present in the craftsman's approach; but it is not a prerequisite. Nor does it mean that distrust as a theme is absent from the artist approach, either.

In the following sections I will look closer into what trust and distrust are, and their relevance to assurance.

Branded trust...

'We sell trust'. That is a slogan of one of the big accountancy companies. The 'trust' in this case is the third-party assurance stamp where the company, based on its reputation as independent and objective, and with a reputable toolbox to provide assurance to numbers and facts, 'lends' some of its brand to the company that is being assured. As I described in Project 4, this kind of trust is what Niklas Luhmann terms *system trust* (Luhmann, 1979) or *confidence* (Luhmann, 2000), i.e. because of the accountancy company stamp stakeholders can have confidence in the company. In Luhmann's view, the distinction to be made from more personal trust is that there is no real risk linked to having confidence in the company.

The Arthur Andersen collapse and the Enron bankruptcy rules have caused greater restrictions for what accountancy companies can do through e.g. the Sarbanes Oxley Act, which has led to even more checklists and tick-box procedures. Thus the 'trust' these companies are selling now more than ever builds on strict procedures to 'guarantee' their independence and objectivity. If these are followed, together with elaborate assurance standards, the companies being assured will get a good craftsman's result where issues, numbers and facts have been checked according to procedures. The result is often predictable from the outset, at least for the companies that have already mastered data-gathering and have robust procedures in place.

...is not enough

Despite slogans like ‘We sell trust’ the large accountancy and consultancy firms have long realised that personal trust between the advisor and the client is important for business. In their book, *The Relationship Advantage*, Stevenson and Barcus offer advice on how to ‘become a trusted advisor and create clients for life’ (Stevenson & Barcus, 2003 ,cover page), while Covey and Merrill, in their book *The Speed of Trust*, illustrates how trust is ‘the one thing that changes everything’ (Covey & Merrill, 2006 ,cover page) through credibility and 13 behaviours. Maister et al (2000), in their book *The Trusted Advisor*, present checklists on how to become trusted. All three books give in to the main tendency in management literature to treat trust as a desirable thing that can be willed to happen, as described in my Project 4. That said, Maister et al present many aspects of trust that I find agreement with, such as their definition that trust ‘...presumes a two-way relationship, ...is intrinsically about perceived risk, ...is personal’ (Maister et al., 2000, p. 22). They also – in my opinion rightfully – claim that trust cannot be willed but must be earned although the message of the book seems to contradict this. They go on to include trust in a formula that is used to demonstrate how building trust increases the money that can be made from client relations. As such, this book – together with the other two – fall into the same trap as so many other popular books on trust: they carefully describe the positive consequences of establishing trust, and also argue that trust is not necessarily rational, quoting Jack Welch (former CEO of General Electric) as saying, ‘You know it [trust] when you feel it’, (Covey & Merrill, 2006, p. 5). Yet they treat the creation of trust as a rational construct that can be learned and mastered through a series of actions that are sensible and well–argued, and which in their view can lead to trust; they assume that trust can be built, focusing on long term relation-building and skipping the fundamental question of how trust arises in the first place. And they hardly ever speak about distrust. In the few cases where distrust is mentioned, it is something that subtracts from the ‘trust equation’ (Maister et al., 2000) or is not ‘smart trust’ and therefore undesirable (Covey & Merrill, 2006).

All the same, I find that Covey and Merrill’s book offers a good description of what trust means in a professional relation; and in my eyes it provides a good representation of how trust can help us become better consultants. However, I do not believe that the recipes

enable a move from the craftsman approach to the artist approach to assurance. A general assumption in Covey and Merrill's book is that trust does not simply appear; it grows gradually, and thus can only be attained in a long-term relationship (Maister et al., 2000, p. 22). This is not very different from some psychological studies of trust within game theory, which broadly conclude that we have to know people in order to trust them (Dasgupta, 2000). The reason for this, I believe, is that the authors tend to ascribe trust to situations and relations in hindsight, stating that trust is usually something that is withheld pending further evidence, e.g. 'She seems to be the kind of person I could come to trust' (Maister et al., 2000, p. 22). This also implies that we can never tell when trust has actually emerged, yet everybody 'knows trust when they feel it'. This is a simplification of how I see trust. I find that trust is not just something that is 'miraculously' there or not there. Rather I see trust, together with distrust, as present in varying degrees in all human encounters. As I demonstrated in Project 4, even in short encounters we experience feelings of trust/distrust; what others tend to name trust as a result of repeated engagements is simply the theme that we ascribe to the ongoing relation. This does not preclude us from experiencing trust in fleeting situations and with people whom we might never meet again. Seen from this perspective, trust plays an important role in our ability to go from the craftsman approach to what I call the artist approach.

What is trust and how does trust emerge?

In Project 4 I dealt in detail with the notion of trust/distrust and trust-building. The basis of the project was several years of experiences from meeting my current business partner, developing business with him and later merging our separate businesses into one company. Even though I dealt with a long-term relationship, my findings in Project 4 will have parallel implications for short encounters with clients, as is often the case in assurance work.

As mentioned in Project 4, most refereed work on trust seems in some way to be based on the work on Niklas Luhmann (Luhmann, 1968, 1979, 2000). For Luhmann, the fundamental function of trust is to reduce social complexity. He discriminates between personal trust and system trust, which he later refers to as confidence (Luhmann, 2000). He ascribes danger and lack of real options to system trust; with personal trust, there are

options and some risk involved in our choice. Luhmann finds that the process of trust demands mutual commitment, but also claims that there is always a truster who starts, followed by a trustee who accepts that trust. In this way he comes to see trust as something that is offered. He also claims that both the truster and trustee are aware of trust being offered, and that trust depends on easily recognisable situations. Finally, he states that trust can never be demanded.

As described in Project 4, my view of trust is based primarily on the works of George Herbert Mead and Norbert Elias. Mead (1934) sees communicative interaction as a process of gesture and response taken as a single social action from which meaning emerges; while Elias (Elias, 1978; Elias & Scotson, 1994; Elias, 2005) bases his understanding of social relations on the analysis of the figurational development of interdependency networks. In Elias's view, all human interaction involves the movement of identity, power relating and processes of inclusion and exclusion.

I find that trust and distrust are constantly recreated in the ongoing gesture/response in a relationship. Even when we do not experience the feeling of trust (or distrust), I find that trust – as power, understood in Eliasian terms – is an aspect of all relating; and as power, it is very much connected to the notion of need. Trust and distrust are intrinsically linked to power relations. If we experience that power is being misused, a feeling of distrust arises, in opposition to the confidence we can have in people who exercise their power in a decent way. In the kind of personal trust I am speaking about, it is the more powerful who, in the trust-building gesture/response, fulfils the needs of the less powerful; i.e., the more powerful is willing the power differentials away, or 'setting them aside' in the moment. This does not mean that they disappear altogether, but rather they are contained within the shared trust.

When we trust somebody, we are willing to take a risk, despite experience or prior to experience yet to be had; i.e., the notion of trust becomes manifest in us when we take a risk beyond what reason and experience would normally tell us. In Mead's terminology, it is the 'I' who surprises our self by deciding to carry on 'as if' trust is there already. Taking a risk makes our self vulnerable to the other, and the feeling of trust arises when we experience the other holding our vulnerability and not misusing it. Thus it is the 'I' that can set aside vulnerability and uncertainty, so that we paradoxically feel safe despite the risk

we are running. It is when this feeling of safety is sustained, i.e. not broken, that we find the other trustworthy. And the feeling of trustworthiness makes us each more receptive to a reciprocal trust-building action from the other.

