The dramaturgy of the audit process
Challenges in the social interaction between auditor and client

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Title
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Abstract
Audit is a bilateral task where the auditors are required to socially interact with their clients during the audit process. The auditor and client may encounter different expectations that could lead to challenges in their social interaction. Thus, the purpose of this study is to explore the challenges in the social interaction between the auditor and client during the audit process. Prior literature has applied versions of agency that are implicitly based on classic contract law and virtually ignored clients as a research object. The original value of this study lies in the adoption of the dramaturgical analysis into the context of audit. This study employs a qualitative research method. Semi-structured interviews were conducted with seven real auditor-client dyads in Scania, Sweden. The findings suggest that clients are fixated on the price tag of an audit and do not consider the person delivering the audit service. This puts the auditor and client at risk as the findings suggest that the social interaction is important whereby a similarity attraction in sociodemographic space facilitates the social interaction. Asset evaluations can create challenges in the social interaction which are solved with residual control stemming from ownership as well as social status. The seven auditor-client dyads in this study deals with their own unique challenges that resulted in seven prototypes. This study fills in a gap in the literature by interviewing and analyzing the auditors’ respective client expectations on one another. To fulfil each other’s diverse expectations, both must embody different roles.

Keywords
Auditor-client relationship · Auditor-client interaction · Social interaction · Role · Audit process · Social status · Dramaturgical analysis
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7 of June 2019, Kristianstad Sweden

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# Table of contents

1. Introduction ................................................. 6  
   1.1 Background ........................................... 6  
   1.2 Problematisation ..................................... 8  
   1.3 Purpose ............................................... 11  
   1.4 Research question .................................. 12  
   1.5 Disposition .......................................... 12  

2. Theoretical methodology .................................. 14  
   2.1 Research philosophy ................................ 14  
   2.2 Research approach .................................. 15  
   2.3 Choice of methodology ............................... 16  
   2.4 Choice of theory .................................... 17  
   2.5 Sources .............................................. 18  
   2.6 Time horizon ........................................ 20  

3. Literature review ....................................... 21  
   3.1 Social interaction .................................... 21  
   3.2 Dramaturgical analysis .............................. 23  
   3.3 Auditor-client relationship .......................... 26  
   3.4 Similarity-Attraction paradigm ..................... 28  
   3.5 Contract theory ..................................... 30  
   3.5.1 Negotiation ....................................... 32  
   3.6 Theoretical model ................................... 33  

4. Empirical Methodology ..................................... 36  
   4.1 Research strategy .................................... 36  
   4.2 Data collection ....................................... 37  
   4.3 Operationalisation ................................... 39  
   4.4 Sample selection ..................................... 42  
   4.5 Conduct of interviews ................................ 45  
   4.6 Data analysis ......................................... 50  
   4.7 Data presentation ..................................... 52  
   4.8 Trustworthiness ....................................... 52  
   4.9 Ethical consideration ................................. 55  

5. Analysis .................................................. 57  
   5.1 The dramaturgy genre ................................ 58  
   5.2 The physical setting across the back-and front stage 62  
   5.2.1 Costumes .......................................... 62  
   5.2.2 Placement ......................................... 65
Figure list

Figure 3.1: The dramaturgy of the audit process .............................. 34
Figure 6.1: The married couple ................................................. 109
Figure 6.2: The auditor and the client as ex-colleagues ....................... 111
Figure 6.3: The imperious chameleon and the silenced bug ................... 113
Figure 6.4: The distant couple .................................................. 114
Figure 6.5: The “Simon says” .................................................... 115
Figure 6.6: The two peas in pod ............................................... 117
Figure 6.7: The personal disparity .............................................. 118

Table list

Table 2.1: Google Scholar citations as per 2019-06-07 .......................... 19
Table 4.1: Compilation of preparatory interviews ............................... 45
Table 4.2: Compilation of auditors’ main interviews ............................. 46
Table 4.3: Compilation of clients’ main interviews ............................... 47
1. Introduction

This chapter provides the reader with an insight to the background and problematization of this study followed by the research purpose and the disposition.

1.1 Background

Auditors fulfil an important role in society by delivering audit services to provide reassurance to various stakeholders (Roussy, 2013; McCracken, Salterio & Gibbins, 2008; Parsons, 1964). In doing their work, there is a need for the auditor to socially interact with their clients in order to obtain knowledge about the client’s business and environment (Hellman, 2011; Beattie, Fearnley & Brandt, 2001). Such interactions might influence their independence and in turn, the quality of the audit (Hellman, 2011). Auditor’s independence is normally perceived as the cornerstone of the auditing profession (Argento, Umans, Håkansson & Johansson, 2018; Gendron, 2006; Grimaldos, 2014). When a corporation receive sanctions due to any kind of violence against people’s trust or bankrupt losses because of fraud, people often wonder: “Where were the auditors?” (Grimaldos, 2014). Later on, if it turns out that the auditors played a role in the failure, it may lead to reputational harm of their profession (Sweeney & Pierce, 2011; Ardelean, 2013; Grimaldos, 2014). Still, it may happen that auditors do not pay enough attention to their professional reputation which will lead to a failure when it comes to their independence, objectivity and professional expertise which are essential aspects for auditors in their professional role (Grimaldos, 2014; Bame-Aldred & Kida, 2007). There have been several scandals within the accounting and auditing industry such as the bankruptcy of the American energy company, Enron. The bankruptcy of Enron is considered to be one of the largest bankruptcies as well as the largest audit failure that ever happened (Bratton, 2002). Herrick and Barrionuevo (2002) questioned if the audit firm, Arthur Andersen’s close relationship with Enron affected the auditors of Arthur Andersen ability to review the financial statements of Enron objectively. Consequently, this raised concern around the world about auditor’s independence and the public became sceptical about the auditor’s role in society (Ardelean, 2013). In order to prevent such sceptical behaviours among people, the auditors must constantly improve and develop their skills, otherwise they will fail to meet society’s expectations and it may also have disastrous effects on the client organization and society. Therefore, considering the auditor’s responsibility and the burden
from society that comes along the profession, it is utmost essential that they are independent in their work (Carrington, 2014; Moberg, Valentin & Åkersten, 2014; DeFond et al. 2002; Kaplan & Mauldin, 2008).

Persevering the auditor’s independence has become an objective of the regulators and authorities. The Sarbanes-Oxley Act of 2002 as well as the Directive 2014/56/EU of the European Parliament came as an answer to the scandals where the auditor’s independence was brought into question. Even though the Sarbanes-Oxley Act has been described as the most important act in the history of the United States, it also has extensive effects and influence on both European and Swedish companies (Coffee, 2002). Likewise, as a consequence of Sweden entering the European Union in 1995, Swedish companies are not only bound to follow national laws, but also directives issued by the European Union. These legislations ban certain non-audit services to clients and introduces mandatory audit rotation (SOU 2015:49). However, there are limits for regulators when it comes to implementing laws. One of the areas that cannot be fully regulated is the natural social interaction between the auditor and the client. Limited law constrictions have been implemented in order to preserve auditor’s independence against various threats, including, friendliness due to having a too close of a relationship with their clients (SOU 2015:49). Meanwhile, it seems almost impossible to perform an acceptable audit without being rather close to the client organization (Hellman, 2011).

The auditor’s independence as well as the quality of the audit is influenced by the type of relationship with the client (Argento et al., 2018). In fact, the financial statement audit can be considered as jointly produced because clients need to be involved during the audit process (Herda, Peterson & Fonatine, 2014). However, auditors constantly need to deliberate between being close to their clients and maintain enough distance at the same time (Hellman, 2011; Sweeney & Pierce, 2011). In addition, a necessity for auditors is to keep and attract new clients which often results in compromises with their clients in order not to create a conflict which, in turn, leads to increased levels of social interactions that forces the auditors to act in a way that affects his or her independence. Clients view themselves as paying customers who expect to receive value for their money (Cote, 2002; Hellman, 2011). Thus, audit-client relationships are complex seller-buyer relationships (Beattie et al., 2001) where the client buy services from the auditor and expect the auditor to take their opinions into account. This is reasonable as Broderick (1998) states, “Clients
have clear role expectations of professionals in people-based services such as accountants, lawyers, doctors and they will evaluate service encounters on the basis of the perceived role performance of the service provider” (p.122). At the same time, auditors have to perform the audit in line with a wide variety of expectations from multiple stakeholders who have an interest in high-quality audit (Khan, Muttakin, Siddiqui, 2015).

The auditor-client relationship is characterized as being conflicting and tense because of the nature of the audit service and its monitoring function (Matthews & Pirie, 2000). The financial leverage over the auditor causes clients to influence auditors work, thereby endangering their independence if they do not have the ability to resist client’s pressure (Cote, 2002; Hellman, 2011). Situations have occurred where clients expect the auditors to take on the responsibility of a consultant rather than an auditor with duties of only overseeing because they believe that they have the right to influence the auditor’s work (Roussy, 2013; Hellman, 2011). Thus, a related service such as consultation often threatens the auditor’s independence as it usually requires close social interactions with the client organization (Rapoport, 2018). In fact, consultancy services have become a cash cow for audit firms and the majority of their revenues consist of consulting services rather than from audit services (Rapoport, 2018; Landell-Mills & Peterson, 2018). Consequently, this has raised concerns about the potential conflict of interest and a loss of focus on auditing (Rapoport, 2018). Stakeholders rely extensively on the auditors and their professional judgement and often, the auditors compromise between acting in their own-interest and in their professional obligation to provide services that benefit society by maintaining enough distance to their clients (Landell-Mills & Peterson, 2018; Rapoport, 2018; Cote, 2002).

1.2 Problematisation

Audit is not an isolated work, rather, the auditors are required to interact with their clients in order to conduct an audit and for it to be effective (Hellman, 2011; Sweeney & Pierce; 2011; Rennie, Kopp & Lemon, 2010; Argento et al., 2018). In this sense, an audit is a bilateral task (Herda et al., 2014) where the auditor and client cooperate to produce an audit report (Bame-Aldred & Kida, 2007). Although, an audit engagement involves a dyadic relationship, the research field has commonly had a one-sided focus on the auditor whilst the client has hardly received as much attention. Therefore, a call for papers have been posted in the European Accounting Review in order to inform the lack of research about
what auditors do in the field, and especially, about their interactions with the clients (Canning, Malsch, & O’Dwyer, 2018). Despite numerous calls for paper to produce more research on auditors’ actual practices, the client as a research object has remained virtually ignored in the literature (Canning et al., 2018). How clients’ interact with the auditors’ is still a largely missing research field. For instance, studies regarding auditor’s expectations on clients is far less extensive. Meanwhile, client’s expectations on auditors has been thoroughly studied, both regarding auditors’ role (Taminiau & Heusinkveld, 2017) and their professional services (Porter, 1993). It is difficult or, almost impossible to standardize and commoditize professional services into a product that is solely subject to market forces, making clients expectations unpredictable and diverse (Taminiau & Heusinkveld, 2017). This is clear considering that some clients engage in a proactive relationship with the auditor rather than a reactive relationship (McCracken et al., 2008). Therefore, auditors need to have interpersonal skills to able to socially interact with their clients (Barrett, Cooper & Jamal, 2005).

In spite of numerous established standards and laws, the responsibilities and duties of auditors’ are not clear (Dixon, Woodhead & Sohliman, 2006). In addition, the audit process is complex and the audit report is not easily comprehensible (Masoud, 2017). Expectation gaps might arise as clients simply view themselves as customers and therefore believe that they have the right to decide on how the audit should be (Hellman, 2011). Although the auditors have to take the client’s expectations into consideration, they also must preserve their independence. The society expects the auditor to prioritize the public interest, as they are the messenger providing professional and objectively opinion to the market (Carmona, Momparler & Lassala, 2015). The potential contradicting expectations might propel the auditor and client to engage in negotiations about various accounting issues (Bame-Aldred & Kida, 2007) which prior studies have mainly focused on (Bame-Aldred & Kida, 2007; Bergner, Peffer, & Ramsay, 2015; Gibbins, Salterio & Webb, 2001; Kulset & Stuart, 2018; McCracken et al., 2008; Perreault & Kida, 2011; Salterio, 2012). The two-parties have adopted strategies to convince the opposite to accept their desired judgement during negotiations (Bame-Aldred & Kida, 2007; Kulset & Stuart, 2018) resulting in a tense relationship (Matthews & Pirie, 2000). The differences in expectations, usage of strategies and inflexibility of the audit profession may even grow into a dislike for auditors from the client’s side (cf. Bennett & Hatfield, 2012; Coghlan & McIlduff, 2000).
The fact that an audit is a bilateral task (Herda et al., 2014) where the auditor is facing a conflict of having to fulfil the client’s and society’s expectations makes the interaction in the auditor-client relationship rather delicate to handle. Auditors are faced with a potential role-conflict as client’s expectation may clash with society’s expectations (Katz & Kahn, 1978). Prior research within the accounting literature has analysed relations by adopting versions of agency theory and classical contract law (Seal & Vincent-Jones, 1997). However, both agency theory and classical contract law have been criticized for being unrealistic when it comes to how business and relationships truly operates as it is not possible to produce a complete contingent contract (Schmidt, 2017; Seal & Vincent-Jones, 1997). In addition, the regulators have limited opportunities to restrict the social interaction between the auditor and client which gives them the possibility to interact relatively freely.

Considering the limitation of contracts as well as legislations usage to study the dyadic auditor-client relationship, another way to study this topic is to explore the challenges in the social interaction between the auditor and client.

The relevance of this study lies in the social interaction which is the process which includes the acts that people perform toward each other and the responses they give in return (Macionis, 2009). This means that interactions can basically occur everywhere as nonverbal counts as much as the verbal type of interaction (Jaegher, Paolo & Gallagher, 2010). No matter where social interaction occurs, there will be social principles of behaviour that are invisible, fundamental codes that gives direction to, and sets limits on how the auditor and client behave through certain expectations set on each other, depending on the social setting (Manning, 1992). If interactions are a matter of expectations, an understanding of how they are set is needed, and for that, sociologists turn to social status (Sauder, Lynn & Podolny, 2012). Social status is defined as an individual’s relative position in a social hierarchy (Swencionis & Fiske, 2018). Certain social status is believed to hold comparatively more or less social value (e.g., honour, assumed competence, deference) by members of a society (Gregg, Mahadevan & Sedikides, 2018), which gives them more resource control (Swencionis & Fiske, 2018). Thereo, social status has an associated role. The definition of role has come to be a set of behaviours, obligations and norms that the society expects individuals to embody in light of their social status (Linton, 1936). This implies that auditors and clients are controlled by a given set of expectations and enacts these expectations and as a result, shaping a role to meet each other’s expectation (Taminiau & Heusinkveld, 2017). However, a role is not static, Taminiau and Heusinkveld (2017)
suggest that client’s expectations fluctuate and change throughout the audit process, but each phase may alter the next upcoming phase. Consequently, auditor’s role may change over time as well to mirror the diverse expectations. It is unjustified to describe an individual’s existence without considering what is influenced by and exerting influence on life, that is, human biology and environment (Watson, 1913).

It seems that roles are prescriptive, that they completely determine the auditor and client behaviours, but they do not. They can simply choose not to comply with society’s expectations and the expectations put on each other but will give rise to challenges in the social interaction. Within organizations, similarities in sociodemographic space were found to make social interactions easier (Lincoln & Miller, 1979). However, audit services is an obligatory purchase for companies targeted by the statutory audit according to the Swedish Companies Act (SFS 1975:1385), meaning that there is a risk of mismatch between the auditor and client. Given that it is not possible to produce a complete contingent contract (Seal & Vincent-Jones, 1997), challenges might arise between the auditor and client, then, a crucial question is who has the final say (Royal Swedish Academy of Sciences, 2016; Schmidt, 2017).

To understand the social interaction between the auditor and client it is arguable to go beyond the behaviour that is constituted in the audit contract (Seal & Vincent-Jones, 1997) by question the basic tenets and study the roots of social interaction through the lens of sociology, which justify the relevance of this study. In regard to the broadness of social interaction, the researchers has chosen to delimit this study by only considering the the time frame of the audit process. The audit process includes phases of audit engagement, pre-planning, audit planning, audit execution as well as audit reporting, and together they make up the entire audit process which is the most interactive period (Carrington, 2014). How the social interaction alters throughout the whole process will give insights on how different challenges come and go, the social structure, expectations as well as how roles and statuses manifest themselves.

1.3 Purpose

The purpose of this study is to explore the challenges in the social interaction between the auditor and client during the audit process.
1.4 Research question

Research question 1: How do the role and status of auditors and clients evolve in the social interaction taking place during the audit process?

Research question 2: What are the challenges related to the social interaction taking place during the audit process?

1.5 Disposition

Chapter 1 Introduction. This chapter aims to provide the reader with general insights into the research area and its importance. The background and problematization for this research set the foundation for the chapter and ends up with the purpose of this study and two research questions.

Chapter 2 Theoretical Methodology. This chapter presents a discussion on the researchers’ theoretical methodological choices. This section includes a presentation of this study’s research philosophy, research approach and choice of methodology. Relevant theories as well as literature related to the topic is also parts of this chapter.

Chapter 3 Literature review. This chapter aims to provide the reader with a basic understanding of Dramaturgical analysis, Similarity-Attraction paradigm and Contract theory which are the main concepts and theory in this study. Relevant literature will also be presented in this chapter.

Chapter 4 Empirical Methodology. This chapter provides the reader with thoroughly explanations of how the empirical data has been collected and analysed. Detailed information about how the interviews were conducted will also be presented in this chapter followed by this study’s trustworthiness and ethical consideration.

Chapter 5 Analysis. This chapter aims to provide the reader with combined insights from the empirical findings and analysis from both the auditors’ and clients’ perspective by following the structure of the storyline of the dramaturgical play.
Chapter 6 Final Discussion. This chapter aims to present an overall discussion on the findings of this study. In addition, a discussion on this study’s limitations, theoretical and methodological contributions, practical contributions as well as future research will be presented. Critical reflections over this study’s choices will also be made.
2. Theoretical methodology

This chapter provides a discussion on this study’s methodological choices. The section includes: research philosophy, research approach, choice of methodology, choice of theory, sources critique and the time horizon. This information will provide the reader with tools to better understand the researchers’ thoughts and choices throughout the thesis.

2.1 Research philosophy

To be able to explore the challenges in the social interaction between the auditor and client during the audit process, the research must be addressed on the basis of two research philosophies, that is, ontology and epistemology (Saunders, Lewis & Thornhill, 2009). The basic belief system is in a way choosing a lens to view the reality which will act as a frame for this study (Guba & Lincoln, 1994).

Ontology deals with the nature of reality (Bryman & Bell, 2015; Guba & Lincoln, 1994). In this line of thought, the researcher is concerned with the nature of social entities and its essence in order to give a description of the reality (Bryman & Bell, 2015). The ontological philosophy of science consists of two branches. On the one hand, objectivism claims that the world and social entities exists independently of social actors and their perceptions. On the other hand, subjectivism claims that social actors and their perceptions constructs the social reality. Instead of the world being predetermined for social actors, the world is constantly being shaped in the process of construction and reconstruction by social actors (Sauders et al., 2009; Bryman & Bell, 2015). This description of reality harmonizes with how social interaction is dictated by social actors as their statuses and roles construct the social structure (Manning, 1992; Swencionis & Fiske, 2018; Gregg et al., 2018; Linton, 1936). Subjectivism is reasonably preferably over objectivism for this study because the social interaction is dependent on social actors performing acts and responses toward each other (Macionis, 2009).

Epistemology is linked with ontology by making sense of the nature of social entities. This research philosophy is concerned with the term knowledge, what is regarded and what is not regarded as knowledge, thereby questioning what can be accepted after the reality has been described (Guba & Lincoln, 1994). Hereto, the epistemological issue is divided into
two knowledge branches, positivism and interpretivism (Bryman & Bell, 2015). The former advocates the usage of the methods of natural science to objectively study the social reality (Bryman & Bell, 2015). A positivist believes that the social reality is independent in terms of being objective and value-free. However, the level of subjectiveness loaded in the social interaction requires the researchers to grasp the acts and responses that social actors perform towards each other (Macionis, 2009; Bryman & Bell, 2015). Interpretivism criticizes positivism’s objective way of viewing the social reality as the former believes that knowledge is based on understanding and interpretation (Bryman & Bell, 2015). Human beings perceive their social interaction with one another differently, thereby this study cannot treat it objectively (Bryman & Bell, 2015). Furthermore, interpretivists do not believe in an objective social reality, instead, there are different images of reality. Since the reality is based on auditor’s and client’s images, becoming acquainted with them is a must in order to interpret and give meaning to their social interaction. It is not possible to build cumulative knowledge in the way that positivism advocates (Bryman & Bell, 2015).

2.2 Research approach

This study has chosen to adopt the epistemological position of interpretivism as research philosophy. Next is to decide which research approach that goes well with interpretivism and the purpose of this study. There are three different research approaches, namely deduction, induction and abduction (Bryman & Bell, 2015). The logics of induction and deduction are basically mirroring of one another (Eisenhardt & Graebner, 2007). The former intends to discover new concepts as well as bring about new persuasive theories based on empirical data (Gioia, Corley & Hamilton, 2013). The latter, in turn, intends to do the opposite of using empirical data to test theory, thereby completing the cycle (Eisenhardt & Graebner, 2007). This study will combine both of the approaches resulting in an abductive approach. Abduction involves back-and-forth actions with the empirical material for theoretical ideas, and with established theories as well as prior literature (Bryman & Bell, 2015). In doing so, this study’s results will emerge by switching between empirics and literature.

Abduction is able to dismiss the criticism towards induction arguing that no amount of empirical material will necessarily enable theory-building and deduction for the absence of transparency when selecting theory that will be tested through formulating hypotheses.
Furthermore, in line with the interpretivist philosophy of this study, researchers who adopt abduction, to some extent, already have an understanding of the research topic (Alvesson & Sköldberg, 2007). This reflects the researchers well as they already have some understanding of the audit profession with respect due to their educational background but have barely any insights on the client as a research object even though an audit engagement involves a two-sided relationship (Canning et al., 2018). The lack of knowledge about the client was solved with a preparatory study in form of interviews with three clients and one audit assistant weeks before this study in order to gain an additional knowledge.

2.3 Choice of methodology

The interpretivist philosophy is associated with interpretation which the qualitative research methodology is also known for (Bryman & Bell, 2015). Moreover, the noun “explore” in this study’s purpose reveals that qualitative research is preferable given that quantitative studies intends to explain causal relationships between variables (Bryman & Bell, 2015; Alvehus, 2013). Consequently, this study uses a qualitative methodology to understand the challenges in the social interaction which is a social phenomena. For that, the auditor and client who interact with each other must be studied by letting them express the social reality with their own words (Bryman & Bell, 2015). The quantitative method is not relevant because this study does not aspire to explain how social interaction is connected with various variables by collecting data via measuring instruments that will be processed with statistical methods (Denscombe, 2016).

This study’s purpose is to explore the challenges in the social interaction between the auditor and client during the audit process, accordingly, human behaviours will be the centre of attention. Their behaviours cannot be understood without awareness to the purposes as well as meanings attached by the auditor and client to their respective activities. Qualitative data can provide insight into human behaviours (Guba & Lincoln, 1994). This calls for a data collection method that is capable of handling the complexity of the challenges in the social interaction and capture the interviewee’s opinions and experiences well. Therefore, interviews as a data collection method is preferable compared to methods of quantitative character in order to obtain an in-depth understanding. The person’s body language and emotions are important features for the interpretation and understanding of
qualitative data that is not obtainable through, for instance, survey questionnaires (Denscombe, 2016).

2.4 Choice of theory

The interpretive lens used to explore the challenges in the social interaction between the auditor and client are dramaturgical analysis, similarity attraction paradigm and contract theory. While the first two are not explicitly named as theories, they are very much used as a theory by having a system of ideas to make sense of the social interaction among human beings (Bryman & Bell, 2015). The dramaturgical analysis is well-suited for this study because it manages to combine the relevant concepts, i.e. status, roles, expectations and social structure, into a visualization in the shape of a dramaturgy. Similarity-attraction paradigm and contract theory are adopted to understand the special characteristics of an auditor-client relationship and its impact on their social interaction. Furthermore, concepts in form of trust and negotiations are added to supplement these theories as they are key ingredients of the social interaction between the auditor and client (Rennie et al., 2010). By combining multiple theories as well as concepts, a theoretical model can be developed in this study which can portrait the complexity of social interaction. The theoretical model entails a new perspective to explore the social interaction between the auditor and client rather than the traditional agency theory and classical contract law that has been used in prior accounting literature (Seal & Vincent-Jones, 1996).

This study has intentionally neglected role theory which presumes that individuals are members of social positions and embodies a role based on their own and others expectations. Despite the immediate fit of role theory given this study’s purpose, when reading about the dramaturgical analysis, it was evident that there was a level of redundancy that would lead to unnecessary complication of the theoretical model. In fact, it is found that the dramaturgy as a metaphor is used to describe role theory (Landy, 1991). This means that the concepts of social status and roles has been drawn indirectly from role theory by adopting the dramaturgical analysis (Linton, 1936; Merton, 1957) as it overlaps to a degree. When social status and roles has been clarified, the dramaturgical analysis can be understood. This focuses mainly on impression management and the social structure constituted by social status as well as roles (Goffman, 1956). Furthermore, role theory could not simply be added as a fourth theory as it would overcomplicate the theoretical
model with regards to humans bounded rationality, that is, limitation in cognition, knowledge and computational capacity (Simon, 1972; Gigerenzer & Selten, 2002).

2.5 Sources

The literature that form the basis of this study has been thoroughly selected to ensure a well representative study about the social interaction. Peer-reviewed scientific articles have been selected via Kristianstad University database, Summon, and the Google Scholar search service. The former was only used to gain access to scientific articles outside the campus by using the researchers’ personal university accounts. The latter search service was utilized the most when searching for articles as it has a more complete database for scholarly literature than Summon’s database. Furthermore, Google Scholar gives an indication of how influential an article has been by observing the number of citations. This study utilizes articles with a high number of citations that are published in renowned journals to the extent possible as the quality of the articles increases the trustworthiness of this study. In addition, articles from journals of non-business nature were needed because the social interaction in general is a phenomenon that is more discussion in sociological and social psychology. Table 2.1 shown below presents the number of citations from Google Scholar as per 2019-06-07 of the most influential literature for this study:
The collection of articles has been supplemented by suitable textbooks from the Kristianstad University Library. While scientific articles are preferable in terms of theoretical level, books were adopted as well because of its practical knowledge. When it comes to the audit process, the book *Revision* by Carrington (2014) was used as the researcher is a reputable scholar within the auditing field considering his publications but also the fact that he has worked professionally as an auditor which gives him credibility to his description of the audit process. Furthermore, *The Presentation of Self in Everyday Life* by Goffman (1956), is a recurring reference because the book is known as the dramaturgical analysis approach. Instead of using scientific articles that adopts Goffman’s (1956) ideas, it is more reasonable to adopt the original ideas by the pioneer to avoid potential misinterpretations. Lastly, previous papers and theses’, taken from DiVA portal, have also been read in order to obtain inspiration for literature that has been of relevance for other studies.
2.6 Time horizon

The time horizon is the length of time over which this study is made. The time horizon is distinguished into two different types, namely cross-sectional and longitudinal (Saunders et al., 2009). In cross-sectional studies, researchers look at a certain phenomenon during a specific period of time due to time limitations (Saunders et al., 2009). Opposite to cross-sectional studies is longitudinal studies where researchers rather study change and development over a longer period of time, sometimes lasting during many years (Bryman & Bell, 2015). A cross-sectional study is most suitable with regard to the purpose of this study since the challenges in the social interaction is something that is explored at one point in time and not how the social interaction between the auditor and client is developed or changed over a longer period of time (Saunders et al., 2009). In addition, considering that this thesis is written during a predetermined period of 10 weeks, between April 1st and June 7th, which is a relatively limited period of time, a cross-sectional research design is most appropriate.
3. Literature review

This chapter will provide the reader with a basic understanding of dramaturgical analysis, similarity-attraction paradigm and contract theory. Dramaturgical analysis is used to visualize the social interaction in the auditor-client relationship as if it were a dramaturgy. Similarity-Attraction paradigm is adopted to understand why and if the auditor and client bond together when they socially interact. Lastly, contract theory helps to understand how the auditor and client moves past the explicit content of the audit contract in order to take mutually beneficial actions. The chapter ends with a visual presentation of the theoretical framework developed by combining the elements of the three theories mentioned above.

3.1 Social interaction

The purpose of this study is to explore the challenges in the social interaction between the auditor and client. In so doing, the term social interaction has to be decomposed. Social interaction is a jointly produced activity because it requires at least two individuals that perform acts toward each other and give responses in return (Macionis, 2009). Wherever people interact, there is a social structure that consists of relationships among people and groups. The structure gives direction to, and sets limits on, auditor’s and client’s behaviour because their relationship establishes certain expectations on each other (Manning, 1992). Thus, to understand how they are set, sociologists turn to social status which is commonly recognized as fundamentally rooted in the accumulation of deference behaviours, known as the condition of submitting to the espoused (Saunders et al., 2012). Social status refers to an individual’s relative position in a social hierarchy (Swencionis & Fiske, 2018). Individuals who occupies a social status holds a level of social value given by members of the society which must be respected (Gregg et al., 2018). This means that the status of an “auditor” defines how an auditor should relate to their clients and vice versa, but there might be a difference when it comes to social value. For instance, it is argued that the society is largely dependent on professions (e.g., auditors) to function, which is reflected in the auditor’s independent review (Parsons, 1964). In view of auditor’s role in society, they have a high social value and thereby, have power in terms of resources, outcomes and leadership positions (Swencionis & Fiske, 2018). Thus, auditors have a high social status that hold a level of respect, honour, assumed competence, and deference accorded from the
society (Sauder et al., 2012; Anderson, Hildreth & Howland, 2015; Swencionis & Fiske, 2018).

