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Between contestation and collaboration: The internal dynamics of multidisciplinary accounting firm responses to institutional pressures

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ABSTRACT

The colonization of adjacent professional fields has been considered as crucial to understand the success and influence of large accounting firms, such as the Big 4. Yet, given the complexities of managing different professional groups, remarkably little is known about the internal dynamics behind large multidisciplinary accounting firms' external responses to institutional pressures. In this article, we show how exogenous coercive pressure, such as regulation (in this case Dutch accountancy regulations), not only affect the day-to-day work of accountants, but also that of non-accountants such as tax advisors. From the perception of the tax advisors who confront regulations which are not 'theirs', we show how their internal responses evolve and tread a fine line between contestation and collaboration with their colleague accountants/auditors. Using a boundary work perspective, we examine this shift in responses and explain how tensions between professional groups may be reduced. Overall, our study not only furthers our insights into the internal dynamics behind professional service firms' external responses, but also sheds light on why professional groups stay on board despite unfavorable internal conditions.

KEYWORDS: accounting firms; Big 4; tax advisory; PSFs; boundary work; tax advisory; internal dynamics; institutional pressures

INTRODUCTION

Various theorists have related the success and societal influence of the large accounting firms to their ability to 'colonize' other fields such as law, tax, forensic accounting, and consultancy (Lawrence 1999; Suddaby and Greenwood 2001, 2005; Greenwood and Suddaby 2002, 2006; Taminiau, Heusinkveld and Cremer 2019). Theorists have noted that some of these multidisciplinary professional service firms (PSFs) have grown into powerful social actors and have even become larger and more internationalized than many of the clients they serve (Boussebaa 2009; Malhotra and Morris 2009; Empson, Muzio and Broschak 2015; Shore and Wright 2018;

Boussebaa and Faulconbridge 2019). As such, an important stream of research work has explored how these firms are not only subjected to institutional pressures (Lander et al. 2013), but also play a role in maintaining and reshaping institutions (Suddaby and Viale 2011; Muzio, Brock and Suddaby 2013).

Yet, while a growing number of studies have advanced our understanding of how PSFs relate to their broader institutional context (Suddaby and Muzio 2015), we know relatively little about how large accounting firms, such as the Big 4, deal with the related internal dynamics. For instance, Pache and Santos (2010: 473) emphasized that more research is needed on the organizational skills for handling these internal dynamics and related competences in order to achieve: 'a better position to survive and thrive in the midst of conflicting institutional demands'. The relative absence of research related to the ongoing internal dynamics between professional groups in understanding the scale and influence of large multidisciplinary accounting firms is particularly remarkable in the light of at least two distinct developments.

First, the limited attention paid to the internal dynamics of professional groups is noteworthy, given the assumed evolving power of professional groups other than auditing. In the last few years, the Big 4 re-entered the more lucrative consultancy market and expanded again in the advisory services market and are still expanding in new areas of expertise, in particular, more into tax advice, IT (Information Technology), and in law (The Economist 2013, 2015, 2018). Yet, migration into other jurisdictions enhances the likelihood of contestation between different professions within these accounting firms (Carnegie and Napier 2010; Muzio, Brock and Suddaby 2013; Shore and Wright 2018), which may have a bearing on organizational outcomes (Feyereisen and Goodrick 2019). These tensions have already been signaled by Greenwood and Hinings in 1996: '(. . .) management consultants in several accounting firms became dissatisfied with their interests and began to question the organizational assumptions of how things were done (i.e., their commitment to the template-in-use, which favored the accounting profession, began to erode)' (Greenwood and Hinings 1996: 1036). In relation to this, Greenwood et al. (2011: 356) consider the handling of the evolving relationships between different professional groups within multidisciplinary organizations: 'as an important yet underexamined question that deserve serious attention'.

Second, the current lack of detail devoted by researchers to the inter-professional dynamics in large accounting firms is also remarkable given the evolving and competing institutional pressures that are exerted on them (Lander, Koene and Linssen 2013). For instance, the assumed weakening of the internal position of the accounting/auditing profession is driven partly by the increased regulatory societal pressures on this profession and the more recent stringent regulations on the accounting profession aimed at enhancing the independence of accountants (Shore and Wright 2018). Indeed, Big 4 firms increasingly have to distinguish themselves from their competitors for instance during tendering processes, while at the same time, they have to conform to institutional norms and regulations so as to be regarded as legitimate in the field (Deephouse 1999; D'Aunno, Succi, and Alexander 2000). This can lead to multiple heterogeneous and even conflicting institutional demands and logics which permeate organizations internally (Pache and Santos 2010, 2013; Viale, Gendron and Suddaby 2017).

In response to these shortcomings, and in order to develop an enhanced advanced view of the success and influence of large accounting firms, such as the Big 4 accounting firms, there is a need to further our understanding of the internal dynamics of these organizations, particularly how they: 'manage relationships across specializations, how those relationships evolve, and with what implications, are important yet underexamined questions that deserve serious attention' (Greenwood et al. 2010: 356). Accordingly, our main research question is as follows: *how do external pressures affect the internal dynamics of multidisciplinary accounting firms?*

To this end, we focus on the impact of the introduction of the Dutch Audit Profession Act implemented from the 1 January 2013. This regulatory pressure sought to enforce mandatory audit firm rotation every 10 years for mainly large corporate clients and restrict non-audit services. The combination of mandatory accountant rotation and a strict separation of audit service and advice for the same client enhance tends to exacerbate tensions between different professionals within large accounting firms. In particular, a recurrent 'carousel' of corporate clients changing their auditors has potentially important consequences for adjacent professions—such as tax advisory—as they reposition themselves vis-à-vis each other. In other words, these pressures on the accounting profession caused by accounting legislation can be expected to cause 'collateral damage' for an adjacent profession within multidisciplinary PSFs, such as the Big 4 firms, as tax advisors unavoidably lose a substantial number of their clients when the latter move on to their accounting colleagues.

One way to understand the internal dynamics between different professional groups related to external pressures is through the active process of boundary work. Indeed, studying boundary work strategies is widely considered instrumental to enhance our understanding of how different professions relate to one another (Bucher et al. 2016; Boussard 2018; Bos-de Vos, Lieftink and Lauche 2019). Thus, examining the evolving internal dynamics based on a boundary work perspective enables a sound explanation of how and why, within large accounting firms, tax advisors, in spite of potentially disadvantageous developments that external pressures may cause, may stay 'on board'.

Based on 23 in-depth interviews with 19 high-level informants from 2 different professional groups (accounting and tax) in Dutch Big 4 firms, this article examines the impact of accountancy regulations on the firms' internal dynamics. The analysis reveals how an essentially critical attitude from an adjacent profession such as tax advisory within Big 4, may evolve over time from contestation to collaborative modus with auditors as a joint response to potentially unfavorable regulations. As such, this study advances our understanding of the responses of large multidisciplinary PSFs to institutional pressures (Lander, Koene and Linssen 2013) by showing that their continued acquiesce to regulation may have important implications for the internal dynamics which may potentially undermine these firms' viability (Feyereisen and Goodrick 2019). In addition, by explaining how the initial tensions between professional groups may be reduced through the active deployment of boundary work strategies, we also extend our insights into why professional groups remain with the firm despite potentially unfavorable conditions.

The next section contains our theoretical framework after which we elaborate on the methods and the research data. Our findings are then presented, followed by the discussion and conclusion.

