Professional Knowing in Accounting: Navigating Complexity Through Connective Practices

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ABSTRACT

In recent years, Chartered Professional Accountants (CPAs) have had to cope with changes in auditing standards and regulations while keeping their workforces informed about the increasingly complex financial accounting standards (Westermann et al., 2015). When envisioning a CPA, one might picture an individual skilled at applying accounting standards to ensure accurate financial reporting. However, this thesis reveals a very different story: navigating accounting standards has become so complex that not all CPAs can manage it, and even those who can often struggle to do so comprehensively on their own. Consequently, many accountants now specialize in increasingly narrow areas of accounting standards.

This thesis examines how preparers and auditors of financial statements navigate this complexity, underlining the collective and relational processes that underpin professional knowing. Drawing on McMurtry et al.'s (2016) sociomaterial framework of professional knowing, the study reveals how accountants rely on connective practices—interactions with networks of diverse expertise and material elements—to cope with the fragmentation of expertise within the profession.

Through qualitative analysis of interview data with Canadian CPAs, this research emphasizes the importance of professional knowing as a collective process that extends beyond individual mastery. Complexity has led to specialization not only in ancillary fields, such as actuarial services or IT, but also within the very core of accounting knowledge itself. Accountants increasingly rely on relationships, trust, and coordination across knowledge boundaries to apply intricate standards effectively. This underscores the rise of connective professionalism (Noordegraaf, 2020), where expertise is distributed and professional work is sustained through interactional and networked practices.

Taken together, these findings advance both theoretical and practical knowledge. Theoretically, they offer new insights into how professional knowing operates as a relational, adaptive process that transcends individual expertise. Practically, they provide valuable understanding for accounting professionals navigating the increasing complexity of their work, highlighting the need for continuous collaboration and the development of connective practices.

By illuminating the interconnected roles of preparers and auditors, this thesis calls for a re-evaluation of professional responsibilities, regulatory expectations, and educational frameworks. The findings bear broader implications for professions adjusting to growing complexity, showcasing the transformative potential of connective practices in maintaining expertise within dynamic and challenging environments.

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1. Introduction

1.1. Background and Motivation

The increasing complexity of accounting standards has presented a persistent challenge for the accounting profession for several decades (e.g. Hines 1989) and remains a significant issue to this day. Accounting complexity has become a defining characteristic of contemporary financial reporting, posing significant challenges for practitioners who must navigate dense and intricate standards. It arises from both unavoidable factors, such as the inherent complexity of economic transactions, and avoidable factors, including inconsistencies in accounting treatments and the proliferation of guidance (SEC, 2008). This complexity impacts not only the preparers and auditors responsible for their implementation but also the broader financial reporting ecosystem, influencing information asymmetry, compliance costs, and professional expertise requirements. Understanding how accountants cope with this complexity is crucial, as it reshapes professional roles, challenges traditional notions of expertise, and necessitates connective practices to maintain the integrity and reliability of financial reporting.

In response to major corporate scandals such as Enron and WorldCom, regulatory bodies and standard setters introduced reforms to enhance the reliability and transparency of financial reporting (Carnegie & Napier, 2010). However, these efforts, aimed at increasing the precision of financial statements, have also contributed to more complex standards, making them harder for professionals to understand and apply (SEC, 2008). This complexity presents substantial challenges for Chartered Professional Accountants (CPAs), especially preparers and auditors of financial statements, whose work must adapt to these evolving standards. To date, our understanding of how this complexity translates into the practical experiences of professionals who prepare, and audit financial statements remains limited. This study investigates how accountants navigate this complexity, shedding light on the evolving nature of professional knowing within the accounting profession.

CPAs play a critical role across various sectors—including businesses, public service, education, and non-profits—by leveraging expertise in accounting and management to support decision-making, accountability, risk management, and strategic development while upholding the public interest (CPA-Canada, n.d.). Additionally, CPAs provide analytical support for strategic planning, implement effective risk management processes, and assist management in setting the tone

for ethical practices (IFAC, n.d.). The accounting profession is vital for recording, analyzing, and reporting financial transactions, ensuring compliance with regulatory standards (Investopedia, n.d.).

Understanding how CPAs cope with this complexity is essential for ensuring the profession continues to fulfill its role. Additionally, examining this issue contributes to a broader theoretical understanding of professional work in contemporary contexts, particularly in an era of increasing specialization and complexity in many fields.

Accounting standards, particularly those established by the International Financial Reporting Standards (IFRS), have become more complex over the years (Hoitash & Hoitash, 2018), requiring specialized knowledge and expertise. Expertise is inherently linked to complexity. Organizational life stands on the view that coping appropriately with complexity requires the mobilization of specific skills, resources, and techniques (Gendron et al., 2021). With the increase of accounting standard complexity, the distribution of expertise within the accounting profession is modified (Aghazadeh et al., 2021; Kohler et al., 2021). Global standardization and the increasing complexity of accounting and auditing standards intensify fragmentation processes within the profession, particularly marginalizing small practitioners and creating a two-tier system in which only "true" accountants are seen as mastering IFRS (Durocher et al., 2016). Mastering these complex standards requires a shift in how expertise is distributed within the profession, emphasizing collaboration and the integration of specialized knowledge to maintain the integrity and reliability of financial reporting.

This thesis explores how professional accountants navigate the growing complexity of accounting standards, with a focus on the Canadian context. While Canada shares many similarities with other countries in adopting IFRS, one distinct feature is the role of the Canadian Accounting Standards Board (AcSB), which not only approves IFRS for use in Canada but also develops the Accounting Standards for Private Enterprises (ASPE). These national standards, alongside the international influence of IFRS, shape the regulatory landscape in Canada. While this research is grounded in Canada, the findings are transferable to the global context due to the widespread use of IFRS and the international nature of accounting standards. By examining both preparers and auditors, this research offers valuable insights into the shared and distinct challenges faced by these key groups in the accounting profession. Focusing on both preparers and auditors is crucial because existing research has largely centered on auditors or specialized roles, often overlooking the role of preparers in financial reporting. Little is known about who participates in preparing financial statements, leaving

unanswered questions about the practices of preparers, the distribution of expertise among them, and the specific roles specialists play in the preparation process. Existing research avoids examining the collaborative dynamics between auditors and preparers or how these interactions influence decision-making and adaptation to complex standards. By emphasizing these collaborative processes, this thesis contributes to a more comprehensive understanding of how professional work is collectively adapted in response to the increasing complexity of accounting standards.

When we think of a CPA, one would arguably imagine someone skilled in applying accounting standards to ensure accurate financial reporting. Yet this thesis uncovers a very different story: Navigating accounting standards has become so complex that not all CPAs can do it, and even those who can, cannot do so comprehensively on their own. The complexity of accounting standards is not just a product of changing business environments or IT structures; it is now deeply embedded within the profession itself.

The literature has already documented that specialists are consulted during the audit process to assist with areas outside traditional accounting knowledge, such as actuarial or valuation estimations (Smith-Lacroix et al., 2012). However, what is notable, and what this thesis highlights, is that this need for specialization has expanded to the very core of accounting knowledge. The application of accounting standards is now so complex that even experienced accountants must collaborate with various experts in specific accounting topics to ensure financial statements meet the required standards. Professional work in accounting is increasingly collective and relational, as accountants do not rely solely on their expertise but instead draw from a network of expertise. This process is defined as professional knowing, where collective professional knowledge is enacted through interactions with other entities, whether they be persons, processes or objects, in order to navigate complexity.

This thesis focuses on understanding how preparers and auditors manage and adapt to these complexities. By applying a sociomaterial framework, this research uncovers how the connective nature of professional knowing is essential for navigating the complexities of accounting standards, highlighting the interdependencies between roles and the integration of diverse expertise in financial reporting. Adopting a connective professionalism (Noordegraaf, 2020) perspective and drawing on McMurtry et al.'s (2016) framework on professional knowing, this thesis explores the connective practices employed by professional accountants to navigate the increasing complexity of accounting

standards. A more detailed definition of professional knowing will be provided in the theoretical framework chapter.

The importance of this study lies in its contribution to both practical and theoretical knowledge. From a practical standpoint, understanding how professional accountants cope with complexity is essential for ensuring the continued effectiveness of financial reporting. Without a clear understanding of how professionals manage these evolving and intricate standards, there is a risk that financial information may become unreliable, undermining its purpose as a decision-making tool for investors, regulators, and other stakeholders. By investigating how CPAs navigate complexity, this research ensures that the profession is equipped to meet the growing demands of its role.

Furthermore, by investigating the ways in which complexity is navigated, this research contributes to a broader theoretical understanding of professional work in contemporary contexts. Connection is crucial for understanding contemporary professional work. While much literature on professionalism discusses how professionals protect their jurisdiction through connections (Alvehus et al., 2021; Faulconbridge et al., 2021), less attention is given to the essential role of connection in enabling the capacity to cope with complex knowledge. Focusing on connections and relationships within professional research helps understand how professions operate in navigating complexity and adapting to evolving demands (Adams et al., 2020). Thus, this research contributes to the theoretical understanding of professional work, particularly the rise of connective practices in response to growing complexity. As Noordegraaf (2020) highlights, the shift toward connective practices is central to contemporary professionalism. For example, "medical doctors – as well as nurses – are increasingly connected to complex case contexts, including multiple professionals, multidisciplinary collaboration, organizational requirements, accountability, multi-morbidity, stakeholder preferences, and public debates" (Noordegraaf, 2020, p.216). In this context, professional knowing is not solely the domain of individual expertise but is increasingly co-constructed through interaction and collaboration.

This thesis responds to critical gaps in the financial reporting literature, particularly the underrepresentation of preparers' perspectives and the focus on auditor-specialist relationships. By broadening the scope to include the interconnected roles of preparers, auditors, and their connective practices, this thesis contributes to a more comprehensive understanding of the financial reporting ecosystem.

1.2. Research Question

While economic perspectives on accounting complexity have provided insights into market impacts, they often overlook the day-to-day challenges faced by accounting professionals, who must navigate complex accounting standards in practice. Much of the existing literature focuses on economic consequences, such as market reactions and information asymmetry (e.g. Bonsall et al., 2017; Cheung & Lau, 2016; Lehavy et al., 2011; Li, 2008) yet neglects the practical challenges that those tasked with preparing and auditing financial statements face. There remains a need to explore how this complexity translates into the practical experiences of professionals in the field. This thesis addresses this critical aspect, which has been largely overlooked in the current literature.

Defining audit teams and their members has become increasingly complex over the past two decades as they have become more diverse and multidisciplinary (Bauer & Estep, 2019). While the literature acknowledges the collaboration between auditors and specialists from domains beyond traditional accounting expertise (Hux, 2017), it often lacks a detailed understanding of what constitutes an "auditor" in the context of complex accounting standards and how collaboration occurs within audit teams themselves. Similarly, little is known about the participants involved in the preparation of financial statements, leaving critical questions unanswered about the practices of "preparers", the distribution of expertise among them, and the roles that specialists play in the preparation process. Addressing these gaps is essential for understanding how the complexity of accounting standards impacts the professionals at the heart of financial reporting.

While social interaction is recognized as essential for knowledge sharing, much of the current literature focuses on knowledge transfer (Aghazadeh et al., 2023; Albawwat, 2022; Causholli et al., 2021; Curtis & Taylor, 2018; Seavey et al., 2017; Vera-Munoz et al., 2006) without addressing how knowledge from diverse domains is combined within audit and preparation teams. Adhering to traditional assumptions of individual knowledge acquisition, representation and transfer, current accounting literature depicts knowledge as something individuals possess and transfer. As such, this perspective emphasizes the development of individual knowledge rather than collective knowledge. Traditional approaches assume that acquiring others' knowledge is ideal, yet specialization makes this increasingly impractical. Given the vastness of knowledge domains, it is unrealistic for one individual to master all areas of expertise (Boritz et al., 2020; McMurtry et al., 2016). As knowledge domains expand, effective collaboration relies on maintaining distinct areas of expertise while working

collectively toward shared goals. In this context, collaboration produces emergent, collective knowledge that surpasses individual expertise. Departing from traditional models of knowledge acquisition and transfer, this thesis explores how this collective knowing unfolds within the preparation and audit of financial statements.

By addressing these gaps in the literature, this research aims to shed light on the collaborative processes among and between preparers and auditors, offering a more holistic perspective on how accounting standards complexity influences the profession. The central research question guiding this thesis is: How do professional accountants[1] cope with accounting standards complexity?

1.3. Research Methods

This thesis employs a qualitative research approach focusing on both preparers and auditors of financial statements. The study is grounded in semi-structured interviews with Canadian CPAs involved in the preparation and audit of financial statements. These interviews provided rich insights into the participants' experiences, allowing for an in-depth exploration of the mechanisms they use to cope with accounting standards' complexity. The iterative and inductive analysis of the data followed established qualitative methodologies, with coding and thematic analysis conducted using NVivo software. McMurtry et al.'s (2016) sociomaterial framework on professional knowing provided a foundation for interpreting the findings, while additional mechanisms, such as fragmentation of expertise, knowledge boundaries, and trust, emerged through an iterative engagement with both the data and relevant literature. By integrating perspectives from preparers and auditors, the study captures a nuanced understanding of the collective and connective practices underpinning professional work in this complex domain.

1.4. Findings Overview

The findings of this research provide new insights into the processes through which professional accountants cope with the growing complexity of accounting standards. By applying a sociomaterial lens, the study emphasizes that professional knowing is not an individual endeavor but a collective, relational process. Existing literature often views knowledge as an individual asset transferred between professionals (e.g. Aghazadeh et al., 2023; Causholli et al., 2021; Seavey et al., 2017; Vera-Munoz et al., 2006), overlooking the critical role of "collective knowing", wherein team members with

[1] In the context of this thesis, I refer as professional accountants (or accountants) as encompassing both CPAs working as auditors or as preparers of financial statements.

specialized expertise collaborate to form a shared understanding of complex issues without fully mastering all domains. Rather than relying solely on individual technical expertise, CPAs—both preparers and auditors—engage in connective practices that draw on multiple interrelated mechanisms influenced by both human and material factors. These mechanisms include the fragmentation of expertise, the negotiation of knowledge boundaries, the integration of diverse contributions, and the importance of trust and social interactions. The study also highlights the role of material elements and the synthesis of professional ideas, which are shaped by organizational contexts and broader institutional relationships.

Importantly, the findings show that the mechanisms driving professional knowing operate for both preparers and auditors, highlighting the universality of these processes across different contexts. Whether in large global firms or smaller organizations, accountants navigate complexity through shared mechanisms emphasizing collective engagement with expertise, people, and tools.

This study also introduces several significant theoretical contributions. First, it extends McMurtry's framework of professional knowing by introducing three distinct mechanisms—fragmentation of expertise, knowledge boundaries, and trust—providing a more granular understanding of how professional knowing is enacted in highly specialized and fragmented environments. These additions refine the framework to better capture the realities of accountants' work in navigating complex accounting standards. Second, this study represents the first application of McMurtry's framework to an accounting context, demonstrating its relevance to interprofessional collaboration in financial reporting and auditing.

Third, this study underscores the centrality of connective practices in financial reporting, demonstrating that professional knowing is not confined to individual expertise but is an inherently collective process spanning roles, organizations, and knowledge boundaries. By showing how preparers, auditors, and specialists coordinate expertise through trust and relational processes, the findings contribute to broader discussions on the evolving nature of professionalism in knowledge-intensive fields. These findings contribute to a broader understanding of how professionals connect and adapt to meet the increasing complexity demands, reinforcing connective practices' central role in modern professional work.

Fourth, by incorporating the perspectives of financial statement preparers—who have often been overlooked in research—this study expands the understanding of the financial reporting ecosystem, highlighting the interdependence between preparers and auditors in navigating complexity.

The findings underscore the interplay of social, material, and relational factors in professional knowing and offer a deeper understanding of the collaborative and adaptive processes through which accountants address the evolving demands of their profession.

Taken together, these findings advance both theoretical and practical knowledge. Theoretically, they offer new insights into how professional knowing operates as a relational, adaptive process that transcends individual expertise. Practically, they provide valuable understanding for accounting professionals and policymakers, emphasizing the need for continuous collaboration, recognition of specialized expertise, and the development of connective practices to navigate the increasing complexity of financial reporting.

The findings of this study have several important implications for the accounting profession. First, it is crucial for users, governments, and society to recognize that accountants' expertise is relational, shaped through collaboration with diverse experts. When relying on accountants for financial reporting, auditing, and decision-making, stakeholders must acknowledge that the quality of the work depends on accountants' ability to navigate complex networks and engage with the appropriate specialists. Second, the growing complexity of accounting standards demands that accountants continuously adapt and refine their expertise. While the profession recognizes the importance of navigating complex decision-making through expert networks, further work is needed to formalize these practices into specific competencies for CPA candidates. This study contributes to defining the evolving expectations for future professionals. Third, the findings challenge the traditional notion that responsibility in financial reporting and auditing can be assigned to a single individual. Given the increasing reliance on external experts and the interactive nature of professional knowing, the allocation of responsibility in complex financial reporting requires reconsideration. Fourth, the study suggests that auditing standards could benefit from further guidance on incorporating internal expertise into the engagement team, particularly in core accounting areas. Recognizing internal expertise as part of the collective knowledge within the team would better equip auditors to manage the increasing complexity of accounting standards. Additionally, the study’s findings challenge the traditional emphasis on auditor independence, suggesting that the collaborative and interdependent nature of professional

knowing between auditors and preparers complicates the boundaries of independence and may require a rethinking of current regulatory frameworks. Finally, as the complexity of accounting standards continues to grow, aspiring CPAs must not only master technical expertise but also develop the ability to collaborate effectively across professional networks. This shift in expectations calls for changes in accounting education and training programs to reflect the evolving role of professional accountants.

1.5. Thesis Structure

The thesis is structured as follows: Chapter 2 reviews the literature on accounting standards complexity and its impact on the profession. Chapter 3 discusses the sociomaterial perspective and other relevant theories that underpin the study. Chapter 4 provides an overview of the research design, detailing the qualitative methods used for data collection and analysis methods. Chapter 5 presents and interprets the findings, while Chapter 6 engages with the literature to contextualize these findings and explore their broader implications. Finally, Chapter 7 summarizes the research contributions and offers suggestions for future research.

2. Accounting Complexity Literature

In the practical arena, the Financial Accounting Standard Board (FASB) defines accounting complexity as standards that are too dense and complicated or those whose cost of production exceeds their informative value to users (FASB, 2014). The SEC's Advisory Committee on Improvements to Financial Reporting (ACIFR) similarly defines complexity as the "state of being difficult to understand and apply" (SEC, 2008, p.18), attributing it to various factors, such as the inherent complexity of business activities, inconsistencies in accounting treatments, and the proliferation of standards and guidance. Complex standards may arise from the risk of litigation and fear of being "second-guessed," leading to excessive rules and disclosures that obscure rather than clarify information. The ACIFR distinguishes between "unavoidable" complexity, which stems from the nature of transactions, and "avoidable" complexity, which arises from the way standards are written and applied (SEC, 2008).

Examples of complex accounting standards illustrate this well. For instance, IFRS 9 (Financial Instruments) is known for its complexity due to its detailed requirements for classification and measurement, impairment, and hedge accounting. Preparers must make subjective judgments about credit risk, expected losses, and the fair value of financial instruments, leading to inconsistency and difficulty in application. Applying IFRS 9 also demands advanced valuation skills to accurately

measure financial instruments at fair value, particularly for derivatives and other complex financial assets.

IFRS 15 (Revenue from Contracts with Customers) is also notably complex as it requires companies to identify performance obligations in contracts, estimate variable consideration, and allocate transaction prices accordingly. This involves significant judgment, particularly in industries with bundled contracts or long-term projects. Moreover, IFRS 15 necessitates legal skills to interpret the underlying contracts, including terms related to warranties, rights of return, and contract modifications, which directly influence revenue recognition.

Similarly, IFRS 16 (Leases) introduces complexity by requiring lessees to recognize most leases on the balance sheet, affecting financial ratios and requiring detailed calculations of right-of-use assets and lease liabilities. The application of IFRS 16 also demands legal expertise to understand lease contracts' terms and conditions, including renewal options, variable lease payments, and termination clauses. These legal interpretations significantly impact the measurement of lease liabilities and the corresponding right-of-use assets.

These examples highlight how the complexity of accounting standards stems from detailed rules, judgment calls, and the need for extensive disclosures. Furthermore, they demonstrate the multidisciplinary nature of modern accounting, where accountants must blend technical accounting knowledge with legal and valuation skills to navigate complex standards.

Although the concepts and sources of complexity are well defined in practice, limited academic studies have investigated accounting standard complexity directly. No formal definition of accounting complexity exists within the accounting academic literature (Baudot et al., 2018), and there is little knowledge of how accountants cope with the complexity of accounting standards. In fact, extant research only indirectly addresses the issue of complexity. For instance, one stream of quantitative research highlighted the economic impacts of accounting complexity (Section 2.1). Another stream of qualitative research investigated the indirect effect of complexity by exploring its effects across multiple layers of the profession, focusing either on the actors involved in audit processes or on the factors that facilitate or hinder knowledge sharing among these actors (Section 2.2).

2.1. Quantitative Perspectives on Accounting Complexity

Studies on accounting complexity generally investigate the economic consequences of complexity, such as its impact on market reactions, rather than examining the concept of complexity itself (Baudot et al., 2018). Few studies focus on accounting-based sources of complexity, with most investigating business and language complexity. In these studies, complexity is not defined conceptually but studied through various proxies. These studies on financial reporting complexity have mainly examined accounting information complexity in terms of financial reporting readability (Bloomfield, 2008; Li, 2008; Miller, 2010)—often measured by the Fog Index or document length (Bonsall et al., 2017; Cheung & Lau, 2016; Dyer et al., 2017; Guay et al., 2016; Lehavy et al., 2011; Li, 2008; Lo et al., 2017; Loughran & McDonald, 2014; Miller, 2010). Studies examining the impacts of readability on financial markets find that readability affects trading volumes (Miller, 2010) and investor behaviour, with lower readability generally correlating with negative financial outcomes (Lehavy et al., 2011; Li, 2008). These findings suggest that complex financial information exacerbates the agency problem by increasing information asymmetry between firms and users of financial reports.

Both the implementation of the Sarbanes-Oxley Act (SOX) and the global adoption of IFRS standards have contributed to the increase in reporting complexity. For instance, IFRS adoption has lengthened reports but, in some cases, improved readability, which affects information asymmetry (Cheung & Lau, 2016; Miah et al., 2021). Under SOX, new disclosure requirements—such as those related to fair value, risk, and internal control—have extended disclosure length and contributed to complexity (Dyer et al., 2017). Additionally, IFRS standards vary in complexity, with some—such as those related to asset impairments, stock-based payments, or business combinations—demanding more costly audits (Miah et al., 2020), yielding lower-quality analyst forecasts (Miah et al., 2021), or fostering greater non-GAAP disclosure (Brown et al., 2021). Such complexity often necessitates reinforcing accounting expertise within boards and audit committees to mitigate potential reporting issues and maintain compliance (Chychyla et al., 2019). These findings indicate that the heightened complexity impacts not only the market but also the preparers responsible for these disclosures, who must ensure compliance with extensive reporting standards.

Some studies argue that accounting complexity may arise from the information communication intentions of firm management. Research on managers' responses to accounting complexity typically centers on two competing views: the “informativeness” view and the “opportunism” view (Brown et

al., 2021). According to the opportunism perspective, managers might leverage complexity to obscure unfavourable information, as seen in studies where companies with poor earnings use harder-to-read reports (Asay et al., 2018; Li, 2008; Lo et al., 2017). Conversely, evidence generally supports the informativeness view (Chychyla et al., 2019; Hoitash & Hoitash, 2018; Peterson, 2012), suggesting managers increase transparency with voluntary disclosure when reporting standards are complex (Brown et al., 2021; Guay et al., 2016). This indicates that the use of voluntary disclosure often aims to mitigate the negative effects of complex financial statements rather than exploit reporting complexity to obfuscate information. These competing perspectives highlight preparers' dual role in managing complexity—balancing transparency with the potential to use complexity strategically.

From the studies focusing their attention on accounting-based sources of complexity, some have measured accounting complexity stemming from elements such as the underlying economic transactions or specific financial reporting standards (Peterson, 2012; Plumlee, 2003). These studies further illustrate how complexity impacts users of financial statements: Plumlee (2003) finds that complex tax information imposes costs on financial analysts, limiting its use, while Peterson (2012) shows that revenue recognition complexity increases the likelihood of restatements due to both intentional and unintentional errors. Similarly, Chang et al. (2016) report that sophisticated investors face greater difficulty in forecasting earnings for firms that apply complex derivative accounting rules. Few studies have measured accounting complexity for the entirety of financial statements. Aligned with the premise that financial reporting complexity is driven by the applicable accounting standards and regulations (Dyer et al., 2017), these studies used accounting policies underlying financial statements to do so. Such studies on accounting standard-based sources of complexity have measured it using a range of proxies, such as the length of accounting policy disclosures (Filzen & Peterson, 2015), the count of unique XBRL accounting concepts (Brown et al., 2021; Hoitash & Hoitash, 2018; Hoitash et al., 2021), adjustments in the IFRS reconciliation statements (Miah et al., 2020, 2021), and the volume of accounting standards and SEC disclosure requirements (Chychyla et al., 2019). Overall, findings indicate that higher accounting standards complexity correlates with increased errors, higher audit fees, and additional challenges for financial analysts (Chang et al., 2016; Chychyla et al., 2019; Miah et al., 2020, 2021; Peterson, 2012; Plumlee, 2003).

While academic literature has explored accounting complexity, it often conflates complex information with complex standards. Research generally acknowledges that complexity in standards is

an independent construct, influenced by but not identical to, the complexity of economic transactions or readability of financial information (Hoitash & Hoitash, 2018). This distinction is important, as accounting standards complexity is more enduring and has a more pronounced effect on analysts' interpretations and firms' financial disclosures than the inherent complexity of business activities alone (Chang et al., 2016; Chychyla et al., 2019). Complexity may arise not only from the standards applied but also from underlying business operations and communication methods, affecting both the preparers and auditors who must apply these standards.

Thus, while economic perspectives on accounting complexity have yielded insights into market impacts, they often overlook the day-to-day challenges faced by accounting professionals, who must navigate these complex standards in practice. There remains a need to explore how this complexity translates into the practical experiences of professionals who prepare and audit financial statements. This thesis aims to address this critical aspect, which has been largely overlooked in the current literature.

The following section reviews qualitative studies that have indirectly investigated accounting standard complexity from the perspective of actors involved in the audit and preparation processes of financial information.

2.2. Qualitative Indirect Insights into Accounting Complexity

Baudot et al. (2018) offer a rare qualitative conceptualization of accounting complexity, identifying its core dimensions—multiplicity, diversity, and interrelatedness—based on comment letters from accounting firms about proposed FASB changes. Their findings show that accounting firms primarily oppose changes they perceive as increasing complexity and often focus more on the implications for financial statement preparers than for other stakeholders.
The study characterizes the Big 4 as "conflicted intermediaries," balancing client advocacy for simplified standards with their role as technical experts hired to solve accounting standard complexity. Moreover, the Big 4 focus on preparers' perspectives potentially contradicts both their public interest mandate and the standard setters' focus on serving users, such as investors. These tensions point to a potential misalignment between the objectives of standard setters and the realities faced by practitioners, underlining the need for further exploration into the implications of accounting complexity within the profession.

Qualitative studies have often approached accounting complexity indirectly, exploring it as part of broader topics, including national office consultations (Aghazadeh et al., 2021; Kohler et al., 2021), fair value accounting (Durocher & Gendron, 2014; Smith-Lacroix et al., 2012), audit committee expertise (Couchoux, 2024), other comprehensive income (Durocher et al., 2024a, 2024b), the usefulness of financial information (Cascino et al., 2021), and the use of specialists (Boritz et al., 2020; Griffith et al., 2015; Hux, 2017). This body of literature reveals that complexity permeates multiple aspects of the accounting profession. For instance, many audit committee members report feeling underprepared to handle intricate accounting disclosures, indicating a gap between regulatory expectations and professional capacity (Couchoux, 2024). In auditing, complexity often leads to increased reliance on management assertions and the input of firm specialists (Boritz et al., 2020; Griffith et al., 2015). The growing complexity of audit engagements increasingly necessitates the inclusion of specialists with domain-specific expertise (Boritz et al., 2020; Hux, 2017). In a Big 4 accounting firm, Kohler et al. (2021) examined the organizational dynamics behind the emergence of national expert consultation teams to ensure consistent IFRS application. Their findings reveal a shift in legitimate expertise among field auditors, with an increased emphasis placed on underlying principles and the conceptual framework of IFRS. Additionally, complexity has driven smaller audit firms to limit their services to lower-assurance engagements due to resource constraints in managing intricate standards (Durocher et al., 2016). From the perspective of financial statement users, complexity in measurement and accounting standards has been shown to diminish the relevance of financial information for valuation and performance assessment, even among users with substantial accounting expertise (Cascino et al., 2021).

The qualitative literature primarily explores two key areas to better understand how the complexity of accounting standards affects the accounting profession. The next section investigates the composition of audit teams, examining how diverse specialists contribute to the quality of audit engagements and, indirectly, to the broader financial reporting process.

2.2.1. Who Is Involved in Audit Engagements?

Most studies focus on auditors and their teams and avoid the roles of those involved in preparing financial statements. However, research on the composition of audit teams provides insights that may be relevant to understanding the broader financial reporting process. Audit teams are increasingly composed of individuals with specialized expertise. While, in the past, an audit partner might have had sufficient experience to oversee all procedures on an engagement, the growing complexity of today's

audits requires a range of specialized skills that no single individual may fully possess (Boritz et al., 2020). Modern audit teams often include professionals from tax (Hux et al., 2024), information technology (Bauer & Estep, 2019), valuation (Griffith, 2020; Smith-Lacroix et al., 2012), and forensic (Jenkins et al., 2018) specialists to handle specialized aspects of audits. These specialists help address the complex business processes, transactions, and technologies faced by their clients (Boritz et al., 2020; Hux, 2017). This multidisciplinary collaboration introduces challenges related to role perception, competition, and trust, as auditors work alongside specialists who may have differing perspectives and expertise. The increase in regulatory requirements resulting from financial scandals has also led to a rise in National Office Consultations (NOCs) (Aghazadeh et al., 2021; Kohler et al., 2021), thereby expanding the diversity of professionals involved in an audit.

Each area of expertise in audit teams can be seen as a distinct discipline within the accounting profession (Hux et al., 2024). The multidisciplinary audit team thus functions as an "interprofessional team," with members whose collaboration is essential to the audit's success. Factors that lead to the inclusion of specialists include the need for specific skills, the complexity and risk of the audit, budget constraints, and firm policies (Hux, 2017). Larger firms typically have more in-house expertise, which affects the extent to which they engage specialists (Hux, 2017). Research highlights that effective collaboration between auditors and specialists enhances both audit quality and client relationships and benefits the firm by facilitating cross-training and networking (Hux et al., 2024). Positive collaboration is rooted in frequent communication, mutual respect, and an appreciation of each party's contributions to the audit (Bauer & Estep, 2019). Research emphasizes how interdependent expertise, shared goals, open communication, mutual trust, and respect enable collaboration among audit teams (Hux et al., 2024). Conversely, failing to recognize these interdependencies can hinder collaboration (Hux et al., 2024).

Despite the need for specialized expertise, auditors do not always engage specialists, often due to overconfidence in their abilities or skepticism about specialists' skills (Hux, 2017). Boritz et al. (2020) found that auditors might overestimate their capacity to handle specialist tasks to minimize audit costs. This overconfidence can lead to role conflicts, especially when firm policies mandate specialist involvement, but auditors perceive it as unnecessary (Boritz et al., 2020). Specialists are sometimes viewed as a "necessary evil" (Bauer & Estep, 2019), leading auditors to consult them for reassurance rather than insights (Boritz et al., 2020; Griffith, 2020). This tension can foster competition and impact

the development of trust and shared purpose within the team (Boritz et al., 2020; Griffith, 2020). This overconfidence can undermine audit quality, as role conflicts and reduced collaboration with specialists compromise the team's ability to address complex issues comprehensively.

According to audit standard ISA/CAS 620.10, auditors are required to have a sufficient understanding of a specialist's field to evaluate the adequacy of their work. Auditors generally feel satisfied with their oversight of specialists' work and trust their firms' quality control systems (Boritz et al., 2020). However, some experienced specialists expressed concerns about auditors' ability to supervise them effectively, citing gaps in auditors' technical competence (Boritz et al., 2020; Griffith et al., 2015). For instance, the increasing specialization among tax experts has led to a reduced overlap with audit knowledge, complicating collaboration between auditors and tax specialists (Hux et al., 2024). While the need for collaboration is evident, it is not always realized, posing challenges as auditors must navigate responsibilities in domains outside their expertise.

