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## **Modelling the microfoundations of the audit society: organizations and the logic of the audit trail**

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5 **MODELLING THE MICROFOUNDATIONS OF THE AUDIT SOCIETY:**  
6 **ORGANIZATIONS AND THE LOGIC OF THE AUDIT TRAIL**  
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**ABSTRACT**

We live in an “audit society” in which performance accounting and auditing requirements continue to expand, despite widespread criticism by academics and practitioners alike.

Macro-institutional theories are good at explaining why organizations adopt practices whose efficacy is dubious by appealing to the power of their legitimizing and symbolic properties.

Yet these theories are less able to explain how adoption happens and why practices of accounting and auditing persist and amplify, despite being objects of critique. This article addresses this puzzle by supplementing macroinstitutional explanations of the audit society with a microfoundational analysis grounded in a process model. The model theorises the humble notion of the audit trail as a process which not only produces auditable accounts but is also a logic which is formative of organizational actors’ dispositions to reproduce those accounts. The analysis contributes to debates about organizational micro-processes and microfoundations by proposing that this logic of the audit trail is strongly performative of the conditions of its own reproduction and expansion. In explaining the persistence and amplification of the audit society, the model also shows how accounting and auditing are not inherently pathological and value-subverting but may be value-enhancing.

Key words: accounting, audit society, audit trail, disposition, facticity, institutional logic, meta-logic, performativity, Selznick, traceability

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3 Organizations are permeated by a wide variety of performance accounting and  
4 auditing practices (Bromley & Powell, 2012). Indeed, it has been argued that we live in an  
5 “audit society” in which organizations are increasingly constituted to be auditable entities  
6 (Power, 1997). In addition to traditional financial accounts, organizations now provide  
7 reports on their performance regarding diversity, sustainability, quality, security, data quality,  
8 customer satisfaction, employee engagement and many other values besides. The scope of  
9 this performance accounting is continuously evolving and seems to have no limit. For  
10 example, in addition to reporting on research and teaching quality, UK universities have  
11 recently been required to report on the social and economic impact of their research outside  
12 of the academy.  
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27 The subverting effects of this explosion of accounting and auditing for the mission  
28 and values of organizations have been extensively documented, and are readily familiar to  
29 organization theorists: goal and attention displacement; elevation of process over ends;  
30 increased bureaucracy in the name of efficiency; declining trust in professional judgement;  
31 and crises of professional purpose (Bevan & Hood, 2006; Cooper, 2001; Munro, 2004; Shore  
32 & Wright, 2015; Strathern, 1997; 2000a; 2000b). Yet, despite these extensive critiques by  
33 both academics and practitioners, the seemingly dysfunctional and value-subverting practices  
34 of accounting and auditing persist and amplify.  
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46 Accounting scholars attribute the expanded organizational and societal significance of  
47 accounting and auditing practices to the central role they play in the realisation of  
48 “neoliberal” ideals of governance, control and accountability (Miller & Rose, 1990; Miller &  
49 Power, 2013). In a similar vein, macroinstitutional theories explain the adoption of  
50 ineffective and value-threatening practices in terms of their legitimising and symbolic power  
51 (Meyer & Rowan, 1977). Thus, while accounting and auditing practices are manifestly  
52 adopted by organizations because they are compelled to so by regulation, they are also  
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3 culturally valued embodiments of myths of rational organizational control, encompassing  
4 notions of transparency, accountability, and the power of the market (Meyer, 1986;  
5 Dirsmith, 1986; Christensen & Cornelissen, 2015).

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11 Yet, despite the generally compelling nature of these explanations for the adoption of  
12 accounting and auditing practices, they are less satisfactory, if not silent, on the question of  
13 *how* audit society effects unfold at the organization level. Indeed, if these changes are as  
14 negative in their impacts as critics suggest, why do they nevertheless amplify, self-perpetuate  
15 and sustain the rational myth status which drove adoption in the first place? How, for  
16 example, is the audit society progressively built up “from below” as organizations internalise  
17 and normalise requirements for audit and evaluation, and make themselves into “audit-ready”  
18 organizations? And how as part of this process do organizational actors become formed into  
19 “auditable” subjects who come to welcome and expand accounting and audit beyond the  
20 scope of formally mandated requirements? These questions cannot be answered at the level  
21 of macro-cultural myths and regulatory pressures alone. They demand supplementation by a  
22 microfoundational analysis of the audit society and its underlying processes (Thornton,  
23 Ocasio & Lounsbury, 2012 chapter 7; Powell & Rerup, 2017; Harmon, Haack & Roulet, in  
24 press).

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44 This article delivers this microfoundational analysis in the shape of a formative model  
45 of the accounting production process - the “audit trail”. Despite an extensive body of  
46 scholarship on accounting and its organizational and societal effects, the mundane  
47 mechanism of the audit trail and its effects remains largely unstudied. In what follows it is  
48 modelled as a logic of organizing which operationalises and realises different performance  
49 values. Via repeated enactment, this logic of the audit trail is strongly performative  
50 (MacKenzie, 2006: 17) of the conditions of its persistence and amplification by forming the  
51 disposition of organizational actors to reproduce, refine and expand it in new settings.  
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3 Indeed, the model shows how, despite being aware of the reductive and value-distorting  
4 impact of the performance accounts they must produce, organizational actors nevertheless  
5 come to make sense of them via the audit trail process as taken-for-granted representations of  
6 the facts of performance.  
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13 While the formation of subjectivities and the naturalisation of social facts are well-  
14 known themes in sociological accounting (Miller & Power, 2013), anthropology (Douglas,  
15 1986) and general sociology (Berger & Luckmann, 1966), the contribution of the proposed  
16 model of the audit trail is to integrate these constructs in the theorization of a formative  
17 process, thereby grounding the microfoundations of the audit society. The model explains  
18 not only how audit trails and the accounts they produce are adopted and embed themselves in  
19 organizational routines despite critiques of their lack of efficacy, but also why they expand  
20 and amplify within and across different specific performance accounts and organizations.  
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32 A further unexpected contribution of modelling the microfoundations of the audit  
33 society is a more general reading of means-end decoupling (Bromley & Powell, 2012; Wijen,  
34 2014; 2015; Dick, 2015) in which values are not just “precarious” (Selznick, 1957: 119) and  
35 at risk from proceduralization, as the many critics of the audit society argue. Rather, via the  
36 logic of the audit trail, values can also acquire organizational visibility, operability, and a  
37 facticity that they would otherwise lack. In short, implicit in the model is a general  
38 performative theory of how values can acquire organizational facticity via accounting. This  
39 insight requires us to recast the well-documented pathologies of the audit society in terms of  
40 trade-offs between the risks and benefits of accounting for values.  
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53 The remainder of this article is structured as follows. The next section synthesises  
54 insights from performative studies of accounting and auditing and themes in institutional  
55 theory. This synthesis converges on the problem of audit society microfoundations and leads  
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3 to the explication of the audit trail as a widely diffused logic. This logic is then explicitly  
4 modelled as a strongly performative process in which the disposition to reproduce that logic  
5 and accounting facticity are co-formed over time. The argument is distilled into a core  
6 proposition, the contingent dynamics of which are then considered in more depth; focusing  
7 on the organizational conditions under which the performativity of audit trails might be  
8 stronger or weaker. Finally, the article engages with Selznick's thought to explore how the  
9 microfoundations of the audit society reveal a process which is not inherently pathological  
10 before developing some of the wider implications and limitations of the theory.  
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## 25 **ACCOUNTING PERFORMATIVITY, INSTITUTIONALISM AND AUDIT** 26 27 **SOCIETY** 28 29

30 Performative theorizations of accounting pre-date debates about performativity in  
31 management and organization studies (Burchell, Clubb, Hopwood, Hughes & Nahapiet,  
32 1980: 17; Hines, 1988; Miller & Power, 2013; Gond, Cabantous, Harding & Learmonth,  
33 2016). In the 1980s, the recognition that accounting constitutes the organizational context of  
34 its own operations established an agenda in accounting research which transcended the  
35 predominant analysis of behavioural reactions to accounting information (Miller & Power,  
36 2013). It rapidly became axiomatic that accounting does not just "represent" the pre-given  
37 facts of organizational performance, but is agentic in its own right. It constructs the reality or  
38 "facticity" of performance that organizational actors come to take for granted (Chapman,  
39 Cooper & Miller, 2009; Dent, 1991; Mazmanian & Beckman, 2018).  
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54 It is also argued that the accounting process performs "governable persons" in the  
55 sense of organizational agents who orient themselves to the requirements of accounting and  
56 who internalize the categories used to describe them (Miller & O'Leary, 1987; Miller, 1992).  
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3 Accounting is thereby understood to be a calculative technology (Foucault, 1977; Miller,  
4 1992; Townley, 1993) whose power is not hierarchical and manifestly coercive, but  
5 progressively constitutes and “makes up” subjects and their identities as performance-  
6 accountable actors (Hacking, 2002).  
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13 Furthermore, accounting is deeply implicated in the “economization” of organizations  
14 i.e., in performing them as rational economic entities (Mennicken & Espeland, in press). For  
15 example, anticipating explicit formulations of performativity theory by many years,  
16 Hopwood argued that the cost of patient care was a “conceptual idea promoted by health  
17 economists but, without accounting, it could not become operational as an “organizational  
18 fact” (1992:141). Classical articulations of performativity theory (Callon, 1998; MacKenzie,  
19 Muniesa & Siu, 2007) also recognise how calculative practices like accounting operationalise  
20 economic models and theories, thus enabling economics to perform and constitute markets.  
21 However, accounting is not simply an enabling instrument through which economic theory is  
22 performative. Fundamental notions of “income” and “cost” have evolved from theoretical  
23 and metaphorical exchanges between accounting practices and economic theories (Klamer &  
24 McCloskey, 1992), and accounting is itself a theoretically-infused practice. It is not a  
25 scientific theory with predictive ambitions, although there has been an ambition to predict  
26 financial failure on the basis of accounting numbers (Kurunmäki & Miller, 2013). Rather,  
27 accounting is able to be “practical” precisely because it is also theoretical in the sense of  
28 abstracting, reducing and commensurating complex economic and other phenomena into  
29 organizing typologies, like the balance sheet (Espeland & Stevens, 1988; Astley & Zammuto,  
30 1992: 455; Strang & Meyer, 1993).  
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55 Accounting and economics have a broad cultural fit and mutually authorising  
56 relationship with one another (Hopwood, 1992; Vollmer, Mennicken & Preda, 2009).  
57 Moreover, this conceptual affinity with financial forms of accounting explains why economic  
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3 theories may be more performatively successful than others (Marti & Gond, 2018), even if  
4 they are unsuccessful in terms of societally-valued outcomes (Zuckerman, 2010). At its  
5 strongest, the performativity of accounting is analogous to that of a self-fulfilling theory  
6 (Barnes, 1983; MacKenzie, 2006) which is “ontologically performative” (Butler, 2010: 147;  
7 1999), i.e., its repeated enactment or “citation” brings about and sustains the organizational  
8 conditions for the continued production of its own kind of “accounting truth” about  
9 performance (Hines, 1988; Miller & Power, 2013). In short, accounting is performative of its  
10 own “facticity”, in the sense that organizational actors accumulate a disposition to act “as if”  
11 its economic representations are “about” an independently existing world.  
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25 However, this accounting-produced truth is also bounded by a “logic of auditability”  
26 (Power, 1996). Accounting and auditing practices perform organizations as economic  
27 entities, but also as auditable ones. Furthermore, practices of auditing and evaluation do not  
28 simply check and evaluate the independently constituted performance of organizations and  
29 individuals. Instead, organizations and their members are changed, or change themselves, in  
30 order to be ready for audit, to be “made auditable”. Indeed, it will be argued that this process  
31 of organizational structuring, by which organizations create control systems and reporting  
32 structures in order to be amenable to observation, inspection, and evaluation, is where the  
33 generative engine of the “audit society” is to be found.  
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## 46 **The Audit Society**

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49 The concept of the “audit society” (Power, 1997) refers imprecisely to the expansion  
50 of new forms of accounting and performance measurement in public sector management in  
51 the United Kingdom and elsewhere. The immediate cause of this expansion is attributed to a  
52 bundle of “animating myths”, namely a neoliberal political consensus in the early 1980s and  
53 its heightened emphasis on values of transparency, efficiency, responsibility, auditability and  
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3 accountability, which characterised the reform vectors of a so-called “new public  
4 management” ((Bromley & Powell, 2012: 498; Hood, 1995). Accounting and audit grew in  
5 cultural and organizational significance as the rational means by which this bundle of myths  
6 could be operationalised (Meyer, 1986; Miller & Rose, 1990; Power, 1997: 96; Bromley &  
7 Sharkey, 2017). This in turn created opportunities for powerful actors, like professional  
8 service firms, to codify and expand the abstract building blocks of auditing beyond their  
9 context of origin to form new advisory services (Meyer & Rowan, 1977: 347; Suddaby,  
10 Cooper & Greenwood, 2007).