However, trust is present in our relations and interactions even when we are not conscious of it. And risks are always there, even if we do not notice or pay attention to them. This is a central consequence of modernity, as described by Anthony Giddens (1990).

Contrary to Luhmann, Giddens does not make a distinction between risk and danger or between trust and confidence. Rather, he sees both as aspects of the same, i.e. trust is a particular kind of confidence rather than something distinct from it, and danger is a particular component of risk (Giddens, 1990, p. 32). Nor does he specifically link trust to risk-taking, but rather sees trust bound up with contingency. Giddens alludes to the idea that what he sees as our trust in abstract systems stems from what he calls *ontological security*, which he describes – building on Erikson (1963) – as being built on the mutuality of response and involvement. Giddens claims that one of the reasons as to why persons are so eager to show themselves as trustworthy is because at the *access point*, i.e. the personal encounter, they try to make up for the *faceless commitments* of systems and experts and bridge the gap between personal trust and system trust (Giddens, 1990, p. 115). Giddens argues that we have moved from a pre-modern world where trust was a central tenet of our localised being and based on kinship, local community and religious cosmologies, to a modernity where we rely on trust relations vested in disembedded abstract systems (Giddens, 1990, p. 102), such as modern, net-based public services. For Giddens, personal trust in the modern world is no longer bound to kinship and local communities:

Trust on a personal level becomes a project to be ‘worked at’ by the parties involved, and demands the *opening out of the individual to the other*.

(Giddens, 1990, p. 121).

He goes on to say that relations are ties based on trust, where trust is not pre-given but worked upon and ‘...where the work involved means a *mutual process of self-disclosure*’ (Giddens, 1990, p. 121).

I find that Giddens makes too sharp a distinction between pre-modern and modern time; relations like kinship still play a role in building trust. However, I believe that in many personal encounters we definitely go on ‘as-if’ trust is there and without noticing trust or risk. When the risk materialises, the notion of trust/distrust becomes very alive; and how we carry on after that is the key to whether we would name the relation trusting or distrusting. I also believe that the bridging of systems trust and personal trust that Giddens refer to is not what happens in many encounters in the assurance world. Often there is a high degree of distrust in the systems present, and for me it is often more a case of trying to replace *systems distrust* with personal trust. I will deal with this in the next section.

Trust enables us to go forward where we would be stuck if taking a rationalist approach. This is why popular authors such as Covey (2006) talk about ‘the speed of trust’ – because trust, in their view, enables fast decisions. From Luhmann’s perspective, this might be stated as trust reducing the complexity caused by the outside world. However, in my view trust reintroduces complexity in the relation, or is part of the complexity itself, because only through the trust are we able to take a risk that can potentially lead to new discoveries. Trust therefore holds within itself the possibility of both destruction and innovation at the point where the risk becomes manifest. Exactly the potential for destruction related to an action based on trust also causes distrust to appear in our mind at the same time. I see trust/distrust as a Hegelian dialectic, where not only are the two notions dynamically linked, but the ongoing gesture–response between two persons results in an ever-emerging understanding of what the trust/distrust in the relation is.

Luhmann clearly sees trust and distrust as dichotomies. I see distrust paradoxically as always coexisting in our ongoing effort to trust. When we run the risk, when the ‘I’ surprisingly makes us trust, we do this in spite of our distrust and the distrust remains. If we are disappointed, if we are let down by the other, distrust takes over. On the other hand, reciprocity will affect the trust/distrust dialectic exactly because we are both now being trusted; we are both being held by the other and feeling ‘safe’.

How the dynamics of trust/distrust influence relationships in an assurance encounter

In Project 3, I described my encounter with PP at the Danish power plant during an environmental assurance project. The accountancy company I was employed in was chosen for the assurance project exactly because the client company wanted to become more trustworthy in the eyes of the public. Someone at the client company was *confident* or *trusting* that the accountancy company could do the job.

As a professional, I could not be sure if those I was to assure had any confidence in my ability to carry out the assurance project. I have found that many technical employees are very sceptical of the assurance world, firstly because they can hardly imagine how a ‘bean counter’ could possibly understand their domain; and secondly because they doubt what the assurance concept in itself might accomplish that could be useful for them. Their scepticism is to some extent linked to the scepticism toward experts described by Ulrick Beck in his ‘risk society’ (see e.g. Beck et al., 1994), which also implies that experts in one domain will be sceptical toward experts from another domain. Whether trust or distrust predominates, this is not related to me as a person but is rooted in the reputation of the accountancy company and their methodologies. Even though the people did not know me and may not even have been familiar with assurance standards, they had an idea that I was going to apply some kind of framework, ask some questions according to various checklists, and check some numbers. What I would find was most likely not very far from what they themselves thought was valid, i.e. no big surprises.

I believe it is fair to say that PP’s main feeling toward me was polite indifference combined with distrust in my ability to understand what it was he was dealing with. Part of this distrust was also related to the reputation of the assurance business, i.e. that assurers could not really be expected to know the subject-matter. None of these feelings were related to actually knowing me.

Through our relating, I surprised PP by two things: 1) I actually knew something about what he did, and 2) I did not follow the standard procedures of an accountancy company. I listened, reflected, wondered, got surprised together with him. I ran a risk by deviating from normal practices and granting him the power to leave me with nothing; a risk that, as described in Project 3, is with me before all my assignments and faces me with the anxious

prospect of potential failure. He gradually also ran risks by starting to explore his daily practice with me, with the potential flaws it involved. However, these risks I believe were not conscious. Rather, together we developed a kind of kinship between two technical persons who shared a common goal, while we were together, to try and understand what PP's data were and how they had come into being. A theme of trust developed between us in the present, based on a kind of kinship, a 'we-identity' where we shared common interests and recognised the capacity of the other. The power differentials between us were contained by the theme of trust, and we carried on not paying attention to them.

In the moment where we both discovered a serious error in PP's conduct that had material consequences for the assurance, we were both reminded of our power relations, i.e. PP had the power not to tell me more and I had the power to put the findings in a report and in principle to blame PP. At this moment the feeling of trust and distrust came into our minds. We both knew that this would in some way end up in the report. I imagine that PP thought of the possibility that he might be 'scapegoated', that I would breach the trust that had been present. I on the other hand certainly also had mixed feelings: some sort of professional excitement over having found something, and concerns about how PP and I could continue and re-establish the theme of trust. I tried to explore how the error had come into being in the first place: What were the circumstances causing it? How it could exist with nobody else recognising it? – and together we again found the shared kinship experience of both wanting to understand. This made us go on, now with the theme of trust at a more conscious level than before.

***From compromise to trust and relationality...
...but still within a realm of predictability!***

Being able to build and experience trust in the relation with client no doubt improves the quality of our work. But that does not necessarily mean that we move from the craftsman approach to the artist approach. By using the advices of trust building by the authors like Maister, Stevenson and Covey (Maister et al., 2000; Stevenson & Barcus, 2003; Covey & Merrill, 2006) we increase our ability to do really good craftsman work within assurance, but still operate within a paradigm of predictability; i.e., we deliver a brilliant, but

expected, result. With the artist approach the result is less predictable, for both practitioner and client.