Despite the "one firm" culture promoted by many firms, interviews with auditors and tax specialists suggest that organizational silos persist, hindering effective collaboration (Hux et al., 2024). This issue is mirrored in the interactions between auditors and IT specialists; while both claim to hold a 'one-team' view, each doubts the other's commitment (Bauer & Estep, 2019). This perception gap can lead to struggles for status and legitimacy, with auditors attempting to exert control over the audit while IT specialists seek to prove their value (Bauer & Estep, 2019). In problematic relationships, "throwing things over the fence" becomes a common approach, where work is passed back and forth without meaningful integration of results (Bauer & Estep, 2019, p.2144). A collective audit team identity, built on shared goals, can unite auditors and specialists in their efforts to complete the audit (Bauer & Estep, 2019). However, challenges such as remote work and the use of specialists from member firms in global networks have made collaboration more difficult, particularly since the pandemic and for smaller firms that rely on external experts (Hux, 2017; Hux et al., 2024).

The complexity auditors face has also led to a redistribution of expertise within audit teams, with auditors increasingly specializing in narrower areas of the audit process due to the increasing effort required to keep up with accounting standards, auditing standards, and other knowledge required to conduct an audit. Current literature has already highlighted this phenomenon, particularly in the context of the introduction of fair value accounting (Smith-Lacroix et al., 2012), tax (Hux et al., 2024) or other specialists (e.g., Boritz et al., 2020; Hux, 2017; Bauer & Estep, 2019). For example, Hux et al. (2024)

document that given the complexity of the tax code, tax specialists are increasingly specialized by tax area to the detriment of their audit knowledge. As expertise becomes more specialized, auditors may need to work with multiple specialists across specific subfields, which can further complicate audit coordination (Hux et al., 2024).

Defining audit teams and their members has become increasingly complex over the past two decades as they have become more diverse and multidisciplinary (Bauer & Estep, 2019). The literature typically views audit teams as consisting only of auditors, while technical specialists are considered firm members outside of the audit team (Bobek et al., 2012) with whom auditors consult to obtain information and reduce uncertainty in auditor decisions (Bauer & Estep, 2019). The literature also fails to provide a granular view of what constitutes "auditors" in the context of complex accounting standards. It is important to note that auditors' expertise varies depending on their exposure to different technical areas (Westermann et al., 2015). Additionally, the involvement of auditors from national offices in audit teams has increased with the rise of national office consultations (Aghazadeh et al., 2021), further diversifying the expertise of "auditors". Similarly, little is known about who participates in preparing financial statements, leaving unanswered questions about the practices of "preparers", the distribution of expertise among them, and the specific roles of specialists in the preparation process. Addressing these questions is essential to understand how accounting standard complexity impacts the professionals directly involved in financial reporting.

The next section explores the literature on knowledge sharing. While most literature on knowledge-sharing focuses on auditors, little attention has been given to the knowledge-sharing practices among those who prepare financial statements.

2.2.2. Knowledge Sharing in Audit Firms

Auditors frequently consult and share knowledge to handle complex accounting treatments that require significant judgment (Seavey et al., 2017). Knowledge sharing is considered essential for audit firms because it directly influences the quality (Albawwat, 2022; Bianchi, 2018; Chen & Choudhary, 2020; Duh et al., 2020; Seavey et al., 2017), effectiveness, and efficiency of the audit process, especially given regulatory pressures and evolving auditing standards (Aghazadeh et al., 2023; Vera-Munoz et al., 2006). Effective knowledge sharing enables audit teams to leverage industry-specific trends, accounting practices, and regulatory insights, thus enhancing their ability to conduct thorough

and reliable audits (Vera-Munoz et al., 2006). Furthermore, the advantages of knowledge sharing are particularly pronounced in addressing complex accounting treatments (Seavey et al., 2017).

In the accounting literature, knowledge sharing refers to the exchange of both explicit and tacit knowledge among auditors (e.g. Aghazadeh et al., 2023; Causholli et al., 2021; Seavey et al., 2017; Vera-Munoz et al., 2006). Explicit knowledge, or "know-what", is structured, documented, and easily shared. Tacit knowledge, or "know-how", includes intuition, insights, beliefs, and values that are embedded in personal practices and challenging to articulate. Tacit knowledge is typically shared through social interactions, such as conversations, apprenticeships, and shared experiences, requiring ample opportunities for experiential learning and absorption (Vera-Munoz et al., 2006). Excessive reliance on formal knowledge management systems may cause auditors to prioritize explicit knowledge at the expense of tacit knowledge, potentially compromising the professional judgment essential to audit quality (Brivot, 2011).

Accounting research identifies several factors that support knowledge sharing within audit firms, including information technology, reward systems, organizational culture, communication practices, and physical proximity among team members (Chen & Choudhary, 2020; Seavey et al., 2017). Interpersonal interactions play a pivotal role by creating opportunities for auditors to share tacit knowledge, strengthen relationships, and enhance audit quality (Aghazadeh et al., 2023; Bianchi, 2018; Hux et al., 2023; Seavey et al., 2017; Vera-Munoz et al., 2006). The SECI model (socialization, externalization, combination, and internalization), applied by Aghazadeh et al. (2023), underscores the role of national office consultations in facilitating tacit-to-tacit knowledge exchange through socialization and apprenticeship, particularly between national office partners and engagement partners.

While social interaction is acknowledged as essential for knowledge sharing, much of the current literature emphasizes explicit and tacit knowledge transfer (Aghazadeh et al., 2023; Albawwat, 2022; Causholli et al., 2021; Curtis & Taylor, 2018; Seavey et al., 2017; Vera-Munoz et al., 2006) without addressing how knowledge from diverse domains combines within audit teams. Adhering to traditional assumptions of individual knowledge acquisition, representation and transfer (McMurtry et al., 2016), current accounting literature depicts knowledge as something individuals possesse and transfer. As such, it focuses on the development of individual knowledge rather than collective knowledge. Traditional approaches assume that acquiring others' knowledge is ideal, yet specialization

makes this impractical. Given the vastness of knowledge domains, it is impractical for one individual to master all expertise (Boritz et al., 2020; McMurtry et al., 2016). Instead, as knowledge domains expand, effective collaboration increasingly relies on maintaining distinct expertise while working collectively toward shared goals. In this context, collaboration produces emergent, collective knowledge that surpasses individual expertise. Departing from the traditional acquisition and transfer perspective, this thesis aims to explore how this collective knowing unfolds within the preparation and audit of financial statements.

2.2.3. Synthesizing Insights and Implications

In conclusion, the quantitative literature collectively indicates that accounting complexity increases the difficulty of both preparing and using financial reports. In response, firms often voluntarily disclose supplementary information, which may not always align with established accounting standards (Brown et al., 2021), potentially circumventing the objectives of standard setters. **Table 1** summarizes the key insights from the reviewed studies. While extensive research has addressed the economic consequences of accounting complexity, relatively little attention has been given to how it shapes the daily practices and professional experiences of accountants.

[**Table 1**]

Despite these insights, existing literature does not adequately explain how accountants cope with the increasing complexity of accounting standards in practice. Specifically, it fails to provide a comprehensive understanding of how complexity influences the interconnected roles of preparers and auditors, whose work is becoming more interdependent as complexity grows. Preparers, who work directly with complex standards to produce compliant financial information, and auditors, who evaluate these complex disclosures, both require a deep understanding of the nuances in standards to fulfill their roles effectively. This presents a pressing problem in the field: Without a clear understanding of how these professionals navigate complexity, there is a risk of misjudging the effectiveness of financial reporting and the reliability of financial information. This issue is particularly relevant in today's regulatory environment, where the demand for transparency and accountability is high.

Additionally, traditional research approaches often conceptualize knowledge as an individual asset transferred between professionals. This perspective overlooks the interconnected and relational nature of professional knowing, especially in complex environments where no single individual possesses all the necessary expertise. Studies on specialist-auditor interactions tend to underemphasize

the preservation of distinct expertise within collaborative frameworks, especially concerning preparers who structure complex information for subsequent audit evaluation. As accounting complexity increases, so does the need for connective practices that enable professionals to integrate specialized knowledge across boundaries. Current literature in accounting does not adequately capture these connective practices, leaving a critical gap in understanding how accountants collectively navigate complexity.

This study is necessary to solve this problem by exploring how accountants engage in connective practices to cope with complexity, moving beyond the traditional view of knowledge transfer. Reframing preparer and audit teams as collective endeavors—where collective knowing exceeds individual understanding— better reflects the demands of today's complex reporting processes. By examining how professional knowing is enacted collectively through interactions with people, tools, and institutional structures, this research provides new insights into how expertise is constructed and enacted in financial reporting. Moreover, by including the perspectives of both preparers and auditors, this study offers a more holistic view of the financial reporting process, highlighting the interdependencies that shape professional work in complex regulatory environments.

Ultimately, this study is crucial for advancing our understanding of accounting complexity and professional knowing, as it addresses the real-world challenges accountants face in navigating evolving standards. Addressing calls for research on the broader effects of accounting standards-setting on professional activities (Baudot et al., 2018), this study demonstrate how collective knowing unfolds in practice and contributes to both theoretical and practical knowledge, examining how the profession manage complexity to maintain the integrity of financial reporting.

3. Theoretical Foundations

This chapter presents the theoretical foundations that underpin this study, providing grounds to explore how professional knowing is enacted in the face of accounting complexity. Section 3.1 situates this discussion within the studies of professions, highlighting how increasing specialization, the blurring of professional boundaries and increase of connective practices challenge traditional notions of expertise and jurisdiction. Section 3.2 introduces sociomaterial perspectives as a useful lens for addressing these challenges, demonstrating how expertise is not just individually held but enacted through interactions with people, technologies, and institutional structures. By emphasizing the relational and material dimensions of professional work, sociomateriality helps explain how

professionals navigate fragmented expertise and evolving jurisdictional boundaries. Finally, Section 3.3 integrates these insights into an explanatory framework, identifying key mechanisms through which professional knowing is enacted in financial reporting. Together, these sections provide a theoretical foundation for understanding how accountants cope with complexity through interconnected social and material practices. By weaving together, the concepts of connective practices and sociomateriality, this chapter lays the groundwork for exploring how professional knowing is collectively enacted in the face of accounting complexity, providing a comprehensive lens for examining the evolving nature of expertise in financial reporting.

3.1. From Professional Jurisdictions to Connective Professionalism

From functionalist approaches that explored histories and characteristics of professions (e.g. Carr-Saunders & Wilson, 1933) to more critical perspectives that emphasized the domination and monopoly of professions on specific fields of expertise (e.g. Larson, 1977) studies of professions have been a significant interest of the sociological field during the last century (Gebreiter, 2022). Criticizing analysis of single professions, Abbott (1988) argued that individual professions formed part of a "system of professions" where they should be studied in relation to each other. His framework has been considerably mobilized in academic discussions, particularly to analyze jurisdictional conflicts and shifts in the boundaries of professional work. This literature on the sociology of professions focuses on understanding processes of professionalization and maintenance of power over expert knowledge (Bresnen, 2013). Professions compete for expertise-based power over solving problems (Gorman & Sandefur, 2011). They aim to establish monopoly control over specific jurisdictional areas and activities while distancing themselves from subordinate groups (Abbott, 1988). Abbott's theory highlights that a profession's ability to control work activities is significantly influenced by competition both within and between professions. His dynamic theory underscores the continuous nature of this competition, suggesting that a profession's relative power may fluctuate over time (Abbott, 1988). This focus on how professional groups gain, contest, and use expert status aligns closely with the *constructivist* perspective on expertise, which sees expertise not as a fixed property of individuals but as a socially conferred and strategically mobilized quality of collective actors (Heimstädt et al., 2024).

Abbott's (1988) insights on jurisdictional disputes and interprofessional competition have been highly influential in accounting research, where they have been applied to explore the dynamic relationships between accounting and various other professions, such as banking, law, information

technology, medicine, and even the clergy (Gebreiter, 2022). Some studies have utilized Abbott's (1988) framework to analyze conflicts within the accounting profession, such as those between auditors (e.g. Caramanis, 1999) or between financial and management accountants (Gebreiter, 2022; Seal & Croft, 1997). The literature has also examined instances where the accounting profession attempted to expand its jurisdiction to other domains successfully or not, showing how the support of the members of the profession was key in securing success (e.g. Gendron & Barrett, 20024; Shafer & Gendron, 2005). However, Gebreiter (2022) suggests that the role of interprofessional cooperation in the system of professions have been largely neglected by Abbott (1988) and by most of the literature based on this work.

In the past three decades, the discourse within the sociology of professions has evolved, especially concerning de-professionalization and re-professionalization. This shift reflects a more nuanced understanding of the intricate interdependencies between professions and their organizational contexts (e.g. Muzio et al., 2013; Noordegraaf, 2011). There is now a broader recognition of the mutual interdependence and co-constitution between professions and their organizational environments, rather than viewing new organizational logics as mere threats to professional power (Waring, in Adams et al., 2020).

Recently, in his thought-provoking article, Noordegraaf (2020) aligns with other scholars (e.g. Francis, 2020) in urging a re-evaluation of protective professionalism, emphasizing that connectivity is both crucial and under-explored (Adams et al., 2020). The political, social, and workplace environments that professionals navigate are becoming increasingly complex and demanding. Traditional concepts of professionalism may no longer effectively capture these evolving dynamics, underscoring the need for theoretical innovation (Adams et al., 2020). Although not a novel claim (Adams et al., 2020), Noordegraaf's analysis suggests a shift in focus toward the interactional processes within workplaces involving members of various occupational groups. A fundamental point in Noordegraaf's thesis is that professionals are now engaging with 'outsiders' rather than isolating themselves, in response to changing societal conditions.

In a similar vein, the sociology of expertise provides a broader lens to understand how expertise operates as a socially constructed phenomenon shaped by networks, relationships, and distributions of power (Azocar & Ferree, 2016; Eyal, 2013, 2019; Eyal & Pok, 2011). While traditional professional authority often hinges on controlling access to specialized knowledge, Eyal (2013) differentiates

between the power of professions and the power of expertise itself. In this view, professional power relies on preserving exclusivity, whereas expertise becomes more potent as it circulates and is utilized by a wider range of actors (Gebreiter, 2022). Rather than treating expertise as something that professionals simply possess, Eyal's perspective emphasizes how it is continuously enacted, validated, and stabilized through interactions among diverse participants—including clients, laypersons, instruments, and excluded parties—as well as the material and technological supports that undergird these networks (Eyal & Pok, 2011).

This understanding of expertise aligns closely with what Heimstädt et al. (2024) describe as a *situationist* perspective—one that sees expertise as a situated enactment involving both human and non-human actors. It contrasts with the *realist* view, which treats expertise as a substantive and individual capacity, emphasizing traits such as knowledge depth or technical mastery. From a *situationist* standpoint, expertise emerges within specific contexts, through the coordination of actors, tools, and interpretive practices. Eyal's sociology of expertise thus shifts the focus from merely understanding how professional tasks and boundaries are managed to exploring how expertise is enacted and recognized through diverse networks and social conditions (Adams et al., 2020). By reframing expertise as a fluid configuration of human and non-human elements, Eyal's sociology of expertise resonates with Noordegraaf's call to reconsider professionalism in more connective terms. Not only must professionals acknowledge multiple sources of knowledge and interdependencies, but their claims to expertise depend on maintaining and negotiating alliances within broader sociomaterial systems. This perspective aligns with the shift towards 'connective' professionalism, marked by increased complexity, relational demands, shared decision-making, and more interactive relationships with society (Alvehus et al., 2021). It underscores that in today's world, professional authority and the efficacy of expertise are not simply granted; they must be actively constructed and upheld within intricate networks of people, technologies, and institutional arrangements.

However, Noordegraaf's proposition of a shift toward connective professionalism is not universally accepted. While Noordegraaf argues that traditional protective shields of professionalism are diminishing and being replaced by connectiveness, Alvehus et al. (2021) contend that this connectiveness primarily represents new methods of reinforcing these protective shields through maintaining ambiguity and opacity around professional jurisdictions (Abbott, 1988). In the words of Adams et al.:

> "After all, professionals have always been connected to different stakeholders to varying degrees, and professionalism has always transcended particular organizational contexts. […] Rather what we should think about the degrees and types of connections that shape professionalism across different fields, cultures, and times" (Adams et al., 2020, p.242).

Thus, they propose that Noordegraaf may not have identified an entirely new form of professionalism, but rather a shift in the practices through which professionalism is maintained. Professions might need to develop new roles and stratifications to protect their jurisdictions, but these changes are not fundamentally novel. Instead, the new form of protectiveness may lie in its connectiveness (Alvehus et al., 2021). While solo practice was once more common in many professions, professionals have always operated within networks of relationships involving other professionals, state actors, clients, workers, and employers (Adams, 2018). Although today's multidisciplinary and complex regulatory environments are significantly different, Adams et al. (2020) argue that the key change is not merely the increase in connectivity, but rather, the shift in the distribution of power within these professional relationships and the heightened accountability that professionals now have to their connections that defines this transformation.

In the late 20th century, Abbott (1988) argued that interprofessional conflicts over jurisdiction were a key force driving change within professions and their broader environments. Today, however, as the boundaries of professional practice blur and interprofessional collaboration is increasingly emphasized, connection and collaboration have become just as important as conflict (Adams et al., 2020). Regulatory changes further promote collaboration across professions, reshape professional boundaries, and redefine the relationship between the state and professions (Adams et al., 2020). In this context, focusing on connections and relationships within professional theory and research could provide deeper insights into how professions operate (Adams et al., 2020; Noordegraaf, 2020).

For the accounting profession, the increasing complexity of accounting standards increases the complexity of its body of knowledge over which it has jurisdiction. Moreover, the accounting standards bring in knowledge from other professions, for instance, legal, actuarial, and financial concepts (Smith-Lacroix et al., 2012). This is particularly the case in the latest enforced standards such as IFRS 17 *Insurance Contracts*, IFRS 16 *Leases*, IFRS 15 *Revenues from Contracts with Customers* and IFRS 9 *Financial Instruments*. It can be argued that it might be difficult to recognize a unique body of

knowledge that accountants can claim as their own when performing professional services. Indeed, many concepts and techniques on which accounting professionals base their knowledge and skills traditionally belonged to other professions such as law, engineering, economics, actuarial, information systems, and information technology (Hines, 1989; Miller, 1998). Experts in these areas are employed by accounting firms that audit financial statements (Kotb, 2008) and by organizations that prepare financial statements. The increase in accounting standard complexity is exacerbating this trend (Smith-Lacroix et al., 2012).

In this context, the performance of accounting work depends more heavily on collaboration and the coordination of diverse forms of expertise. Traditional concepts of professionalism might see this as leading to some potential de-professionalization of accountants and their jurisdictional domain over these areas of work (Kotb, 2008). For example, in the context of Enterprise Resource Planning (ERP) systems, Caglio (2003) observed that the involvement of non-accounting professionals diluted accountants' claims over accounting tasks. This could be seen as de-professionalization of accounting, i.e., "a loss to professional occupations of their unique qualities, particularly their monopoly over knowledge, public belief in the services ethos, and expectations of work autonomy and authority over the client" (Huang, 1977, quoted in Lampe & Garcia, 2003).

Yet, rather than signaling a decline, this shift may reflect a transformation in how professional expertise is enacted. In line with Noordegraaf's view, it may be better understood as an expansion of interdependencies and a rise in connective practices. Expertise is not simply applied, it is factored in and emerges from the process of coordination across actors and specialties (Heimstädt et al., 2024). In the accounting domain, this means that expertise is not reducible to any one individual or profession; rather, it materializes through the interplay of professional roles, organizational systems, and the demands of complex reporting environments. Seen this way, the reconfiguration of professional boundaries is less a loss of expertise than a redefinition of how it is organized, enacted, and legitimized through coordination.

Noordegraaf's work contributes to a growing body of research that seeks to develop a more relational and ecological understanding of how expertise, experts, and the social organization of work interact (Abbott, 1988; Anteby et al., 2016; Eyal, 2013; Liu & Wu, 2016; Waring, 2014). This shift in focus moves the analysis away from 'the profession'—traditionally centered on its knowledge, autonomy, and power—and towards the relationships and connections through which professional

expertise, autonomy, and authority are enacted within a larger system of knowledge and work (Adams et al., 2020).

A key observation is the growing perceived need for new forms of expertise as cases become more complex and involve an increasing number of specializations (Alvehus et al., 2021).

> "To tackle complexity, most dominant management prescriptions advocate the mastery and development of specific and complex forms of expertise as a necessity (Allen et al., 2011). Yet, promoting expertise to deal with complexity may result in reinforcing the perception of increasing and omnipresent complexity, given that such expertise assumes complexity" (Gendron et al., 2021, 162).

Expertise is inherently linked to complexity. Organizational life stands on the view that coping appropriately with complexity requires the mobilization of specific skills, resources, and techniques (Gendron et al., 2021). With the increase of accounting standard complexity, the distribution of expertise within the accounting profession is modified (e.g. Kohler et al., 2021, Aghazadeh et al., 2021). There are several additional layers of expertise since experts are now experts of narrow areas of accounting standards and accountants are no longer able to apply entirely the accounting standards accurately (Smith-Lacroix et al., 2012).

As Campbell (1988) notes, when confronted with complexity, individuals can either rely on their own expertise (internal search) or seek advice from specialists (external search). The multiplication of layers of expertise witnessed in audit firms and within the accounting profession (Smith-Lacroix et al., 2012) suggests that external search is becoming more prevalent.

Here, Giddens' (1990, 1991) analysis of expert systems in late modernity becomes pertinent. Giddens characterizes modern societies as deeply dependent on "abstract systems"—networks of technical knowledge and specialized skills upon which non-experts must rely. Expert systems are "systems of technical accomplishment or professional expertise that organize large areas of the material and social environments in which we live today" (Giddens, 1990, p.27). These systems are held together by trust, rather than by a layperson's direct understanding of the underlying knowledge base (Giddens, 1990, 1991).

However, as Giddens points out, each new layer of expertise introduces additional "access points" into the system—channels through which laypeople and professionals alike engage with

experts. While these access points can offer solutions to complexity by providing targeted expert input, they also create vulnerabilities. Every access point represents a juncture at which trust must be negotiated, maintained, and justified (Giddens, 1990, 1991). As the number of such junctures grows, so too does the potential for miscommunication, misunderstanding, or contradictory advice. This fragmentation can ultimately weaken the overall system of expertise by making it more challenging to sustain coherent authority, ensure quality control, and maintain consistent standards of practice. In other words, in a more complex environment, the need for trust in abstract systems increases, yet the multiplication of expertise layers can erode the very stability these systems are meant to provide (Giddens, 1990, 1991).

Furthermore, such 'distributed expertise' requires skills that were previously less emphasized, such as navigating relationships to accomplish professional tasks. Consequently, the expertise demanded will need to be adaptive, encompassing learning, creativity, and innovation (Alvehus et al., 2021).

Overall, there is a consensus that understanding how professionals connect is crucial. It is widely acknowledged that connection practices have increased—whether framed as connective professionalism versus protective professionalism or simply as a rise in connectivity. The pressures of today's world, notably in terms of increased complexity, have indeed intensified the need for professionals to connect. The rising complexity of accounting standards has an impact on the body of knowledge associated with the accounting profession. Literature still hasn't investigated how connective professionalism unfolds while dealing with complexity in the context of the preparation or audit of financial statements. A sociomaterial perspective is particularly relevant in this context, as it highlights how professional knowing is not simply transferred between individuals but is dynamically enacted through interactions with material artifacts, technologies, and social networks. It is crucial to comprehend the professional practices employed to facilitate knowing, as this enables an understanding of how the profession is able to master complex accounting standards.

3.2. Sociomaterial Conceptions of Practice and Knowing

Departing from individualistic, acquisition-oriented approaches, sociomaterial approach suggests that coping with complexity is embodied in dynamic relationships between people and their physical contexts and as emerging through social and material relationships (Fenwick et al., 2012; McMurtry et al., 2016). This perspective differentiates between the possession of static knowledge and

the adaptive knowing required to navigate complex challenges. As McMurtry et al. (2016) illustrate, "to say that people *know* something means that they can interact effectively with something else, whether it is a plant they are growing, a tool they are using, […] professional practice in which they are engaging" (p.172), a set of financial statements they are preparing, or an audit they are performing. Consequently, the sociomaterial perspective posits that the act of knowing is the process by which professionals interact with other entities, whether they be persons, processes, or material artifacts, in order to navigate complexity.

Sociomaterial theories conceptualize individuals as integrated within broader systems that encompass social, material, and biological components (Fenwick et al., 2012; McMurtry et al., 2016; Orlikowski & Scott, 2008; Salijeni et al., 2021). Rather than isolating professional competence within the individual, these theories contend that explanations of knowing should start from the complex contexts in which professionals operate (Fenwick et al., 2012; McMurtry et al., 2016). This aligns with new forms of professionalism constructed around the importance of professionals *in relation* with their context (Adler et al., 2008; Noordegraaf, 2020). Connective professionalism proposed by Noordegraaf (2020) emphasizes the importance of professionals being able to navigate relationships and social experiences, while also managing risks and maintaining a sense of autonomy. This requires being wired in and present at the right tables to perform expert roles, as well as performing trust and gaining respect on a day-to-day basis to remain authoritative and effectively respond to the complexity that characterizes contemporary professional environments.

Sociomaterial perspectives also depict knowing as dynamic and interactive processes that emerge through engagements with sociomaterial contexts. This perspective underscores the notion that knowledge is not solely contained within "individuals'" heads" but is distributed across – and enacted through – social collectives, practices, and material artifacts, highlighting the dynamic nature of knowing (Fenwick et al., 2012; McMurtry, 2013; McMurtry et al., 2016). This perspective suggests that the mental or behavioural characteristics of individuals do not solely determine knowledge (McMurtry et al., 2016). Thus, the emphasis is placed on the process of knowing rather than on knowledge itself. In the same vein, rather than professionals who 'have' or 'own' expertise, autonomy, and authority, Noordegraaf (2020) emphasize relational processes in which professional expertise, autonomy, and authority are 'enacted' and maintained. As complexity intensifies, successful professional action depends more on how well professionals orchestrate interactions across multiple

domains and sources of knowledge. “Important forces are pushing professional community in the direction of a more collaborative form to support development and diffusion of knowledge” (Adler et al., 2008, p.364).

Furthermore, sociomaterial theories emphasize the interconnectedness of human and material elements within systems, acknowledging that managing complexity involves heterogeneous system components and relational dynamics (Fenwick et al., 2012). By tracing the interactions among diverse elements—tools, systems, clients, colleagues—these theories illuminate how professionals navigate webs of relationships that shape their capacity to handle intricate problems. Importantly, they underscore the embedded nature of human knowledge within material action and interaction, challenging the privileging of individual consciousness or intention in traditional accounts of “owned” knowledge (Fenwick et al., 2012). In doing so, sociomaterial perspectives challenge the idea that complexity can be overcome by any single individual’s intellectual capacity or isolated expertise. Instead, complexity is addressed through collective enactments of knowing that span various actors and material artifacts. In an accounting context, material elements may include financial reporting systems, regulatory frameworks, audit tools, and communication technologies, all of which shape the practices and interactions through which accountants collectively navigate complex accounting standards.

This recognition resonates with the sociology of professions literature, which increasingly acknowledges interprofessional cooperation. Sociomaterial approaches underscore that no single expert can fully master complex fields, especially in domains like accounting where intricate standards and regulations intersect with multiple areas of specialization (McMurtry, 2013; Westermann et al., 2015). CPAs must adapt to evolving accounting and auditing standards within dynamic business landscapes. They must skillfully navigate complex standards—often involving specialized inputs from multiple domains—through exposure to real-life scenarios and iterative, networked engagements (Westermann et al., 2015). As complexity in standards and transactions increases, specialization intensifies (Hux et al., 2024), making it impossible for any one individual to hold all necessary expertise. Sociomaterial theories thus provide valuable frameworks for understanding how CPAs enact collective knowing in organizational and audit firm settings, orchestrating an interplay of various experts, tools, and processes to address complexity effectively.

Connection is crucial for understanding contemporary professional work. While much literature on professionalism discusses how professionals protect themselves through connections, less attention

is given to the essential role of connection in enabling the capacity to cope with complex knowledge (Faulconbridge et al., 2021). Collective knowing, as a connective practice, directly responds to the challenges posed by complexity. It emerges not from individuals working in isolation, but from collaborative arrangements that integrate diverse expertise to manage intricate tasks.

In light of the growing emphasis on connective professionalism and the evolving nature of professional relationships, acknowledging complexity becomes essential. The heightened need for collaboration and the multiplication of specialized domains underscore the importance of understanding how knowing is actively managed and enacted in practice. Sociomaterial theories highlight how knowing emerges through interactions within social and material contexts, showing how professionals adapt and thrive amid complexity by leveraging distributed resources, relationships, and artifacts. By examining these socio-material conceptions of practice and knowing, we can better understand the mechanisms through which connectivity and collective knowledge practices help professionals master the increasing complexity of their domains.

Adopting a connective professionalism perspective and drawing on McMurtry et al.' (2016) framework on professional knowing, this thesis explores the connective practices employed by professional accountants to navigate the increasing complexity of accounting standards. Integrating insights from connective professionalism and sociomaterial perspectives, the next section introduces an explanatory framework for understanding how professional knowing unfolds in financial reporting. The framework identifies key mechanisms that enable accountants to navigate and cope with the complexity of accounting standards.

3.3. Framework of Contemporary Professional Knowing

McMurtry et al. (2016) synthesized sociomaterial theories to illuminate concepts that resonate with the multifaceted dynamics of interprofessional practice. Originally developed within the field of medical education, this framework was designed to understand how socio-material conditions shape interprofessional knowing notably among healthcare professionals, such as physicians, nurses, and pharmacists. It provided insights into how diverse expertise converges to navigate complex medical cases. However, this framework has not yet been applied within the field of accounting. The broader applicability of McMurtry's framework in the accounting field lies in its potential to illuminate how professionals collectively navigate complexity through connective practices. In financial reporting and auditing, teams composed of auditors, preparers, and various specialists integrate multiple areas of

expertise to interpret and apply intricate technical standards. This interprofessional collaboration mirrors the complexity of healthcare scenarios, making McMurtry's sociomaterial approach relevant for exploring how professional knowing is enacted through relationships, material artifacts, and social contexts.

Therefore, while some contextual adjustments are necessary, the application of this framework offers valuable insights into how connective practices foster collective knowing in accounting and auditing settings, thus expanding the conceptual scope of professional knowing beyond its traditional boundaries.

Interprofessionalism refers to instances where different disciplines or specialties work together to achieve a common goal. Given the increase in differentiation and heterogeneity within and between professional groups and fields (Noordegraaf, 2020), interprofessionalism is embedded in contemporary professionalism. Major professional domains are depicted as intricate learning ecosystems characterized by rich and dynamic knowledge webs, resistant to simple translation into other disciplinary frameworks (McMurtry, 2006). The collaboration demanded of professionals today is no longer restricted to peer professionals but increasingly embraces peers from other professions, lower-status colleagues, clients, administrators, stakeholders, and regulators (Adler et al., 2008).

As such, within a connective professionalism perspective, I am adapting McMurtry et al.'s (2016) work to propose a framework that aims to provide a comprehensive understanding of contemporary professional knowing in preparing and auditing financial statements. Sociomateriality literature is relevant to understanding how connective practices allow knowing to occur in a setting where professionals from various specialties work together to prepare and audit financial statements.

Central to the McMurtry et al. (2016) framework are five key mechanisms through which professional knowing is enacted in interprofessional collaboration: diverse contribution, social interactions and relationships, synthesis of professional ideas, integration of material elements, and connection to large-scale organization. Building upon this groundwork, I propose a framework that seeks to augment this understanding by highlighting three additional components crucial to professional knowing in the context of accounting and auditing: fragmentation of expertise, knowledge boundaries and trust. By elucidating the intricate relationships among these eight components, the framework endeavours to offer a nuanced perspective on the mechanisms underpinning professional knowing and collaboration in contemporary professional contexts.

Based on McMurtry, I define professional knowing as the process by which collective professional knowledge is enacted. I identify eight mechanisms through which this enactment occurs within professional accounting settings.

3.3.1. Fragmentation of Expertise

The fragmentation of expertise is deeply linked with the increasing complexity that professionals face today. While McMurtry et al. (2016) acknowledge that knowledge is distributed among different healthcare professionals, the significance of this fragmentation within a single profession—and its direct link to complexity—is somewhat underemphasized. In an era characterized by intricate regulations, standards, and transactions, specialization emerges not only between professions (e.g., physicians, nurses, pharmacists) (McMurtry et al., 2016) but also within them, as evidenced by the proliferation of niche experts in tax practices (Hux et al., 2024). Similarly, Adler et al. (2008) note that collaborative professionalism coincides with more extensive specialization, suggesting that complex environments push professionals to narrow their focus to manage complexity effectively. As Giddens (1991) posits, "specialization is actually the key to the character of modern abstract systems. The knowledge incorporated in modern form of expertise is in principle available to everyone, had they but the available resources, time and energy to acquire it" (p. 30). The fragmentation of expertise thus delineates knowledge boundaries and fosters diverse contributions.

In the context of accounting and auditing, the multiplication of complex standards and intricate business models accelerates this fragmentation. CPAs increasingly concentrate on specific areas to keep pace with evolving complexity. As a result, accountants rely more heavily on interactions and the contributions of others who hold complementary expertise. This heightened interdependence underscores that fragmentation of expertise is not merely a division of labour; it is a response to complexity. Understanding how fragmentation influences the knowing processes within the preparation and audit of financial statements is therefore critical to grasp how professionals collectively navigate complex professional landscapes.