Social status does not explain how the auditor and client behave, but by first delve into social status, an associated role can be found. Social status is a social position and roles are the sets of behaviours, obligations, privileges as well as norms that goes along with that status (Linton, 1936). However, Merton (1957) questions Linton’s (1936) fundamental idea by stating that status involves not a single associated role, but a bundle of roles imbued in an individual. This is especially true for auditors as the expectations from society comes in form of institutional pressure from regulators who emphasizes social values (Artsberg, 2005). Volcker (2002) states that auditors’ main role is to be: "[...] guardian of truth in markets, acting in the public interest to maintain reliable and consistent financial reporting" (p. 4), consequently, the public interest should come first. Meanwhile, expectations from the client may place the auditors in a conflict of interest because they want them to prioritize their firm’s position and performance by not only providing an independent audit but also consultancy services (Hellman, 2011). Thereby, shaping the auditors to become more of a consultant rather than a guardian of the market. This role-set is arguable dangerous, thus creating a role-conflict in terms of a tug of war between client and society’s expectations.

The society’s expectations on a firm’s behaviour has seen an evolvement from the days of Friedman’s (1970) idea of profit maximization, to Freeman’s (1984) idea of organizations as part of a wider social system. Businesses are expected to create value instead of destroying value (Freeman, 1984). For example, by absorbing the concept of Corporate Social Responsibility (CSR). Striving for profit and following the laws are no longer enough to satisfy society’s expectations (Carroll, 2015). Clients are seemingly recognizing the responsibility which is why they demand consultancy services to improve their position and performance in addition of what audit services are capable of (Hellman, 2011). When it comes to expectations on each other, on the one side, the auditors expect them to be accommodating and obedient considering that the auditors wish to avoid using powerful contending methods to convince them (Perreault & Kida, 2011). This indicates that auditors would like the social interaction to go smoothly without any major conflicts and clashes. On the other side, clients expectations on auditors as a service provider is arguable hard to predict. This is because it is difficult to standardize and commoditize professional services
into a product that is solely subject to market forces, due to clients diverse and unforeseeable expectations (Taminiau & Heusinkveld, 2017).

Given that roles are the sets of behaviours, obligations, privileges as well as norms that goes along with that status (Linton, 1936), it seems that roles are prescriptive, that they completely determine the auditor and client behaviours, but they do not. They can simply choose not to comply with society’s expectations and the expectations put on each other. Although this may be true, they still choose to perform their respective role, as the notion of status and roles together constitute major building blocks of social structure (Merton, 1957). The structure institute social principles of behaviours that are invisible, fundamental codes (Manning, 1992). To put it differently, “if people define situations as real, they are real in their consequences.” (Thomas & Thomas, 1928, p. 572). In other words, statuses and roles matter, because people say they do, the perception creates the reality. This means that how the auditor or client feel about their own roles does not matter because they have to behave in accordance with the social structure. Consequently, by socially interact with each other as well as with actors around the auditor (e.g. auditor’s team) and client (e.g. client’s organization), and expecting certain behaviours in the context of roles, together they create the social structure that shapes those social interactions that they all are having. The social structure does not only revolve around the auditor and client, rather, with everyone involved in the audit process, and their expectations.

3.2 Dramaturgical analysis

The social interaction will be explored by using a metaphor of a theatre performed by the auditor and client, also called the dramaturgy. The dramaturgy is used to visualize the social interaction during the audit process between the auditor and client as if they would play the audit process on a stage. The idea of performance is a central concept in sociology to understand how people socially interact with each other and is part of the dramaturgical analysis of social interaction. A dramaturgical play of a typical audit process would start off with audit engagement and pre-planning. During the audit engagement phase, both the auditor and client need to decide whether they want to establish a new business relationship with each other. This process starts with the auditor and client agreeing on the audit task which necessarily do not require a face to face meeting where the auditor and client socially interact with each other. During the pre-planning phase, the auditor and client are physically
separated, which Goffman (1956) would term back stage because they are not present on the stage where they have to perform their respective roles. In dramaturgical performances, back stage behaviours are characterized by preparation and going over the dramaturgical script which is exactly what auditors do before they meet and socially interact with the client. The auditor perform tasks such as verifying compliance with independence requirements and assembling the audit team. Additionally, the auditor decide on the materially level based on the knowledge of the business, the industry and environment in which the client firm operates as well as a general strategy plan of how the audit should be carried out (Carrington, 2014). On the other side of the dyadic relationship, the client prepares, in accordance with the auditor’s request, certain documents and information before they socially interact (Carrington, 2014).

The next phases of the audit process is called audit planning and audit execution which Goffman (1956) would reasonably classify as front stage. By Goffman’s (1956) thinking, this is the stage where the actors perform their respective roles in front of each other and now, they are putting efforts to create impressions in the minds of others. The point of performing a role is to successfully interact with each other in order to meet the other party’s expectations and also the more distant audience. The audience in the auditor-client relationship consists of their respective organizations which are relatively far away in witnessing the social interaction between the auditor and client. Even more distant is society which is not necessarily present in the same environment. However, the auditor and client might arguable acknowledge the regulators, authorities and public as if they were watching the social interaction, having different expectations in the shape of laws as well as standards of how the auditor and client should socially interact.

On stage, the auditor and client socially interact and carefully exchange information with each other in a process called impression management. The concept refers to how individuals’ control and steer the image of themselves that they want to mediate to others (Goffman, 1956). Beyond the verbal communication, it is also a matter of what the auditor and client wear and do when they socially interact (Grey, 1998). Goffman (1956) did a parable with props and nonverbal communication, as props are objects that performers use to help them make a certain impression. Props is considered to make up a large portion of auditors’ work. The work attire and self-conduct other than possession of technical skills are considered to be aspects to mediate professionality toward the clients in the what was
known as the Big Six firms, now Big 4\(^1\) (Grey, 1998). On the other side of the dyadic relationship, clients’ do not bring their social status to other environments like auditors do, therefore, it is reasonable that they do not place equal emphasis on clothing. Clothing are examples of what Goffman (1956) called sign vehicle which are things to help convey impressions during a social interaction. Vehicles are important aspects of the performance, but the most fundamental distinction is the one between what the audience sees, and what they do not.

The front stage is reasonable where the auditor does their fieldwork and would socially interact with the client, while back stage is when the auditor and client are separated from each other (Goffman, 1956). The former would typically begin with the audit planning by interviewing the client to gather information and gain an overview over what has happened since the last fiscal year’s audit (Carrington, 2014). Thereafter, the auditor and her/his team would begin the audit execution. However, even in the audit execution phase, there is reasonably a moment of back stage (Goffman, 1956). It is usually when the auditors are placed in a separated room at the client’s office during their fieldwork and begin to go through, for example, a company’s internal controls, tracing the amounts and disclosures found in the financial statements to the company’s books and records (Carrington, 2014). Although the auditor is still at the client’s site, to separate what is truly front and back stage, Goffman (1956) give priority to the fact that the actors cannot see or hear each other. The back stage behavior would ruin the performance because here, the auditor and client are unrestrained personally and therefore do not perform their respective roles (Merton, 1957) that is required when being exposed on front stage and targeted by each other’s expectations which has to be respected due to the social reality (Thomas & Thomas, 1928). In this phase, alteration between back stage and front stage occurs as the auditor might need to ask for additional explanation on certain issues or simply encountering each other during breaks.

The last phase consists of audit reporting where the auditors present their conclusions based on the tests they have carried out and the evidence they have obtained for the client (Carrington, 2014; Goffman, 1956). This is reasonably also part of front stage.

The auditor-client relationship is not a one-person dramaturgy, Goffman (1956) would call it a team where the auditor and client work together to give a performance collectively for one another but also the more distant organizations in which they work and society.

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1 Deloitte, EY, KPMG and PwC (Landell-Mills & Peterson, 2018; Rapoport, 2018)
Although, they have different interests (Hellman, 2011) and expectations on each other, they work together to perform the dramaturgy, called, the audit process. It is important to understand that, according to Goffman (1956), the performances that everyone does all the time are not necessarily adversarial: the auditor perform for the client, and the client performs for the auditor, but everyone involved in the audit process would like the performance to run smoothly. To summarize, social interaction is where the status, roles, and all of the expectations that they entail, converge to bring together the dramaturgy, that is, social structure (Goffman, 1956).

### 3.3 Auditor-client relationship

The dramaturgy of the audit process is not necessarily based on voluntary terms for firms targeted by the statutory audit according to the Swedish Companies Act (SFS 1975:1385). The regulated matchmaking of the auditor-client relationship may entail a negative sentiment because they have to interact with each other whether they want it or not. While this interpersonal emotional reaction should be irrelevant, studies with roots in psychology suggest it has significant influence on how auditors socially interact with the client (Bhattacharjee & Moreno, 2013). In fact, Bennett and Hatfield (2012) showed that there are clients who are not fond of auditors work and intentionally signalled the impression that the auditor was annoying. This passive-aggressive behaviour is reportedly a common encounter for consultants as they are faced with a hostile environment at clients (Coghlan & McIllduff, 2000). In contrast, clients of a certain size are obligated to buy audit services (SFS 1975:1385) which means that auditors might encounter even worse attitude of non-compliance when they socially interact with clients (cf. Coghlan & McIllduff, 2000). Barrett et al., (2005) argue that auditors need to be able to handle conflicting interactions by having interpersonal skills. It is arguable that this treatment against auditors is unfair considering that the auditor doing the best of their ability to keep the business relationship (Beattie et al., 2001) in a healthy state by satisfying the client’s needs (McCracken et al., 2008; Sikka, 2009). It is vital for the audit process that the two parties set aside their irrelevant feelings for each other when they socially interact in order to effectively cooperate because clients need to provide the auditors with relevant documents and information as well as a thoroughly explanation of potential accounting issues to be able to carry out an audit (Joshi, Ajmi & Bremser, 2009). Since the clients need to be involved during the audit process, the financial statement audit can be considered as jointly produced (Herda et al., 2014).
The auditor-client relationship has been studied as a seller-buyer relationship where the client buys the audit service from the auditor by applying traditional school of thoughts in form of demand and supply derived from economy theories (Beattie et al., 2001; Carrington 2014). Other than the seller-buyer relationship, McCracken et al., (2008) found two different types of auditor-client relationships, namely, proactive and reactive. The proactive relationship takes shape when the client initiates a consulting relationship with the auditor by interacting for the sake of obtaining advices and reconcile before transactions are being made throughout the fiscal year. The auditors embraced the role of expert advisor and thought this relationship was the most ideal because it improved the quality of the client’s financial statement, in turn, lowering the workload for the auditor during the statutory audit (McCracken et al., 2008). However, a proactive relationship should be handled with cautions as there is strong evidence that auditors’ behaviours and everyday practices can be changed in client’s favour in order to stay client-friendly (Umans, Broberg, Schmidt & Nilsson, 2016). Client’s view themselves as paying customers who expect to receive value for their money which is why they exercise their power to influence the audit planning (Hellman, 2011). Considering the seller-buyer relationship, the auditors may choose to let client influences their behaviours to avoid potentially unpleasant situations even though such a confrontation will result in a higher audit quality (Bennett & Hatfield, 2012).

The auditor-client relationship could be pushed into a reactive relationship by the client where the client does not want to socially interact and have a close relationship because they view them as annoyance and want to get rid of them as soon as possible (cf. Bennett and Hatfield, 2012). A reactive relationship is reasonably somewhat connected to a negative sentiment because they do not want to deal with each other (Bhattacharjee & Moreno, 2013). As a consequence, the auditor is not informed about certain issues until year-end or the client may even decide not to inform at all. Thereby, a reactive relationship makes it harder for auditors to identify material misstatements, in turn making the negotiations more intense. Opposite to the role of expert advisor, the auditor therefore takes on a police officer role where they only try to scrutinize the client’s work in such manner that it only meets the requirements of laws and regulations (McCracken et al., 2008). This type of relationship is, compared to proactive, safer for the auditor with regard to their independence (Carrington, 2014). Accordingly, the auditor-client relationship is more or less dictated on the client’s wishes as the auditor’s role, to some extent, is shaped by the client’s expectations (cf. Beattie et al., 2001). Still, the auditor cannot completely obey the
client as a balance has to be maintained that satisfy both the client and the society whilst keeping their independence intact. For a proactive relationship, it puts the auditor in danger of self-review which exists if the auditor or someone else within his or her network has provided assistance regarding an issue that the auditor may later review during the audit process. Another threat comes in the shape of friendliness due to having a too close relationship with the client and thus hurting the auditors’ objectivity and independence (FAR, n.d.).

3.4 Similarity-Attraction paradigm

How well the dramaturgy is received by the audience is partly dependent on how well the stage performers, namely the auditor and client, bond together. This will be analysed through the similarity attraction paradigm. People who share the same sociodemographic space (e.g. values, competence and social status) are more likely to have a greater attraction for each other rather than with people from whom they are different (Wells & Aicher, 2013; Roebken, 2010). Several researchers have found that similarities in dyad relationships are associated with a number of positive aspects while dissimilarity has had opposite effects (Westphal & Zajac, 1995; Wells & Aicher, 2013). Within organizations, similarities were found to make social interactions easier, behaviour more predictable and shaping relationships based on trust and cooperation (Lincoln & Miller, 1979).

Research argue that individuals are attracted to organizations that fit their personality and values (Ehrhart & Ziegert, 2005). The matchmaking of the auditor-client relationship, however, is to an extent forced by laws (SFS 1975:1385). State and municipal owned companies’ freedom is limited when it comes to picking an auditor according to the Swedish Public Procurement Act (SFS 2016:1145). Given the pairing of the auditor and client in this study, similarity attraction is seemingly relevant in this dyadic relationship because the matchmaking is to an extent forced and not completely free of choice. The auditor-client relationship has the same features as an inter-organizational relationship since individuals from two different organizations meet and interact with each other (Vangen & Huxham, 2003). Organizations hold a set of values which are associated to different operational goals in order to guide the perspective of the organization and also its actions (Bernson, Oreg & Dvir, 2008). Kleinman and Palmon (2000) argue that these values also affect and help drive the social interaction between the auditor and the client. For audit
firms, value is associated with promoting a positive professional reputation by acting in accordance with professional values and to promote the status of the profession. Meanwhile, the underlying value of the clients is ensuring the survival of the firm in order to maximize returns for shareholders (Kleinman & Palmon, 2000). Against this background, a mismatch between organizational values is highly likely to occur, however, both the auditor and client have as a value that the financial report should be true and fair (Kleinman & Palmon, 2000).

When it comes to social status, Westphal and Zajac (1995) claim that individuals working for the same organization are homogeneous due to their behavioural characteristics and social status in society. The importance of the audit profession has given it a prestigious position that enjoys a high status in society (Gertsson, Sylvander, Broberg & Friberg, 2017). For this reason, auditors, in their role, need to maintain a professional image to meet society’s but also the client’s expectations (Andersson-Gough, Grey & Robson, 2000). On the other side of the dyadic relationship, clients also have social obligations of obeying the law and maximize profits but also care for their many stakeholders (Friedman, 1970; Freeman, 1984). Considering that both the auditor and client have different obligations in society, the overall status of the two individuals depends on how the auditor and client are perceived by society and the perceptions they have on each other (Rodgers, Guiral & Gonzalo, 2019). When looking at the social interaction, the auditors bring their social status derived from the social hierarchy into the client’s organization where the social status and its social value might decrease since the auditor is assessed by the organizational hierarchy constituted by the client and auditor. Alternative, the social status might not change which could result in a non-attraction between the auditor and client. In view of the process of becoming an auditor, it is considered that the auditor has valuable accounting competence. This is why the clients often initiate a proactive relationship with the auditor for support (McCracken et al., 2008). In general, it is clients who work for small private firms who seek for additional services because they have a lower competence level in accounting and tax-related issues compared to the auditors (Svanström, 2013), which also can give rise to a non-similar attraction and as a result, have consequences for their social interaction (Bhattacharjee & Moreno, 2013; Ehrhart & Ziegert, 2005).
3.5 Contract theory

The audit process officially starts off with an audit contract to clarify the audit assignment (Carrington, 2014). Following the line of thought of the dramaturgical analysis, the contract is a playscript where the auditor and client describe how the dramaturgy should be played out. The contract includes information about the scope of the audit, any additional services that have been agreed upon, description of the auditor’s responsibility and the purpose of the audit (Carrington, 2014). The theoretical lens when dealing with relations in the accounting literature has generally drawn on versions of agency that are implicitly based on classic contract law (Seal & Vincent-Jones, 1997). In modern societies, contracts are a formal mechanism to prevent conflict of interest which could escalate to negotiations, thereby lowering the transactional costs (Schmidt, 2017; Royal Swedish Academy of Sciences, 2016). The fundamentals of the classical law of contract and neo-classical economics have been criticized by sociological research field by being far too unrealistic when making business (Seal & Vincent-Jones, 1996; Schmidt, 2017). In reality, it is not possible to produce a complete contingent contract because some actions are not observable such as moral hazard (Schmidt, 2017) which is especially relevant for auditors considering that they only need to obtain reasonable level of assurance that the statements are free from material misstatements (ISA 200). Even if it was possible to produce such a contract, it would be difficult to enforce it, because a third party such as the courts cannot describe and confirm the actions (Royal Swedish Academy of Sciences, 2016). Despite of contracts limitations, one could argue that the partnership come to terms because ultimately the client receives their awaited audit report and the auditor gets rightfully compensated. In other words, they jointly generate surplus in addition to what each of them can generate on their own (Schmidt, 2017). This is accomplished without a fully comprehensive contract that determine how the auditor and client are supposed to socially interact in every possible situation. The content of contracts extends farther than what is explicit written by indirectly incentives between contracting parties to exploit the prospective gains from behaving more efficiently and cooperate (Royal Swedish Academy of Sciences, 2016; Schmidt, 2017).

Many of the contracts are highly incomplete, hence the term incomplete contracts which constitutes the core of contract theory. A contract is complete if it has total specifications of both value sharing and actions. If either one of the components are not satisfied, it is an incomplete contract (Wang, 2016). In view of the content of the audit contract (Carrington,
2014), it is reasonably an incomplete contract because it lacks a complete specification of how the auditor and client should interact. Then, a crucial question is who gets to decide on the omitted conditions because in order to continue with the dramaturgy and move past the content of the contract, someone has to have residual control or decision rights which often is linked with ownership (Royal Swedish Academy of Sciences, 2016). The obvious owner of the client firm is the shareholder (SFS 2005:551), but the employees of a firm’s finance department is arguable also the owners. They are the owners of financial actions as their work responsibility is to manage the financial accounts of a company (c.f: McCracken et al., 2008). Studies reveal that the client attempts to take the residual control by influencing the audit process (Hellman, 2011) and controls as well as the auditor’s behaviour (Sweeney & Pierce, 2011). However, one could also argue that the auditor has the decision right because they are the owners of the audit meaning that there might be a clash of residual control.

The incomplete contract is an informal mechanism that motivates individuals with conflicting interest to take mutually beneficial actions by cooperating. To give an individual the residual control in commercial reality, an amount of trust needs to be established first (Seal & Vincent-Jones, 1997). Aschauer et al. (2017) defines trust as “willingness of a party to be vulnerable to the actions of another party based on the expectation that the other party will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party” (p. 3). This means that in order for trust to be developed, expectations need to be met and fulfilled (Vangal & Huxham, 2003; Oomsels & Bouckaert, 2014). To be able to conduct an efficient and effective audit, the auditor has no option but to rely to some extent on the client (Rennie et al., 2010) since they provide the auditor with the necessary documents and information to be able to review their financial statement (Kerler & Killough, 2009), thereby putting the auditors in a vulnerable position for client’s misbehaviour (Bennet & Hatfield, 2013; Kerler & Killough, 2009). Misbehaviour in form of delaying the handover of information to the auditors has proven to be a strategic choice in order to reduce the accuracy of the audit due to time limitation (Sweeney & Pierce, 2011). Dubious actions could result in tense and conflicting situations with audit clients (Bennet & Hatfield, 2013). When the auditor believes that the client’s financial statement is compiled according to relevant laws and standards, a trust starts to become solidified (Kerler & Killough, 2009). As the auditor and client continue to socially interact and work together, they become more familiar with each other during the audit process and a
behavioural bond as well as mutual trust develops which could gradually impair the auditor’s independence, objectivity and professional scepticism (Kerler & Killough, 2009; Rennie et al., 2010; Argento et al., 2018).

3.5.1 Negotiation

The intangible characteristics of incomplete contracts boats for disagreements that could escalate into negotiations for diverse accounting issues which is defined as the “process of interaction between disputing parties whereby, without compulsion by a third-party adjudicator, they endeavour to come to an interdependent, joint decision concerning the terms of agreement on the issue between them.” (Beattie, et al., 2001 p. 43). Consequently, negotiation is a type of social interaction. The client and auditor may share different views about, for example, revenue recognition (Bame-Aldred & Kida, 2007) and material adjustments (Bergner et al., 2015) and other accounting issues (Kulset & Stuart, 2018). The conflict is for the most part initiated on the client’s behalf as they are the ones buying the services from the auditors (Beattie et al., 2001), thereby using the financial leverage to convince the auditor to accept their financial position (Hellman, 2011). Client’s opportunistic behaviours has forced the auditors to adopt certain tactics as well as strategies to persuade and convince clients to accept their desired judgement during negotiations (Bame-Aldred & Kida, 2007; Kulset & Stuart, 2018; Perreault & Kida, 2011). Although it is preferable that auditors can fully convince clients to accept their desired position, it is not always desirable since they must satisfy the client as well and maintain a healthy business relationship (McCracken et al., 2008; Perreault & Kida, 2011). Gibbins et al., (2001) found that the client valued the quality of the auditor-client relationship as one of the most important features of an audit. Kulset and Stuart (2018) suggest that the more implicit and detailed the accounting standards, the more auditors tend to use negotiation strategy in form of powerful contending methods. However, a too stiff-legged auditor is regarded unprofessionally by external constituents and peers (Bame-Aldred & Kida, 2007).

Clients employ their tactics and strategies to influence auditors’ propensity to waive various accounting issues (Bergner et al., 2015), shaping the relationship to be become a proactive or reactive (McCracken et al., 2008) and change the audit process to their advantage (Hellman, 2011). Hellman (2011) showed that clients view themselves as customers and therefore have the right to intentionally influence the auditors in order to benefit as much
as possible from their work, especially regarding the internal control (Hellman, 2011), thereby, suggesting that the client preferred a proactive relationship (McCracken et al., 2008). For auditors, the customer logic could be complicated to handle as clients will employ contending methods which seems to be the most effective tactic (Bergner et al., 2015) such as threatening to terminate the audit contract (McCracken et al., 2008). Clients poses a threat on auditor’s independence through their methods of persuasion as auditors might be forced to take part with the client (Hellman, 2011).

3.6 Theoretical model

Based on the information presented in the literature review, the dramaturgical analysis of the social interaction between the auditor and client has emerged as an interpretive lens for this study. To begin with the dramaturgical hall, found in the lower part of the figure (Figure 3.1), there is an audience observing the dramaturgy performed by the auditor and client that play the social interaction on stage. The more distant audience consists of their respective colleagues, organizations but also the society such as regulators and authorities that have expectations on both actors (Goffman, 1956). After the auditor and client have agreed on participating in an audit engagement phase, the actors go through their script (i.e. audit contract). This reasonably occurs back stage, also referred to the pre-planning, in order to prepare for the coming front stage (Goffman, 1956). When the actors are prepared, they enter front stage and play the acts of audit planning, audit execution and audit reporting (Carrington, 2014; Goffman, 1956) whereby they socially interact with one another by embodying a role associated with the status (Linton, 1936). During front stage, the auditor and client meet each other with their own expectations in mind that are derived from an individual’s relative position in the social hierarchy, namely, social status (Swencionis & Fiske, 2018; Gregg et al., 2018). In turn, status have an associated role which is a set of behaviours expected of individuals in a social status (Linton, 1936; Merton, 1957). The mixture of expectations placed on each other combined with the audience’s expectations on them, creates a social structure which give direction to, and sets limits on the auditors’ versus clients’ behaviour (Manning, 1992; Goffman, 1956). When interacting, the auditor and client are constant exchanging and managing the impressions given to one another (Goffman, 1956). Yet, it is not guaranteed that the stage play goes smoothly as there might be a lack of similar attraction and trust of each other (Vangal & Huxham, 2003; Oomsels & Bouckaert, 2014). On top of that, the dramaturgy is not necessarily optional as they have
to perform the play according to laws (SFS 1975:1385), meaning that there may be a disliking toward each other due to forced matchmaking (Bhattacharjee & Moreno, 2013). Disagreements might also arise due to different views on accounting issues (Bame-Aldred & Kida, 2007; Bergner et al., 2015) and result in interactions in the shape of negotiations (Beattie et al., 2001). Therefore, in order to move on past the omitted content of the audit contract and negotiations, either the auditor or client must take residual control to continue the dramaturgy (Royal Swedish Academy of Sciences, 2016; Schmidt, 2017). However, it is arguable that the more similar the auditor and client are, the easier it is for them to interact and build a relationship based on trust and cooperation (Lincoln & Miller, 1979).

Figure 3.1: The dramaturgy of the audit process.
Figure 3.1 summarizes the dramaturgy of the audit process and shows the most relevant aspects that will further be used for the analysis of the findings. The main event happens on stage where the auditor and client perform the dramaturgy in front of the audience who observes the social interaction in the dramaturgical hall. The acts of audit engagement, audit planning, audit execution and audit reporting are where the social interaction reasonable takes place. It is during these acts where the auditor respective client contracted conditions, social statuses, roles, and all of the expectations that they entail, are displayed on front stage (Goffman, 1956). Behind front stage is back stage where the auditor and client prepare themselves by performing the pre-planning phase.
4. Empirical Methodology

In contrast to chapter two, this chapter introduces the practical aspects of the methodology adopted by the researchers in this study. The first part consists of the research strategy and how the empirical data has been collected. Thereafter, the operationalization will present the underlying thoughts and reasoning behind the questions in the interview guide followed by the sample selection and conduct of interviews. Detailed information about how the interviews were conducted gives the reader insights and an accurate feeling for each and every interview. Moreover, the data analysis and data presentation will be described, thereby an understanding of how the empirical data was processed and structured for the forthcoming analysis section. Lastly, the trustworthiness of this study and ethical considerations of this work will be explained.

4.1 Research strategy

The research strategy is guided by the purpose of this study and could be defined as the “general plan of how the researcher will go about answering the research questions” (Saunders et al. 2009, p. 90). Since this study uses interpretivism as research philosophy and intends to explore the challenges in the social interaction between the auditor and client. A case study strategy is particularly useful when researchers seek to obtain an in-depth understanding of a phenomena in its natural context (Crowe, Cresswell, Robertson, Huby, Avery & Sheikh, 2011; Saunders et al., 2009). For this reason, the case study design is sometimes referred to as a naturalistic design in contrast to an experimental design in which the researcher intends to “exert control over and manipulate the variable(s) of interest (Crowe et al., 2011, p. 1). As this study is exploratory in its nature and seeks to understand the contextual environment in which the auditor and client operates, therefore, a case study approach is most suitable (Saunders et al., 2009). Additionally, this study adopts a qualitative research methodology which is associated with a case study design of analysing a codified series of qualitative data (Eisenhardt, 1989). An experimental design is not relevant because the social interaction is a natural behaviour of human beings and therefore, it is problematic to obtain the satisfactory level of control (Bryman & Bell, 2015). Consequently, this study is not concerned with the analysis of data generated from an experiment of the auditor and client (Crowe et al., 2011).
4.2 Data collection

Considering the purpose of this study, a qualitative research methodology has been chosen. Qualitative data is usually gathered through in-depth interviews, observations or focus groups (Yilmaz, 2013) and neither of the sources are better than the other but should be chosen based on this study’s purpose (Yin, 2013). Since this study aims to analyse the experiences and opinions of auditors’ and their respective clients’ when it comes to the challenges in the social interaction, face to face interviews were considered most appropriate compared to observations and focus groups. Observations as a data collection method could have been used to be able to capture the challenges in the social interaction in real time between the auditor and client when entering discussions concerning different issues during the audit process. However, this method is not suitable as this study aims to explore auditors versus client’s own perceptions about different challenges that may arise in the social interaction, which the eye is not able to capture. In addition, besides that it was difficult and time consuming to find interviews in the first place, it was also challenging to find interviews with auditors’ and their respectively clients in order to pair them together. Following this experience, focus groups and observations was reasonably not an option as a data collection method since it would be even more challenging in regards to this study’s relatively limited time-frame. In addition, the use of focus groups would probably not be able to cover the challenges within the social interaction as is might be a too sensitive topic to discuss in front of each other, leading them to restrain from answering truthfully. Meanwhile, interviews allow the researcher to analyse feelings and experiences in an interactive process with the interviewee (Saunders et al., 2009), namely the auditor and client. Interviews are also able to gather rich, empirical data about the challenges in the social interaction between the auditor and client, making it an efficient data collection method (Eisenhardt & Graebner, 2007). However, it may be noted that the interviewee may be affected by the fact that they are being studied and, in turn, try to appear differently which is to the disadvantage of this study (Eisenhardt & Graebner, 2007; Denscombe, 2016; Bryman & Bell, 2015).