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22         There is no shortage of criticism of audit society effects, such as goal-displacement  
23 and the “gaming” of new performance accounts and related metrics (Hood, 1995; Bevan &  
24 Hood, 2006). It is also argued that “intrinsic” motivation has been displaced or damaged by  
25 the introduction of “extrinsic” incentives systems in which the “language of indicators takes  
26 over the language of service” (Strathern, 2000b, 314). These critiques find theoretical  
27 support in behavioural studies which show how excessive control may “crowd out” good  
28 motives to the extent of inducing organizational actors to act self-interestedly, and even  
29 deviantly (Frey & Jegen, 2001; Falk & Kosfeld, 2006). Selznick’s (1957) diagnosis of value-  
30 subversion, by which technical routines acquire excessive moral authority in organizations,  
31 anticipates these critiques by several decades: “The tendency to emphasize methods rather  
32 than goals is an important source of disorientation in all organizations” (Selznick, 1957: 12).  
33 However, few critiques of audit society effects have drawn on Selznick’s insights to explain  
34 and theorize its persistence and self-reproducing capacity (Power, 1997:144).

52         Audit society processes are resilient to these many criticisms because they draw upon  
53 the bundle of myths noted above, not least that of transparency (Christensen & Cornelissen,  
54 2015). Transparency is known to be paradoxical (Tsoukas, 1997; Roberts, 2018) and many  
55 of the audit society practices invoked in its name in fact lead to opacity and specialist control  
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3 (Strathern, 2000b). However, as Christensen and Cornelissen (2015) argue, the myth of  
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5 transparency remains immune to these specific manifestations and their problems. It is  
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7 “somehow sheltered from critique” and its lack of specificity is part of its mythical and moral  
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9 power. Thus, even if organizational actors want to resist the audit society and its value-  
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11 subverting, reductive accounts of performance, they confront the cultural power of this myth  
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13 of transparency as it is manifest in specific accounting representations.  
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17 Yet, despite the influence of this audit society thesis as stated, it lacks an explicit  
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19 model of its generative microprocesses. The aforementioned studies of the performativity of  
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21 accounting and auditability refer to these processes but are themselves insufficiently precise  
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23 about their dynamics. Furthermore, macro-level explanations of the audit society in general  
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25 “rational myth” terms, such as transparency and neoliberalism, are inevitably limited in their  
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27 explanatory power. They may explain why the adoption of accounting and auditing practices  
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29 happens but not how it happens and why such practices seem to have “practice shifting  
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31 performativity” (Marti & Gond, 2018). For this we need to develop a microfoundational  
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33 model based on a deeper engagement with institutional theory.  
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### 39 **Towards the Microfoundations of the Audit Society**

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42 The artificial duality between old and new institutionalisation (DiMaggio & Powell,  
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44 1991: 13) has given way to a consensus that macroinstitutional explanations of change can  
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46 and must be supplemented by arguments at the micro-level, where practices are enacted by  
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48 organizational actors with varying degrees of mindfulness (Pentland, 1993; Selznick, 1996;  
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50 Greenwood & Hinings, 1996; Hirsch & Lounsbury, 1997; Thornton et al., 2012; Barney &  
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52 Felin, 2013). Specifically, in reaction to the perceived abstractionism and process-  
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54 insensitivity of macro-institutional approaches, there has been a turn towards the role of  
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56 agency and discourse in creating, maintaining, resisting or even destroying institutions  
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3 (Phillips, Lawrence & Hardy, 2004; Lawrence, Suddaby & Leca, 2009; Thornton, et al.,  
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5 2012). Powell and Rerup argue further that micro-level explanations provide the necessary  
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7 “depth and texture to accounts of macro-level events and relationships” (2017:312). They  
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9 point to practice theory, ethnomethodology, and routines theory as resources and reminders  
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11 that habitual activity involves sustained mindful reflection and effort (Felin, Foss, Heimeriks  
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13 & Madsen, 2012). In essence, a more process-sensitive theory of reality is needed in place of  
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15 the macro-neoinstitutionalist emphasis on “cloned” organizations (Abbott, 1995: 879).  
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20           Although approaches to, and concepts of, microfoundations are varied (Felin, Foss &  
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22 Ployhart, 2015; Barney & Felin, 2013) they commonly shift the level of analysis from a  
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24 Durkheimian bias to macro-stability towards an understanding of micro-level practices and  
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26 variation (Lounsbury, 2008). Furthermore, they emphasise institutional complexity and  
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28 pluralism in which human agents navigate, and account for, competing values and logics  
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30 (Thornton, Jones & Kury, 2005; Thornton et al., 2012; Greenwood et al., 2011). In short, it  
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32 has become paradigmatic for institutional theory that organizational agents are not slaves to  
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34 specific macro-cultural myths of rational practice and governance but actively generate,  
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36 maintain and resist such myths as they operate in value-plural landscapes in different fields  
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38 (Kraatz & Block, 2008).  
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43           This wave of microfoundationalist reactions to the macro-cognitive “cloning”  
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45 institutionalism of scripts and habit (DiMaggio & Powell, 1991) has also generated a revival  
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47 of interest in values, and particularly in the work of Phillip Selznick and his focus on  
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49 processes of “value change and subversion” (Kraatz & Block, 2008; Kraatz et al., 2010:  
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51 1522; Kraatz & Flores, 2015). Indeed, as noted above, Selznick identifies and anticipates the  
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53 symptoms of the audit society at the organizational level where “achievement or survival is  
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55 confounded with organizational success” (1957:27). He observes that organizations can fail  
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60 dismally (in their core mission) while growing larger and more secure (financially).

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3 Specifically, when organizations make seemingly innocuous operational changes, such as  
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5 new performance accounting requirements, they necessarily place values at risk of crowding-  
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7 out by process, unless there is corresponding vigilance and intervention by organizational  
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9 elites (Besharov & Khurana, 2015). Three broad value-subverting outcomes of these  
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11 operational changes characterise the audit society (cf. Kraatz et al., 2010). First, as  
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13 accounting and accountants become more powerful, “internal elites”, such as professional  
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15 service providers, lose their autonomy and licence to define the values and performance of  
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17 the organization. Second, and relatedly, “power shifts to the operative system” in the form of  
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19 the performance accounting infrastructure and its logic. And third, “market values penetrate  
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21 the organization” via the performative power of accounting as discussed above.  
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27 In these circumstances of value-subversion, where we would normally expect  
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29 organizational resistance, such as decoupling, the very opposite is observed (Espeland &  
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31 Sauder, 2007; Sauder & Espeland, 2009; Kraatz et al., 2010). Operational practices, like  
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33 accounting and auditing, are introduced to represent performance and to change decision-  
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35 making and behaviour on the basis of those representations. Yet they also become  
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37 institutionalized practices which are “prized for their own sake” (Selznick, 1957: 17) and  
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39 underwrite the professional autonomy of their proponents. Bromley and Powell (2012: 498)  
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41 theorize this organizational outcome as “means-ends decoupling”, defined as the symbolic  
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43 implementation of means like accounting which follow their own logic. They argue that this  
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45 kind of decoupling is on the rise and is increasingly evident in situations where there are  
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47 uncertain relations between means, like accounting, and imprecise ends, such as diversity,  
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49 respect or environmental sustainability. Like scholars of bureaucracy from Weber onwards,  
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51 including Selznick and his followers, Bromley and Powell suggest that value subversion is  
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53 hard to prevent via classical “policy-practice” decoupling (Meyer & Rowan, 1977; Zajac &  
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3 Westphal, 2004) because technical means develop their own rationales. To use older  
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5 sociological language - procedural rationality eclipses substantive rationality.  
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9 The audit society is a form of means-end decoupling on a macro-scale and is  
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11 characterised by an “increasing emphasis on monitoring and tracking organizational  
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13 activities.” (Bromley & Powell, 2012: 484). This is not only the expansion of traditional  
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15 financial accounting and auditing but, as organizations are required to process expanded  
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17 claims on performance embodying a wider array of societal values, it is also an expansion of  
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19 the accounting and monitoring for many non-economic values, such as social impact. This  
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21 world of multiple accountabilities and performance accounts is one in which data collection  
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23 and measurement rapidly become ends in themselves, exacerbated by the demands of audit  
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25 and regulation (Bromley & Powell, 2012: 501), and where new forms of accounting and  
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27 metrics are constantly being sought and refined to provide assurance to potentially critical  
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29 audiences.  
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34 Yet, while the categories of coupling and decoupling have played a major role in  
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36 orienting organizational studies (Boxenbaum & Jonsson, 2017), we need to open the “black  
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38 box” (Powell & Rerup, 2017) of these concepts to reveal more of the audit society micro-  
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40 processes that give rise to, and seem to stabilise as, means-end decoupling (Dick, 2015). Just  
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42 as macroinstitutional theories emphasize how organizations are strongly influenced by  
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44 cultural forces, so micro-level analysis can reveal how organizational actors “pull” down and  
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46 adapt (Ansari, Fiss & Zajac, 2010) institutionalized scripts of good accounting and auditing  
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48 as standard operating procedures (Pentland, 1993; Thornton et al., 2012: 85). And while  
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50 “means-end decoupling” is a helpful sensitising concept for understanding how new  
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52 accounting and auditing practices can generate their own autonomous logic and subvert  
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54 values in Selznick’s sense, it is insufficiently granular for modelling the process by which  
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56 organizational actors are “imprinted” (Barney & Felin, 2013; Marquis & Tilcsik, 2013;  
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3 Cardinale, 2018; Harmon, et al., in press) with dispositions to reproduce these value-  
4  
5 subverting practices. Developing this micro-level theory in the form of a model of how the  
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7 audit society sustains itself is the task of the remainder of this article.  
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11 In summary, the audit society can be theorised as systemic means-ends decoupling  
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13 arising from macro-institutional adoption of auditing and accounting practices. Yet how  
14  
15 adoption happens and why it reproduces itself and makes “organizations auditable” requires a  
16  
17 more fine-grained, micro-processual analysis. We find this analysis and a more compelling  
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19 theory of the persistence of audit society effects, despite widespread critique, at the level of  
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21 the performative dynamics of the “audit trail”. In fact, it will be argued that the audit society  
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23 is built and stabilised from below via the repeated enactment of the audit trail process. And  
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25 in theorising how the audit society sustains itself at this microfoundational level, we also find  
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27 a process which explains why the amplification and elaboration of seemingly value-  
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29 subverting practices occur. Before we get to this, we need to understand the construct of the  
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31 audit trail more fully.  
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#### 40 **THE AUDIT TRAIL AS “META-LOGIC”**

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42 Abstract practice theorizations (Strang & Meyer, 1993) of audit trails are plentiful. For  
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44 example, an audit trail has been defined online by a professional training organization as a:

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48 “the documented *flow* of a transaction. It is used to investigate how a *source*  
49 document was *translated* into an account entry, and from there was inserted into the  
50 financial statements of an entity. The audit trail can be used in reverse, to track  
51 backwards from a financial statement line item to the originating source document. A  
52 well-run accounting system should have a clear audit trail for all transactions. An  
53 audit trail is used by both external and internal auditors to *trace* transactions through  
54 an accounting system, as well as by the accounting staff to track down errors and the  
55 causes of variances in the financial statements.” (Emphases added) (Accounting  
56 Tools, 2018)  
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3 Within this rich definition, the audit trail is multifaceted (Kraatz, Ventresca & Deng, 2010:  
4 1525) and variable in its ontology. First, it is *material* and textual (Phillips et al., 2004)  
5  
6 consisting of documents, records and traces which are the created evidentiary residues of  
7  
8 transactions. Second, it is *ideational*. An audit trail operationalizes the cultural ideal of  
9  
10 transparency as *traceability* (Power, in press). Third, the audit trail is *processual*. The  
11  
12 definition references both a process for *producing* accounts of performance by the  
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14 aggregation of primary data, the progressive abstraction and commensuration of the  
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16 chronological stream of organizational transactions, and also a process by which these  
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18 accounts can be *checked* by auditors. The remainder of this article focuses primarily on this  
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20 processual ontology of the audit trail and expands it to encompass the formation of actor  
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22 dispositions and the production of accounting facticity.  
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30 Empirically, audit trails are not restricted to financial bookkeeping and are evident in  
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32 many different settings where there are institutional pressures to account for different aspects  
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34 of organizational performance (Phillips et al., 2004: 642; Bromley & Powell, 2012; Marquis,  
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36 Toffel & Zhou, 2016). For example, audit trails are central to computer security practice and  
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38 enable the detection of unauthorised usage, fraudulent transactions, and other deviant actions  
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40 which leave traces in the system (e.g. Merconi, 2003). And they are increasingly prominent  
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42 in settings where the origins, quality and sustainability of foodstuffs have become important  
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44 to consumers, e.g., GM crops (Lezaun, 2006) or palm oil (Rival, Montet & Pioch, 2016). In  
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46 the seafood industry, the traceability enabled by audit trails is valued for its own sake and  
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48 inter-operative digital technologies, such as blockchain, are supporting the creation of precise  
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50 point of harvest data (WWF, 2015; Lewis & Boyle, 2017). Thus, audit trails can be trans-  
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52 organizational and trans-national when the unit of performance accounting is an entire supply  
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54 chain.  
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3 These and other empirical instances of audit trails can be understood as specific *tokens* of  
4 an underlying *type* or process logic for the production of organizational performance  
5 accounts. This logic consists of two sequential sub-processes as follows:  
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### 10 **The Production of “Primary Traces” of Performance (A).**

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13 The “atomic facts” of performance are created by organizational actors utilizing a variety of  
14 instruments and artefacts, such as account daybooks, questionnaires and checklists. The  
15 traces in these artefacts, whether documentary or digital in nature, are a distinctive kind of  
16 organizational text which is coherent and amenable to structuring and aggregation into  
17 organizational-level performance accounts. The logic of the audit trail therefore demands the  
18 production of primary traces which are reductive (reduce complexity) and systematic  
19 (standardised) representations of actions in simplified inscriptions which can be aggregated.  
20 They are often but not always numeric. Such primary traces constitute and define the  
21 auditability of performance.  
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### 35 **The production of organizational performance accounts (B).**

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38 In this second sub-process, the primary traces of performance are systematically aggregated  
39 into public and private organizational-level accounts. This aggregation process can also be  
40 extended as accounts are subject to further compression into metrics, and then formally  
41 ranked to enable comparisons of performance across organizations in different fields. Audit  
42 trails are therefore deeply implicated in the production of rankings and ratings.  
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50 These two components constitute the sequential logic of the audit trail as a process of  
51 accounts production from primary performance data. Each of these sub-process types are  
52 likely to contain many more specific routines with their own protocols, artefacts and  
53 enactments (Feldman & Pentland, 2003). Sub-process B and the specific output tokens of the  
54 audit trail process in the form of performance accounts of different kinds – especially  
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3 financial reporting, environmental disclosures and rankings – have received considerable  
4 attention from accounting and organization scholars. In contrast, the micro-level of sub-  
5 process A is relatively unexplored, despite being the engine of sub-process B.  
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10 Understood as a type, the process logic of the audit trail seems to lack any specific  
11 content or performance value, other than the imperative to produce performance accounts in  
12 accordance with the requirements of making performance traceable to primary performance  
13 data. Specific first order performance values such as “profit”, “fairness”, “diversity”,  
14 “sustainability”, and “impact” determine the contingent and potentially varying empirical  
15 tokens of the logic of the audit trail. How and to what this logic is applied seems therefore  
16 open and uncertain, but also unbounded. On this view, the logic of audit trail can  
17 institutionalise performance values, but is neutral about them.  
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30 Yet, the value-neutrality of procedural logics is questionable (Quattrone, 2015;  
31 Friedland, 2017). As a type, the logic of the audit trail is better conceptualised as “meta-  
32 logic” which is substantive and formative in its own right. Thus, if first order values are to  
33 feature in formal performance accounts, they are necessarily subject to, and processed by, the  
34 meta-logic of the audit trail. This logic appears to be merely procedural but, as the bearer of  
35 the bundle of organizing myths referred to earlier, it is a second order-value which organizes  
36 first order values into accounts. It is not sectorally or value-specific, hence its meta-logical  
37 status, and as a logic or type it cannot exist apart from the tokens which embody it (Friedland,  
38 2017). Yet it is more than merely formal; it cuts across field and sector-specific logics and  
39 their multiple dimensions and tensions (Thornton et al., 2012).  
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53 To summarise: while the concept of the audit trail is closely associated with financial  
54 accounting, it has an abstract process logic ( $A \rightarrow B$  above) which is not confined to its  
55 specific enactment in the bookkeeping paradigm. As an abstract type, the audit trail is a  
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3 globally diffused (Strang & Meyer, 1993) “meta-logic” for organizing the production of  
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5 performance accounts in general. The dynamics of this logic constitute the microfoundations  
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7 of the audit society, understood as a continuously unfolding and repeating organizational  
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9 process of accounts production. As we now argue, this logic has “explosive organizing  
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11 potential” (Meyer & Rowan, 1977; Power, 1997: 96) and is strongly performative of the  
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13 conditions of its own perpetuation.  
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## 20 21 **A PROCESS MODEL OF AUDIT TRAILS: FACTICITY AND DISPOSITION** 22 23 **FORMATION** 24 25

26 It has been argued above that prior studies of the formative and performative  
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28 dynamics of accounting require more elaboration of micro-processes, not least to understand  
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30 the paradox that efforts to resist performance accounts, such as rankings, end up extending  
31  
32 their power. Indeed, sustained attention towards “primary traces” of performance, such as  
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34 student placement data, seems to promote coupling rather than decoupling (Sauder &  
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36 Espeland, 2009: 64). Exactly as Durkheim (1982) claimed for social facts in general,  
37  
38 rankings in particular and accounting in general assert themselves, and are attractive to  
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40 organizational leaders, even in the face of efforts to resist them. On the one hand, accounting  
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42 objectivity, its taken-for-grantedness or “facticity” is produced as performance accounts  
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44 receive more organizational attention and are normalized. Organizational actors are drawn to  
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46 externalisations of their performance in accounting numbers, experience their authority as  
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48 social facts and the possibilities of comparability they bring, and welcome their complexity  
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50 reducing properties (Esposito & Stark, in press). Accounts may even be a source of pride for  
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52 critics and supporters (Sauder & Espeland, 2009).  
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3 On the other hand, reflexive organizational actors are also critical of the reductive,  
4 partial and “unrealistic” nature of rankings as representations of performance. Although they  
5 perceive rankings as undermining core values, they also have little choice but to produce such  
6 representations and pay increasing attention to them. So, even as they criticise rankings they  
7 are entangled in their reproduction. In what follows, we integrate these two conflicted  
8 processes – allure and resistance, “pull” and “push” - in a micro-processual and formative  
9 model of the audit trail. Before articulating this model explicitly, it is necessary to clarify  
10 two of its key conceptual units – “facticity” and “disposition”.

### 21 22 **The Facticity of Performance.**

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25 The notion of “facticity” is often used interchangeably with that of “objectivity”. Yet  
26 it has distinctive origins in the philosophy of German idealism and is associated with the  
27 work of thinkers such as Husserl, Heidegger and Merleau-Ponty. The concept is part of the  
28 vocabulary of phenomenological psychology and refers to the way facts appear, and are  
29 experienced, as facts. Facticity is the quality of taken-for-grantedness or “givenness” of  
30 experience (Friedland, 2017). It is the way things like accounting statements are taken as  
31 referring to, and producing facts about, the world. The concept also has currency in general  
32 sociology, not least in the work of Garfinkel who was influenced by phenomenology:  
33 “.....every feature of an activity’s sense, *facticity*, objectivity, accountability, communality is  
34 to be treated as a contingent accomplishment of socially organized common practices”  
35 (Garfinkel, 1967: 33, emphasis added). On this view, facticity is an institutional rather than a  
36 transcendental accomplishment (Douglas, 1986).

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39 Accounting facticity has little to do with truth or accurate representation. In an age of  
40 “fake news” (Allcott & Gentzkow, 2017), it is not surprising that “false” numbers (Lampland,  
41 2010), “bad” measures (Dambrin & Robson, 2006) and “selective disclosures” (Marquis et  
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3 al., 2010) can acquire organizational and social facticity. In effect, accounting numbers come  
4 to be seen, and made sense of, by actors as referring to an organizational reality of  
5 performance. More generally, it is the job of phenomenological and sociological analysis to  
6 recover these collective processes by which facticity is formed (Berger & Luckmann, 1966:  
7 78). Accounting, despite its numerous scandals and failures, seems to possess a facticity so  
8 authoritative and so securely grounded in modernity “that we have trouble imagining other  
9 forms of coordination and discipline or other means of creating transparency and  
10 accountability” (Espeland & Sauder, 2007: 5).