3.3.2. Knowledge Boundaries

In complex professional environments, understanding the boundaries of one's knowledge becomes increasingly important. Sociological literature and research commonly focus on instances where knowledge is proclaimed, used, or sought after, yet in highly intricate contexts, the absence or limitation of one's knowledge can be strategically valuable. Ignorance and knowledge are often seen

as opposite phenomena where knowledge is a source of power while ignorance is a barrier to such power (McGoey, 2012). However, "knowing what not to know" may be, in some instances, one of the most indispensable forms of social and political knowledge (McGoey, 2012; Taussig, 1999). Gross (2007) proposes the concept of non-knowledge occurring when "the limits and the borders of knowing are taken into account for future planning and action" (p.749). As Berger and Luckmann (1966) note, the social distribution of knowledge means that no one can know everything, and complexity inevitably leads to the proliferation of specialized domains and expert roles. This social distribution of knowledge across individuals implies that people may not know what is irrelevant to their role but can still know about the existence of other forms of knowledge outside of their own (Couchoux, 2024). As Couchoux (2024) highlights in her study on Audit Committee Members' (ACM) expertise, a crucial contribution when dealing with reporting complexity is the ability to acknowledge the limits of one's knowledge. "The humility of certain ACMs regarding the limits of their knowledge may be more helpful in achieving the effective monitoring expected by regulators than the (over?)confidence of some ACMs in their expertise and their ability to effectively oversee multiple significantly different processes" (Couchoux, 2024, p.484).

While relying on other experts for consultation, this knowledge of what you don't know becomes important as it is necessary for you to initiate the consultations and identify areas where you need another expert. This concept emphasizes the importance for a given professional to understand the boundaries of its own individual knowledge and expertise, as well as recognizing when and to whom to direct inquiries or seek assistance in knowing processes. While McMurtry et al. (2016) do not explicitly identify knowledge boundaries as a distinct mechanism, their sociomaterial perspective on professional knowing strongly implies it. However, I posit that it merits its own distinct component within the proposed framework due to its unique implications for knowing and collaboration.

McMurtry et al. (2016) underscore the significance of this notion within sociomaterial learning theories, particularly in the context of interprofessional teams. They emphasize that effective learning and problem-solving within collaborative environments entail not merely accumulating individual knowledge but also understanding one's own limitations and being able to identify and leverage the expertise of others. For instance, within communities of practice, practitioners transition from being newcomers to more experienced participants by gaining an understanding of their own knowledge gaps and knowing whom to approach for guidance or information (McMurtry et al., 2016). Similarly,

cultural-historical activity theory underscores the importance of recognizing the boundaries of individual knowledge within social practices and seeking input from others to complement one's understanding (McMurtry et al., 2016).

Recognizing and leveraging knowledge boundaries in accounting settings contributes to the identification of areas requiring consultation with other experts. Given the ever-increasing complexity of accounting standards and financial reporting environments, knowing *when* and *to who* to seek assistance contributes to professional knowing. For instance, an auditor or preparer must be aware of the complexities within accounting standards to pinpoint situations that necessitate expertise beyond their scope and seek appropriate assistance. In this way, the strategic management of knowledge boundaries—knowing one's own limitations in the face of complexity—becomes a key aspect of professional knowing.

3.3.3. Diverse Contributions

Within complex professional environments, "diverse contributions" plays a pivotal role in fostering effective interprofessional knowing. As McMurtry et al. (2016) emphasized, diversity within collaboration is not merely a functional requirement, but a critical element for enhancing collective capacity to navigate complex and ever-changing situations. Sociomaterial theories posit that diversity allows professional teams to generate innovative responses to emergent circumstances, mitigates the risks of groupthink, and promotes the exploration of novel problem-solving approaches. McMurtry (2010) underscores diversity as the source of a system's intelligence, expanding the range of potential solutions and enabling novel conceptualizations of problems.

Additionally, McMurtry (2010) highlights the importance of complementing diversity with commonality, underscoring the importance of striking a balance between varied perspectives and shared understanding within interprofessional teams (McMurtry, 2010). While diversity brings a wealth of differing viewpoints and expertise to the table, commonality provides the necessary foundation for cohesive teamwork by establishing shared values, goals, and experiences among team members. This shared ground not only facilitates effective communication and collaboration but also fosters a sense of cohesion and mutual respect within the team, enhancing overall team performance and outcomes (McMurtry, 2010). Thus, the dynamic interplay between diversity and commonality characterizes knowing by promoting harmonious interactions within complex systems, allowing diverse contributions to be harnessed toward collective goals and objectives.

As such, diversity holds significant relevance in accounting settings, given the necessary specialization that complexity entails and the heterogeneous composition of teams. Audit teams, for example, frequently include members with specialized experience in valuation, taxation, financial accounting, actuarial science, and information technology. Drawing on this breadth of expertise helps these professionals collectively address the complex requirements of financial statements. In other words, diverse contributions fortify knowing among accountants who must tackle complex accounting standards in preparing or auditing financial statements.

3.3.4. Social Interactions and Relationships

"Social interactions and relationships" emphasize that knowing is inherently a social process situated within the relationships among practitioners (McMurtry et al., 2016). Knowing emerges from integrated practices shaped through ongoing social engagement. As professionals interact, they build connections, trust, and credibility, enabling them to share insights and address complexities collaboratively (McMurtry et al., 2016). These relational processes allow groups to perform more effectively together than any individual could alone (McMurtry et al., 2016).

McMurtry et al.'s (2016) notion of social interactions and relationships aligns with new conceptualizations of professionalism and professional work that emphasize interactions (Adler et al., 2008; Noordegraaf, 2020). As described by Noordegraaf (2020):

> "Professionalism does not reside 'in' professionals, neither in professional acts, within regulated occupational domains. It occurs in-between professionals, clients/cases, and stakeholders, in wider social domains. Furthermore, Professionalism is not a matter of 'applying knowledge and skills', but of securing relational processes in which joint action is generated. Professionals interact with multiple others, in webs of relations, and they know how to connect to the right colleagues, cases, clients, and stakeholders. They know how and when to be visible, how to prioritize relations, and how to build relations" (p.220).

Within interprofessional teams, fostering an environment characterized by collegial support, inclusivity, and a readiness to transcend professional boundaries contributes to facilitating effective teamwork and promoting knowing (McMurtry et al., 2016). This entails creating a culture where team members from diverse backgrounds feel empowered to share their expertise and perspectives,

collaborate across disciplines, and engage in open dialogue to collectively address complex challenges and optimize outcomes. Such an atmosphere encourages mutual respect, trust, and cooperation among interprofessional team members, fostering a sense of belonging and shared purpose conducive to collaborative problem-solving and continuous learning.

In interprofessional teams, cultivating a culture characterized by collegial support, inclusivity, and boundary-spanning collaboration is vital for managing complexity. When team members from diverse backgrounds share their perspectives, openly communicate, and trust one another, they become better equipped to handle intricate, evolving challenges. This collaborative environment promotes mutual respect and cooperation, encouraging members to blend their specialized knowledge in ways that generate innovative responses to complexity. By complementing each other's expertise, interprofessional teams can identify blind spots, compensate for oversights, and reinforce collective decision-making processes (McMurtry et al., 2016).

Dynamic relationships within interprofessional teams not only foster collective knowing but also enhance overall performance by enabling professionals to address multi-layered problems more effectively. In a complex accounting environment, for example, forging strong connections and building trust among team members may determine how efficiently they adapt to new or intricate standards. Relationship-building, mutual support, and continuous dialogue help ensure that each team member's expertise contributes to a coherent, collective effort. These connective practices, over time, become central mechanisms for navigating complexity.

Concepts like "communities of purpose" (Heckscher, 1995) and "knotworking" (Bunniss & Kelly, 2013) further illustrate how social interactions and relationships adapt to fluctuating demands. In collaborative communities, participants form communities of purpose (Heckscher, 1995) coordinate their activity through a shared commitment to ultimate goals (Adler et al., 2008). Similarly, the concept of "knotworking" (Bunniss & Kelly, 2013) captures the fluid nature of interprofessional collaboration where professional activity confluence temporarily toward a shared goal. This "improvised professional collaboration" form can be seen as a form of collective knowing (Bunniss & Kelly, 2013; McMurtry et al., 2016). However, this fluidity and instability of social interactions may limit interprofessional knowing compared to more stable collaborations that allow for sustained relationships and practices (McMurtry et al., 2016). Therefore, understanding the nature of collaboration within interprofessional teams helps promote effective knowledge exchange in collaborative contexts.

In sum, “Social interactions and relationships” are central to navigating complexity in accounting settings, where professionals must regularly integrate diverse expertise to prepare and audit financial statements under increasingly intricate conditions. Attention on who composes the team and whether they have collaborated in the past matters may be pertinent. Stable, trust-based relationships and strong communication channels facilitate efficient information exchange, support the distribution of expertise, and ultimately enhance the team’s collective ability to cope with complexity.

3.3.5. Integration of Material Elements

The fifth component emphasizes the importance of tangible artifacts and environmental contexts in shaping collective knowing within interprofessional teams (McMurtry et al., 2016). For example, Vera-Munoz et al. (2006) documented that technology can facilitate the assembly and distribution of information. This follows conventional views that consider them as passive backdrops (McMurtry et al., 2016). In contrast, material elements play an active role in mediating human interactions and knowledge construction. In complex professional environments, where dynamic regulations, standards, and tasks exceed the cognitive capacity of any single individual, material elements serve not merely as passive backdrops but as pivotal supports that structure, guide, and sometimes constrain the process of knowing.

Rather than treating these material elements as neutral tools, sociomaterial theories suggest that artifacts, procedures, and technologies actively shape how professionals understand and address intricate problems (McMurtry et al., 2016). Boundary objects, for instance, act as bridges between different professional groups, enabling them to collaborate effectively by offering a common reference point even when expertise and perspectives diverge (Heimstädt et al., 2024; McMurtry et al., 2016). Examples of boundary objects include assessment and treatment forms, which allow for diverse interpretations and encourage collaborative problem-solving among professionals (McMurtry et al., 2016). For instance, tools and other artifacts affect human interaction and ambiguous artifacts, which mean different things to different professionals, can enable teamwork. This is because they encourage diverse perspectives, facilitate communication, and promote knowledge exchange (McMurtry et al., 2016). However, clear objects such as radiology images may limit collaboration since only one interpretation is possible (Heldal, 2010; McMurtry et al., 2016).

In an interprofessional context, the integration of material elements includes various tools, procedures, manuals, and communication aids that significantly influence team knowing and practice

(McMurtry et al., 2016). In a financial reporting setting, procedures, guidelines, checklists, and documentation systems are not passive repositories of knowledge; they shape how teams collectively approach complex issues. Audit software, standardized protocols, and communication aids, for instance, facilitate the coordination required to manage intricate audits and ensure quality outcomes. As regulations change and new technologies emerge, material elements themselves evolve. Salijeni et al. (2021) demonstrate that Big Data and Analytics (BDA) tools have reshaped audit practices by automating certain routines, broadening the evidential scope and depth of audit work, enhancing the justification of professional judgments through visualization dashboards, and reconfiguring work relationships across an audit firm's various functions and service lines. Similarly, the shift toward fair value accounting introduces complex valuation techniques and an increased reliance on specialized experts, illustrating how material elements (in this case, valuation models and their related documentation) interact with collective knowing processes under conditions of growing complexity.

Integrating material elements in accounting contexts highlights the intertwined relationship between tangible artifacts and collective knowing processes. By actively structuring collaborative work, material elements help professionals navigate the uncertainties and intricacies inherent in their fields. In complex accounting settings, these elements do not merely support professional activities; they co-constitute knowing processes, enabling diverse specialists to converge, communicate effectively, and address challenging, evolving tasks.

3.3.6. Importance of Trust

Trust is a fundamental element mediating relationships within interprofessional teams, although McMurtry et al. (2016) does not explicitly identify it as a distinct mechanism. However, the concept of trust is intricately woven into the other components discussed in their framework. Trust plays a pivotal role in facilitating collaboration among team members (Hux et al., 2024). Although individuals generally possess limited understanding of experts' day-to-day activities or their specialized knowledge base, they tend to place trust in expert work, guided by everyday experiences suggesting that expert systems typically function as intended (Smith-Lacroix et al., 2012). In environments characterized by growing complexity—where knowledge becomes increasingly fragmented and specialized—trust becomes indispensable. As differences in expertise widen, team members must rely on each other's specialized knowledge, necessitating a heightened level of trust to bridge the gap between what one knows and what remains beyond one's grasp (McMurtry, 2010).

Building on Simmel's (1906) assertion that trust serves as a bridge between knowledge and non-knowledge (Gross, 2007), complexity intensifies the reliance on trust. The expanding scope of what cannot be personally verified forces professionals to place greater confidence in others and, by extension, the systems and technologies they depend upon (Gross, 2007). Expert systems are held together by trust, rather than by a layperson's direct understanding of the underlying knowledge base (Giddens, 1990, 1991).

As McMurtry (2010, p. 226) notes, "the farther away you are from someone's field, the more it is difficult to trust them... but the more it's needed to trust them." In other words, complexity makes trust essential for enabling professionals to cooperate effectively despite partial or indirect understanding of one another's specialties. In essence, trust serves as the 'glue' that binds interprofessional teams together, particularly when members cannot fully comprehend each other's professional paradigms (McMurtry, 2010).

While trust underlies many other components in McMurtry et al.'s (2016) framework, its foundational role merits its own distinct mechanism within the framework, allowing for a deeper exploration of its significance in fostering knowing and collaboration. In constructing trust within interprofessional teams, several factors come into play. Trustworthiness is often established through consistent behavior, reliability, and competence in fulfilling commitments (McMurtry, 2010). Face-to-face interactions between experts and laypersons—what Giddens refers to as access points—can humanize and adapt the system's guiding principles to local settings, thereby enhancing its overall trustworthiness (Smith-Lacroix et al., 2012). Individuals are more likely to trust those whom they perceive as credible and competent in their respective domains. However, building trust also requires open communication, transparency, and mutual respect among team members (McMurtry, 2010). Trust can be lost if individuals fail to deliver on their promises, demonstrate unethical behavior, exhibit incompetence, leading to breakdowns in collaboration and teamwork.

Trust is essential for teams to function effectively in the accounting setting. Auditors, preparers, and other specialists must believe in the credibility and judgment of their colleagues to efficiently handle tasks beyond their own expertise. A partner or Chief Financial Officer (CFO) signing off on an audit report or financial statement must trust the inputs, analyses, and interpretations of other professionals within the firm or organization. Without trust, accountants may hesitate to rely on their colleagues' specialized insights, resulting in inefficiencies, misunderstandings, and diminished

capacity to navigate complexity. Recognizing and nurturing trust thus becomes a critical step in enhancing connective practices and improving collective performance in the face of increasingly complex professional landscapes.

3.3.7. Synthesis of Professional Ideas

"Synthesis of professional ideas" highlights the intellectual interplay that is inherent in collaborative endeavours (McMurtry et al., 2016). As complexity proliferates through intricate standards, rapidly evolving knowledge domains, and multifaceted stakeholder demands, no single individual can fully comprehend every aspect of a problem. This concept, therefore, emphasizes the transformative potential of integrating diverse and sometimes conflicting viewpoints into cohesive collective understandings (McMurtry et al., 2016). By engaging with varied viewpoints, team members broaden their intellectual horizons and co-create innovative solutions that surpass the insights of any one contributor (McMurtry et al., 2016). Conversely, the failure to integrate professional ideas may hinder team knowing and compromise the quality of project outcomes. This highlights the critical role of synthesis in promoting holistic perspectives and innovative practices (McMurtry et al., 2016).

The idea that consensus is not always imperative for effective interdisciplinary teamwork challenges traditional assumptions about collaborative decision-making processes (McMurtry, 2006). Rather than striving for consensus at all costs, McMurtry et al. (2006) suggest that interdisciplinary teams can achieve effective, intelligent action even without unanimous agreement. This illustrates the emergent qualities of complex systems, where collective behavior transcends individual understandings (Davis & Sumara, 2006; McMurtry, 2006). Moreover, consensus-driven approaches may hinder the free exchange of conflicting views, leading to poor solutions that fail to capitalize on the diversity and independence of team members (McMurtry, 2006). For instance, in the development of medication treatments, doctors and pharmacists may have distinct perspectives and areas of expertise. However, collaboration between them does not necessarily require a consensus on every aspect of the treatment plan. Instead, they can leverage their diverse knowledge to contribute complementary insights, leading to a synthesis of ideas that surpasses the expertise of each individual (McMurtry et al., 2016).

Embracing diversity and even disagreement can thus be a strategic response to complexity, ensuring that team outcomes are enriched rather than restricted by a single, uniform viewpoint (McMurtry et al., 2006). For example, in the context of auditing, partners often encounter situations where they must sign off on audit reports based on insights provided by various experts, even if they

do not fully comprehend the nuances of each expert's domain. However, reaching a consensus on every aspect of the audit findings is not always feasible due to the inherent complexity of the information to be audited and the diverse nature of expertise involved. Understanding how professional ideas are synthesized is relevant to comprehend the mechanisms that underlie interprofessional collaboration in an accounting setting. In essence, it reveals how knowing is enacted through the collective, evolving dialogue of experts navigating complexity together.

3.3.8. Relationships with Large-Scale Organizations

The final element, "Relationships with large-scale organizations," draws attention to the broader social and institutional contexts in which interprofessional teams operate (McMurtry et al., 2016). Rather than existing in isolation, teams are embedded within complex webs of regulatory frameworks, professional associations, and organizational structures—all of which shape their knowing processes (McMurtry et al., 2016). For instance, effective interprofessional teams may gain credibility and influence beyond their local context. Understanding the relationship with larger organizations involves critically reflecting on the tensions and contradictions that shape team practices (McMurtry et al., 2016). Additionally, teams may reconsider institutional goals, values, and learning imperatives, which could lead to the critique of existing policies and the negotiation of new metrics for success (McMurtry et al., 2016).

In the accounting context, the concept of relationships with large-scale organizations is equally pertinent. Financial reporting and auditing teams must navigate intricate standards set by regulators, consider the expectations of professional bodies, and align with organizational objectives. As complexity in accounting standards and business transactions intensifies, tensions can arise. For instance, preparers may struggle to reconcile evolving regulatory requirements with internal performance metrics or strategic goals. Similarly, audit teams, informed by their on-the-ground experiences with complex financial instruments or valuation techniques, may influence larger organizational policies, professional guidelines, or even contribute to shifts in the broader regulatory landscape. Publicly disclosed results of professional inspections, for example, can feed back into professional discourse, prompting refinement of auditing procedures and raising the overall quality of practice.

Overall, understanding the dynamics of relationships with large-scale organizations enables CPAs to adapt to evolving regulatory landscapes and contribute effectively to organizational goals and

objectives. The complexity of accounting standards elaborated by standard setters is the basic feature that gives rise to the need for collective knowing in the context of preparing and auditing financial statements.

In sum, the theoretical framework of this study draws upon sociomaterial theories, which highlight how knowing emerges from dynamic relationships between individuals, their social contexts, and the material elements of their work. Each of the eight mechanisms—fragmentation of expertise, knowledge boundaries, diverse contributions, social interactions and relationships, integration of material elements, trust, synthesis of ideas, and relationships with large-scale organizations—provides a distinct lens through which we can understand how professionals collectively navigate the inherent complexity of financial reporting and auditing environments. Together, these mechanisms reveal that no single factor is sufficient; rather, it is their interplay that enables professionals to adapt and respond effectively to multifaceted challenges.

Understanding contemporary professionalism within this integrated framework is particularly valuable in interdisciplinary and interprofessional contexts, where collaborative teams excel at tackling complex issues. Building upon these insights, I propose a framework for understanding contemporary professional knowing in financial reporting.

4. Methods

This study employs qualitative methods to investigate how accounting professionals cope with accounting standards complexity. Qualitative research is particularly suited to exploring complex social phenomena, generating new constructs, theories, and hypotheses, and gaining deeper insights into stakeholder perceptions, motivations, and meanings (Trochim et al., 2016). This approach is well-aligned with the objective of understanding the lived experiences of accounting professionals and the unforeseen relationships that emerge in their work (Covaleski & Dirsmith, 1990; Malsch & Salterio, 2015).

4.1. Data Collection

The data collection method involved semi-structured interviews with accounting professionals engaged in financial reporting, including the preparation and audit of financial statements. Preparers were CPAs involved in financial reporting for Canadian public companies, while “auditors” encompassed CPAs in audit firms under the role of either audit team members conducting audits of

public companies or accounting advisory professionals assisting clients and audit teams with complex matters. These roles were selected for their direct exposure to International Financial Reporting Standards (IFRS), recognized for their complexity compared to local standards (Cheung & Lau, 2016).

Interviews were conducted either in person (1) or via videoconference using a semi-structured interview guide. This guide served to balance consistency across interviews with the flexibility to explore emerging themes (Myers, 2013). It was used as a conversational support rather than a strict protocol: interviews typically began with questions about the participant's background and current role, followed by an open-ended prompt about accounting standards complexity. From there, the conversation evolved organically based on the participant's experiences. The semi-structured approach allowed for flexibility in the sequence of topics discussed, enabling the conversation to follow the natural progression of participants' responses. This means that all questions listed in the guide were not necessarily asked in every interview. The guide was used to revisit themes or introduce topics that had not yet emerged in the discussion if time allowed, ensuring coverage of relevant topics while allowing participants to express themselves freely. This approach also facilitated the exploration of unanticipated themes that emerged during interviews and enabled iterative adjustments to the interview protocol to investigate these topics in greater depth. Consequently, each interview was tailored to the participants' unique experiences, ensuring a more nuanced and context-sensitive understanding of their perspectives.

Participants were asked about their experiences with accounting standards, the perceived complexity of these standards, and the implications for themselves, their colleagues, clients, and users of financial information (refer to the interview guides in appendix). The interview structure was organized around different themes, including the background and professional experience of the interviewees, their understanding and perceptions of accounting standards, the expertise required to understand accounting standards, their responsibilities regarding understanding complex accounting matters in their work, and the practical strategies for navigating these challenges. A pilot study conducted in 2021 included interviews with three auditors in Montreal who had experience with accounting standard complexity in different settings. This pilot study provided initial insights into accounting standard complexity and confirmed the relevance of this research.

Data were collected in two phases, with interviews conducted first with auditors, followed by interviews with preparers of financial statements. This chronological order was primarily driven by the availability of participants and initial access to auditing professionals through my professional network.

In total, 44 interviews were conducted, including 25 with Canadian auditors across various firm sizes and 19 with CPAs involved in preparing financial statements. Interviews spanned February 2021 to November 2024, with durations ranging from 36 to 84 minutes (average: 56 minutes), yielding 923 pages of raw data. Data collection ceased once saturation was achieved, at which point conducting additional interviews would not yield further important insights into the issues investigated in this study (Malsch & Salterio, 2015).This aligns with existing audit literature, which states that "in the vast majority of interpretive field studies in auditing little that is « new » has come out of transcripts after having interviewed 20 or so people" (Malsch & Salterio, 2015).

The methodology and interview protocol obtained the ethics approval from the University of Ottawa before data collection was started (refer to certificate of ethics approval in appendix). The issue of confidentiality was important in the context of data collection, as participants might have discussed topics that could potentially affect the quality of their work and raise concerns regarding the quality of financial reports or the conduct of audits. To ensure the trustworthiness of our data (Lincoln & Guba, 1985), complete anonymity was guaranteed to participants, allowing them to express themselves freely. Consent forms explaining the nature of the study and confidentiality concern was signed by all participants. Furthermore, with the participants' consent, all interviews were recorded and transcribed. The interview transcripts were sent to participants, giving them the opportunity to read their testimony and make any necessary changes. No changes to the content were suggested by participants.

4.2. Participants

While qualitative research is not focused on representative samples, I still sought to recruit participants with different backgrounds to ensure that people interviewed "represented various voices" (Myers, 2013), which allowed for "triangulation of subjects" (Rubin & Rubin, 2005). To be able to report on multiple perspectives that ranged over the entire spectrum of perspectives (Creswell, 2013), I used a more heterogeneous sample and intentionally sampled members with a variety of experiences to attain a more comprehensive understanding of accounting standard complexity consequences. **Table 2** provides more details about participants.

[**Table 2**]

For preparers of financial statements, participants were CPAs involved in various stages of financial statement preparation within public companies adhering to IFRS. To be selected, participants had to be involved in preparing financial information in accordance with IFRS. Their roles included

reporting managers, VP Finance, corporate controllers, and CFOs[2], reflecting the complexity and diversity of responsibilities required to navigate IFRS. To ensure a comprehensive understanding of accounting standard complexity, participants were selected from a variety of company sizes and industries. No specific industry focus was applied, as complex accounting standards impact organizations across all sectors. Experience among preparers ranged from 6 to 32 years, with an average of 15 years.

For auditors, experience ranged from 1 to 35 years, with an average of 12 years. This variation reflects the different career stages represented in the sample, from junior auditors to partners. This difference in average experience between preparers and auditors can be attributed to the typical career trajectory of CPAs involved in financial reporting. In Canada, most CPAs begin their careers in audit firms, gaining exposure to a wide variety of industries and accounting practices. Those who transition to preparer roles often do so after acquiring substantial experience in auditing, which is reflected in the higher average experience among preparers compared to auditors. Indeed, all the preparers interviewed in this study had previously worked at Big 4 firms before transitioning to industry roles. In contrast, the sample of auditors included a broader range of experience, reflecting various positions within the audit hierarchy. Interviewees in senior positions were more likely to have the necessary hindsight to have observed the accounting profession's changes (Kohler et al., 2021), including the promulgation of complex accounting standards. Furthermore, they were likely to be involved in strategic discussions around their practice and aware of challenges faced by the profession in this regard. However, partners were often far from the actual audit work. Therefore, auditor participants included junior auditors (n=2) who had recently graduated and had fresh knowledge of accounting standards, senior auditors (n=3) responsible for on-site audit work, managers (n=3), senior managers (n=8) who acted as liaisons between audit teams and partners, and partners (n=9) involved in strategic discussions about audit practices and challenges. This approach ensured a comprehensive understanding of how complexity impacts different roles within audit teams.

The diversity in experience also illustrates the complexity of expertise within the profession**.** Although experience naturally accumulates over time, specialization can occur at different stages of a career. For example, participant A6, with only 2 years of experience, was already in an accounting

[2] As each job title is specific to the organization and is not necessarily representative of the underlying responsibilities, the repartition will not be provided here. For further details, please refer to table 2.

advisory role due to specialized training and exposure. This demonstrates that the number of years of experience does not necessarily correlate with expertise in complex accounting standards. In this context, even CPAs with fewer than 10 years of experience can be considered experts if they specialize in a particular area. This highlights the importance of specialization in navigating complexity, regardless of overall career length.

There are two sets of accounting standards for Canadian reporting entities, i.e. Accounting Standards for Private Entities (ASPE) and International Financial Reporting Standards (IFRS). Private companies can choose either set of standards while public reporting companies are required to report their financial statements under IFRS. Accounting standard complexity is greater with IFRS than with local accounting standards (Cheung & Lau, 2016). As such, to ensure participants interviewed were exposed to accounting standard complexity, I selected preparers in Canadian public companies and auditors involved in auditing financial statements prepared in accordance with IFRS including accounting advisory consultants called to support audit teams or their clients reporting in IFRS.

A significant proportion of small firms opted for lower assurance engagements in response to the increasing complexity in standards (Durocher et al., 2016). Although opting out of complex engagements is a way to cope with the increasing complexity, this phenomenon had already been documented by Durocher et al. (2016). Moreover, this study aimed to understand how auditors dealt with complexity; as such, I needed to talk to participants who were exposed to complexity and not to those who avoided it. Therefore, many of the participants were auditors working in Big Four firms (i.e. PwC, EY, KPMG, Deloitte). Efforts were made to also recruit participants from national and regional firms (e.g. Raymond Chabot, BDO, MNP, Petrie Raymond, FBL, Audacie, Baker Tilly, Mazars) involved in auditing IFRS financial statements. The level of resources available to support them in their audit was likely to be less than the resources available within Big Four firms. As such, their experience with accounting standard complexity was likely to be different from that of those working in Big Four firms. Consequently, 19 participants were from Big 4 firms and six were from national and regional firms and involved in IFRS audits.

Moreover, to gather an understanding of the consequences for the entirety of the audit process, participants were recruited from both general auditors and auditors specialized in complex matters. Indeed, as the organization of audit work and expertise had changed with increased regulation (Aghazadeh et al., 2021), it was important to interview auditors involved in both roles to get the full

picture. As such, I interviewed accounting advisory consultants or auditors from professional practice (n=6) who are called to help audit teams, or their clients implement complex standards.

The sampling strategy included heterogeneous purposive sampling. Starting from my network, potential participants were identified, and snowball sampling was used to identify other practitioners outside of my network. I also used LinkedIn to identify potential participants whose job titles seemed to fit my sampling criteria. Those identified were contacted directly via the messaging feature of the social network.

While my experience as an auditor and member of an accounting advisory team facilitated primary access to the field, it also meant that I had varying levels of familiarity with the participants. Specifically, I knew 35 participants by name; however, this familiarity differed significantly among them. Of these, I had directly worked with 10 participants, while 2 were former clients from over 10 years ago. The remaining 18 were distant acquaintances or individuals I knew by reputation but had no direct professional interaction with. Additionally, 9 participants were recruited through snowball sampling and were entirely outside my professional network.

I recognize that my familiarity with some participants could influence the dynamics of the interviews and my interpretation of the data. To minimize this influence, I designed open-ended questions that allowed participants to guide the discussions, ensuring their perspectives remained central to the analysis. I also maintained reflexivity throughout the research process, documenting my thoughts and decisions in detailed field notes and maintaining an audit trail to track my analytical journey. This transparent approach ensured that my interpretations were grounded in participants' narratives rather than being shaped by pre-existing relationships.

Access to the field is critical in interpretative research, and, as in many other studies, leveraging my professional network was instrumental in facilitating this access. It enabled the effective use of snowball sampling, thereby enhancing the diversity and depth of the participant pool. Furthermore, by combining network-based recruitment with snowball sampling, I was able to diversify the participant pool and include a wide range of experiences and perspectives. This diversity provided an opportunity for triangulation across different roles, organizational affiliations, and levels of seniority (Rubin & Rubin, 2005), enhancing the credibility of the findings.

4.3. Data Analysis

My analysis of the data was inductive and iterative. Data collection and the first stage of analysis implied minimal theoretical anticipation. Initially, I listened to the audio recordings and read each of the interview transcripts to gain a broad understanding of how participants were dealing with accounting standards complexity. This process occurred gradually as interviews were conducted, consistent with the iterative nature of qualitative research, which requires alternating between data collection and analysis (Malsch & Salterio, 2015).

The interviews were conducted in both French (n=37) and English (n=7). To remain as faithful as possible to the vocabulary used by participants, the analysis was performed in the original language of each interview. Quotes selected for inclusion in the findings were translated only after the analysis was completed to preserve the nuances and integrity of participants' original language throughout the analytical process.

I entered the field without a predetermined conceptual framework, which is consistent with the inductive traditions of interpretive qualitative research. While I did not adopt a full grounded theory methodology, the spirit of grounded theory informed my early coding. My theorizing process did not follow a linear trajectory. I first carried out an open coding phase using NVivo software to identify emerging themes represented in the interviewees' statements, remaining close to participants' language and meanings (Charmaz, 2006; Gioia et al., 2013). This inductive process allowed the themes to emerge directly from the data without imposing predefined categories. During this first stage of coding, several prominent themes were identified, including specialization and the importance of networks. Specialization emerged as a central theme, reflecting participants' discussions on the increasing need for niche expertise to navigate accounting standards complexity. The importance of networks was another recurrent theme, highlighting how participants leveraged professional connections for knowledge sharing and problem-solving. At this stage, the themes were kept broad to capture the diversity of participants' experiences.

Simultaneously, I reviewed relevant literature on the themes that had emerged to identify theoretical concepts that could provide additional insights into the empirical material (Malsch & Salterio, 2015). Observations regarding participants' discussions on specialization and collaboration led me to engage with the literature on professions, expertise, and knowledge sharing. The body of research on sociomaterial conceptions of practice and knowing, along with recent debates on the

evolution of professional work towards connective practices, appeared particularly relevant given the participants' emphasis on social interactions and collaboration. McMurtry et al.'s (2016) framework on professional knowing was subsequently identified as a suitable lens for interpreting the data.

This theoretical engagement triggered a second stage of coding, where I revisited the interview transcripts and the initial set of codes. During this stage, I assessed the fit between participants' statements and the theoretical concepts from McMurtry et al.'s framework. Specifically, I examined how the emerging themes aligned with the mechanisms underpinning professional knowing described in the framework.

Upon analysis of the data through McMurtry et al.'s framework, a gap in the existing theoretical model became evident. While coding the transcripts using the framework's mechanisms, it became clear that some aspects of the participants' discussions were not fully captured. Certain elements emerged as important, recurrent, and distinct enough to warrant separate coding, as they reflected unique dimensions of the participants' experiences that extended beyond the original framework. Through this iterative process, three additional mechanisms—fragmentation of expertise, knowledge boundaries, and the importance of trust—were identified as significant themes in the data set. Recognizing their significance, I conducted further research into relevant literature beyond McMurtry's framework and incorporated these mechanisms into the theoretical model in order to more comprehensively reflect the participants' experiences. These emergent mechanisms highlight previously underexplored dimensions of how accounting professionals navigate complexity.