The data collection can be divided into two stages, that is, a preparatory study and a main study. Four preparatory interviews were conducted with one audit assistant, an ex-manager of general accounting, one CFO and one CEO, each from different companies. The idea behind the preparatory study (Appendix 1 & 2) was to obtain a basic understanding of when
social interactions occur between the auditor and client during the audit process which further helped the preparation of this study and also shaping the interview guide (Appendix 3 & 4) for the main study. From the interview with the ex-manager of general accounting it appeared that (s)he saw auditors as annoyance and wanted to get the audit process to be over with as soon as possible. Therefore, the interviewee did not intentionally try to influence or question the auditors during the audit process. This gave the researchers valuable insights as her/his answer could easily be applicable to prior research findings which further caught their eyes for the chosen topic. During the interview with the audit assistant, it appeared that (s)he had faced difficulties in connecting with some clients which may relate to the negative sentiment from the client’s side. Personal chemistry emerged as an important topic throughout the interviews as the CEO also emphasized the importance of the auditor-client relationship. Lastly, the CFO and the other interviewees stated that social interaction between the auditor and client occur not only in the audit planning (Hellman, 2011), but also during the audit execution and reporting phase. Thus, the discussions during the interviews with the participants constituted input to the subsequent choice of exploring the challenges in auditor-client interactions during the whole audit process. The main study consists of seven paired interviews with auditors and clients. In total, 15 interviews were conducted with 7 auditors and 8 clients. The reason beyond adding one extra client was because one of the auditor-client pairs had only interacted in the acceptance phase, thereby, the analysis could not continue to the following phases of the audit process.

The interview guide for the preparatory study is written in English as one of the interviewees was more comfortable with the English language (Appendix 1 & 2). Meanwhile, the main study (Appendix 3 & 4) is written in Swedish because the researchers and the interviewees speaks Swedish given the impression that was received during the interaction made face to face or via the phone when proposing the question of willingness to participate in an interview. Moreover, the interviews were conducted in Swedish in order to facilitate the communication by reducing misunderstandings and also creating a relaxed atmosphere. The interview guides are semi-structured as it gives flexibility to spontaneously ask relevant follow-up questions during the conversation (Bryman & Bell, 2015). This type of interview also made it possible for the interviewee to express their thoughts more freely about the social interaction (Denscombe, 2016). It is the most suitable
given the researchers limited practical knowledge about the audit process and the limitation in literature concerning the social interaction between auditor and client. Structured interview is therefore not possible because it assumes the researcher to be highly knowledgeable about the research topic (Denscombe, 2016). Furthermore, the interview guides include open-ended questions to give the interviewees space to express their experiences and thoughts in a broad way instead of simply answering with either yes or no. This, in turn, gives rise to the interviewee to recall and describe situations as well as issues rather than run the risk of steering the conversation towards fruitless, foreseeable answers (Gubrium & Holstain, 2011). Similar type of questions were asked to both auditors and clients to be able to compare their answers. Moreover, the answers from one person in the dyadic relationship was reframed into questions to the other person in order to hear her/his view as the matchmaking of the actors constitute the core of this study. The main interview guide (Appendix 3 & 4) were clustered in four themes; the auditor-client relationship, expectations, status and interactions as well as behaviour in order to have a clear structure throughout the interview (Bryman & Bell, 2015). Before the main interviews were conducted, the questions were tested by interviewing a client who is not part of this study which provided some valuable feedback in terms of understandability and time (Denscombe, 2016). The first version of the interview guide contained some overlapping questions regarding interactions and behaviour which was removed based on the result from the test interview. This resulted in short and cohesive interview guide that gave more space for follow-up questions as well as questions that was linked to the interviewee counterparty’s answers.

### 4.3 Operationalisation

The social interaction is defined as the process which includes the acts that people perform toward each other and the responses they give in return (Macionis, 2009). To explore the challenges in the social interaction between the auditor and client, interviews with both actors of an actual pair must be conducted. The interview guides for this study (see Appendix 1 & 2) consists of an introductory question and 6 open-ended questions, which are complemented with follow-up questions and questions inspired by the opposite actor in the dyadic relationship. The collection of questions is able to capture the different elements and challenges in the social interaction between the auditor and client as well as how and where the social interaction takes place. The elements in the interview guide are the social
interaction between the auditor and client, audit process, behaviours, statuses, roles, expectations, similarity attraction and decision-rights. Since an auditor has multiple clients, they were informed in the beginning of the interview to omit those firms with an audit committee and/or internal auditor. This is because internal auditors (Argento et al., 2018) as well as the audit committee (Hellman, 2011) takes away the natural social interaction from those who work with the firm’s accounting such as the CFO.

The interview guide starts off with letting the interviewee introduce himself or herself:

1. Auditor: Who are you? Tell us about yourself.
Client: Who are you? Tell us about yourself.

The purpose of the initial question was to find out formal aspects that could contribute to the interviewee’s social status such as work experience, theoretical education and position at their company (Gregg et al., 2018). This personal information is needed in the beginning to also adapt the interview according to the person (Denscombe, 2016), but also if their status is being valued by their opposite auditor which is a question later in the interview guide. To steer the conversation to the first subject of the interview, the interviewee were asked about the auditor-client relationship by taking it all the way back to the beginning of the audit process, that is, audit engagement:

2. Auditor: What determines which client you choose to accept?
Client: What determines which auditor you choose to accept?

This question is inspired by the similarity-attraction paradigm suggesting that the auditor and client chooses one another that they are similar to in terms of sociodemographic space such as values, competence and social status (Wells & Aicher, 2013; Roebken, 2010). It gives an understanding of what aspects the interviewee dislikes and what attracts them because similarities facilitate the social interaction (Lincoln & Miller, 1979). Based on the interviewee’s answers about what they observe before an audit engagement, the next question asks the interviewee to describe their relationship with their respective auditor or client:

3. Auditor: How would you describe your current relationship with your clients?
Client: How would you describe your current relationship with your auditor?

The purpose of this question is to understand how the auditor and client socially interact in their relationship, which is either characterized as being proactive or reactive (McCracken et al., 2008) and possibly also as a seller and buyer relationship (Beattie et al., 2001). From this question, it is also possible to identify several possible threats to auditor’s independence such as self-review and friendliness (FAR, n.d.). In addition, the question is to detect if there is a negative sentiment toward one another due to dissimilarities when it comes to expectations the ideal auditor-client relationship should be (Bhattacharjee & Moreno, 2013). This leads us to the following question:

4. Auditor: In your relationship, what do you expect from the client? Why?
Client: In your relationship, what do you expect from the auditor? Why?

The auditors’ and clients’ behaviours are characterized by the expectations that they have on one another (Manning, 1992). The interviewees are asked to explain the expectations and the reasoning behind them. In the next step, they were asked if the expectations on them are reasonable and to what extent the interviewee really wants to fulfil the expectations. Question 5 then addresses the incomplete contract (Wang, 2016) now that their relationship, social structure and roles has been explained:

5. Auditor: Who would you say has the power in your relationship? Why?
Client: Who would you say has the power in your relationship? Why?

The question intends to make them reflect on the residual control or decision rights in the relationship (Royal Swedish Academy of Sciences, 2016; Schmidt, 2017) and how they perceive each other’s social value stemming from the social status (Gregg et al., 2018; Swencionis & Fiske, 2018). By requesting the interviewee to also recall situations where disagreements arose and explaining how the issue was solved, indicates how much the auditor and client value each other’s social status (Gregg et al., 2018). If interviewees cannot recall any disagreements or situations, it might be that they value each other equally. The next question sharpens Question 5 by directly ask about their opinions on each other:
6. Auditor: What is your opinion on the CFO, CEO, the board or the owners that you interact with?
Client: What is your opinion about the auditors you interact with?

The idea is to wrap up the theme of social status by simply ask what they think about one another. Status will help to make sense of why they play a specific role and why they expect certain behaviours of one another (Linton, 1936). The final is a broad question in an attempt to wrap summaries and wrap up the interview:

7. Auditor: How would you describe the social interaction throughout the audit process? (Audit planning/Audit execution/Audit reporting?)
Client: How would you describe the social interaction throughout the audit process? (Audit planning/Audit execution/Audit reporting)

The idea behind this question is to connect aspects that has been so far discussed with connection to an actual audit process (Carrington, 2014) that has taken place. In the process, the researchers take a step back by letting the interviewee take the command of the interview by narrating a historical scenario. However, whenever the interviewee set foot in an interesting issue that needed a careful explanation, follow-up questions were asked and questions were inspired from the respective client or auditor. The interview guide has included a wide range of questions and topics that the interviewee would most likely encounter by explaining the audit process. If not, the researchers were prepared to ask additional questions. For instance, how and why a certain issue arose, how they managed to find a common ground, how often they meet, what happens during the face to face meetings, how they prepare for the meetings, how they would describe the cooperation and communication. These questions deal with behaviour and the social interaction which reasonably is understood better with a connection to an actual audit process that has occurred.

4.4 Sample selection

Sample is known as the subset of a population and is a thoroughly process because the consequence of interviewing non-suitable individuals would result in a loss of time (Ejvegård, 2009). To avoid this, several criterias has been established (Bryman & Bell,
Firstly, the auditors need to be authorized as they are in most contact with their clients and thus, handle most of the social interactions. The work performed by an audit assistant mostly involves the practical audit work such as tracing the amounts and disclosures found in the financial statements to the company’s books and records (Carrington, 2014). Secondly, firms with audit committees and internal auditors are excluded. Internal auditors have proven to be an influential actor in the auditor-client relationship (Argento et al., 2018) as well as the audit committee (Hellman, 2011) which takes away the natural social interaction from those who extensively work with the firm’s accounting such as the CFO. Thirdly, the size of the client’s firm have to be large enough for it to have a financial department which require the auditors to visit the firm and do a fieldwork. It is also less likely that a public accountant doing the accounting which would, to an extent, take away the actual social interaction between the auditor and client. Lastly, the interviewees need to be matched, that is, the client and the auditor have to be in an ongoing auditor-client relationship stipulated by the audit contract.

The interviewees were chosen through subjective selection which is a method where the “elements selected for the sample are chosen by the judgement of the researcher” (Black, 2010, p. 26). Opposite to a subjective selection is random selection which is not suitable because there have to be a pairing between the auditor and client. Although a random selection could have been made from the auditor’s client portfolio, the client needs to fulfill the criterias. The researchers concluded that a subjective selection is more appropriate in consideration to the exploratory nature of the purpose of this study. In addition, the researchers in this study believed that they could obtain a representative sample by using their sound judgement in order to save time. Based on the knowledge gained from the preparatory interviews, it was evident that audit assistants are not suitable due to the limited social interactions with the client. Therefore, the researchers deliberately took the decision to only interview authorized public accountants to ensure a rich qualitative data. From the early interviews with the auditors, it was evident that CFO’s and CEO’s are individuals that auditors frequently socially interact with. Social interactions with the board also occur, especially during the audit report phase. This is why two CEO’s and two board members are part of the interviewees, which is acceptable because they are also included as the auditors’ clients. For the main interviews, the first chosen interviewees were booked with individuals who the researchers were familiar with due to, for instance, previous working
experience. This works because the researchers have obtained knowledge of the individuals and, therefore, it is most likely that they could provide the rich empirical data (Denscombe, 2016).

All of the interviewees could not be chosen via subjective selection due to the researchers’ limited contact network which is why the sampling is transitioned to a convenience sampling method, where researchers chose interviewees close at hand (Denscombe, 2016). This sampling method is motivated by being less time-consuming in order to collect empirical data with considerations to the restricted time horizon of this study. Further, it is a common method in exploratory studies, making this sample method relevant (Denscombe, 2016). The starting point was to get in contact with the auditors as they are the most difficult people to reach due to their intense working period during spring (Gertsson et al., 2017). Furthermore, the auditors have a portfolio of clients to choose from, making it more reasonable to get in contact with them first since clients only socially interact with at least one authorized public accountant and their respective assistants. In turn as the seven auditors accepted to participate in an interview, they were given a fictitious name, meaning that the first auditor was called Auditor 1. As a result, the Auditor 1’s respective client is called Client 1. However, an issue arose during an interview as one of the clients had only socially interacted with her/his auditor during the audit engagement. The researchers solved this issue by interviewing another respective client in order to capture the social interaction during the whole audit process which resulted in Client 1-B. Therefore, the first auditor interacts with two different clients in this study. Finding the auditors respective clients was done through www.allabolag.se which is a public website that gives access to financial statements, executives, credit reports, addresses and other companies in Sweden (Allabolag, n.d.). After having found the respectively client organization through www.allabolag.se, an electronic mail was sent to the client firm’s CFO. However, no responses had been received within a reasonable timeframe which is why the researchers had to approach it differently. Other than the four interviews obtained through subjective selection, nine interviews were obtained by meeting the interviewee face to face at their office and ask them if they wanted to participate in an interview as this was proven to be the most effective way to get their attention. The remaining two interviews were obtained through phone calls due to the geographical distance and the risk of being denied and thereby, losing time spent on travelling. The researchers were well aware that
their own personal identity could affect the empirical data from the interview if the individuals agreed to it (Denscombe, 2016). Considering the failure of attracting participants through electronic mails, the researchers reasoned that in order to be able to convince auditors and clients to participate, they would have to engage in a short conversation first and present themselves personally. When interacting with the interviewees, the purpose and the main aspects of the study was also thoroughly explained in order for them get a basic understanding. By prioritizing geographical proximity due to limitations of resources in terms of cost and time, the interviews were conducted in Scania.

### 4.5 Conduct of interviews

This study utilizes interviews to collect empirical material. During all interviews, the interviewees were informed that it is acceptable to refuse answering a specific question. This was due to the researchers’ willingness to show respect as this is an important aspect in ethical consideration (Rubin & Rubin, 2005). The preparatory interviews were conducted at the end of January and February in order to get an early start in the process of this study. The interviews has been compiled in table 4.1 found below, revealing the fictitious names, date, position and duration of the interview.

<table>
<thead>
<tr>
<th>Name</th>
<th>Date</th>
<th>Position</th>
<th>Interview time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparatory client 1</td>
<td>2019-01-31</td>
<td>Chief Financial Officer</td>
<td>23 minutes</td>
</tr>
<tr>
<td>Preparatory client 2</td>
<td>2019-02-11</td>
<td>Ex-general manager of general accounting</td>
<td>27 minutes</td>
</tr>
<tr>
<td>Preparatory client 3</td>
<td>2019-01-31</td>
<td>Chief Executive Officer</td>
<td>9 minutes</td>
</tr>
<tr>
<td>Preparatory auditor 1</td>
<td>2019-02-21</td>
<td>Audit assistant</td>
<td>11 minutes</td>
</tr>
</tbody>
</table>

Table 4.1: Compilation of preparatory interviews

The first preparatory interview with Preparatory client 1 was conducted by only one researcher. The researcher is familiar with the CFO due to a past working relationship which entailed a relaxed conversation over a lunch at a restaurant. It is reasonable that this informal way to interview made the interviewee more willing to talk about certain issues and experiences. However, the location is a public space with other people around who were able to hear the conversation which may constrain the interview to be fully effective. Considering the location, tape recording was not an option because of too much outside
noise. In the interview with Preparatory client 2 who is an Ex-manager of general accounting, both researchers were present. The interview took place at her/his office and was therefore undisturbed. In order to avoid any misunderstandings from the person being interviewed, the interview was tape recorded in form of a smartphone placed on the table in front of the interviewee to ensure that at least one of the researchers’ smartphones recorded the interview. This choice of strategy might be unpleasant for the interviewee (Denscombe, 2016) but none of the interviewees in neither the preparatory study nor the main study gave any readable signals of discomfort. However, the researchers reasoned that placing the smartphone within reach of sight gives transparency which will make the interviewees feel more comfortable. Using a dictaphone was not an option as the researchers do not own such an electronic device and borrowing from a library is not possible due to a limited loan period. The preparatory interviews Preparatory client 3 and Preparatory auditor 1 are evidently short. Although short interview time, they are classified as interviews because their answers gave the researchers some practical knowledge about the audit process which could not obtained through Carrington’s (2014) book. Based on these preparatory interviews, the researchers became successively more comfortable in conducting an interview and interact with the interviewee as it is a two-sided task. Thereafter, the researcher was better prepared for the upcoming main interviews which was the main purpose of conducting preparatory interviews. The main interviews were conducted at the end of April and throughout the month of May. The interviews have been compiled in two tables, one for the auditors shown in table 4.2 and one table for the clients in table 4.3. Both tables are presented below.

<table>
<thead>
<tr>
<th>Name</th>
<th>Date</th>
<th>Position</th>
<th>Interview time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditor 1</td>
<td>2019-05-06</td>
<td>Authorized public accountant</td>
<td>55 minutes</td>
</tr>
<tr>
<td>Auditor 2</td>
<td>2019-04-23</td>
<td>Authorized public accountant</td>
<td>53 minutes</td>
</tr>
<tr>
<td>Auditor 3</td>
<td>2019-04-26</td>
<td>Authorized public accountant</td>
<td>65 minutes</td>
</tr>
<tr>
<td>Auditor 4</td>
<td>2019-04-25</td>
<td>Authorized public accountant</td>
<td>20 minutes</td>
</tr>
<tr>
<td>Auditor 5</td>
<td>2019-04-26</td>
<td>Authorized public accountant</td>
<td>58 minutes</td>
</tr>
<tr>
<td>Auditor 6</td>
<td>2019-04-23</td>
<td>Authorized public accountant</td>
<td>58 minutes</td>
</tr>
<tr>
<td>Auditor 7</td>
<td>2019-05-14</td>
<td>Authorized public accountant</td>
<td>44 minutes</td>
</tr>
</tbody>
</table>

Table 4.2: Compilation of auditors’ main interviews
Table 4.3: Compilation of clients’ main interviews

Since the process of selecting interviewees begun with getting in touch with the auditors, the first two interviews were with auditors. On the 23rd of April, the first interview with Auditor 2 was at the auditor’s firm in a conference room, while the second interview with Auditor 6 was in a separate room, thereby the interview could be held privately from their colleagues. Both of the researchers were present during the interviews. Here, two smartphones were placed on the table to record the interview. After these two interviews, the researchers became comfortable with the interview guide and the type of interviewee which made the upcoming interviews more relaxed. The interviews benefited from a more relaxed approach by letting a conversation naturally grow, instead of, the discussion being shaped by the questions that the researchers had in mind (Denscombe, 2016).

On the 25th of April, the interview with Client 6 who also participated in the preparatory study (Client 1 in the preparatory study), was conducted by the same researcher again because the other researcher was at another location preparing for an interview with Auditor 6 in her/his office. During the former interview, the interviewee offered the researcher to participate in the morning coffee with the firm. The researcher chose to accept the offer because it was an opportunity to get acquainted with their work environment as well as colleagues and above all, the interviewee. Once the interview started, the recording device was within the reach of sight for the interviewee. Granting that Auditor 6 had already been interviewed two days before, the researcher wrote some notes of her/his answers on the interview guide to hear Client 6’s side of their dyadic relationship which gave richer empirical data. This was obviously executed without mention Auditor 6’s identity, thus the
question was formulated in a general way. Meanwhile, the other researcher had to conduct the interview at Auditor 4’s office. When arriving at her/his office, it transpired that Auditor 4 did not have a private office, instead, sharing her/his space with one of her/his employees. This may have caused the interviewee to restrain her/(him)self and adjust the answers in order to appear more competent due to nature of being an observant (Denscombe, 2016). The shared office was the most optimal spot compared to the lobby that was the only other alternative. Furthermore, the auditor’s colleague disturbed the conversation multiple times by making noise when printing papers. Therefore, the publicness is probably a contributing factor to why the interview did not last as long as the other interviews. The blame, however, should not solely be on the interviewee as the researchers could have planned the interview when both researchers were available, thereby being able to support each other. Thereto, the placement of the smartphone to record could also have an affect but it seemed that (s)he was uncomfortable with the questions rather than the recording. By and large, the interview lasted only 20 minutes which led to the question if another interview should be looked for. However, when having transcribed the material from the interview, some interesting indications could be drawn in relation to what later on was expressed by Client 4. Therefore, the researchers did not feel the need to search for another auditor-client pair.

On the 26th of April, interviews with Auditor 3 and Auditor 5 were conducted with both researchers present during the interviews. The former interview took place at the auditor’s office where privacy could be achieved, and the latter interview was also private but in a separate room from the auditor’s office. In similarity with previously conducted interviews, the researchers decided to place their smartphones on the table for tape recording as the previous interviews did not express any discomfort. Three days later, on the 29th of April, an interview with Client 2 was conducted at their conference room. The way in which the additional questions (e.g. what do you think about bringing new audit assistants into the audit process?) were tailored based on Auditor 6’s answers in the interview with Client 6 proved to be a fruitful. The researchers continued this approach with Client 2 and for the remaining interviews. On the 6th of May, the interviews with Auditor 1 and Client 1 both took place on the same day. Unlike the interview with Auditor 1 who was held in a private room, the interview with Client 1 was conducted in a smaller open-plan office. The researchers and the interviewee were alone at first but after approximately 21 minutes into the interview, the Chairman of the board joined on the behalf of Client 1 as (s)he waved at
her/him to join when (s)he was passing by Client 1’s office. Although the researchers were a bit startled by the sudden mid-course correction, they managed somewhat to adapt to the situation by readjust the interview to a focus group as an unique opportunity was given. The suddenness and inexperience with a focus group resulted in some redundant answers that has been covered before the chairman joined but still, the researchers were satisfied given the unforeseen situation as some answers were new and relevant. The interview with Auditor 1 and Client 1 were tape recorded with smartphones placed on the table as well.

Moving further into the month of May, more precisely, on the 9th of May, Client 3 suggested that the interview would be conducted in an unoccupied break room. Luckily, no one came and disturbed the interview held by both researchers which resulted in a clear as well as sharp recording sound. The day after, on the 10th of May, an interview was conducted with Client 4. This interview lasted for 29 minutes as Client 4 mostly socially interact with Auditor 4 in the audit reporting phase, hence the interview was short because a large part of the audit process was excluded. Client 4 made it clear that audit planning and audit execution phase was the CFO’s area of responsibility and in order not to misinform the researchers, the interview revolved mostly around the audit reporting phase. Client 4’s honesty was appreciated by the researchers.

When it comes to the interview with Client 5 and Client 7 on the 10th of May, some unfortunate circumstances occurred. Firstly, in respect to Client 5’s wish, the interview was not recorded but the researchers were allowed to take notes with their computers. The researchers both wrote notes throughout the interview and took turns asking questions. This was to complement each other’s notes, but the researchers realized when combining the written notes afterwards that the outcome would most likely be better if one of them focused on the interview and the other solely took notes. The juggle between notes and asking questions resulted in limited empirical data as well as a short interview time as the interview could not fully obtain a relaxed atmosphere by naturally letting a conversation take shape (Denscombe, 2016). Secondly, the interview with Client 7 was interrupted by two business calls that slightly disturbed the flow of the interview, but the researchers were still satisfied with how the interview turned out and obtained rich empirical data. Here, two smartphones were placed on the table as recording devices.
The last interview with an auditor on the 14th of May, Auditor 7 was conducted by one researcher due to the appointment scheduling and geographical distance. Auditor 7 worked until late in the evening and therefore, it was not optimal for the other researcher to attend. Nevertheless, the researcher felt confident in her/his ability to conduct the interview by her/(him)self granting that interview was the fourteenth of this study. In addition, the interview was recorded which allowed the other researcher to take part of the interview. The interview with Auditor 7 proved to be fruitful in terms of the amount and quality of the empirical data. Denscombe (2016) argues that the number of interviewers might have an effect on the interview. Although it was only three interviews that were conducted separately by the researchers, it was clear that the interviews were better when both were present as it enabled the researchers to complement each other when asking the questions and thereby, obtain more empirical data. Against this background, the last interview on the 27th of May, the interview with Client 1-B was conducted with both researchers present. Unlike the other 14 interviewees, this interview was conducted by telephones and recorded on a computer as Client 1-B did not have the opportunity to have a face to face interview.

4.6 Data analysis

As the interviews were conducted one after another, they were transcribed before the next interviews were conducted in order to identify potential improvements that could be made for the remaining interviews. After all of the 15 interviews has been conducted and transcribed, a large amount of unstructured textual empirical data was presented. To be able to handle the data, a systematic approach, inspired by (Ryan & Bernard, 2003)and Bernard (2003) data analysis approach, was adopted by the researchers in this study. The first step was to identify themes. Identifying themes is a necessary task when dealing with qualitative research because without any sort of thematic categories, there is nothing to compare, describe or explain (Ryan & Bernard, 2003). The content analysis uses themes which in its essence holds the same meaning as for example categories, concepts and units (Ryan & Bernard, 2003). Several approaches exist to identify themes. In similar to how researchers use different terminologies when it comes to themes (Ryan & Bernard, 2003), in this study, the classification by Hsieh and Shannon (2005) was followed.

To capture the essence of the pairs’ dyadic relationship, each member of the pair was first themed separately. For instance, a theme sheet was created for Auditor 2 and Client 2.
Thereafter the sheet with themes was put up against each other in order to create a mirror effect. For instance, the sheet with the themes for Auditor 2 was mirrored against Client 2’s sheet of themes. This was done for all of the pairs. The themes in the sheets was found by using the directed approach. The directed approach uses the literature review as a lens and serves as a guidance for finding initial themes corresponding with the concepts in the literature review (Hsieh & Shannon, 2005). Although the objective with the directed approach is to validate theories, which obviously does not correspond with the design of this study, it is still a suitable approach. This is because there is a lack of prior studies about the phenomenon of social interaction in the auditor-client context (Hsieh & Shannon, 2005), thereby, enabling the researchers to search for new findings in order to complement the limited existing literature. In light of this study’s abductive research approach, the sheet of themes was supplemented by the conventional approach in order to complement the directed approach findings and to enrich the analysis. Hence, the transcribed material from Pair 2 was themed once again, the themes found with the conventional approach was added to the existing sheet of themes created by the directed approach. This means that the sheet of themes now consists of both themes from the literature review, but also new themes inductively derived directly from the empirical data. New themes emerged strictly from the empirical data which might further develop the adopted theories and concepts (Hsieh & Shannon, 2005).

The second step of Ryan and Bernard’s (2003) approach is to screen out themes to be able to manage the empirical data. Themes that were obviously not directed to each other were removed. However, general answers not related to the auditor’s respective client was used to be able to draw general conclusions and strengthen the matching pairs statements. Instead of linking the themes into the theoretical model which Ryan and Bernard (2003) proposes, this study links the auditors’ respectively clients’ theme sheets with themes in order to find similarities and differences. As an illustration, Appendix 5 presents the theme sheet for all auditors in this study. Likewise, Appendix 6 present the theme sheet for all clients in this study. The purple boxes represent the themes that emerged from the data whereas the blue boxes are themes that relates to the literature review (See Appendix 5 & 6). Viewing the sheet of themes from the far left, the main themes is disintegrated and sub-fragmented into smaller themes, that is, second, third and fourth themes.
4.7 Data presentation

After the theme sheets had being made, the next dilemma was to figure out how to present and structure the large amount of empirical data in chapter 5 in order to provide the reader a clear mirroring of the seven interviewed auditor-client pairs. Since the seven pairs are real auditor-client pairs and not coupled by the researchers, the data presentation has to be clearly expressed as the true matchmaking is part of this study’s originality. Basically, the data could be presented in two approaches. The first approach would be to present the relevant findings related to each pair. Therefore, the salient aspects for each auditor-client relationship would be presented separately. The second approach, instead, would be a presentation in which the findings relates to all auditors and clients to emphasise common or diverging trends. Both ways to present the data could be appropriate depending on the specific issue at stake.

The context of audit can be better discussed and analysed by following the structure of the latter data presentation approach. In other words, clients’ opinions are intertwined and compared with the auditors without regard to the matchmaking. This is because the findings revealed that the dramaturgy genre applies to all auditor-client relationships on a general basis. The chapter about physical setting was presented in a similar manner because it would be redundant to present the same findings for each pair, instead, the researcher could easily present the general consensus. The following chapters dealing with audit engagement, pre-planning, the reception, audit planning, audit execution and audit reporting are presented in regard to their pairs. This means that the data is presented pair after pair where the analysis is iterates between presentation of the findings and literature as well as what has emerged from the previous pairs.

4.8 Trustworthiness

In comparison to quantitative research where reliability and validity is the two prominent criterias when assessing the quality of a study, qualitative research, on the contrary, is assessed by its trustworthiness (Bryman & Bell, 2015). This study adopts the four criterias by Lincoln and Guba (1985) that are used to evaluate a qualitative research, namely, (1) credibility, (2) transferability, (3) dependability and (4) confirmability. The following
paragraphs will bring forward some points to show that the researchers have recognized and made attempts to obtain as high trustworthiness as possible.

The first criteria, credibility, deals with how credible the findings are given the empirical methods to produce it (Lincoln & Guba, 1985). If readers should be able to assess the credibility of this study, the researchers need to ensure rigor in the research process but also communicate it clearly to them (Morrow, 2005). In light of this study’s dyadic nature, the researchers have thoroughly argued for how the interviewees were selected and the conduct of interviews. The researchers should also be able to argue for the techniques that have been used when analysing the data (Patton, 1999) which has arguably been done and shown by the theme sheet for both auditors and clients that have been composed in the data analysis process. Furthermore, the reader is also provided with a detailed presentation of the data and the thoughts behind the different choices made by the researchers. The credibility aspect also deals with how the empirical data corresponds with the interviewee’s reality (Bryman & Bell, 2015). In other words, the interviewed pairs should recognize themselves in their answers which was taken into consideration by the researchers when designing the interview questions. For instance, question 7 where formulated in a way for the interviewee to narrate a historical audit process which they have experienced themselves. To further gain credibility, the interviews that were allowed to be recorded were transcribed in order to avoid misinterpretations of the answers (Bryman & Bell, 2015), expect for Client 5 who refused to be recorded which was respected.