INSTITUTIONAL PRESSURES AND THE COMPLEXITIES OF MULTIDISCIPLINARY ACCOUNTING FIRMS

A growing stream of research has focused on how professions relate to processes of institutionalization. Studies have shown how professional organizations and PSF not only play a role in maintaining institutions (Reed 2018), but may also drive and shape field-level institutional changes (Scott 2008; Muzio, Brock and Suddaby 2013; Suddaby and Muzio 2015). In turn, professionals are also subjected to institutional pressures. As Muzio, Brock and Suddaby (2013: 700, emphasis added) have noted: 'professions are thus not only key mechanisms *for*, but also primary targets *of* institutional change'. For instance, Greenwood and Hinings (1996: 1027) revealed that the main reason why the accounting profession has adopted the partnership model of law firms was that it was regarded as a socially accepted way of working. In addition, Lander, Koene and Linssen (2013) examined how different accounting firms had to deal with competing institutional logics. In line with an influential stream of work in institutional theory that has focused on the degree of agency that organizations have in dealing with institutional pressures (Oliver 1991; Pache and Santos 2010), Lander, Koene and Linssen (2013) have shown how these PSFs vary substantially in their responses to conflicting institutional demands.

Understanding responses to institutional pressure is of particular interest with regard to multidisciplinary PSFs such as large accounting firms. Indeed, these firms have played an important role in getting 'combining multiple professions in a single firm' (Suddaby and Greenwood 2005: 36) socially accepted. Yet, at the same time, a number of studies have indicated that the migration to other professional jurisdictions (Abbott 1988; Suddaby and Greenwood 2001) is associated with significant complexity, not least given that it unavoidably entails including different professions and occupations whose members are socialized in distinct ways, represent substantially different norms and values, and are likely to promote conflicting interests (Heusinkveld et al. 2018). Moreover, theorists have also indicated that these groups' possible dissatisfaction with how their interests are accommodated likely have a bearing on outcomes (Feyereisen and Goodrick 2019); it may be an important cue for organizational change and even constitute a basis for a breakup, or even the end of a firm (Greenwood and Hinings 1996; Pache and Santos 2010).

Indeed, various studies associate combining these multiple professions with both the collaboration as well as the contestation (Heusinkveld et al. 2018). For example, Greenwood et al. (2010) emphasize the collaborations that take place between the affiliates within the global networks of the Big 4 accounting firms. They show how, for example, EY as one of the Big 4 is divided into three pillars on a global basis as follows: (1) different geographic regions; (2) different lines of services; and (3) different industries/ sectors (Greenwood et al. 2010:175). In order to help global clients such as BP or Shell, the members of the global network collaborate within and across these pillars to become part of cross-border learning and knowledge communities. The main factor that binds the global network together relates to the concept of reciprocity. Members of the network invest in time and energy (give and take) even if this approach means lending out specialist for a specific period. In general, the support of colleagues around the world helps to further the interests of the firm a whole (Greenwood et al. 2010: 177). At the same time, such collaborative practices in multidisciplinary accounting firms have become highly contested, and considered one of the main reasons for Arthur Andersen's downfall; over time there was too much emphasis on cross-selling, performance, and sales between their main practice areas—audit, tax, and administrative services. This was particularly triggered by the Administrative Services Division turning into Andersen consulting, where the primary focus for the consultants became: 'doing the job as quickly as possible and making the most money' (Niece and Trompeter 2004: 198). The traditional auditors, in order to keep up with their colleague consultants bringing in a large part of the overall revenue of the firm, began to place a greater focus on generating business from the more lucrative non-audit service, which was ultimately detrimental to audit quality (Niece and Trompeter 2004: 201). The downfall of their major client Enron, for which they provided consultancy and auditing work simultaneously, also meant the end of Arthur Andersen. The Big 5 became Big 4.

In contrast, theorists have also indicated that these groups' possible dissatisfaction with how their interests are accommodated can ultimately undermine the financial viability of a firm (Greenwood and Hinings 1996; Pache and Santos 2010). For instance, Pache and Santos (2010) explained the splitting of Booz Allen Hamilton in 2009 into Booz & Company and Carlyle Group as triggered primarily by the fact that this PSF included different professionals operating in distinct institutional and market environments. One part of the firm focused on corporate and government assignments, whereas another part focused on assignments provided by military and the ministry of defence. The first line of consultancy was based on short-term assignments, flexible teams, and knowledge-sharing between different projects. The second line of consultancy has been based on long-term assignments and a more secretive culture, as the information these consultants had to deal with is mostly confidential in nature. The two cultures were increasingly growing apart. This was particularly the case when the defence line of consultancy started to earn more revenue after 9/11 than the other division. After a final and desperate attempt in 2006 to consolidate the two divisions via a campaign called 'One Firm Evolution', the firm split into Booz & Company and the Carlyle Group a few years later.

Yet, despite a growing number of institutional scholars who stressed the general importance of internal organizational dynamics in order to further understanding on why organizations develop a specific strategic reaction (Greenwood and Hinings 1996; Reay, Golden-Biddle and Germann 2006; Delmas and Toffel 2008; Pache and Santos 2010; Peters and Heusinkveld 2010), we know little about how external pressures affect the internal dynamics of multidisciplinary accounting firms. Greenwood and Hinings (1996), for example, explain how external pressures from the market and from the institutional context together explain the internal dynamic and ultimately the pressures to change within an organization. In line with this, Lander, Koene and Linssen (2013: 144) called for more micro-level work on how accounting firms: 'experiment with the development of novel practices following changes in the inter-institutional system'. Given the complexities of multidisciplinary PSFs, institutional pressure can have major repercussions for the internal relationships, positioning, and demarcation strategies of different professions (Pache and Santos 2010, 2011; Smets, Morris and Greenwood 2012). It is interesting, therefore, not only to analyze how within the organizational boundaries of multidisciplinary PSFs professional groups are confronted with distinct interests, norms, values, and power issues (Greenwood and Hinings 1996), but also analyze how an exogenous coercive pressure such as regulation, affects the day-to-day work of auditors/accountants, while simultaneously having a bearing on the work of tax advisors and their inter-professional relationship. To address this issue, we turn to a boundary work perspective below.

BOUNDARY WORK AND PROFESSIONS

Boundaries and boundary work (Gieryn 1999, Halffman 2003; Zietsma and Lawrence 2010) have been generally considered as critical to understand how professions relate to each other. As Bos-de Vos, Lieftink and Lauche (2019: 130) have stated: 'professions represent an area in which boundary work is particularly salient'. In the context of professions and professional work, boundaries have been strongly associated with jurisdictional claims (Abbott 1988). Indeed, research has long been concerned with how particular professions and professionals have dominated particular areas of work and fields of knowledge via the establishment and maintenance of professional boundaries (Heusinkveld et al. 2018). By means of these boundaries, a profession can protect the interests of its members, for instance, through controlling the number of entrants into a professional field (Saks 2016: 176). As such, these boundaries are of particular importance not only because they relate to a profession's immediate 'access to material and non-material resources' (Bucher et al. 2016: 498), but also to their potential influence on various key institutions in society as a whole (Suddaby and Viale 2011).