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23 Facticity as an acquired taken-for-grantedness is not only a property of forms of  
24 quantification like accounting. It is also an effect of documentary processes in general.  
25 (Smith, 1984: 66). We know that organizations are saturated in documents and digital  
26 records and texts: files, diaries, memos, timesheets, questionnaires, checklists, log books as  
27 well as formal accounting records (e.g. Riles, 2006; Phillips et al., 2004). These  
28 organizational documents or artefacts do not simply mirror organizational events. As  
29 elements of routine practices they perform “organizational facts” (Garfinkel, 1967; Smith,  
30 1984; Cooren, 2004; D’Adderio, 2008; Hull, 2012; Kaghan & Lounsbury, 2006). This  
31 performative power has little to do with whether documents describe any specific work  
32 process faithfully or accurately. Rather, they produce facticity by subsuming that process  
33 within the formal, reductive schema of the document that represents it (Garfinkel, 1967;  
34 Smith, 1984). Extending this reasoning, what is recorded in an audit trail primary trace is  
35 never simply “what happened” (Van Maanen & Pentland, 1994; Hull, 2012). It is a re-  
36 description of an action according to an institutional purpose – accounting for performance in  
37 a specific way - which is more or less widely accepted by organizational actors. Primary  
38 traces are therefore the paradoxical engines of performance facticity: they are known to be  
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3 simple and reductive but they generate a reality which is experienced by, makes sense for,  
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5 and is desired by, organizational actors.  
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9 In what follows, the concept of facticity is preferred to that of objectivity, which is  
10 often contested and crudely counterpoised to “subjectivity.” It is also more processual and  
11 experiential in connotation, having affinities with Berger and Luckman’s (1966:49) notion of  
12 “objectivation” as something produced by social actors. In the context of performance  
13 accounting, facticity results from the repeated, collective externalization of performance  
14 representations. Organizational actors experience and increasingly make sense of these  
15 performance accounts as not simply conventional in nature, but as being about, and referring  
16 to, the world (Douglas, 1986). They experience the “pull” or “compelling and coercive  
17 power” (Durkheim, 1982: 51) of performance accounts as “social facts”. And this accounting  
18 facticity strengthens with the accretion of accounting infrastructure in the form of audit trail  
19 routines for accounts production.  
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### 33 34 **The Concept of Disposition.** 35

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37 The concepts of disposition and habit are closely related (Camic, 1986:1044). For  
38 Dewey habit is equated with a disposition to particular ways of acting which are acquired  
39 through past experience (Dewey, 1922; Turner & Cacciatori, 2016:78). He understands habit  
40 not just as a mechanical, automatic response to triggers, but also as a positive force for  
41 learning and agency (Cohen, 2007). This richer concept of habit and agency has influenced  
42 the understanding of organizational routines as generative accomplishments by mindful  
43 actors (Feldman & Pentland, 2003). Indeed, a more varied typology of habit recognises that  
44 while it may be an acquired tendency or inclination in the face of repeated experiences,  
45 automaticity is but one point on a spectrum of possibilities (Turner & Cacciatori, 2016).  
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3 Bourdieu transforms the notion of habit from its origins in the psychology of the  
4 individual into the sociology of habitus. Habitus is understood as the sum of acquired  
5 abilities or dispositions formed from the entanglement of individual embodied life history and  
6 structural position in fields (Butler, 1999). Thus, what Bourdieu calls the “aesthetic  
7 disposition” is a generalised capacity traceable to specific forms of the division of labour in  
8 society (Bourdieu, 2010: 47). On this view, dispositions are pre-reflective but also flexible  
9 and purposive in the sense of a skilled performance by an expert player of a game (Crossley,  
10 2013: 139). Cardinale (2018) builds on Bourdieu’s approach to argue that social structure is  
11 neither inherently “enabling” or “constraining” (Adler & Borys, 1996) but “imprints”  
12 orientations or dispositions which may vary in their reflexivity or automaticity, as argued by  
13 theorists of habit.  
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29 In what follows, Bourdieu’s grounding of the category of disposition in the formative  
30 nature of wider social structures is “bracketed” both for exegetical reasons and also to avoid  
31 burdening a micro-level analysis of audit trails with the structure-agent debate (Harmon et al.,  
32 in press). The model focuses instead on disposition-formation arising from repeated micro-  
33 encounters with, and enactments of, the “game” of performance accounting via the  
34 production of primary traces. By adopting this restricted focus on organizational sites of  
35 disposition-formation, the model leans more towards Foucault (Townley, 1993) than  
36 Bourdieu. Both Bourdieu and Foucault share a critique of the autonomous self but differ  
37 importantly in how they conceptualize the processes by which subjects are formed  
38 (Callewaert, 2006; Cronin, 1996). Where Bourdieu locates this formative process firmly in  
39 the class structure and social position, Foucault locates it at the micro-level of encounters  
40 between individuals and infrastructures of control and their discourses – what he calls the  
41 *dispositif* or “apparatus”. For Foucault, subjects and their dispositions are formed from  
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3 immersion in material devices of control and their textual “systems of intense registration”  
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5 (Foucault, 1977:188), such as primary trace production for audit trails.  
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### 8 **A Process Model of the Audit Trail** 9

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11 Having refined the concepts of facticity and disposition, drawing on very different  
12 theoretical traditions and reference points for each, we now integrate them within an extended  
13 model of the audit trail process which captures the tension between allure and resistance  
14 noted earlier. The architecture of this model adopts Berger and Luckmann’s (1966: 78) well-  
15 known typology of institutionalisation which theorizes three fundamental dialectical and  
16 formative processes: “externalization”, “objectivation” and “internalization”. In the proposed  
17 model, these three process types are extended by analogical reasoning (Swedberg, 2014;  
18 Ketokivi, Mantere & Cornelissen, 2017) respectively to: the production of primary traces; the  
19 emergence of performance facticity from the production of accounts; the formation of  
20 dispositions to reproduce audit trails. Furthermore, the dialectical dynamics identified by  
21 Berger and Luckmann are further specified in terms of MacKenzie’s well-known typology of  
22 contingently unfolding performativity (MacKenzie, 2006: 17; Marti & Gond, 2018;  
23 D’Adderio, 2008). This enables us to begin by theorizing three discrete logical *stages* of a  
24 formative process as a static sequential analysis, before elaborating the dynamics of transition  
25 between these stages. In effect, we are building a performative model of an institutionalizing  
26 process.  
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49 **Stage 1.** This stage, which begins with adoption, is characterised by *generic* or weak  
50 performativity in MacKenzie’s sense. As macroinstitutional theories suggest, actors adopt  
51 new audit trail requirements because of the exogenous compulsion of a bundle of myths as  
52 sources of legitimacy, but they also do so to avoid regulatory sanction (Thornton et al., 2012:  
53 87). In this first stage of audit trail production, new organizational accounts of performance  
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3 have limited initial facticity for organizational actors, especially where primary trace  
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5 production is ad hoc and non-routine. The disposition to reproduce audit trails in the absence  
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7 of regulatory and institutional pressure is weak. Actors adopt and comply because they must  
8  
9 for cultural and regulatory reasons, but are aware of the conventional nature of the accounts  
10  
11 produced, and are openly critical of performance reductionism and value subversion. In this  
12  
13 stage of weak performativity, they are also likely to engage in strategic compliance,  
14  
15 decoupling and even deviant actions in relation to performance accounting (Oliver,  
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17 1991:152).  
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22       **Stage 2.** The second stage is *effective* or medium performativity. It is characterised by  
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24 the increased repetition and routinization of primary trace production within infrastructures  
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26 for accounts production. As a consequence of this routinization, the organizational facticity  
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28 of accounted-for performance increases for organizational actors because they have little  
29  
30 choice but to pay more attention to the audit trail process in their work. Yet, even though  
31  
32 these actors are immersed in performance accounting and make sense of, and operationalise,  
33  
34 their performance as represented in accounting systems, they still retain a reflexive capacity  
35  
36 to be critical and strategic about the adoption of performance accounts (Turner & Cacciatori,  
37  
38 2016). However, in contrast to stage 1, this critique is more reformist than rejectionist.  
39  
40 Organizational actors want to make performance accounts “less bad” or improve them, rather  
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42 than dismiss them outright.  
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48       **Stage 3.** The third stage of performativity of the audit trail process is strong or  
49  
50 “Barnesian” performativity (Barnes, 1983; MacKenzie, 2006; Marti & Gond, 2018). At this  
51  
52 stage, the facticity of performance accounts exerts a strong influence over actors whose  
53  
54 disposition to produce audit trails becomes less reflexive about value subversion, less  
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56 dependent on macroinstitutional factors or regulatory push, and more automatic in nature.  
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58 The formation of such a disposition means that organizational agents are constituted as  
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3 carriers of the abstract logic or type of the audit trail regardless of its efficacy. They are now  
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5 agents of its replication, amplification and expansion into new performance reporting settings  
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8 (Turner & Cacciatori, 2016: 78).  
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13 **Insert Table 1 about here**  
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20 Table 1 summarises and depicts the three stages of audit trail performativity as a  
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22 temporal sequence culminating in strong form performativity. A more dynamic reading of  
23  
24 this sequence is needed to understand how audit trails transition between the stages and  
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26 become strongly performative and amplificatory. In essence, strong performativity emerges  
27  
28 from a mechanism of positive cumulative feedback from exposure to the audit trail process.  
29  
30 The audit trail is not itself a self-fulfilling theory but has analogous looping effects as  
31  
32 facticity, disposition and primary trace production positively reinforce each other (Barnes,  
33  
34 1983). It is this strengthening of the performativity of audit trails which explains both how  
35  
36 organizations adopt accounting and auditing practices which may be ineffective and value-  
37  
38 subverting, and also why they expand in ways that cannot be explained by structural or  
39  
40 regulatory pressures in organizational environments, pressures which only explain adoption.  
41  
42 The mechanism of this transition between stages is theorized below in terms of a  
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44 dispositional conflict between two forces, which we simplify with the metaphors of “push”  
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46 and “pull”.  
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52 **Push.** This is understood as critical resistance by organizational agents to new  
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54 performance requirements, and is well documented in studies of audit society pathology, such  
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56 as the reaction of doctors to new performance appraisal systems (McGivern & Ferlie, 2007),  
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58 as well as more generally (Oliver, 1991). Organizational agents make sense of primary  
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3 traces as simplistic and reductive. They are regarded as in conflict with existing values, with  
4 more expansive and less reductive ways of making sense of work practices, and with their  
5 own identities in performing this work (Thornton et al., 2012: chapter 7). Push is both  
6 emotional and cognitive (Cohen, 2007; Voronov & Weber, 2016; Lok, Creed, DeJordy &  
7 Voronov, 2017) and results from anxiety in the face of new modes of performance evaluation  
8 (Espeland & Sauder, 2016). Push should not be equated with active or organized resistance,  
9 for which many other enabling conditions are needed. It is essentially dispositional in nature;  
10 push is resistance to performance value internalization.  
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22         **Pull.** This points to a different dispositional vector, namely the attraction of  
23 organizational actors to the externalization of their performance in primary traces and the  
24 facticity of the accounts which they produce. This idea takes its theoretical lead from  
25 Durkheim's notion of the compulsion of social facts. Like push it can be grounded  
26 psychologically (Cohen 2012; Winter 2013) and psychoanalytically (Cooper, 2001; Voronov  
27 & Weber, 2016) as a desire by organizational actors to externalise, and make sense of  
28 themselves and their performance in primary traces. As noted above in the discussion of  
29 facticity, pull also exists when features of performance accounting lose their conventional  
30 status and come to be understood and communicated by organizational actors as  
31 representations of the way things are. This recursive interaction between an emotional desire  
32 for identity, validation and complexity reduction in externalized representations of  
33 performance, and the increased organizational facticity of such performance presentations,  
34 drives the formative process from stage 1 to stage 3. Academic readers might reflect on the  
35 affirmation and gratification provided by citations of their work despite their misgivings.  
36 Citations have become "facts" about researcher performance despite widespread critique of  
37 their crudity as measures.  
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3 The model dynamics are therefore constructed from a simple psychological  
4 mechanism of conflict-resolution between push and pull, between a desire to resist and push  
5 away from performance reductivism, and the Durkheimian compulsion or pull of  
6 performance facticity. This push and pull can be modelled as a recursive sensemaking  
7 process in which the material practice of primary trace and account creation (externalization),  
8 progressively generates collective meaning in the form of facticity (objectivation) which in  
9 turn generates a desire or disposition to account (internalisation). Once set in motion, this  
10 dynamic of primary trace production, facticity emergence and disposition formation becomes  
11 endogenous (Dionysiou & Tsoukas, 2013). Organizational actors welcome and desire the  
12 production of audit trails and performance accounts, regardless of their efficacy or value-  
13 subversion.

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29 Returning to the three stylised stages of performativity in table 1, we can express the  
30 logic of this recursive process as follows: in stage 1 primary traces are produced by  
31 organizational actors but push is strong and the pull of accounting representations is weak.  
32 The production of primary traces is not a priority for organizational actors and bears little  
33 relation to existing work and value dispositions which remain intact. As the process of  
34 primary trail production is repeated and embedded in organizational routines, stage 2 is  
35 reached in which primary traces necessarily require increasing time and attention from  
36 organizational actors, making them less critical about their limitations than stage 1. As  
37 infrastructure for the production of primary traces accretes, primary traces also acquire  
38 facticity and exert more pull over actors. In the face of this, continued critique is psychically  
39 and economically costly and continued employment may be at risk. Resistance mutates into a  
40 more strategic attitude to the production of primary traces, not least by editing, adapting and  
41 improving them. In stage 2 the initial dispositional conflict is being resolved as pull  
42 strengthens and push weakens.