This second stage of coding involved systematically aligning data with the theoretical framework while remaining open to emergent mechanisms that extended beyond the original model. This iterative approach ensured that the findings were grounded in participants' narratives while being informed by robust theoretical insights.

Data were collected in two phases, with interviews first conducted with auditors and then with preparers of financial statements. The first phase focused on auditors, and the theoretical framework emerged from analyzing this data. The second phase with preparers was conducted using interview guides prepared before the first phase, ensuring consistency in data collection. The theoretical framework was not imposed on the second set of interviews, as its applicability to preparers was not yet confirmed. During the analysis of the preparers' data, it became evident that the professional knowing framework was also relevant to understanding how preparers navigate accounting standards

complexity. The analysis was deliberately kept open to new themes as preparers' interviews were conducted. Once all interviews were completed, I revisited and compared earlier transcripts from auditors with those of preparers to identify commonalities and differences, ensuring balanced representation. I systematically contrasted the perspectives of both groups during the coding and theme development stages, highlighting nuances in their experiences. For instance, while both groups discussed fragmentation of expertise, auditors often framed it around specialized consulting teams, whereas preparers emphasized internal coordination challenges. This iterative process ensured that the development of mechanisms was not overly influenced by the sequence of data collection. Despite these measures, it is acknowledged that the sequence of data collection may have influenced the initial stages of coding and theme identification. This potential bias is recognized as an empirical limitation of the study. However, by employing an iterative analysis approach, maintaining reflexivity, and explicitly comparing perspectives across both groups, I sought to minimize this influence and provide a balanced and comprehensive understanding of how accounting professionals navigate standards complexity.

The eight mechanisms identified in the theoretical framework are highly interconnected, with interview excerpts potentially fitting into multiple categories due to their overlapping nature. To ensure analytical clarity, each excerpt was coded under the category that most accurately represented the primary mechanism at play. **Table 3** provides a detailed explanation of how the mechanisms were defined for coding, along with examples of excerpts categorized under each mechanism.

[**Table 3**]

I was an auditor for several years and was part of the accounting advisory team before transitioning to academia. This practical experience gave me firsthand exposure to the phenomenon I am studying and inspired me to pursue this research topic. It also facilitated primary access to the field, as some participants were former colleagues from university, audit firms, or past clients. However, this experience dates to 2010–2016, before the implementation of IFRS 15, IFRS 16, and IFRS 17, and before significant changes brought by the pandemic and advancements in technological tools. Additionally, auditing practices, organizational structures, and technological resources have evolved significantly since then, leading to changes in how accounting standards complexity is managed. Consequently, the participants' experiences with accounting standards complexity were distinct from my own.

Nonetheless, I recognize that my previous experience as an auditor may have shaped my initial understanding of the phenomenon. To mitigate potential bias and ensure objectivity throughout the research process, several measures were implemented. First, my experience served as a motivation for the study but did not influence the interview questions. I intentionally designed open-ended questions that allowed participants to guide the discussions and ensuring their perspectives remained central to the analysis and define and describe accounting standards complexity in their own terms. For example, I asked participants whether they found accounting standards complex, which ones they perceived as complex, and why. This approach avoided leading questions or imposing my own experiences on the discussion, ensuring that the participants' perspectives were central to the analysis.

Second, while my professional network facilitated access to participants, I used snowball sampling to recruit individuals outside of my direct network, including professionals in roles and organizations with which I was unfamiliar. This strategy enhanced the diversity of participants' experiences and enabled triangulation (Rubin & Rubin, 2005) across different roles, organizations affiliations, and levels of seniority, many of which were outside my direct experience. By incorporating voices from a broad range of contexts, not only from those who had encountered accounting standards introduced after my time in practice, I ensured that the dataset reflected a comprehensive view of accounting standards complexity. This allowed me to identify recurring themes that transcend individual contexts. The consistency of mechanisms across these diverse settings enhances the credibility of the findings.

Third, I maintained reflexivity throughout the research process, consistently reflecting on how my background might influence my interpretations. I documented my thought process, assumptions, and analytical decisions in detailed field notes and maintained an audit trail. This transparent approach allowed me to track how my perspectives evolved over time, ensuring that the analysis remained grounded in participants' narratives rather than being shaped by my prior knowledge. Additionally, I was attentive to deviant or negative cases during the analysis (Malsch & Salterio, 2015), ensuring that alternative perspectives and contradictory accounts were integrated into the findings. This included engaging with participants whose experiences differed significantly from my own, such as those working in smaller firms or in roles with less direct exposure to accounting advisory functions. Diverging perspectives or alternative accounts were documented and integrated into the findings where relevant. For example, while most participants described accounting standards complexity as

challenging to navigate, Participant 19 expressed confidence in his ability to manage it effectively. Unlike others, he did not perceive accounting standards as particularly complex. However, a closer examination of his approach revealed that he still relied on the same professional knowing mechanisms as other participants, such as consulting with experts, leveraging material resources, and collaborating with peers. The key difference was his level of confidence rather than the absence of complexity. This deviant case demonstrates that professional knowing occurs consistently across experiences of complexity, even when participants' perceptions of difficulty vary. By including such deviant cases, I ensured that the analysis captured the full spectrum of experiences, thereby providing a more nuanced and balanced account of how accounting professionals navigate complexity. This approach minimized the risk of confirmation bias and promoted a balanced and nuanced interpretation of the data.

Fourth, transcripts were shared with participants, allowing them to review their contributions and propose corrections or clarifications. This process confirmed the accuracy of the data and ensured that participants' experiences were represented authentically. Additionally, I assured participants of confidentiality, which encouraged them to share openly, particularly when discussing concrete examples of challenges they were facing. This openness further minimized the influence of any preconceived notions I might have held. By combining participants' candid contributions with a commitment to reflexivity, I was able to leverage my background as a strength while actively mitigating potential biases.

Finally, the iterative nature of the analysis allowed for constant comparison between the data and emerging theoretical insights. This iterative process balanced inductive exploration with deductive reasoning, ensuring that the findings were both grounded in participants' lived experiences and informed by robust theoretical frameworks (Gioia et al., 2013)[3]. I intentionally minimized theoretical anticipation at the outset to let themes emerge directly from the participants' narratives rather than being shaped by my prior knowledge.

[3] While I refer to Gioia et al. (2013) here, it is specifically for their emphasis on grounding analysis in participants' lived experiences. I did not adopt the full Gioia methodology (particularly the construction of formal data structures moving from first-order concepts to second-order themes and aggregate dimensions). The second stage of my coding was informed by the professional knowing framework and relevant literature, rather than by grouping first-stage themes into new theoretical categories. This approach reflects my iterative, abductive engagement with both data and theory.

These measures, including the use of snowball sampling, reflexivity, and an iterative analytic approach, ensured that the findings reflect a broad and nuanced understanding of accounting standards complexity rather than being overly influenced by my own professional experience.

Once the second stage of coding was complete, I selected quotes for inclusion in the findings that were particularly insightful and representative of the participants' accounts of professional knowing. These quotes serve to illustrate the identified mechanisms and provide rich, contextualized insights into how accounting professionals navigate the complexity of accounting standards.

The following sections present the findings organized according to the eight mechanisms that underpin the theoretical framework employed in this study.

5. Findings

The following sections analyze the eight key mechanisms through which professional knowing is enacted in the preparation and audit of financial statements. While this section will briefly reference certain prior studies, it primarily aims to present and interpret the current findings. The subsequent discussion section will address and engage with the existing body of literature. These findings highlight the interdependence of material and social practices, the collective nature of professional knowing and the adaptative use of mechanisms across diverse contexts. When confronted with the challenges arising from accounting standards complexity in preparing financial statements and performing audits, participants emphasized that attempting to know everything was neither feasible nor desirable. Instead, managing this complexity involves strategically relying on diverse experts, robust material resources, and well-established relational networks.

Notably, the findings reveal that both auditors and preparers employ similar mechanisms, despite differences in their professional roles and organizational environments. This consistency underscores the shared dimensions of professional knowing across the financial reporting ecosystem. While Big 4 firms leverage extensive internal resources (Hux, 2017), smaller firms and organizations demonstrate similar engagement with these mechanisms by drawing on external networks and relationships. This adaptability highlights the critical role of collaboration and the fluid interplay between formal and informal practices in fostering professional knowing.

Through this analysis, the findings provide a holistic view of how accounting professionals navigate the demands of complex accounting standards, regardless of role, firm size, or resource

availability. These mechanisms offer a valuable framework for understanding the relational, material, and social dimensions of professional knowing in a specialized and evolving field.

5.1. Fragmenting Expertise: Specialized Roles in Managing Complexity

The first mechanism identified in the interviews as enabling auditors to navigate their body of knowledge is the fragmentation of expertise. The nature of audit engagements inherently promotes fragmentation of expertise, with work and teams divided by engagement type, industry, subject, or else. Accountants actively address the complexity of accounting standards through fragmentation of expertise, leveraging specialized knowledge within their teams and from their external network. However, this approach is sometimes constrained by limited organizational resources.

Comprehending and implementing accounting standards, even at a basic level, requires specialized knowledge. As accounting standards become increasingly intricate, expertise in different domains becomes crucial for managing this complexity.

Preparers

Several participants highlighted that understanding accounting standards requires specialized expertise that not all accountants possess. Even financial reporting teams encounter situations where specific expertise is essential, and not all team members can readily take on these roles.

> I think that the complexity of the standards means that it's not just any other accountant in the entity who could take my place. In [...] subsidiary accounting teams. I have the impression that when, for example, one person is on vacation, his colleague takes over his tasks [...]. I get the impression that it's quite a specific or niche, let's say, type of accounting. And accountants who don't do this on a daily basis aren't interested and don't really know what to do with it. [P8]

> It's always been on my mind: if I leave...phew. I've talked about it with my team: the person who does the financial statements, the person who consolidates. [...] They were a little discouraged. [P19]

These reflections suggest that even within organizations, financial reporting specialists develop and apply a distinct set of skills that other accountants may not consistently demonstrate, underscoring the niche nature of the expertise required to understand and apply accounting standards. As noted by

P16, it is neither feasible nor desirable for any one individual to maintain expertise across all accounting standards. P16 emphasized the impracticality of mastering all accounting standards:

> I don't think you can be an expert in standards and be an expert in everything in the sense that it's complex and time-consuming. [P16]

This highlights the vastness of accounting standards, making comprehensive expertise unattainable for any individual. Some organizations have more resources, allowing them to specialize internally by assigning teams to handle specific accounting challenges, such as lease accounting or financial instruments (e.g. P5, P6, P7, P19). This specialization allows for targeted expertise, enabling teams to efficiently handle recurring accounting challenges. While larger organizations may have dedicated teams for specific areas, many companies do not have the resources to specialize internally. Smaller organizations or those with fewer resources allocated to financial reporting often require preparers to take on more generalized roles, managing a wider range of accounting issues without the luxury of specialization. In such cases, similar to smaller audit firms (Hux et al. 2024), the fragmentation of expertise extends beyond the organization, requiring preparers to consult external experts or auditors. This dependency on external expertise is particularly evident for complex cases, as noted by P7:

> As a preparer, you're not... Drawing a parallel with the Big Four, you're going to have partners who are IFRS 16 experts, people who are IFRS 15 experts, and so on. [...] They've developed their own expertise. Of course, sometimes, when we have really complex questions or want to validate our position, we'll call on our auditors who, in turn, will call on their experts. But we're not necessarily experts. We don't have an expert in every area of expertise covered by an IFRS or a GAS. So, I think it's really a case of saying: OK, there's a special transaction, well then, one, we have to scope the problem, and two, we have to make sure we address it properly. [P7]

P7 observed that preparers, unlike Big Four auditors, lack internal experts for every accounting standard. For complex issues, preparers frequently “call on our auditors, who in turn will call on their experts”, underscoring their reliance on external networks to bridge expertise gaps. This shows that

fragmentation in expertise is not only internal but also includes leveraging external networks (see section 5.4).

Fragmentation also occurs within organizational hierarchies, with certain roles requiring more specialized knowledge of accounting standards than others. Senior management may not be expected to keep up with the minute details of standards, relying instead on their teams to manage those complexities. P6 illustrates how expertise is distributed hierarchically within organizations. While senior leaders, such as CFOs, may not delve into the intricacies of accounting standards, they rely on their teams to manage these complexities:

> For the VP Reporting, it's definitely relevant [to understand the standards]. The SVP Finance, for him too, it's relevant. The CFO, yes, it's relevant, but basically, I don't think he's even a CPA... for him, it's like he's going to trust us, he knows we've done the work to manage all this, but he doesn't need to understand it from top to bottom. [P6]

P6 noted senior management's reliance on their specialized team. Although they may not fully understand all accounting standards, they trust their teams to manage the details: "He's going to trust us; he knows we've done the work." This reliance highlights the trust (see section 5.6) placed in specialists to navigate intricate standards while senior management focuses on broader concerns.

In contrast to preparers, who must often rely on external expertise, auditors take a more structured and deliberate approach to specialization.

Auditors

For auditors, fragmentation of expertise arises both organically, due to the increasing complexity accounting standards, and strategically, as a deliberate approach by accounting firms.

> We have to manage IFRS, ASPE, accounting standards for NPOs, for pension plans, US GAAP, for private companies, for reporting issuers, for regulated companies, such as insurance companies, banks with the AMF or OSFI, who follow Canadian auditing standards or PCAOB, or international auditing standards, or international or Canadian independence standards. So, it seems that every year it's more and more... there's ESG coming up, which still requires specialized expertise,

> and we can't expect a normal professional to master all these elements. To protect our risk, the best way we've found is to over-specialize people. [A19, Big 4]

A19 explained how managing various standards (e.g., IFRS, US GAAP, ESG) necessitates over-specialization to mitigate risk: "The best way we've found is to over-specialize people." As participants shared, the increasing complexity of accounting standards has led to a greater need for specialization, resulting in the emergence of topic-based experts and a decline in comprehensive, knowledgeable experts. Maintaining proficiency as a generalist in accounting is becoming increasingly challenging.

Furthermore, not only are experts specialized, but so too are the "normal" auditors. Auditors learn through practical exposure (Westermann et al., 2015) and specialize in the areas they have been exposed to. This specialization can be by industry, where auditors concentrate their expertise in a domain where they will encounter similar issues repeatedly. A11 described how teams working in specific industries, such as junior mining or pensions, operate efficiently by specializing and automating processes to handle high-volume:

> But everyone specializes. I'll give you an example. [Industry 1], they're all relatively simple, it's all volume. It all comes down to the same thing. How do we do our audits? We do it in pools. [...] 15 juniors who are like all interchangeable in these teams, but they do it all in a sausage machine. It's all similar issues. The [industry 2], we have teams, we have a [center of excellence], a flying team that is active somewhere in March, which is put on pause in June. For the rest of them, it's [industry 2] season. It's a sausage machine. They make them all, the whole gang. The rest of us don't touch it because we become dangerous. [Industry 3] are the same thing. The [industry 3] teams. They're flying teams, [...] a couple of partners, a bunch of directors, a bunch of staff who concentrate on them because they're sausage machines. And they've developed a skillset, they have tools, they've computerized all kinds of things to capture certain types of high-volume transactions. [A11, Big4]

A11 described the use of specialized auditors as a strategy to enhance efficiency ("machine à saucisses" [A11, Big 4]) and minimize errors in highly technical domains. This term, colloquially translating to 'sausage machines,' refers to highly streamlined, repetitive processes used to manage specialized audits efficiently. As stated by this participant: "The others, we don't touch because we

become dangerous". [A11, Big 4]. This specialization is more feasible in larger organizations with higher volumes of employees and engagements, but remote working has expanded the pool of potential resources. Consequently, this fragmentation of expertise multiples the number of experts involved in audits.

Both preparers and auditors rely on fragmentation, but the mechanisms they employ differ significantly based on organizational resources. In sum, the fragmentation of expertise in financial reporting is a key coping mechanism for managing the complexity of accounting standards. Organizations either develop internal specialists or rely on external experts to fill gaps in expertise. Smaller organizations, or those with limited resources, tend to lean on generalists who are responsible for a broad range of accounting issues but seek external assistance for complex matters. However, the scarcity of highly specialized professionals exacerbates the difficulties of navigating accounting standards complexity (e.g. P5, P15, P19).

5.2. Drawing the Line: Managing Knowledge Boundaries

Knowledge boundaries define the scope of an individual's or team's expertise, shaped by their experience, exposure, and specialization. Mobilizing knowledge boundaries in the context of professional knowing refers to the awareness of these areas of expertise, one's own and the one of others. This section examines how preparers and auditors navigate these boundaries by leveraging internal resources and external networks (see 5.4) to resolve complex accounting issues. Recognizing these limits and accessing the right resources is a critical aspect of professional knowing. This section explores these dynamics, focusing on how preparers and auditors identify and navigate these boundaries.

Preparers

In the preparation of financial statements, recognizing when an issue falls outside one's scope of expertise is critical. As preparers navigate complex transactions and accounting standards, their first task is often to assess whether they or their team have the necessary expertise to handle the situation. This entails identifying when an issue falls outside their knowledge boundaries. P7 emphasizes that managing complexity begins with accurately identifying the issue and allocating resources with the necessary expertise:

> The resources that have the necessary skills to properly address issues are not necessarily experts in everything... It's having the reflex to properly scope the problem. [P7]

Similarly, P4 emphasizes that recognizing the need for external expertise can be more critical than having an immediate solution:

> The only way to do it is to say, OK, do I have people in my organization who are experienced enough and competent enough to be able to identify the issues? Then the resolution is less important in the sense that you can always find a resource to help you resolve. [P4]

These statements underline that the first step in managing knowledge boundaries is developing the reflexes to identify that a boundary exists. Knowing what one doesn't know is a vital part of the preparation process, requiring preparers to leverage both internal and external expertise. Similarly, P10 illustrates how their team manages routine tasks independently but seeks external expertise for the final, more complex 20% of their work:

> When it's really more complex, we're able to do 80% of the job... But then, the 20% [that's left]. Help us, because we're not sure. [P10]

These examples illustrate how preparers recognize their knowledge boundaries and rely on external experts to provide clarity, especially in cases of complex or ambiguous accounting treatments. While preparers often require external assistance for specialized or novel issues, they are generally confident in managing routine matters encountered in their daily work. This familiarity with regularly encountered issues allows them to navigate these problems without outside assistance. P16 highlights that while their team doesn't deal with high volumes of complex transactions, they are confident handling the issues they encounter frequently: "Again, we don't have that many special transactions in a year…We have some, you know, financial instruments are always a little complex". These well-defined knowledge boundaries enable teams to handle routine tasks effectively, reserving external resources for more complex transactions.

Preparers also recognize that certain areas of accounting are beyond their everyday experience, and these boundaries can vary depending on their industry or specific responsibilities. For example, P6

acknowledges that while they are proficient in certain standards, there are others that they are less familiar with:

> I'm going to say biological assets. I don't think I've ever seen that. IAS 12 is not my strength. IFRS 9 is a very solid one... Otherwise, for the others, I'll manage. [P6]

P6's reflection highlights the importance of understanding which standards fall within their expertise and when external consultation is necessary. As P6 notes, they have specialized in certain standards based on relevance to their work but remain less familiar with standards that are not immediately applicable to their industry.

The complexity of accounting standards often undermines preparers' confidence in their expertise, necessitating reliance on trust within teams and external networks. P15 explains how the numerous exceptions and nuances in accounting standards contribute to self-doubt, even after extensive research:

> The fact that I feel there are so many small exceptions is that I'll often do a lot of work before taking a call. It's a question of confidence or the fact that I don't do that every day, that I'm constantly questioning myself. Maybe one of the first impacts is that I do a lot of research [...]: After five minutes, I've got the answer, but I'll go and recheck all the literature and then I'll open all the big four to make sure they're saying the same thing. [P15]

This self-doubt is further compounded by the isolation that preparers often experience when addressing complex accounting issues on their own (see 5.4). P15 notes that having a colleague to discuss these matters with can help build confidence, emphasizing how interpersonal relationships within teams play a role in reinforcing confidence:

> I find it hard to navigate this alone. Having at least one other person on the team who keeps up to date, who takes the time to read the standards and all that, I think that's going to foster confidence. [P15]

This sense of hesitation also extends to auditors when making complex accounting calls. As P5 points out, auditors are often hesitant to take responsibility for certain judgments without consulting

their technical standards groups or even higher-level approvals from central offices: "The impression I get is that they're afraid of getting their knuckles rapped... They're afraid of making a mistake."

Interestingly, navigating knowledge boundaries is not confined to those of preparers within organizations. Even external consultants and auditors face limitations in their expertise that preparers must consider, as noted by P14:

> Once again, it's very complicated. And even when you talk to consultants who specialize in this field, they don't have all the answers. [P14]

This indicates that even specialized external consultants do not have all the answers, further complicating the preparation process for organizations with limited internal expertise. Indeed, not only do preparers need to identify issues that fall outside of their knowledge boundaries, but they also have to be aware of those of external consultants to direct their questions to the right resource. Additionally, P3 points out that some audit firms may avoid working in certain industries due to a lack of expertise or interest in those areas:

> There are firms that just won't touch it. They don't even want to take [specialty industry] clients ... There are only a few players who really know their stuff. [P3]

This illustrates situations where firms recognize elements outside of their knowledge boundaries and deliberately decide not to cover it. This reveals that boundaries exist not only within preparers' knowledge but also within the capabilities of external experts, further complicating the process of managing complex transactions for preparers.

Auditors

Overall, auditors reported feeling comfortable with their knowledge boundaries. Similarly to what was reported by preparers, they indicated that they had a good grasp of issues that they encounter frequently. As auditors learn on the job (Westermann et al., 2015), they become more proficient in areas where they have regular exposure.

> Personally, I think my understanding of standards is good. […] The ones I need to know. In the sense that, my client, don't have any stock option plans, so not this standard specifically, but the standards I need to know in my client, I think I have a pretty good grasp of them. [A7, Non-Big 4]

Auditors frequently concentrate on standards that are pertinent to their clients, delineating the boundaries of their knowledge and adapting their expertise to the particular requirements of their engagements. Additionally, many participants perceived their own expertise in relation to others. While some felt they had a good understanding, they did not consider themselves experts, acknowledging that there are always more specialized individuals due to the many specificities in each standard [A1, Big 4]. A10 highlights how uncertainties in obtaining audit evidence or applying guidance prompt consultation with specialized experts:

> I would say when it's not clear how we can get audit evidence or how we can apply the guidance, or also maybe if we don't have the specialized knowledge, like if it's something that an accountant wouldn't know, then we need to talk to someone else. [A10, Big4]

Auditors identify situations where they need to consult experts when accounting issues fall outside their regular exposure, thus outside of their knowledge boundaries. For instance, a participant explained that they would examine changes from previous years.

> Often, by doing the initial meeting with the client, and then reading the financial statements, we're able to identify what the big changes were during the year, which raise questions for us, and which are material. [A1, Big 4]

Once they have identified situations where they need help, auditors need to direct their questions to the appropriate resource. To do this, they identify members of their network (see 5.4) who they know have faced the same type of problems. This entails being aware of the knowledge boundaries within their network, which enables them to identify the most appropriate resource to assist them. Sometimes, this is through informal inquiries to their peers, and sometimes, it is through formally identified experts.

> There are certain people who have developed an expertise in a particular standard. I know that if I have a complex lease agreement with several components in it, I have to do the analysis, well, I'll have it checked by the person from [Accounting Advisory] who is IFRS 16 [expert]. [A3, Big 4]

Sometimes, firm management decides not to leave it up to audit teams to determine whether they should seek assistance or resolve issues on their own. To address these gaps, firms implement mandatory consultations on particularly complex topics. In doing so, firms effectively delineate

knowledge boundaries on specific subjects, ensuring that audit teams consult experts for particularly complex issues.

> We have a professional practice group that we're actually obligated to consult with for certain matters. There's a list of topics that are just known to be more complex where if your client has this type of scenario, you must consult with professional practice, and then we often have to consult with them even on issues that aren't on the list because we're just uncertain. [A4, Big 4]

For those subjects, audit teams are not trusted to solve the issues on their own. In these areas, firms mandate second opinions from specialists, reflecting a deliberate strategy to manage knowledge boundaries and minimize risks. This approach demonstrates how firm management actively delineates the boundaries of knowledge, ensuring that complex issues are addressed by the most qualified experts.

In sum, knowledge boundaries serve as an important mechanism enabling professional knowing, shaping how preparers and auditors address the complexity of financial reporting. Both groups must navigate the limits of their expertise, recognizing when to rely on internal resources and when to seek external assistance. For preparers, this often involves balancing confidence in routine tasks with the need to draw on external networks (see 5.4) for specialized or novel challenges. Auditors, on the other hand, actively manage boundaries through a combination of peer collaboration, expert consultation, and firm-mandated protocols for addressing complex issues. These practices highlight the importance of identifying knowledge gaps and fostering connections across professional and organizational lines.

5.3. Assembling Perspectives: Harnessing Diverse Contributions

The complexity of accounting standards often requires input from diverse experts. Integrating these experts fosters the synthesis of diverse perspectives, both internal and external, essential for identifying and resolving complex accounting issues. Diverse contributions support professional knowing by integrating multiple point of view allowing for rich discussion and argumentation and for ideas to be challenged, enabling preparers and auditors to tackle issues that extend beyond individual expertise. This section explores how preparers and auditors integrate diverse contributions into their work, highlighting the value of collaboration and the critical role that varied expertise plays in navigating the intricacies of financial reporting and auditing.

Preparers

While diverse contributions are essential, many participants expressed that they are often one of the few resources familiar with IFRS within their organization. P8 observed that financial statement preparation is a highly specialized area, often reliant on a few team members with the expertise required to address complex reporting tasks. This limitation is compounded by the repetitive nature of the company's activities, which reduces exposure to a variety of accounting issues.

Internally, preparers turn to other departments to gather information on the operations that will be reflected in the financial statements. Diverse contributions are critical in identifying accounting issues that arise during the preparation of financial statements. Participants highlighted the value of periodic meetings where representatives from different departments discuss major company events. These meetings facilitate the early identification of accounting risks, enabling teams to address challenges proactively. P16 highlights the importance of these collaborative meetings, which include members from multiple departments:

> I'm part of what we call the [Anonym], the [Internal Finance Group], where someone from M&A is present, someone from treasury, someone from tax, someone from FP&A.... We really wanted to share information at these meetings. [P16]

These interactions (see 5.4) allow preparers to anticipate potential accounting challenges, as they are often made aware of upcoming transactions early in the process. P6 also notes the importance of these early discussions in influencing financial outcomes by identifying accounting risks upfront. These practices allow preparers to expand their view of potential accounting issues that might have to be reflected in financial statements.

> We won't necessarily discuss it with just the accountants, we'll discuss it with the legal group, the treasury group, to try to really tell the nature of the transaction with the options that are proposed to us. [...] We'll also talk to our operations people, when appropriate. It's really about trying to reflect the nature of the transaction in the books as fairly as possible. [P7]

In situations where internal expertise is limited, participants also turn to a variety of external sources (see 5.4) to allow for a consideration of a range of perspectives. These external interactions bring the expertise of diverse actors who have been exposed to a wider variety of issues beyond the

ones faced by the organization and enable the resolution of novel issues by preparers. P1 describes how auditors contribute to the financial statement preparation process by offering practical feedback and illustrative examples. This shows how external expertise, with its exposure to different companies and industries, adds a level of diversity to the team's problem-solving abilities.

Moreover, preparers often use interpreted material from various firms when researching guidance for complex accounting issues (see 5.5). By consulting multiple firms, preparers broaden the range of perspectives considered, reducing the risk of groupthink and mitigating over-reliance on a single external opinion. P2 also notes how different firms may interpret the same standards differently, which can provide useful insights when dealing with complex or ambiguous accounting standards.

Together, the heterogeneous composition of actors involved in preparing financial statements contributes to the diversity and fortifies professional knowing. The diverse contributions of various team members and external experts play a significant role in identifying and resolving complex accounting issues. In financial reporting, the expertise of individuals from various departments, along with external consultants and auditors, contributes to considering diverse perspectives. Diverse contributions help financial reporting teams to identify a wide range of issues to be addressed later by the appropriate resource.

Auditors

In audits, professional knowing is shaped by the diverse contributions of specialists and experts, as demonstrated by one partner's description. A19 outlined the extensive range of specialists involved in a single audit engagement, from actuaries and valuation experts to transfer pricing and IT auditors. This diversity helps to consider complex issues comprehensively:

> I made the list to give you an example of me when I issue an opinion on financial statements. I may need an actuary for the pension plans, I may need an actuary for the actuarial reserves, if the company has made a transaction, I may need a business valuator to do the purchase price allocation, I need another appraiser because there's goodwill there, so I need to revalue the acquisitions I made before, so I need another appraiser to see if there's an impairment test, the company has stock options, so I need an appraiser for stock options, the company is Canadian and US, so I need a Canadian tax expert and an American tax expert, there are interco transactions, so I need a transfer pricing specialist, a tax specialist, for indirect taxes,

> I have indirect taxes in Canada and in the U.S., so I need an indirect tax specialist in Canada and one in the U.S., they have a complex IT system, so I need an IT auditor, if the company was listed in Canada or the U.S., I'd need someone with expertise in internal control, either IT or accounting. Let's say it's an insurance company, I'd need an IFRS 17 expert in insurance companies. [A19, Big 4]

This quotation exemplifies the considerable number of actors involved in a single audit engagement. Although a potential challenge in terms of coordination, this inclusion of diverse perspectives can lead to novel problem conceptualization, effective management of conflicting views, and avoidance of groupthink.

> It can take several discussions between the specialist and the client, [...] we argue about who's right about the treatments, and sometimes it's due to the fact that we, as I say, don't know one hundred percent of the client's financial information, about how their business works. So it may require more discussion to reach a conclusion, because they might not agree with the way we're proposing, for example. There are also [...] grey areas in the standards, where sometimes we're more comfortable on one side, and the client is more comfortable on the other, but that can cause discussions between the two to reach a point of agreement. [A1, Big 4]

This quote illustrates the frequent discussions between auditors and their clients due to differing perspectives. In this example, the client's deeper understanding of their business activities often leads to differing views on the appropriate accounting treatment compared to the auditor. Additionally, the participant notes the existence of areas of judgements in accounting standards, which can lead to differing accounting positions and subsequent discussions between parties to reach an agreement. Such discussions foster collaboration and facilitate agreement on appropriate accounting treatments.

To allow for more harmonious interactions and cohesive teamwork, diversity needs to be balanced with commonality (McMurtry, 2010). It is important to strike a balance between varied perspectives and shared understanding (McMurtry, 2010). This is highlighted by A21, who noted that, although there may be different points of view, "we try to stay on the same team, in the sense that ideally, it's not the end" [A21, Big 4], emphasizing that disagreements are not the end, but rather the beginning of

a discussion and highlighting the importance of shared goals. Multiple factors, such as risk and materiality, are considered to arrive at an agreed-upon accounting treatment [A21, Big 4].

Diverse perspectives also contribute to that established ways of conducting audits are challenged and alternative solutions are considered. Auditors with diverse professional experiences challenge established methodologies, introducing new perspectives and questioning entrenched practices. As A22 explained, auditors who have only worked within one firm are less likely to question established practices.

> [Our methodologies] are going to be challenged by outsiders. Like my colleague who [...] came from a firm merger we did in 2020. She challenges a lot because she came from [Big 4]. After that, she was in charge of professional practice for her small firm. So yeah, it shook up a little bit of our methodology like "well there, why aren't you testing this? You're ignoring this? You're not testing enough for that". But it helped a lot to do the exercise. So, when I have issues, well, she's the one I call to discuss and see: "Ok, do we see it the same way?" Otherwise, it's sure to be contested by other employees who've done their career elsewhere. So they come in as managers. [And they ask themselves:] "How come you do it like that?" But those who are "born [name of firm]" forget about it, they don't question it. I also realized in the cyclical inspection, [I'd say]: "Listen, you wrote your audit plan like this, like this, it didn't make sense". They were angry, they were like, "I know it didn't make sense. But that's how we've always learned it." [A22, Non Big 4]

Auditors who have spent their entire career at the same firm may be less likely to question established processes due to their limited exposure to alternative methods. However, auditors with diverse backgrounds and experiences can challenge audit programs and strategies, bringing fresh perspectives and ideas to the table. Diverse contributions play a key role in shaping professional knowing by introducing varied perspectives and challenging entrenched practices. Diverse perspectives among auditors foster innovative approaches and contribute to rigorous examination of audit processes.

Diverse contributions serve as a critical mechanism of professional knowing in both the preparation and audit of financial statements, enabling the integration of multiple perspectives. For preparers, collaboration across departments and consultations with external experts allow for the early identification and resolution of complex accounting issues. Periodic meetings, for instance, create an

opportunity for preparers to proactively address accounting risks by incorporating input from diverse teams. This process facilitates a more comprehensive understanding of accounting issues, particularly in areas where internal expertise may be limited.

For auditors, diverse contributions are integrated through collaboration with specialists and individuals with varied professional experiences. For example, the involvement of multiple specialists in an audit engagement contributes to achieving a thorough examination of complex issues, while discussions between auditors and clients help reconcile differing perspectives, especially in grey areas of accounting standards. The diversity of professional backgrounds also challenges entrenched methodologies, introducing fresh approaches to problem-solving.