In enhancing our understanding of professions and how professionals relate to each other, a growing stream of literature has stressed the significance of studying the micro practices in which professionals engage in order to create, shape, change, or disrupt boundaries that distinguish their work from the work of others (Anteby, Chan and DiBenigno 2016; Bucher et al. 2016; Boussard 2018; Bos-de Vos, Lieftink, and Lauche 2019;). In this context, various studies have explored how professions may discursively construct boundaries in line with their desired ends, thereby shedding more light on the nature and occurrence of professions' boundary work. One important insight that can be derived from this line of research is that contestation over jurisdictional boundaries is inextricably linked to collaboration between professions (Anteby, Chan and DiBenigno 2016). This stresses the need to consider how 'professions and occupations negotiate through contestation and collaboration' (Heusinkveld et al. 2018: 251). For instance, the study of Bucher et al. (2016) shows how—at the field level—different professions' contestation of boundary claims occurs in the context of efforts aimed at enhancing collaboration. They show how, in response to possible changes in collaboration, different medical professions may vary significantly in the way they discursively construct jurisdictional boundaries at the field level. In particular, the professions varied in their boundary definition, proposed solutions to boundary issues, as well as construction of themselves and other relevant professions. Bucher et al. (2016) explain this variety by connecting the discursive boundary work strategies to the professions' position in the field; high-status professions seek to use the program aimed at further collaboration in constructing the current situation as 'normal', whereas lower-status professions are more inclined to contest extant boundaries and de-mystify higher-status professions.

A second important insight from this research relates to the dynamic nature of professional boundaries and boundary work; 'boundaries are not static' (Bos-de Vos, Lieftink and Lauche 2019: 130). Rather, 'professions continually negotiate boundaries in their desire to expand, monopolize, or protect their autonomy' (Bucher et al. 2016: 500).

Depending on the strategic efforts of the actors involved, boundaries can change over time, and with different degrees of permeability. Examples of this kind of strategic boundary work are presented by Bos-de Vos, Lieftink and Lauche (2019: 137–138). Based on a case study of architects working in various collaborative projects with other professionals, they distinguish between three different kinds of boundary work strategies as follows: (1) *Reinstating*: this refers to episodes in which a profession emphasizes and justifies the value of their traditional work, based on historically established demarcation, referring to the past as justification. In this way, the profession distinguished its specific role compared with other actors, through a 'thick' and segmented boundary of the different roles; (2) *Bending*: this strategy refers to instances in which a profession tries to expand its activities beyond the traditional role and adapts incrementally to the changing environment, by performing tasks beyond its traditional ones. Depending on the project one can be flexible and adaptive. The boundaries and role demarcation are more fluid, thin, and permeable; (3) *Pioneering role boundaries*: in this case, the profession clearly goes beyond the boundary of the traditional role by creating new opportunities and roles and breaking away from the existing situation. Through this strategy boundary of the role is again 'thick' and segmented with clearly demarcated roles. These options are seen as distinct and separate.

In this study, we take this as a starting point to analyze the internal dynamics within multidisciplinary accounting firms, so as to determine how one boundary work strategy from one professional group could provoke a counter-strategy from a related profession. Although the concepts of boundaries and boundary work have been considered a fruitful approach to understand how different professions relate, there has so far been no research on how to provide more insight into multidisciplinary accounting firms' responses to competing institutional demands, as well as their intra-organizational implications concerning different professional groups (Greenwood and Hinings 1996).

METHODS

Research context

In order to explore the implications of institutional pressures on the intra-organizational dynamics of multidisciplinary PSFs such as large accounting firms, we focus on the implementation of the Dutch Audit Act. The underlying motive behind this legislation is to improve audit quality by enhancing the independence accountants and restore societal trust in the accountancy profession by society at large. Such trust was severely damaged during and after the European financial crisis in 2008. The 2008 crisis can be regarded as a systemic one, which meant a collective failing of banks, credit agencies, supervisory authorities as well accountants. After the crisis, the authorities were looking for ways to make the financial system stronger.

The accountants were blamed for not being critical and independent enough toward their clients and other financial institutions such as banks. The accountants were also criticized for not warning stakeholders of risks that large organizations were undertaking. There were numerous examples of firms that went bankrupt in a short time after accountants had signed the financial statements. The Dutch Audit Profession Act echoes the American Sarbanes Oxley Act (2002), which was implemented after the Enron and Arthur Andersen downfalls, and made the CFO's (Chief Financial Officer) and accountants directly accountable for financial irregularities and malversations.

Based on the various different sources, we are able to give a brief outline of the central elements of the new Dutch law known as the Dutch Audit Profession Act (NBA 2012; AFM 2013; Tapestry Network/EY 2014). This act imposes an 8-year audit rotation period and severely restricts the provision of non-audit services. The law applies to public interest entities (PIEs). Examples of Dutch PIEs are companies listed on a regulated market in the European Union (EU), plus banks, central credit institutions, and insurers with registered offices in the Netherlands, and entities falling into certain categories designated by the Ministry of Finance. The new law does not apply to small- and medium-sized enterprises. It also does not apply to Dutch subsidiaries of a foreign PIE, unless the Dutch subsidiary itself qualifies as a Dutch PIE. The total number of organizations affected by this legislation is about a thousand. Because the vast majority of firms had the same accountant for over 8 years, they all had to change in one large rotation, concerning mainly the large accounting firms, such as the Big 4, since they dominate >90% of this specific market segment (FD 2014).

The restrictions on nonaudit services took effect on 1 January 2013, and mandatory rotation on 1 January 2016. The rotation of PIE's therefore had to take place over a very short time frame of only 3 years. Obviously, PIE's are more interesting and lucrative clients, but they are also more complex. For example, considering the complexity involved with large, complex, global public companies, such as Ahold, AirFrance-KLM, AkzoNobel, Heineken, ING, Philips, Shell, Unilever, etc., tendering and transition under the new law created high pressure not only for the Big 4 firms, but also for the PIE clients. These companies are listed on the AEX 25 index of the Dutch stock exchange in Amsterdam. But overall, there are about 30 corporate clients that are regarded flagships clients by the large accounting firms. The Dutch legislation is more restrictive than the recently passed EU guideline (nr. 537/2014), which allows (as an option for member states) longer tenure periods of 10 years and places fewer restrictions on non-audit services. In line with this EU guideline, the Dutch audit rotation was subsequently adjusted to 10 years.

With regard to enforcement of the restrictions on non-audit services still permitted, are services including factfinding services for external users (such as regulators) and the supervisory board, as well as a number of specific audit and assurance services, but 'All other types of engagement, including the compilation of financial statements and the provision of advisory services (such as tax advice, management advice, and merger and acquisition) will no longer be permitted by the auditor' (NBA alert 27, 2012 in Tapestry Network/EY 2014: 2). In practice, this means that pure auditing—also called channel 1—can no longer be combined with advisory accounting services called 'channel 2'. In the traditional business model, the strength of the accountant lay in the link between channel 1, the results of the audit, and channel 2, advice on the optimal way of organizing and implementing the processes. The latter is no longer possible. An accountant who sees opportunities for improving the audit process will have to advise his client to seek advice at a competitor.

In the period of analysis, external coercive pressure on the accountancy remained unchanged. In the view of the Dutch Authority for the Financial Markets (AFM) as a supervisory authority, the accounting firms still lack a sense of urgency and are not sufficiently in control with regard to safeguarding the quality of audit files. Therefore, despite criticism by the Big 4 representatives concerning the stringency and speed of implementation of the Audit Act and the huge costs involved in the preparatory phase of the audit tenders, the overall regulatory environment remains unsatisfactory.

Data collection

To gain more insight into the regulatory pressures and formal firm-level responses, we started our data collection by scanning media publications on the Dutch Audit Act. In particular, we selected a large number of relevant publications in a leading Dutch financial newspaper, Financieele Dagblad (FD), articles on the website accountant.nl, industry publications, as well as report from the Dutch regulator AFM, and documents from the Netherlands Institute of Chartered Accountants NBA.