What then is the difference between the brilliant craftsman and the artist? Some of the differences are exactly this ability to surprise oneself and the client, being open to being changed by what is experienced together, and applying one's competence and tools in unexpected ways. Mutual recognition based on some kind of kinship, exploring and respecting differences and applying and showing competence, not only within the client realm but also as human beings, are prerequisites. None of these can work without a mutual trusting relation.

In the next section I will explore how some of the above is contained in what I call 'stumbling together', which was the key focus of my Project 3. Through this concept I intend to bring the previous themes together.

VII. The art of 'stumbling together'

From 'faceless' confidence to 'facework'

The craftsman approach to assurance focuses on systems and procedures, and errors are seen as being caused either by inadequate systems or by a misinterpretation of them. Although the point of action – the meeting between assurator and those being assured – can help, through direct contact (facework), to reinforce what Giddens (Giddens, 1990, pp. 79-111) calls the faceless confidence in the assurance approach and the assurance company, the assurator is still operating within the remit of the faceless trust in assurance per se. I argue that the artist approach requires the facework to result in a trusting relation which focuses not on confirming this faceless trust but rather on forgetting it in the moment, enabling a mutual exploration of what the assuree is actually doing. Adopting this approach requires the assurator to be sufficiently aware of the dilemmas inherent in the craftsman approach – such as claiming objectivity while subjectivity is needed, and sustaining an outsider position with the obvious limitations it causes. The assurator must be confident enough to leave the safe haven of questionnaires and checklists without knowing if it will be possible to bridge the inside/outside barrier, whether the assuree will keep the assurator in an outsider position for whatever reason, and whether the unknown is indeed

discoverable. This is one of the reasons why assurance (and audit) jobs that can in principle seem straightforward are indeed much more complicated if tackled in a way that goes beyond the craftsman approach. It is well recognised – at least in the audit world – that to be a good auditor demands a wide range of skills, social competences and years of practical experience. Nevertheless, a high level of skill and experience cannot remove the uncertainty that comes with the artist approach, where the assessor will never know – even from experience – if certain ways of doing things will produce the results needed. The assessor must be willing to stumble into the unknown.

From 'accounting' to 'giving an account': the importance of 'essential references' and the art of necessary improvisation

In contrast to the craftsman approach in which the assessor's function is primarily that of *being an accountant*, in the artist approach the assessor draws the assuree into *giving an account* of what he/she is doing. This cannot happen without mutual trust, a mutual trust that is an extension of the ontological security Giddens talks about. As already noted earlier, the technical kinship built between the assessor and the assuree is one important way to establish this trust.

In the artist approach the assessor must embark on an assurance process together with the assuree, paradoxically without knowing where it will take them, yet being confident that the outcome, though unknown, most likely will be useful. Uncertainty is accepted; indeed, it is a prerequisite and a driver for the process. In Project 3 I argued that part of this process relied on the assessor making active use of what Shotter call 'essential references', i.e. stumbling and inquiring into areas that, as a skilled professional, they recognise as important as they are uncovered. Following Bourdieu (1977) an assessor must apply their own learning and experiences in order to subjectively respond to whatever conditions they encounter. The assessor thus improvises the rules of assurance to some extent, often without realising this until reflecting later upon their actions.

The use of 'essential references' cannot be separated from the relation-building based on kinship; their presence contributes to the trust-building, but would also be seen as meaningless and counterproductive without the technical kinship. As I pointed out in

Project 3, the dialogue develops into what Gurevitch (2001) calls an ethical dialogue where there is an obligation to speak, to listen and to respond, and through these also an obligation to be silent, but in a non-repressive way; i.e. receiving speech requires us to, ‘listen, attend, understand, and also question, wait, turn to the unsaid’, while responding, ‘acts as proofs for the continuation and expansion of the dialogue’ (Gurevitch, 2001, p. 96).

Summing up: The role of stumbling together in the artist approach

What I call *stumbling together* is both part of the trust-building based on kinship and also essential for the artist approach. It represents the step into the unknown where, based on experience, the assurator is paradoxically confident and uncertain at the same time that the project will be successful. The confidence arises out of experience from previous successful projects but because the assurator cannot know how the project will develop, nor what outcome will result, the assurator will anyway feel anxious and nervous that the job might go wrong. In the process they use ‘essential references’, and *stumble* – but not alone: rather, making active use of the trusting relationship that is built with the assuree, *stumbling together* in a process where the assuree gives an account of what they actually do in their daily job.

However, this *stumbling together*, the artist approach, does not come into being without the tools of the craftsman approach. In fact it cannot exist and will not make any sense without them. These tools are the checklists, questionnaires and written documentation and feedback to the client. In the next section I will explore why this is so.

VIII. The ‘artist’ and the ‘craftsman’ approach mutually define each other

The paradoxical relation between the craftsman and the artist approach

The discrimination I make between the craftsman and the artist approach can be compared with Aristotle’s *techne* and *phronesis* as described by Cannon (2005) and Dunne (1993). However, while Cannon quickly dismisses Aristotle’s *episteme*, i.e. theoretical knowledge

as irrelevant for his discussion, I find that the craftsman approach I refer to is a combination of Aristotle's *episteme* and *techne*. Not only is it an approach used by craftsmen where the final result can be visualised beforehand and reached by known tools; but it is also an approach based on theoretical knowledge within accountancy. *Phronesis* on the other hand is a knowledge that arises in human interaction and, because outcomes of human interaction are not knowable in advance, it will not result in universal knowledge that can be applied in other circumstances. Hence the uncertainty of the artist approach and the need for reflexive experiences as means to judge the outcome of the use of 'essential references'. However, contrary to the sharp distinction that Cannon makes between *techne* and *phronesis* when applied to organisations, where he likens complex responsive processes of relating with *phronesis*, I find that there is a close relation between the craftsman and the artist approach to assurance. They are not separate entities or opposites that can be separated. Rather they are like *complementary pairs* (Kelso & Engstrøm, 2006) that mutually define each other and cannot exist without the other. This is certainly true for the artist approach, which would not exist without the craftsman approach; while one might argue that the craftsman approach in some companies seems to prevail entirely. Although this might be true on the surface, I see such dominance as a result of the inability of these companies to compromise the core values of objectivity and independence, where explicit references to anything that might resemble an artist approach would be deemed as unacceptable.

In the artist approach, the craftsman approach is always paradoxically present at the same time. On certain occasions during the actual assurance encounter, one is reminded about what needs to be done in terms of documenting or checking. Moments like this can also remind us that distrust is also paradoxically connected to trust, and that power differentials – though contained by the mutual trust – are certainly real.

The artist approach as I have described it is in many ways equal to complex responsive processes of relating as explained by Stacey (2003a). However, the approach exists because of and in relation to the craftsman approach, which in turn is heavily built on a systems perspective. Furthermore the approach not only describes a different way of reflecting on assurance but also a different way of acting. Zhu (2006), a Chinese pragmatist, has criticised Stacey's theories for leading not to any differences in action, but

only to differences in thinking about what we do. The artist approach is an example of the opposite, because reflecting on and understanding the artist approach in advance helps to increase our confidence for going ahead with such an approach instead of dismissing it. Reflections on and documentation of the approach may also encourage more practitioners to risk attempting it.