These mechanisms illustrate how diverse contributions are integrated into professional work. By balancing the varied perspectives of team members, clients, and external experts with a shared commitment to the integrity of financial reporting, preparers and auditors are better equipped to navigate the complexities of financial reporting.

5.4. Connecting Across Boundaries: Navigating Social Interactions

Social interactions and relationships are central to professional knowing. Both preparers and auditors rely on formal and informal networks to manage the complexities of accounting standards. These networks, shaped by organizational hierarchies, industry norms, and relational dynamics, facilitate interactions. However, limitations such as isolation, independence requirements, and resource constraints challenge the efficacy of these interactions, creating tensions that influence how professional knowing is enacted.

Preparers

Professional knowing is a social process embedded in the relationships among practitioners, relying on both formal and informal networks to address complex accounting issues. For financial statement preparers, these relationships play a pivotal role in mitigating the challenges posed by accounting standards complexity. However, the dual pressures of isolation within organizations and navigating external constraints shape how preparers engage in collaboration and develop connective practices. This section explores four key themes that highlight these dynamics: interactions with auditors, cross-organizational relationships and collaboration, social isolation and nostalgia, and cost constraints and reliance on non-commercial networks. Despite these challenges, preparers rely on both internal and external networks to foster collective knowledge and enact professional knowing.

Interactions with Auditors

Auditors are a key resource for preparers when facing complex accounting standards that are beyond their expertise, offering opportunities for collaboration and facilitating the enactment of professional knowing. Their technical expertise and familiarity with the company's operations make interactions with them essential to navigating particularly complex accounting standards. As P16 emphasizes:

> When it's really too complex, we work a lot with an external firm, but we also have our external auditors who work with us... These are discussions we can have together to make sure we don't miss out on anything important. [P16]

Furthermore, contrary to what preparers expressed for themselves, auditors do not work in isolation. Their own network and the chain of expertise within their firm are often mobilized when complex issues arise, as P5 explains:

> Yes, that's right, because you have the engagement partner, then his senior manager, then the one who, at some point, says: "I can't decide that, it's too material, I'll have to consult". Then he consults with his local professional practice. I don't agree with them, let's go to the next national office. Disagree with them, it's going to New York. Disagree with them, it's going to London. Like all accounting firms. [P5]

Preparers often rely on their auditors or consultants who, through their own networks, offer insights into market practices and trends. This extends the preparer's ability to interact with knowledge beyond their immediate context:

> We have a network, outside of our auditors, we have another network. They're going to use their network too. It's a bit like I said earlier: we have our contacts, but they have experts elsewhere in the Big Four chain. [...] They see more than we do. [...] It's always going to end up being our conclusion, but [...] Sometimes, we need more guidance. [P7]

This network extends to the auditors and consultants who are consulted when preparers reach their knowledge boundary. This layered consultation allows preparers to tap into a broader set of expertise, further enhancing the professional knowing process.

While auditors are valuable collaborators, their independence requirements create additional constraints. P10 reflects on this difficulty: “There's a complexity... because your auditor doesn't want to take a stand.” Preparers must carefully manage these interactions, as overly frequent consultation may signal a lack of confidence in their own professional judgment. P15 captures this delicate dynamic:

> To go to [auditor] ... you feel a bit like: Are we going there? Because to say we're not doing it right [...] it's like: We're going to turn ourselves in. [P15]

This hesitancy can limit the openness of preparers’ interactions with auditors, even as they rely on these relationships for critical support. Independence rules further restrict auditors from offering direct advice, adding another layer of complexity to these interactions. As a result, many preparers prefer to conduct their own analysis first, approaching auditors only for confirmation rather than resolution. While this approach may reduce the frequency of interactions, it can also foster diverse contributions by encouraging preparers to bring their own perspectives to discussions (see 5.3). External networks, including auditors and consultants, remain pivotal in augmenting professional knowing, but preparers must carefully balance seeking expertise with maintaining control over financial reporting. This creates a fine line: while preparers may lack the internal expertise to address issues independently, they are cautious about appearing overly reliant on auditors, who must also safeguard their independence. These dynamics highlight the constrained environment in which preparers navigate external interactions, contrasting with the more collaborative networks available to auditors (see 5.4.2).

Cross-Organization Relationships and Collaboration

In some industries, preparers can collaborate across organizations when companies are not direct competitors. Such collaborations allow preparers to exchange insights and adopt best practices, especially in regulated industries where peer organizations share similar challenges. P16 illustrates this dynamic:

> We consult with peers across Canada, sometimes even in the United States. We have contacts with entities that are similar to us. [...] With [the American

> Industry Association], there are accounting issues that will be shared among regulated entities like us. So it's a source of information we can go to to make sure we have accounting treatments that are similar to our peers too. [...] As I was saying, we have contacts, whether with an [Anonymous] in BC, or with [Anonymous], more in Ontario, [Anonymous]. We know a few people at that level and we try to maintain those contacts as well. [P16]

> You talk to your peers, to big companies that have had the same issues. [P19]

These cross-organizational relationships exemplify how preparers in non-competitive settings rely on external collaboration to enhance collective knowledge and enact professional knowing. Such interactions, although not common, enable organizations to align their practices with peers, particularly when grappling with complex regulatory requirements or industry-specific accounting treatments.

However, preparers in more competitive industries face significant barriers to this type of collaboration. In these contexts, confidentiality concerns and competition for market advantage prevent the sharing of insights across organizations. As P3 explains, in the absence of cross-organizational networks, preparers depend more heavily on their auditors and consultants:

> There have been a lot of discussions with [Big 4 auditor] over the years [...] there were contacts across Canada. In Montreal, there weren't necessarily many [industry] clients, but they could ask questions of firms in the West, where there were perhaps a few more clients. Our auditors were informed and could see what others were doing. Because at the beginning, [...] since there was so little literature on the subject, it was like: Are we doing the right thing? [P3]

This reliance on auditors and consultants in competitive industries underscores a critical difference between preparers and auditors: preparers must navigate an additional layer of constraints related to external interactions. While auditors benefit from open networks within their firms and across audit engagements, preparers' ability to connect with peers is highly dependent on the competitive dynamics of their industry.

Social Isolation and Nostalgia

Many preparers report a sense of isolation in their roles, often being the sole individuals responsible for resolving complex accounting issues within their organizations. This isolation can limit opportunities for meaningful interactions and hinder the development of collective knowledge. As P1 reflects, "I was pretty much the only person running that acquisition... Not having anyone to talk to about it." Similarly, P15, being the sole IFRS expert in her team, describes navigating challenges independently, as internal colleagues often lack sufficient expertise in accounting standards:

> Anything of a controller nature, whether it's the corporate controller on our team or in the divisions, the requirement isn't so much focused on standards. "Are you able to close a month? AP/AR, write the journal entries?" We don't ask so much of our finance experts to be standards-savvy, but I think the gap is starting to appear. [...] I'm navigating the problem alone [...] The people around me in finance, that's how we hire [...] we don't really ask them to be very knowledgeable about standards. [...] I don't have any other people I could just ask before I ask my auditor. [P15]

This sense of isolation is compounded by a shift in roles when moving from Big Four audit firms to industry positions. A recurring theme among participants was a sense of nostalgia for the easy access to expertise and collaborative support they experienced while working at Big Four accounting firms. The structured environment of these firms, characterized by close proximity to technical experts and robust peer networks, is often missing in their current roles. This highlights the importance of social interactions and relationships in fostering professional knowing, particularly when navigating complex accounting standards.

Participants frequently emphasized how much they valued the ability to consult with technical experts or colleagues for immediate guidance on challenging issues. P1 reflects on this ease of access at the firm, contrasting it with the isolation often felt in industry:

> That's when you really miss working at the firm, because at the firm, everyone has the answers, or you'll find one person that does. […] I miss having access to the [Accounting Advisory] team... they were just down the hall, so I could just walk over and ask the smartest partners at the firm all my questions... Whereas when you're working at a company, you are looked to as the expert... you have to come up with a conclusion all by yourself. [P1]

This shift from being part of a team with immediate access to expertise to being the primary source of answers can create a sense of professional isolation. The lack of informal, day-to-day exchanges with other experts diminishes opportunities for collaborative interactions and the development of collective knowledge.

Similarly, P2 notes the absence of the daily availability of technical expertise in industry:

> I do miss the availability of technical expertise... there really isn't any real expertise that I can rely on, except for the audit firms. Having that there available to you on a daily basis... that is a valuable resource. [P2]

In the Big Four setting, uncertainties could often be resolved through quick, informal conversations. By contrast, industry roles often require preparers to independently navigate issues or rely on external auditors, which can slow down the resolution of complex matters.

For P8, the ability to exchange ideas with colleagues tackling similar challenges was a key component of professional learning at the Big Four:

> I miss the fact that there were a lot of colleagues doing the same job as me and that we could often validate ourselves with the others... I don't have that now. [P8]

This quote highlights how informal peer support networks were crucial in fostering professional knowing at the Big Four. Such networks enabled participants to collaboratively address challenges, exchange ideas, and share memos, significantly contributing to the collective knowledge of the firm.

In their current roles, participants face the challenge of working more independently, often without the benefit of the expansive networks they had in the Big Four environment. This places greater pressure on individual preparers while limiting opportunities for social learning, where expertise is enhanced through collaborative interactions. The reflections of participants underscore how much they valued the social infrastructure of the Big Four, which supported real-time professional development and facilitated connective practices. The absence of these robust networks in industry amplifies the isolation and resource constraints described earlier, making professional knowing more challenging to enact.

The isolation experienced in industry roles highlights the critical need to foster social interactions and relationships beyond the structured environment of large firms. Professional knowing

relies not only on access to formal expertise but also on informal, day-to-day exchanges that address complex accounting challenges. However, industry preparers face constraints such as limited internal resources, high costs of external consultations, independence requirements, and confidentiality concerns, which often restrict their ability to collaborate and access diverse perspectives.

Cost Constraints and Reliance on Non-Commercial Networks

For preparers, external consultations are often a critical resource for resolving complex issues. However, the high cost of hiring external consultants creates a barrier to accessing specialized expertise. As P8 explained, "I try not to do it too much because it always comes with a hefty bill."

P15 further mentions that hiring external consultants is costly, which can lead to hesitation in seeking help and limit knowledge-sharing opportunities. This highlights a key tension: while preparers need to collaborate with external experts, such as auditors or consultants, the high cost of these services often discourages their use, further limiting opportunities for professional interactions. The reluctance to seek external guidance underscores the broader challenge of balancing cost constraints with the need for connective practices.

To navigate these constraints, preparers frequently turn to non-commercial networks, such as personal contacts, former colleagues, and informal industry peers. P4 illustrates the value of long-standing relationships within the accounting profession, particularly those built in Big Four firms. Having built relationships over years, P4 can easily consult former colleagues who are now in senior roles, facilitating rapid access to high-level expertise:

> The reality is that at least every other day, I have to call someone I know in one of the firms, my old friends, […], where I am like: « Listen, help me, I don't know what to do with this" [...] For me, it's a little simpler because I've been around these people on a daily basis for 20 years. I know who to call or who will be able to answer my question. But I wonder a lot about someone who doesn't have that network. [P4]

This example underscores the importance of early-career networking in establishing robust support systems for developing professional knowing. Higher-level roles or long-standing relationships enhance access to specialized knowledge. Such personal networks play a critical role in fostering professional knowing, particularly when formal resources are inaccessible. However, the effectiveness

of these networks varies. As P8 explains, the relevance of personal contacts depends on their expertise and familiarity with specific standards like IFRS.

> Because sometimes I feel a bit alone in my role. I have a lot of friends in accounting. I don't know anyone who does the same job as me. There are a lot of accountants who are more involved in day-to-day operations, who aren't aware of the new standards, who aren't necessarily IFRS. And when I talk about this kind of situation, they're not interested, or they don't know. [P8]

This reflects the uneven distribution of expertise within professional networks, which can either enable or hinder preparers' ability to navigate accounting complexity. While preparers may benefit from longstanding relationships, others may find these connections less applicable to their specific challenges. Nonetheless, the reliance on non-commercial actors demonstrates the importance of informal, cost-effective solutions in navigating accounting standards complexity.

This dynamic contrasts sharply with the experiences of auditors, who can bill for consultations and thus face fewer financial constraints in accessing specialized expertise. Preparers, by contrast, must carefully balance cost constraints with their need for external expertise, often relying on informal networks as a pragmatic alternative.

These limitations require preparers to navigate a delicate balance between collaboration and organizational constraints, underscoring the complexities of enacting professional knowing in resource-limited settings. Although preparers frequently turn to auditors for guidance, auditors also depend on a culture of consultation to address their own knowledge boundaries. This parallel underscores the interconnected nature of professional knowing across the financial reporting ecosystem.

Auditors

For auditors, professional knowing is deeply embedded in a culture of consultation that encourages interactions and compensating for each other's oversights and that relies on formal and informal networks. These networks facilitate collaborative interactions, enabling auditors to address complex accounting issues by pooling expertise and perspectives. This section explores how formal and informal networks support auditors' professional knowing, the role of consultation culture in fostering collaboration, and the critical tensions that arise when balancing efficiency with the need for diverse contributions.

Formal and Informal Networks

Auditors frequently engage with peers, leveraging formal and informal networks to navigate challenges that arise during audits. It was noted by almost all participants that they would consult with colleagues and friends who have dealt with similar issues in the past. For instance, A14 emphasizes the value of consulting colleagues with prior experience in similar situations:

> I also have colleagues who, whenever we have a particular problem, we talk to each other. In my experience, some of them have often said, "I've seen this in such and such a case, and I've seen it with this type of client". [A14, Non-Big 4]

Conversely, in smaller firms, auditors may need to extend their networks beyond organizational boundaries. A22 illustrates this by describing her participation in an informal group of women in professional practice:

> I've been in [an informal group of women in professional practice] for the last five years. So, it helps a lot because we meet every two weeks and then we talk a lot about "Hey, we had this issue. What do you have? What do you think?" [A22, Non-Big 4]

This informal network enables participants to consult trusted peers across firms, gaining diverse perspectives on complex issues. This is a key difference with preparers, where competition concerns in most industries limit interactions across organizations. Such external networks supplement the often-limited internal resources of smaller firms (Durocher et al. 2016), highlighting auditors' adaptability in managing professional knowing across different organizational contexts.

Another method that auditors use to manage complexity is to consult with experts in the field. Indeed, as documented previously, there is an increase in formal and informal consultations especially on topics related to complex areas that are open to interpretation and require judgement (Aghazadeh et al., 2021). In larger firms, these consultations typically involve internal experts, while smaller firms may need to seek external expertise.

The network of formal and informal relationship is an important mechanism for professional knowing in audit. Relying on one's network is so crucial that some partners have affirmed that without it, they would not be able to sign audit reports [A16, Big4, P19. Big 4]. The ability to ask questions of trusted colleagues helps partners increase their confidence in the quality of the audit conclusions.

Without this support, they may feel isolated and uncomfortable assuming the responsibility of signing the audit reports. This highlights the importance of a culture of consultation.

The Role of Consultation Culture

The consultation culture within firms significantly influences how auditors engage with their networks. Participants generally view their relationship with experts as collaborative, welcoming their help. However, some participants (e.g. P14) expressed concern about perceiving experts as watchdogs when mandatory consultations are imposed on elements that auditors perceive as not requiring further consideration. However, most of them stated that experts were approachable and willing to answer questions.

> They (the auditors) can no longer be good generalists, but I think what's important is that we have a culture of consultation, instead of going like: "ah! that's beyond them", on the contrary everyone raises their hand quickly, then we make sure we're comfortable, and that it makes sense. [A2, Big 4]

The participants emphasize the importance of a culture that welcomes and encourages consultations to avoid feeling overwhelmed by the complexities faced by auditors. Participants emphasized the value of a culture that normalizes seeking assistance. As A3 noted:

> I think so. We have a culture of "it's okay to say you're not comfortable with something", and to get help. I think it's okay for a partner to say, "I'm not comfortable with the new XY standards, because I don't have any exposure," and then verbally say, "Oh well, I'll get a manager who's already been exposed to that". And he'll consult another partner if need be. I think we've got a good culture for that, it's not frowned upon. As you say, partners all have their strengths. For some of them its technical. [A3, Big 4]

Additionally, frequent consultations are facilitated when experts are easily accessible. One participant [A3, Big 4] even mentioned having a few local experts on speed dial, illustrating the accessibility of expertise. A culture that values accessible experts is highly beneficial. This culture fosters diverse contributions by reducing barriers to involving other perspectives in audits.

Balancing Efficiency and Diverse Contributions

While a culture of consultation fosters interactions, some participants observed that ease of access to experts can lead to over-reliance, with auditors bypassing their own research. As A22 explains:

> They consult us, I'd say. But there are some who will do it on their own to [do their research]. You see the difference, because it leads to a different discussion and they're already ready with a position. Then you can say "let me have a look too". Then we can debate. But often they're looking more for "give me the answer". [A22, Non-Big 4]

This dynamic reflects the tension between efficiency and the need for diverse contributions. Encouraging auditors to conduct their own research enriches discussions, leading to the implication of more diverse perspectives (see 5.3). However, there is a fine line to navigate, as this might foster a sense of overconfidence (Boritz et al., 2020; Hux, 2017) from auditors if they feel they can manage the issue on their own. Furthermore, time and budget constraints often limit this engagement, creating a fine balance between fostering diverse contributions and maintaining efficiency. Some participants (e.g. A2, A22) pointed out that this convenience in consulting experts may have reached a point where auditors no longer conduct their own research beforehand. The reasons for this vary, with some attributing it to auditor laziness while others cite time or budget pressures (Hux et al., 2024). It may also be due to auditors' perception of their own expertise, leading them to believe they lack the ability to solve the issue or find an answer on their own. A22 expresses this tension between efficiency and synergies when seeking assistance for matters outside the audit team's knowledge boundaries (see 5.2) while ensuring diverse contributions from everyone involved in the audit process.

> But I get the impression that the trend is to do less and less research, as if they're getting a bit lazier. I don't know if we're playing a role in this because we're accommodating them and not forcing them to do research in advance. But at the same time, it's a bit touchy because you're always working to a budget. So, I'll probably have to do research on my side. Anyway, it's done. If there are two of us billing for research, it's inefficient. That's the kind of thing that comes into play. Otherwise, we don't want when we say, "But you've got to do your own research", them to say, "Okay, I've come to my own conclusion, so I won't come to you". In

> which case, we won't challenge them. And we're not necessarily going to see it in the financial statement. So, we want them to be open to coming to see us and to feel comfortable and confident too. So there's always that fine line to walk. [A22, Non-Big 4]

Although having a culture that encourages consultation facilitates interactions and is beneficial to professional knowing, if audit teams avoid building their own understanding of the issues, it can decrease the quality of interactions. Discussions are better when audit teams have their own ideas on the matters to be discussed.

Unlike preparers, who must navigate independence requirements and cost constraints when engaging external experts, auditors benefit from an embedded culture of consultation within their firms. This contrast highlights the interconnected yet distinct nature of professional knowing across the financial reporting ecosystem. While preparers often hesitate to seek guidance to maintain perceived autonomy, auditors rely heavily on their networks, emphasizing the connective foundations of their work. These dynamics underscore how organizational norms and resource availability shape professional knowing differently for preparers and auditors.

For auditors, professional knowing is rooted in a culture of consultation that leverages formal and informal networks to address complex accounting issues collaboratively. These mechanisms foster collective expertise but introduce tensions between efficiency and meaningful contributions, particularly when auditors bypass independent research. Differences between Big Four and non-Big Four auditors underscore the impact of organizational context on how networks are accessed and utilized. By examining these practices, the interconnected yet distinct dimensions of professional knowing in audit and preparation are highlighted.

Social interactions and relationships underpin professional knowing for both preparers and auditors, enabling them to navigate the complexities of accounting standards. Formal networks, such as within organizations, and informal networks, such as peer groups or industry associations, provide critical support. However, barriers such as independence requirements, cost constraints, and the risk of over-reliance on external expertise challenge these interactions. By fostering a balance between collaboration and independence, professionals can more effectively address the complexities inherent in financial reporting.

5.5. Turning Guidance into Practice: Dynamic Use of Material Elements

The integration of material elements—ranging from official accounting standards to interpretive guides and training programs—plays a pivotal role in professional knowing. For both preparers and auditors, these elements are not static resources but dynamic tools that require interpretation and are enacted through social and organizational practices.

Preparers

The integration of material elements plays an important part in professional knowing for preparers, who must navigate complex accounting standards by combining formal guidance with practical interpretive tools and collaborative approaches. While official accounting standards serve as a starting point, their ambiguity often leads preparers to seek out additional resources—such as interpretive guides, illustrative examples, and training programs.

Beyond the Standards

Preparers face a multifaceted challenge in interpreting and applying accounting standards, given their inherent ambiguity and the lack of comprehensive guidance for certain transactions. While many participants mentioned starting their work with the IFRS handbook to establish a foundational understanding, they quickly noted its limitations as a standalone resource. Many participants mentioned anchoring their research work in the IFRS handbook first. As P7 explains:

> I always start with the [CPA Canada] manual. Really, the hardcore standard. What does it say? Where are we? Are these specific transactions covered? [P7]

This quote highlights how preparers begin with the official standards to establish a foundational understanding. However, due to their inherent ambiguity and complexity, preparers often find that they cannot rely solely on the texts. The practical application of these standards frequently requires supplementary guidance and interpretive tools. As P6 elaborates, the generality of the standards often necessitates reliance on supplementary resources:

> Accounting guides, accounting interpretation guides. That's my Bible, even today. Yes, I go to the standard. Generally speaking, the standard gives you too much generic information. The answers or questions are always too complex to just refer to the standard itself. [P6]

To bridge this gap, preparers turn to interpretive guides, firm-specific manuals, illustrative examples, and market comparisons. These documents act as intermediary material artifacts, bridging the gap between abstract theoretical standards and the nuanced realities of specific transactions.

> I use [Big 4] a lot, I use [other Big 4] a lot, because those are two resources I have access to. Sometimes [3rd Big 4], they're sometimes available online. Sometimes too, [...] I'll even go to US GAAP too, to see if they have a slightly different position when IFRS is silent. [P6]

This quote illustrates that the generic nature of standards often leaves preparers seeking diverse guidance. Instead of relying exclusively on formal standards, preparers use interpretive documents from accounting firms to make informed decisions. Furthermore, interpretative guidelines, firm-specific manuals act as important material mediators. They also form the basis for collaborative discussions with auditors, as preparers validate their interpretations. P5 refers to the fact that interpretive documents provided by auditors can serve as critical reference points during negotiations or debates about the correct application of standards.

Preparers often seek more specific material resources, such as illustrative examples or firm-specific interpretations, to guide analysis and to support their accounting position.

> I'd say that examples often allow us to put color on theory. [...] I think it would be utopian to say: This example is exactly right. That's exactly right. I think you learn to navigate between the theory in the text, then the examples, then to draw the parallels, the bridges you need to make the judgment in relation to your own transaction. [P7]

Illustrative examples are reassuring for their auditors, as they offer clear answers to specific issues (e.g. P5). When asked if auditors consider examples important, P19 responded: “Yes, because it's their example, it's in their accounting manual. I say, “I've seen that there”, and they're in no position to say, “That doesn't work”.”. As such examples serves often as a bridge and facilitate discussions between preparers and auditors.

However, while examples are reassuring, they can sometimes constrain broader interpretation. P5 highlights how the over-reliance on examples by some auditors can limit reflection on the economic substance of transactions:

> If there isn't a perfect example that describes exactly that transaction, auditors will sometimes apply it as an exclusion. They'll say: If it doesn't say you can do it, you can't do it. Whereas in my opinion, that's not what it's saying. It says: Here's what you're supposed to do, and here are some examples. The perfect example, you don't have to be there. If you account for something and the result falls within what the standard says, which is the spirit of the standard, I wouldn't have a problem with it. [P5]

This example reveals a tension between the use of illustrative examples as a tool for validation and their potential to restrict broader interpretation. While examples can provide reassurance, their use may sometimes overshadow the broader intent of the standards, potentially limiting deeper reflection on the economic substance of transactions.

Furthermore, preparers often find that material alone is insufficient and requires further interpretation, which is achieved through conversations with peers and auditors. P1 explains that technical memos alone are often insufficient for conveying the complexity of accounting standards:

> And it is complex. Like reading a memo, I don't think, is enough. You really need to talk to people to get them to understand some of the nuances, because the memos can be very technical and a little boring. [P1]

This insight highlights the interplay between material tools, such as memos, and social interactions (see 5.4) in enacting professional knowing. In this case, the memo (a material document) and the conversations with others (social interaction) together help professionals understand and navigate the complexities of accounting standards.

Training sessions are other social processes that integrate material elements and social interactions. Preparers often use their auditors or the professional order for training material. Some organizations with broader resources dedicated to financial reporting also develop their own training. These processes show how material elements (accounting standards and auditors' interpretations) intersect with social practices (discussions and presentations) to enact professional knowing.

The ambiguity of accounting standards is further exacerbated in emerging industries or niche areas with limited precedent. The absence of clear industry benchmarks leads to variability in how different companies interpret and apply accounting standards, and this variability can extend to

differences between audit firms as well. As P3 notes, this lack of guidance often forces preparers to rely heavily on professional judgment:

> There's not a lot of literature on this, it becomes a bit of your best estimate... another company might [do] something completely different... from one firm to another too, given that it's still a relatively new industry. [P3]

In emerging industries or areas with limited precedent, companies and audit firms may approach the same issue differently. This variation introduces a gray area in interpretation, complicating the process of achieving consistency and comparability across financial statements. In these cases, collaboration with auditors becomes essential to align on acceptable interpretations, underscoring the interdependence of these professional groups. By leveraging a combination of formal standards, interpretive tools, and sustained interactions with others, preparers navigate the inherent complexity of financial reporting while striving to maintain accuracy and consistency.

Given the vast quantity of material available, preparers must find ways to manage and filter the information they encounter. They often use their auditors to assist them in this process by providing curated material updates, newsletters, and quarterly update webinars that help preparers quickly identify the most relevant information for their specific context. These resources help preparers prioritize their efforts and focus on addressing complex issues most pertinent to their reporting responsibilities.

In the face of limited formal guidance, preparers search for other material items to support their knowing process. They often turn to market comparisons and benchmarks as a means of validating their interpretations and accounting treatments. Financial statements of other companies are also material elements involved in preparers' knowing process to gauge how similar issues are being handled compared to their sector. P6 emphasizes the need for extensive research and market benchmarking:

> This is one that required a lot of research, a lot of analysis of market comparables. If you look at the financial statements of other companies in the same sector, nobody has done that. Working on the documentation, working with the auditors and so on. This is one that took me a few hours to analyze. [P6]

However, this process is time-consuming and not always straightforward, as different companies may disclose information differently or use varying thresholds of materiality. This process of researching comparables adds to the workload of reporting teams, as they must carefully analyze how other companies disclose similar transactions. In some cases, companies serve as reliable benchmarks because of their extensive disclosure practices, but other companies may only disclose limited information based on materiality considerations. This variability in disclosure practices underscores the challenge of finding consistent comparables in the market. Companies must often balance the need for transparency with considerations of materiality, further complicating the use of benchmarks as a reliable guide for accounting treatments.

Documenting Knowing

Documentation processes in preparers' work are not as systematic as those often seen in audit engagements. Unlike auditors, preparers sometimes lack centralized documentation systems, which limits their ability to reuse and build on past experiences. For example, P1 describes how much of her previous role involved piecing together fragmented processes and documenting accounting policies: "They had grown a lot through acquisitions over many years, and they just didn't have things documented well".

This lack of systematic documentation hinders preparers' ability to build on historical knowing, making each issue a new challenge to navigate. While some organizations develop comprehensive documentation systems, others rely on more reactive, ad-hoc approaches, creating records only in response to external demands, such as auditor requests. P15 explains:

> We don't have an accounting policy other than the one disclosed in our financial statements. I don't have, let's say, an intranet where the division "Clicks", then PPE, then there's all the details of the policy. I don't have that at [Anomym]. [...] Sometimes, we'll write a memo when we see that it's an issue that's going to become an audit matter, and then we'll be asked to document all that. [P15]

In contrast, some organizations have established more accessible and structured systems for storing and sharing accounting policies. P16 highlights a centralized server that allows team members to reference documentation as needed:

> Yes, in fact, all the accounting positioning is put on a server with us here, so everyone has access to it. [...] It's an accessible document. The reporting people can go and get the information. [P16]

These varied approaches to documenting knowing underscore the uneven distribution of accessible resources among preparers. Without systematic processes, preparers must often navigate complex accounting issues without the benefit of accumulated insights.

In conclusion, the integration of material elements is a dynamic process involving the interplay of accounting standards, interpretative guides from audit firms, examples, and documentation of past knowing processes. These material elements are not just static tools but are co-produced and enacted through social interactions, such as discussions with auditors, colleagues, and experts. The integration of these material elements is central to professional knowing, as preparers navigate the complexity of accounting standards through a blend of material resources and connective practices.

Auditors

Like for preparers, one of the most crucial material elements in the field of auditing is the set of standards that govern the conduct of audits and preparation of financial statements. These accounting and auditing standards provide guidance for auditors on how to conduct their work. However, due to the complex nature of these standards and the need for subjective judgments in their application, they can be challenging to interpret and apply correctly.

> If there were often clear-cut answers in the handbook that we could just provide to the client and it was easy to understand, we wouldn't even need to get that reviewed or even provide any help or interpretation. We could just send the standard be like, “Is this helping? Answer your question?” And then they could interpret it how they want, or it would be clear cut. But because sending handbook sections is not clear enough for the clients and adequate enough and they do need a little bit of further discussion and maybe interpretation from us, then we often have to involve executives in those conversations. And I mean like senior manager to partner all the way up to that level just because of how complex the interpretations are. [A4, Big 4]

The ambiguity and complexity in some of the guidance drives discussions among audit teams, experts and clients. When facing complexity, auditors have a variety of available resources to try to

find an answer. Those are for example public material such as the CPA Canada Handbook, professional institutes publications, publications from other firms available on their website, or private material such as their firm interpretation handbook and internal publications, training material, memos from other engagements. Those resources are available for an auditor to conduct their own research and make their own assessment of complex issues. Moreover, the ambiguous nature of some accounting standards requires the use of interpretative guidance rather than the official manual of accounting.

> And I think the second part of it is just how much we use our own firm's interpretation articles compared to the handbook. It's very rare that we get answers just from looking in the handbook. We're almost always looking to see if or hoping that [Big4-Anonymisé] has published some sort of big essay on a very specific standard to explain what the handbook is trying to say and all the little details on it. And if not, maybe another big four has published something and we can kind of use that to help. But we often often use interpretive guidance and articles to help just because it is so complex. [A4, Big 4]

This reliance on firm-specific interpretive materials reflects the collaborative nature of auditing, where insights are pooled across teams to resolve ambiguities. Repositories of memos and shared platforms further facilitate this exchange. Indeed, in the process of resolving complex issues, auditors frequently share their insights and experiences with their colleagues. Several participants discussed the creation of a repository to make lessons learned available to other teams.

> We also have a library of memos of accounting complexities we've seen, for reference by others in the firm should a similar situation arise. We even have a Microsoft Teams where we share information and knowledge. [A20, Non-Big 4]

These repositories not only streamline access to past insights but also foster collective learning by enabling auditors to build on each other's experiences.

In the context of complex guidance, auditors tend to seek out material that has already undergone a certain degree of reflection and application. Those interpretation guidelines often address more specific topics, which assist in identifying the relevant information needed to respond to the guidance in question [A8, Big 4].

Furthermore, the sheer volume of material requires firms to develop mechanisms for prioritizing information. It is not realistic to assume that each auditor devotes that many hours to research for each accounting issue they encounter.

> Our head assurance partner, she sends monthly updates on different accounting standards, what is changing. […] I take the email that I get every month and kind of just scan it to see what is coming out. If it's PSAs, I just ignore it because I don't work in that area, but I do have the title and then there's just a little couple of sentences of what actually is happening. [A13, Non-Big 4]

These curated updates help auditors manage the vast quantity of material, ensuring they focus on changes most relevant to their clients. For subjects that require a more in-depth attention from auditors, firms develop tailored training programs (which are often recorded interactive videos).

> I'm lucky that the office pushes it a bit with training. That means I make sure I select the things I need to know about. So, for example, I check off that I'm doing ASPE, IFRS, US GAAP. Then they push the training to us. [A3, Big 4]

Once more, participants emphasize how the training is tailored to their specific needs, taking into account their existing knowledge and expertise. This shows how the integration of material elements (such as recorded tailored training) intertwines with knowledge boundaries. In-person training sessions are also social processes that integrate material elements and social interactions. These processes show how material elements (recorded training material and guidance) intersect with social practices (discussions and presentations) and knowledge boundaries (tailored to their needs) to enact professional knowing.

Both preparers and auditors face challenges in navigating limited guidance and an overwhelming volume of material. However, material elements often serve as a bridge, fostering collaboration. For instance, interpretive guides and illustrative examples are shared references that enable preparers and auditors to align their interpretations. This shared reliance underscores the interconnectedness of their roles and the collective nature of professional knowing.