The second criteria, transferability, refers to the extent to which the researchers are able to provide the reader with sufficient evidence that this study’s findings are applicable to other contexts and populations (Morrow, 2005; Lincoln & Guba, 1985). The qualitative research, as opposed to quantitative, is more focused on depth rather than application to a wider population (Bryman & Bell, 2015). In consideration of this study’s purpose which focuses heavily on auditors and clients in the audit process, the transferability is reasonably the criteria that hampers the trustworthiness. Therefore, it is important that the researchers shed light on the boundaries and provide the reader with descriptive data in order for future researchers to assess the transferability of this study (Lincoln & Guba, 1985). This has been achieved by providing extensive information about the sampling selection, the context and
as much information as possible about the interviewees without exceeding ethical considerations.

The third criteria, dependability, represents the consistency of the data collection (Lincoln & Guba, 1985). This criterion is part of the trustworthiness because the findings are supposed to be consistent and repeatable (Pandey & Patnaik, 2014). The dependability could arguably be questioned as the interviews has not been consistent throughout the fifteen interviews. However, consistency is difficult, or almost impossible to achieve since this study deals with human beings in a dyadic relationship and their social interaction. This means that the empirical material consists of the interviewees’ own perceptions about the challenges in the social interaction depending on their historical experiences which varies noticeably among the interviewees. Following this line of thought, the questions in the interview guide needed to be slightly reframed after having interviewed the first person in each pair to be able to match their answers and take advantage of the researchers’ genuine attempts to find the matchmaking pairs. This means that the second interview in each pair was, to an extent, dictated on the data collected from the first interview. As a result, the dependability of the data collection is arguable not at a satisfactory level as the researchers needed to adapt to each pairs unique relationship and social interaction, thereby the findings may not be able to be repeated because it relies heavily on what the interviewees said in each interview. Repetition would reasonably be possible if the researchers used a structured interview guide and consistently sticked to it but this is not suitable considering the purpose of this study.

The fourth and last criteria, confirmability, deals with the extent of objectivity by evaluating how much the researchers have affected the result. In other words, compliance of the result with the empirical data (Lincoln & Guba, 2015). This study focuses on a dyadic relationship, meaning that the data was structured and themed in order to match similarities as well as dissimilarities of each pair which increase the confirmability. Some matches were found by only taking into account what was said verbatim in the transcription while some others were found by also taking the intention of the interviewee’s answers into account. Hence, there is a limited amount of interpretations when it comes to the matchmaking of the pairs answers. However, the researchers’ personal value, motivation or interest have
had minimal influence in this study which also increase the trustworthiness (Bryman & Bell, 2015).

4.9 Ethical consideration

In consideration to the qualitative research methodology and interviews as a data collection method, the researchers are expected to take ethical considerations into account. It is expected that the researchers ethically behave appropriately in relation to the interviewees as well as those affected by this study (Saunders et al., 2009; Bryman & Bell, 2015). In this study, three main ethical considerations have been made in order to avoid ethical dilemmas and difficulties. First, the purpose of this study was clearly explained to the participants (Bryman & Bell, 2015) in order for them to decide whether they wanted to participate in this study or not. This was also carefully done through right before the interviews started, without going into any details of this study. The interview guide, however, was not sent in advance so as to avoid the likelihood of them either mentally or writtenly prepare for the interview resulting in skewed answers.

Second, one could argue that it is unethical not to inform the auditor and client about the interview with their client respectively auditor. If the analysis would have had any chance of being at a sufficient level given the two-sided approach of this study, the decision was taken not to inform the auditor and client. If they knew that the researchers would interview their respectively client or auditor and their identity, they would probably not share their honest opinions despite the promise of confidentiality. However, the researchers concluded that in the end, none would be hurt by the fact of withholding the information to the auditor and client about the interview with their client respectively auditor. This is because if this study would be sent out to the interviewees to take part of the finished study, they would not know who they are due to the fictitious name given by the researchers. In other words, the researchers are the only ones knowing the interviewees identity, thereby not putting any of the interviewees in danger. In the presentation of the findings, the researchers have intentionally used terms such as (s)he, her/him and her/(him)self in order to further protect the interviewees identity by not revealing their gender.

Third, the consent from the interviewee to take part of an interview was done orally in the first face to face encounter at their office and in writing (Appendix 7). Days before the
interview would be conducted, a request for consent to tape record the interview was sent through an electronic mail (Appendix 7). This was also double-checked by asking them once again before the actual interview would start if recording was acceptable. Since human beings are dealt with, the interviewees’ identity must be protected. Anonymity is an undeniable standard for educational research (Walford, 2005), however, anonymity could not be granted as the researchers know the interviewee’s identity. To protect the individuals in this study, confidentiality was promised in writing (Appendix 7). The electronic mail states that the interviewee’s identity and recording would stay only between the researchers and the interviewee. Moreover, the electronic mail states that they would be given a fictitious name in this study in order not to reveal their identity. The advantage of confidentiality is that the participants are more likely to answer the questions more honestly as they know that they will not be exposed or identified with their answers (Walford, 2005). Likewise, the researchers do not intend to distort the collected empirical data in any form or fashion to use it for any other purpose than for this study.
5. Analysis

This chapter aims to provide the reader with an analysis of the challenges that arose from the empirical findings in the social interaction between auditors and clients. This analysis follows the design of the dramaturgical play, i.e. the audit process. Each phase of the audit process will henceforth be called act. Meanwhile, each pair will be presented as a stage, for instance, stage 1, stage 2 etc. Below, each stage will be presented in order to provide the reader with a better understanding for the coming analysis. The main aspects that affect and influence the social interaction between the auditor and client are certain characteristics of an audit (i.e. bilateral task, standardization of the audit report and interpretations) and the physical setting in which the actors in the dramaturgy operates, which will set the foundation for the analysis. Thereafter, the chapter will follow the structure of the dramaturgy that could be identified through the analysis of the findings. The following five acts can be distinguished, Act 1. Audit Engagement, Act 2. Pre-planning, Act 3. Audit planning, Act 4. Audit Execution and Act 5. Audit reporting. Each stage is presented below:

**Stage 1-A** consists of Auditor 1 and Client 1-A. Although Auditor 1 has only socially interacted with Client 1-A during the audit engagement act, this stage provided some interesting corresponding and divergent opinions which is why stage 1-A is included in the analysis. This means that their relationship is a newly established relationship.

**Stage 1-B** consists of Auditor 1 and Client 1-B who has, unlike stage 1-A, socially interacted throughout the whole audit process. Auditor 1 is a senior and Client 1-B is also a senior who is the owner of the firm and a working chairman of the board. Auditor 1’s relationship with Client 1-B was established two decades ago.

**Stage 2** consists of Client 2 who works as a chief accountant in a company where Auditor 2 is responsible for the audit. Auditor 2 is a senior who have worked as an authorized public accountant for many years. Client 2 is also a senior and has had Auditor 2 for several years which means that their auditor-client relationship is long-termed. However, their relationship was not established by Client 2’s choice, instead their relationship was decided by the parent company. Interestingly, Client 2 has previously worked as an auditor at the same accounting firm as Auditor 2 for several years.
Stage 3 consists of Client 3, a senior who has held the position as the CFO in the company for many years. Her/his counterpart, Auditor 3, is a senior authorized public accountant who is very experienced. This stage shares the same features as stage 2 as Client 3 and Auditor 3 also were given an auditor by their parent company and has been in an audit engagement for many years.

Stage 4 consists of Client 4 senior in the position as the CFO and the owner of the firm for several years. Her/his respective Auditor 4 is a senior who has been working within the auditing profession for many years. Compared to stage 2 and stage 3, this relationship is somewhat newly established.

Stage 5 consists of a newly established relationship as Client 5 who is also the CFO, began her/his career at this company recently. This means that Client 5 and Auditor 5 have only been through a few audit processes together. In terms of experience, Auditor 5’s working experience is similar to Auditor 2, Auditor 3 and Auditor 4. Both Client 5 and Auditor 5 could be considered as juniors.

Stage 6 consists of a junior auditor (Auditor 6) who recently became authorized but still has been in charge of several audit processes before. Client 6 is a senior who has been the CFO at her/his company for many years. The company is also targeted by the public procurement but still could choose the auditor by themselves. Auditor 6 and Client 6’s relationship is relatively newly established.

Stage 7 consists of senior client (Client 7) who currently is the head of Swedish operational but during the latest audit process, (s)he was the CEO and will therefore be seen as a CEO in this study. Auditor 7 career path and age is similar to Auditor 6 as (s)he is also a newly authorized public accountant. Thereto, their auditor-client relationship is also relatively newly established.

5.1 The dramaturgy genre

The purpose of this study is to explore the challenges in the social interaction between the auditor and client during the audit process. Arising from the empirical data, the storyline of
the dramaturgy of the audit process is linear due to the context of audit. The audit process is for the most part standardized and linear in the sense that all of the stage work according to the same agendas throughout the audit planning, audit execution and audit reporting (Carrington, 2014). In general, each stage get together in a start-up meeting in the beginning. Thereafter, the internal control is scrutinized and followed by the financial statement. Finally, the audit ends with a report. This might seem bland from a dramaturgical perspective due to same repeating audit acts each and every year, but what makes the dramaturgy of the audit process intriguing is the social interaction between the main actors, namely the auditor and client during the audit process. Each stage deals with their own challenges in their social interaction and as a result, each audit process is a one-of-a-kind as there are no audit process same as another.

The social interaction is an essential element of auditing (Hellman, 2011; Sweeney & Pierce; 2011; Rennie et al., 2010; Argento et al., 2018) which every stage agreed upon. In fact, Auditor 2 stated that nearly all of client’s dilemmas and breaches in the accounting system is discovered by interactions rather than an actual audit execution. Since the acts as well as responses that the auditor and client exchange with each other (Macionis, 2009) is necessary to perform a sufficient audit, it may be regarded as certain that audit is a bilateral task (Herda et al., 2014). Bilateral task is one of the many following premises that define the dramaturgy of the audit process, in turn, set the basic foundation for how the auditor and client interacts (Herda et al., 2014). This is undifferentiated from how different genres of dramaturgies have their unique premises. Following this line of thought, the social interaction between the auditor and client is shaped by the context of audit. This means that the social interaction is not only formed by the social structure constituted by relationships among people and groups (Manning, 1992) but also by the genre of the dramaturgy. Therefore, it is essential that the bilateral premise is treated and respected in order to avoid challenges in the social interaction, as Auditor 7 puts it:

“...not to forget is that I am supposed to do my work there [client’s office] but in doing so, it requires that I get help from the company and that they are available” (Auditor 7, 2019).

Following the bilateral premise is easier said than done. On the one hand, both Client 1-A and Client 7 chose to dismiss their past auditors due to a lack of mutual understanding that audit is a bilateral task. Client 1-A argued in the interview that the tipping point was when
their prior auditor performed superfluous audit tasks that were not necessary in regard to
the size of the business which resulted in expensive invoices. The latter, Client 7, realized
gradually that a shared understanding of the business could not be reached, in turn, the
interactions became too frustrating to deal with. On the other hand, Auditor 5 has also
dismissed a client in the past due to financial irregularities, fatal enough to destroy their
auditor-client relationship. Given how bilateral audit is (Herda et al., 2014), dismissal is
inevitable when expectations are not met and the social structure breaks. By interacting
within the structure and respect the premises, the auditor and client are able to avoid any
additional and unnecessary challenges in their interactions.

Moving on from the bilateral premise of the audit and how it gives direction to, and sets
limits on auditors and clients interactions (Manning, 1992; Goffman, 1956), the second
building block of the social structure is the standardization of the audit report. Taminiau
and Heusinkveld (2017) statement that professional services are difficult, or almost
impossible to be solely subject to market forces is not entirely applicable to the audit
context. Auditor 1 opposes by stating the following:

“... the audit market is competitive, if it is the same product that is being delivered and it looks
exactly the same, [that is] ordinary audit, then of course the price will be the determining factor...”
(Auditor 1, 2019).

The fact that the audit report is standardized shapes the auditors and clients interactions that
they are having to revolve more or less around the price. Even though stage 1 do not always
discuss about the price, it is in the back of their mind. This is Client 1-A’s response to why
they decided to dismiss their past auditor:

“It is in our interest that we make sure that we get the right product at the right price at the right time,
so we usually go out and expose our subcontractors [auditor] for competition...” (Client 1-A, 2019).

This quotation further contradicts Taminiau and Heusinkveld (2017) who suggest that
client’s expectations are unpredictable in light of the nature of professional services. Since
the audit process and report is standardized, client’s expectations regarding the price are
predictable to the degree that it shapes the social interaction within the auditor-client
relationship. Although parts of the client’s total expectations are clear and makes the social
structure more apparent, it now becomes a challenge for the auditor of how to interact with
clients that are more geared towards the seller-buyer relationship.
Accounting and auditing can be seen as puzzling numbers together for an untrained eye, but the fact is that social interactions play a major role in the dramaturgy of the audit process. The findings reveal that Auditor 7 estimated that half of the work is devoted to numbers and social interaction being the other half. This estimation harmonises with Client 1-A statement that: “It is not the companies you do business with, instead it is the people of the company” (2019), implying that auditors need to possess interpersonal skills which is argued in the literature (Barrett et al., 2005). Being able to deal with humans is pivotal since accounting and auditing revolves around judicial interpretations where two individuals have to come to an agreement (SFS 1975:1385), as Client 6 puts it: “…a large amount of the law text in accounting and auditing is about interpretations about what is acceptable and where the boundaries are…” (2019). Therefore, the third and final premise is judicial interpretations which is closely connected with psychology of humankind. Client 6 agreed and further added: “…auditors are people and individuals and may interpret things in different ways…” (2019). This being the case, it is arguable that the interaction between the auditor and client in the dramaturgy often deals with the issue of differences in interpretations as there is no true right or wrong in situations where the law text is not explicit and helpful. However, the auditor-client relationship cannot be stuck at the starting point forever but needs to move on, which is where the residual control or decision rights comes into picture. Disagreements are not unusual and can become a challenge in the social interaction:

“We do not always follow what the auditors say because it is a matter of judgment in most situations. If we want something to be approved, then we need to find good reasons for the auditor to think that it is reasonable…” (Client 2, 2019).

Disagreements are not resolved until one or the other provide enough audit evidence that consequently lead to interpretations of what exactly is sufficient evidence. This can be a lengthy and challenging process where the auditor requires substantial evidence to feel secure, whilst clients perhaps consider it far too excessive as well as unnecessary (Client 2). It is noticeable that depending on the complexity of a client’s business, the interaction may become too one-sided and in turn, present a challenge for their dyadic relationship (Client 7). Taken together the opinions of the interviewed auditors and clients without regard to the matchmaking, the dramaturgical genre gives direction to, and sets limits on how the actors socially interact in the dramaturgy of the audit process. Even though the
dramaturgy of the audit process is linear and easy to foretell, it is intriguing from a dramaturgical analysis to explore the challenges in the social interaction.

5.2 The physical setting across the back-and front stage

It is not only a matter of verbal communication between the auditor and client in the social interaction but also what they wear and do in order to make a certain impression in front of each other and the audience (Grey, 1998; Goffman, 1956). In addition, where they are being placed on stage (i.e. front- or back stage) can also influence their social interaction. From the interviews, it is evident that the majority of the auditors are aware and try to create a certain impression in the mind of their respective client in terms of visual things, mainly the clothes. Clients, on the contrary are not equally concerned as they view themselves as paying customers and therefore, do not care to make a certain impression in front of the auditor when it comes to visual communication.

5.2.1 Costumes

Concerning the clothes, Client 2 claimed that (s)he definitely does not dress up before interacting with the auditor and claimed:

“I really do not care, this is my workplace” (Client 2, 2019)

Client 2’s attitude implies that the (s)he does not care to meet any expectations that Auditor 2 might have of her/his dress code or accommodate any other ideas that the (s)he might have in regard to auditor’s status. This might be due to her/him being the client and having no need to impress the auditor since (s)he is the one buying the audit service. However, Client 2 feels that Auditor 2 is not trying to convey an authoritarian impression to prove her/(him)self which makes front stage environment where they perform their respective roles more relaxed and eases the social interaction. Likewise, Client 7 states as follows:

“I do not wear a black suit or anything when interacting with the auditor and neither do they, to be honest, I do not care very much about what they wear, the most important thing is that they have the right competence in order to do their work like a professional” (Client 7, 2019).

In opposite to the quotation, Client 7 contradicted her/(him)self later in the interview by adding that (s)he would not appreciate if the auditors entered her/his office in shorts and T-shirt, indicating that (s)he do indeed have some expectations on the auditors in terms of
how they dress. Client 4 recalled a situation when Auditor 4 entered her/his office in ripped jeans which made her/him raise an eyebrow, thereby indicating that Auditor 4 looks different from Client 4’s image of someone who holds the status of an “auditor”. Client 4 shares the same mindset as Client 2 by also stating that (s)he is not the one accountable for dressing up and it is not of importance for a client to have a tidy office, implying that it is the auditors job to make an impression as (s)he is the buyer. From the interview with Client 6, neither did (s)he dress up for the auditor but (s)he did not mention any expectations on Auditor 6 in terms of clothing, indicating that props are not relevant for neither one. Consequently, Grey’s (1998) idea that clothing make up a large portion of auditors’ work is seemingly no longer viable as clients’ concerned about professionality through clothing has diminished throughout the years. Client 6 further stated that the office is not extra prepared for the auditor, although every stage whom have been interviewed face to face have had a tidy and furnished office which could imply that they actually do care about how their office is perceived by others. On the contrary to Client 2, 4, 6 and 7, Client 5 claimed that (s)he dresses up when external visitors are coming to their office and not only for Auditor 5, indicating that (s)he tries to mediate professionality to all external visitors in terms of clothes. Since Auditor 5 shows up in a suit every time, Client 5 seems to think it is important to match the auditor in terms of clothes and thereby, creating a visual balance in front of the audience. In general, the findings suggest that the interviewed clients do not dress up in front of the auditors, although Client 5 is an exception. However, it is evident that they still have a minimum of expectations when it comes to how the auditors should be dressed.

The clients respectively auditors all agreed upon that their dress code is not as strict anymore but rather stress the importance to accommodate to their clients different environments. As stated by Auditor 3:

“A typical day at the office, I dress very casually, however, when I know I have a meeting with a client, I almost always wear a black suit. Five years ago, I had a tie every day, even a normal day. It feels like the clients are not as dressed up compared to only a few years ago either. Some clients do not even seem to care about what they wear and sometimes I feel a bit silly if I dress up in a black suit. Therefore, it is important to fit in with the client’s environment in order not to make them feel uncomfortable” (Auditor 3, 2019).

This quotation demonstrates that Auditor 3 is mindful about what to wear, whether (s)he has a meeting with a client or if it is a regular office day. By Goffman’s (1956) thinking,
Auditor 3 dresses up when (s)he is on front stage and dress informally when being back stage. This was also evidently from Auditor 7 who shared the same view as Auditor 3 and also stressed the importance of fitting in with the client’s environment.

It is arguable that auditors dress code, to a degree, is dependent on the client and what they wear. It is also apparent that both auditors and clients claimed that their dress code has gradually become less strict during the years, thereby, clothing has gradually lost its trait of mediating professionality. For the dramaturgy of the audit process, this means that props are not important vehicles to convey impressions during the social interaction between the auditor and client (Goffman, 1956). When asking Client 3 if (s)he wears anything particular when knowing that Auditor 3 will arrive, (s)he just laughed and shook her/his head, indicating that only the thought of it was silly. The same reaction was given by Client 1-A and her/his colleague when proposing the question to them. This implies that they have not even thought about it and do not care at all, which further strengthen the assumption that clients, except for Client 7, are not as concerned when it comes to giving impressions through clothes. Neither does Client 1-B dress up to help convey professionality during the social interaction but (s)he does think that Auditor 1 is more dressed compared to her/him. Given the opinions from both the auditors as well as clients, there is an unbalance in the dramaturgy in terms of how the auditors versus clients are dressed in front stage. The answers from the auditors indicate that their clothes are used to mediate professionality toward the client which is parts of auditors’ work argued the previous literature (Grey, 1998) while clients do not care to make an impression through their clothes implying that they have the residual control when it comes to deciding their costumes. However, the unbalance in terms of stage costumes seems to be needed to distinguish who plays the role as an auditor or client. According to the literature, it becomes clear who is the seller and buyer in their relationship (Herda et al., 2014) which arguably facilities the social interaction because their respective roles become clear.

In light of non-general minimal expectations from the clients’ side and their diverse environments, it may be challenging for the auditors to understand clients’ dress codes in order not to create an unpleasant situation which could disturb the social interaction. However, it is evident that the auditors in this study manage to fit in with clients’ external environment in terms of costumes to help drive the social interaction.
5.2.2 Placement

Apart from visual communication such as clothes, the physical setting is also a matter of where the auditors are placed when visiting their clients during the audit process and influences how the two actors socially interact with each other. There was consensus among the majority of the interviewed stages that the clients usually place the auditors in a tidy conference room and seldom in their own office. The reason, according to Client 6, is that (s)he believes that the auditors want to talk undisturbed and further claimed that it would be difficult to concentrate on her/his daily work if the auditor was sitting in her/his office room. Clients’ choice to place them in a separate room harmonizes with the auditors’ opinions as they also prefer to get a room separated from those of the client. Although stage 6 is newly established, Client 6 seem to know Auditor 6’s preferable working environment:

“Sometimes it happens that I am sitting in the same room as the client, it completely depends on how much available space they have, but I do not prefer to be placed in a box-room where nobody passes by [...] normally we are placed in their conference room and that is the optimum [...] I want to sit close to my client as I have questions to them all the time but I do not want to feel like I disturb them in their daily work, being placed somewhat in between is perfect” (Auditor 6, 2019).

From this quotation, it is clear that Auditor 6 wants to be placed relatively close to the client but due to respect of Auditor 6’s daily work, (s)he is fine with being placed in the middle where it is not too far nor too close. This means that both Client 6 and Auditor 6 are satisfied with the placement on the stage as they agree that the audit process becomes more efficient when working in separate rooms. Unlike the other clients, Client 7 mentioned that (s)he would feel uncomfortable if the auditors were sitting in the same room due to the fact that they would hear her/him talking to her/his customers and suppliers over the phone, something that is none of the auditors business. This indicate that Client 7 behaves differently during back stage when knowing that the auditors do not observe or listen to their conversation, which is in line with Goffman’s (1956) dramaturgical analysis. On this basis, Client 7 embodies another role when interacting with the auditor front stage.

Auditors 3 and 7 wish to have a separate room for the same reason as Client 7 as they also behave differently during front stage compared to back stage when knowing that they are alone with their audit team:
“I do not like to sit in the client’s office, it is not a good solution, the assistants do not dare to ask me all stupid questions in front of the client as they fear that the client should hear them […] I also think it is hard to communicate with them if the client would be listening…” (Auditor 3, 2019).

Auditor 3’s assumption is strengthened as Auditor 7 recalls an awkward placement when (s)he was an audit assistant:

“…they [clients] sat in the same room and I had to write on the intranet to my colleague when asking my questions…” (Auditor 7, 2019).

This quote by Auditor 7 shows that (s)he was mindful of her/his status as an audit assistant not to be crippled by her/his questions that could be interpreted as stupid by the client. Since Auditor 7 is not in back stage with her/his colleagues where all types of questions are acceptable, (s)he solved the issue with the help of the intranet. In front stage consisting of the client, Auditor 7 and her/his colleagues, Auditor 7 had to find another way to behave within the social structure set by the client expectations. From the interviews with the rest of the auditors, it was clear that they had no problems with sitting close to the client or even in the same room if a separate room could not be available as it is more efficient to engage in a open dialogue and interact with the client in order to be given further needful explanations about certain accounting issues, which also reinforces the findings from McCracken et al., (2008). In general, although most of the social interaction takes place at the clients’ office, it is not always the case as it may also occur at the auditor’s office as the scenography in stage 1-B and stage 4 changes in the audit reporting act.

All seven stages considered, it is evident that clients do not always have the possibility to place the auditors in a separate room. Suggested from the interviews, it is preferable from both the auditors and client’s perspective if they can sit separately when interacting with their respective colleagues as they embody another role when observing each other compared to being in back stage. This indicates that auditors and clients respect the social structure by behaving in accordance with each others expectations. Furthermore, both the auditor and client work more effectively when being separated from each other which is in the client’s interest to allow auditors to work undisturbed and quickly, thereby reducing the the billable hours. The challenge for auditors and clients is to adjust to the placement on stage and respect each other by not unnecessarily disturb one another.
5.3 Act 1: Audit engagement

A part of the dramaturgy that belongs to the audit process is the audit engagement act. Evidently from all interviewed auditors, not every client is acceptable. Before accepting a new client relationship, there are special procedures that auditors go through before they agree to work with a client. Auditor 3 states as follows:

“... I look at how diligent the client is, whether they have any strange activities going on or if they have had any bankruptcies in the past [...] then I also investigate who is sitting on the board and their track record, have they had any bankruptcies before” (Auditor 3, 2019).

On the other side of the dyadic relationship, Client 3 does not have much influence on the choice of auditor as they are covered by the law of public procurement. This was also the case for Client 2 but (s)he received Auditor 2 from their parent company. Although Client 3 receives numerous offers, Client 3 and her/his management did not interview Auditor 3 before choosing her/him. It seems that the price was the determining factor for Client 3, after all, the audit report is standardized and seemingly also the role of an auditor whose main purpose is to be the guardian of the market (Volcker, 2002). In light of society’s expectations on creating value instead of destroying value (Freeman, 1984), it is arguably that organizations should care more for the person behind the audit service because it may affect the social interaction and possibly the audit quality. One could claim that this applies at least as much, if not more, in public sector organizations as they have to care for the general interest of the society since they are financed by the taxes. Therefore, the likelihood of a non-similarity attraction between the auditor and client is greater via the public procurement tendering because clients are dependent on firms sending offers, thereby the selection sample might be small (SFS 2016:1145). In addition, Client 3 claimed that (s)he is familiar with some auditors in the past that (s)he would have wanted to cooperate with if (s)he had the possibility. This indicate that Client 3 has a desire to choose the auditor by her/(him)self which further implies that the social interaction with the auditor is of importance for her/him. However, Client 3 claimed that it is always the price that determine which auditor the company choose to decide, expressing through her/his facial expression that (s)he was a bit dissatisfied with it.

It was also evident that the rest of the auditors shared the same mindset as Auditor 3 by looking at formal aspects such as current activities within the client firm and historical
events when accepting a client. In addition, some auditors also add financial statements in their audit engagement process (Auditor 2; Auditor 4; Auditor 6). Auditor 6 further stressed the importance to consider the industry in which the client operates and the size of their organization. (S)he also claimed that (s)he sometimes is being interviewed by the client or the reverse in order to feel the personal chemistry (Auditor 6). Hence, it is evident that there is a moment of front stage even during the audit engagement act where the auditor and client socially interact with each other. The organization of Client 6, in similarity with Client 3, is covered by the law of public procurement and evidently from the interview with Client 6, no physical meeting with the auditor occur before signing the engagement letter, meaning that the price was the deciding factor when choosing Auditor 6:

“... in our case, we have fallen back on the price in our public procurement” (Client 6, 2019).

This indicates that Client 6 only consider Auditor 6 as an “auditor” and nothing else as Client 6 seems to have a clear picture in mind of the role of an “auditor”. This is reasonable since Client 6 has previously had the role as an auditor in her/his past working career. Since an auditor should be an independent guardian of truth in markets (Volcker, 2002), the person embodying the role as an auditor should not matter. This seems to be Client 6’s mindset as (s)he do not seem to care about the personal chemistry with Auditor 6, thereby, running the risk that a mismatch may happen (Kleinman & Palmon, 2000). It is noteworthy that both Auditor 3 and Auditor 4 claimed that their requirements for which clients to accept depends on their need to attract new ones. Both Auditor 3 and 4 recalled the time in the beginning of their career as an auditor where they desperately searched for new clients and consequently accepted all possible. Therefore, it is clear from the interviews that the stage of the auditors’ career matters in terms of how they select the clients. Gradually, when the client portfolio grew, the client acceptance process became more extended and finicky as the auditors became less desperate as well as gained knowledge of which clients they get along with and can cooperate with. Hence, Auditor 3 and 4 know what to search for before accepting a new client due to their long experience within the audit field, thereby, strengthening the assumption that not all clients are acceptable. Based on the interviewees’ answers, it is clear that it is important from the auditors’ viewpoint to consider formal aspects before accepting a client while some clients in this study are not able to influence the process of selecting their auditors due to the law of public procurement.
Some auditors also emphasized the importance of being able to easily interact and feel a chemistry with the client as the personal aspect also seems to matter before accepting a client. As stated by Auditor 5:

“Not only do I consider the client’s industry but also their preconditions and opportunities to develop [...] I also want to talk to the people behind the company and get a feeling on the personal level and how well we get along with each other. It is not only me who interviews the client, they also interview me, it is important that both feel that we can work together” (Auditor 5, 2019).