Zhu also criticises Stacey for wanting to collapse any duality at any cost. Although I agree that 'duality' can be a useful descriptor for many purposes, I find that there is a distinct value in discriminating between dualities and paradoxes. According to F. Scott Fitzgerald, quoted in Kelso and Engstrøm's book *The Complementary Nature*:

The test of a first rate intelligence is the ability to hold two opposed ideas in the mind at the same time and still retain the ability to function.

(F. Scott Fitzgerald in Kelso and Engstrøm, 2006, p. 1).

Reading this, Zhu seems to be right: thinking in paradoxes is reserved for those first-rate intelligent people! I do not think so. As Kelso and Engstrøm show in their book, nature is full of paradoxes: for them, it makes sense to extend this paradoxical thinking into social science. It should be noted that Kelso and Engstrøm focus mostly on why we should think 'both and' rather than 'either or'. Even though they clearly get their inspiration from paradoxes in nature, they do not always discriminate between duality and paradox. And although the difference – as Stacey points out – is not great, it is nevertheless important.

There is little difference between paradox in this sense and dualism/dualities and this is the meaning of paradox that is usually taken up in the literature on systemic views of organisations. However, paradox may mean a state in which two diametrically opposing forces/ideas are simultaneously present, neither of which can ever be resolved or eliminated. There is, therefore, no possibility of a choice between the opposing poles or of locating them in different spheres. Instead, what is required is a different kind of logic, such as the dialectical logic of Hegel. In this kind of logic, the word paradox means the presence together at the same time of contradictory, essentially conflicting ideas, none of

which can be eliminated or resolved. Indeed it is this conflict that gives rise to the transformation that is central to Hegel's dialectical logic.

(Stacey, 2003a, p. 328)

It is exactly the fact that you cannot resolve or eliminate the idea of either the craftsman or the artist approach, but are forced to deal with both at the same time, that is important. It means that these two seemingly opposite but connected perspectives together define and describe each other. I will give a few examples of this in the following.

The need for guidelines and preparation

In the craftsman approach to assurance, as well as in many types of audits and reviews, questionnaires or question guides are widespread. Through such guides the assurance company seeks to align their assessor's approach to secure a minimum quality standard, while also ensuring that certain areas prescribed in the assurance scope or applied standard are covered. Used at their face value, i.e. as straightforward questions that the assuree answers, these will serve to collect the minimum evidence needed for the assurance assignment. However, even in the case of open-ended questions, the question-answer paradigm will not be able to reveal the things I find are crucially important for successful assurance jobs, i.e. information that is unknown to the assuree, or at least not known at a conscious level. As neither party is aware of this information, they would be lucky to uncover it by using standard questions alone

In the artist approach – as described above – the assessor and the assuree 'stumble together' into discovering invisible assumptions, and are participants in a conversation that is not bound to the prescribed questions but will take them to wherever the stumbling eventually leads.

The prescribed questions nevertheless serve an important role in the artist approach. They are typically used as a kind of checklist to make sure that the more formal aspects of the assignment are covered; more importantly, the questions and requests for information sent to the client beforehand, together with their responses, serve to prepare both parties for their actual encounter.

This preparation helps to establish the commonalities that are necessary for the assurance conversation; it signals that the assurance will demand input and commitment from the client, indeed that some homework must be done; it provides some framework for the assurance conversation; and it offers some clues to areas where stumbling could prove fruitful.

The importance of documentation

In Mead's term, the sense-making of conversational realities takes place in the combined understanding of the gesture and response. What sense do we then make of the written word, e.g. recording the outcome of a conversation? In talking there will always be a movement, and it is often meaningless to try and locate a certain statement in a person precisely since it was a result of a gesture and a response. Documenting a conversation is making an account of the conversation. Once on paper, there is no longer any movement; what happened is 'fixed'.

In assurance, a key delivery is the written assurance statement. It is typically a document intended for internal use in the client company only. Because of the 'objective' character of the statement, it often carries a lot of weight.

Writing the assurance statement forces the assurator into the outside role which, in the artist approach, was temporarily forgotten. The written account of what has happened between the assurator and the assuree is now presented as 'objective' findings of deficiencies in the client company.

Without the rigidity of the assurance approach, there would be no occasion for mutual learning in the actual assurance encounters, simply because there would be no such encounters. I also believe that the written statements, the account of the assurance encounters, has the role of making tacit knowledge more widely known, knowledge that without the written account might simply fade into oblivion because as long as it remains 'unknown' it will cause no trouble for anyone.

Ethical considerations in assurance

Even though the whole concept of the artist approach to assurance is born out of an attempt to behave ethically in my encounter with the client, I have often felt an ethical dilemma when writing assurance statements. I have been afraid that the assuree, seeing these findings afterwards, might feel that they were almost seduced to reveal them. On the other hand I am also aware that, in the actual moments when the assuree and I mutually discover what later is termed 'findings', we both know that it must end up in a report. It is in these moments that we become aware of the distrust that simultaneously and paradoxically accompanies the trust we have built. Exactly because it is not something that is revealed for me, but a mutual discovery, I dismiss the notion of seduction. However, the way I later choose to present the findings can still bring this feeling to the assuree, meaning that next time we meet personal distrust will most likely predominate over trust. If the company the assuree works for has a theme of blaming and shaming, then this might be the case however I phrase my report.

To feel and be seen as responsible and ethical when writing the assurance statement entails great personal diligence. I must present the findings in a responsible way that is respectful of the assuree and non-humiliating, knowing that the written word, the account of what went on, cannot capture the dynamics, the tensions and the feelings, i.e. the mutuality and relationality; moreover, I am aware that the report is intended to be seen as an 'objective' and 'independent' finding by future readers.

There are undoubtedly ethical dilemmas involved in the craftsman approach, too. In principle, I find that conducting an assurance according to prescribed standards is certainly justifiable if the assessor has limited experience. I find that the ethical dilemmas are mostly linked to situations where we feel that what we do is less valuable than it could be, and we do not speak up; in line with Griffin, who states that 'ethics become a matter of our accountability to each other in our daily relating to each other' (Griffin, 2002, p. 207). In the first place, we ought to start a discussion internally addressing potential different (and conflictual) understandings of the values of objectivity and independence. Later, we must also bring the same discussion to clients and avoid empty references to the value of the third-party view without acknowledging the necessary compromises, flaws and drawbacks that the craftsman approach inevitably carries with it.

IX. Conclusions – my contributions to knowledge and the consequences for my practice

My contributions to knowledge are several. I have:

- Developed a new and different understanding of what it means to compromise
- Developed a new and different understanding of what trust is, how it emerges and how it is paradoxically related to distrust
- Described how a mechanism I call *stumble together* contributes to radically different findings in assurance practice
- Combined these three preceding contributions in order to describe and understand a radically different approach to assurance, which I have called the *artist approach*.

In the following, I will briefly summarise these four contributions.

Compromising

A compromise is usually understood to occur when a real and already established standard is diluted. Contrary to this, I understand a compromise as the actions that follow out of a perpetual negotiation. Thus a compromise is what I would term functionalising (after Mead, 1934).