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3 By stage 3, organizational actors have experienced extensive exposure to audit trail  
4 production. Both primary trace and performance accounts are products of mature  
5 infrastructures and have acquired strong facticity for organizational actors. Performance is  
6 fully externalized and objectified. Performance accounts are not simply compositional  
7 aggregates of primary traces; facticity is an emergent and dynamic property (Barney & Felin,  
8 2013) of their production process. The outcome is that organizational performance has  
9 become auditable in a way that comes to seem entirely natural and self-evident to  
10 organizational actors. Repetition of the audit trail process creates ever “deeper ruts in the  
11 road” for organizational actors (Pentland, Haerem & Hillison, 2011) and the disposition to  
12 reproduce and expand them is strong.  
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26 Under the strong form performativity of audit trails, primary documentary traces are  
27 no longer objects of reflexive critique for their reductionism and conventionalism, but also  
28 themselves become imbued with facticity (Van Maanen & Pentland, 1994; Hull, 2012).  
29 Organizational actors come to accept them as the micro-facts of performance, not from  
30 external compulsion anymore but from the internalization of its logic. This recursive  
31 formative process is represented in summary form by figure 1, which takes audit trail sub-  
32 processes [A → B] from the preceding section, combines this with a disposition-formative  
33 dimension (C), and visualises the transition from stage 1 to 3.  
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48 **Insert Figure 1 about here**  
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54 The precise outcome of this modelled disposition-formative process will depend on  
55 the relative strengths of the components of the formative mechanism: the collective “pull” of  
56 facticity and the resistance to primary trace reductionism. The three stage model proposes  
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3 ceteris paribus that the former will weaken the latter over time, but the speed of transition  
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5 between stages can vary. For example, where primary trace production is frequent or  
6  
7 continuous, the pull of facticity and disposition formation is likely to be stronger and the  
8  
9 transition between stages will be quicker. Where it is infrequent, ad hoc and competes with  
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11 embedded incumbent performance accounting systems, new accounts can fail to generate  
12  
13 organizational facticity, and their process is stalled at the first stage of weak performativity  
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18 By way of illustration, consider the following stylized but not entirely fictional  
19  
20 “process narrative” (Langley, 1999): the CEO of a private company sends an email to a  
21  
22 university researcher noting how her published research has helped him to make important  
23  
24 changes to management processes. The email is a matter of personal pride for her, but little  
25  
26 more. However, subsequently her university is subject to a new performance accounting  
27  
28 regime and is required to report on the external impact of its research (Power, 2015).  
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32  
33 **Stage 1.** The researcher now recognises that the email in question could be used as  
34  
35 textual evidence, as a primary trace, for this new accounting requirement. She is deeply  
36  
37 sceptical of the process and of the entire idea of accounting for external impact. She believes  
38  
39 strongly in curiosity-driven research for its own sake, and knows that the benefits of her work  
40  
41 to society flow in many indirect and subtle ways, including teaching, and cannot be  
42  
43 encapsulated in something as crude as “impact”. Yet she is also “strongly encouraged” by  
44  
45 her Dean to produce a case study of her research impact based on the email and other pieces  
46  
47 of primary evidence.  
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52 **Stage 2.** She receives help in preparing this account of her impact from the newly  
53  
54 appointed “chief impact officer” and, to her surprise and pleasure, her case study – one of  
55  
56 many submitted by her academic colleagues - receives the highest numerical score by  
57  
58 external evaluators and contributes to the high ranking for impact of her university. Despite  
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3 her initial scepticism she enjoys being congratulated by the Dean, who says he shares her  
4  
5 misgivings but is delighted by the university's performance. The Dean also receives a bonus  
6  
7 from the governing body for his performance in delivering this outcome. The researcher's  
8  
9 perceived success in impact becomes part of both formal and informal discussions of her own  
10  
11 performance. She is increasingly described by others as an "impactful" researcher and is  
12  
13 seen as a source of expertise on how to expand the impact of colleagues' research. Via the  
14  
15 case studies and the overall ranking, research impact as a policy value has acquired  
16  
17 organizational facticity in the university sector.  
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22       **Stage 3.** The researcher, and those who she now advises as part of the "impact  
23  
24 strategy" of her university, not only routinely attend to emails like the one she originally  
25  
26 received but also actively seek them from a new class of "users" of their research. They  
27  
28 enjoy being recognised as "impactful" and emails are valued as legitimate traces of the  
29  
30 micro-facts of research performance. She has become committed to collecting and editing  
31  
32 them to be auditable for the impact officer and any possible external inspection. The original  
33  
34 email from the private organization which used the research has been transformed  
35  
36 ontologically into a "primary" trace in an audit trail process and used systematically to  
37  
38 produce a new class of performance facts.  
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44       Good theoretical models represent a process like the one above "as if it happens in a  
45  
46 certain way and necessarily suggest further questions" (Swedberg, 2014: 26). The fit  
47  
48 between the process model of the audit trail logic and the narrative illustration above is not,  
49  
50 and never can be, perfect. But the illustration is also rich enough to suggest that performance  
51  
52 accounts production and disposition formation are likely to be strongly associated in the way  
53  
54 that the model predicts. It shows how organizational agents may go beyond external  
55  
56 pressures to produce new accounts. As organizations develop accounting infrastructure, they  
57  
58 internalise and amplify these requirements in the process of adoption.  
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3 The concept of disposition has been used to open up the “black box” of  
4  
5 microfoundations (Powell & Rerup, 2017) of the audit society yet, as the stylized example  
6  
7 also shows, it is itself a black box or “placeholder” concept for more embedded processes.  
8  
9  
10 For example, the illustration suggests how habits and dispositions may be formed or  
11  
12 “imprinted” at particular moments of sensemaking (Marquis & Tilcsik, 2013) rather than as a  
13  
14 smooth function of enactment. In addition, while the example illustrates the model, it also  
15  
16 points to, but abstracts from, the discursive processes (Phillips et al., 2004) and language  
17  
18 games (Astley & Zammuto, 1992) of organizational performance accounting within which  
19  
20 the audit trail process is embedded (Fauré, Brummans, Giroux & Taylor, 2010). The  
21  
22 researcher in the illustration is eventually drawn to audit trails of impact and seems to  
23  
24 internalize their logic, but there are also likely to be counter-dispositions and competing  
25  
26 forms of facticity at stake. We should expect this when new performance accounts are  
27  
28 introduced into complex organizational settings in which multiple performance values and  
29  
30 their forms of accounting exist (Thornton et al., 2005; Kraatz & Block, 2008).  
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36 Despite these inevitable qualifications and the model’s simplifications of actor  
37  
38 sensemaking, discourse and psychology, it draws attention to a feedback mechanism by  
39  
40 which the audit trail process entangles and constitutes organizational agents. Its logic  
41  
42 cumulatively and repetitively (Berger & Luckman, 1966) exerts a disciplinary power over  
43  
44 them. They come to feel not just compelled but motivated to reproduce this logic, even when  
45  
46 core organizational values may be at stake. The “anxiety” of organizational actors identified  
47  
48 by Espeland and Sauder (2016) can be grounded in the dynamics of this model as a residual  
49  
50 form of “push”. Its key insight, adapted from accounting sociology, is that the emergence of  
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52 performance facticity is disposition-formative via the much neglected mediating role of  
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54 primary trace production.  
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3 The model also explains why, far from minimizing inspection via practices of  
4 decoupling as Meyer and Rowan (1977) famously suggest, organizational agents, including  
5 Selznick's (1957) leaders and Espeland and Sauder's (2009) Law School Deans, are part of  
6 an endogenous process by which they come to embrace the logic of the audit trail, the  
7 performance accounts it produces, and the resulting organizational facticity of performance.  
8 It shows how the audit trail process is institutional in the sense of being a self-regulating and  
9 socially-constructed mechanism which also enforces and expands its own application  
10 (Jepperson, 1991: 145; Phillips et al., 2004: 638). However, we need to refine the claims of  
11 the model one step further in order to be more precise about its amplifying and diffusing  
12 nature.  
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### 27 **From Audit Trail "Token" to "Type"**

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29 At the micro-level of organizations and groups of organizational actors, the  
30 disposition to reproduce audit trails is necessarily a disposition formed within *specific*  
31 performance accounting settings, such as impact accounting described in the previous  
32 section. It was also noted earlier that any number of performance values can motivate the  
33 production of specific performance accounts, and organizational actors engage in institutional  
34 work to create, improve, maintain and even destroy them (Battilana, Leca & Boxenbaum,  
35 2009; Lawrence et al., 2009; Bromley & Powell, 2012: 500). Indeed, there are often intense  
36 arguments about how best to account for values such as diversity or sustainability, and there  
37 can be fierce competition between different performance accounts and the facts they produce.  
38 All these important issues concern specific audit trail "tokens".  
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54 Yet, in the transition from weak to strong performativity, the disposition being formed  
55 is an orientation to reproduce the abstract meta-logic or "type" of the audit trail in any  
56 specific performance accounting setting, regardless of content. This notion of type is  
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3 analogous to that of a “deep grammar” (Wittgenstein, 1976, para. 664) in that it is a condition  
4  
5 of possibility for “auditable” performance account construction in general which requires the  
6  
7 sequential production of aggregate representations of performance from primary traces.  
8

9  
10 However, this *logical* distinction between token and type must now be reframed within our  
11  
12 model as a dynamic process of abstraction in which type emerges from token.  
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15         Within each specific audit trail setting organizational actors form a disposition to  
16  
17 reproduce *both* the specific token of the logic of the audit trail and also its abstract type, its  
18  
19 logical form. By definition, the specific token is contingent and can fail or be reformed  
20  
21 without necessarily damaging the emerging disposition to reproduce the logical form or type.  
22  
23 This meta-logic or type is both more durable than its empirical tokens and can also diffuse  
24  
25 well-beyond them (Meyer & Strang, 1993). It is less discretionary than the form and content  
26  
27 of specific performance accounts. Deviations from, and resistance to, it will impose  
28  
29 economic, cognitive and legitimacy costs on organizational actors (Phillips et al., 2004)  
30  
31 because they violate cultural norms and the bundle of myths embodied in its logic.  
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37         A more dynamic and formative reading of the well-known distinction between token  
38  
39 and type suggests that the seemingly exogenous organizing myths revealed at the so-  
40  
41 called “macroinstitutional” level of analysis, and which are assumed to set in motion  
42  
43 pressures at the organizational level, are themselves generated and sustained from the micro-  
44  
45 level of accounts production. In other words, the strongly performative model of the logic of  
46  
47 the audit trail is also an abstraction “engine” which is productive of the rational myth of itself  
48  
49 at the macro-level. This is consistent with other models of micro- to macro-level endogeneity  
50  
51 and mutuality, such as studies of behaviour and meaning formation (Cornelissen, Durand,  
52  
53 Fiss, Lammers & Vaara, 2015; Zucker, 1977), the dynamics of institutional logic formation  
54  
55 and availability (Thornton et al., 2012: 85) and the mutually formative relation between  
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57 habitus and field (Butler, 1999: 117). Moreover, we can now position the formative model of  
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3 audit trails as a micro-level of analysis, which is not a proposed “solution” to the structure-  
4 agency problem but is itself a theory of the generative core of a multi-layered whole  
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8 (Cardinale, 2018; Harmon et al., in press).  
9