From this quotation, it is evident that there is a dyadic interview between the auditor and client which indicates that it is of vital importance that the two actors can cooperate, as audit is a bilateral task (Herda et al., 2014). Auditor 5 further claimed that it is important that the communication between each other work and to get a sense that there is a willingness from the client’s side to serve the auditor with all possible audit evidence, something that is easier to find out through a physical meeting with the client. However, Client 5 is not responsible for choosing the auditor as this is a decision made by part owners of the firm. The first meeting with the auditor takes place after they have signed the audit contract, thereby, the auditor-client stage also run the risk that a non-attraction may occur. Moreover, Auditor 4 did not only emphasise the formal aspects before accepting a client, but also claimed:

“... however, the most important thing before accepting a client is what type of feeling you get when you are talking to the client” (Auditor 4, 2019)

This quotation indicates that the auditor prefers to physically meet with the client before deciding to engage in a relationship. However, evidently from Client 4, (s)he only chose Auditor 4 due to the fact that (s)he was close at hand and lived only a couple of blocks away from her/his office, thereby, indicating that Client 4 does not seem to care as much as Auditor 4 about the social interaction and personal chemistry in their audit engagement act. Similarly, Client 7 also chose Auditor 7 due to the fact that (h)he was close at hand by emphasising the importance of being able to physically meet each other when it is necessary. Client 7 also recalled her/his relationship with her/his prior auditor who lived far away from her/him and claimed that the relationship became too difficult to deal with.
In contrast to Client 4 and 7, Client 1-A claimed that before signing the engagement letter with their current auditor, Auditor 1 interviewed them in order to get to know Client 1-A and their business, rather than just looking at formal aspects. This was appreciated from Client 1-A’s side. Client 1-A also claimed that it is important to feel the personal chemistry and that the auditor is not only talking about numbers but also about other stuff to alleviate the situation not becoming too stiff. These findings was also in line with Bame-Aldred and Kida (2007) who found that a too stiff-legged auditor is perceived unprofessionally by external constituents and peers. Client 1-A also said that (s)he got a good feeling after having talked to Auditor 1 and claimed:

“... [My auditor] is very active, (s)he is a marathon runner and (s)he likes doing a lot of sports and so on. I am also very interested in sport and therefore, I felt like we could work together” (Client 1-A, 2019).

Meanwhile, Auditor 1 claimed:

“I always try to find a common interest with the client first time I meet with them, that is a good way to find if the personal chemistry could work, which I consider is very important before accepting a client” (Auditor 1, 2019).

This seems to be a perfect match based on the arguments presented in the literature review about the similarity-attraction paradigm (Westphal & Zajac, 1995; Wells & Aicher, 2013; Roebken, 2010). It is clear that both Client 1-A and Auditor 1 consider the personal aspects important. It also seems that Auditor 1 tries to find out what a potential client are interested in on the personal level in order to get her/his attention, which Auditor 1 apparently succeeded in by finding out that Client 1-A also likes sports. From the quotations, it is evident that Auditor 1 uses common interests as a strategy to attract new clients. Since there seems to be a similarity attraction between Auditor 1 and Client 1-A in terms of common interests, it is arguable that their remaining interaction throughout the audit process will be easier. In addition, it is arguable that Client 1-A also tried to make a certain impression in front of the auditor to be accepted as a client. In regard to Client 1-B, it was evident from the interview that (s)he did not choose Auditor 1 her/(him)self because this was a decision made by the former owners of the firm. However, generally speaking, auditors seem to have various strategies to attract new clients, such as the price of the audit service and common interests.
When investigating the client business before accepting a new client, auditors obtain knowledge about the client business and its environment (Hellman, 2011; Beattie et al., 2001), simply because they want to be well prepared and be seen as a competent person before eventually entering front stage and being interviewed by the client or the reverse. Since the audit profession has given auditors a prestigious position in society (Gertsson et al., 2017), auditors are associated as being highly competent professionals (Gregg et al., 2018). At the same time, they do not want to run the risk to accept a new client who is too difficult to cooperate with, thereby, carefully investigating the client business for their own sake as well. Suggested from the interviews, being knowledgeable about the client business is arguable something that is expected from auditors in regard to their social position. Frequently, auditors need to build a professional image as well as create an impression in the mind of the client (Goffman, 1956) in order to attract new clients, whether by interacting personally or being in contact from distance with the client. At the same time, being knowledgeable about the client business is not only a matter of creating a certain impression but is also a necessity to create a high-quality audit (Khan et al., 2015), which both the auditor and client strive for. Therefore, if the auditor fails to meet the client’s expectations when it comes to collecting enough information about their business, it may grow into a mismatch in terms of competence before signing the engagement letter (cf. Bennett & Hatfield, 2012; McIlduff & Coghlan, 2000).

It is evident from the interviews that all auditors look at formal aspects before accepting a new client. Meanwhile, Auditor 1 and 6 also considered personal aspects which require some front stage interaction in form of an interview with the clients. On the contrary, the price or conveniency is the deciding aspect for clients. Even though the offer selection from auditors might be small due to public procurement, clients do not seem to care about interviewing the available auditors which indicates that the similar attraction is not vital in Act 1, audit engagement. This unbalance may boat for a dissimilarity and thereby, a challenge in the social interaction between auditor and client in the upcoming acts of the dramaturgy as clients do not, initially, seem to be concerned about the person embodying the role of an auditor.
5.4 Act 2: Pre-planning

The next act of the audit process is pre-planning. There is a variance in how the actors choose or, even if they at all, prepares other than investigating its counterparty before socially interacting with each other. In correspondence with the typical pre-planning tasks raised by the literature (Carrington, 2014), Auditor 7 pre-plans by assembling her/his audit team and have an internal meeting whereby they discuss and exchange information before arriving to the client. Meanwhile, Client 7 do not prepare anything. At least one of the actors of the seven stages, except for stage 4, felt the need to prepare before physically meet each other and interact. Auditor 2, 3 and 7 argue in favour of preparing as it gives them a basic understanding for the clients’ business. Despite this argument, stage 4 as well as stage 1-B did not even mention any preparations. However, Auditor 4 does not argue need to prepare before arriving to Client 4 as their business is small and only consists of five part-time employees. It is an entirely different story when the auditor and client are going to meet for the first time and when the business is larger as well as complex:

“... I mean [when] I go out to a company, that is, a new business that I have not worked with before, I have no idea, [I know] nothing, [the] manufacturing process or digital solution...” (Auditor 2, 2019).

Following this statement, it is clear why Auditor 2 conducts a rigorous review of the client before accepting them. In addition to the investigation of the client before acceptance, (s)he and her/his team also have an internal meeting before heading out to the client:

“Yes, we collect information [...] we sit down in teams and discuss. What have I seen and what have you seen and we have at least one person, me or someone, the one who is project manager may have talked and checked up with the client “how is it going”, maybe a big question or something like that... ” (Auditor 2, 2019).

The combination of rigorous investigation before audit engagement and internal pre-planning gives Auditor 2 the necessary information as well as competence to interact with Client 2. Given that interactions are a matter of expectations set by social status (Sauder et al., 2012), Auditor 2 is seemingly acknowledging her/his status of an “auditor” as one who possess a level of competence. Furthermore, Auditor 2 is seemingly acknowledging the fact that (s)he is working for one of the largest audit firms in world, contributing to her/his social status. The assumed competence of the status of an “auditor” as well as their
relatively high social value, are arguable the reasons why Auditor 2 prepares laboriously back stage. Thus, Auditor 2 appear competent before interacting and thereby exposing her/(him)self to the client as well as the audience. In association with that status of an auditor, Auditor 2 feels obligated to highlight potential stumbling blocks, sort of a role as a beacon, insisting that this role is appertain to the role as an auditor. No matter how much Auditor 2 prepares, it still may not be enough in certain cases as the society and even the client might have a skewed perception of an auditor’s status:

“...I believe both new and old clients and also the public are quite... there are big differences in what [they] believe an auditor do versus what we think we should do...” (Auditor 2, 2019).

Auditor 2 further adds later in the interview:

“...people who may not have sat in a board or run a company before, they think that the auditor is doing everything...” (Auditor 2, 2019).

According to Auditor 2, this kind of status of an “auditor” is rightfully wrong but (s)he cannot change their mind until (s)he actually knows Client 2. Conveniently, Client 2’s perception of an auditor’s status corresponds with Auditor 2. The most likely reason why that is, is because Client 2 has worked as an audit assistant at the same audit firm office as Auditor 2 before her/his current employment and have an educational background in accounting. This professional similarity might be an asset for stage 2’s social interaction in the later acts of the audit process as they share a similar level of competence and values (Wells & Aicher, 2013; Roebken, 2010). However, there is a dissimilarity when it comes to preparation. Client 2 states that (s)he and the firm do not prepare anything for the start-up meeting in the audit planning phase. The fact that Client 2 does not prepare indicates that preparation from the Client 2’s side is not a part of her/his status as a chief accountant. Neither is preparation a necessary impression to give to Auditor 2. Therefore, Auditor 2’s reasons of preparing is more likely to be for her/his own sake rather than for Client 2. Moreover, its reasons could also be founded in the seller-buyer relationship (Beattie et al., 2001) as it is the seller’s duty to earn the compensation from the buyer by doing a satisfactory audit which requires pre-planning (Auditor 2; Auditor 3).

Pre-planning is seemingly part of conveying impressions, especially first impressions, which are crucial because it is the first image that is mediated which has the potential to
become permanently solidified in the minds of the other. Stage 3 seems to take advantage of the first impression as they both put efforts of preparing themselves in back stage before interacting on front stage:

“Of course you do, the customer do expects that you know somewhat about their business. If it is a new customer, then of course I have read about what they are doing in order to come up with input immediately. The first impression is important after all…” (Auditor 3, 2019).

This attitude is closely connected with Auditor 2 and the motivation behind it is reasonably the same, that is, the status of an “auditor” defines how Auditor 3 should relate to Client 3 which corresponds to the literature (Swencionis & Fiske, 2018). In contrast to Client 2, Client 3 prepared heavily before (s)he meets Auditor 3 for the first time:

“… it was nervous in the beginning when I was new, that I was. It depends a little on that I did not know the person who was coming here and so, I did not know what he asks for […] I prepared myself meticulously, I had everything with me, literally everything, the balance sheet and income statement, I had controlled everything in advance, I had everything in place, I had everything” (Client 3, 2019).

In addition, Client 2 further prepared her/(him)self by getting an additional opinion from the CEO and the board’s about the materials before Auditor 3 arrived. The difference between Client 2 and Client 3 is immense as it is basically the opposite behaviour. Client 3’s lack of experience working with an auditor probably had an impact of her/his nervousness which made her/him prepare extensively. However, the fact that it was the first time strongly implies that there is an unbalance in terms of status as (s)he conducted her/(him)self solely based on her/his own “auditor” status in her/his mind. The nervousness reveals that (s)he feels her/his relative position in the social hierarchy is inferior to auditors. This is reasonable as the society indeed gives the auditors high status along with a level of respect, honour and assumed competence (Sauder et al., 2012; Anderson et al., 2015; Swencionis & Fiske, 2018). The tense feeling also indicates an unease of underperforming from her/his part which would be problematic seeing that audit is a bilateral task. Furthermore, Client 3 also seemed to feel vulnerable to auditor’s scrutiny as (s)he overprepared. It later appeared in the interview that (s)he highly respects auditors (Client 3). As a whole, this further extends the idea of Gregg et al. (2018) who claim that the status of an individual defines how one should relate to others, by including how one should relate to the counterparty’s status. However, nowadays Client 3 stated that (s)he is not nervous at all and thereby do not feel the need to pre-plan knowing that it was not really necessary.

When it comes to Client 5 and 6, they explicitly stated that they do not prepare themselves. However, their respective Auditor 5 and 6 send an agenda list to them via an electronic
mail. In addition, Auditor 5 and 6 also attach a list of requested documents that they need from the client, ready and packaged for them when they meet each other and interact. Auditor 3 also sends an agenda list and a list of requested documents to Client 3. If not for the list, Auditor 3 states that (s)he would probably bombard Client 3 with questions. Instead, Client 3 is informed early and given time to prepare her/himself which Auditor 3 likes to believe reduces the stress factor of the audit process. Other than this administrative task of gathering all of the documents which seems to be a standardized task (Client 2), Clients 5 and 6 do not prepare anything else, despite receiving an agenda list.

In essence, there is a discrepancy when it comes to pre-planning between auditors and clients. In light of the status of an “auditor”, Auditor 2 and 3 feel the obligation of coming prepared to the client. The other auditors that did not perform a preplan might feel that the extensive client acceptance process is enough preparation for them to interact with the client. The clients do not feel obliged to prepare themselves in view of their status but also since they are the buyers in the auditor-client relationship, other than if the auditor puts expectations on the clients in the shape of agenda list to prepare the documents. A new finding has been made as the status of the opposite actor can influence how one will behave and relate to the other. This unbalance of pre-planning might prove to be a challenge in their social interaction during front stage.

5.5 Act 3: The reception

The social interaction during the reception as well as the impressions that the auditors and clients exchange could reveal potential challenges in the upcoming acts of the dramaturgy (Goffman, 1956). Although some of the interviewees prepare for the dramaturgy back stage, one cannot fully prepare for the first obstacle of greeting each other. The reception of auditors in this study is not entirely in line with the literature as none of the auditors said that they have been treated passive-aggressively. Auditor 5 feels the other way around that (s)he is being received warmly while Auditor 3 and 7 have met clients who expresses dissatisfaction when they arrive. Their counterpart, Client 3 and 7 are neutral in their expression by not greeting with any delightfulness nor annoyance, indicating that they simply acknowledge that the time for audit has arrived and needs to be done. Client 3 seem to be ecstatic when meeting Auditor 3 based on the fact that (s)he familiarizes with Auditor 3 and engages in a private conversation. In contrast, Client 7 does not seem to be ecstatic.
by stating that (s)he prefers not to engage in non-work-related conversations. From the interviews with Auditor 3 and 7, they agree that the employers in the financial department seems to give them a less warmth welcome whilst the other such as CEO, they feel more welcomed by. Both Auditor 3 and 7 believes it is connected with more workload. Not only does the financial department have to continue with their daily work, on top of that they now must deal with auditors’, demands for documents and explanation which could disturb them. Similar to a production line, the auditors cannot continue their work without the assistance from the client (Joshi et al., 2009) which touches on the bilateral task premise of the audit context (Herda et al., 2014). This is not entirely aligned with the literature stating that client’s express annoyance because they are not fond of auditors’ work (Bennett and Hatfield, 2012), rather, stemming from the interviews, it is a matter of additional workload and, as a result, a feeling of stress. Neither can Auditor 3 nor 7 recall any prior cases where the clients showed any signs of passive-aggressiveness during the first interaction, rather, they do not show any additional and unnecessary involvement to perhaps discard the auditors as soon as possible by not interacting with them. This might be because unnecessary interactions result in more billable hours, thereby a higher audit fee. To put the matter another way, time is money.

The fact that auditors’ and clients’ interactions revolve more or less around the price, Auditor 6 explains that (s)he has not personally experienced any antagonism from the clients when (s)he arrives by her/(him)self. However, when Auditor 6 brings along an audit assistance and Client 6 expects her/him to arrive alone, they might experience a less warmth welcome because Client 6 are expected to pay her/his assistance’s billing hours as well. This was not appreciated by Client 6 as Auditor 6 broke the social structure constituted by their relationship and each others’ expectations by bringing in an outsider into the dramaturgy. Client 6 probably expected of Auditor 6’s status that (s)he was be able to manage it by her/(him)self and thereby the audit fee would be small considering that Client 6 almost entirely choose Auditor 6 based on the price in the offer via the public procurement.

In addition to the stress that auditors’ places on clients, the financial department feels exposed and vulnerable by auditors. Auditor 3 further reflects in the interview and blames it on the scrutiny part of the audit work:
“I think that fundamentally, people do not like to be inspected so they do not like us, especially those who do not feel like they have control [of the accounts] themselves [...] then it is even more unpleasant to be scrutinized because then you know that you can not answer the auditors questions. So you can understand from their perspective that it is not a fun [situation]” (Auditor 3, 2019).

When dealing with a nervous client much like Client 3 who was seemingly feeling anxious of being scrutinized in the beginning of their relationship, Auditor 3 explains there are two options to calm her/him down. One is to ask of the owner of the company to explain, in this case, for the Client 3 that “the auditor is not dangerous, (s)he is here to help us, you can be calm, you will not get fired if (s)he would find a lot of errors” (Auditor 3, 2019). The second is attempting to dedramatize the situation and engage in any conversation other than accounting and auditing to loosen Client 3 because (s)he will become more comfortable around Auditor 3. This indicates that Auditor 3 have the residual control of the audit process which is in accordance with the contract theory (Royal Swedish Academy of Sciences, 2016; Schmidt, 2017) and try to lead the dramaturgy by helping Client 3 to perform her/his role in front of the audience. The reason might be because Auditor 3 is the more experienced and responsible for maintaining a healthy business relationship, which is in line with Beattie et al., (2001). When it comes to stage 2, they probably greet each other in a friendly manner because all of them except for the CEO being ex-colleagues and given how much camaraderie comprises their auditor-client relationship (Client 2). In similarity to Client 3 and 7’s attitude, Client 4 do not seem to be ecstatic about meeting Auditor 4. From the interview with Client 4, (s)he explains that not a single ounce of nervousness is felt when meeting Auditor 4 implying that (s)he do not care about the audit.

The reverse can also occur, namely if the client’s firm is small enough, they might instead visit the auditor to plan the audit (Auditor 1; Auditor 3). When considering Auditor 1 and Client 1-A, their social interaction stops in a cliffhanger fashion as it was discovered that their auditor-client relationship is newly established, and they have not interacted since the audit engagement act. However, in regard to Auditor 1 and Client 1-B, it seems from the interview that the former is concerned about her/his clients because (s)he wants to welcome them at the entry door instead of the receptionist. The latter explains that (s)he feels the reception by Auditor 1 is warmth and in a positive spirit. The interview with Auditor 1 revolved for the most part around the business aspect (i.e. seller and buyer) of the auditor-client relationship which could be the reason why (s)he chooses to greet her/his customer more personally. Auditor 1 stated that the audit market is highly competitive which might be another reason to stand out from the other auditors on the market. However, Auditor 1
and Client 1-B relationship goes back to two decades, thus, it is reasonable to argue that the reception has become a greeting of a friend at this point of their relationship. The underlying motivation of Auditor 1 has changed from keeping a client to keeping a friend as they both also share the common interest of sports and training activities which is a crucial criterion of Auditor 1 when evaluating personal chemistry. In line with similarity-attraction paradigm (Wells & Aicher, 2013; Roebken, 2010; Westphal & Zajac, 1995), not only is Client 1-A and Auditor 1 a perfect match but also Client 1-B and Auditor 1.

Generally speaking, the reception of the auditor varies depending on the person at the client’s firm. It seems that the CEO welcomes the auditors more warmly compared to the CFO and the financial department. This is in line with the findings by Matthews and Pirie (2000) arguing that the nature of the audit service and its monitoring function might be uncomfortable for some due to the feeling of being inspected. Emerging from the interviews with the auditors, a new finding has been made as the additional workload on the CFO and the financial departments makes them neither greet the auditors with delightfulness nor annoyance. The CEO is rightfully more excited as (s)he does not receive additional workload. Revealed from the interviews with the auditors, the reception could be not so pleasant when the client is not aware of an audit assistant who will be joining together with the auditor due to higher audit fees and failed expectations. Altogether, how auditors and clients greet each other may have consequences and create challenges for the remaining interaction because of a negative first impression.

5.6 Act 4: Audit planning

The audit planning is the moment that the auditor and client have prepared and dressed for. Revealed from the interviews, this is the act where the auditor interviews client gathers information and recap what has happened since the last fiscal year’s audit. This is in line with Carrington (2014). It is here they will socially interact where their statuses, roles, and all of the expectations that they entail, come together to put on a performance (Goffman, 1956). Granting that Auditor 2, together with Auditor 3 and Auditor 7, were the few that carried out a preplan, Auditor 2 does not let her/his guard down even though having done research beforehand and also being familiar with the chief accountant. Instead, (s)he continues to maintain her/his role as an auditor when entering front stage with Client 2 for the start-up meeting. The participants of the meeting consist of Client 2 and her/his colleges
who have the positions as CFO, controller and CEO. On top of the fact that the chief accountant has worked in Auditor 2’s firm previously, the CFO and controller has also worked at that firm before as well. Throughout the interview with Client 2, (s)he claimed that their auditor-client relationship was thriving much due to their shared working experience. Auditor 2 does not arrive alone as (s)he also brings her/his audit team. With her/his role as an auditor and team leader, (s)he takes the residual control which is in line with Royal Swedish Academy of Sciences (2016) by being the one that starts asking questions to the client. This behaviour might relate to the fact that Auditor 2 argued that the majority of the issues are discovered through interactions rather than scrutinizing. Questions that (s)he raises are for example; ”What does the future hold the company?”; “Are there any concerns?”; “How has the year been?” and “Has anything major happened?”. Client 2 find her/(him)self shying away and let the CEO answer the questions, arguing that (s)he usually has a broader understanding of the business’s current situation. However, Client 2 might not genuinely shy away. The role as a chief accountant might imply that (s)he is not supposed to answer the questions (Swencionis & Fiske, 2018) in this social structure constituted by the relationships and expectations of everyone attending in the start-up meeting (Manning, 1992). The start-up meeting is important and thereby tense for Auditor 2 as (s)he tries to dig out as many issues as possible. Meanwhile, Client 2 seems more relaxed during the meeting:

“The reason is more just to have a formal reconciliation meeting in order for us to see each other, really, to further build the relationship...” (Client 2, 2019).

Instead of a start-up meeting where decisive information is being exchanged between Auditor 2 and Client 2, the latter recognize the meeting as a way to catch up being that it was almost a year since they had the last meeting and probably saw each other due to the cyclical nature of audit. Client 2 continues the interview by stressing the importance of physical meeting and informal talk:

“Technically, they [auditors] could have been given the materials and basically call whenever they have a question [...] but then I think you had lost some of this good relationship because you meet and talk, probably mostly about the work that we have ahead of us, but also the small social things around us, you build a relationship with that person, that family and you know what (s)he has for interests and so on. So it is important not only to focus only on numbers…” (Client 2, 2019).

Informal talk in all its glory as it was apparently important for Auditor 1 and 3, but Auditor 2 does not share the same opinion:
“I never interact privately with my clients and that makes it easier to be professional [...] what I am saying is that you cannot hang out and be super close with your audit clients but for me personally, I do not...” (Auditor 2, 2019).

Auditor 2’s arguments seems to be based on the preservation of independence and the threat of becoming too close with Client 2 which would hurt the objectivity of Auditor 2’s work (FAR, n.d.). Rather than selling her/(him)self short as Client 2’s confidant, Auditor 2 advertise her/(him)self by being professional and get to the point once the start-up meeting begins. Since stage 2 once worked side by side, it is arguable that they has a strong professional attraction for each other which adds another type of attraction to the literature (Wells & Aicher, 2013; Roebken, 2010). Their interaction should be effective as they can, to an extent, predict each other’s behaviour due to their past working experience. However, tables have turned as stage 2 now are opposing each other in terms of Client 2 defending her/his work against Auditor 2’s scrutiny and do not longer share the same sociodemographic space by working in the same organization. The fact that Client 2 and her/his colleagues in the financial department are ex-auditors at the same audit firm gives them insights in how Auditor 2 behave:

“Since I have been on the other side as well, I have a little bit of insight of why they do certain things...” (Client 2, 2019).

This gives Client 2 an insight in Auditor 2’s role as an auditor which Auditor 2 prefers not to deal with:

“It can almost be easier to work with people who do not have an audit background” (Auditor 2, 2019).

Accordingly, Client 2 knows Auditor 2’s role both in and out, since (s)he has played the role as an auditor in the past. The insight intensifies Auditor 2’s role as an auditor by knowing that Client 2 will judge and study her/him based on how (s)he played her/his role as an auditor before which works as sort of a comparable reference. Thereto, Client 2 has probably also seen her/him interact with other clients when they did work for the same firm which also serves as a reference for their own audit process. Client 2’s insight in Auditor 2’s role reasonably gives Client 2 the residual control in terms of their relationship. The social reality does not only revolve around Auditor 2 and Client 2, rather, with everyone involved in the start-up meeting and their expectations (Goffman, 1956) which leaves them no choice but to set aside their irrelevant feelings for each other and play their role. Altogether, the insight is a double-edged sword where the shared working experience could
enhance or challenge their social interaction as there are no room for behaviour errors due to insights. Auditor 2 and Client 2 know each other’s roles and what they are both capable of which raises the expectations on another but also makes the social structure more apparent.

Client 3 explain that (s)he also has an insight in Auditor 3’s role because of her/his educational background but that is not nearly the same insight level as Client 2 has in Auditor 2 and vice versa. Stage 2’s relationship has been going through a change from the early days where it was more formal and Client 3 being nervous to being more of an informal relation. When Auditor 3 first time met Client 3 for a start-up meeting (s)he was purposely not trying to tone down the seriousness of her/his work:

“.. you do not joke around about serious things the first time you meet the client, so obviously you are more serious in the beginning and then it subsequently loosens up gradually as you get to know each other more, just like any other people you meet. “ (Auditor 3, 2019).

Auditor 3’s strategy of shaping the relationship to her/his favor seems to be successful as Client 3 states the following about their auditor-client relation:

“It is very formal, then after you get to know her/him we talk about other [non-work related] things as well” (Client 3, 2019).

Client 3 continues by stating the foundation of their relationship is formal because Auditor 3 is first and foremost an auditor which (s)he purposely asserted in their first ever interaction. In doing so, Auditor 3 takes the control over the omitted conditions in the audit contract. During this process, Client 3 gives her/his trust to Auditor 3 as the commander of their relationship by letting her/(him)self become vulnerable to Auditor 3’s actions based on the expectation that (s)he will conduct a proper audit, irrespective of the ability to monitor her/him. This contradicts the arguments that the auditor-client relationship is dictated by the client’s expectations based on the seller-buyer aspect (Beattie et al., 2001), as Auditor 3 owns and shapes the relationship in stage 3. For instance, Client 3 explains that Auditor 3 seems to absorb and listen to what (s)he has to say but it is not always that Auditor 3 acts accordingly even when considering her/his independence. From year to year, Auditor 3 changes her/his focus of attention in the audit and informs Client 3 accordingly. Client 3 appears to barely be able to influence her/his choices which is in contrast to the clients in Hellman (2011). It seems that their relationship is under the mighty hand of Auditor 3 and it is a one-person dramaturgical show in order to maximize her/his own independence, but it is not. Auditor 3 needs Client 3’s input, which is why the planning is
made together where certain risks are discussed which will later be judged by Auditor 3 and her/his team who is also attending the start-up meeting. From the client side, it is usually Client 3 together with CEO and possibly the financial project accountant. Client 3’s input combined with Auditor 3’s preplan reasonably prepares her/him for the upcoming audit execution act well. In contrast to stage 2’s interrogating start-up meeting, stage 3’s version seems to be more of a dialogue rather than a monologue where risks and needful information emerges through discussions. Given that Auditor 3 shapes their auditor-client relationship, (s)he integrates non-work-related talk into the conversation as well which is why Client 3 stated that their relation is fundamentally formal but it is also informal where conversations about family and personal interests also takes place between them. This is seemingly important for Auditor 3:

"I am very relaxed with my clients, we become sort of friends even though I am not allowed to say that, but you know what I mean [...] we try to talk about other stuff rather than just numbers and results“ (Auditor 3, 2019).

This shows that Auditor 3’s roles is more than an “auditor” which is amplified by the following quotation:

“... when you have had them [clients] for a long time, you become a sounding board for all questions, really all questions, whether it is private or.. *laughs*. I am sometimes a little bit of a psychologist from time to time, they [clients] turn to the auditors, they [clients] know that it stays here. Very many [clients] do this.” (Auditor 3, 2019).

Auditor 3 might seem stiff-legged on the basis of her/his residual control over their auditor-client relationship and only focuses on the audit work. However, Auditor 3 also reveals her/his flexible side by embodying other roles that are associated with the status of “auditor”. Roles as a friend, psychologist, auditor and sounding board imply that Auditor 3 has the ability to shoulder different roles in order to adapt to the environment:

“... I have to be sort of a chameleon and reprogram myself in order to fit in.” (Auditor 3, 2019).

This finding corresponds with Merton (1957) criticizing Lintion’s (1936) one status equals one role, as Auditor 3 even feels like a chameleon against her/his status as an auditor. Auditor 3 consider her/(him)self as a chameleon who shifts to different roles to adapt to different clients. The fact that (s)he dresses according to the clients’ clothing and environment to mediate professionality also reveal her/his role as a chameleon. The society and regulators who are in the audience of the dramaturgy are most likely not fond of the roles as friend and psychologist. Based on how Auditor 3 seems to interact with Client 3,
(s)he does not seem to be bothered that (s)he is tangent to dangerous area where the threat of friendliness could impair her/his independence (FAR, n.d.). The regulators expects Auditor 3 to be a guardian of the market (Volcker, 2002) caring for social values (Artsberg, 2005), not to be friend with Client 3. However, the society and regulators seem to be seated too far back in the dramaturgy hall as stage 3 does not acknowledge their presence in the audience. Consequently, their expectations do not constitute building blocks of stage 3’s social structure. Auditor 3’s social interaction is the complete opposite to Auditor 2 whereas (s)he does not want to be close with her/his clients. This implies that at stage 2, the society and regulators sit closer to the dramaturgy as Auditor 2 clearly notice their glances.

Stage 5’s start-up meeting takes place at the Client 5’s firm and is being conducted the same way as stage 3. The participants are Auditor 5, her/his colleague and Client 5 as well as the owners of the company. They jointly discuss according to the agenda list that Auditor 5 sent via an electronic mail in the pre-planning act that covers historical and significant events as well as risks. In their meeting, discussion about the inventory value may also occur which the Auditor 5 and her/his colleague makes a decision about whether a new inventory control is needed. In so doing, Auditor 5 is prepared to move on to the next act of the dramaturgy. Client 5 claimed to never have any issues with Auditor 5 and her/his opinions during the start-up meeting, as this act of the dramaturgy seems to proceed smoothly. The actors successfully play their roles as CFO and auditor according to the social structure (Manning, 1992; Goffman, 1956). From the interview with Client 5, it was discovered that (s)he admires and trust Auditor 5’s work and her/his personal aspects of being calm as well as analytical who possess much knowledge. This indicates that Client 5 takes a backseat for Auditor 5 but along with Client 5’s perception of Auditor 5’s status comes higher expectations (Linton, 1936). Client 5 expects that (s)he is allowed to ask any type of accounting related questions whenever and wherever which gives Auditor 5 the role of a sounding board much like Auditor 3 have. If Auditor 5 cannot give an answer due to her/his independency, Client 5 expects her/him to at least forward the question to someone that can provide her/him with an answer.