Understood in this way, the idea of compromise describes the ordinary interactions and dialogues we encounter in our daily life. By paying attention to the potential of a compromise we become aware of the constraints that we face. This awareness makes us reconsider what we want and would either make us want something different, or make us deal with the constraint in the action itself. In the latter we acknowledge both that we cannot single-handedly determine an outcome, and that the outcome changes as a result of our compromise. This is in contrast to the normal elevation of ‘no compromise’ as a sign of strength. Far from being a sign of strength, the ‘no compromise’ stance is guaranteed to keep people stuck in repetitive patterns while the ‘compromise’ stance enables them to move forward together in constrained ways.

From this perspective, compromising becomes not only the very way we can become aware of our own values, but also the way we manage to live by them in our ordinary daily life.

Drawing on Mead (1964), I argue further that compromising can involve sacrificing the narrow self in the development of a larger self, which makes it possible for new patterns of interaction to emerge.

Trust and distrust

I have described a view of trust and distrust that is based on the thinking of Mead (1934) and Elias (1978, 2005). This understanding is very different from the orthodox understanding found in today's management literature (see e.g. Mayer et al., 1995; Lewicki et al., 1998; Shitener et al., 1998; Wicks et al., 1999; Maister et al., 2000; Stevenson & Barcus, 2003; Covey & Merrill, 2006), which draws heavily on the work of Niklas Luhmann (Luhmann, 1979, 2000).

Trust and distrust arise from our ongoing gesture and response. Even when we do not experience the feeling of trust (or distrust), I find that trust – as power, understood in Eliasian terms – is an aspect of all relating, and as power it is very much connected to the notion of need. Trust and distrust is intrinsically linked to power relations. In the personal trust I am speaking about, it is the more powerful who in the trust-building gesture/response fulfils the needs of the less powerful, i.e. the more powerful 'sets the power relations aside' in the moment. The power relations are contained within the shared trust.

Trust is linked to risk. The notion of trust becomes manifest whenever we take a risk beyond what reason and experience would normally advise us. In Mead's term, it is the 'I' that surprises us by deciding to carry on 'as if' trust is already there. Taking a risk makes our self vulnerable to the other, and the feeling of trust arises when we experience the other holding our vulnerability and not misusing it. Thus it is the 'I' that can set aside vulnerability and uncertainty, so that we paradoxically feel safe despite the risk we are

running. It is when this feeling of safety is sustained, i.e. not broken, that we find that the other is trustworthy and a theme of trust can develop.

Trust enables us to go forward where we would be stuck taking a rationalist approach. Contrary to Luhmann, who saw trust reducing the complexity caused by the outside world, I find that trust reintroduces complexity in the relation or is itself part of the complexity. Only through the trust are we able to take a risk that potentially can lead to new discoveries. Trust therefore in itself holds the possibility of both destruction and innovation at the point where the risk becomes manifest, and this possibility causes distrust to appear in our mind at the same time as trust. I see trust/distrust as a Hegelian dialectic where the two notions are dynamically linked and where the ongoing gesture–response between two parties results in an ever-emerging understanding of what the trust/distrust in the relation is.

Stumbling together

A key mechanism in my assurance approach I have named *stumbling together*. This term describes the creation of a relation between myself and the assuree where contours and relations that are normally hidden become tangible and discoverable, so that we can find ourselves *stumbling* over them. Compared to the orthodox methods which are procedure-centred, this is a person-centred approach. Paradoxically *stumbling together* within the remits of assurance – with the obligation to check systems and figures – can lead to surprising findings; findings that have the potential to be transformative, leading to changes and innovation as described by Stacey (Stacey, 2003c, 2005). Such changes or outcomes could not possibly have been found or achieved by applying the orthodox approach. This can partly be attributed to a shared understanding of the technical realm, which provides the fabric of the mutual sense-making. Essential to the mechanism is the use of what Shotter (2006) call *essential references* and the ability to know from experience what is important in the joint action. Another element is the way errors can be revealed and discussed in an atmosphere of mutual recognition and trust, without attributing blame.

The artist approach to assurance

When I was employed in the accountancy business, I knew that my approach to assurance was different and yet still within the boundaries of the orthodox approach. I was never really able to explain what I did differently, but I knew that it often resulted in findings that the orthodox approach would not have uncovered. I do not believe that this is something unique that is linked to me as a person. Within many different disciplines, I am sure that there are practitioners who, like myself, in some way perform better than average without being able to describe exactly why and how.

I have contributed to practice and knowledge by describing what I have called the artist approach to assurance. This approach is remarkably different from the orthodox approach, which I have called the craftsman approach; but the two are nevertheless mutually defined by each other. Contrary to the craftsman approach, the artist approach is built on a different understanding of the core values of the accountancy business, independence and objectivity. These values are normally seen as uncompromisable, even though every assurator in an assurance project is bound to compromise them in the encounter with the assurees. The inability to compromise these values relieves the assurator of potentially conflictual reflections on how the values should be applied in practice. This contributes to a rigidity of the craftsman approach, where the assurator is forever an outsider bound to and limited by checklists and procedures. The trust or distrust in the accountancy approach is kept impersonal, and attempts to build personal trust serve only to (re)confirm the assuree's trust in the craftsman approach.

In the artist approach, the values of independence and objectivity are compromised. The assurator actively strives to build a personal trust based, at least in part, on technical kinship. Through this trust the power dynamics of the insider and the outsider are contained, and in the moment both assurator and assuree forget any notion of insider or outsider. Independence has turned into interdependence, and objectivity into mutual engagement. Through the use of Shotter's *essential references* and applying experience or intuition as described by Bourdieu (1977), the assurator and the assuree *stumble together*. The assuree starts to give an account of what they do, rather than the assurator accounting for data and procedures. In this way areas not previously known to either assurator or assuree are mutually explored, and the potential for radical new discoveries is present.

However, it should be emphasised that the artist approach is characterised by the assessor never knowing whether anything new will be discovered, nor whether they will succeed in building enough trust to bridge the insider/outsider gap.

When the assuree and the assessor together stumble over potentially serious errors, both are reminded of the power relations and the insider/outsider dynamics that are still integral to the assurance task. The assessor still has a duty to report, so any discoveries must eventually show up in the written documentation that will later be perceived as ‘objective’ findings. In such a situation the *ethical dialogue* as described by Gurevitch (2001) is brought to the test. The distrust that paradoxically exists together with trust comes to the fore, and the way the findings are treated in the dialogue between assessor and assuree becomes crucial. If the ethical dialogue – with its obligation to listen, respect, and to use silence constructively– is continued, with a mutual commitment to understand and not to blame, then trust is reinforced as a theme and power differential again contained.

The artist approach to assurance cannot exist without the craftsman approach. Together these two define each other. The artist approach makes use of the same tools and the same framework as the craftsman approach; but within this framework, I propose a radically different approach that I believe can lead to significant improvements in the assurance results. The development of this approach has not only improved my understanding of what potentially can happen in assurance projects; it has also increased my self-confidence and helped me to take on new development projects in related fields, which I would have declined in the past.

Finally, I believe that the description and development of the artist approach can contribute to further development of the assurance business in general in several ways. The description will hopefully provide a way for like-minded practitioners to reflect on their own approaches and to realise that approaches other than the orthodox ones exist, are relevant and might even be more useful. Hopefully the description of the artist approach will also provide means to discuss approaches more openly within the assurance society and spur a debate on what it means to be objective, independent and a third party assessor.