The inclusion of the analysis from FD was of particular interest as this financial newspaper displayed considerable interest in issues that concern the Dutch Big 4 accounting firms. The search in the newspaper database LexisNexis for additional FD articles was conducted using the general keywords 'regulation and accountants' for a period extending from 2010 to 2019. This search resulted into 304 articles, ranging from half a page to two pages. The reason to start in 2010 and finish our search in 2019 was to be able to become aware of discussions running up to the implementation in 2013, as well as possible current debates which can be traced back to the implementation of the Audit Act. The height of the discussion, however, was in the period 2012–6. From this initial search, we made a selection (deleting small incidents or mainly unrelated issues), resulting in 159 more focused articles (339 pages) that dealt directly with the development of regulation and auditing and its impact on other peripheral professions. The content varied, including factual information, interviews with key players, background articles, as well as opinions of thought leaders. Since, we are mostly interested in the way accountants conveyed their views on the Audit Act in the same period of the interviews, we were therefore able to reduce to the number of articles to 54 core ones. These insights provided additional background to the interviews that were conducted in the field (Table 1).

To better understand the internal dynamics behind the formal firm-level responses, we used the network of one of the authors, and engaged in 'snowballing' and purposive sampling in finding theoretically relevant informants (Ritchie et al. 2013). Within this process, we sought a mix of people who were employed by the Big 4 accounting firms in the Netherlands (Deloitte, EY, KPMG, PwC) and included auditing professionals as well as members from other professions, such as consultancy and tax advisory. In total, 23 interviews with 19 senior professionals were conducted, spread over all the four accounting firms, during a 3-year period (2014–6); four informants (tax partners) were interviewed twice. Of the 19 informants, 18 were partners, one a senior director, and 1 had recently retired as a partner. Of the active partners, three were members or chairman of their respective Boards of Directors and one of them had just stepped down from his membership of the board at the time of the interview. In addition, the chairman and the former chairman of the professional body of tax advisors were interviewed. Of the 23 interviews, 17 were held with tax advisors and 6 with accountants. Four tax partners were interviewed twice over the consecutive years of the research. The active partners involved in this research were all involved in tendering processes of PIE clients (Table 2).

Performing the in-depth interviews in subsequent years (2014, 2015, and 2016) enabled us to develop a more accurate view of the overall shifts in responses to legislation by the different accounting firms, as well as the changing internal dynamics among the different professional groups. The interviews lasted 60 min on average. The topics list that we used included various sets of questions. One set of questions related to the overall impact (or upcoming) of the Act and its two parts such as: How did the implementation of the regulation take place? Can you tell us to what extent the Act had an impact on your work? What was the impact on the relationship with other professions? Another set of questions dealt with strategy and positioning, that is, questions

Table 1. Main sources of empirical data

Sources	Types	Contents	Characteristics	Year	#
Primary sources	In-depth interviews	Semi-structured interviews with specialists	Lasted 60 min on average Recorded Transcribed by researchers or agency	2014–5 2016	29 interviews; ±425 pages in total from all transcripts.
Secondary sources	Industry publication	Legal publication by the supervisory authorities (AFM) and specialized publications	Focus on explaining the main regulatory pressures	2012–5	114 pages
	Media publications/opinions	Update through internet search	Publications in online magazine targeted the accountancy profession: 'De accountant'		15 pages in total
			Digital newspaper articles and opinions in Dutch financial newspaper (FD) retrieved on LexisNexis, 159 in total.	2010–9	335 pages in total

Table 2. Overview of informants

#	Big 4 accounting firm	Function	Profession	Year
1	A	Partner	Audit (1)	2014
2	D	Partner	Tax (1)	2014
3	C	Partner	Audit (2)	2014
4	D	(Ex)-Partner	Audit (3)	2014
5	B	Partner	Tax (2)	2014
6	C	Partner	Tax (3)	2014
7	A	Partner	Tax (4)	2015
8	C	Partner	Tax (5)	2015
9	D	Partner	Tax (6)	2015
10	B	Partner (ex-member of Board)	Tax (7)	2015
11	D	Senior Director	Tax (8)	2015
12	C	Partner (=6)	Tax (9)	2015
13	A	Partner (member of the Board)	Tax (10)	2015
14	E	Partner	Tax (11)	2015
15	C	Partner	Audit (4)	2016
16	A	Partner	Audit (5)	2016
17	A	Partner	Audit (6)	2016
18	D	Partner (member of the Board)	Tax (18)	2016
19	B	Partner	Tax (19)	2016
20	C	Partner	Tax (20)	2016
21	B	Partner (= 5)	Tax (21)	2016
22	B	Partner (= 10)	Tax (22)	2016
23	D	Partner (= 9)	Tax (23)	2016

related to responses to the demands such as: Are there different strategies with regard to the tender processes? Did your organization anticipate the regulation and the next round of rotation? In dealing with these questions each year, the topic of the internal dynamic became more prominent. Additionally, the importance of the 'One Firm' concept gradually became apparent. This was particularly relevant for the members of the boards who were interviewed over the last 2 years of the project. In other words, our focus gradually moved from a general interest in the different professions to a more focused interest in their interaction in terms of contestation as collaboration, as this paper focuses on the position and perspective of the tax advisors, as this professional group is of theoretical interest, given its assumed ability to deal with regulatory changes (Seabrook and Wigan 2015; Thiemann and Lepoutre 2017; Radcliffe et al. 2018; Christensen 2020).

Data analysis

Our analysis of the interviews and the supplementary secondary documents focused primarily on the way informants responded to the implementation of the legislation. As pointed out in the section on data collection, the transcripts constitute the core of our empirical research and were supplemented by our analysis of the secondary sources. We had different coding phases (Babbie 2007) to categorize and compare the empirical material. First, the transcripts and the publications in the professional journals were read carefully and coded manually, so as to get a sense of the data and to develop a chronological order of the main perceived stages and related events in the evolution of the legislation implementation and interprofessional dynamics. A central element in this phased approach involved the shifts in the power position between the different professions over time, during period following the implementation.

Second, we began open-coding these slices of data with Atlas-ti. We coded the different ways in which the members from different firms (accountants, tax advisors, and consultants) perceived the effect of regulation and the internal dynamics it engendered. Our focus moved gradually from a general interest in all three professions to a more focused interest in the tax advisors, as this particular group appeared to 'suffer' significantly from operating in a large accounting firm compared with their competitors who were not associated with accountants. The apparent tension between the different professional groups suggested major competing logics within these firms. We accomplished this part of the study by coding and comparing more specific sections of our material that described the following topics: the different responses to regulatory pressures and the coping strategies of tax advisors in dealing with losing clients because of the rotation and enhanced internal pressures.

Third, to better understand the key actors' positions, we interpreted the coded fragments in terms of strategic responses. Initially in our coding, we were informed by the conceptual model of Pache and Santos (2010) enabling us to analyze how the internal representations shifted over time and how the internal power relations between the dominant profession and peripheral professions played out in terms of manipulation and compromise strategies. We then shifted our theoretical backdrop to boundary work, as this enabled us to better understand how and why external pressures would lead to battles for jurisdictional control in relation to broader organizational-level cues for collaboration. By then constantly comparing the data with the theory of boundary work, we moved from more descriptive codes to more abstract ones, thereby revealing how the responses (in terms of boundary work) shifted in power over time between the different professions, and how they are related to different perceived stages in the evolving field dynamics. The concept of boundary work helped us to open up the black box; happens inside a multidisciplinary accounting firm which has to respond to major external pressures? From this coding process, a two-phase model emerged. Finally, we critically evaluated the emerging phase-model by referring back to the empirical fragments and constantly comparing and contrasting the different accounts of the impact of accounting regulations from the different representatives of the peripheral profession, the tax advisors.