When it comes to stage 6, the audit planning seems to deal with the same topics as stage 2, 3 and 5. This start-up meeting consists of Client 6, the CEO and Auditor 6 and her/his audit team whereby they together create the social structure. In contrast to stage 2’s social structure in the start-up meeting, Auditor 6 and the CEO is expected to lead the meeting by
giving a rundown of what has happened during the fiscal year, if there are uncertainties and if any investments have been done. In the start-up meeting, Auditor 6 tries to discover risk areas as much as possible by asking follow-up questions throughout the presentation given by Client 6 and the CEO. However, from the interview with Client 6 it seems that (s)he takes the meeting lightly. Client 6 argues that since they receive protocols of the board meeting and their financial reports beforehand, a lot of information given by them is redundant. It is only redundant given that Auditor 6 has gone through the documents beforehand which Client 6 explicitly said that (s)he hopes they do. From the interview with Auditor 6 it was apparent (s)he did not prepare, thus Auditor 6 did not read the protocols of the board meeting and the financial reports before the start-up meeting. Auditor 6 behaviour implies that (s)he does not perform her/his role as an auditor in back stage because (s)he is not trying to create impressions in the mind of Client 6 who is not observing. This corresponds with Goffman’s (1956) dramaturgical analysis that behaviours in back stage differs from front stage as Auditor 6 back stage behaviour would probably not be accepted if Client 6 would to find out.

Stage 1-B’s audit planning act differs from Carrington’s (2014) description as well as the other stages’ audit planning acts. It seems that Client 1-B’s finance department only consists of a CFO who lacks some knowledge in accounting, hence (s)he does not have the ability to balance the books. This is in line with Svanström’s (2013) generalisation that it is the clients who works for small private firms who seek for help with solving accounting issues due to lower competence level. Auditor 1 does not temporarily take on the role as CFO but instead embody the role as a sounding board where they discuss, for example, how a certain transaction should be booked. In Auditor 1 and Client 1-B’s social structure, the former is expected to have a consultant role in their relationship. However, in contradiction to the literature (McCracken et al., 2008), it is not entirely Client 1-B who shapes a relationship to become proactive or reactive as it is also Auditor 1 who encourages a proactive relationship:

“... there are clients who only wants an audit and nothing else. I find it difficult to work with this kind of clients because I want to give so much else but because (s)he just wants the audit, 15,000 Swedish Crowns [referring to a typical audit fee] end of discussion, no consultancy and only deliver the audit report...” (Auditor 1, 2019).

When asking Auditor 1 if (s)he intentionally tries to change this mindset, (s)he gave a positively “of course”, and once again highlighting the foundation of auditor-client
relationship, that is, seller and buyer. Although it might first and foremost stem from the
enjoyment that Auditor 1 gets out of being a consultant, it cannot be ignored that Auditor 1’s firms may as well expect additional service sales seeing that consultancy is a larger source of income than audit services for auditing. By supporting Client 1-B balancing the books, (s)he arguably also gains the knowledge that is needed for the upcoming audit execution act.

The two stages 7 and 4 do not have a collective audit planning. Auditor 7 rarely have a start-up meeting with her/his clients. It was presented that Auditor 7 and her/his team have a thorough pre-plan which may be enough for Auditor 7 to neglect the audit planning and move towards the audit execution act. Considering the arguments made by the other auditors (Auditor 2; Auditor 3; Auditor 5) about the audit planning act, it seems naive to solely rely on the pre-plan without consider what Client 7 might have in mind. Furthermore, granted Auditor 2 statement is correct about the majority of client’s dilemmas and breaches in the accounting system is discovered by interactions, it seems that Auditor 7 and Auditor 4 are missing out on crucial information by not interacting in this act of the dramaturgy. Even though Client 4 is a small company which arguably do not need a preplan nor a start-up meeting, at least a sort of a plan would be reasonable in light of their relatively newly established auditor-client relationship. Neither Auditor 4 nor Client 4 seems to care. This is a sign of reactive relationship according to McCracken et al., (2008) who wants to dodge any type of unnecessary interactions.

Taken the seven stages into consideration, it is hard to draw a general conclusion as the social structure varies in the start-up meeting among the stages. Some stages (4 and 7) do not even have a start-up meeting due to a small business size. There are several aspects that shape the social structure which, in turn, affect how the social interaction takes shapes during the start-up meeting. Seller-buyer relationship (Stage 1), ex-colleagues (Stage 2), status unbalance (Stage 3) and spontaneity (Stage 6) was the emerging aspects appearing from the interviews. Meanwhile, in stage 5, the audit planning act unfolded according to the literature because they played their respective role as accordingly to the social structure. Auditor 5 asks questions and Client 5 provides with answers and nothing else happened beyond that. The social interaction between the auditor and client as well as their respective colleagues in the audit planning act, bring their statuses, roles, and all of the expectations
that they entail to bring together the audit planning act (Goffman, 1956). In light of the social structures constituted by each stage unique aspects, each stage deals with their own challenges in their social interaction.

5.7 Act 5: Audit execution

The next act of the dramaturgy is audit execution where tasks such as controlling the client’s internal controls, tracing the amounts and disclosures found in the financial statements to the company’s books and records are taken place (Carrington, 2014). Evidently from the interviews, this is the act where the auditor and client are in most contact with each other and socially interact during the fieldwork, a process which is usually time-consuming. Arising from the empirical material, this is also the act where potential discussions and negotiations may arise as a large amount of accounting and audit laws revolves around interpretations. Therefore, during the audit execution, auditors need to be extra careful not to lose their independence as clients have a tendency to influence auditors in their work (Hellman, 2011) by employing various tactics and strategies (Bergner et al., 2015). During typical fieldwork, evidently from the interviews, auditors try to gain an understanding of the client firm’s routines and internal control systems by having an open dialogue and socially interact. In doing so, the auditor analyse and gather relevant information about the client’s firm in order to identify the areas of highest risk. The auditor further determines whether the identified internal controls and valuations are operating properly and in such a manner described by the client. If this is not the case, it may result in tense discussions with the client. As stated by Auditor 2:

“... discussions with the client usually concern how to value a property, how to value accounts receivable... or, different types of contracts and so on, everything that is not black and white and often, the client just say that “there is no problems with our properties, we do not want to do an impairment” (Auditor 2, 2019).

As stated by Auditor 2’s respective client:

“There are always discussions about how to value our properties, sometimes we just get a response from the auditor like “yes, even if you choose not to do an impairment on your properties, we can still accept it because it is below our limit for what we can accept” (Client 2, 2019).

From these quotations it is evident that discussions often revolve around different property evaluations and in this case, it is clear that Client 2 does not want to do an impairment, thereby, initiating a discussion with Auditor 2. When interviewing Auditor 2, it was clear
that there was a negative sentiment toward Client 2 as they shared different views about the impairment issue. Even though this interpersonal emotional reaction from Auditor 2’s side should be irrelevant when it comes to her/his judgement, suggested by the literature (Bhattacharjee & Moreno, 2013), Auditor 2 still accepted Client 2’s position despite some unwillingness. This is a typical example of when the auditor has taken the clients wishes into consideration in order to keep their relationship in a healthy state (Beattie et al., 2001; McCracken et al., 2008) and avoid major discussions and clashes. Still, Auditor 2 preserved her/his independence by not accepting an impairment over her/his accepted limit. It is noteworthy that Client 2 claimed that (s)he has never been in a conflicting situation with Auditor 2, but emphasise that there are discussions in all kind of questions. Lastly, Client 2 expressed as follows:

“...our thoughts are almost always ending up along the same lines” (Client 2, 2019).

Meanwhile, Auditor 2 states:

“...we usually achieve consensus where we find sufficient audit evidence and at the same time, the client thinks it is reasonable” (Auditor 2, 2019).

Although Client 2 and Auditor 2 had different views about Client 2’s property evaluations, they still managed to come to an agreement in order not to ruin their past and current working relationship. Client 2 also stressed the importance of having the same goal, that is, to truly and fairly prepare the financial statements in accordance with prescribed accounting standards. Similarly, Auditor 2 also claimed that (s)he and Client 2 strive for the same goal, thus making the social interaction easier to handle. This indicate there is a similarity-attraction between Client 2 and Auditor 2 as they share the same value (Kleinman & Palmon, 2000) and a professional attraction. It is evident that despite different views about property evaluations, they still worked together to perform the dramaturgy in front of their audience (Goffman, 1956).

Emerging from the interview with Client 6, property evaluation is also an issue that is being discussed during the audit execution act. The issue had grown to the degree that Client 6’s, board and the CEO of the company had to be involved and discuss the properties value where Auditor 6 argued for an impairment. Notice that compared to stage 2, Client 6 is not involved in this discussion as much because of the following quotation:
“... I can give my input as a CFO and most often it does not differ so much from the auditor [opinion] because the accounting rules are the same for both of us [...] it really becomes an issue, when it reaches the board and CEO. After all, it is those who shall sign the annual report...” (Client 6, 2019).

It becomes clear why the board as well as the CEO are involved in the discussion. In the end, they bear the ultimate responsibility, shown by their signatures in the annual report. Although Client 6 status may have less social value among the board, CEO and Auditor 6, (s)he arguable has less power in this social structure. In stage 6, it is a conflict between the CEO, the board and Auditor 6, whereas Client 6 is not actively choosing sides. The similarity attraction between Auditor 6 and Client 6 is seemingly strong as they both share the same value of respecting the accounting law that constitute their profession (Kleinman and Palmon, 2000). Furthermore, since Client 6 have previously worked as an auditor before in her/his career, (s)he have an insight and share reasonably similar knowledge as Auditor 6. Thus, Client 6 and Auditor 6 are more likely to have a greater professional and competence attraction to each other compared to the CEO and the board who, in this case, do not have an auditing background. In connection with Client 6 status as a “CFO”, (s)he also has an associated role as a messenger in this social structure consisting of her/(him)self, Auditor 6, the board and the CEO:

“You become a bit like a messenger in the process [...] you have to try to be pedagogical and explain why [...] you must try to illustrate why and what it is, if it is a legislative issue that has been changed or an accounting principle or whatever it is, then it falls on my lap to be able to explain it in a good way...“ (Client 6, 2019).

It is reasonable that Client 6’s role as a messenger is shaped by both sides who expects her/him to mediate due to her/his status as a “CFO”. Other than being similar to Auditor 6 due to competence, (s)he probably share the same values with the board and CEO due to the fact that individuals are attracted to organizations that fit their personality and values (Ehrhart & Ziegert, 2005). This means that Client 6 is well-suited for taking on the role as a messenger by being similar to both sides in their unique way which could ease the social interaction comparatively if Auditor 6 and the CEO and board would interact. Client 6’s role as a CFO has clearly shrunk in this audit execution act as (s)he expresses:

“... I can do this impairment but I need an acceptance from the board and CEO that they will sign, if not, I would not have an annual report to give to Auditor 6. If I get an order from the board and the CEO that the impairment shall not be performed and who cares about Auditor 6 and them signing the report, then we get an qualified audit report. So it will still be the board and the CEO who draws the line...” (Client 6, 2019).
Client 6 has no choice but to consider the board’s opinion more than Auditor 6 because the board have the last saying as they have more power based on their status as CEO and board in terms of deciding the outcomes (Swencionis & Fiske, 2018). In this social structure constituted by the expectations and relationship among the board, CEO, Client 6 and Auditor 6 it is expected that Client 6 takes a step back as (s)he only owns the accounts whilst the annual report is the decisive material by whom the board, CEO and Auditor 6 owns through the signatures (Royal Swedish Academy of Sciences, 2016).

Stage 6’s audit execution act ended with an impairment on the property and Auditor 6 became a winner. However, Client 6 does not see a winner or a loser because in the end it is all part of the audit process. Discussions come and go as Client 6 expressess it in the interview but why did the board and the CEO agree on the impairment despite seemingly strong resistance until the end still begs the question. The board and the CEO was not interviewed for this study but some potential clues lies in Auditor 6 answers when asked about if her/his clients take their opinions to heart:

“... if they do not want to, they can only blame themselves, we have tried...” (Auditor 6, 2019).

From this quotation, it seems that Auditor 6 values her/his independence over satisfying Client 6’s board and CEO which could damage their business relationship. The impairment issue seems to become a conflict due to Client 6’s board and CEO initiation which might stem from the seller-buyer idea (Beattie et al., 2001) where they tried to use the financial leverage (Hellman, 2011) to convince Auditor 6 to discard the impairment. However, the board and CEO did not go as far as threatening to dismiss Auditor 6. Auditor 6 apathetic attitude indicates that a qualified audit report is powerful enough negotiation tool by itself to overcome client’s opportunistic behaviours. The audience in the shape of Auditor 6 and Client 6’s colleagues and organization but also the society as a whole (Goffman, 1956) will notice if an unqualified audit report has been formed. As a public sector organization like Client 2, 3 and 6, an qualified audit report would probably be detrimental as they are expected to obey the law (Friedman, 1970). From the interview with Client 2, (s)he stated that since they are a public sector organization, public documents is accessible for everyone which is why auditors are important as they help to maintain a professional image towards the society (Andersson-Gough et al., 2000). This means that perhaps the audit process is a
bilateral task while the audit report is unilateral task in the hands of the auditors (Herda et al., 2014).

In similarity with stage 2 and 6, Client 1-B claimed that discussions with Auditor 1 often revolve around different valuations, in this case, how to value accounts receivable. Revealed from the interview with Client 1-B, (s)he did not want to do an impairment. Meanwhile, Auditor 1 had a different view about it. Auditor 1 and Client 1-B shared different views about how to handle the documentation of the firm which escalated into disagreements. Client 1-B described the situation as follows:

“I just remember that I was right in this case and that both of us [Client 1-B and Auditor 1] were very upset about it [...] however, we found a solution, we compromised of course, especially when it comes to the documentation… afterwards, everything was over and done with” (Client 1-B, 2019).

Meanwhile, Auditor 1 states:

“If it is not huge amounts of money and so on, and if the issue revolve around different interpretations, then it is easier to say that, yeah, let it go, so to say…” (Auditor 1, 2019)

Revealed from the interview with Client 1-B, it seems that (s)he and Auditor 1 had divergent opinions about the value of a particular account receivable and the documentation. Since it is most likely that Auditor 1 and Client 1-B do not have a complete contingent contract that states how they explicitly should deal with this valuation issue (Schmidt, 2017), it now becomes a matter of who has the residual control of the auditor-client relationship (Royal Swedish Academy of Sciences, 2016). Professional nor competence attraction do not seem to be a reasonable explanation in stage 1-B as Client 1-B is not part of the financial department or have worked as a auditor before in her/his career like Client 6 and Client 2. According to the literature, decision rights are connected with ownership (Royal Swedish Academy of Sciences, 2016). Client 1-B is the owner and working chairman of the firm. Furthermore, by extending the literature, Client 1-B is also the rightful owner of their auditor-client relationship in terms of being the buyer. This mindset has emerged in multiple interviews with clients such as Client 1-A, Client 3 and Client 7. Based on Client 1-B’s ownership, it seems that the account receivable issue would not be needed to escalate to negotiations because of Client 1-B’s amount of decision rights. However, Auditor 1 did not come up empty handed. Client 1-B had to improve her/his documentation, meaning that Auditor 1 also has decisions rights. Although the audit process that leads up to an audit report is a bilateral task, it is arguable that Herda et al.,
argument about the audit report being jointly produced can be questioned. This corresponds with the findings derived from stage 6. This further strengthen the assumption that the unqualified or qualified audit report is auditors’ most powerful negotiation tool. However, time in the sense that the longer an auditor-client relationship lasts, the more residual control auditor gains:

“... we built up the relationship that is 15/20 years, it is like a marriage.” (Auditor 1, 2019).

Similar to a married couple, the auditor-client relationship of Auditor 1 and Client 1-B that have lasted for decades indicates that it is two individuals that are committed to each other, bonded by trust as well as respect which Auditor 2 strongly emphasised on when asked about what is an important ingredient for personal chemistry. The fact that Client 1-B could have dismiss Auditor 1 because of the standardized audit report to find an auditor that would have interpreted the account receivable in Client 1-B’s favour and thereby avoid additional documentation, but did not, indicates that there is a moment in time when the importance of price diminishes:

“I got an offer for a lower price [from another auditor]. Sure, I might have saved a few tens of thousands a year to change the auditor but then I would have meet an auditor who I would not have an equal or at least as much confidence in as the one I have [Auditor 1], because when I met [the other auditor], I did not get that, I feel more secured with keeping it as it is right now” (Client 1-B, 2019).

Client 1-B could not point out a specific time or situation that made her/him feel this way about Auditor 1 but Client 1-B did mentioned that they together have been through some tough years with her/his company which might be a contributing factor. Although Client 1-B could not clearly express why their relationship is strong, Auditor 2 answer when asked about how an auditor-client relationship becomes strengthen could provide some support:

“Time plays a certain role, but not everything, it is more if you go through tough things together... “ (Auditor 2, 2019).

This quotation harmonizes with the arguments that time and hardships are arguable key ingredients for Auditor 1 and Client 1-B strong and loyal auditor-client relationship. Taken all of the ownerships together, the only ownership that matter is their part ownership in their auditor-client relationship, thus, providing Auditor 1 and Client 1-B a proportionate balance of residual control. Auditor 1 and Client 1-B’s relationship and negotiation contradicts the literature (Royal Swedish Academy of Sciences, 2016) stating that it can only be one person that have the most residual control and thereby takes the
command. Different from Auditor 1 and 2, Auditor 4 does not seem to be willing to negotiate and be affected if the client tries to influence her/him in her/his work by stating:

“I am very principled, I just say that “this is how it is and how it should be, I have to write this”, so it does not matter what the client says about it really […] if I would change my mind in accordance to the client’s wishes, then, much can go wrong […] I do not even consider it hard to handle because I know what to do” (Auditor 4, 2019).

Auditor 4 respective client states as follows:

“I have never really tried to influence my auditor in her/his work, I mean, I can always say what I think and how I think it should be done but (s)he knows what to do and to be honest, it is not easy to change her/his mind, and that should not be the case either” (Client 4, 2019).

The former quotation illustrates that Auditor 4 finds it easy to resist client pressure, something that may be challenging for other auditors (Hellman, 2011) and evidently for Auditor 1 and 2. Due to Auditor 4’s several years of experience as an auditor, it is arguable that (s)he has developed interpersonal skills to handle client’s influencing behaviours in order not to lose her/his independence. The interpersonal skill seems to consist of referring to the law to reflect any possible influence that clients might have. However, the accounting and auditing law text is imbued with possibility for interpretations, but Client 4 do not seem to care to challenge. Auditor 4 assertion of dominance by being principled has given her/him the decision rights of their relationship.

One could question if Client 4’s expectations are met since Auditor 4 does not seem to take Client 4 opinions into account at all, which was also evident from Client 4’s expression. However, Client 4 does not seem to be upset about Auditor 4 position in their relationship because, arising from the interview, (s)he barely have any questions to Auditor 4 throughout the year and neither do (s)he expect Auditor 4 to embrace the any other role than an auditor. Likewise, Auditor 4 also claimed that (s)he only sees her/(him)self as an auditor with duties of only overseeing which makes it even harder for Client 4 to try to shape the relationship into being more proactive and Auditor 4 to embody the role as an expert advisor. The mutual understanding and respect for the status of an “auditor” lead to their social interaction being limited and non-challenging. It is therefore arguable that both Auditor 4 and Client 4 together have shaped their relationship toward a reactive relationship by only meeting the requirements of laws and regulations, based on McCracken et al., (2008) classification. Client 4 simply seems to accept the fact that Auditor 4 is very principled and that (s)he has no other roles associated with her/his status.
In stage 2 and 6 it was interpretation regarding properties, in stage 1-B it was account receivable, now in stage 5 and 7 it is a matter of inventory evaluations. In the audit planning act, the value of the inventory was discussed during the start-up meeting which Auditor 5 and her/his colleague decided to control in the audit execution act. From the interview with Client 5, it was apparent that (s)he had made her own obsolescence deduction on the inventory after the inventory evaluation that was proposed in the audit planning act. However, Client 5’s obsolescence deduction far exceeded what Auditor 5 assessed as being acceptable. This caution is a sign of her/him being safe than sorry when it comes to dealing with Auditor 5. In light of Client 5 opinions about Auditor 5 being analytical, calm and knowledgeable it seems that (s)he thinks higher about her/him in terms of social status than what (s)he thinks about her/(him)self. Therefore, Client 5’s scrapped her/his own obsolescence deduction without resistance. However, resistance would be unreasonable as higher inventory value is in Client 5 interest but in the interview (s)he stated that not even the thought of "why" came across her/his mind. According to the contract theory, decision rights or control is given through ownership (Royal Swedish Academy of Sciences, 2016), but from the sociological concepts, decision rights can also be given in the shape of power that comes with social value (Swencionis & Fiske, 2018). It seems in stage 5, that Auditor 5 decision rights stems from her/his status as an “auditor” and not from ownership like in stage 1-B. However, Auditor 5 argues that it stems from her/his ownership of the audit process. This contradicts the co-ownership in stage 1-B. Moreover, the dramaturgy genre of audit being a bilateral task, also stated in the literature, is seemingly not the case in stage 5 as Auditor 5 explains it:

"... As an auditor, you take the command in some way because I own the [audit] process. The auditor is the [audit] process. It would be unnatural that it is the customer who takes the command of the [audit] process because I am the owner of the audit process.” (Auditor 5, 2019).

From this quotation it is evident that Auditor 5 is not giving any decision rights to Client 5 which is shown in how they dealt with the inventory. Auditor 5 deviate, in contrast to Auditor 7, the fundamental of the dramaturgy of the audit process where the auditor and client come to together to perform the audit process. By Auditor 5 mindset, stage 5 is performed by only one main actor whereas Client 5 is seemingly just a mere supporting actor. It is arguable that the social interaction in stage 5 is not challenging at all as Client 5
follows along and do not question Auditor 5 which (s)he seems to think is the most ideal social interaction.

Stage 7 also deals with inventory evaluation, but it does not play out like stage 5 at all. In fact, disagreement when it comes to inventory value have resulted in dismissals. Since Client 7 is the CEO, (s)he is responsible for the issues regarding to the inventory and obsolescence deduction and the CFO is not involved as (s)he deals for the most part with accounting issues only. From the interview with Client 7, (s)he stated that the dismissed auditors did not have reasonable and well-argued obsolescence deduction which was connected to the auditors lack of knowledge Client 7’s business. The quest for an auditor that Client 7 can socially interact with, without being challenging in terms of understanding each other has seemingly been found in Auditor 7. Auditor 7’s ability to socially interact with Client 7 on the same level of understanding is evidently in the obsolescence deduction model that is Auditor 7 tailored Client 7 business. However, Client 7 recalled a decision made by Auditor 7 which (s)he did not seem to be pleased by:

“...they [Auditors] changed people who came here all the time so we had to say that “you need to have the same people coming here, we do not have the possibility to educate your staff all the time” [...] I went through the same thing with 5-6 people and then there was something that I had to explain twice in a row for the same person, and then I just said “next year I will charge you money if I have to educate the same person for the third time unless they can listen to me”... so, there are things that you get a bit frustrated with.” (Client 7, 2019).

From this quotation, it is clear that Client 7 does not appreciate new people coming to their office due to the time aspect but also the high costs associated with educating the audit team’s personnel. This is similar to Client 6 experiences who was not pleased when Auditor 6 brought an audit assistant due to their need to pay a higher audit fee. Although Client 7 did not state in the interview, it is also a matter of sense of comfortability. Emerged from the interview with Client 2, (s)he is more worried about their lack of knowledge due to experience which may lead to a poor audit execution act. Client 7 did not explicitly mentioned that (s)he has any problems with audit assistants in general, but her/his answer indicate that (s)he expects a person to be familiar with her/his business, thereby, reducing the time that (s)he needs to spend with the auditors. This further strengthen the assumption that the auditor’s and client’s interaction revolve more or less around the price. Meanwhile,
from the interview with Auditor 7, it was evident that (s)he has a desire that the same audit team should be present during the fieldwork, however, at the same time, (s)he states:

“...sometimes we are different people within the team [...] sometimes we can not find a time that fits everyone’s calendars, it happens quite often that people are away doing other things and stuff like that [...] but I think it is definitely best if the same team is available, it is the best solution for everyone involved” (Auditor 7, 2019)

From this quotation it is evident that Auditor 7 is well-aware of the expectations that Client 7 have in her/his mind when it comes to the issue of sending new people all the time due to her/his clearly expressing it in front of Auditor 7. It is evident that Auditor 7 also tries to meet these expectations although it might be challenging. In this situation, the auditor is facing a conflict of having to fulfil Client 7 expectations and at the same time not fall out with her/his team members by forcing them to follow her/him to the client. This indicates that the relationship with Client 7 is delicate to handle. One could argue that Client 7 expectations are unreasonable, however, this does not seem to be the case as Auditor 3 also emphasise that (s)he has experienced situations when different clients have had a negative attitude toward her/his due to the fact that (s)he brought other people to the clients office. Auditor 3 further claimed that they have changed the way they work nowadays by following the assistants to their clients because it is appreciated from the client’s side. To further clarify the thoughts of Auditor 3:

“...it is a great deal of mobility of audit assistants and therefore, the clients does not want to explain the same thing over and over again, this give rise to irritations from the client’s side” (Auditor 3, 2019).

This statement also demonstrates the importance of meeting the clients’ expectations by not bringing other people into the dramaturgy. This further indicates that it is not only something that Client 6 and 7 demand but is something that is generally expected from other clients as well. In contrast, Client 3 claimed that (s)he is not bothered if other people enter her/his office, probably due to the fact that Auditor 3 always follows her/his audit team to the clients. By Manning’s (1992) thinking, it is evident that Auditor 3, 6 and 7 broke the social structure by bringing new people on to the stage. It is arguable that the social structure has been changed as new relationships has been established. Therefore, it is reasonable that Auditor 6, 7, and 3 have learned what is expected from the client’s side by not breaking the invisible code of inviting new auditors into the dramaturgy. When it comes to stage 3, Auditor 3 found an issue in Client 3’s internal control, however, discussions did not arise until the last act which will be discussed in next chapter.
In the audit execution act, it becomes even more evident that each audit process in this study is a one-of-a-kind as the different stages deals with different accounting issues that gives rise to challenging social interaction. Disrespecting the social structure and the dramaturgical genre of audit can lead to challenges in the social interaction (Stage 7). It is argued that an audit is a bilateral task. However, this is seemingly not the case in stage 5 as Auditor 5 mindset and interaction with Client 5 reveal that their audit execution act is one-sided. Nevertheless, the same cannot be said about the audit report as it is Auditor 1 and 6 source of control. Therefore, the audit report can not fully be considered to be jointly produced. The report is used as a tool when negotiations arise which halts the dramaturgy. Decision rights is not only the solution to ease the social interaction between auditor and clients but also professional and knowledge (Stage 1; Stage 6). Social interaction do not necessarily need to be challenging which was evidently in the reactive auditor-client relation of stage 4. Lastly, time and shared hardships diminishes the importance of price as it countermeasure the seller-buyer mindset which solves one of the challenges in the social interaction between the auditor and client.

5.7.1 Social interaction outside work

During fieldwork, the auditor and client do not only talk about work-related things such as accounting and auditing. Instead, the auditor and client socially interact with each other in more relaxed atmospheres, for instance, in a restaurant or in the clients’ canteen during breaks in the audit execution act. Thus, changing the dramaturgy’s scenography. Although this topic did not emerge throughout all the conducted interviews, some stages shared divergent opinions about non-work-related conversations as this is part of the social interaction. It was evident that the interviewees who brought up the topic had widespread views about how to behave in situations when there is a need for the two actors to socially interact in a more relaxed environment. For example, Client 7 claims:

“I am not that kind of person who talk about personal stuff, only if we took a lunch together I would talk about other stuff [non-work related stuff]. I do not involve that stuff in my work, although I know that other people want to become friends with their auditors but I am the opposite”. (Client 7, 2019)

Meanwhile, Client 7’s respective auditor states as follows:
“Sometimes we [auditor and client] sit and talk during lunchtime about our families, our interests and that kind of stuff and then I feel like I must give myself to others while some clients are the opposite […] some clients are really hard to talk to…” (Auditor 7, 2019).

The former quotation indicates that Client 7 secretly does not feel the need to talk about private topics with Auditor 7. However, Client 7 claimed that (s)he talks about non-work-related things over a lunch with the auditor, even though it seems like it does not please her/him. Meanwhile, Auditor 7 feels like it is her/his responsibility to deviate from the manuscript in the shape of the audit contract and start talking to the client about non-work-related topics in order to keep their business relationship in healthy state. However, what Client 7 has in mind of the status of “auditor” does not seem to correspond with how Auditor 7 relates to her/him as (s)he do not view Auditor 7 someone that (s)he wants to be friend with. Considering stage 7 is relatively newly established, Auditor 7 seems to have a difficult time to understand Client 7’s expectations in regard to the incident with the new audit assistant and now the social interaction outside work. Similarly, Auditor 1 states as follows:

“Sometimes I just call my clients and say “hello, what’s up?” without the need to discuss anything in particular… […]. The reason is that I want my clients to feel that I care about them and that I have not forgotten them” (Auditor 1, 2019).

Meanwhile, Client 1-B claimed the following:

“…(s)he [the auditor] does not call me without a reason, there is always a reason in the way that we need to discuss something […] I would not say that (s)he calls me just like that” (Client 1-B, 2019).