The integration of material elements is a dynamic process that underscores the interdependence of resources and relationships in professional knowing. For preparers, the interplay of accounting standards, interpretive guides, and market benchmarks informs their application of judgment in diverse

and evolving contexts. For auditors, firm-specific interpretive materials and internal repositories provide a foundation for addressing complexity, complemented by tailored training and collaborative discussions. Both preparers and auditors must also navigate the overwhelming volume of available information, using tailored strategies to manage and prioritize relevant resources. Preparers often rely on curated updates from auditors, newsletters, and webinars to identify key changes and focus on critical issues efficiently. Meanwhile, auditors use internal systems, such as memo libraries and training programs, to distill vast amounts of guidance into actionable insights. The integration of material elements underscores both the shared challenges and collaborative potential between preparers and auditors. While each group leverages these resources differently, material elements frequently serve as common ground, fostering dialogue and alignment on complex accounting issues. Across both roles, material elements are enacted through social interactions that bridge boundaries, fostering shared understanding and collective expertise.

5.6. Building Trust in Collaboration: Fostering Interpersonal and Institutional Confidence

Trust is a fundamental mechanism that underpins professional knowing in financial reporting and auditing. Through confidence in one's expertise, reliance on team collaboration, and engagement with external consultants, trust facilitates the integration of diverse perspectives and specialized knowledge. This section explores how trust enables preparers and auditors to navigate the complexity of accounting standards.

Preparers

The complexity of accounting standards adds considerable pressure on organisations and complicates the financial reporting process. As P15 points out, the complexity of the standards, compounded by the demands of integrating multiple acquisitions, adds significant weight to the work of preparers: “The fact that the standards are complex... it adds a burden, if you will.” This complexity requires preparers to build robust systems of trust within their organisations and with their external network.

Trust within the organizational reporting structure is critical, and different organizations adopt various approaches to building it. For example, P15 contrasts her controlled, hands-on approach to financial oversight with the decentralized, entrepreneurial model favored by her current VP of Finance: “The VP Finance is all about trusting the divisions... whereas I'm coming in with more of a control-the-ship approach.”

In decentralized structures, such as the one described by P5, individual business units are entrusted with managing their own financial reporting. This approach places significant reliance on the competence of local controllers and finance teams to report accurately, often without extensive oversight from the corporate office. For example, P6 underscores the CFO's trust in the financial reporting team to independently manage accounting standards, reflecting a reliance on internal expertise to navigate complex issues. Similarly, P7 emphasizes the critical role of "gatekeepers" within the reporting structure. These individuals ensure that intricate transactions are escalated to the appropriate level for review and analyzed by those with the necessary expertise. As P7 explains:

> One complexity is that you need to have layers, sort of gatekeepers at key points in the organization chart, because you have a complex transaction going on in [other country], for example. You have to make sure that if it's really complex, that it's communicated to the various levels, and then that it goes up to an appropriate level so that the right skills are available to address or look at the problem. [...] because not all finance function employees have the reflexes required to navigate through the complexity of standards. [P7]

These "gatekeepers", as P7 suggests, play a crucial role in ensuring that complex transactions are addressed appropriately, reinforcing trust across the reporting structure. By escalating such issues to individuals with specialized knowledge, these structure help safeguard the accuracy and reliability of financial reporting. This layered structure of trust—relying on both local autonomy and strategic oversight—enables decentralized organizations to navigate the complexities of financial reporting standards while maintaining confidence in the integrity of their systems.

Trust is not only influenced by the perception of expertise but also by the perception of credibility or those involved (see 3.3.6). Recognizing this, preparers often hire external firms to reinforce credibility to their analyses. When dealing with sensitive or highly subjective issues, preparers may engage third-party experts not only for their technical proficiency but also due to the established credibility these firms offer. For example, P10 explains that even when a company is capable of performing a valuation internally, bringing in a third-party expert—especially from a well-respected firm—can increase the trust that auditors place in the figures presented:

> Even if you could do it in-house, one, it's too time-consuming, and two, you're still going to fight too much with the auditor for nothing, and you'd rather, even you,

> rely on another accounting firm's expertise on this. [...] In situations like that, we say: OK, we'll pay to have either an appraisal firm or another Big Four put their name on the appraisal. [P10]

This reliance on third-party expertise not only enhances the credibility of the financial statements but also aligns with the idea that individuals are more likely to trust those whom they perceive as credible and competent in their respective domains. It also serves to mitigate the risk of disputes with auditors. External experts help bridge the gap between internal assessments and the expectations of auditors, fostering a sense of shared trust in the financial reporting process. The credibility attributed to these external firms – even beyond their technical expertise – is shaped by consistent positive interactions, historically effective collaboration, and established reputation in the industry

Overall, trust is a fundamental element in the preparation of financial statements, underpinning relationships between preparers, auditors, management, and external consultants. Whether it's relying on the expertise of external consultants to validate sensitive accounting treatments, or trusting the internal reporting structures, trust is the glue that holds the financial reporting process together.

While preparers emphasize trust within organizational reporting structures, auditors face similar challenges in establishing and maintaining trust within their teams and with external specialists.

Auditors

Trust is fundamental to the audit process, underpinning the selection of experts and the execution of the audit plan. A16 described the necessity of trusting internal specialists to validate critical judgments, especially in areas outside the auditors' expertise.

> At some point, you have no choice but to trust too. So, you know, our specialists aren't external, they're internal. [...] Yes, I know some of them, but at some point, I'm going to need a point of view from a tax specialist who's a partner of mine, who's going to explain his point of view to me a little, and then he's going to say "I've validated it, I'll sign it for you". After that, you have no choice but to trust by saying "OK, I've challenged him, I've tried to understand, I've asked my questions, he tells me it's correct". You trust. [A16, Big 4]

When I inquired about how auditors establish trust in the expertise of their consultants, many cited positive past experiences as a key factor.

> I know them. I know the specialists. I've often interacted with these specialists, whether in Quebec, Toronto, the rest of Canada or abroad. When there are cases I'm not sure about, I use these specialists to compensate for the fact that I'm not an expert in these fields. You know, when you work with someone a lot, you know where they're good, and then you know where they're not so good. [A19, Big 4]

These insights demonstrate that trust is not solely built on perceived expertise but is deeply rooted in the quality of past relationships and consistent positive interactions. Trust develops through repeated interactions, familiarity with each other's working styles, and accumulated knowledge of each other's strengths and limitations. This aligns with McMurtry's (2010) notion that trust is cultivated through transparent communication, relational history, and consistent reliability.

In situations where there is uncertainty about a new expert's competence, A19 described appointing a trusted secondary expert to mitigate risks:

> I'll give you an example that happened to me, where the person (expert) in question is new to the company, has recognized expertise in the field, but doesn't necessarily know all the nuances, methods and ways of doing things in the office. For me, the decision I made was to have a shadow, someone else to follow him. Because I don't have the expertise in the field - far from it, and I wasn't comfortable. [A19, Big 4]

The auditors developed trust in the experts based on previous interactions and the demonstration of their competence. In instances where there is a lack of confidence in the appointed expert, the partner explains that in order to manage his level of risk, he has decided to appoint a second expert with whom he had a pre-existing relationship of trust. This decision illustrates that trust is dynamic and socially constructed, not merely transactional or based on technical capability. In this case, trust is transferred from an established, known expert to a new one and demonstrates how trust evolves through the continuous validation of competence, reliability, and collaborative behavior.

The audit process relies on contributions from multiple individuals, underscoring the importance of standardized procedures and trusted relationships to contribute to the integrity of the audit.

Consequently, the significance of trust in audit settings is evident, and thus, the cultivation and maintenance of trust among team members is crucial to enhance collaboration and knowing. This perspective aligns with McMurtry's (2010) framework, which emphasizes that trust is built through repeated interactions, transparent communication, and mutual respect. In the context of auditing, trust evolves through the continuous validation of competence, reliability, and collaborative behavior. Therefore, trust is not just about technical capability but also about relational confidence built over time.

Overall, trust is a core mechanism in financial reporting and auditing, underpinning professional knowing and fostering collaboration at all levels. For preparers and auditors, trust is built across multiple dimensions—within teams, through external consultants, and in internal structures. Trust is not only grounded in perceived expertise but also in the credibility and reputation of external firms, which play a crucial role in bridging knowledge gaps and enhancing the perceived reliability of financial statements. Such collaboration is possible when there is trust in the expertise of others, a trust that is built notably through past positive interactions and relational history. As financial reporting grows increasingly complex, robust systems of trust are crucial for fostering communication, collaboration, and accountability throughout the financial reporting ecosystem.

5.7. Reconciling Different Views: Synthesizing Professional Ideas in Practice

The synthesis of professional ideas is the result of professional knowing, where diverse perspectives, technical standards, and organizational objectives converge to apply accounting standards. This section explores how preparers and auditors navigate complex accounting frameworks to produce financial statements and audit reports.

Preparers

For preparers, synthesizing professional ideas entails integrating the objectives of various and sometimes conflicting views, i.e. preparers, auditors, regulators and management. It focuses on applying accounting standards while accurately reflecting the economic reality of their organizations. P5 highlights this overarching objective: “At the end of the day, my mission is: I want to deliver a financial statement that reflects the company's situation.” P7 reinforces this notion: “I'd say that, as a preparer, that's what oversees everything. In other words, are we comfortable? Do our financial statements reflect our business?”. P6 further highlights the dual priorities of reliability and transparency in financial reporting:

> I think that [...] making sure we have a reliable picture of the company's financial situation is critical. I think everything flows from that. Then, it's about providing the desired transparency on the major events that occurred during the year. [...] Sometimes, even if it's not required, we'll often have notes on special transactions that occurred during the year. [P6]

This focus on reliability and transparency reflects the preparers' intent to go beyond compliance with standards, ensuring that stakeholders trust and understand the financial statements.

Preparers often rely on the flexibility afforded by IFRS to make judgment calls on how to best present transactions. P7 describes how they approach complex scenarios by preparing memos that outline multiple accounting options, followed by consultations with departments such as legal and treasury:

> IFRS often offer options. The memos are therefore written with this in mind, when we examine an issue. We'll say: Option 1, Option 2, here's where we would like to go, here's our orientation. Then we discuss it, not necessarily just between accountants, but also with the legal group, the treasury group, to really identify the nature of the transaction with the proposed options. [...] We ask ourselves which option makes the most sense from an economic point of view, taking into account everything underlying the transaction. We also consult our operational teams when relevant. The aim is really to reflect the nature of the transaction in the books as accurately as possible. [P7]

This iterative and transformative process contributes to ensuring that the chosen treatment aligns with both economic substance and organizational strategy. This consultative process emphasizes that financial statement preparation is not solely a technical exercise but also involves broader collaboration across the organization and thus transcends individual viewpoints. The objective is to ensure that the chosen accounting treatment reflects the economic substance and strategic direction of the transaction.

Despite efforts to reflect the reality of transactions, participants expressed frustration when accounting standards restrict their ability to do so. As P5 points out, the complexity of certain standards can lead preparers and auditors to focus excessively on the fine details than the economic substance of the transaction. This, in turn, creates a disconnect between the prescribed accounting treatment and the

actual economic reality: “What tires me... is when auditors get too hung up on how the standard is written... beyond the economic sense of a transaction.”

The strict application of complex standards, as P5 notes, sometimes forces preparers to present financial information that does not fully reflect the reality of a transaction, particularly when auditors insist on a literal interpretation of the standards. This underscores the tension preparers face between adhering to compliance requirements and ensuring that financial information meaningfully reflects economic substance.

Preparers often find themselves navigating the pressure to meet both the expectations of management and the constraints of accounting standards. As P8 illustrates, there are instances where preparers must validate their proposed accounting treatment with management to ensure it aligns with strategic objectives before defending that position with auditors: “I look first, decide what I think we should do, validate with management... because sometimes when it's gray, tell me, look, do you want to argue in this direction A or direction B?”

This example reflects the delicate balance preparers must maintain between being a “business partner” for management and a “gatekeeper” for compliance. As P6 notes, preparers must sometimes push back against management's wishes when a proposed treatment does not align with accounting standards, which can complicate their role and add tension to the reporting process: “You want to be a business partner for your company... On the other hand, you need to be a gatekeeper to ensure that the standard is respected.”

In some cases, preparers must accept outcomes that are less than ideal. Even when they disagree with their auditors’ interpretation, they may have to defer to the auditor’s position, as P2 explains: “Even if we don’t necessarily agree with what their standards group and technical accounting group says, we still have to go with it because they’re the ones signing the opinion.” This reality underscores the collaborative yet hierarchical nature of the financial reporting process, where auditors hold significant sway over the final presentation of financial results.

This synthesis of professional ideas involves integrating diverse and sometimes conflicting viewpoints to integrate considerations from complex accounting standards, management objectives, and the economic realities of the company. Preparers navigate the balance between these sometimes-conflicting priorities while striving to ensure that financial statements reflect the “true” financial

condition of their organizations, all while keeping those statements compliant with regulatory frameworks.

Auditors

The synthesis of professional ideas in the audit context, arising from the application of accounting standards to resolve complex issues, may take various forms—such as a technical memo addressing a specific accounting problem, the audited financial statements themselves, the audit file documenting the process, or the final audit report.

As previously discussed, there are instances where there are conflicting views on the most appropriate accounting treatment. In such situations, achieving consensus may not always be possible. Ultimately, the engagement partner bears the responsibility for arriving at a final decision. Other factors, such as risk and materiality, also play a role in this final decision. Auditors may occasionally encounter differing client positions that, while not aligned with their own views, are still valid interpretations.

> These were gray areas, where we had to ask ourselves, “Do we agree to disagree? Finally. Are we comfortable with the customer interpreting it that way and making that decision [...]". Honestly, it happened to me really recently, it was a question of the principal-agent relationship. Look, it was in the gray area, but gray, and the client had a different conclusion, which we consulted internally to say, “Okay, what's our interpretation in the end? We think it's this, but the client thinks it's that.” Another example is for an asset retirement obligation. We'd say, “If we interpret the standard, that's what it should be”, and he'd say something else. So this was a case where we said “well, the standard is that”, and our interpretation was valid. We had two different figures. We consulted internally, to get the documentation, so we understand the client, his choice, it's not the best choice, but we accept it. [A3, Big4]

A3 illustrates how auditors navigate areas of judgement in accounting standards by reconciling their interpretations with the client’s perspective through dialogue. This collaborative dialogue underscores the importance of synthesizing diverse ideas to ensure a reasonable outcome. As such, a consensus is not always the outcome of discussions among auditors. For instance, in developing an

audit, auditors, specialists, and clients contribute distinct perspectives and expertise, with collaboration focusing on informed agreement rather than complete consensus.

Furthermore, when signing an audit report, the audit partner relies on many individuals as discussed in the previous section, each of which have their own expertise. A19 highlights how auditors synthesize professional ideas by relying on the specialized expertise of their team to address complex accounting issues. While the engagement partner remains responsible for the overall opinion, reliance on experts reflects the collective nature of the audit process.

> All this to say that, when I sign the financial statements, Anonymous CPA auditor, when I sign, listen, I have my own expertise as an auditor on the total balance sheet, it's not a majority OK? I rely on my expert who's going to check 100% of the actuarial liabilities, which represent 95% of the company's liabilities. I rely on him. He's not a CPA, he's an actuary. The CPA auditor, who is an expert, who signs, is obliged to rely on experts. [A19, Big 4]

While the audit partner must obtain a sufficient understanding of the expert's work, it is unrealistic to expect complete mastery of the specialized knowledge underpinning the conclusions presented in the expert's memo. Rather than reaching consensus on every aspect, the audit process leverages the expertise of all contributors to ensure confidence in the reliability of financial statements.

This synthesis of professional ideas reflects an ongoing intellectual interplay that draws from the conflicts among diverse perspectives. For preparers, this interplay is evident in balancing various stakeholder objectives—such as ensuring that financial statements accurately reflect the true economic substance of transactions, maintaining reliability and transparency, and considering multiple accounting options. Preparers consult with others, including management, legal, treasury, and operational teams, aiming to produce financial information that is both meaningful and aligned with organizational realities. For auditors, this synthesis manifests in how they navigate gray areas and rely on experts' work without expecting complete mastery, sometimes accepting the client's position when it remains a valid interpretation. In both cases, achieving full consensus is not always the goal. Instead, these professionals integrate different viewpoints, interpretations, and judgments to form an understanding that transcends any single perspective. This process demonstrates that professional knowing in accounting is neither static nor focused on one definitive solution. Rather, it unfolds through

a relational process that incorporates multiple angles, acknowledges complexity, and helps produce informed judgments that support credible financial reporting in a complex and evolving environment.

5.8. Engaging with the Larger Ecosystem: Regulatory and Institutional Influences

The preparation and audit of complex financial statements are deeply embedded within a network of relationships that extend beyond the immediate organization. Preparers and auditors frequently interact with larger organizations, including regulators, audit firms, and professional associations. These relationships not only shape how accounting standards are interpreted and applied but also influence professional knowing through connective practices, the dissemination of best practices, and the negotiation of regulatory expectations. This section explores the dynamics of these relationships, focusing on how they shape the professional practices of both preparers and auditors.

Preparers

The preparation of complex financial statements is shaped by interactions with larger organizations, particularly regulators and auditors, whose oversight often extends beyond technical compliance to include broader considerations of professional judgment and documentation. Regulators, such as the Canadian Public Accountability Board (CPAB), the Public Company Accounting Oversight Board (PCAOB), and provincial authorities like l'Autorité des marchés financiers (AMF), oversee financial reporting and auditing processes to ensure public trust in financial statements. However, their involvement often introduces additional complexity.

Regulatory reviews frequently increase the workload for preparers and auditors by requiring extensive documentation. As P2 describes, regulatory demands often prioritize process over substance: "It is 50% real audit work and 50%... just to make CPAB happy, or PCAOB happy." This sentiment reflects a recurring tension between the goals of regulatory compliance and the practical objectives of financial reporting. P10 captures the perceived futility of some disclosures, explaining: “Often, you feel like you're talking to yourself. Between you, the auditor, then the regulator.”

Such interactions highlight the administrative burden that can arise when regulatory requirements demand excessive detail, sometimes detracting from the substantive goals of financial reporting.

Disagreements with regulators often center on subjective accounting areas, such as impairment triggers or valuation judgments, requiring preparers to defend their professional judgment. P10

recounts a case where their team faced a dispute with the AMF over a loyalty program investment. Despite consensus between the preparers and auditors that no impairment was necessary, the AMF pushed for a more conservative assessment. This example underscores the challenges of navigating divergent interpretations of complex accounting standards among preparers, auditors, and regulators.

These interactions show how regulators, despite their important oversight role, can influence how to deal with complex matters and impact the day-to-day practices of financial reporting and auditing in ways that go beyond technical compliance. The need to "appease" regulators, as P2 mentions, leads to additional documentation, increased audit work, and sometimes unnecessary disclosures that can overshadow the core financial reporting objectives.

Larger organizations, including audit firms, play a crucial role in mediating these relationships. Auditors, particularly from Big Four firms, often act as intermediaries between preparers and regulators. They help preparers navigate complex regulatory requirements while ensuring compliance with complex accounting standards. This creates a dynamic where larger organizations (auditors and regulators) exert considerable influence over financial statement preparation, shaping how professional knowing is enacted, influencing practices and decisions as much as the standards themselves.

In summary, relationships with larger organizations are critical to the financial reporting process. While regulators are tasked with ensuring the integrity of financial statements, their involvement often adds complexity and requires preparers to navigate differing interpretations of complex accounting standards. The preparers' ability to engage in productive dialogue with both auditors and regulators is essential for maintaining professional judgment while adhering to regulatory expectations.

Auditors

Auditors operate within a multi-layered network of larger organizations, including their team, local office, national and global firm (if applicable), professional associations, and regulatory bodies. These relationships not only shape current engagements but also influence future practices through feedback mechanisms, professional inspections, and the dissemination of best practices.

Professional knowing within auditing is iterative, with lessons learned from one engagement informing future practices. For instance, complex accounting issues addressed in one audit may lead to broader firm-level guidance. A19 describes how local accounting issues can contribute to global firm practices:

> Internationally, there are two possibilities: either they give me a direct answer, or they say “This is a really good question, and we think we should publish it in our book, in IFRS, so that it becomes common practice throughout the international firm”. [A19, Big 4]

This illustrates how local practices can influence global standards within audit firms, fostering consistency and enhancing professional knowing across jurisdictions.

Professional inspections and quality control mechanisms also play a critical role in shaping audit practices. These reviews identify weaknesses in completed engagements, which are then shared with the firm (in the case of internal quality control) or with the entire profession (in the case of professional inspection) through training and internal communication to prevent recurrence [A2, Big 4]. A20 highlights how their firm conducts post-inspection reviews:

> Of course, we always have a post-mortem meeting after the inspection to discuss any shortcomings or aspects that may have been found, and then after that, our QR team draws up the action plan on how everything should be applied in the files, to make sure that everyone is aware. I'd say that's kind of the mechanism. If there's something that needs a little more work, sometimes they'll be the ones who'll put together the memo and then share it, but if it's something that's easy to fix, that's really how it works, it's with a post-mortem. [A20, Non-Big 4]

Such mechanisms help audit teams not only to address specific weaknesses but also to integrate these lessons into broader firm practices. These feedback loops between engagements, inspections, and firm-level initiatives demonstrate how larger organizations shape the professional knowing of auditors. By disseminating best practices and mandating specific responses to identified gaps, these structures enhance the consistency and quality of audit work across engagements.

Relationships with larger organizations, including regulators, audit firms and professional associations, are central to the preparation and audit of financial statements. For preparers, these interactions often involve navigating tensions between regulatory demands and professional judgment, while auditors integrate insights from engagements and inspections into firm-wide practices. Both roles highlight the dynamic interplay between individual expertise and organizational influence. By fostering collaborative relationships and leveraging institutional feedback mechanisms, preparers and auditors

navigate the complexities of financial reporting while maintaining the integrity and adaptability of their professional practices.

In sum, the findings illustrate the intricate ways preparers and auditors enact professional knowing, revealing shared mechanisms - fragmentation of expertise, knowledge boundaries, diverse contributions, social interactions, material elements, trust, synthesis, and relationships with larger organizations - shaped by their roles, organizational contexts, and resource availability. These mechanisms operate not in isolation but as interdependent processes. Professional knowing refers to the enactment of collective professional knowledge, which emerges from the dynamic interplay of social interactions, material elements, and professional networks.

One of these mechanisms, fragmentation of expertise (see 5.1), highlights the impossibility of any single individual mastering the full intricacies of accounting standards. This necessitates other mechanisms, such as recognizing knowledge boundaries (see 5.2) and fostering diverse contributions (see 5.3), to bridge gaps and contribute to effective collaboration. This fragmentation involves that professionals not only recognize the limits of their own knowledge but also understand the expertise of others to effectively collaborate when addressing complex issues. As specialization deepens, resolving these issues requires diverse perspectives, often involving individuals from different roles to better reflect the economic substance of transactions in accounting treatments. Social interactions (see 5.4), therefore, become essential as they enable accountants to navigate the challenges posed by accounting standards. While formal interactions are important, informal exchanges often play an equally vital role, particularly in resource-constrained environments—whether due to limited budgets for preparers or efficiency demands for auditors. These interactions foster trust (see 5.6), which not only underpins collaboration but also paves the way for future exchanges. Such collaboration is only possible when there is trust in the expertise of others.

Material elements (see 5.5) anchor these social processes, acting as both resources and catalysts for collaboration. Complex and ambiguous standards encourage dialogue and joint problem-solving, while supplementary materials—such as firm-specific guidelines and illustrative examples—serve as shared reference points, bridging gaps between professionals with diverse expertise. Navigating this wealth of material requires an acute awareness of knowledge boundaries to identify what is relevant to specific roles. Additionally, documented processes from prior cases inform current practices, connecting past and present knowing.

At its core, professional knowing in financial reporting culminates in the synthesis (see 5.7) of these diverse perspectives into audited financial statements. This synthesis involves reconciling competing priorities—economic realities, materiality considerations, and regulatory requirements—into a coherent and accurate representation. Throughout this process, larger entities (see 5.8), such as global accounting firms, regulators, and professional associations, shape the structures and dynamics within which professional knowing unfolds, emphasizing the interconnected nature of expertise, social interactions, and material elements.

Together, these mechanisms illustrate that professional knowing is not static but an ongoing, relational process shaped by the entanglement of human and material actors. The **Table *4*** below provides a structured overview of how each mechanism is enacted by preparers and auditors, highlighting both shared and distinct practices. By presenting these mechanisms side by side, this summary facilitates a comparative understanding of professional knowing across financial reporting and auditing.

[**Table 4**]

The next section will build on these findings, discussing their theoretical and practical implications for understanding professional knowing in financial reporting and audit contexts.

6. Discussion

Accounting standards complexity is defined in practice as "the state of being difficult to understand and apply" (SEC, 2008, p.18). Understanding how accountants manage and cope with this complexity is vital for ensuring they can adequately fulfill their professional role. The findings of this thesis, analyzed through the lens of professional knowing, demonstrate the importance of connective practices to navigate the demands of contemporary accounting professional work. Professional knowing is the process by which collective professional knowledge is enacted through interactions with people, processes, and material elements in order to navigate complexity. In this context, collective knowing emerges as a form of connective practice that directly responds to the challenges posed by complexity. It does not arise from individuals working in isolation, but from relational arrangements that integrate diverse forms of expertise to address intricate tasks. How professional knowing is enacted as CPAs face complexity illustrates a shift in practices toward greater connectiveness, through which professionalism is maintained. As Noordegraaf (2020) suggests, focusing on connections and

relationships within professional study provide valuable insights into how professions operate (Adams et al., 2020).

The chapter is structured as follows: Section 6.1 presents the theoretical contributions, while section 6.2 discusses the interconnections and shared mechanisms in the financial reporting ecosystem. Section 6.3 discusses implications for accountants' work practices.

6.1. Theoretical Contribution

This section presents the theoretical contributions of this thesis. First, this thesis extends existing literature on professional knowing (McMurtry et al., 2016) by introducing three distinct mechanisms to McMurtry's framework – fragmentation of expertise, knowledge boundaries and trust. These mechanisms offer a more granular perspective on how professional knowing is enacted in environments where expertise is increasingly specialized and distributed. A secondary contribution of this thesis is the first application of McMurtry's framework to an accounting context, demonstrating its relevance to interprofessional collaboration in financial reporting and auditing. Third, it explores the sociomaterial perspective on knowing, emphasizing the interplay between social and material elements. Fourth, it discusses connective practices as central to professional work.

6.1.1. Extension of Professional Knowing Framework

This thesis extends McMurtry's framework by introducing three distinct mechanisms—fragmentation of expertise, knowledge boundaries, and trust—that play critical roles in how professional knowing is enacted in accounting. These mechanisms refine the framework by providing greater specificity about the processes and interactions through which professional knowing emerges and evolves. By positioning these as distinct and interacting mechanisms, this research offers a more nuanced understanding of the processes through which professionals navigate knowledge complexity, and coordinate expertise in an evolving profession.

Fragmentation of expertise

The fragmentation of technical expertise emerges as a defining feature of contemporary professional knowing in accounting. While McMurtry's framework acknowledges the distributed nature of professional knowledge, it does not explicitly address how fragmentation affects professional interactions. This thesis foregrounds fragmentation as a distinct mechanism that shapes how professionals engage with complex accounting standards. Fragmentation is not merely an outcome of

distributed knowledge but actively shapes how professionals engage with one another and allocate expertise, emphasizing the need for connective practices that bridge these divides (see section 6.3.1).

By making fragmentation a distinct mechanism, this thesis highlights a critical transformation in professional knowing—moving from the assumption that expertise is broadly distributed across CPAs to the reality that it is fragmented, requiring connective practices to bridge gaps between specialists.

Knowledge boundaries

This thesis also develops knowledge boundaries as a distinct mechanism, demonstrating that professional knowing is not simply about accessing knowledge but about strategically managing the limits of expertise. Boundaries are not fixed; they are continuously negotiated and redefined through interactions with colleagues, consultants, and material resources. McMurtry's framework emphasizes relational aspects of professional knowing, but this thesis identifies knowledge boundaries as a critical mechanism that both facilitates and constrains professional interactions.

For the accounting profession, this highlights an important element: professional competence is increasingly defined not by what an individual knows, but by their ability to recognize knowledge boundaries and strategically collaborate across them. As Couchoux (2024) argues, a crucial contribution when dealing with reporting complexity is the ability to acknowledge the limits of one's knowledge. This thesis builds on that perspective by showing that accountants must develop not only technical knowledge but also skills in boundary navigation and expertise coordination.

For example, preparers and auditors often encounter boundaries when dealing with highly specialized accounting standards or technical interpretations. These boundaries require them to: recognize the limits of their own expertise (e.g., an auditor knowing when to consult a valuation specialist), determine when and how to engage other experts (e.g., preparers deciding when to and to whom seek external consultation despite cost constraints), negotiate expertise asymmetries (e.g., reconciling conflicting interpretations between specialists, auditors, and regulatory bodies). These boundaries necessitate collaboration, as professionals must draw on external expertise or adapt their own expertise to address unfamiliar challenges. The findings of this thesis reinforce this by showing that preparers and auditors must continuously negotiate knowledge boundaries, adapting their expertise in response to regulatory changes, evolving business models, and new technical interpretations.

By explicitly recognizing boundaries as a mechanism, this thesis sheds light on how professionals navigate specialization and interdependencies in facing increasing complexity in financial reporting.

Trust

Trust is central to professional knowing, shaping both the willingness and confidence to engage in knowing. In McMurtry's original framework, trust is an implicit component of relational processes. However, this thesis positions trust as a distinct mechanism that operates at multiple levels—between individuals (e.g., preparers trusting auditors' interpretations of complex standards), within teams (e.g., audit partners trusting that their teams have performed audit work with diligence), and across organizations (e.g., firms trusting external specialists' assessments). Trust influences the depth and quality of professional interactions, particularly in contexts where knowledge asymmetries or independence requirements create barriers to collaboration. In environments characterized by growing complexity—where knowledge becomes increasingly fragmented and specialized—trust becomes indispensable. As differences in expertise widen, team members must rely on each other's specialized knowledge, necessitating a heightened level of trust to bridge the gap between what one knows and what remains beyond one's grasp (McMurtry, 2010). For instance, preparers may rely on auditors' guidance but must trust that their input respects organizational priorities and regulatory boundaries. Similarly, auditors must trust the accuracy and completeness of information provided by preparers to fulfill their oversight role. Audit partners, in turn, place trust in their teams to have performed the audit work thoroughly and in the experts involved to have made sound assessments, upon which the signing of the audit report is ultimately based. By making trust an explicit mechanism, this thesis highlights its foundational role in enabling connective practices and sustaining professional knowing amidst complexity. This thesis shows that trust is not just a social facilitator—it is an active mechanism that shapes how professionals engage with complexity, make decisions, and maintain their professional legitimacy.

By incorporating fragmentation of expertise, knowledge boundaries, and trust as distinct mechanisms, this thesis advances McMurtry's socio-material framework in several ways. First, it enhances the framework's granularity, allowing for a deeper analysis of how professional knowing unfolds in specific contexts. Second, it expands the framework's applicability by addressing challenges unique to modern accounting, such as the rise of specialization and the implication of a multitude of

specialists. Third, it provides a foundation for exploring how these mechanisms interact with existing elements of the framework to shape professional knowing.

This expanded framework offers significant contributions to the literature on sociomaterial conceptions of practice and knowing, especially the concept of professional knowing. By detailing these mechanisms, the thesis provides a theoretical basis for understanding how professionals collectively navigate complexity in knowledge-intensive fields including accounting. Fragmentation of expertise, knowledge boundaries, and trust not only refine McMurtry's framework but also resonate with broader discussions in organizational and professional studies about the relational and distributed nature of expertise (Adler et al., 2008; Noordegraaf, 2020). These insights position the thesis as a bridge between theoretical advancements and practical challenges, offering a robust lens for analyzing professional work in dynamic and interconnected environments.

6.1.2. Applying Professional Knowing to the Accounting Context

Another contribution of this thesis is the application of McMurtry's professional knowing framework in an accounting context for the first time. While professional knowing has been demonstrated in fields such as education and healthcare (McMurtry et al., 2016), it has not been explored in financial reporting and auditing. This thesis demonstrates how McMurtry's framework is well-suited to capture the highly specialized and collaborative nature of accounting work, where preparers, auditors, and various specialists (e.g., tax, valuation, IT, and actuarial experts) must integrate their expertise to navigate the complexity of accounting standards. This innovative perspective highlights how accountants enact and maintain professional knowing in an environment characterized by specialization, regulatory constraints, and intricate sociomaterial interactions, thereby broadening the conceptual scope of professional knowing to encompass the practical challenges of contemporary accounting work.

McMurtry's framework originates from the medical education literature, where it was developed to understand how socio-material conditions shape interprofessional knowing. This thesis adapts and applies the framework to the accounting profession. In the accounting context, teams composed of auditors, preparers, and various specialists can be viewed as interprofessional, as they integrate multiple areas of expertise to navigate complex standards. Bringing this new empirical setting to McMurtry's framework has allowed me to shift the focus from the original educational setting and examine the practical challenges professional accountants face in interpreting and applying intricate

technical standards. Unlike prior applications of McMurtry's framework, which focused on interprofessional collaboration across professions (e.g., between doctors and nurses), this study highlights how interprofessionalism occurs even within a single profession, as expertise becomes increasingly specialized, fragmented, and dependent on external experts.