6. Methodology

Central to all research is methodology; indeed, central to assessing the value of scientific contributions are traditional questions like the validity, generalisability and reliability of the research method used. In the present case, the readers of this thesis are supposed to trust my findings by knowing and accepting the methodology I apply.

It is common practice to use well-known and accepted methodologies in order to demonstrate the validity of one's research. The fact that I have not used established methodologies makes this difficult, but not impossible. As I have described in my thesis, the artist approach to assurance is rooted in traditional assurance practice; but I propose a radical new way of acting within this framework. I have come across many other examples where the uniqueness of the method applied comes from within an accepted framework (see text box for an example). Similarly, as far as possible I will use the language of orthodox research to describe my own method.

Assurance: the examination analogy

An exam is made of two important parts: (1) formal documentation according to some standards generally accepted by a professional body, and (2) the examination event. In the orthodox understanding, the examiner and the professional standards dictate how an exam will be carried out. This most often results in a traditional examination event which is a fact-based, power-laden approach where the examinee is the less powerful and the examiners hold the power and the knowledge to evaluate what is right or wrong, good or bad. The examiners are 'checking' the student according to predetermined academic standards.

In the DMan programme, exams are viewed differently. The purpose of the exam is still to check whether the examinee is good enough and should pass the exam according to the academical standards, but rather than creating an atmosphere of the examiner being the powerful outsider, the exam is viewed as a conversation and a mutual inquiry into the themes presented in the written work of the examinee. Although everybody – especially the examinee – is acutely aware of the power differences and the potential for failing the exam, the examiners and the supervisors strive to create an atmosphere where the differences of power relations are contained by a trusting atmosphere. This allows a shared

exploration of aspects of the themes that can contribute to increased learning for everyone involved. In the end, the result is still a pass or no-pass, but also a deepening of the findings and learnings for everybody and a basis for yet another iteration.

Apart from describing my method, I will compare and contrast it with other methods that in some sense it resembles. Though this I hope to elucidate how valid, generalisable and reliable my method is.

The overall framework

What do we understand by ‘methodology’, and why is it necessary to outline it? The conventional understanding of the word is twofold:

- 1) A body of practices, procedures, and rules used by a practitioner who engages in an inquiry; and
- 2) The study or theoretical analysis of such working methods.

As such, methodology also deals with the general principles of the formation of knowledge. Describing our method is a way to inform readers of our work, about the way we have identified and selected our data and the way we have analysed it. By providing this account, we allow an inquiry into the limitations of our research approach, including its potential biases. From a positivistic perspective, methodology or research is perceived as a linear process which follows the sequence of setting out objectives, defining the method, gathering data, analysing these, providing a discussion on the findings and finally stating the conclusions that have been reached. It is my perspective that this way of looking at research is not helpful theoretically; besides, it is rarely applied like this in practice, even in ‘hard science’. The method I apply is qualitative and does definitely not fit with a linear, systemic descriptive framework. It is born out of the thinking in the DMan programme, where the overall complex responsive processes research method is described in Stacey and Griffin (2005).

This method is founded on taking our own experience seriously. We learn from our own experience and make this the basis of research, through articulation of narrative themes arising from our experience. In other words, the method is to give an account, tell the story, of what we perceive ourselves and others doing in our interaction in particular contexts over particular periods of time. Taking our own experience seriously is essentially a reflexive activity. In its fullest sense, this is a process that is both individual and social at the same time. When I tell my story or give my account, I reflect whilst constructing it; and in this process I distil the essence of what happens in the story. At the same time, I locate my own thinking about the story within the traditions of thought. An essential part of the method is the way the narrative takes form through iterations and feedback from my study group.

As mentioned above, the research method I apply is to some extent that described by Stacey and Griffin (2005). Their description does not, however, entirely match what I do; and although they briefly discuss the validity of the method, they do not say much about its generalisability or reliability. One of the reasons for this I think is that in my experience, the method – when particularised – is truly individual, i.e. unique, and therefore must be described separately in each case. The primary aim of *my description of my method* is therefore to allow others to understand what I have done and what I myself make of the strengths and weaknesses of my approach.

This is what I will do in the following. Furthermore I will describe how my method resembles and yet differs from other qualitative research method I have come across.

My research method

During my studies for the DMan, ‘taking my experience seriously’ has become very alive and pertinent for me. Contrary to most other methods, my experience - and not secondary collected data - is my ‘data’. I probe into my experience through a narrative. The choice of a specific narrative is by no means an easy decision. It is influenced by the web of social interactions that I am part of and definitely influenced by the themes that have come out of my life history. The best way to describe the selection process is first a scan through lots of episodes, feelings and unexplainable things I first remember related to these episodes. I test

various selections with my study group. I do not select on a basis of rational selection of a central theme and decision to research into a specific question. Instead I use my intuitive feeling that somewhere in the episode something happened that was important to me and which I either have not yet acknowledged or cannot explain.

When I started to write about the verification of the ethical database, I had never really reflected on the underlying feelings and thoughts about accepting the assignment. This was interesting because I had just left an accountancy company where I did not agree with the mainstream approaches to verification – and accepting to take on the assignment should potentially contain dilemmas and compromises. The choice of narrative itself is therefore about taking our own experience seriously, i.e. acknowledging that this experience is a rich source of empirical data. Although the merits of this has been acknowledged by many people, for example Alvesson and Sköldbberg (2000), the general opinion is often that it is impossible to apply a formalised research procedure to probe into this experience, as Alvesson and Sköldbberg state on the role of empirical material in critical theory:

The researcher already possesses thorough knowledge of this context [i.e. observations and interpretations of the surrounding societal context, my note] from the ‘ethnography of life’, and just because it is impossible to place a formalized research procedure between oneself and this wealth of empirical material, there is no reason to ignore it.

(Alvesson & Sköldbberg, 2000, p. 133).

However, I do not apply a research procedure *between* myself and my experience, but instead a research procedure *within* my experience – both as an individual and in relation to the interaction with others, from which interactions my experiences stem.

The consequence of this is that I start my narration without knowing exactly what it will reveal and where it will take me. The narrating itself emerges in the same kind of *stumbling together* that I described earlier. The vehicle for this stumbling is my study group, including my supervisor, who provide feedback, comments and questions; and their scrutiny of the account I give, the literature used, and the very meaning I made of the experience. It is through these early iterations that my research question will gradually emerge and go through an iteration.

When through this process my research question gains its first contours, I will engage with different schools of thought in a critical reflective manner. Through this initial review I also build on and contrast with the theories and ideologies that inevitably influence and have influenced my own experience, and try to distil a more specific research question. On the basis of this I will then scrutinise my research questions, again in a reflexive manner, continuously engaging with my own story and with the feedback of my study group and my supervisors.