10 In summary, we have developed a performative model of the microfoundations of the  
11 audit society. This model shows how the audit society is the macro-outcome of a micro-  
12 process which embeds itself in organizations via the repeated production of audit trails. This  
13 process co-produces both performance facticity and the dispositions of organizational actors  
14 which sustain that production. The strongly performative form of the model shows how the  
15 logic of the audit trail is a self-fulfilling, self-regulating and self-amplifying meta-logic or  
16 “type” which expands the range of situations in which it can be applied (Jepperson, 1991;  
17 Marti & Gond, 2018). It shows how organizations adopt and amplify performance reporting  
18 systems regardless of whether they are ineffective or counterproductive or value subversive.  
19 This disposition-generating property of audit trails goes beyond an inability to resist, or the  
20 passification of organizational agents in settings of hierarchical power. Rather, the model  
21 proposes that the much criticised audit society and its pathologies is the outcome of a strong  
22 collective disposition towards the facticity generated by audit trails which progressively  
23 nullifies the reflexive critique of organizational actors. This model of the performative power  
24 (Marti & Gond, 2018) of the logic of the audit trail supports the core theoretical proposition  
25 of this article:  
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48 *Proposition 1: the more that organizational actors enact the audit trail process, the more that*  
49 *performance accounts acquire organizational facticity, and the more that these actors*  
50 *become disposed to reproduce and expand the logic of that process, despite evidence of value*  
51 *subversion.*  
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## 56 DYNAMICS AND VARIATION

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3 In this section, we fine-tune the audit trail model and core proposition 1 above by  
4 considering four possible sources of variation which influence the strength, direction and  
5 timing of the performativity of the logic of the audit trail, and therefore its persistence and  
6 amplification.  
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### 13 **Primary Trace Production and Work Processes.**

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16 As noted earlier, primary traces are reductive representations of performance and the  
17 artefactual building blocks for organization-level accounts of performance (cf D’Adderio,  
18 2008). They are systematically collected, classified, commensurated, made combinable and  
19 aggregated (Espeland & Stevens, 1998; Mennicken & Espeland, in press). However, the  
20 disposition-forming dynamic expressed in proposition 1 will vary according to the extent to  
21 which new primary traces are experienced by organizational actors as continuous with pre-  
22 existing practices of performance accounting. There may be more or less stage 1 “push”  
23 against the reductionism of primary traces from organizational actors depending on whether  
24 they are already engaged in producing them.  
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37 As Gawande (2010) notes in his popular tribute to the checklist, the take-off-readiness  
38 protocol used by airline pilots is accepted as fundamental to their operating routines. The  
39 “tick” which is entered into a check-box as an on-board “control action” by a pilot  
40 simultaneously creates a trace for an audit trail. Modifications, and even expansions, of their  
41 checklists are unlikely to be systematically resisted by pilots since they are normally designed  
42 by pilots themselves, and align with existing patterns of working. Checklists are both  
43 functionally useful to pilots and are also an inscription of pilot and airline performance.  
44 Even where primary performance data is created by third parties, such as the use of  
45 questionnaires to measure “student satisfaction” and “patient experience” (Pflueger, 2016),  
46 organizational actors may experience this as continuous with normal feedback and learning  
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3 processes. Furthermore, organizational actors may be more likely to embrace the reductivism  
4  
5 of new primary trace requirements when they are involved in their design (Falk & Kosfeld,  
6  
7 2006).  
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11 The situation is likely to be different with radically new performance demands (Dent,  
12  
13 1991; Townley, 1997), such as requirements to account for the external impact of research by  
14  
15 universities mentioned in the previous section, or the need for banks to demonstrate good  
16  
17 culture (Palermo, Power & Ashby, 2017). In these circumstances organizational actors will  
18  
19 be initially less receptive to the reductivism of audit trail requirements and the facticity of  
20  
21 performance accounts will be weaker. Where primary trace and reporting requirements have  
22  
23 little or no continuity with existing work practices, they may even encourage deviant  
24  
25 behaviour, such as creating the required traces (“box-ticking”) without the substantive  
26  
27 performance (Baxter & Clarke, 2013). Where the reductivism of primary traces receives  
28  
29 very strong push back, pressure is also created to design “better” primary traces.  
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35 In summary, the performative strength and persistence of the logic of the audit trail as  
36  
37 summarised in the core proposition will vary depending on whether newly demanded primary  
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39 traces at stage 1 have a low-push, “high cultural fit” (Marti & Gond, 2018; Ansari et al.,  
40  
41 2010: 78) with current work practices. On the one hand, the lower the cultural fit between  
42  
43 audit trail production work and other work (Power, 2016), the more likely it is that  
44  
45 organizational agents will initially push back and try to decouple new reporting requirements,  
46  
47 leading to weak performativity and the delayed or even rejected facticity of such accounts  
48  
49 and their primary traces. On the other hand, prior experience matters. Where organizational  
50  
51 actors have developed low push against the logic of the audit trail for a specific token, it is  
52  
53 more likely that they will have low push for any subsequent token of performance accounting  
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55 to which they are exposed. Yet even the power of this accumulated experience may be  
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57 diluted where organizational actors who are generally disposed to reproduce the logic of the  
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3 audit trail as a type nevertheless resist particular tokens of that logic because they are too  
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5 dissonant with existing practice. Thus, while proposition 1 argues that the power of the logic  
6  
7 of the audit trail process to generate performance facticity will erode strategies of decoupling  
8  
9 and resistance at stage 1 over time (Boxenbaum & Jonsson, 2017), its dynamics can be  
10  
11 modified in the following sub-proposition to recognise these frictions:  
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15 *Proposition 1.1: the less (more) that organizational actors experience specific primary trace*  
16 *requirements as continuous with existing work practices and values, the stronger (weaker)*  
17 *the push-back and the weaker (stronger) will be the facticity-pull and disposition-forming*  
18 *effects of audit trails.*  
19

20  
21 The expansion of digital platforms, such as TripAdvisor, means that consumers create  
22  
23 primary traces of performance, such as satisfaction scores, when they rate hotels, holidays  
24  
25 and restaurants. The general public is empowered as a direct evaluator and, much like the  
26  
27 case of law school rankings (Sauder & Espeland, 2009), this stimulates evaluated  
28  
29 organizations to track primary traces of customer satisfaction and produce summative metrics  
30  
31 and accounts (Jeacle & Carter, 2011; Orlikowski & Scott, 2014). TripAdvisor and similar  
32  
33 engines are therefore an increasing source of digitized audit trail construction as  
34  
35 organizations seek to manage how they are rated and ranked.  
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40 Organizational actors increasingly use digital platforms to engage in evaluation and  
41  
42 audit activity outside the workplace. Indeed, trace creation and traceability are now features  
43  
44 of everyday life as people quantify, monitor and evaluate many aspects of their personal  
45  
46 lives, such as health and educational attainment (Sharon & Zandbergen, 2017; Mennicken &  
47  
48 Espeland, in press). The anxious law school Deans interviewed by Espeland and Sauder  
49  
50 (2016) most likely use rankings and ratings as diners choosing a restaurant, or as parents  
51  
52 choosing a primary school for their children. As the audit society has evolved, the distinction  
53  
54 between expert auditor and auditee, evaluator and evaluatee, rater and rated has become  
55  
56 blurred; monitoring and being monitored are an increasing part of everyday experience. It is  
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3 therefore likely that organizational actors will already have a pre-disposition to reproduce  
4  
5 reductive primary traces, and will accept the facticity they produce, when they are also  
6  
7 engaged in similar activity in their personal lives e.g. as “disciplined selves” monitoring their  
8  
9 own health, refining their CVs, rating restaurants, films and other leisure experiences, as well  
10  
11 as choosing schools (Lupton, 2016; Esposito & Stark, in press). Accordingly, we can add an  
12  
13 amplifying/dampening moderation to the core proposition 1 as follows:  
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18 *Proposition 1.2. The more (less) that organizational actors enact forms of auditing and*  
19 *evaluation in non-work settings, the weaker (stronger) their push-back against reductivism*  
20 *and the quicker (slower) the emergence of the strong performativity of audit trails in*  
21 *organizational work settings.*  
22

### 23 **Blame and Amplification**

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25  
26 Studies of legalization, understood as the growth of law-like forms, such as due  
27  
28 process, show why organizations may “overcomply” and internally amplify external  
29  
30 requirements (Argyris, 1994). These studies show that organizational actors exhibit a  
31  
32 defensive “litigation mentality” (Bies & Tyler, 1993; Sitkin & Bies, 1994), and keep detailed  
33  
34 records “just in case” (Van Maanen & Pentland, 1994). By analogy, audit trail requirements  
35  
36 will also be amplified by organizational actors in institutional environments where there is  
37  
38 personal legal risk or reputational exposure to censure from both regulatory bodies and civil  
39  
40 society organizations. In such settings where blame is anticipated, organizational actors will  
41  
42 manage accounting disclosures strategically (Marquis et al., 2016) and also, in parallel, will  
43  
44 devote effort to creating and maintaining audit trails as evidence of compliance. They will  
45  
46 make primary traces more precise, more elaborate and more rationalized than formally  
47  
48 required. Thus, rather than critically pushing against the reductivism of primary traces in  
49  
50 stage 1, they are already defensively pre-disposed to amplify their precision as auditable  
51  
52 traces of performance. For example, in reacting to the Sarbanes-Oxley legislation (“Sarbox”)  
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54 following the collapse of Enron and Worldcom, organizations and their advisers elaborated  
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3 primary traces (of internal controls) greatly in excess of formal requirements (Economist  
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5 Leader, 2003; SEC, 2005).  
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8           Organizational studies of legalization, which focus on these defensive properties of  
9  
10 precise documentation, explain why there is both strategic acquiescence (Oliver, 1991) to the  
11  
12 logic of the audit trail and also amplification of its requirements in specific cases like Sarbox.  
13  
14 Audit trails and their primary traces can become valued for their own sake by organizational  
15  
16 actors who are averse to the risk of blame. Rather than resisting the reductionism of new  
17  
18 performance requirements at point of adoption, these organizational actors are more likely to  
19  
20 amplify and elaborate them from the outset. This pre-existing defensive disposition will  
21  
22 accelerate the transition to the strong performativity of audit trails.  
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27 *Proposition 1.3: the more (less) that organizational actors believe that they face possible*  
28 *censure and blame, the more (less) that they will embrace, elaborate and amplify audit trails,*  
29 *and the weaker (stronger) will be the “push” against primary trace reductivism.*  
30  
31