FINDINGS

Based on our analysis of the interview data, we found that the tax advisors were indirectly affected by the regulations primarily targeted at the accountancy profession, which came into effect on the 1 January 2013. The accounting firms were given till the 1 January 2016 to realize the compulsory accountant rotation for all PIE's. Nonetheless, this transition period of 3 years, was regarded as extremely short by the Big 4 accountants, and experienced as a Big Bang and associated with considerable uncertainty.

From the perspective of tax advisors, facing with the loss of a large number of clients caused by compulsory rotation, indicated the accountants' powerplay, as they demanded that the tax advisors abandon a number of their corporate clients. The tax advisors felt sidelined and were not pleased, indeed annoyed by the way their colleague accountants behaved in what they regarded as a selfish and autonomous manner. The accountants justified their behavior on the basis of past position and applied a reinstating strategy, reinforcing the value of the history and origins of the accounting firms. The tax advisors complained to the board of directors of their respective firms, but mostly their criticisms were not really taken seriously. However, over time, the different professions moved toward, and a more inclusive approach, which became more institutionalized with the introduction of the One-Firm concept by the Board of Directors. The tax advisors gradually started to have a larger say in the way in which the large accounting firms responded to the new regulation, and became more and more involved in the discussions on how to deal with the rotation of audit clients. In the first place, the tax advisors applied a bending strategy. In the evaluation of the accounting regulations, the tax advisors became generally more positive as new clients were won and new interprofessional collaborations were created, leading to pioneering role boundary work by tax advisors. In their view, regulation such as the compulsory rotation of accountants also creates new business opportunities. Within this shifting and evolving interprofession dynamics, we can distinguish between two stages. The remainder of this section discusses and illustrates how external pressures such as regulation lead to contestation and collaboration in relation to these two stages: Stage 1 as a reactive phase by accountants: reinstating their traditional positions and Stage 2: new practice development through bending and pioneering role boundaries (Table 3).

Stage 1: Contestation

In the next few paragraphs, we will elaborate the different reinstating activities by accountants supported by the Boards of Directors which led to contestation between the different professions such as tax advisors.

Reinstating (accountants and Board of Directors)

From the perspective of the tax advisors, the accountants were uncertain how to deal with the compulsory rotation. Therefore, the accountants, driven by commercial needs and as the leading profession, became the explicitly dominant profession by trying to take control, according to the principle that accounting should 'always come first' or an 'audit tender is an audit party'. In other words, the accountants claimed ownership of potential clients by defining boundaries between themselves and other professions. While doing so, they were imposing hierarchical top-down enforcement tactics on the tax advisors, as a higher-status profession than others within the same firm. The accountants' powerful internal position within the Big 4 accounting firms, with strong representation and support in their boards, is based on institutional historical foundations of the large accounting firms as well as the overall strength of their profession.

From the onset of the implementation of the Audit Act, the tax advisors suddenly realized they were restricted in their work because of their liaison with accountants and had to let go own clients to accountants. For accountants winning audit tenders became their first priority.

> *'Traditionally, the audit tender is really an audit party, all the blinkers are put on and there is only one thing that is important: to win the tender.' (Respondent 18)*

The dominance of the accountants was criticized by the tax advisors as putting the interests of accountants above the interests of professional colleagues with another professional background, and even above the interest of clients. As one of the tax-advisor recalls:

> *'In principle, accounting was always considered to have priority. You can easily tell this by the way the corporate market is approached for (by our organization): solely from an accounting perspective. In the preliminary stage, we once were deliberating with a client about fiscal issues, but they blew the whistle on us because accounting always has priority. The client's needs should be leading, not ours, but within the organization, pride plays a role as well. And the rule is that accounting should always come first. This is reflected by how the process is managed: rather than focusing on the client's needs, the client is often steered in a certain direction. One or the other segment in the organization comes first. That is actually not a good thing.' (Respondent 19)*

For example, this is the case when a tax advisor has to give up lucrative clients to colleague accountants:

> *'Audit tender takes priority over others, and because advisory commissions are not allowed to proceed once an audit tender is won.' (Informant 14)*

Contestation to reinstating (tax advisors)

The tax advisors mainly complained that they are losing clients due to the accountants' interference and control over clients. If a corporate client sends a Request for Proposal to participate in an audit tender, then it is difficult for the accountants receiving the invitation not to participate in the tender process and to reject the invitation. Because of this pressure on the side of the client and eagerness by accountants to participate, the tax advisors felt sidelined and placed at a disadvantage. Soon after the implementation of the regulation, the tax advisors realized that the new accounting regulations not only had implications for the accountants but also for them.

Table 3. The different stages: from contestation to collaboration

Stages Key actors	Stage 1: contestation	Shifting panels: pressures and drivers for change	Stage 2: collaboration
Accountants	*Reinstating by accountants and board of Directors* → Under high pressure from audit tender triggered by compulsory rotation: 'Audit comes first': accountants are very pre-occupied and blinded by the audit tenders → Historical and institutional advantage, and awareness of having the majority in the Board of Directors	*Reducing reinstating by accountants* → Gradually, the accountants approach their tax colleagues to ask for advice and knowledge-sharing about clients	*Acceptance of bending by tax advisors* → Investment in and engagement of different professional roles with the audit process: tax advisors invited to take a specialist role (subcontractor) within an audit tender and assignment (bending)
Board of Directors	*Reinstating by Board of Directors* Supporting the 'Audit comes first' credo →By law, the majority of board members of accounting firms remain accountants	*Realization of a need for interventions* → Diminished support by the board for 'audit comes first' and greater support for a more balanced approach: realization that there is a need to balance Channel 1 (audit) and 2 (non-audit) services. → Realization by the board that the client is the one in charge and might even take advantage of the uncertainty caused by the regulation (reducing audit fees during the rotation process and trying to play the different professions off against each other by issuing audit and advisory tenders at the same time)	*Stimulate bending and pioneering by organizational innovations* → Introduction of One-Firm concept → Task force or special commission to support One-Firm during audit tender → Intensive involvement of proposal units → Creation of client lead partner role (pioneering)
Tax advisors	*Contestation to reinstating* → Financial loss for tax advisors:	*Recognition of importance of the role of accountants*	*Beyond bending and pioneering: reciprocity within collaboration*

(continued)

Table 3. Continued

Stages Key actors	Stage 1: contestation	Shifting panels: pressures and drivers for change	Stage 2: collaboration
	clients are lost the fees are mostly higher than accountant's fees → 'Not our regulations'. The tax advisors are independent and work for the interests of the client, as its main stakeholder. The regulator did not take account of the existing ties between accountants and tax advisors when drawing up the regulation. → Regulation has a negative consequence for level playing field of tax advisors compared to tax advisors working within law firms.	→ Overall efficiency advantages to stay on board → Stability of income through long-term audit projects → Reputation and branding of audit corporate client (due to international network of accountants) → Greater investment by audit partners in (re)connecting to top management of clients, such as CFO and Audit Committee members.	→ Realization that sacrifice by the different professional groups is necessary for the collective (give and take) → The tax advisors inform and educate their corporate clients about the constraints caused by, and possibilities created by the regulations, by explaining to them that they need to balance their professional services portfolio, based on their client's needs. → Tax advisors are stimulated to participate in the audit tender process. In the case the audit tender is lost it may still lead to tax advisory assignment in the future by leaving a good impression At times, tax advisors are prioritized because of: → client's wishes, → the tax advisor's assignment is too lucrative or too complex (embedded within the client organization or 'crucial know-how'), and → lack of client relationship development with audit client

'It does affect tax advisors. You find yourself in a situation where you have to stop your work because of an audit tender. When you lose your client you will have to start all over again. That makes it complicated.' (Informant 8)

This frustration is expressed well here:

'It does not matter how much your profit contribution to the company is compared to accountants.' (Informant 20)

For accountants, winning audit tenders became their first priority. With the implementation of the Audit Act, the regulator did not take account of the already existing intense collaboration between the different professions. The tax advisors suddenly realized they were restricted in their work because of their liaison with accountants and the fact that they had to let their own clients go to the accountants.