Let me give an example: Following my progression meeting it became clear for me that my urge to go from the particular to the general, i.e. from relational findings based on my own experiences to how companies might make sense of things like stakeholder responsibility might be too premature. It was pointed out to me that I already had contributed to theory and practice doing so and I was advised to continue in this field rather than pursuing a macro perspective. My first idea nevertheless was to examine how my findings in Project 2 and 3 could help companies make sense of the various systems they both were part of and were applying. I started by conceptualizing this under the heading, 'The role of the outsider' and added to that the beginning of different narratives. In one of the narratives the issue of trust was eminent and my supervisor and learning set indicated that exactly this issue might be interesting in regard to the notion of 'stumbling together' which I described in Project 3. This made me think of yet another 'burning' narrative which I was in the middle of and where risk and trust was central. The narrative concerned my on-going effort to build a new company together with a business partner. Hitherto I had refused for myself to write about this because I could not see any immediate relevance to my former projects, but urged by my supervisor and learning set I decided to give it a try. Through this narrative my research question homed in on the relation between trust and risk and the relation to assurance approach in general and my approach in particular. Although still contained within my initial interest this research question was much more specific. I started to explore the theory around trust and was struck by the vast number of references to Niklas Luhmann which I subsequently engaged with. A comment from a fellow student indicated that it would be worth while exploring not only trust but also distrust and I started to pay attention to the links and relations between these in my narrative. My study set was very critical to the views of Niklas Luhmann I presented to them in my writing and urged me to take more critical turns with his views. I did that by

exploring how trust and distrust could be explained from the perspective of authors like Mead and Elias and gradually through turn-taking with my narrative, i.e. my experiences and various views on trust found my own voice on the subject. Through this turn-taking where I several times was urged by my supervisor to bring my own experiences to life in my paper the focus of my research gradually changed. The subject of trust and distrust had proved to be a substantial one and I saw a big need to present and justify an alternative view to the ordinary business perspective on trust and distrust which was often based on Niklas Luhmann. Furthermore I found that not much was said about the emergence of trust and distrust and how the two were related. I experienced how these turn-takings and iterations gradually distilled the essence of the narrative as a mix of my own original intentions and the reading/writing/feedback process. Thus I sat out to explore the outsider role in various systems based approaches applied by business and ended up with a contribution on the emergence and role of trust and distrust. The drawback of this is obviously that it is difficult if not impossible to keep a certain research focus. Although in my case I could link my projects together as I did the risk is that this cannot be done meaningfully. The research method therefore not only has an element of surprise but can also be said to be haphazard. On the other hand it could also be argued that in order to be able to link trust and distrust to my research I had to explore the concepts in depth as was the case in Project 4. The role of the study set and the supervisor is critical in the method. They bring diversity to the dialogue between us facilitated through the narrative and thereby contribute to the emergence of new meaning. They actively point to themes in my narrative that I for various reasons am blind to in the first place. They also call for further evidence and turn-taking when they spot inefficiency in my argumentation or areas where my 'data', i.e. my experience is insufficiently described or unsupportive of my reflections. This calls for a high commitment and engagement by the study set which unfortunately not always is present. In my case I have actively used persons outside the study set. Furthermore the residentials can be used to discuss specific themes of special interest while they also provide an opportunity to get inspiration and connections to themes that might influence your own project.

After having set out my method, I will compare it with other well-known methods that at first sight could be considered similar. I do this to demonstrate the differences of my own method. I then address the questions concerning validity, reliability and generalisability.

Case study research

In principle, one could say that describing specific episodes in my experience is a kind of case study research. However, significant differences become apparent upon closer examination.

Case study research is one of the most widely used qualitative research methods. A case study is 'an empirical enquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident' and it 'relies on multiple sources of evidence' (Yin, 1994, p. 13, cited in Darke et al., 1998, p. 274). Case study research examines predefined phenomena and can be used to achieve various research aims: to provide descriptions of phenomena, develop theory, and test theories.

Case study research has been used within both the positivist and the interpretive epistemological traditions. The positivist perspective is founded on an ontology in which an objective physical and social world exists independently of humans' knowledge of it (Comte, 1957). Positivist research is concerned with the empirical testability of theories in order to discover the general principles or laws that govern the natural and social world. Inquiry is assumed to be value-free, so that the researcher remains detached, neutral and objective. An example of this is grounded theory (Glaser & Strauss, 1973), in which theoretical concepts and propositions emerge as the researcher gathers data and investigates phenomena. Case study research within the positivist perspective is designed and evaluated according to the criteria of the natural science model of research: controlled observations, controlled deductions, replicability and generalisability, see e.g. Lee (1989). They apply extensive data treatment involving e.g. coding of interview transcripts (see e.g. Glaser & Strauss, 1973) and a traditional linear time perspective. As such, they are far from my own approach.

Contrary to the positivist perspective, which is definitely different from mine, the interpretive case study research approach – and especially *phenomenology* – is closer to what I do. The approach is based on an ontology in which reality is subjective, a social product constructed and interpreted by humans as social actors according to their beliefs

and value systems. Interpretivist research rejects the notion of value-free research and is not concerned with the repeatability of an explanation. The interpretivist researcher attempts to gain a deep understanding of the phenomena investigated, and acknowledges their own subjectivity as part of this process. *Phenomenology* further focuses on the understanding of these phenomena. Most simply stated, it is the study of conscious phenomena: that is, an analysis of the way in which things or experiences show themselves. The term ‘phenomena’ is derived from the Greek verb, which means to show oneself or to appear. The founding fathers of the phenomenological movement were the German philosophers, Franz Brentano (1838–1917) and Edmund Husserl (1859–1938).

Phenomenology seeks to make explicit the implicit structure and meaning of human experiences. It is the search for ‘essences’ that cannot be revealed by ordinary observation. ‘The point of phenomenology is to get straight to the pure and unencumbered vision of what an experience essentially is’ (Sanders, 1982, p. 354). As such, phenomenology seems to be closely linked to what I am trying to achieve by ‘taking my experience seriously’. However, like grounded theory and many other reflective methods, phenomenological methods often prescribe a very rigorous approach consisting of first a scoping, collection of data and finally a detailed phenomenological analysis of the data in given steps (see e.g. Sanders, 1982). In this way the methods seem to separate data collection from reflection, and therefore tend to ‘fix’ data in time. For my method this would mean that the method would be applied *between* my data, i.e. between my experience and the reflection, rather than *within* my experience as a non-separable part of the data collection and the reflection. Thus my method differs from the phenomenological tradition.

Similarly, my method is not just another form of interpretive case study research where the case is oneself, because case study research investigates predefined phenomena; i.e. we know in advance what we want to look into, whether we feel that we can form a new theory or simply prove an existing one. In my method I do not know at the outset what I will be looking into and the case study, i.e. the narrative, does not have a predefined theme.

Instead, the theme emerges during the actual writing and in the iterations.¹² Nevertheless, I see similarities. The data collection and data analysis processes in both cases are subject to the influence of the researcher's characteristics and background, and rely heavily on the researcher's interpretation of events; in case study research, this also involves documents and interview material. The differences only highlight how crucial the discussion about validity is to my method, where nobody can testify to my actual experiences.

Action research

The approach in the DMan programme has often been compared with action research. Although there are resemblances, I think there are also key differences that apply in my case.

It is important to bear in my mind that the term 'action research' is no more than a collective designation for a family of research methodologies that pursue action (or change) and research (or understanding) at the same time. Stacey and Griffin (2005, pp. 60–71) have already made a substantial critique of action research from the viewpoint of complex responsive processes of relating. Their critique is directed toward the type of action research defined by Peter Reason, which 'is an encompassing world view or paradigm' rather than just a methodology (Stacey & Griffin, 2005, p. 29). I believe that many other types of action research are carried out without a subscription to this 'world view'.