Applying this framework to accounting reframes how expertise operates within the profession and shows that professional knowing in financial reporting is not about individual mastery, but about the ability to coordinate and integrate expertise across knowledge boundaries.

While traditional views of accounting might emphasize the autonomy of individual professionals, this thesis highlights how professional knowing in financial reporting is fundamentally interprofessional—requiring continuous negotiation and collaboration across areas of expertise. This insight challenges conventional notions of professional jurisdiction in accounting by revealing how expertise is not simply distributed across different fields (e.g., tax vs. audit) but also fragmented within the profession itself, as technical knowledge becomes increasingly specialized.

This insight challenges dominant perspectives in professionalization literature, particularly in the sociology of professions, which often frame jurisdictional boundaries as external to the profession (Abbott, 1988). Instead, this study reveals that jurisdictional boundaries also exist within the profession, as different specialists carve out micro-domains of expertise within accounting (e.g., IFRS 17 Insurance contracts, or IFRS 16 Leases specialists).

Through this application, the thesis contributes to broader discussions on the evolution of expertise in contemporary professions. It demonstrates that professional knowing is not just about acquiring knowledge but about strategically mobilizing expertise in response to regulatory complexity. This insight is relevant beyond accounting, offering a perspective on how professional knowledge is structured, fragmented, and enacted in other knowledge-intensive fields where complexity is increasing.

Building on these theoretical advancements, the next section discusses how sociomateriality provides a lens for understanding how professional knowing emerges through the interplay of social and material elements in practice.

6.1.3. Sociomateriality and Collective Knowing

This thesis draws on sociomateriality to challenge traditional knowledge-sharing models, which often conceptualize knowledge as a transferable "thing"(McMurtry et al., 2016). Existing literature on knowledge sharing in audit (e.g. Aghazadeh et al., 2023; Causholli et al., 2021; Seavey et al., 2017; Vera-Munoz et al., 2006) often frames knowledge as something to be transferred between professionals, thereby focusing on individual knowledge. This perspective, rooted in traditional assumptions about knowledge acquisition and transfer (Fenwick et al., 2012; McMurtry et al., 2016), overlooks the critical role of collective knowing—where team members with specialized expertise collaborate to form a shared understanding of complex issues without fully mastering all domains involved. Instead, the findings show that knowing emerges through interactions among social actors and material elements. This thesis advances the discussion by highlighting how preparers and auditors rely on connective practices to bridge fragmented expertise, thereby reframing the preparation and audit processes as collective endeavors. This study reveals that professional knowing emerges dynamically within collaborative networks, where the interplay of distinct expertise produces outcomes beyond the capabilities of any single professional.

The material elements with which professional accountants interact, such as accounting standards, interpreted guidance, repositories of memos or policies, illustrative examples, databases, and audit software are not merely passive resources but active participants that shape and are shaped by collaborative processes.

The findings also highlight the iterative and situated nature of professional knowing. Material elements play a particularly prominent role in the financial reporting context, where diverse resources support professional knowing. These elements are not just tools but physical manifestations of prior knowing processes, providing a foundation for further reflection and application. For example, accountants frequently rely on secondary materials that have already been refined and applied, enabling them to navigate knowledge boundaries efficiently and participate meaningfully in collaborative discussions. This is consistent with the findings of Causholli et al. (2021), who argue that although auditors are expected to obtain explicit knowledge by accessing knowledge databases, they are also likely to seek knowledge directly from their peers.

Strategic mobilization of material elements is essential for addressing complexity. Professionals must identify the most relevant information for their roles while ensuring they possess sufficient

common knowledge to engage in constructive discourse with others. Overall, professional knowing involves the art of navigating the sea of available information. This involves balancing their own expertise with contributions from others, fostering a collective approach to problem-solving. By negotiating between diverse material resources and collaborative interactions, professionals enact professional knowing as an adaptive and iterative process.

The role of material elements in accounting goes beyond their treatment in prior research. While prior studies (e.g., Causholli et al., 2021) acknowledge that auditors consult databases and technical guidance, but they primarily treat these as repositories of explicit knowledge rather than active participants in professional knowing**.** My findings reveal that these materials do more than store knowledge—they actively shape the collaborative process by structuring how professionals interact, share, and negotiate expertise. For example, accounting standards are not just regulatory constraints; they serve as boundary objects that enable alignment across diverse experts. My findings show that preparers and auditors do not merely interpret standards individually, but co-construct meaning around them through interactions with specialists, consultants, and regulatory interpretations. This extends prior studies that focus on knowledge access to show that professional knowing is enacted through continuous engagement with material artifacts. Materiality is central to how accountants navigate fragmented expertise.

The literature on knowledge-sharing in audit often assumes that professionals engage in direct interpersonal exchanges (e.g., Seavey et al., 2017), but my findings demonstrate that material elements serve as intermediaries in these exchanges. For example, preparers use interpreted guidance from multiple firms to triangulate positions rather than relying solely on human experts. Unlike studies that view consultation as a unidirectional process (i.e., auditors seek knowledge from national offices or databases), my findings suggest that the process is iterative — accountants constantly reshape their knowing through ongoing social and material engagement.

Sociomateriality reveals that knowing is not just situated, but iterative and accumulative. Unlike prior literature that conceptualizes knowledge as something accessed in the moment of decision-making, my findings show that knowing is shaped by prior knowing and prior engagements with materiality — memos, policies, historical interpretations — that structure how professionals act in the present. This adds a temporal dimension to sociomateriality in accounting, showing that knowing is not just embedded in social-material interactions but evolves over time as professionals iteratively

refine and adapt their interpretations. This adds nuance to sociomateriality in accounting by showing that professional knowing is not just embedded in interactions, but in a continually evolving material-discursive process where past interpretations actively shape present decision-making.

By incorporating sociomateriality, this thesis shifts the focus from individual knowledge to the relational and material interactions that sustain collective knowing in the accounting profession. Building on the sociomaterial perspective, the next section further discusses the centrality of connective practices in addressing the complexities of professional work.

6.1.4. Connective Practices in Professional Knowing

Connection is crucial for understanding contemporary professional work. While literature on professionalism discusses how professionals protect their jurisdiction through connections (Alvehus et al., 2021; Faulconbridge et al., 2021), less attention is given to the essential role of connection in enabling the capacity to cope with complex knowledge. The findings of this study show that connective practices are not just defensive strategies used to maintain professional authority but are essential epistemic practices that sustain expertise in highly fragmented environments. Effectively navigating the complexity of accounting standards relies on practices that foster connections across expertise, roles, and organizational boundaries.

These connective practices are essential for addressing the increasing fragmentation of expertise and the growing interdependencies within the financial reporting ecosystem. Professional knowing, as underscored in this thesis, can be viewed as an adaptive response to the challenges posed by the multiple layers of expertise in modern society, where expert systems are held together by trust rather than by a layperson's direct understanding of the underlying knowledge base (Giddens, 1990, 1991). The mechanisms of professional knowing illustrate how these multiple layers of expertise can collaborate when facing complexity. This collective approach aligns with Noordegraaf's (2020) emphasis on the importance of interactional processes in professional work, particularly in response to increasing complexity. Accounting standards' complexity necessitates collaboration across boundaries as professionals engage with concepts from other fields (Smith-Lacroix et al., 2012). These interdependencies highlight the centrality of connective practices, where relationships and collaborative processes enable professionals to navigate fragmented expertise and sustain professional knowing in an interconnected environment.

The rising specialization (e.g. Hux, 2024; Smith-Lacroix et al., 2012) within the accounting profession reflects a broader trend of "distributed expertise", where professionals are increasingly experts in narrow domains rather than generalists capable of mastering all aspects of accounting standards. This specialization challenges traditional notions of professional autonomy, requiring skills centred on relationship-building, negotiation, and collaboration. As Alvehus et al. (2020) argue, adapting to this environment demands expertise that encompasses learning, creativity, and innovation. The findings of this thesis emphasize that connective practices, supported by sociomaterial interactions, are not just responses to these challenges but integral to professional knowing, enabling teams to address complexity collectively rather than individually. It highlights the centrality of relational expertise, where skills such as relationship-building, negotiation, and collaboration become integral to professional knowing. Rather than diminishing professional expertise, connectivity is what allows accountants to engage meaningfully with complex technical issues that exceed any single individual's capacity.

The findings contribute to ongoing debates about the evolution of professionalism in accounting, where increasing connectivity can be viewed either as a threat to professional autonomy (e.g. Caglio, 2003) or as an evolution of professional work (e.g. Noordegraaf, 2020). The integration of external expertise into accounting tasks, as seen in the use of actuarial or IT specialists, may raise concerns about the de-professionalization of accountants and the erosion of their jurisdictional claims (Caglio, 2003; Kotb, 2008). However, this thesis supports an alternative interpretation, aligning with Noordegraaf's proposition that connectivity reflects the interdependencies necessary to address modern complexity. As Noordegraaf (2020) suggests, new forms of professionalism require "a focus on relational processes in which professional expertise, autonomy, and authority are enacted and maintained" (p.211). Rather than diminishing professionalism, connective practices demonstrate the adaptive capacity of the accounting profession to evolve within an increasingly networked and interdisciplinary environment. My findings support this claim by showing that accountants' professional legitimacy is no longer tied solely to their mastery of accounting standards but also to their ability to connect disparate areas of expertise and coordinate collective problem-solving.

In conclusion, this thesis moves beyond traditional views of knowledge transfer to illuminate the dynamics of collective knowing in financial reporting. By exploring how preparers and auditors collaborate to navigate accounting standards complexity, the study highlights the critical role of

connective practices and sociomaterial interactions in sustaining professional expertise in an evolving and interconnected field. These findings contribute to a broader understanding of how professionals connect and adapt to meet the increasing complexity demands, reinforcing connective practices' central role in modern professional work.

6.2. Professional Knowing Across Roles and Contextual Differences

This section discusses the extension of our understanding of the financial reporting ecosystem. First it highlights the interconnected roles of preparers and auditors and their connective practices. Second, it discusses how professional knowing transcends contextual differences by highlighting shared mechanisms across professional settings.

6.2.1. Professional Knowing Across Roles

In addition to moving beyond traditional views of knowledge transfer to illuminate the dynamics of collective knowing among auditors, an important contribution of this thesis is its inclusion of preparers' perspectives, which have been underrepresented in existing literature (one rare example of a study that adopted preparer's perspective is Hartmann (2022) in the context of goodwill impairment). Most studies focus on auditors' reliance on specialists, framing audit work as a predominantly technical process of accessing knowledge (Hux, 2017). The literature also show that complexity often leads to increased reliance of management assertions from auditors (Griffith et al., 2015). However, these studies often overlook the broader connective practices that support preparing and auditing financial statements. By incorporating the perspectives of preparers, this thesis sheds light on their essential role in financial reporting—not only as the preparers of financial statements but also as vital participants in the broader ecosystem of professional knowing in accounting. This research emphasizes the critical function of preparers in the financial statement production process and illustrates the interdependencies between preparers and auditors as they navigate complex accounting standards.

The inclusion of preparers shifts the focus from a unidirectional view of knowledge transfer—where auditors are often seen as assessing the work of preparers—to an interconnected view of professional knowing. Preparers frequently engage in iterative consultation and negotiation processes, relying on auditors and external advisors for interpretive guidance on complex accounting standards. Rather than assuming that preparers are isolated producers of financial statements, this interdependence posits them as active participants in the collective effort to navigate accounting standards' complexity.

By situating preparers within the collective processes of professional knowing, this thesis broadens our understanding of connective practices in financial reporting. Preparers are not merely the source of information that auditors evaluate but are integral to the interpretative activities required to meet the demands of complex accounting standards. Their contributions demonstrate the adaptability and relational dimensions of professional knowing, reinforcing that managing complexity is not an individual endeavour but a deeply collaborative process.

Moreover, this thesis challenges the focus on auditor-specialist relationships (see Hux, 2017 for a review) by showing that auditors collaborate not only with specialists but also with one another and with preparers. These interactions (see **Table 4**) reveal the mutual dependencies that underpin professional knowing and broaden the scope of research on connective practices within the financial reporting ecosystem. For example, preparers often rely on auditors to interpret complex accounting standards, while auditors depend on preparers for detailed knowledge of complex organizational transactions that need to be accounted for. By incorporating preparers' voices, this thesis offers a more holistic view of the financial reporting process, enriching our understanding of how expertise is collectively enacted in a specialized and evolving field.

While the inclusion of preparers' perspectives broadens our understanding of professional knowing across roles, the next section discusses how the mechanisms underpinning professional knowing transcend contextual differences.

6.2.2. Transcendence of Contextual Differences

The findings underscore that the mechanisms underlying professional knowing are not exclusive to any particular professional group or context. A key strength of the theoretical framework utilized in this thesis is its capacity to make sense of how professional knowing unfolds for both preparers and auditors. Whether in resource-limited or resource-rich environments, these mechanisms operate universally, showcasing their adaptability and reinforcing the interconnected nature of professional work. This underscores the existence of shared dimensions of professional knowing, despite the existence of differences in roles, resource availability, and organizational contexts. Each of the identified mechanisms was found to be important in enabling participants to navigate the complexity of accounting standards. For example, preparers in resource-limited environments or auditors in smaller audit firms demonstrate remarkable adaptability by strategically drawing on external networks (Hux, 2017) and relationships to compensate for the limited in-house expertise (see 6.3.2).

This parallels the practices of auditors in resource-rich environments, who rely on in-house specialists or national offices for guidance (as observed in this study and in e.g. Aghazadeh et al., 2021, Kohler et al., 2021).

Another example is regarding the fragmentation of expertise. The fragmentation of expertise can be seen as a phenomenon that thrives in resource-rich environments, such as Big 4 accounting firms. In such contexts, fragmentation occurs both organically and as a deliberate strategy. It is inevitable that auditors will encounter recurring issues as part of their day-to-day work, which will foster a level of specialization over time. From a strategic perspective, audit firms deliberately structure their teams to specialize, often by industry. This results in the formation of what could be described as "sausage machine" [A11], where auditors repeatedly handle the same types of issues. This approach enhances efficiency and reduces the probability of errors. Similarly, the nature of activities within preparers' organizations also serves to facilitate a form of natural fragmentation. The routine operations of these organizations result in preparers becoming intimately acquainted with recurring issues. In fact, preparers often exhibit even greater specialization than auditors, as their work involves dealing with the same transactions on a month-to-month basis, with only occasional exceptions.

These similarities underscore the universality of the mechanisms of professional knowing while emphasizing the unique ways professional accountants engage with them. This finding broadens our understanding of connective practices by illustrating how professional knowing unfolds across roles and organizational contexts.

6.3. Fragmentation, Barriers, and Broader Contexts

This section discusses the implications of accounting standards complexity for work practices among accountants. First, it examines the fragmentation of technical expertise and its implications for professional roles. Second, it discusses structural and relational barriers to professional knowing. Finally, it situates these findings within larger institutional and social frameworks.

6.3.1. Fragmentation of Technical Accounting Expertise

One of the central insights of this thesis is the extent to which accounting standards complexity involves fragmented technical accounting expertise. One would arguably expect CPAs to possess an

understanding of professional standards[4] sufficient to make the application of these standards a core skill. However, the findings of this study reveal that navigating accounting standards has become such a complex endeavour that not all CPAs can do so effectively. Even those with significant expertise often need help to apply these standards comprehensively. This challenges traditional expectations of CPA expertise and reshapes our understanding of the skills required to navigate the evolving demands of financial reporting.

While the involvement of specialists in the audit process has been well-documented, particularly in areas such as tax (Hux et al., 2024), information technology (Bauer & Estep, 2019), valuation (Griffith, 2020; Smith-Lacroix et al., 2012), and forensic specialists (Jenkins et al., 2018), this thesis shows that specialization now extends to the core of accounting knowledge itself. The application of accounting standards, once considered the domain of CPAs, increasingly requires specialized expertise. This finding highlights the internal complexity of accounting standards and how they contribute to the broader fragmentation of expertise in the profession. This fragmentation aligns with the observations of Durocher et al. (2016), who found that global standardization and the increasing complexity of accounting and auditing standards intensify fragmentation processes within the profession, particularly marginalizing small practitioners and creating a two-tier system in which only "true" accountants are seen as mastering IFRS. In Durocher et al.'s (2016) view, fragmentation creates exclusion and division. This thesis offers a different view of fragmentation, one that fosters collaboration among accountants. Fragmentation was shown to be a key mechanism for CPAs in audit firms and in organizations for dealing collaboratively with accounting standards complexity.

The findings underscore that this fragmentation of expertise creates significant interdependencies among professionals in the financial reporting ecosystem. This internal complexity has profound implications for how preparers and auditors approach their work. Rather than mastering all aspects of accounting standards, professionals must strategically navigate knowledge boundaries, relying on collaborations with colleagues, external advisors, and material resources to address areas beyond their expertise. For example, auditors often consult national offices or rely on specialized teams for guidance on technical accounting issues, while preparers seek interpretative advice from auditors

[4] Financial reporting is a specific foundational core competency in the CPA Competency Map 2.0. Candidates entering the profession are expected to be able to "apply accounting and assurances standards and tax requirements as needed" (CPA Canada, 2022).

or external consultants to resolve complex accounting challenges. These interdependencies highlight the critical role of connective practices in addressing the fragmented nature of technical expertise.

This fragmentation also underscores the need for a shift in how we conceptualize CPA expertise. The notion of the CPA as a sole expert capable of independently applying accounting standards is not tenable. Instead, expertise must be understood as distributed across networks of professionals, where collective efforts and relational processes enable the navigation of complexity. Such "distributed expertise" requires skills that were previously less emphasized, such as navigating relationships to accomplish professional tasks. Consequently, the expertise demanded from accountants will need to be adaptative, encompassing continuous learning, creativity, and innovation as proposed by Alvehus et al. (2021). This is especially interesting in a context where the CPA profession faces pressures over its relevance (Pimentel & Boulianne, 2022).

While this section reinforces the need for connective practices to address the challenges posed by an increasingly specialized and fragmented knowledge landscape, the next section explores structural and relational barriers to professional knowing in financial reporting.

6.3.2. Barriers to Professional Knowing

Professional knowing relies on diverse interactions that enable professionals to navigate the complexity of accounting standards. These interactions can take many forms, from formal consultations to informal exchanges within personal networks. However, this thesis's findings reveal several barriers that hinder these collaborative processes, affecting preparers and auditors in distinct ways. These barriers, shaped by structural, relational, and organizational factors, highlight the challenges professionals face in enacting collective knowing within the financial reporting ecosystem.

Many preparers were nostalgic for the social structures and collaborative environments of their time in audit firms. Former auditors from Big 4 firms usually have positive memories of the interpersonal relationships and connections they established during their time there (Daoust & Malsch, 2019). In audit firms, collective knowing was embedded in their daily routines, with formal and informal opportunities for mentorship, peer interaction, and team-based problem-solving. The transition to roles outside the audit firm often left preparers in positions where they were the sole accounting experts in their organization, leading to a sense of professional solitude. It limits their opportunities for professional knowing. As P15 highlighted, "It can't just stand on me, but I have to be able to turn around and talk to someone of standards." This concentration of expertise creates

bottlenecks, reduces opportunities for collaborative problem-solving, and fosters a sense of professional isolation. Without the social networks and structures that characterized their earlier experiences, preparers face additional challenges in navigating the complexity of accounting standards.

These insights reveal that professional knowing relies on more than access to technical expertise—it is sustained by the relationships and networks of those navigating complex standards. Addressing these relational dimensions is essential for fostering effective professional knowing in facing increasing complexity in financial reporting.

Furthermore, aligned with the literature that noted a rise in national office consultation (Aghazadeh et al., 2021; Kohler et al., 2021), this thesis finds that external consultations also play a significant role in enabling professionals to navigate the complexity of accounting standards. Therefore, the accessibility to such experts is important. Preparers not only adapt to increasing complexity by increasing accounting expertise on their Board of Directors (Chychyla et al., 2018), but they also have to rely on their network of external experts. Unlike auditors, who are often supported by structured internal resources, preparers frequently work in isolation or within smaller teams, making them more reliant on external consultants and auditors. While this reliance fosters collaborative practices, it also introduces challenges, particularly the high financial costs associated with consultation and the constraints imposed by auditor independence requirements.

Aligned with the literature associating IFRS complexity with higher audit costs (e.g. Miah et al. 2020), this thesis finds that a key barrier to professional knowing is the high financial cost of consultation. This discourages preparers from seeking external guidance. As P8 explained while referring to external consultations: “I try not to do it too much because it always comes with a hefty bill”. For preparers, the reluctance to consult can make it more challenging to apply accounting standards accurately, as they may lack exposure to complex cases that would otherwise build their expertise. This can lead to longer resolution times, an increased sense of isolation, and, ultimately, a heightened risk of errors in financial statements. This is consistent with literature associating accounting complexity with increased errors (e.g. Peterson, 2012). In contrast, auditors gain valuable insights and expertise through their consultations, often facilitated by preparers who engage in their services.

To mitigate cost challenges, preparers often rely on informal and personal networks. These networks, comprising previous colleagues, peers from professional associations, or contacts in similar

organizations, play a crucial role in providing non-commercial avenues for consultation. When competition is not a concern, these relationships with other preparers facing similar issues enable preparers to access insights and expertise without incurring financial costs. Confidentiality concerns and the inability to collaborate with competitors may act as barriers. Such networks offer a vital complement to commercial advisory services, particularly for preparers in resource-constrained settings. The findings emphasize that these informal networks are not merely supportive but integral to sustaining professional knowing in contexts where financial limitations restrict access to formal consultation.

Moreover, auditor independence requirements create another obstacle to collective knowing. While auditors have deep knowledge of accounting standards, their role is often limited by the need to maintain independence, preventing them from offering the level of advisory support that preparers might require. Preparers may also be reluctant to ask questions for fear of exposing gaps in their control over financial reporting. This further restricts the collaborative process between auditors and preparers, limiting the extent to which external networks can contribute to professional knowing. Independence has been mostly studied in the context of auditing, but by exploring knowing processes, this thesis uncovers that it has ramifications from the perspective of preparers. As such, this thesis shows that independence is not only a consideration for auditors but also for preparers as it shapes the interactions between them, thus shaping professional knowing.

While auditors also face barriers, their challenges differ due to their access to structured resources and specialized teams. Auditors encounter unique challenges related to the pressures of efficiency and budget or time constraints (Hux, 2017). These pressures may lead them to prioritize efficiency over meaningful collaboration, seeking expert conclusions rather than engaging in deeper discussions, thus avoiding engaging in professional knowing in those instances. These pressures may hinder reflection on the issues to be resolved, making it harder for auditors to contribute to discussions with the experts, and thus to participate in professional knowing. Previous studies have revealed that in difficult relationships, professionals often resort to a practice akin to "throwing things over the fence" (Bauer and Estep, 2019, p.2144). This involves sharing the results of their work by passing work papers back and forth without fully grasping how the other's findings affect their own work or the overall audit process. Such instances are examples of situations where professionals fail to participate in professional knowing. The challenge lies in striking a balance between the synergies and efficiency generated by obtaining expert advice and the diverse contributions fostered by active participation in the reflections.

Furthermore, it is important to be aware of the potential for overconfidence (Boritz et al., 2020) that may arise when encouraging audit teams to reflect on their own abilities before consulting experts.

Consultation costs are less of a barrier for auditors in larger firms, as they charge clients for their time. However, auditors in smaller firms often experience similar financial pressures to preparers, as their clients are more sensitive to audit costs (e.g. A10). These auditors frequently struggle to pass consultation expenses back to their clients, making cost considerations a shared concern. In such cases, informal networks also play a critical role. Auditors in smaller firms noted the importance of leveraging personal and professional connections to navigate complex issues.

Across both preparers and auditors, the findings highlight the critical role played by non-commercial actors in the financial reporting ecosystem. Durocher et al. 2016 has documented the importance of formal professional networks to cope with standards of practice. My study shows the importance of informal networks as a way to cope with complexity. Personal networks, often built through prior professional relationships or interactions in industry communities, offer a cost-effective alternative to formal consultation. These informal connections enable professionals to exchange insights and navigate complexity in ways that transcend organizational and commercial boundaries. For preparers, personal networks external to their organizations, including former colleagues or peers in similar organizations, provide invaluable support. For auditors in smaller firms, who often face similar cost constraints, these networks also offer a practical solution to accessing expertise without the financial burden of formal consultation. For auditors in larger firms, these networks are often composed of colleagues within their firms.

These findings reveal that barriers to professional knowing are shaped by both structural factors, such as cost distribution and organizational resources, and relational factors, such as trust and collaboration. While preparers struggle with limited resources and high consultation costs, auditors face challenges related to overconfidence and efficiency pressures. Across both groups, informal networks and non-commercial actors emerge as critical enablers of professional knowing across all settings. Together, these barriers and enablers underscore the importance of fostering meaningful interactions within the financial reporting ecosystem to navigate complexity effectively.

While this section highlights the barriers to professional knowing faced by professional accountants, the next section broadens the scope to consider how professional knowing is embedded within larger institutional and social frameworks.

6.3.3. Professional Knowing in a Broader Context

Audit teams and preparers are not stand-alone entities; their practices are shaped by interactions within their organizations, professional associations, and broader regulatory ecosystems. This interconnectedness highlights the dynamic relationship between local practices and global standards, revealing how professional knowing is both influenced by and influences larger institutional structures. In investigating the accounting profession's engagement with complexity in accounting standards, Baudot et al. (2018) find that audit firms primarily oppose in comment letters proposed changes that increase accounting standard complexity. This thesis further demonstrates how they cope with the complex standards that come to be promulgated.

Audit teams operate within layered structures that extend from local offices to global networks, while preparers are embedded within their organizations' reporting systems and stakeholder environments. These layers influence how professional knowing unfolds and evolves. For instance, lessons learned from one audit engagement often become institutionalized as best practices within firms, disseminating knowing across future engagements. This reflects the literature on the local adaptation of global standards (Albu et al., 2014; Baskerville & Grossi, 2019), which demonstrates how global accounting standards are contextualized in practice. Conversely, local practices developed during engagements may eventually inform global best practices, illustrating a reciprocal influence.

The role of preparers is distinct yet comparable to that of audit managers, highlighting the cross-disciplinary and collaborative nature of professional knowing. Corporate reporting managers, much like audit managers, coordinate the involvement of various experts, including internal teams and external consultants. Aligned with Smith-Lacroix et al. (2012), this resembles the role of an arbiter mediating different perspectives. This collaborative process supports McMurtry's et al. (2016) argument that professional knowing is inherently connective, requiring the integration of diverse contributions. Preparers must balance compliance with accounting standards while ensuring that financial statements accurately reflect their organizations' economic realities. This involves extensive negotiations and interpretations, often relying on guidance and examples from auditors. These interactions extend beyond simple knowledge transfer, embodying a process of shared professional knowing.

The accounting literature documents the use of voluntary disclosure to mitigate the negative effects of complex financial statements (Brown, 2020; Guay et al., 2016), while others suggest

management might leverage complexity to obscure unfavorable information (Asay, 2018; Li, 2008; Lo et al., 2017). In presenting these competing perspectives, the literature highlights preparers' dual role in managing complexity – balancing complexity with the potential use of complexity strategically. This thesis shows that preparers must balance multiple perspectives – i.e. their interpretation of the standards, the one of their auditors, the one of experts involved, management's divulgation intentions, the economic reality of the operations and regulators' point of view.

A key finding of this study is the tension preparers experience between adhering to rigid accounting standards and presenting financial statements that reflect the true economic reality of transactions. Preparers often express frustration when compliance with standards obscures the substance of business activities, highlighting the limitations of standardized reporting in capturing complex economic "realities". This tension aligns with broader debates in accounting theory about the purpose of financial reporting, particularly the balance between standardization and relevance (Hines, 1988).

Financial statements, which are intended to provide useful information to investors and creditors (IASB, 2018), increasingly struggle to fulfill this purpose due to the growing complexity of accounting standards. Research shows that many users, including investors, find financial reports difficult to interpret and instead rely on simplified measures such as EBITDA (Durocher & Gendron, 2014). Literature shows that complexity impedes analysts' ability to make reliable forecasts (e.g. Chang et al., 2016; Plumlee, 2003). Accounting standards complexity has been shown to diminish the relevance of financial information even among users with substantial accounting expertise (Cascino et al., 2021). This raises questions about whether financial statements are still primarily produced for their users or have become more focused on meeting regulatory and professional standards (Lev, 2018). The findings of this study suggest that preparers often face trade-offs between strict compliance and meaningful representation, striving to align financial statements with both the standards and the "realities" of their organizations.

Regulatory oversight further complicates the preparation of financial statements. Preparers operate within a triadic relationship involving auditors, management, and regulators, each of whom has distinct and sometimes conflicting priorities. Navigating these demands adds an additional layer of complexity to financial reporting, as preparers must reconcile compliance requirements with the operational realities of their businesses. While regulatory oversight is designed to protect the public

interest, it often amplifies the challenges of financial reporting by contributing to the growing complexity of accounting standards.

These findings illustrate the multifaceted nature of professional knowing, which is shaped by local practices, global standards, collaborative processes, and institutional pressures. By emphasizing the interconnected and contextual nature of professional knowing, this study extends existing accounting literature, highlighting how larger organizational, regulatory, and institutional forces influence the everyday practices of preparers and auditors.

In conclusion, professional knowing enables professional accountants to navigate the complexity of accounting standards. By introducing fragmentation of expertise, boundaries of knowledge, and trust as distinct mechanisms within McMurtry's framework, this thesis advances our theoretical understanding of how professionals collectively manage complexity. These mechanisms interact dynamically with relational and material elements, reinforcing that professional knowing is a sociomaterial process rather than a static or individualistic transfer of knowledge.

This thesis underscores the critical role of connective practices in bridging fragmented expertise, highlighting the interdependence between preparers and auditors as they navigate shared challenges. It further demonstrates the universal applicability of professional knowing mechanisms across diverse roles and contexts while addressing the unique challenges posed by increasing specialization, structural barriers, and social isolation. These findings reveal that professional knowing transcends local contexts, unfolding within broader institutional, regulatory, and social frameworks that shape and are shaped by professional practices.

This thesis contributes to ongoing debates in accounting and professional studies by integrating these theoretical advancements with practical insights. It offers a nuanced perspective on how professional accountants collectively navigate complexity, emphasizing the importance of relational, material, and connective dimensions in sustaining professional work amid the evolving demands of complexity in modern financial reporting.

7. Conclusion

7.1. Summary of Findings

Complexity has led to a redistribution of expertise within the accounting profession, with accountants increasingly specializing in narrow areas of expertise due to the increasing efforts required

to keep up with accounting standards. Contrary to traditional approaches in the literature that assume that acquiring other's knowledge is ideal (e.g. Aghazadeh et al. 2023; Causholli et al. 2021; Vera-Munoz et al. 2006), this thesis underscores the critical role of collective professional knowing in navigating the increasing complexity of accounting standards. Auditors and preparers must navigate complexity by relying on interactions with their network of expertise. Given the vastness of knowledge domains, it is impractical for one individual to master all expertise (Boritz et al., 2020; McMurtry et al., 2016). Rather than sharing knowledge between actors involved in preparing or auditing financial statements, CPAs rely on and interact to co-create professional knowing and address the challenges of accounting standards complexity.

While much of the existing literature focuses on auditors consulting specialists from outside traditional accounting or auditing domains (see Hux, 2017 for a review) —such as actuaries, IT experts, or tax advisors—this study extends the understanding of connective practices in financial reporting by demonstrating that both auditors and preparers also rely on specialists within the domain of accounting standards itself. Indeed, this specialization has expanded to the very core of accounting knowledge. The application of accounting standards is now so complex that even experienced accountants must collaborate with various experts to ensure financial statements meet the required standards. Interactions with these specialists, whether internal or external to the organization, play a crucial role in enabling accountants to navigate the evolving landscape of accounting knowledge. The findings underscore the importance of connective practices, which enable accountants to work across boundaries, leveraging relationships and networks to co-construct the professional knowing needed for their work.

The findings support the concept of connective professionalism (Noordegraaf, 2020) in both auditing and preparation contexts, where professional knowing is less about individual expertise and more about interactions and connections within a professional network. This is particularly evident in large organizations such as the Big Four, where resources and personnel facilitate collaborative knowing processes. However, even in smaller or less-resourced environments, accountants continue to find ways to connect—suggesting that the need for collective knowing is universal across organizational contexts.

7.2. Evolving Competencies for CPAs

The findings of this study have significant implications for the accounting profession, particularly concerning the evolving role of CPAs. Accountants are increasingly tasked with

navigating the growing complexity of accounting standards while recording, analyzing, and reporting financial transactions. They ensure compliance and provide critical insights for strategic decision-making across various sectors. However, while the findings suggest that participants are managing this complexity to remain capable of fulfilling their roles, they reveal that not all accountants are fully equipped to handle this complexity independently. Instead, they often rely on a broader network of professionals with specialized knowledge, underscoring the relational and interactional nature of professional knowing. This highlights the importance of connective practices in fulfilling accountants' responsibilities to uphold public trust and ensure effective financial management.

Users, governments, and society must recognize that accountants' expertise is not only technical but also relational, shaped through collaboration with diverse experts. When relying on accountants for financial reporting, auditing, and decision-making, stakeholders should acknowledge that the quality of the work depends on accountants' ability to navigate these networks and engage with the appropriate experts.