'When the regulations (for accountants) were drawn up, not enough attention was paid to the intense collaborations in which the majority of tax advisors take part.' (Informant 9)

The tax advisors were also critical of the fact that they had to adhere to regulations directed to a profession other than theirs.

'And look, there is a difference. The reason this Audit Act is implemented has to do with problems related to audit quality. It's purely about audit. We as tax advisors we have nothing to do with it.' (Informant 7)

Several times the tax advisors expressed the feeling that they are confronted with a 'problem' which they did not create:

'And what you then saw is first the accountant stressing the importance of regulation: "This is allowed, that is not allowed". Then came a number of tax advisors who have an opinion on the issue and even became more papist than the Pope. While in my view it's an accountancy issue, it became our problem' (Informant 14).

The fact that accountants were mostly backed by the Board of Directors was perceived as unfair by tax advisors and they linked the dominance of accountants to the governance structure.

' (. . .) we are from our origins an auditing firm. We are under supervision of the AFM (The *Dutch Authority for the Financial Markets); therefore, accountants should form more than 50% of the members in the board' (Informant 14).*

The tax advisors criticized the lack of a level playing field compared with tax advisors who are embedded in a law firm. Law firms even advertise they are not linked to and dependent on accountants.

'You even see it in the way do their marketing. You should have a look at the website of law firms with tax advisors. Then you see they state "independent office"' (Informant 7).

The tax advisors mentioned that their profession is based on the notion of independence. Suddenly, they have to adhere to regulations which are not theirs and had comply with intensive administration from the regulator. The tax advisors are members of their own professional body, the Dutch Association of Tax Advisors (NOB, Nederlandse Orde van Belastingsadviseurs) and follows the guidelines and principles of their own professional body organization. In contrast accountants are accountable to a larger number of (societal) stakeholders.

as a profession we (tax advisors) are not regulated. The accountants are. They obviously also have a public role. They have to be held accountable to society. While we as tax advisors don't have that. We are client-oriented. That doesn't mean we have our back to society. Not at all. But we have to advise our clients the best we can with their reporting obligations, concept reporting, tax returns and advise them on these issues among others (Informant 8).

Overall, the contestation at this stage was central to the relationship between the two groups of professions. However, over time, the tax advisors gradually also started to focus on the clients that one can win.

Of course, there is great tension between audit and advisory. Advisory is simply losing work. But anyway, you win some and you lose some (Informant 13).

Shifting panels: Pressures and drivers for change

Reducing reinstating (accountants)

After the first period of learning from the first experiences of the audit tenders of corporate clients by the large accounting firms, the unbalanced situation between the different professions shift toward a situation in which the power distribution became more balanced. Regarding the accountants, they felt the need to get in contact with new clients and therefore needed to get in touch with colleagues from other professions so as to get to know these clients. Without any previous knowledge of the potential clients and without relationships, it is difficult to win.

One of the first things we do when a call for tenders is issued, is to look at our existing relationships with the client. These people are then immediately involved in the process. Having a good relationship with the client may be considered of overriding importance for winning a tender (Informant 12).

Realization of need of interventions (Boards of Directors)

Gradually, the Boards of Directors of the individual firms started to realize that if they win too many clients at once, they can jeopardize the existing business model which is based on the fundamental requirement of balance between Channels 1 (accountancy/audit) and 2 (nonaccountancy services), otherwise every 10 years a particular profession would be out of work. Alignment for the whole organization is therefore necessary, because the compulsory rotation causes a reallocation of the market.

What's important is whether your market share has remained the same, increased or decreased after this operation, both in Channel 1 and Channel 2. That's something that must be handled strategically. It's not something you do in the privacy of your own little shed; it needs top-down coordination. Not in the form of orders, but in the form of a partnership with combined action. Of course, they pay attention to the leadership team here. But decisions are not made individually (Informant 10).

The Boards of Directors started to realize that the size of the market remains more of less the same, but will simply be redistributed more or less equally among the Big 4 accounting firms.

In fact, it is a question of reordering of the existing market. The market in itself is not getting larger (Informant 10).

However, the Board of Directors also started to realize in this phase that the clients take advantage of the uncertainty caused by the regulation. They noticed that clients started to lower audit fees during the rotation process and try to play the different professions against each other by issuing audit and advisory tenders at the same time, while being aware of the fact that audit and advisory services by the same accounting firm is not allowed to the same client simultaneously. In order to not be the losing party in this bargaining game, the board encouraged a more incorporating approach between the different professional groups. Therefore, after a period of tension between the different professions, as perceived by tax advisors, the Board of Directors of the large accounting firms realized how important it is to find the right balance between the two types of service channels.

Recognition of importance of the role of accountants (tax advisors)

In time, tax advisors were not completely immune to the influence of arguments used by the accountants as they realized they had no ambitions to leave the accounting firm. From their perspective, they much appreciated the global network of the accountants, which attracts corporate clients. Others mention such reasons as efficiency, and one of them explains that the exit mode was no option to him.

One of the greatest benefits of being together is you share the costs, like sharing the office and other facilities. This is of great financial benefit. If we were to split, we would be less efficient, apart from the decoupling and all that comes with it. You are simply less efficient when you are two clubs instead of one large club. There are many reasons not to do so (Informant 7).

The tax advisors also recognized that winning audit clients is good for the branding and reputation of the whole company, as large audit clients provide more opportunity to promote the accounting firms, which is less the case with advisory clients.

Yes, it's important for your own reputation, you want large players as clients, because it means visibility on the market. That's good for your reputation, so it is not always profit that counts (Informant 20).

Another argument used by accountants and the boards of directors to convince tax advisors to let their clients go is the fact that accountants provide a more stable source of income for the total organization, despite their relatively lower profit margin, at least compared with tax advisors. In contrast to the stable and long-term assignments of accountants, the consultancy projects are often short-lived and uncertain.

For example, if you earn, for a period of five years, 500.000 euros each year for an audit assignment, you can start to build your teams. For advisory it could be a million euro for the first year, but also only 100.000 euros a year later. So the audit assignment is then more interesting (Informant 7).

Moreover, the hierarchical level at which accountants operate in the client's organization is often higher than the level at which tax advisors are active, since audit partners are often in direct contact with the CFO or the audit committees of clients.

It has everything to do with relationships. Do you have good insight into your network? You must know who the members of the Board of Directors and of the Supervising Board and the CFOs are (Informant 10).