### 32 **Agents of Amplification**

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34           Habits and dispositions are formed interactively (Turner & Cacciatori, 2016) and  
35  
36 therefore the collective organizational context of audit trails will influence the nature and  
37  
38 extent of their performativity. In particular, different performance accounts in large  
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40 organizations are normally produced by specialised individuals in sub-units, such as finance  
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42 and risk management departments, with varying degrees of internal positional power and  
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44 influence. These individuals occupy subject-positions which mediate, interpret and  
45  
46 operationalise regulatory and other performance requirements (Gray & Silbey, 2014). They  
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48 acquire influence by building reporting infrastructures which embed audit trail processes and  
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50 they become willing carriers and enforcers of its logic. Their internal authority is reinforced  
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52 by their participation and credibility in wider field and professional networks (Hinings,  
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54 Logue & Zietsma, 2017) and invisible trans-organizational “colleges” (Lampel & Meyer,  
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56 2008) which promote performance accounts. These professionals also circulate around these  
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3 networks – sometimes as regulators, sometimes as advisers, sometimes as sub-unit actors –  
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5 and are carriers of audit trail logic to different settings. For example, in their study of risk  
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7 culture, Palermo et al. (2017) noted how the circulation of professionals across private firms,  
8  
9 regulatory bodies and consulting organizations led to similar diagnoses and audit trail-based  
10  
11 solutions for the problem of improving and reporting on risk culture. In this way, the strong  
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13 performativity of audit trails is accelerated by organisational actors with positional power to  
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15 share and diffuse practice within and across organizations.  
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20         These actors operate in complex internal organizational environments (Bromley &  
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22 Powell, 2012: 499; Greenwood, Raynard, Kodeih, Micelotta & Lounsbury, 2011) and their  
23  
24 positional power may be an outcome of “organizational rivalry” (Selznick 1957:9-10) as  
25  
26 much as perceived expertise (Gray & Silbey, 2014). They are also likely to use external  
27  
28 events as opportunities for internal positioning and resource expansion (e.g. Kelly & Dobbin,  
29  
30 1998). For example, the regulatory and reporting responsibilities of senior management and  
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32 directors of companies, such as under Sarbox, have grown considerably over the past two  
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34 decades, making them important internal clients for specialised internal actors. These  
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36 regulatory pressures to demonstrate the good governance of risks, such as financial crime  
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38 (Favarel-Garrigues, Godefroy & Lascoumes, 2011) and failure to treat customers fairly  
39  
40 (Gilad, 2011), reinforces both the positional power of risk managers and compliance officers  
41  
42 and also the logic of the audit trails by which they make these risks auditable and governable.  
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44 In contrast, “diversity officers”, who may be limited to operationalising the performance of  
45  
46 diversity as an annual half day awareness training session, may not acquire this kind of  
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48 positional power. Their primary traces for regulatory compliance with diversity requirements  
49  
50 might only be the training attendance certificates of organizational members. The weak  
51  
52 performativity of an audit trail is therefore likely to be correlated with weak the positional  
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54 power of its relevant internal representatives (cf Kalev, Dobbin & Kelly, 2006).  
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3 In sum, the performativity of audit trails will be modulated by, and will in turn  
4 modulate, the presence of convinced organizational actors in specialised sub-units with  
5 positional power. At its strongest, the logic of the audit trail generates the dispositions of its  
6 own champion-subjects who reinforce that logic and are empowered as sensegivers to speak  
7 on behalf of, and operationalise, culturally validated conceptions of performance accounting.  
8 We capture one direction of this mutual influence in the following proposition:  
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18 *Proposition 1.4: the stronger (weaker) the internal positional power of members of*  
19 *specialised performance accounting sub-units, the faster (slower) to emerge is the strong*  
20 *performativity of the audit trails which they promote, create, sustain and amplify.*  
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22 Taken together, the core proposition and the four selected variants outlined above,  
23 though not exhaustive of all possibilities, provide an orientation for empirical enquiry into the  
24 dynamic properties and implications of the core model (Cornelissen, 2017). They are testable  
25 hypotheses in their own right and articulate contingent variations which may accelerate or  
26 delay the pathway to the strong performativity of audit trails. The propositions are also  
27 symmetrical in that they articulate factors which may strengthen or weaken the core  
28 proposition. For example, where primary traces are regarded as too reductive and  
29 “unrealistic”; *and* organizational actors do not act as evaluators in their everyday lives; *and*  
30 the setting is free from potential blame; *and* specialised carriers are either weak or non-  
31 existent, then the pull of facticity and the strength of disposition formation in respect of  
32 specific audit trail tokens will be weak. The fact that such settings, while logically possible,  
33 are difficult to imagine reinforces the strong performativity of the core thesis. Yet, even in  
34 such a counter-setting, could we imagine it, the institutionalising power of the logic of the  
35 audit trail as a type would not necessarily be undermined by a single counter case or token.  
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## FROM “VALUE SUBVERSION” TO “VALUES AT RISK”

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3 While the performative model of the logic of the audit trail provides a specific micro-level  
4 explanation of how the audit society persists and expands, it also has broader implications. A  
5 crucial feature of the theorized formative process is the production of accounting facticity and  
6 the “pull” it exerts over organizational actors (Durkheim, 1982). In this respect, an  
7 unexpected contribution of the model is to allow us to think of the audit trail “neutrally” as a  
8 mechanism by which abstract policy values become coupled to organizational routines and  
9 acquire an organizational facticity, via accounting, that they might otherwise lack. From this  
10 perspective, the reductive and facticity-producing potential of audit trails need not be  
11 regarded as inherently pathological. For example, Wijen (2014; 2015) argues that the risks of  
12 means-end decoupling as Bromley and Powell (2012) describe them (and the value-inversion  
13 which preoccupies the critics of the audit society) must be traded off against the possible  
14 benefits of acquiring organization traction for important policy values, such as sustainability.  
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31 Anticipating critics of the audit society by several decades, Selznick also understood  
32 this trade-off very clearly. The formative model of the audit trail developed in this article  
33 helps to articulate the dynamics of this trade-off in accounting terms. Following Selznick, we  
34 can say that opaque organizational or policy values necessarily require “completing”  
35 (Selznick, 1996:273) by being operationalised in technical routines; values and technical  
36 tasks like accounting are therefore interdependent (Besharov & Khurana, 2015). Indeed, core  
37 organizational values at risk of subversion are not themselves externally given as ends and  
38 immune from social construction (Haack & Schoeneborn, 2015; Wijen, 2015). Even  
39 Friedland (2017), as a value transcendentalist, reminds us that values lack any capability for  
40 self-manifestation outside of the material practices which presume and perform them.  
41 Abstract values like transparency must of necessity undergo “risky” operationalizations  
42 (Bernstein, 2017) or they will never acquire the opportunity for organizational facticity. This  
43 means that when the theory of “means-end “decoupling is expressed in a formative model of  
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3 the kind developed for audit trails, it is better understood as a theory of means-end *co-*  
4 *formation and coupling*. The logic of the audit trail performs both means – primary traces  
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6 and the disposition to reproduce them - and ends in terms of producing the organizational  
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8 facticity for values. The audit trail is therefore a mechanism with strongly performative  
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10 potential for institutionalising values but they are always and necessarily “values at risk”.

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15 In conclusion, the facticity-formation dynamic of the core model is open-ended. In  
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17 some settings it is crudely reductive of the lived complexity of actual work processes and  
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19 performance, and threatens pre-existing professional identities (Townley, 1997; McGivern &  
20  
21 Ferlie, 2007) – well-documented audit society effects. And yet, even seemingly crude  
22  
23 accounting measures such as student satisfaction metrics in schools, which risk distorting  
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25 pedagogic values of development via the dynamics of means-end decoupling, may  
26  
27 nevertheless create needed facticity for the value of the student experience and enable  
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29 decision making under uncertainty (Esposito & Stark, in press). Indeed, the much criticised  
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31 Sarbanes-Oxley legislation introduced in the United States in 2003, to which, as already  
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33 noted, organizations reacted defensively by amplifying requirements into a formal “box-  
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35 checking” exercise, did eventually create public visibility for the value of internal controls in  
36  
37 organizations. Over time a new class of performance facts – control facts – was created to  
38  
39 materialise this value. The core model therefore shows that while values are always at risk  
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41 because they are shaped by reductive primary trace production, performance accounting can  
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43 give these values the organizational facticity, and therefore traction, that their advocates  
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50 desire.

## 51 52 53 **DISCUSSION AND IMPLICATIONS**

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56 The model of the audit trail developed above articulates a generative process which  
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58 shows how audit trails are self-fulfilling. While macro-institutional theories explain why  
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3 organizations adopt new accounting and audit requirements in accordance with a bundle of  
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5 rational myths of control and performance, the model and its further propositional  
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7 refinements show both how this happens and also why they are likely to be strongly  
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9 performative and self-amplifying. This is in effect a microfoundational model of the audit  
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11 society which shows how the audit trail process can lead to the progressive reshaping and  
12  
13 inversion of organizational goals and core values (Selznick, 1957) in excess of formal  
14  
15 regulatory intention. The model grounds an endogenous formative process in which  
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17 institutionalised means like accounting develop their own ends and become decoupled from  
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19 policy values (Pache & Santos, 2010: 460; Bromley & Powell, 2012). This phenomenon is  
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21 well-recognised in social theory, was one of the central preoccupations of the Frankfurt  
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23 School under the motif of “dialectic of enlightenment” (Horkheimer & Adorno, 2002), and is  
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25 implicit in critiques of the audit society.  
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32 This article contributes to institutional theory by showing how, via the repetitive  
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34 enactment of accounting, organizational actors form dispositions to produce and expand the  
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36 logic of the audit trail. The model captures tensions between the so-called “pull” of  
37  
38 accounting facticity and the “push” back against audit trail reductionism. Organizational  
39  
40 actors are simultaneously drawn to, and repelled by, audit trails and the performance  
41  
42 representations which they produce (Kraatz et al., 2010: 1540). However, it is proposed that  
43  
44 the dynamics of repeated audit trail production eventuate in a strongly performative version  
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46 of the model. In other words, the “pull” of performance facticity eventually “crowds-out”  
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48 (Frey & Jegen, 2001) reflexive critical reservations about the reductive and unrealistic nature  
49  
50 of primary traces. This strong version of the model therefore explains why value-subverting  
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52 accounting systems, far from being decoupled, become strongly coupled, amplified and  
53  
54 expanded. In conclusion, four more specific contributions of the model, and its limitations  
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3 and possible implications for future theoretical and empirical research, are considered further  
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5 below.  
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### 8 **The Dynamics of Facticity** 9

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11 In explicating the microfoundations of the audit society, we find, surprisingly perhaps,  
12 elements of a formative process which are not inherently pathological. The strongly  
13 performative “pull” of accounting facticity may potentially operate to “crowd in” values as  
14 much as crowd them out. As institutional thinkers as diverse as Selznick and Friedland  
15 recognise, the values we care about are inherently precarious in that the moment of their  
16 operationalisation also places them at risk. The model of the logic of the audit trail therefore  
17 contributes to the recent “Selznickian” turn in organization studies by emphasising an  
18 important dynamic relation between values and accounting. On the one hand, accounting can  
19 be value distorting via the economization of organizations – the audit society thesis. Yet, on  
20 the other hand, accounting, via the mechanism of facticity production, can be value-  
21 promoting.  
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37 More theoretical work is needed to develop and tighten the construct of facticity and  
38 its relation to value. Empirical studies could usefully enrich the interactive and discursive  
39 processes (Phillips, et al., 2004) by which the facticity of organizational performance  
40 accounts is progressively constructed. There also remain questions about the nature of the  
41 general allure or “pull” of accounting facticity, such as the organizing power of ratios  
42 (Kurunmäki & Miller, 2013) and rankings (Espeland & Sauder, 2016; Esposito & Stark, in  
43 press). More work is specifically needed to understand how facticity, as an experience of  
44 otherness, may itself be grounded in a more fundamental disposition to externalise and treat  
45 numbers and accounts as being about the world. The performative model of the audit trail  
46 points to the significance of such a process but it invites further specification. This further  
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3 work should return to the phenomenological origins of the concept of facticity and  
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5 reconstruct its influence through ethnomethodology and studies of sensemaking in order to  
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7 enrich the category of “pull”. In strong form the model proposes that the “push” against  
8  
9 reductive and simplifying performance representations is somehow eliminated by the pull of  
10  
11 accounting facticity. Yet, contra the model, it seems unlikely that critical reflection would be  
12  
13 entirely suppressed. Future research could challenge the model’s simplifications and develop  
14  
15 our understanding of the power of audit trails to constitute less unified selves (Butler, 1999)  
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17 which remain critically-reflective, while preserving the formative insights of strong  
18  
19 performativity.  
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### 24 **Developments in Digitization**

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27 The implications of developments in digital technologies, such as blockchain and big  
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29 data, for the logic of the core model have been glossed over but require careful future  
30  
31 consideration. Indeed, if the cultural and organizational position of performance accounts, as  
32  
33 aggregations of determinate primary data, declines, then the theoretical power of the model  
34  
35 will be significantly diminished. But this remains an open question. On the one hand  
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37 blockchain promises to expand the range of objects which can be accounted for and traced,  
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39 provided they can be digitally and uniquely tagged. In this sense blockchain elevates the  
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41 audit trail logic from meta-logic into an end in itself. Blockchain, as traceability made  
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43 explicit and digital, radicalises the model and provides a platform for new performance  
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45 accounts and new facticities for values such as “sustainable fishing” (Power, in press). On  
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47 the other hand, the sheer plurality and heterogeneity of primary traces which comprise big  
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49 data and its predictive analytics may make conventional forms of organization-level  
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51 accounting redundant. With big data, any primary trace can be related to any other to  
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53 generate new patterns and predictive capabilities. Accordingly, work is needed to explore  
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3 whether and how developments in digital technologies will mean that audit trail processes in  
4 organizations will intensify, mutate or be displaced.  
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### 8 **Meta-Logics** 9