The former quotation indicates that Auditor 1, in similarity with Auditor 7, feels the need to talk about non-work-related things in order to maintain a healthy business relationship during the year and her/him being the seller of their relationship. Meanwhile, Client 1-B had not been in any situations where Auditor 1 called her/him without a particular reason. However, Client 1-B does not seem to be upset about it since (s)he does not seem to expect Auditor 1 to interaction with her/him in that way. Client 1-A, on the other hand, stated disappointed that her/him and Auditor 1 have not socially interacted since the audit engagement act last year:

“I would have expected to hear from Auditor 1, not because I have to ask about anything in particular, but it would be nice to still keep in contact with each other […] I think it is important to get to know each other a little bit, it seems reasonable to me” (Client 1-A, 2019).

This indicates that Client 1-A’s expectations are not met as (s)he would have expected a call from Auditor 1. The expectations have its ground in what Client 1-A stated earlier in
the interview: “It is not the companies you do business with, instead it is the people of the company” (2019). Although auditors scrutinies internal controls and financial statements, they are fundamentally doing business with clients where the auditors are the sellers and thereby responsible for keeping the business relationship in a healthy state by fulfilling client’s expectations. The differences between Client 1-A and Client 1-B is in line with Taminiau and Heusinkveld (2017) arguing that client’s expectations are unpredictable and diverse. From the interview with Auditor 1, it is evident that (s)he does not live up to what (s)he said during the interview. This probably is because the relationship with Client 1-A is newly established and Auditor 1 is unaware of what Client 1-A expects in an auditor-client relationship. Auditor 1 might not dare to socially interact with Client 1-A outside work since there is a risk that Client 1-A shares the same thoughts about social interaction in an auditor-client relationship as Client 7. Interestingly, when it comes to auditor-client stage 2, it is the opposite compared to stage 7. As stated by Client 2:

“I do not think it is strange if we talk about other things while eating lunch together [...] we usually talk about our families and personal interests, I think it is very important that we do not only talk about numbers…” (Client 2, 2019).

Meanwhile, Auditor 2 states as follows:

“I never interact on a personal level with my clients, I am very professional, if I eat dinner with my clients, it is very formal, I never budge myself, then my clients will lose all respect for me” (Auditor 2, 2019).

In this situation, it is clear that Client 2 wants to interact in a personal manner by engaging in personal topics while Auditor 2 is formal and only talks about work-related things to mediate professionality. In comparison with stage 7, the one engaging the private conversations has been reversed. It is Client 2 who engages in private conversations with Auditor 2 since(s)he no longer have to worry about the independency threats such as closeness because (s)he works as a chief accountant and not an auditor. Meanwhile, Auditor 2 need to maintain a professional image due to her/his status as an “auditor” and it is clear that Auditor 2 tries the best of her/his ability to fend of could impair her/his professionality by for example using formal language even during dinners. Although stage 2 do have a professional attraction for each other, it does not seem that there is a similar attraction when it comes to personal conversations as Client 2 values it far more than Auditor 2. However, granting that they have worked at the same firm, one would believe that Client 2 knows how Auditor 2 would like to relate to clients based on the fact that Client 2 once upon time
also had the status of an “auditor”. The difference in the how to socially interact in more relaxed atmospheres, is a challenge in their social interaction. Auditor 2 seems determined not to break the social structure that not only consists of Auditor 2 and Client 2 relation but also their respective colleagues and all of the expectations that they entail that accommodate to bring together a dramaturgy.

To sum, it is clear that there is a difference in how auditors should relate to clients when it comes to personal conversations in relaxed atmospheres such as restaurants and at the canteen. While Auditor 2 thinks her/his professionality would be damaged if (s)he would interact with Client 2 on a personal level, Auditor 1 and 7 seems to believe such interact is part of their work because, after all, it is business relationship that they try to maintain. However, clients respond differently as Client 7 was against such conversation, but Client 1-A seems to expect that Auditor 1 would interact with her/him in a friendlier manner. When it comes to the other stages, they did not mention anything related to social interaction outside work, this probably has its reasons in that either they do not talk about non-work related topics or simply because they consider non-work-related topics to be a natural part of the social interaction between auditor and client.

5.8 Act 6: Audit reporting

The final act of the dramaturgy of the audit process ends with a presentation of the audit report. How the actors choose to present the report differs among the stages. The result of the audit is of interest not only for the interviewed Clients but for everyone involved who would like the dramaturgy to end “happily”. For this reason, the entire management and board of the Clients’ firm may also attend the presentation which may even be presented twice (Stage 2 & Stage 3). One time for the same individuals at the start-up meeting and second time for the boards as well in the annual general meeting (AGM). By Goffman’s (1956) thinking, the ones who once were in the audience during audit planning and audit execution acts are now on front stage together with the interviewed auditor and client.

Ahead of the audit report meeting with the management and board, Client 2 and her/his colleagues at the financial department request to examine Auditor 2’s findings beforehand, which made Auditor 2 chuckle. The snickering laugh in the interview implies that Auditor 2 finds Client 2’s curiosity and sign of nervousness amusing. The amusement might be
linked to the fact that they once worked together and now Client 2 is being scrutinized by her/him. The new role and status of Client 2 as a chief accountant and the chuckle indicate that Auditor 2 feels superior in the light of her/his status as an “auditor” and perhaps that (s)he owns the audit process. This judgement is based stage 2’s interaction up to this act in the dramaturgy. Auditor 2 has held Client 2 at a distance from the very beginning whereby the former seems to disengage from any non-work-related interactions against the background of their previous work relationship. Furthermore, Auditor 2 does not seem to overly sway away from her/his predetermined impairment boundaries for the sake of satisfying the client, although (s)he can accept minor value deviations to keep their business relationship intact.

Auditor’s 2 discovery of errors and improvement suggestions could be harmful for Client 2 if her/his co-workers and the board members learn about the mistakes and poor job. Client 2 becomes completely exposed during the audit report presentation in the AGM which could make the board turn on her/him. In view of this, it is therefore reasonable for Auditor 2 to check off with Client 2 beforehand in case of any misunderstanding and misinterpretations as well as letting Client 2 prepare her/(him)self for potential questions during the audit report presentation. From the interview with Auditor 3, (s)he recalled a meeting where the board has raised their voice and questioned the management which resulted in heated discussions. “What is this? Why have you not done this? Do you not understand?” (Auditor 3, 2019) are the type of comments that arose during that audit report act. Auditor 3 further explains that it is not her/his task to defend the management as it is up to the company to deal with their problems by themselves internally. However, in order to be on good terms with the client, Auditor 3 also checks with the Client 3 before the finalization of the audit report if there has been any misunderstanding similar to stage 2. In stage 2, it seems that instead of the management versus board situation like Auditor 3 described, it is rather Client 2 and the board versus Auditor 2. Auditor 2 constantly repeat previous years remarks but also highlighting current remarks that fall under the materiality threshold which neither Client 2 nor the management as well as board seem to care about:

“...they [Auditor 2] do not say that it is crucial and then we may not change it. They would not write a qualified opinion because we choose to go this way because that amount in itself is too small. This means that we do not always change…” (Client 2, 2019).
Clearly, these remarks are too insignificant in order to escalate into heated discussions as Client 2 did neither recall any uncomfortable moments during the audit reporting act. When there is disagreements regarding the severity in remarks, Client 2 states as follow:

“We [management and board] also defend ourselves” (Client 2, 2019).

This indicate that Client 2 and her/his company do not simply obey when Auditor 2 remarks. Repeated remarks indicate that the management and board stand behind Client 2 and her/his colleagues work by not demanding Client 2 to solve the remarks in order to please Auditor 2. Auditor 6 said that when the clients do not take her/his remarks to heart, (s)he feels frustrated which arguably Auditor 2 feels after having to repeat her/(him)self year after year. For one, Client 2 may choose not to obey because of the interpretation premise that Auditor 2 and Client 2 are in a disagreement. Second reason might be a matter of Auditor 2’s social value in the social structure constituted by the attendees of the audit report presentation, where Client 2, with the support from the board, holds more social value and thereby more power (Swencionis & Fiske, 2018) in terms of decision rights (Royal Swedish Academy of Sciences, 2016).

The presentation of the audit report in front of a client’s management and board can be a hostile social structure for auditors. Auditor 5 explained in the interview that (s)he too has experienced the same as Auditor 2 where the client come together and questions her/his remarks. It may occur that clients think Auditor 5 is too stiff-legged by not letting insignificant remarks pass by which could be seen as unprofessional by the clients and peers, which corresponds with Bame-Aldred and Kida (2007) study. Client 5 does not seem to be one of those clients as (s)he explains that the audit reporting act without any major complications. Although one-time Auditor 5 was not totally convinced when Client 5 pointed out that there was a typographical error on the inventory value in the audit report. It is arguable that the auditor has no option but to trust the client to a degree (Rennie et al., 2010), but in this case Auditor 5 did not seem to completely trust Client 5 and requested that the inventory needed to be revalued to make sure it truly was a typo. Client 5 proceeded to control the inventory once again without any signs of resistance. Auditor 5’s mistrust probably lies in the fact that they have not worked together for a long time as Client 5 employment began not long ago. Trust develops with time (Rennie et al., 2010) and when expectations are met and fulfilled (Vangen & Huxham, 2003; Oomsels & Bouckaert, 2014).
Thus, Client 5 had to prove (s)he is right before Auditor 5 agree to change the inventory value. This further strengthens the idea that stage 5 is a one-man dramaturgy.

In stage 3, Auditor 3’s refusal attitude towards Client 3’s opinions has not been changed since the audit planning act. When asked about the interaction in the audit process, Client 3 repeated what Auditor 3 did in the audit planning, namely, says that (s)he acknowledges Client 3’s opinion but will still compile the audit report according to her/his own judgements. In the last act, audit report, it seems that Client 3 do not have the same level of tolerance as in the audit planning act. Instead, (s)he now speaks up implying that Client 3 was fine with Auditor 3 taking the lead of the audit plan but when it comes to the audit report it is a different story. This might be due to the planning being an internal matter which is why Client 3 empowered Auditor 3, who clearly is the more experienced, to construct a plan. In other terms, it does not matter how they get there, as long as the audit report is of satisfactory for both of them to showcase for the board. Client 3 has made a remark on stylistic matters such as Auditor 3 way of describing their internal controls and business that was a bit misrepresented which (s)he agreed to change. Given that Auditor 3 is in charge of their auditor-client relationship, (s)he also tasked with maintaining the business relationship according to Beattie et al., (2001) by accepting minor changes to satisfy Client 3. However, there seems to be a disagreement about wage reporting between Auditor 3 and Client 3 that potentially could snowball into a larger issue:

“...we are supposed to send out list on the employees working hours every month, but I think it is irrelevant and think that they can have it once every six months [...] then it is up to the board [to decide], if they [the board] tell us to do so, then we do it, but if they [the board] says nothing, then I will not do it.” (Client 3, 2019).

From the interview with Client 3 it appears that (s)he also refuses to solve a remark that Auditor 3 keeps repeating year after year, similar situation as stage 2. Auditor 3 probably does not think that Client 3’s conflicting behaviour is legitimate against the background of her/his status given Auditor 3’s residual control of prior dramaturgy acts. Unlike the social interaction in the audit planning act, Auditor 3 is not squared up against Client 3 but also the board in this case who may hold higher social status than Client 3 and her/(him)self. Client 3 takes on the role as a spokesperson on the behalf of the board and is given decision rights through the power that stems from the combination of the statuses. Moreover, Client 3 also explained that the CEO of the company stands by her/his side regarding this issue with Auditor 3 as both of them find it unnecessary to allocate time to print out lists every
month. It may seem that the entire management and board is against Auditor 3 judgement which might be frightening for her/him. However, Auditor 6 stated that during the audit report presentation, it is not the number of attendees that is troublesome, instead, it depends on the person:

“I usually do not take so much notice at that number [...] personality, is more important than the number. By personality I mean that if the opposite side consists of someone who wants to be very dominant that I think is more difficult to deal with. Five reserved people are easier than a dominant person.” (Auditor 6, 2019).

It is evident that auditors need to be able to handle conflicting social interactions by having interpersonal skills (Barrett et al., 2005). Dominant persons that Auditor 5 described do not seem to be hesitant to expose auditors for competition, after all, the auditor-client relationship is fundamentally a seller-buyer relationship (Beattie et al., 2001) due to the premise of standardized audit report. Stage 3 should not be compared to stage 2 because Client 3 does not really have the board by her/his side. From the interview with Client 3 (s)he explained that (s)he feels stuck between Auditor 3 and the board. From one side Client 3 has to deal with the Auditor 3’s expectations and from the other side, (s)he has to deal with the board’s expectations. However, (s)he seems to care more about the board:

“... I want to influence what he [Auditor 3] says to the board as much as I can because I want it to be good, otherwise I will receive criticism from the board…” (Client 3, 2019)

Client 3’s thoughts reveals that (s)he purposely try to influence Auditor 3 in the audit reporting act. This further extends the findings of Hellman (2011) who discovered that the CFOs try to influence auditors in the audit planning act as it seems that clients also try to influence auditors in the audit reporting act. Unlike the clients in Hellman’s (2011) study, Client 3 does not influence Auditor 3 to maximize the value for money and thus utilizes her/his power as a buyer. On the contrary, Client 3 influences because (s)he wants to appear in the best light as possible for her/his superiors who have a higher social status and in turn more decision rights. While audit is a bilateral task (Beattie et al., 2001), it seems to be a difference in interest as Client 3 shows her/his self-interest at Auditor 3’s expense of reduced independence by purposely influencing her/him to satisfy the board. Ultimately it seems as Client 3 has seized the decision rights from Auditor 3 in the audit reporting act with the support from the CEO and the board by ignoring Auditor 3’s constant remark. Auditor 3 does not seem to bother, dealing with the conflict of interest because such remark is not worth fighting over when there is a risk of losing the client.
When it comes to stage 1-B, 4, 6 and 7, issues that are of severe character such as the differences in valuation in the audit execution act are solved along the way leading up to the audit report. Thus avoiding conflicts in the last act. Therefore, in the stage 1-B, 4, 6 and 7 the audit report act is quick and painless. In comparison to stage 2 and 3, the presentation of the audit report differs. In stage 5 and 6, the audit report is compiled back stage and not presented because Client 5 and 6 receives the report in an electronic mail. Client 6 argued that (s)he and Auditor 6 should arrange a proper audit presentation where the management and the board gather in order to give the audit report more value. The competence attraction between Client 6 and Auditor 6 is clear as they both think the findings in the report are important for everyone to hear. The board and CEO as well as Auditor 6, however, do not seem to feel any attraction and show interest in the dramaturgy of the audit process considering that Client 6 acted as a messenger throughout the audit execution act. In contrast to stage 2 and 3, the audit reporting act for stage 1-B and 4 takes place at the respective Auditors (1-B & 4) office where a quick rundown of the report is given. Both Client 1-B and Client 4 do not find this act special as issues has been resolved in the audit execution act. Client 1-B did mention that informal topics (eg. sports) are interspersed with formal topics such as future business plans.

It is evident that if issues are solved in the previous act, then the social interaction in the audit reporting act should not include any challenges as all that remains to do is to conclude the audit report and, thus the dramaturgy. This is clear considering that stage 3 was not free from challenging interaction, especially for Auditor 3 were faced with an hostile social structure consisting of more persons with arguably high social status and thereby more decision rights than Client 3. However, this act may not even be performed for the audience to see as the audit report could be compiled in back stage and thereby not presented.

5.9 Summary

The first research questions that concerns how the role and status of auditors and clients evolve in the social interactions taking place during the audit process has been answered by chapter 5. The social interaction that has been explored among the seven stages in this study has been subjected to the dramaturgical analysis. By applying Goffman’s thinking (1956), the social interaction is not only shaped by the social structure constituted by
expectations but also by the dramaturgical genre of an audit. Audit as a bilateral task, the standardized audit report and different interpretations are aspects that characterize the dramaturgy of the audit process that gives direction to, and sets limits on how the auditor and client socially interact. Visualisation through costumes does not make up a large portion of the dramaturgy compared to verbal interaction, but it is seemingly important for auditors to match with the clients’ expectations in terms of clothing and not the other way around, which contradicts the findings of Grey (1989). In the audit engagement act, there is a difference in the amount of attention given by the auditor and client when choosing their co-actor.

In the audit engagement act, auditors investigate formal aspects about the client organization such as bankruptcies and track records back stage before accepting to be part of the dramaturgy. However, they do not seemingly care about personal aspects and how well they would socially interact and mesh together. Neither do clients seem to care about the personal aspects as the focal point is the price tag, which is reasonable since it is a seller-buyer relationship Beattie et al. (2001). There are exceptions, but the unfolding of the dramaturgy of the audit process is basically a throw of the dice as the auditor and client barely knows each other. Likewise, during the pre-planning act, only some of the auditors cared to prepare themselves by studying the clients’ business beforehand in order to appear competent during front stage.

The reception act is where the auditor and client step on front stage and embody a role associated with their social status. They begin to socially interact and exchange information in order to create a certain impression in the mind of each other. The reception by the CEO is generally warm while the auditors usually receive a less warm welcome from the CFO, especially when the auditor brings new audit assistants without a notification, which upsets them. Although the dramaturgy suddenly became more expensive, the findings of this study do not suggest that they encounter a passive-aggressive behaviour which was reasonable based on the literature (cf. Coghland & McIlduff, 2000). This was revealed in stage 6 and 7. The seven stages performing the dramaturgy deals with their own challenges in their social interaction and as a result, each act i.e. audit engagement, pre-planning, audit planning, audit execution and audit report is one-of-a-kinds as there are no same as another.
During the start-up meeting in the audit planning act, the challenges in the social interaction varies among the stages. The arguments presented in the similarity attraction paradigm could be found among the stages (Wells & Aicher, 2013; Roebken, 2010; Westphal & Zajac, 1995), especially in stage 2 and less in stage 3. However, in the former stage, the similarity attraction is arguably too strong as they begin measuring each other due to their past working experience. In the latter stage, there was a non-similarity attraction in terms of the multiple roles that Auditor 3 poses as this creates a lack of understanding from the client’s side of how to socially interact and relate to Auditor 3. As a result, Auditor 3 does not seem to have a stable identity because (s)he alters between multiple roles (i.e. auditor, friend, sounding board and psychologist), creating a challenge by confusing Client 3.

In the case of the audit execution act, the challenges revolved around different evaluations such as account receivables, properties and inventory. Dissimilarities and different interpretations led to disagreements in evaluations which, in turn, led to discussions which halt the dramaturgy. The similarity-attraction paradigm, presented in the literature review (Westphal & Zajac, 1995; Wells & Aicher, 2013), was found among the stages, particularly in stage 2 and 6. In stage 2, the auditor and client found a common ground and solved the issue because it boiled down to their shared value of presenting a true and fair financial report which corresponds with Kleinman and Palmon (2000) findings. Meanwhile, in stage 6, the similarity attraction was evident between Client 6 and Auditor 6 as they both understood why an impairment was necessary due to competence attraction. However, the social interaction became challenging when Client 6’s board and CEO began poking their nose in the impairment which shaped the role of a messenger embodied by Client 6. Contract theory’s concept of residual control stemming from ownership (Royal Swedish Academy of Sciences, 2016; Schmidt, 2017) was clearer in the other stages. On the one hand, stage 1-B solved the issue by compromising as they are seemingly co-owners of the auditor-client relationship. On the other hand, stage 5 did not really have any challenges in their social interaction as Auditor 5 directed Client 5 throughout the audit process which might not be seen as optimal as it is argued by Herda et al., (2014) that an audit is a bilateral task. It is argued that Auditor 5’s ability to direct Client 5 stems from her/his social status as an “auditor” which gives decision rights. Lastly, stage 7 was challenging in the sense that Auditor 7 could not comprehend Client 7’s expectations due to their newly established relationship. Manning (1992) suggests that a social structure consists of already established
relationships among people and groups which is why bringing an outsider into their social structure without a notification is unacceptable from the client’s side. However, stage 4 did not face any challenges while interacting as a similar attraction give rise to a mutual understanding.

If issues have been solved in the audit execution act, the social interaction in the audit reporting act should not include any challenges as all that remains to do is to conclude the audit report and ultimately the dramaturgy. This was the case in the majority of the stages. However, when it comes to stage 3, Auditor 3 found an issue in Client 3’s internal control in the audit execution act which gave heated discussions in the audit reporting act. For auditors, it is challenging to interact with the clients when other people (e.g. board and the CEO) are involved which was shown in stage 2 and 3. Taken together the opinions from the seven stages, they seem to solve the challenges in the social interaction throughout the audit process as all stages managed to reach the final act, audit reporting. Various challenges in the social interaction between the auditor and client has been encountered in the seven stages which will be explained and discussed in the next chapter to answer the second research question.
6. Final Discussion

The purpose of this study is to explore the challenges in the social interaction between the auditor and client during the audit process. As shown in chapter 5, the auditor and client may encounter disagreements during the audit process when they socially interact with each other. These disagreements may lead to arguments, discussions and negotiations that are aimed to solve or prevent to the potential challenges inherent in the social interaction. In this sense, the clarity of the contract and how similar the auditor and client are might influence the auditor-client relationship in either a positive or a negative way because finding a common ground cannot be taken for granted. In this study, disagreements and arguments come in the shape of differences in interpretations and expectations of how one should relate to one another as well as failure in corresponding with various expectations. The negotiation relates to the dialogue during the social interaction which might lead to some compromises. This was revealed by the seven stages in this study. The second research questions about what are the challenges related to the social interactions taking place during the audit process, is answered throughout this chapter.

6.1 Stages’ social interactions and related challenges

It is evident that the audit process in linear as all of the seven stages go through the same audit process. However, there are aspects that are unique for each stage which could be categorized by using different prototypes based on the social interactions that took place considering the actors’ status, roles and expectations. A discussion on the different stages will be presented below.

6.1.1 Stage 1: The married couple

Stage 1 consists of Auditor 1 and two clients, Client 1-A and Client 1-B. Given that Auditor 1 has only socially interacted with Client 1-A during the audit engagement act, the social interaction could be better explained by only using Client 1-B who Auditor 1 has socially interacted with during the whole audit process. In contrast to Client 1-A, Client 1-B and Auditor 1 has been performing the dramaturgy for two decades. Granting that the dramaturgy can become redundant after twenty years, which reasonably is comparable to a married couple, the importance of price has diminished through their proactive relationship. In the beginning, their relationship more or less revolved around the price but now they
perform the dramaturgy because of the surplus they are able to create together. The costumes are not considered important but there is a clear distinction of who plays which role. Neither of the actors prepare for the coming front stage as expectations are set in light of their long-time relationship and many performances together. The reception during the audit planning act is always warm as Auditor 1 takes her/his time to welcome Client 1-B even though it is not necessary. The interaction in the audit planning act is not by any means a planning as Auditor 1 embodies the role as a sounding board to support Client 1-B in how to balance the books. Despite having performed the audit execution act for decades, does not mean that it is not troublesome as Auditor 1 and Client 1-B had a heated debate regarding an account receivable which was solved due to their co-ownership in their auditor-client relationship. As time passes, the married relationship between Auditor 1 and Client 1-B has grown stronger whereby they now resolve issues by compromising each other in order to find a solution that satisfy both. The audit reporting act is short with a happy ending of the dramaturgical play as all the issues has been dealt with in the previous act. Taken together the social interaction that took place on stage 1, the following figure presents the role of the auditor and client which can be labelled as “The married couple”. Figure 6.1 shows the role of the auditor and client during their social interaction and related challenges. The equal circles show that Auditor 1 and Client 1-B have equal rights in their married relationship, whereby, they find a common ground and solve issues by compromising.

![Figure 6.1: The married couple](image)

When the auditor and client have been in a long-term auditor-client relationship, the challenge is to continue maintaining the relationship for many more years to come. In doing
so, the auditor might face situations where compromises must occur if the relationship should be able to continue. Instead of an auditor-client relationship, it could become a business relationship where the client needs are prioritized before the society’s needs of an independent audit. In turn, too much compromises from the auditor’s side serves as an indication for the client that compromises are acceptable. However, compromises are unacceptable because the auditor must be independent in her/his work and withstand client’s attempt to influence the auditor’s decision making, which might be highly challenging for the auditor. Impaired audit independence is dangerous because it puts the quality of the audit and the society at risk.

6.1.2 Stage 2: The auditor and client as ex-colleagues

In stage 2, Client 2 does not seem to care about her/his costumes as the dramaturgy takes place at her/his office, meaning that Auditor 2 has to adapt to her/him. Client 2 did not choose Auditor 2 due to public procurement, meaning that there is a risk that a mismatch occur. It seems that Client 2 wanted to make a statement from the very beginning that (s)he would not be overthrown as the superior in her/his office. However, her/his co-actor, Auditor 2 is not a stranger as (s)he and Client 2 are ex-colleagues. This was pleasant news for Client 2’s side as (s)he feels a similarity in the shape of professional attraction for Auditor 2 which makes her/him let her/his guard down. Instead, Client 2 wants to socially interact with Auditor 2 in a friendly manner rather than acting in a professional manner. Nonetheless, being on front stage where the audience are observing them, Auditor 2 wants to appear professional and be seen as a highly competent auditor, taking her/his role as an auditor with utmost seriousness. Therefore, Auditor 2 prepares extensively back stage before the start-up meeting. Auditor 2 goes straight down to business and begins to interact with Client 2 and her/his colleagues by asking questions that deals with potential risks for the upcoming audit execution act. Client 2 does not even get a chance to socially interact with Auditor 2 about non-work-related topics. The refusal of getting too close with Client 2 continues through the dramaturgy but Auditor 2 is more relaxed during the audit execution act and approves a non-impairment as it is under her/his accepted materiality level. The stiff-legged Auditor 2 seems to have a limit in how tough (s)he can be against her/his ex-colleague, Client 2 as the professional attraction is too strong. However, neither in the lunch or canteen scenography Auditor 2 seems to not be affected by Client 2’s willingness to interact about non-work-related topics. In the final act of the dramaturgy,
Auditor 2 no longer holds the decision rights as Client 2 is able to reject Auditor 2’s semi-important remarks with support from the board. Together with the board, Client 2 dares to ignore the remarks. Figure 6.2 is labeled as the ex-colleagues and shows the role of the auditor and client during their social interaction and related challenges. The arrow and the circles represent how the determinant Auditor 2’s tries to reject the inferior Client 2 when (s)he tries to socially interact about non-work-related aspects.

![Figure 6.2: The auditor and the client as ex-colleagues](image)

When the auditor and client are ex-colleagues, the challenge of the social interaction could be that they measure each other. The clients insight of the auditor’s role increases the expectations in terms of the audit quality as the client clearly knows how an audit should be performed which makes the auditor’s role more difficult to handle because there are no room for errors. Although it might be challenging for the auditor, in the end, the increased expectations might result in a higher audit quality to satisfy the client. Due to the past working experience, the professional attraction might result in a too personal relationship, which might threaten the auditor’s independence. It is arguable difficult to turn off the personal emotion and cut the attraction for one another. The hidden attachment on both sides could possibly lead to difficulties in engaging in discussions when there are divergent opinions. This situation is not desirable as the auditor loses parts of her/his independence. Therefore, there is a risk that the quality of the audit deteriorates, which in turn, hurts the client’s firm and even the society.
6.1.3 Stage 3: The imperious chameleon and the silenced bug

The stage performers in stage 3 was matched due to the law of public procurement and from there, the price was the determining factor for Client 3. In back stage, Auditor 3 prepares by gaining knowledge about Client 3’s business in order to fulfil the assumed competence that comes with the status as an “auditor”. Before entering front stage, Auditor 3 switches into a more appropriate costume in order to fit in with Client 3’s office environment, similar to how a chameleon changes colour in order to fit in. During the first dramaturgical performance with Auditor 3, Client 3 felt very nervous due to stage fright as a newly appointed CFO and the perception of an “auditor”. Auditor 3 shapes the social interaction in the dramaturgy by setting a level of formality which confirmed Client 3’s perception of an “auditor” and in turn, might have increased her/his nervousness. Nowadays, the dramaturgy is not as formal compared to the beginning of their auditor-client relationship. Auditor 3 has softened by including informality in their social interaction which has made Client 3 more comfortable. However, in the audit planning act, Auditor 3 still maintain her/his role as a auditor but let the informality blend into their auditor-client relationship. Auditor 3’s role as a chameleon gives her/him the ability to camouflage to different environments, which might create a confusion for Client 3 by not knowing which type of auditor-client relationship that exists between them. In light of Auditor 3’s status as “an auditor” (s)he has enrolled as a chameleon that changes into a friend, psychologist, auditor and sounding board. However, Auditor 3 manages to shift into an auditor in order to conduct the audit planning act in accordance to what is expected of her/his status as an “auditor”. During the audit planning act, Auditor 3 does not take Client 3’s opinions into consideration. To put it differently, the imperious chameleon silence the bug. In the next act, audit execution, there was an issue regarding Client 3’s unwillingness to report more frequently about the salaries of the employees which is Auditor 3’s amendment derived from the audit execution findings. Since the issue is not being resolved, it continues to the audit reporting act where Client 3 is still being resistant to the proposed amendment. This is possible because Client 3 has the board by her/his side supporting her/him. The following figure presents the role of the auditor and client which can be labelled as the imperious chameleon and the silenced bug. Figure 6.3 shows the role of the auditor and client during their social interaction and related challenges. The arrow represents how Client 3 comply with Auditor 3 by following her/his suggestions without
any resistance, at least not when being alone. The different sizes of the circles illustrate the imperiousness of Auditor 3 and the silenced Client 3.