An additional reason to prioritize accountants over tax advisors is that operating at the highest level often opens up doors that can be of interest for consultants and tax advisors in the long run, as a portal to new advisory assignments. Therefore, looking beyond the period of 10 years might provide new business opportunities for tax advisors.

Stage 2: Collaboration

In the final stage, the collaboration between the two groups of professions became more common and more institutionalized. Both sides were attempting to accommodate and help out in different ways during the process of the audit tender, whereas the Board of Directors were more instrumental in facilitating the collaboration with organizational interventions.

Acceptance of bending by tax advisor (accountants)

After a period of figuring out what the new regulations entail, the accounting firms realized that the tax advisors were still allowed to take on specific roles within an audit project depending on the kind of client, the context, effort, and commitment required. In other words, the role of the tax advisors could still vary from a facilitator to a subcontractor, so as to assess tax positions and other work which is close to that of an accountant.

It is a continuous search. We still share many clients, because that's still possible. You can see that we're moving toward a group that only assesses tax positions and that performs the tax-related accounting work it involves. Which is close to an accountant (Informant 8).

The tax advisors considered that there are still many ways that they can work together within the bounds allowed by the regulations than accountants could evidently envisage. The different professionals still find ways to work together. Tax advisors are still allowed to do work in Channel 1. In that case, the tax advisor takes on the role of accountant. Conversely, the accountant can do work in Channel 2. The accountant is then not so much focused on audit assignment and work, and more on advisory work: *As an accountant you can do great work in Channel 2 (Informant 10).*

Stimulating bending and pioneering by organizational innovations (Boards of Directors)

The need for coordination also became more pronounced, as well as the need to implement the Audit Act in more efficiently way. Therefore, the concept of 'One-Firm' was also introduced as one concept which meant that the different kinds of professionals had to work together constructively so that the whole organization would profit. The increased contact between the different professionals which first started as a way to explore the boundaries (bending activities by tax advisors) of what was allowed since the implementation of the new regulations, soon became an approach for Big 4 accounting firms to develop new business propositions and a way to differentiate themselves.

> *It is a major process in which the whole market is changing. We only do so by using a One-Firm approach, departing from one plan (Informant 29).*

In the same vein, as the different professionals got to know each other better, they passed new assignments to their colleagues. The process of working together became gradually more structured, also with organizational support. A taskforce or a commission was created to oversee all the status of the most important corporate clients (±30). This process also entails the plotting of clients on a time-line and centers around the following questions: who are our current main audit clients, who are the main audit clients of our competitors? When are our and their clients going to rotate? Or issue a request for an (audit) proposal (RFP)? This commission or taskforce operates just under the Board of Directors or one of the Board members is responsible for overseeing the different markets. At a more tactical level, the proposal units of the large accounting firms also played a crucial role and entailed supervising the tendering process and sharing knowledge between the different professionals involved. The creation of a new title, the lead partners, is in line with a more integrated approach. For example, a lead partner of a large PIE client is overseeing all assignments, contact and relationships of the different professionals with this particular client. Becoming the lead partner of an audit tender process is the ultimate example of pioneering in which tax advisors operate beyond the traditional role.

> *What we do now much more than before, is that at three points in the process, advisory knowledge is brought in. First, there is a kick-off during which for a whole afternoon in a game-like situation we spar about the most important issues relating to of the potential audit client. The second thing we do is a kind of work session with advisory. All advisors who have ever done something with the client are put in a room with the audit team. We let the advisors simply talk about the kind of assignments they did for a specific client. This part is tighter than the kick-off, but in this case, means thinking more broadly. A third element is that they have me (tax advisor) as the lead partner, overseeing all activities related to this specific client (Informant 8).*

Beyond bending and pioneering: give and take within collaboration (tax advisors)

Overall, in the stress and dynamics of the first round of rotation, the tax advisors realized (at the time with some reluctance) that the sacrifice is needed in order to help accountants (loss of hours and cut in potential revenue for tax advisors) and the entire organization to eventually become out stronger in unison after the rotation. Sacrifice also means a form of altruism as one sacrifices one's own time for the possible more favorable future situation for the whole firm.

> *We said to our tax clients that we need to go along with accountants once a client requests a proposal for an audit. After all, it's the client who decides (Informant 5).*

In this new cooperative phase, a common practice for the tax advisors became that of collaborating intensively with the accountants during a tender process, and seeking to remain in contact with accountants. The exchange of knowledge became a time-consuming process particularly for tax advisors. This approach also consists of engaging accountants with previous assignments and sharing client relationships with them, and going beyond the traditional boundary of the tax advisors. At times, however, clients might prioritize the relationship with the tax advisors of a specific accounting firm and simply request a proposal for an audit tender from a specific audit firm.

> *Sometimes a client doesn't invite you to submit an audit tender. That happens when we are already working for this client, usually our tax department, and the client is simply satisfied with our services. For example, international tax structures can be so complicated that, when clients are satisfied with our work methods, they prefer to continue that collaboration (Informant 13).*

Moreover, another possibility is that that the Board of Directors prioritizes the interests of tax advisors as too important and lucrative for the non-accountants. If the opinion of the Board of Directors is that the accountants have little chance of winning, then the focus will also be on the non-accountants.

> *Once we realize that there is a very small chance of winning the audit tender, we'll enter the process with a different objective. Of course, you still need to develop a tender as if you are aiming to win, so make use of all the knowledge you have, but your main aim will be to leave as good an impression as possible of your organization, so that advisory may perhaps land a tender with that client. That way, we have more business, while at the same time getting to know the client (Informant 9).*

In the process of knowledge-sharing about potential clients, the different professions were also sharing technical and industry knowledge which make their value proposition for target clients more convincing (pioneering). In the same vein, as the different professionals got to know each other better, they started to pass new assignments onto their colleagues. In the case of the tax advisors, this approach consists of engaging accountants with previous assignments and sharing relationships with clients with them. Put differently, the pressures imposed on the accountants by stringent regulations has led to a common approach in which Big 4 organizations operate as One-Firm toward corporate clients. This approach became essential in the tender process.

> *We know now from several clients that they have to change their accountants in 2016. Then we try to transform the accountant relationship into an advisory one (Informant 7).*
> *It's simply necessary to present ourselves as one company, not just for the audit, but also regarding our reputation for advisory services (Informant 12).*

This second stage stands for the total incorporation of compliance and an implementation of this new way of working, the development of best practices. For the appropriate implementation of Audit Act, different ways of working were required. The various professions were reaching out to one another to find the optimal way of working together. After the first round of rotation has been completed, the large accounting firms can prepare for the next round. New relationships can be developed and knowledge gaps in a specific field can be closed or experts hired, as well as new collaborations formed between different professions. Specialists can also be sought in order to increase the chances of winning new clients for the next round. The rotation was fully accomplished by the 1 January 2016, and the Big 4 managed to maintain a more or less equal share of the top of the market. However, regulatory change also means new business opportunities, as the different partners described. Thus, overall, the large accounting firms comply, imitate one another by all embracing the One-Firm approach; and, over time, the preparation for the next rotation becomes routine, based on best practices.