For me, the main shortcoming of action research is that the cyclical nature of the method introduces an artificial separation between action and reflexivity. This forces the researcher to take an outside perspective of their research object. The iterative circles assume that we have a predetermined perspective for each step in the circle, and the stepwise approach leads us to think *about* others rather than *with* them. Through this *we use our own experience to make sense of what others are thinking, rather than reflecting on our own*

¹² But even if my method is not a case study research method, then I find it interesting that the case study research method – regardless of the philosophical perspective adopted or the particular way in which the case study strategy is employed – is often criticised for lack of validity (Darke et al., 1998).

thinking. I find that in spite of the circular approach the time perspective is linear, moving one step at a time: from a diagnosis, through interventions, to actual solutions. The approach itself is systemic and we are forced into conceptual limitations by the focus on interventions. My experience is that the reality is not like that; that following such a strict conceptual approach inhibits creative thinking, and that describing methods in this way is somewhat an attempt at post-rationalisation. As such, what I do in the DMan programme is clearly not action research. Rather, I tend to see what I do as a method based on critical theory, to which I will turn in the next paragraph.

My methodology as some kind of critical theory-based method

‘Critical theory’, in sociology and philosophy, is shorthand for *critical theory of society* or *critical social theory*, a label used by the Frankfurt School, i.e., members of the Institute for Social Research of the University of Frankfurt, their intellectual and social network, and those influenced by them intellectually. It is used to describe their own work and method, aimed at bringing about radical social change, as differentiated from ‘traditional theory’, i.e. theory in the positivistic, scientist, or purely observational mode. Today the term encompasses all sorts of work that has in common an interpretive approach combined with a pronounced interest in critically disputing and challenging actual social realities. It is sometimes referred to as critical hermeneutics. Its guiding principle is an emancipatory interest in knowledge (see e.g. Alvesson & Sköldbberg, 2000).

Many empirical studies tend to allow little scope for critical theory to fully work. This is because phenomena that are simple to observe or to extract from interviews are not the subject of research. As stated by Alvesson and Sköldbberg (2000, p. 131): ‘Both totality and subjectivity – at least the deeper blockages in our consciousness which most urgently call for study – escape simple empirical methods’. The data I try to obtain via the iterative narration is precisely some of these data, which is also why many of the data-gathering methods applied in ordinary qualitative methods are inadequate. An important element in critical theory is to carefully examine and question existing theories and research that represent traditional thinking. I find that this is exactly what I do in my approach. What I examine, however, is my own practice and my own experience, and this is also very similar to what Alvesson and Sköldbberg call ‘intensive critical interpretation, or close

reading' (Alvesson & Sköldbberg, 2000, p. 141). In this approach the research strategy is to pick out something from within a broader empirical context which throws light on the theme in question, i.e. the theme that originates through my iterative narration, and focus the inquiry on that. Through the intensive critical interpretation of my own experiences I am able to question and probe into my own values and beliefs. This makes me able to explore taken-for-granted attitudes and habits that otherwise block my understanding of what happened and my ability to take my experience seriously and appreciate it theoretically. In this endeavour I think it is important to point out that the 'data' for my intensive critical interpretation – my own experience – can hardly be separated from the critical interpretation, because this interpretation itself through the writing is bringing my experience to the attention of myself and my readers. My method therefore does not separate action from research. Writing is simultaneously data, probing for more data, and the entire research itself.

My method – conclusion

The review of other related qualitative methods leads me to conclude that my method indeed is different. It is a reflexive method based on the overall complex responsive processes research method described in Stacey and Griffin (2005). It resembles 'close reading' as described by Alvesson and Sköldbberg (2000), being an intensive critical interpretation of particular episodes in my own experience with a huge emphasis on iterative narrating and group validation. It can be said to be a sort of action research, but without a system perspective; and it contains elements of grounded theory (no a priori hypothesis) and phenomenology (getting to the essence of the experience), yet without their rigid approach to data analysis, and without a separation of data-gathering and analysis.

Validity, generalisability and reliability of my method

This poses the next very important questions: Can narrating our own experience produce valid empirical material that can be used to develop new understanding and new theoretical insights? My readership must be able to trust that my experience is plausible and not

exceptional or pure fantasy. By using the iterative approach described earlier, I constantly refer back to what happened in my narrative and use this to build my argument. In this, my study group and my supervisors are of paramount importance. Through their constant inquiry into my experiences, their questioning and challenging of what actually happened, their pointing to the theories and authors to support or challenge my findings, they act as a critical audience in a reflexive process; and this partially secures the validity of my 'data'.

It enhances the validity of the research method that the choice of narrative and the research questions – contrary to most other research methods – are not determined before the 'data' collection. This makes it less likely that the narrative is built purely to support my own views and opinions, while also making the 'data' more credible and empirical.

Another crucial element that adds validity to my research findings is my ability to explain what happened, i.e. to challenge and explain my research question within the theoretical framework I choose and/or develop. Given the nature of my inquiry, it is impossible to look for other data in case I cannot adequately explain what happened. This places even more emphasis on the feedback procedures with the study group and the supervisors. At the same time, it poses the greatest threat to the findings, because the study group and supervisors are all actively seeking to increase their own understanding of the theory of complex responsive processes of relating. They therefore could become biased towards this way of viewing the world, and not critical enough towards the approach and explanations I offer. I have tried to address this pitfall by involving students from other study groups, as well as outsiders of the DMan study, to minimise any bias. However, admittedly this constitutes the biggest threat to the validity of the method.

Having addressed the issue of validity, we must now examine generalisability. I believe that most qualitative (as well as quantitative) methods applied to social science tend to exaggerate or over-claim their generalisability. No matter how carefully designed a study, generalisation of the data seems to imply a watering-down of the findings. I believe that the most useful indicator of the generalisability of my findings is whether my readers regard them as meaningful and whether what I describe resonates with any of their own experiences. Instead of being generalisable in strict logical positivistic terms, I hope that my research could contribute to the exploration of complicated relations and thereby lead to the development of new insights and understandings. If such insights as local patterns

could give rise to global patterns, then my research could be said to be generalisable. However, such a link would often be difficult to establish, so the relevance of generalisability in my case could be questioned.

Moving on from this, how reliable is my method? This is a difficult question and may even be the wrong question to ask in this context. In 'hard science' this would translate into the question: Is my method so objectively defined and applied that, if repeated by another person, it will generate the same results? Well, it clearly cannot be applied in the same way again; and it cannot be applied to the same experience in the same way again, so this question I will never be able to answer. If reliability instead is about the reliability of what I claim, i.e. whether what I say can be trusted, then I think this must be answered by the fact that I am putting my own writing out in the open and am ready to stand up and defend my opinions.

One of the primary weaknesses of my method is that I can never be sure that it will lead to anything beyond banalities. But then again – how could anyone be certain, by any standard? My method does not allow me to focus a priori on an area where I know research is needed; I have to rely on the emergence of my theme. And by doing consecutive projects, I might in theory also end up with many small contributions that do not mutually enforce each other. This apparently has not been the case.

7. References

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