![Diagram](image)

Figure 6.3: The imperious chameleon and the silenced bug

When the auditor reaches a certain level of power, (s)he is able to dictate the auditor-client relationship and decide which role to embody. However, one could question if a person with the status of an “auditor” can suddenly change her/his role from an auditor to a friend without threatening her/his independence of the auditing profession. This may impact the quality of the audit report negatively as the auditor could make more optimistic estimations in order to satisfy the relationship. Consequently, the client does not know how to relate to an unidentified auditor which may cause a confusion, and in turn, a challenge in their social interaction. The client will reasonably spend time in deliberating of how to relate to the auditor instead of performing her/his role as a client.

6.1.4 Stage 4: The distant couple

Despite Client 4 chose Auditor 4 because (s)he was close at hand, their relationship do not permit the same characteristic as they seem to be a distant couple. Firstly, neither of them care to convey impressions through their costumes. Secondly, a preplan is not considered to be necessary by both of them. Thirdly, a collective audit planning act in form of a start-up meeting do not take place. Fourthly, the audit execution act proceeds smoothly as Client 4 seems to distance her/(him)self by avoiding any unnecessary social interaction such as asking additional questions to Auditor 4. Furthermore, Client 4 believes that it is hard to have her/his voice heard as Auditor 4 is very principled in her/his role as an auditor. Fifthly and last, the audit reporting act proceeds quick and without any complications. Taken the
acts of the dramaturgy together, both Client 4 and Auditor 4 shape their relationship into a reactive relationship and distance themselves from one another. Consequently, none of them seem to have the desire to perform the dramaturgy of the audit process. The following figure 6.4 display the distant couple of Auditor 4 and Client 4 and also the challenge of uninterest when interacting with each other. Despite the close geographical proximity between them in terms of office location, the stretched two-sided arrow illustrates the far distance to each other in their relationship and the agreement in a reactive relationship. Auditor 4’s circle is larger than Client 4’s circle due to her/him being very principled and hardly changes the audit process in Client 4’s favour.

![Figure 6.4: The distant couple](image)

The main challenge in the social interaction when the auditor-client relationship is distant could be that the auditor cannot identify breaches in the client’s accounting system as they rarely socially interact. In turn, the audit quality may deteriorate. Nevertheless, the independence of the auditor is kept intact as the threat of closeness as well as self-review is non-existent. At the same time, it is reasonable that the auditor must spend more time in gathering enough audit evidence which might be time-consuming and costly. Therefore, neither the auditor nor client benefit from this type of social interaction.

6.1.5 Stage 5. The “Simon says”

In stage 5, the costumes represent a larger portion of the dramaturgy as both Client 5 and Auditor 5 put efforts in mediating professionality in terms of how they dress. Client 5 did not have the opportunity to choose who to play the dramaturgy with as Auditor 5 was already chosen beforehand. Auditor 5 does not believe dramaturgy is a two-sided
performance, as (s)he states (s)he is the dramaturgy, thereby all the act revolves around her/him. Client 5 does not seem to be bother by Auditor 5’s pushover behaviours as (s)he thinks that Auditor 5 is suited to lead the dramaturgy by, more or less, her/(him)self based on her/his knowledge. Client 5’s reception of Auditor 5 has always been kind and respectful in regard to Auditor 5’s role as an “auditor”. In the audit planning act, Auditor 5 raises the suggestion of performing a new inventory evaluation. Client 5 did not resist and simply just accepted Auditor 5’s proposals, thereby trusting her/his knowledge. It seems that the social structure has been solidified where Auditor 5’s role is to instruct and Client 5’s role is to follow along. To put it differently, their social interaction share the same features as the game “Simon Says”. However, Client 5 expects Auditor 5 to embrace the role of a sounding board when there is a need because Auditor 5 is knowledgeable. In the audit execution act, Client 5 once again confirmed and choose to agree on Auditor 5’s obsolescence deduction of the inventory even though Client 5 had already made her/his own evaluation with her/his colleagues beforehand. The audit report is compiled back stage and sent to Client 5’s electronic mail. Taking together the social interaction that took place on stage 5, the following figure presents the role of the auditor and client which can be labelled as the “Simon says”. Figure 6.5 shows the role of the auditor and client during their social interaction and related challenges. The arrow as well as the difference in circle sizes represents that Client 5 follows Auditor 5 who takes the commanding role of “Simon”.

![Figure 6.5: The “Simon says”](image)

When the auditor plays “Simon says” with the client as thereby, take the control of their relationship, the challenges lies in the unbalance in terms of power. When the auditor is arrogant and believes the audit process is an auditor’s task, there is a risk of neglecting the
client’s inputs. This is dangerous considering that an audit is a bilateral task and that there is a need that the two parties cooperate. When the auditor is dominant, the client becomes less autonomous and feel dependent as well as forced to take side with the auditor. If the client does not dare to raise her/his opinions, the audit report might be misleading as the auditor might have misinterpreted and not gathered enough information from the client.

6.1.6 Stage 6: The two peas in a pod

The dramaturgical performers in stage 6 consists of young Auditor 6 and the senior CFO, Client 6. The difference in age was not a determining factor as the price was considered to be more important. Costumes is not a part of their dramaturgical play. The only pre-planning that occur is an agenda list sent to Client 6 in order for the audit execution act to be more efficient. The fact that Auditor 6 did not prepared back stage even though receiving documents beforehand, is a reason of the joint start-up meeting in the audit reporting act. In this act, Client 6 is expected to give a presentation of certain events that have occurred in the previous and current year. This is because Auditor 6 did not prepare and cannot lead the start-up meeting based on her/his limited information about Client 6’s business. In the audit execution act, an issue regarding property evaluation arose which led to an impairment suggested by Auditor 6. Client 6 did not resist due to competence attraction, thereby (s)he understands why it is necessary to impair the property value. Hence, the term, the two peas in pod”. Client 6 has worked as an auditor in her/his past working career which facilities the competence attraction. It is only becomes a problem when Client 6’s colleague and board starts poking their nose into the impairment issue. Client 6 is troubled by being stuck in-between Auditor 6 and the CEO as well as the board due to their limited knowledge within the accounting and auditing field. Therefore, Client 6 embodies the role as a messenger for the sake of the dramaturgy to continue. The final audit report act compiled back stage at Auditor 6’s office and sent to Client 6’s electronic mail, despite the act being a front stage act. Figure 6.6 presents the role of the auditor and client which can be labelled as “The two peas in a pod”. The following figure with the auditor and client in the same circle illustrates how equal Auditor 6 and Client 6 are, when it comes to understanding each others’ roles and status, shown in Client 6’s understanding and non-resistant of Auditor 6’s suggestion of the property impairment.
Although it is preferable if the auditor and client are similar to each other in order to facilitate the social interaction, the challenge is not to become too like-minded. If the auditor and client are too similar and get along well, both actors may develop a group thinking, whereby they do not challenge each other anymore. This is in contrast to the “The married couple” consisting of Auditor 1 and Client 1-B, whereby they still challenge each other despite their long-term relationship. Too much trust would pose a threat and gradually impair the auditor’s professional skepticism and independence. The social interaction would be characterised by only agreements instead of discussions which in turn, strengthens the auditor-client relation and in the end, the audit report. The auditor and client could reach a certain point of comfortability which would decrease their willingness to oppose each other, hence putting the audit quality at risk.

6.1.7 Stage 7: The personal disparity

Stage 7 consists of Client 7 and Auditor 7, where Auditor 7 dresses in a similar fashion as Client 7 to create a balance. The dramaturgy emerged without any considerations other than them being geographically close to each other. Before entering front stage, Auditor 7 and her/his audit team thoroughly prepare her/(him)self whilst Client 7 does not. Client 7’s lack of enthusiasm for the dramaturgy shown by the audit engagement and non-existent pre-planning carries on in the reception act where Client 7 does not show any delightfulness nor annoyance when greeting Auditor 7. The reception does not occur in connection to the audit planning act as they do not have a joint start-up meeting like the other stages but Auditor 7 is well-prepared for the audit execution act based on her/his back stage
preparation. During this act, the actors do not seem to have any challenging interactions about the inventory evaluation and obsolescence deduction but her/his decision to bring a new actor on front stage without notifying Client 7 stir the dramaturgy. The dramaturgy was supposed to be exclusive between Auditor 7 and Client 7. Instead, Client 7 has to deal with the newcomer who need to learn how to perform her/his role as an auditor in the audit execution act which is expensive. Changes in scenography during the audit execution act incite Auditor 7 to deviate from the manuscript which is not appreciated by Client 7 who wants to focus on the dramaturgy. This implies that there is a personal disparity between Auditor 7 and Client 7 as they share divergent opinions about how to socially interact. Although Auditor 7 made two blunders that was not in line with Client 7’s expectations, the concluding audit report act ended smoothly. Figure 6.7 illustrates Auditor 7 and Client 7 respective roles in the social interaction, labelled as the personal disparity. The arrow represents how Auditor 7 has difficulties in understanding and complying with Client 7’s expectations. The larger circle size of Client 7 shows that (s)he dictates the auditor-client relationship by rejecting non-related-work conversations and expressing disliking when new audit assistants are brought to her/his office without a notification.

Figure 6.7: The personal disparity

When there is a personal disparity between the auditor and client, it could be difficult to interact with one another and have a snowball effect. Firstly, a lack of understanding of each other’s expectations might result in frustrating social interactions. Secondly, the audit process could consume unnecessary time that are allocated to resolve conflicts and disagreements between the two parties. Consequently, the audit fee becomes higher while
the audit do not necessarily becomes better. Finally, the aggregated frustrations built over time could consume an auditor-client relationship a divorce is seemingly the only solution which do not benefit either of them. Both of the auditor and client have to find a new counterpart whereby they have to start from square one and interact with a stranger all over again. This can be an expensive change for the client in regard to knowledge spillover.

6.2 The dramaturgy of the audit process

There are moments during back stage and front stage where the auditor and client socially interact in the audit process. Although the seven stages did not socially interact in every act (i.e audit engagement act, pre-planning act, audit planning act, audit execution act and audit reporting act) of the dramaturgy, it is evident that a large portion of the audit process revolves around the social interaction between the auditor and client. Challenges arose depending on the act, how the actors socially interact with each other, their respective roles, statuses as well as expectations. Thereto, a dissimilarity between the actors could also give rise to a challenge in the social interaction. Despite a fundamental audit contract laying the basis for each and every stage, it was evident that the challenges was solved through the incomplete contract. In addition, challenges was prevented due to similarity attraction in sociodemographic space.

All seven stages considered, the findings the seems to correspond with Beattie et al., (2001) that clients view themselves as customers with the analysis suggesting that the price tag is of importance is a result of the standardized audit report. This contradicts Taminiau and Heusinkveld (2017) as audit service can be equated with a product that solely subject to market forces. Knowing this, auditors have an insight into the client’s expectations whereby, they compare audit service with a mass-produced product (i.e. audit report) that is replaceable at any given time and let the auditors know about it. In line with Beattie et al., (2001), the auditor-client relationship is a complex seller-buyer relationship but now the challenge for the auditors is to interact with clients that are more geared towards the latter version of the relationship. It is suggested by the literature that auditors should have trouble interacting with those type of clients because of tug-of-war between fulfilling the client and the society’s expectations, but it does not seem to be the case. Instead, the auditors seem forget about the society, whereby there is a risk that they do not consider the responsibility and duty of their role as a guardian of the market (Volcker, 2002), which
collides with the assumption that auditors should prioritize the social values (Artsberg, 2005). After all, audit is a business at the end of the day.

The literature suggest that negotiations take place between the auditor and client when a common ground cannot be established (Bame-Aldred & Kida, 2007; Bergner et al., 2015; Gibbins, et al., 2001; Kulset & Stuart, 2018; McCracken et al., 2008; Perreault & Kida, 2011; Salterio, 2012). The auditors in this study only seem to dare to negotiate when the importance of price has diminished which is connected with client’s ownership of the auditor-client relationship due to fear of being replaced. Through the lens of contract theory (Royal Swedish Academy of Sciences, 2016), it is argued that clients dictate the relationship as they possess more decision rights in light of them being the buyer which makes them the owners of the audit-client relationship. However, a new finding has been made in this study suggesting that clients’ ownership fades and decision controls are allocated to the auditor as time goes by and hardships are sustained together, thereby making the auditor co-owner. This may lead to issues and negotiations where the auditor and client find compromises to resolve challenges which indicate that society’s expectations concerning the former’s independence are indeed too far distant to have impact in the auditor and client interaction.

Continuing with the idea of ownership and how it manages to solve challenges in the social interaction, Herda et al., (2014) as well as Bame-Aldred and Kida (2007) argue that the audit process is a bilateral task which means that the audit report is jointly produced. It was settled in the beginning of the analysis as well considering that auditors do need the clients support to be able to conduct an audit. In other words, the audit process is a co-owned process much like how the auditor-client relationship is co-owned. However, the findings and the analysis oppose this fundamental idea of audit as there are disagreements about the audit report being a product created by both the auditor and client. The analysis suggests that the audit report is a source of decision rights which is used as a negotiation tool and therefore, the report is not reasonably co-owned. Auditors’ bargaining chip lies in the unqualification or qualification of the audit report. This gives auditors control of the omitted conditions of the audit contract to solve challenges in the social interaction. Furthermore, even the idea of the audit process being a dyadic task is challenged by the findings which suggest that the process can become more or less a one-sided task. The
analysis evidently shows the amount of residual control that auditor may have derived, not from ownership, but rather from the social value that stems from the status of an “auditor”, as the audit process did not contain any disagreements or arguments from the client’s side. If this is a desirable type of auditor-client relationship is questionable since a restrained client that cannot freely socially interact due to the mighty hand of an auditor. Restrained social interaction could have consequence on the outcome of the audit as it is argued that the majority of clients’ dilemmas and breaches in the accounting system is discovered through interactions.

When it comes to the similarity-attraction paradigm, it seems that similar attraction does not solves challenges in the social interaction, instead, the challenges are averted from happening in the first place. Emerging from the findings, auditors and clients who share the same sociodemographic space, in particular, competence and value, have a greater attraction for each other which corresponds with Wells and Aicher (2013) as well as Roebken (2010). In turn, the social interaction becomes non-challenging (Lincoln & Miller, 1979) because there is a mutual understanding for one another’s interpretations, disagreements and arguments. In relation to competence and value, a new sociodemographic was found in the shape of professional attraction which exists if the auditor or client have had the same profession before in their working career. Consequently, they have played the same acting role because of the same social status as well. However, emerging from the analysis, the professional attraction is a double-edged sword where it can have the opposite effect by becoming a challenge in the social interaction due to insights in each other’s role, thus leaving no room for behavior errors.

Generally, it is evident that each stage deals with their own challenges in their social interaction and as a result, each dramaturgy of the audit process is a one-of-a-kind as there are no dramaturgy same as another. The dramaturgy of the audit process was performed by seven stages that resulted in seven prototypes. They are as follows: The married couple (Stage 1-B), the auditor and client as ex-colleagues (Stage 2), the imperious chameleon and the silenced bug (Stage 3), the distant couple (Stage 4), the “Simon says” (Stage 5), the two peas in a pod (Stage 6) and the personal disparity (Stage 7). The diversity in prototypes suggest that client’s expectations are unpredictable and diverse (Taminiau & Heusinkveld, 2017). This may seem intimidating to deal with but avoiding social interaction is not an
option because it makes up a large portion of auditors’ work to convey impressions. Taken
the opinions of the seven stages together, the visualisation has been given less importance
to convey impressions which questions Grey’s (1989) findings. Therefore, auditors need to
have interpersonal skills to able to socially interact with different types of clients, which
corresponds the findings from Barrett et al., (2005) study.

The analysis indicated that the price tag is given unreasonable amount of attention much
due to the standardization of the audit report. Nevertheless, the auditors should not be
discouraged from their work. Instead make use of social interaction to become the
determining factor as the analysis suggest that if interaction takes place within the social
structure and the client’s expectations are met, challenges are avoidable. This means that
the auditor must be able to shoulder several different roles on front stage that are associated
with their social status as an “auditor”. Statuses and roles matter, because people say they
do, the perception creates the reality (Thomas & Thomas, 1928). Roles associated with the
status ”auditor”, such as expert advisor in form of a consultant and police officer which
was stated in the literature (McCracken et al., 2008) were found. In addition, new roles
emerged from the findings such as chameleon, friend, psychologist, sounding board and
obviously auditor are all roles that need to be embodied depending on the social structure
constituted by the relationship by the auditor and client (Manning, 1992). Against this
background, Merton (1957) questioning of Linton’s (1936) idea of one status equal one
role is strengthened as multiple roles associated with the status of an “auditor” has been
found.

On the other side of the dyadic relationship, clients with the status of a “CFO” also have
the additional role as a messenger who are expected to forwarding auditor’s message to the
board and CEO. This only takes shape depending on the degree of similarity attraction in
terms of competence between the auditor and the board as well as the CEO. Since the CFO
and auditor speak the language of accounting, the social interaction becomes easier between
them and in addition, the CFO shares more similar socio demographic space with the CEO
and the board granting that they work for the same organizations which facilities their social
interaction. Therefore, the status of a “CFO” embodies the role as messenger on the behalf
of auditors and the CEO as well as the board’s expectations. The messenger can easily
socially interact with both sides, compared to if they would directly interact with each other
which would give rise to challenges. The role as a messenger is closely linked with the role as a spokesperson which was embodied by another CFO. The spokesperson is expected to speak on the behalf of the board but not for the auditor’s behalf. The involvement of the board and the CEO seem to make the social interaction between the CFO and the auditor more challenging because their expectations have to be considered as well. Furthermore, the analysis confirms Goffman’s (1956) thinking as it seems that auditors and clients behave different in back stage than in front stage. Therefore, the findings suggest that it is preferable by both sides of the dyadic relationship to work in separate rooms during auditors’ fieldwork.

Finally, since the social structure consists of social principles of behaviours that are invisible, it may be a challenge to comply with those principles which was evident from the findings, in particular stage 7. The divergent opinions by Auditor 7 and Client 7 seem to suggest that it is indeed difficult to recognize each other’s expectations. Bringing new audit assistants without a notification is seemingly not acceptable according to the social structure that the auditors were unaware of. For both actors in the dyadic relationship, it is difficult to recognize if one another wants to deviate from the audit contract and engage in informal interaction about non-work-related topics. These actions are not purposely carried out to challenge the social interaction, because in the end, every actor involved in the dramaturgy of the audit process wants the performance to go smoothly and have a "happy" ending.

6.3 Theoretical contributions and critical reflections

This study contributes to the literature in several ways. This study brings the dramaturgical approach into the context of audit in order to explain and visualise the social interaction between the auditor and client. To our knowledge, no previous studies have integrated Goffman’s (1956) dramaturgical analysis into the context of audit which makes this study differentiate itself from other studies within the research area. Therefore, by using the dramaturgical approach, the findings of this study provide a basis for the extension of prior understandings of the social interaction between the auditor and client. Clients as a research object had remained virtually ignored until this study, which explores the clients’ perspective as well, and how they socially interact with the auditors. This lack of knowledge was highlighted by the European Accounting Association (Canning et al., 2018).
This study contributes further by using the sociological research field, more specifically, similarity attraction paradigm (Westphal & Zajac, 1995; Wells & Aicher, 2013) as well as concepts of role and status (Merton, 1957; Linton, 1936) to understand the challenges of the social interaction between the auditor and client. This is part of this study’s originality as prior accounting literature has drawn on versions of traditional traditional agency theory and classical contract law (Seal & Vincent-Jones, 1997). Given the criticism against agency theory and classical contract law for being unrealistic when making business (Seal & Vincent-Jones, 1997), this study has also adopted the contract theory (Royal Swedish Academy of Sciences, 2016). The reason is to understand how the auditor and client move past the explicit content of the audit contract in order to take mutually beneficial actions.

The combination of the concepts and theories, this study provides the research field with useful insights to the social interaction between the auditor and client from a sociological and dramaturgical standpoint. Furthermore, in consideration to the one-sided focus on auditors and a call for paper in the European Accounting Review (Canning et al., 2018) about how the auditors socially interact with their clients, this study provides valuable insights into what clients do in the field and how they socially interact with the auditors. Finally, there are some researchers that have studied the relationship between the auditor and client from the point of view of higher hierarchical levels of the client organization (Hellman, 2011; McCracken et al., 2008) but lacked focus on the social interaction and the subordinate organizational level. The majority of the interviewees have the position as CFO, this study thus extends current knowledge when it comes to how the auditor socially interact with members of the client firm on the subordinate organizational level.

The dramaturgical analysis (Goffman, 1956), similarity attraction paradigm (Westphal & Zajac, 1995; Wells & Aicher, 2013; Roebken, 2010) and contract theory (Royal Swedish Academy of Sciences, 2016; Schmidt, 2017) has been useful as an interpretive lenses in exploring the challenges in the social interaction between auditor and client. The fundamental concept in this study is the dramaturgical analysis by Goffman (1956), whilst similarity attraction paradigm and contract theory could be replaced with other concepts or theories if one would explore the social interaction using a different perspective. Trust theory could reasonably be appropriate considering that trust is a fundamental ingredient in social interaction (Aschauer et al., 2017). Trust has become a central concept in
explaining business behaviour because it can reduce transaction costs and lead to innovation (Bachmann & Inkpen, 2011).

6.4 Methodological contributions

The research field has had a one-sided focus on auditors whilst the client has hardly received any attention, despite that an audit is a bilateral task (Herda et al., 2014). The researchers in this study have captured the dynamics of the social interaction between the auditor and client. To the best of our knowledge, there is no previous research that has explored the two-sided interaction between the auditor and client by interviewing real auditor-client pairs and mirroring their perceptions of the relationship. This study, thereby, extend and contribute to the existing research when it comes to the methodological approach on how to understand auditor-client relationships.

6.5 Practical contributions

On a practical level, this study contributes in a number of ways. First, the findings suggest that the social interaction between the auditor and client is tremendously important to an audit. This should encourage auditors and clients to consider personal aspects by interviewing each other and socially interact before signing the audit contract. A mismatch between the auditor and client can easily occur in the dramaturgy of the audit process if the audit fee is given too much focus which, in turn, might have negative consequences in the long run. A mismatch between the auditor and client might result in bothersome and frustrating social interactions which usually results in a time-consuming audit process, becoming even more expensive. With this in mind, a mismatch between the two parties is less likely to occur if they socially interact before signing the audit contract and thus, avoiding any unnecessary challenges during the remaining phases of the audit process. Second, this study has filled a knowledge gap by gaining insights from the clients’ perspective about the social interaction with their auditor. Therefore, this study provides auditors with valuable insights of what clients expect in an audit engagement and for them to be able to better meet those expectations. In general, clients expect auditors not to bring audit assistants to their office, partly due to their unwillingness to educate the audit firms personnel and partly because they find it irritating to rebuild a new relationship with a new auditor. Therefore, informing the client before arriving to their office might be appreciated.
from the client’s side to cushion any potential irritations. In addition, clients expect auditors to adapt their clothes to their environment and embrace the role of a consultant. Finally, this study can be useful for both auditors and clients in an audit engagement in order to optimize the social interaction between them and thus, improve their relationship and possibly the quality of the audit.

6.6 Limitations and critical reflections

There are a number of limitations in this study. First, the nature of qualitative studies does not allow for generalization to the population, and only allows to provide a rich, contextual understanding of the challenges in the social interaction between the auditor and client. Second, the interview guide used for this study included relevant follow up questions that do not always fully harmonize to the exact concepts in the literature review. However, this was a conscious choice given the abductive approach and the explorative nature of this study where the purpose is to gain a deeper understanding of the challenges in the social interaction between the auditor and client. Third, this study has only focused on firms in Scania due to logistical difficulties. Interviews over the phone could have been an option but the researchers had a desire to fully capture the interviewees’ body language to enrich the analysis. Fourth, client firms with an audit committee and/or internal auditor were excluded due to the researcher’s willingness to study the natural social interaction between the involved parties. Furthermore, the researchers chose to limit the sample selection to only authorized public accountants. However, this can be justified by the fact that authorized public accountants are in most contact with their clients (Carrington, 2014). Fifth, since the interviews were conducted in Swedish as this language was the most natural given that both the researchers and the interviewees spoke Swedish fluently, the quotes had to be translated to English. In this process, there is a risk that misinterpretations may have arisen when the researchers translated the quotes to English. Therefore, there is a risk that the spoken words and concepts have lost their true meaning as it is nearly impossible to fully translate the meaning of certain expressions. Nevertheless, the researchers tried to avoid such misinterpretations by translating the empirical material word by word. Thereafter, the researchers discussed and compared their interpretations of the interviewees’ answers in order to get the most appropriate translation. Given these points, the reader must interpret the findings in light of the limitations of both data acquisition and analysis.
6.7 Future research

Considering the limitations of this study, there are several opportunities for future research. Future research may consider observations as a method of collecting data to be able to capture the social interaction between the auditor and client in real time when entering discussions concerning different issues during the audit process. Emerging from the findings, the auditor does not only socially interact with the CFO and CEO of the client firm, but with other actors as well such as the owners and the management board. Thereby, a future study can take into consideration how the social interaction with the auditor differ depending on the organizational position of the client. Moreover, it could be interesting to dig deeper into the ascribed status of an individual including demographic aspects such as gender, age and ethnicity and explore how these factors affect the social interaction between the auditor and client. Furthermore, to explore the social interaction from a different perspective, future research could consider applying trust theory by still using the dramaturgical analysis as a foundation concept. Lastly, considering that this study is limited to audit and client firms in Scania, Sweden, it could be interested to conduct similar studies in other European countries in order to test and compare the results of this study.
References


Grimaldos, C. A. (2014). Maintaining our reputation: Deficiencies in three key areas are often to blame for internal audit’s vulnerability to reputational harm. *Internal Auditor, 71*(1), 72-73.


Appendix 1 – Interview guide for preparatory interview with auditors

- Could you please tell us briefly about yourself?
- How important is it for you to maintain a good relationship with your client?
- How often do you meet with your client? Can you please describe what happens during the audit process?
- In which stage of the audit process do you have most contact with each other?
- How much do you value the client’s opinions and suggestions?
- Have you ever felt like the client seek to influence your work?
- Could you recall a specific situation?
Appendix 2 – Interview guide for preparatory interview with clients

- Could you please tell us briefly about yourself?
- How important is it for you to maintain a good relationship with your auditors?
- How often do you meet? Could you please describe what happens during the audit process?
- In which stage of the audit process do you have most contact with each other?
- Do you feel that your opinions and suggestions are taken into account by the auditor?
- Have you ever felt like the auditor has changed something because you asked them to?
- Can you recall a particular situation?
Appendix 3 – Interview guide for auditors

PREMISE: In the following interview, please only think of clients that do not have an audit committee and internal auditor

Introduction
1. Who are you? Tell us about yourself.

Auditor-client relationship
2. What determines which client you choose to accept?
3. How would you describe your current relationship with your clients?

Expectations
4. In your relationship, what do you expect from the client? Why?

Status
5. Who would you say that has the power in your relationship? Why?
6. What is your opinion on CFO, CEO, the board, owners you interact with?

Interaction and behaviour
7. How would you describe the social interaction throughout the audit process? (Audit planning/Audit execution/Audit reporting?)

- How and why did certain issue arose?
- How did you manage to find a common ground?
- How often do you meet?
- What happens during the face-to-face meetings?
- How do you prepare for meetings?
- How would you describe your cooperation and communication?
Appendix 4 – Interview guide for clients

Introduction
1. Who are you? Tell us about yourself

Auditor-client relationship
2. What determines which auditor you choose to accept?
3. How would you describe your current relationship with your auditor?

Expectations
4. In your relationship, what do you expect from the auditor? Why?

Status
5. Who would you say that has the power in your relationship? Why?
6. What is your opinion on auditors you interact with?

Interaction and behaviour
7. How would you describe the social interaction throughout the audit process? (Audit planning/Audit execution/Audit reporting)
   - How and why did certain issue arose?
   - How did you manage to find a common ground?
   - How often do you meet?
   - What happens during the face-to-face meetings?
   - How do you prepare for meetings?
   - How would you describe your cooperation and communication?
Appendix 5 – Auditors’ theme sheet
Appendix 6 – Clients’ theme sheet

Physical setting
- Props
- Placement
- Sounding board
- Friend
- Their working position
- Messenger
- Spokesperson
- Conference room

Roles
- Their working position
- Ex-colleague
- Availability
- Professional
- Auditor-client relationship
- No audit assistants
- Competent

Status
- Their working position
- Ex-colleague
- Professional
- Auditor-client relationship
- No audit assistants
- Competent

Expectations
- Control/decision rights
- Duration
- Seller-buyer relationship
- Equal

Similarity-attraction
- Same values
- Competence attraction
- Professional attraction
- Personal attraction
- Ex-colleagues
- Sports
- Public procurement
- Price

Audit process
- Audit engagement
- Preplanning
- Reception
- Audit planning
- Start-up meeting
- Internal control
- Financial audit
- Social interaction outside work
- Presentation
- Audit execution
- Audit reporting
- No presentation
- CFO, Chief Accountant, Controller, Owner, CEO
- Inventory
- Property
- Account receivable
- Personal chemistry
- Lunch/ Coffee
- Management & Board
- Discussions

Findings related to empirics

Findings related to literature
Appendix 7 – Electronic mail requesting for consent for tape recording

Hi ###!

We are sending this mail to know if everything is okay for the interview at ##:## which was agreed upon?

In accordance with ethics considerations in research, a consent is required regarding recording of interviews which is why we wonder if we have your permission of recording the interview? The data from the interview will only be used for this study and, of course, the data will be handled confidentially. The recording stays between us. In this study, it is planned that we call our respondents as Auditor/Client 1, 2, 3 or Auditor/Client A, B, C etc, thereby your identity will not be distinguished.

Regards,
Kwok Lu and Clara Tuvesson