DISCUSSION AND CONCLUSION

The success and societal influence of the large accounting firms have been attributed by a number of scholars to their ability to 'colonize' other fields such as law, tax, forensic accounting, and consultancy (Greenwood, Hinings and Brown 1990; Suddaby and Greenwood 2001; Greenwood and Suddaby

2006). Although we have already acquired insights into different response strategies to external pressures from different accounting firms (Lander, Koene and Linssen 2013), we still know little about what goes on inside these large multidisciplinary professional services firms (Feyereisen and Goodrick, 2019). In particular, research offers little detail about the internal dynamics between different professional groups, and how they deal individually and jointly with institutional complexity (Greenwood et al. 2011). Indeed, these large accounting firms are considered as arenas in which different professions, with their own norms, values and professional logics, compete for influence and dominance (Palmer et al. 1993; Greenwood et al. 2011). Greenwood, Hinings and Brown (1990) have indicated the potential tensions that may be associated with the rise of consultancy within the Big 4: 'In effect, there are signs of competing "interpretive schemes" within the accounting industry (. . .)' (Greenwood, Hinings and Brown 1990: 751). Building on this, a critical issue is whether potential dissatisfaction on the part of these groups with how their interests are accommodated can be an important cue for organizational change (Greenwood and Hinings 1996) and may even constitute a basis for the breakup, or even the end of a firm. Therefore, it is important to study the internal dynamics between different professions within large multidisciplinary firms, and in particular, how possible tensions that emanate from evolving institutional demands are being resolved.

To this end, we focused on exploring how external pressures (in this case, the implementation of the Dutch audit act) affect the internal dynamics within different large multidisciplinary accounting firms from the perspective of tax advisors. Drawing on 23 in-depth interviews with 19 informants employed at the Big 4 accounting firms, we were able to demonstrate how general compliance— maintenance of the same external response—to regulatory pressure is systematically associated with evolving boundary work between different professional groups. This is exemplified by the reinstating of boundary-work strategies vis-à-vis the tax advisors in Stage 1, which was responded to by a bending and pioneering strategy by the tax advisors in Stage 2.

As indicated, we identified two different stages through which a generally contestational mode gradually evolved into a more inclusive and collaborative mode. One important element in explaining this shift relates to the emphasis on the One-Firm concept by the Board of Directors. Indeed, the Boards of Directors may realize that besides the fact that compulsory rotation caused substantial pressure and internal uncertainty, it also encouraged clients to renegotiate their terms of engagement, and even to play different professional groups off against each other. Therefore, this rotation led to an increased need for more coordination in the overall tender process. The introduction of the One-Firm concept played a large part in coordinating the tender process, which encourages the professional groups to think more in terms of the interests of the whole. In line with the One-Firm concept (speaking with one voice) short-term sacrifice for the long-term benefit of the firm as a whole is necessary. Altruism (David, Sine and Haveman 2013) was a common approach during the nascent stage of the consultancy market. In this present case it means helping out, making sacrifices, or doing favors might be reciprocated by colleagues at a later stage. Again, the role of a Board of Directors can be considered crucial in the implementation of the concept. Ultimately, this can be expected to contribute to a more balanced approach in which the different professions contribute to the profits of the whole organization.

The shift into a more balanced and cooperative approach can also be explained by the fact that even though the accountants had a good starting position, being able to make use of their historical and institutional governance claims, the tax advisors have effectively engaged in boundary work to enhance their position. In contrast to accountancy where auditing has become a commodity, tax advisors possess valuable technical–cognitive resources (Boussard 2018). This sophisticated resource, as well as the flexible and reflective character of the tax advisor (Radcliffe et al. 2018), have made the shift to a more collaborative mode possible. Indeed, we found evidence of changes in the internal position of professional groups (Bucher et al. 2016) in relation to external demands. Being under substantial pressure caused by the implementation of new regulations, the accountants relied initially and then habitually on their traditional original role as the founding profession of the firms. However, over time, internal groups—

including the Board of Directors— started to realize that cooperation with tax advisors became an essential asset for winning the audit tender in the first place. This is because of the fact that client relationships at the highest level are no longer exclusive to audit partners. The exclusive knowledge that tax advisors possess also makes them indispensable for differentiating the audit proposal to potential clients. In other words, in contrast to the findings of Bucher et al. (2016), we found that 'higher-status' professions, which the accountancy traditionally is in the context of a multidisciplinary accounting firm, was not seeking collaboration but contestation. This encouraged even more contestation (through direct criticisms) by the tax advisors (originally the lower-status profession) vis-a-vis their accountant colleagues. However, with the interventions of the Board of Directors, the two professional groups moved to a more collaborative mode including a softening of the boundaries between the professions.

Based on these findings, our contribution is thus twofold. First, this study advances, our understanding of the responses of large multidisciplinary PSFs to institutional pressures (Lander, Koene and Linssen 2013), by showing that their acquiescence to regulation may have important implications for the internal dynamics. Indeed, a firm's internal dynamics may change substantially while external responses may stay the same. Our empirical research shows how the introduction of the Audit Act had major implications for the position of the different professional groups within these large accounting firms and in particular for nonaccountants, potentially undermining these firms' viability. Overall, this signals the need not only to focus on external responses, but also to account for the complex patterns of boundary work from different professional groups, as well as initiatives from the Board of Directors channeling this boundary work in order to understand possible internal implications.

Second, we contribute by explaining how the initial tensions between professional groups may decline or even disappear through boundary work. For example, reinstating strategies by accountants triggered bending and pioneering strategies by tax advisors. An important contribution from our study relates to the dynamic nature of boundary work and boundaries between different professional groups in large PSFs. Various studies have identified different boundary strategies a profession can deploy in order to protect, maintain or change the boundary of a profession (Bucher et al. 2016; Bos-de Vos, Lieftink and Lauche 2019). Our work shows how these concepts can be used in a more dynamic sense to further our understanding of the interplay between different professions. The bending and pioneering strategies by tax advisors followed the reinstating strategy of the accountants. This means that the time element needs to be better accounted for: reinstating (going back to the past, nostalgia), bending (short term, incremental approach: present), and pioneering (oriented to the future, more radical). Our case shows that, in contrast to the situation in which audit assignments were the portal to lucrative consultancy assignments, the tax advisors accompanied the accountants to their main clients. The fact that the tax advisor may become the lead partner with a large audit tender is the ultimate sign of the rehabilitation of the tax advisor, and can be claimed as the success of the One-Firm approach. Yet, this 'equilibrium' will likely remain delicate, not least in the light of the evolving and competing external pressures (Greenwood et al. 2011). For example, in a next round of rotation, it could be that the other professions will be more on their guard, weighing up their balance and deciding whether it remains lucrative or not to stay in the Big 4. More research is needed from the client perspective; for instance, based on in-depth interviews with representatives of the audit-committees. As one such client stated in the Tapestry Network/EY report: 'You need to sort out the services that conflict, and you need to plan what you need. You need to plan the process early, the decision-making on *where we want advisory to land is the most interesting* (emphasis added)' (Tapestry Networks/EY, 2014: 4).

Our findings also open up many other new avenues for research. One fruitful direction for further research lies in considering the balance between the different professions in more detail. There is a need for future research to shed more light on whether the strength of the internal position of the accountancy profession is temporary or not. This is in light of the fact that one could predict that the contribution of consultancy to the overall profit of the firms continues to increase (the Economist 2013a). Also, a further commodification of the audit products will result in lower fees for accountants (Carter and Spence 2014). More research is needed with regard to the decision-making processes of different managing partners of the different professions. It has been suggested that that trying to come to a consensus between partners is like 'cat herding' (Von Nordenflycht 2010: 171). Furthermore, more research is needed on how the concept of One-Firm is used differently over time and in different contexts as a solution to conflict (Niece and Trompeter 2004; Muzio and Faulconbridge 2013).

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