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11 A third area for future development is the claimed meta-logical status of the audit  
12 trail, which has implications for thinking about institutional complexity. Not only do  
13 organizational agents often have to navigate the binary complexity of different values and  
14 their trade-offs, such as education versus efficiency; professionalism versus commercialism  
15 (Thornton et al., 2005; Greenwood et al., 2011), but also, under societal conditions of  
16 expanded performance reporting requirements for these different values (Bromley & Powell,  
17 2012), the meta-logic of the audit trail must be added to the “complexity mix”. However, as  
18 noted, the logic of the audit trail is not simply one logic among others competing for priority  
19 in a plural world of well-formed logics. Its status is not that of a “toolkit” to be chosen more  
20 or less reflectively by agents (McPherson & Sauder, 2013; Pache & Santos, 2013). Rather,  
21 as a meta-logic it is the basis by which these other logics - institutional logics (Friedland &  
22 Alford, 1991: 248) and their existential values (Mutch, 2018) - can be made operable, and  
23 observable (Palermo et al., 2017). In short, via performance accounts, this meta-logic is  
24 productive of the organizational facticity of these other logics.  
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44 Building on this notion of a meta-logic could also shed more light on how logics are  
45 not only plural but also varied in their amenability to strategic choice. Logics which are  
46 amenable to choice and discretion are more likely to lead to situations of institutional  
47 complexity requiring trade-offs and choice (Kraatz & Block, 2008; Pache & Santos, 2010;  
48 2013). However, by construction the meta-logic of the audit trail is less discretionary than  
49 this. It has been suggested that it has grammar-like status. Just as grammars define what it is  
50 to speak competently in a specific language, the repeated grammatical use of a language also  
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3 reinforces the grammar. By analogy, the meta-logic of the audit trail is a condition for the  
4 production of competent performance accounting which in turn reinforces it. Yet unlike a  
5 grammar, the meta-logic of the audit trail is biased towards auditability and this will  
6 influence choices under conditions of institutional complexity where one value or  
7 institutional logic seems more “auditable” than the other (Palermo et al., 2017).  
8 Accordingly, future work could focus more on how the meta-logic of the audit trail is not  
9 neutral in situations of multiple logics and institutional pluralism, and may influence the  
10 “centrality” of one logic over another (Besharov & Smith, 2014), exactly as we see in the  
11 audit society. Indeed, it could be fruitful to characterise institutional pluralism as a  
12 “competition of facticities” where the power over accounts production is a key strategic  
13 stake.

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Future work could also explore meta-logics more generally and show how the logic of the audit trail is one of a family of meta-logics with grammar-like status. For example, another plausible candidate for meta-logic status is the notion of “due process” as it has evolved within and beyond law (Edelman, 1990; Edelman, Uggen & Erlanger, 1999). Like the logic of the audit trail, it is also seemingly procedural and content-neutral, and is widely diffused in non-legal settings as a vehicle for the legalization of organizations. Indeed, there are likely to be deep affinities between law and accounting at the level of micro-processes which are worthy of examination and which suggest further lines of theory development.

### **Amplification, Diffusion and Audit work**

Finally, the strongly performative version of the model shows how disposition-formation and abstraction are mechanisms of practice diffusion and expansion, which begin with amplification at the organizational level. While disposition formation creates new subject-positions as carrier-agents, the abstract form of the logic (Strang & Meyer, 1993)

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3 enables rapid diffusion to new performance settings, including those of the carriers  
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5 themselves, who are “infected” by it. For example, while professional service firms are in  
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7 some sense the manifest agents of the expansion of the logic of the audit trail (Suddaby et al.,  
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9 2007), the strongly performative model of its diffusion shows how this logic becomes both  
10  
11 independent of their agency and also recursively determinative of it. In other words, auditors,  
12  
13 regulators and other oversight bodies are as much subjects of this logic as they are its carriers.  
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15 This can be observed: while there are certainly more auditors, evaluators and overseers in the  
16  
17 audit society (Hood, James, Jones, Scott & Travers, 1998), these carriers of audit trail logic  
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19 are also subject to its cultural power in the form of requirements to produce primary traces of  
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21 their work (Pentland, 1993; Van Maanen & Pentland, 1994). This seeming “reverse  
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23 diffusion” of audit trail logic deserves more attention.  
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29           The model has inevitably taken some short cuts in its specification of micro-  
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31 foundations. There is a danger within the model of over-identifying the micro-level with  
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33 individual human actors (Harmon et al., in press), and thereby making the mechanics of logic  
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35 amplification too individualistic. The model’s central concept of disposition remains “thinly  
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37 social” and does not situate organizational actors in relational webs of action (Emirbayer &  
38  
39 Mische, 1998). This limitation is important because organizations are likely to be saturated  
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41 in audit trails relating to different performance representation requirements. Organizational  
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43 actors are confronted by multiple audit trails and interact in multi-actor settings. Future work  
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45 could therefore situate the micro-analysis of audit trail production within richer notions of  
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47 practice and practice formation (Pentland, 1993; Vaara & Whittington, 2012:287), paying  
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49 attention to the role of organizational actors with positional power in amplification processes.  
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55           In addition, the formative model of audit trails invites greater integration and  
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57 specification in conjunction with routines theory (Feldman & Pentland, 2003; D’Adderio,  
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59 2008; Cacciatori, 2012; Powell & Rerup, 2017: 313) to understand how the emergence of  
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3 performance reporting routines may shift collective dispositions. An empirical programme  
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5 could usefully explore a new category of institutional work, namely “audit work” understood  
6  
7 as the routinized work of organizational actors to represent, report and evaluate performance  
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9 (Power, 2016). Indeed, the intensity of audit society could in theory be measured by the  
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11 proportion of total work which is audit work in this sense, at the level of the individual,  
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13 organization and field.  
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17 Finally, it must be acknowledged that a strongly performative model of disposition  
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19 formation exists in tension with theoretical emphases on leadership (Kraatz, 2009). Strong  
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21 performativity leading to audit society persistence seems to be at odds with the kind of  
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23 leadership which Selznick envisaged, making the latter at best an epiphenomenon of a deeper  
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25 formative process. Yet, if we follow Selznick and those who are reviving his work on the  
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27 significance of values in organizations (Besharov & Khurana, 2015), it is a core task of  
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29 leadership to manage and mitigate the risks of value subversion and pluralism, and to  
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31 generate facticity for organizational mission and purpose. There is therefore work to be done  
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33 to address both this theoretical tension and also the practical challenges for leaders and  
34  
35 regulators who wish to utilise performance accounting systems while also controlling their  
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37 value-subverting effects (Selznick, 1957; 7; Kraatz at al., 2010). To face up to these  
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39 challenges, leaders will need to understanding how the audit society actually works and pay  
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41 attention to the formative power of audit trails.  
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## 48 CONCLUSION

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51 At first glance, audit trails appear of limited theoretical and empirical interest. Yet,  
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53 this article has shown that they embody a formative logic which is powerful precisely  
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55 because it is mundane and invisible (Douglas, 1986:98). This logic has expanded well beyond  
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57 financial accounting to shape an explosion of performance accounts of many different kinds.  
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3 Its mechanism is central to contemporary modes of defining, representing and intervening in  
4 the performance of individuals and organizations, and shapes them as “auditable subjects”  
5  
6 committed to reproduce its logic. While the primary motivation for developing this model  
7  
8 was to ground the microfoundations of the so-called audit society and its pathologies in a  
9  
10 generative mechanism which explains its persistence, we also find that value inversion and  
11  
12 means-end decoupling are not inevitable. We cannot therefore ignore the possibility that  
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14 audit trails may sometimes be efficacious policy instruments for embedding values, economic  
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16 or otherwise, in organizations. For this reason they deserve more theoretical and empirical  
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18 attention by scholars, regulators and policy makers.  
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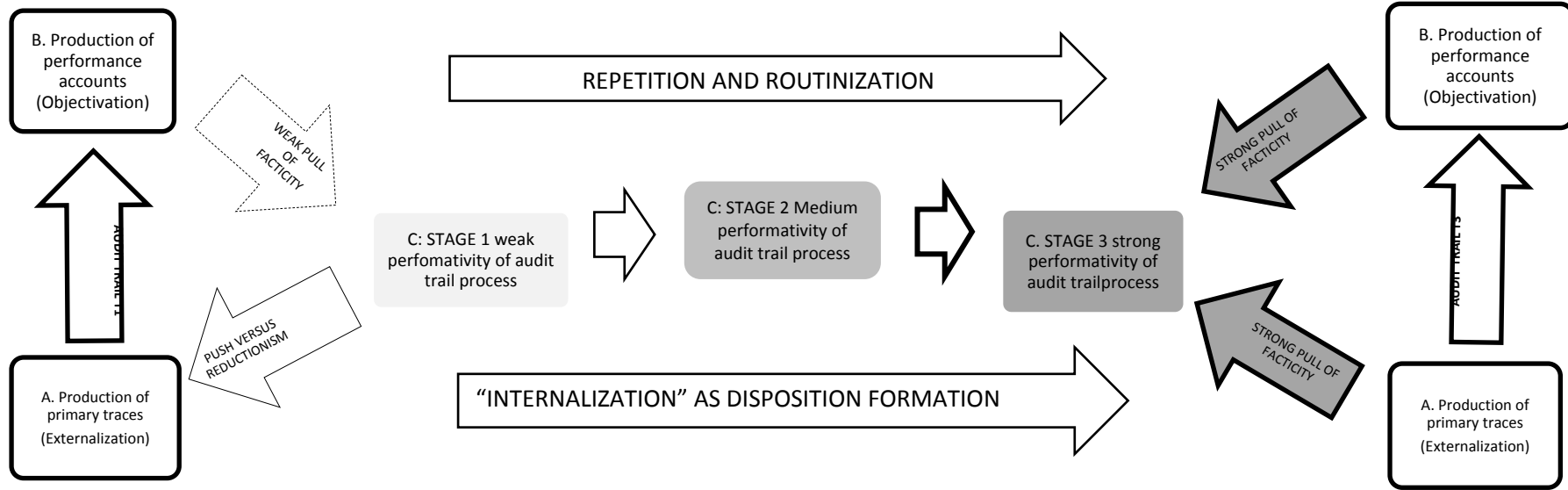
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TABLE 1

Performativity and the audit trail process

Time	Form of performativity (based on MacKenzie, 2006 typology)	A: Production of primary traces (externalization)	B: Emergence of performance facticity in performance accounts (objectification)	C: Formation of disposition (to reproduce audit trails) (internalization)
T1	Weak = "Generic" (Accounting is simply adopted and produced by organizational actors)	Compliant adoption	Weak Pull (conventional)	Weak (critical-reflexive push)
T2	Medium = "Effective" (Accounting has effects on organizational processes)	Routinization	Medium Pull (becoming naturalised)	Medium (strategic-reflexive)
T3	Strong = "Barnesian" (Accounting production makes organizational processes and actors more like their accounting representations)	Amplification	Strong Pull (fully naturalised)	Strong (habitual- pre-reflexive)

**Figure 1**  
**The Performative Logic of the Audit Trail**





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3 **Michael Power** ([m.k.power@lse.ac.uk](mailto:m.k.power@lse.ac.uk)) is professor of accounting at the London School of Economics and a Fellow of the British Academy. He  
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