As the accounting profession continues to evolve, CPAs must adapt by refining their expertise to navigate the increasingly complex financial reporting and auditing landscape. This need for continuous adaptation challenges the outdated image of accountants as solely focused on technical tasks (Picard et al., 2014). The growing complexity demands both technical proficiency and the ability to collaborate across various professional domains, emphasizing CPAs' expanded role in managing both the technical complexity of accounting standards and the interpersonal dynamics inherent in collaborative professional work.

This shift aligns with ongoing efforts to revamp the profession's certification program, particularly through the Competency Map 2.0[5] (CM2.0), which outlines the competencies expected from entry-level candidates. Although it states that candidates should be able to "apply accounting and assurances standards and tax requirements as needed" (CPA Canada, 2022, p.17), it also emphasizes that CPAs need not master all aspects of accounting, assurance, and tax standards. Rather, they must develop the skills to navigate an evolving body of knowledge effectively, including collaboration with

[5] The CM2.0 which sets out the skills and competencies required at the point of obtaining the CPA designation. "CM2.0 lays the foundation for the CPA certification program. The profession is now working on a project to implement and operationalize the map. This next project, Certification 2.0, will determine at a more granular level where, when and how the skills and competencies laid out in CM2.0 will be learned and assessed." (CPA Canada, 2022, p.6). The Certification 2.0 project is still ongoing.

experts in other disciplines (CPA-Canada, 2022). Indeed, CM2.0 defines 'Collaborate' as: “Partner with individuals, teams, and technology throughout an organization and with external experts. Participate in, build, and lead goal- and value-oriented teams and draw on the strengths and skills of diverse perspectives” (CPA-Canada, 2022, p.23).

While these competencies recognize the importance of engaging with networks of expertise, there is room for further development to reflect the full spectrum of professional knowing mechanisms. The increasing specialization of expertise, particularly within core accounting areas such as financial instruments, underscore the need for CPA candidates to develop more specific competencies. Specialization, however, is often achieved through on-the-job learning, where accountants gain expertise through exposure to real-world scenarios, as emphasized by Westermann et al. (2015). While CPA programs provide foundational knowledge, candidates often specialize by exposure to specific issues in practice, particularly as they navigate the growing complexity of their field.

To address this trend, CPA programs could incorporate more experiential learning opportunities that allow candidates to develop specialized expertise during their studies. Internships, case studies, and hands-on projects could provide candidates with exposure to complex situations where specialization is developed. Furthermore, integrating specialized tracks or elective courses focusing on emerging areas—such as financial instruments, tax complexities, or sustainability—within the CPA curriculum could help candidates deepen their expertise in these growing areas.

The findings from this thesis also suggest that the competencies required from CPA candidates should reflect the evolving nature of the profession. Accountants must be skilled not only in technical mastery but also in navigating a vast domain of knowledge, leveraging networks of expertise, and collaborating across boundaries. In an era of rapidly expanding information and the increasing risk of unreliable sources, accountants must be adept at filtering through this material to identify relevant and trustworthy sources. The ability to identify and engage with the appropriate experts is crucial, especially when navigating boundaries between areas of expertise.

This thesis provides a framework to guide the development of competencies for CPA candidates, emphasizing the importance of connective practices, decision-making, and managing professional relationships. Competencies outlined in the Competency Map should include skills such as recognizing when one’s knowledge is insufficient, knowing when to seek external expertise, identifying reliable resources, and managing professional relationships. CPA candidates should be

assessed not only on their technical proficiency but also on their ability to engage with diverse perspectives and navigate complex, interdisciplinary challenges. The insights from this study can help educational bodies refine the competencies expected of future accountants, ensuring they are equipped to handle the growing complexity of the profession.

Furthermore, the study offers valuable insights for aspiring professionals. As the complexity of accounting standards continues to grow, future accountants must understand and engage with the connective practices central to modern accounting. They must cultivate not only technical expertise but also the ability to collaborate effectively across professional networks and navigate complex, interdisciplinary challenges. This shift in professional expectations will have important implications for how accounting education and training programs are structured. Future accountants will need to be equipped to work in an increasingly interconnected and evolving knowledge landscape, embracing continuous learning and collaboration. Training programs must reflect this shift, fostering competencies in collaboration, judgment, and the ability to manage and synthesize expertise in real-time, ensuring that new professionals can effectively navigate the complex, specialized nature of the profession.

7.3. Implications for Policy and Regulation

The findings of this study have important implications for policy makers, regulators, and standard setters. While much of the existing regulatory focus in accounting emphasizes compliance and enforcement, this thesis suggests that the evolving nature of expertise and collective knowing in financial reporting warrants greater attention from policymakers.

First, the increasing fragmentation of expertise in financial reporting challenges traditional notions of CPA expertise as a broad, unified competency. Regulators and standard setters may need to consider whether specialized knowledge areas should be formally recognized within the profession, much like the sub-specialties in law and medicine. This could have implications for licensing, continuing education requirements, and professional oversight.

Furthermore, trust is central to professional knowing, but current regulatory frameworks primarily focus on audit quality and compliance, rather than the relational and networked aspects of expertise that sustain financial reporting. As accountants increasingly rely on external experts and consultations, policymakers may need to consider how regulatory frameworks can better account for these interdependencies. For example, should there be greater transparency requirements for the use of

external experts in financial statement preparation and audits? How can regulatory bodies maintain trust while ensuring appropriate oversight?

An important implication of this study for auditing standards is that, while the standards acknowledge the collective nature of the audit process, they primarily focus on external experts when providing guidance. Specifically, CAS 220.26 emphasizes the collective competence of the engagement team, stating that the engagement partner must ensure that team members, including any external experts and internal auditors providing direct assistance, collectively possess the necessary competence and capabilities to perform the audit (CAS, 2021a). On the other hand, CAS 620 outlines the necessity for auditors to determine when to engage the work of an auditor's expert in areas outside of accounting and auditing, such as in valuation or actuarial calculations (CAS, 2021b). The standard clearly distinguishes between accounting/auditing expertise and expertise in other domains (e.g., tax law, or complex asset valuation) (CAS 620, A1). However, while the standards stress the importance of engaging external experts when needed, they do not fully address the internal expertise within the engagement team, particularly in core accounting and auditing areas. This overlooks the reality that collective knowledge and interaction across professional boundaries are essential to managing complexity even within core accounting domains.

The findings of this study demonstrate that expertise is fragmented even within these core areas, where accountants often rely on specialists within the team to address specific challenges rather than relying exclusively on experts outside accounting or auditing domains. Therefore, an important mechanism for managing this complexity is recognizing knowledge boundaries within the audit team and actively seeking collaboration when knowledge falls outside of an individual's expertise. This study suggests that auditing standards could benefit from additional guidance on incorporating internal experts into the engagement team, particularly when navigating complex areas of accounting. Recognizing internal expertise as part of the collective knowledge within the team could better equip auditors to manage the increasing complexity of accounting standards and help them navigate accounting standards complexity.

Another implication of this study is whether it remains appropriate for the auditor in charge or the CFO to bear full responsibility for the audit report or financial statements, especially considering the collaborative and networked nature of professional knowing revealed in this study. The findings challenge the traditional view that responsibility can be clearly assigned to a single individual. Given

the growing reliance on external experts and the interactive nature of professional knowing, it may be time to reconsider how responsibility is allocated in complex financial reporting and auditing. This does not suggest shifting responsibility away from auditors or CFOs but rather acknowledging the broader network of expertise and collaboration that influences the final product. Future discussions on accountability in auditing and financial reporting may need to reflect this shift, considering how professional judgment is shared and how decisions are made collectively.

Furthermore, the findings illustrate that professional knowing in financial reporting and auditing is not a unilateral process, but rather a collective and interdependent endeavor. While preparers and auditors operate within distinct professional domains, their expertise, decision-making, and interpretations of accounting standards are deeply interconnected. This challenges traditional representations of knowledge transfer as a one-way flow from auditors to preparers or from regulators to practitioners. Instead, professional knowing emerges through iterative exchanges, where both groups contribute to the shaping of financial reporting practices.

One key implication of this interdependence is the negotiated nature of accounting treatments. Preparers rely on auditors' interpretations of complex accounting standards to validate or adjust their reporting positions, yet auditors, in turn, depend on preparers' understanding of economic transactions to contextualize financial statements. This dynamic highlights how professional knowing is not simply about technical application but also about mutual engagement, debate, and refinement of perspectives. The implication here is that neither group possesses complete authority over the financial reporting process; rather, credibility and compliance are co-constructed through ongoing interactions. This interconnectedness, however, appears to challenge the spirit of the independence requirements in the profession, which stress auditors' objectivity and independence from preparers. While auditors must maintain their independence, the collaborative and interdependent relationship between auditors and preparers complicates this boundary. It underscores the reality that auditors, in practice, may rely on preparers' insights, and preparers may seek auditors' guidance, creating a dynamic that could influence both the financial reporting process and auditors' judgments. This collaborative relationship often facilitates more effective decision-making in complex financial reporting environments, but it may also be at odds with the regulatory framework of independence standards, which often overlook the nuances of these professional interactions.

Thus, this observation calls into question the current understanding of independence in auditing standards. The traditional emphasis on independence may not fully reflect the connective practices that naturally occur between auditors and preparers, which could challenge the current regulatory stance on auditor independence. This tension could be an area of interest for future research, particularly in exploring whether existing independence standards need to evolve to account for these professional interdependencies.

A further area of future research could focus on how the standard-setting process itself functions as a knowing process. Just as preparers and auditors rely on networks of expertise to navigate the complexities of accounting standards, standard setters engage in their own process of collective professional knowing. By examining how different stakeholder groups—such as users, auditors, preparers, and regulatory bodies—contribute to the creation of accounting standards, researchers could gain insights into how these groups interact while enacting professional knowing. This would provide a deeper understanding of how global standards are shaped by local practices and how these processes influence the professional practices of accountants and the broader profession. Viewing the standard-setting process as part of the larger web of professional knowing could offer a more comprehensive perspective on how knowledge is developed, shared, and applied in the field.

Another important implication for policy and future research concerns the role of regulatory bodies, such as the CPAB, PCAOB, and provincial professional inspectors, in responding to the increasing complexity of accounting standards. Given the findings of this study, it is worth investigating whether the professional knowing mechanisms observed during the preparation and auditing processes are also at play within regulatory inspections. Specifically, future research could explore whether inspectors, like auditors and preparers, rely on connections and networks of expertise to manage the complexity inherent in assessing financial reports and audit outcomes. For policymakers, this suggests the need to reconsider the regulatory frameworks governing oversight to better integrate connective practices and networked expertise into the inspection and evaluation process. As regulatory bodies are tasked with ensuring the quality of financial reporting, understanding whether their approaches to oversight need to evolve is crucial. This evolution could involve incorporating the collaborative and relational aspects of professional knowing, ensuring that inspectors engage more actively with internal and external networks, integrate diverse expertise, and consider the sociomaterial dimensions of professional knowing to effectively assess audit and financial reporting practices. By examining how

connective practices can be integrated into the regulatory process, this future research could help policymakers refine oversight strategies, ensuring they align with the increasingly collaborative and complex nature of professional work accounting.

Finally, policymakers face the challenge of balancing standardization with professional judgment. The findings reveal that rigid accounting standards do not always align with the economic substance of transactions, forcing preparers and auditors into negotiations over compliance versus representation. If financial reporting standards become too rigid, there is a risk that they undermine the very purpose of financial statements—to provide useful information to users. This raises critical questions for standard setters regarding the extent to which professional discretion should be embedded within regulatory frameworks.

By addressing these concerns, policymakers can ensure that financial reporting standards continue to serve their purpose in a complex and dynamic financial landscape, while still allowing for the professional judgment necessary to reflect the true nature of transactions.

7.4. Directions for Future Research

While this study provides significant insights into how complexity is navigated through collective knowing, there are several areas that warrant further exploration. First, the rapid advancement of technologies, particularly artificial intelligence (AI) and Big Data, is reshaping the profession. These technologies are beginning to automate routine procedures and assist accountants in analyzing large datasets (Salijeni et al., 2021). Managing complexity involves heterogeneous systems where human and non-human elements are interconnected. Understanding how these technologies integrate into professional knowing processes is vital for guiding the future evolution of the profession. Future research could explore how AI tools affect connective practices and professional knowing in accounting. As AI continues to develop, its integration in professional accounting work will likely reshape how accountants interact with both material elements (e.g., accounting software) and social elements (e.g., colleagues and experts).

Another important area for future research is the role of power dynamics in professional knowing. Adams et al. (2020) argue that there is a shift in the distribution of power within professional relationships among other professionals, state actors, clients, workers or employers. Similarly, Aghazadeh et al. (2021) noted that clients perceived engagement partners to have decreased power during consultations with national office partners. As a result, engagement partners became hesitant to

initiate discretionary consultations to preserve their relationships with clients (Aghazadeh et al., 2021). In a similar vein, certain participants in this study (e.g., P2) indicated that ultimately, it is the auditors who formulate and sign the audit report. Consequently, the power dynamics may favor the auditors, which could lead to a tendency for all parties to align with the auditors' perspective in instances of disagreement, as the auditors possess significant influence over the outcome of the audit process. Accounting standards complexity heightened the accountability that professionals now have to their connections. Power imbalances between auditors, preparers, and experts may change how knowing is shaped, ultimately influencing the quality and efficiency of financial reporting and auditing.

These dynamics warrant further exploration, particularly in understanding the relational and technical ramifications of power dynamics and how they affect decision-making. While this study suggests that power imbalances may play a role in shaping professional knowing, it did not specifically investigate the conflicts or power struggles that may arise in complex decision-making processes. Future research could delve deeper into how power dynamics influence the ways in which professionals navigate complexity, make decisions, and interact with other stakeholders in the audit process, thus providing a more comprehensive understanding of the relational tensions at play in modern auditing and financial reporting.

Furthermore, understanding the professional knowing process of users of financial information (such as investors, and analysts) presents an important avenue for future research. As accounting standards become more complex, users must also adapt to effectively interpret financial reports. The FASB defines accounting complexity as standards whose cost of production exceeds their informative value to users (FASB, 2014). Literature show that complexity impede analysts' ability to make reliable forecasts (e.g. Chang et al., 2016; Plumlee, 2003). Accounting standards complexity has been shown to diminish the relevance of financial information even among users with substantial accounting expertise (Cascino et al., 2021). However, we still don't know the day-to-day practices employed by users to cope with accounting standards complexity. Future research could investigate how users navigate this complexity, potentially relying on non-GAAP measures or other alternative sources of information to support decision-making. Indeed, in response to accounting standards complexity, firms often voluntary disclose supplementary information, which may not always align with established accounting standards (Brown et al. 2020), potentially circumventing the objectives of standard setters.

Understanding how users engage with financial information could lead to better ways of presenting and communicating financial data to ensure its relevance and accessibility.

An additional area for future research could investigate how professional identities within accounting influence the enactment of professional knowing, particularly exploring how auditors and preparers may approach and engage with professional knowing in distinct ways based on their identities. The literature on professional identity highlights how identity is shaped by social interactions, role expectations, and the broader professional environment (Brouard et al., 2016; Hamilton, 2013). The findings suggest that auditors, through their frequent collaboration with specialists and colleagues, may cultivate a professional identity that is inherently networked and collaborative—one that is reinforced by their role as external reviewers and their need to integrate diverse expertise into the audit process. Conversely, preparers, who often bear the primary responsibility for complex financial reporting tasks, may develop an identity centered around autonomy and self-reliance, reflecting their more isolated work structures. This contrast aligns with broader discussions in the literature on professional identity (Gendron & Spira, 2010), which argue that professionals construct their identities not only based on their technical expertise but also through their interactions with others and their positioning within organizational structures. Future research could examine how these potential variations in professional identity influence the ways auditors and preparers navigate complex financial reporting challenges, interact with each other, and apply their expertise within an increasingly interconnected and complex regulatory environment.

Finally, another area of future research concerns the implementation of sustainability reporting standards. Published by the recently created International Sustainability Standards Board (ISSB) and adapted by the Canadian Sustainability Standard Board (CSSB), these standards introduce an additional layer of complexity to the preparation and auditing of financial reports. As accountants are tasked with understanding and applying both traditional accounting standards and sustainability standards, the complexity of their work will likely increase significantly. Future research could explore how the integration of these standards affects the professional knowing process, the training and development of accountants, and the connective practices necessary to manage this evolving landscape of financial reporting.

7.5. Limitations

While this study offers valuable insights into how accountants navigate the increasing complexity of accounting standards, it is important to acknowledge several limitations that may influence the interpretation and applicability of the findings. These limitations span methodological challenges, including the adaptation of McMurtry et al.'s (2016) professional knowing framework to the accounting context, the diversity of participant experience, and potential biases arising from my professional background and recruitment process. Despite these challenges, the study's design also presents strengths that contribute to its relevance, offering opportunities for future research to address these limitations and further refine the understanding of professional knowing in accounting and auditing.

A notable challenge of this study lies in the adaptation of McMurtry et al.'s (2016) professional knowing framework, which was originally developed within the context of medical education to understand interprofessional knowing among healthcare professionals. While this adaptation offers valuable insights into professional knowing in financial reporting and auditing, it is essential to recognize certain limitations related to its transferability. McMurtry's framework is rooted in healthcare, where interprofessional interactions are often more structured and hierarchical compared to the more fluid and decentralized nature of accounting teams. Additionally, the framework emphasizes face-to-face collaboration, which may not fully capture the growing reliance on virtual and distributed communication in modern accounting teams. Moreover, the framework underemphasizes the significance of regulatory and organizational power structures, which play a more prominent role in the accounting and auditing context. Despite these challenges, adapting McMurtry's framework provides a novel perspective on collective professional knowing in the accounting profession, particularly in complex environments.

The study's diversity in participant experience offers a comprehensive view of how accountants cope with complexity at different career stages and in various roles. This diversity strengthens the study by illustrating how accountants collectively navigate complexity, irrespective of individual experience levels, highlighting the importance of connective practices in sustaining professional knowing within complex regulatory environments. However, this variation can also obscure nuanced differences in how experience influences coping strategies. For example, more experienced participants may rely on established networks, while less experienced participants may depend more on formal guidance and

consultations. Although the study design aimed to capture a broad range of perspectives, future research could focus on how years of experience and specialization impact professional knowing and how accountants enact connective practices. This would allow for a more granular understanding of how expertise develops and influences interactions in financial reporting.

While my prior experience as an auditor and member of an accounting advisory team is a strength in terms of providing valuable context and insight into the challenges associated with implementing and interpreting accounting standards, it also has the potential to introduce biases in data interpretation. My familiarity with the complexities of accounting standards likely shaped my sensitivity to certain themes, which may have influenced how I approached the analysis. While my experience differs from that of the participants, my background in auditing and advisory work provided a broad understanding of the subject matter, which could be seen as both an asset and a potential source of bias. To mitigate this, measures such as a reflexive approach, open-ended questions, snowball sampling, and iterative analysis were employed to reduce the influence of potential bias, thereby ensuring the credibility of the findings. While this may be considered a limitation, it also served to enhance the depth of the analysis by providing a nuanced understanding of the complexities involved. However, future research could further reduce the impact of researcher bias by involving a broader range of perspectives, such as through the collaboration of multiple researchers with diverse backgrounds.

In addition to this, the reliance on my professional network for participant recruitment provided valuable context and facilitated access to participants. However, it also meant that I had varying levels of familiarity with some participants, which could have introduced relational dynamics that influenced the data collection process. This limitation is balanced by the fact that the study successfully incorporated participants from outside my network, reducing the overall potential for bias. However, future research could minimize this limitation by diversifying the sample even further, ensuring that a broader range of perspectives is captured without relying on personal connections.

Another empirical limitation relates to the chronological order of data collection, with auditors interviewed before preparers. While iterative analysis and constant comparison between the two groups were used to minimize bias, the data collection order may have subtly influenced the prominence of auditors' perspectives. Despite this limitation, the study's design allowed for effective comparison and

integration of perspectives. Future research could benefit from simultaneous data collection across groups to further balance perspectives.

Despite these limitations, the study's strengths lie in its innovative use of McMurtry's framework, its broad participant base, and the insights it provides into the relational and connective practices that shape professional knowing in accounting. These strengths offer valuable contributions to the field and provide a foundation for future research to refine methodologies and further explore the evolving nature of professional knowing.

7.6. Final Thoughts: Professional Knowing in Accounting

In sum, this thesis demonstrates how professional accountants navigate the growing complexity of accounting standards. The shift towards connective professionalism— where professional knowing is enacted through relational, networked, and situated practices—has profound implications for accountants and the profession. Accountants are no longer simply expected to be technical experts; they must engage in continuous interaction with others, drawing on diverse networks of expertise and material resources to make informed decisions and navigate the complexities of modern financial reporting and auditing.

This reconfiguration of professional work calls for changes in how accountants are trained, evaluated, and supported, enabling the profession to adapt to changing business environments, technological advancements, and evolving standards. As the profession continues to evolve, both preparers and auditors will need not only to deepen their technical expertise but also to develop relational capacities—the ability to connect across boundaries, coordinate with others, and navigate sociotechnical complexity. Cultivating these connective forms of professional knowing will be essential to sustaining the relevance, adaptability, and effectiveness of the accounting profession in an increasingly complex world.

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Table 1 Aspects of Accounting Complexity in the Literature

Aspect of Complexity	Description	Key Sources/References
Definition and Nature	Complexity in accounting standards is characterized by the difficulty in understanding and applying dense and intricate regulations. It arises from: Unavoidable complexity: Stemming from the inherent nature of economic transactions. Avoidable complexity: Arises from the way standards are written and applied.	FASB (2014); SEC (2008)
Sources of Complexity	Economic transactions: Inherent complexity of underlying business activities. Regulatory requirements: Increased rules and disclosures post-corporate scandals (e.g., SOX, IFRS). Litigation risk: Leads to overly detailed rules to avoid second-guessing. Inconsistencies and overlap: Conflicting accounting treatments and evolving guidelines. Management intentions: Strategic use of complexity to obscure information or enhance transparency.	e.g. Asay et al. (2018); Brown et al. (2021); Dyer et al. (2017); SEC (2008)
Conceptual Gaps in Literature	No formal definition exists in accounting academic literature, leading to fragmented exploration of complexity. Most research investigates its economic impacts rather than its conceptual nature.	Baudot et al. (2018)
Quantitative Focus and Approach	Investigates the economic consequences of accounting complexity, primarily through market reactions and readability measures. Complexity is typically measured using proxies (e.g., Fog Index, document length).	e.g. Bloomfield (2008); Li (2008); Miller (2010)
Measurement Proxies	Readability metrics: Fog Index, document length, and financial reporting readability. Volume and length: Length of disclosures and number of unique XBRL concepts. Complexity indices: Adjustments in IFRS reconciliation statements and complexity scores.	e.g. Bonsall et al. (2017); Cheung & Lau (2016); Lehavy et al. (2011); Li (2008); Miller (2010) e.g. Brown et al. (2021); Filzen & Peterson (2015); Hoitash & Hoitash (2018); Hoitash et al. (2021) e.g. Miah et al. (2020, 2021)
Implications for Financial Reporting	Information asymmetry: Increased complexity affects investor behavior and decision-making. Market Reactions: Complexity affects trading volumes, firm valuations, and financial outcomes. Lower quality analysts' forecasts Cost implications: Higher audit fees and compliance costs. Reliability and transparency: Challenges in ensuring accurate and transparent financial disclosures. Fosters greater non-GAAP disclosure	e.g. Lehavy et al. 2011; Li (2008) e.g. Miller (2010); e.g. Chang et al. (2016); Miah et al. (2021) e.g. Chychyla et al. (2019); Miah et al. (2020) e.g. Brown et al. (2021); Chychyla et al. (2019); Guay et al. (2016); Peterson (2012)

Table 1: Aspects of Accounting Complexity in the Literature (Continued)

Aspect of Complexity	Description	Key Sources/References
Qualitative Focus and Approach	Approached accounting complexity indirectly, exploring it as part of broader topics, including national office consultations, fair value accounting, audit committee expertise, other comprehensive income, the usefulness of financial information, and the use of specialists.	e.g. Aghazadeh et al. (2021) ; Boritz et al. (2020); Cascino et al. (2021); Couchoux (2024); Durocher & Gendron (2014); Durocher et al. (2024a, 2024b); Griffith et al. (2015); Hux (2017); Kohler et al. (2021); Smith-Lacroix et al. (2012)
Impact on Professional Roles	Distribution of Expertise: Necessitates specialization, leading to fragmented expertise within the profession.	e.g. Boritz et al. (2020); Durocher et al. (2016); Hux et al. (2024); Smith-Lacroix et al. (2012)
	Increased auditor reliance on management's assertions and tfirm specialists' input.	e.g. Boritz et al. (2020); Griffith et al. (2015)
	Jurisdictional Boundaries: Blurring of professional boundaries, requiring greater interprofessional collaboration.	e.g. Bauer & Estep (2019); Griffith (2020); Hux et al. (2017; 2024)
	Role of knowledge sharing in audit processes.	e.g. Aghazadeh et al. (2023); Bianchi (2018); Hux et al. (2023); Seavey et al. (2017)
Emerging Challenges	Role conflicts and trust issues: Conflicts in multidisciplinary teams due to varied expertise and perceptions. Overconfidence in auditors' expertise: Auditors' reluctance to engage specialists due to perceived self-sufficiency. Organizational silos: Barriers to effective collaboration across expertise domains.	e.g. Boritz et al. (2020); Griffith (2020); Bauer & Estep (2019); Hux (2017); Hux et al. (2024)

Table 2 Details of Participants

#	Role	Ref	Interview date	# min	Firm Size	Position	Region	# Years of experience
1	Auditor	PS1	2021-02-18	54	Big 4	Ex Senior Associate, Audit	Montréal	4
2	Auditor	PS2	2021-03-15	79	Big 4	Retired Partner, Audit	Montréal	35
3	Auditor	PS3	2021-03-21	75	Big 4	Partner, Audit	Montréal	35
4	Auditor	A1	2022-11-11	50	Big 4	Manager, Audit	Montréal	4
5	Auditor	A2	2022-12-07	77	Big 4	Senior Manager, Quality control	Montréal	10
6	Auditor	A3	2022-12-22	51	Big 4	Manager, Audit	Montréal	7
7	Auditor	A4	2023-03-03	68	Big 4	Senior Associate, Learning Team	Toronto	4
8	Auditor	A5	2023-03-21	56	Big 4	Partner, Audit	Montréal	20
9	Auditor	A6	2023-03-23	40	Big 4	Associate, Accounting Advisory	Montréal	2
10	Auditor	A7	2023-03-24	69	Non-Big 4	Senior Manager, Audit	Montréal	9
11	Auditor	A8	2023-04-21	53	Big 4	Senior Manager, Accounting Advisory	Montréal	10
12	Auditor	A9	2023-04-24	61	Big 4	Partner, Audit	Montréal	13
13	Auditor	A10	2023-08-11	45	Big 4	Manager, Audit Involved in National Audit Excellence Team	Saskatchewan	12
14	Auditor	A11	2023-08-15	84	Big 4	Partner, Expert	Montréal	30
15	Auditor	A12	2023-08-16	44	Big 4	Senior Manager, Audit	Montréal	9
16	Auditor	A13	2023-09-19	36	Non-Big 4	Senior Manager, Audit	Nova Scotia	7
17	Auditor	A14	2023-08-31	52	Non-Big 4	Senior Manager, Audit	Montréal	9
18	Auditor	A15	2023-10-03	45	Big 4	Associate, Audit	Montréal	1
19	Auditor	A16	2023-10-06	52	Big 4	Partner, Audit	Montréal	24
20	Auditor	A17	2023-10-06	45	Big 4	Senior Associate, Audit	Montréal	2
21	Auditor	A18	2023-10-18	46	Non-Big 4	Senior Manager, Audit	Montréal	7
22	Auditor	A19	2023-10-19	74	Big 4	Partner, Audit	Montréal	35
23	Auditor	A20	2023-10-24	50	Non-Big 4	Partner, Audit	Montréal	15
24	Auditor	A21	2023-11-01	66	Big 4	Partner, Expert	Montréal	25
25	Auditor	A22	2023-11-15	57	Non-Big 4	Senior Manager, Professional Practice	Montréal	9

Table 2 Details of participants (Continued)

#	Role	Ref	Interview date	# min	Position	Region	# Years of experience
26	Preparer	P1	2024-06-06	60	Director of Finance	Toronto	11
27	Preparer	P2	2024-06-12	55	Director of Finance	Toronto	9
28	Preparer	P3	2024-06-14	59	Vice President Finance and Accounting	Montréal	12
29	Preparer	P4	2024-06-17	80	Vice President and Corporate Controller	Montréal	20
30	Preparer	P5	2024-07-03	51	Vice President and Corporate Controller	Montréal	16
31	Preparer	P6	2024-07-03	50	Director of Compliance and Complex Accounting	Montréal	17
32	Preparer	P7	2024-07-04	62	Senior Manager, Financial Reporting and Controls	Montréal	10
33	Preparer	P8	2024-07-11	51	External Reporting Manager	Montréal	12
34	Preparer	P9	2024-07-12	50	Vice President Finance	Montréal	12
35	Preparer	P10	2024-07-12	74	Vice President Finance and Corporate controller	Montréal	15
36	Preparer	P11	2024-07-19	62	Senior Manager, Finance	Toronto	6
37	Preparer	P12	2024-08-06	50	Financial and Management Accounting Associate, Accounting Expertise Team	Montréal	19
38	Preparer	P13	2024-08-08	40	Corporate Controller	Montréal	13
39	Preparer	P14	2024-08-13	44	Vice President Finance and Regulation	Montréal	17
40	Preparer	P15	2024-08-27	50	Senior Director Finance	Montréal	9
41	Preparer	P16	2024-08-29	50	Finance Executive Director	Montréal	23
42	Preparer	P17	2024-09-06	39	Manager Finance	Calgary	9
43	Preparer	P18	2024-09-27	47	Chief Financial Officer	Montréal	29
44	Preparer	P19	2024-11-22	59	Chief Accounting Officer and Global Head of Tax	Montréal	32

Table 3 Coding Definitions and Examples

Mechanism	Definition	Examples
1. Fragmentation of expertise	Captures the increasing specialization within the profession, emphasizing how expertise in areas such as accounting standards is becoming concentrated among niche experts, limiting broader professional understanding.	P14: It's very complicated. And even when you talk to consultants who specialize in this area, they don't have all the answers. A19: the way we've found to manage complexity is to push our people's specialized expertise in a limited number of fields, so that these people become experts in their fields or subjects, and so that these professionals support the audit teams.
2. Knowledge boundaries	Captures participants' recognition of when an issue exceeds their expertise and their process of identifying and consulting others whose expertise is needed to address the issue.	P16: I'd say, when we go external, it's really when we think we don't have the expertise, and then we fall into an area that's really complex. A1: If it becomes complex that, for example, my accounting knowledge doesn't allow me to answer, to validate that it's well done, then I need to know that I need to go and consult my friend [Expert - Anonymized].
3. Diverse contributions	Captures the integration of diverse expertise by involving multiple actors in the preparation or audit of financial statements, leveraging their specialized knowledge to address the complexity of accounting standards.	P16: the Finance Leadership Group, where there's an M&A person present, there's a Treasury person present as well. [...] there's a person from Tax who's also present. There's someone from FPA, Financial Planning and Analysis. The CFO is also present at this meeting. So, it's really a sharing of information that we wanted to see in these meetings. A21: This afternoon, I'm having a conversation with a client to understand each other. There are 22 of us on the line, and we're going to try to understand something a bit complicated.
4. Social interactions and relationships	Captures the formal and informal interactions and relationships among various actors, both internal and external, that support collaboration and expertise-sharing in navigating complex accounting standards.	P16: When it's really too complex, we work a lot with an external firm, but there are also our external auditors who are with us, in which they also come to support us, who also keep us up to date on upcoming standards. These are exchanges we can have together to make sure we don't miss out on anything important. A12: The other thing is really talking to other people.

Table 3 Coding Definitions and Examples (Continued)

Mechanism	Definition	Examples
5. Integration of material elements	Captures the use of material tools and resources that participants rely on to navigate the complexity of accounting standards.	P10: We obviously have the basic IFRS manual. We have a subscription to the [website] that contains their [Big 4 auditor] manual of accounting. That will always be the first two resources we consult, because obviously, you always want to have an extract from your auditor's manual, because it's tougher to obstinate with yourself. A13: Our head assurance partner, she sends monthly updates on different accounting standards, what is changing.
6. Importance of trust	Captures participants' reliance on processes, experts, teams, highlighting the role of trust in navigating accounting standards complexity.	A16: at some point, you have no choice but to trust too.
7. Synthesis of professional ideas	Captures the process of combining diverse perspectives and aligning differing viewpoints to apply accounting standards and prepare or audit financial statements effectively.	P7: There's a concern about aligning how it's going to be reflected in the financial statements with the operational logic that was there in the first place. A3: They were gray areas, or that's where we have to ask ourselves, do we agree to disagree?
8. Relations with large-scale organizations	Captures the influence of broader organizations, including global firms, regulators, and professional orders, on participants' processes of professional knowing.	P2: Also, to appease the regulators. That's for sure. That's something that I think both parties become involved in. It is 50% of it is real audit work and 50% is probably appeasing CPAB or PCAOB. A16: We have internal quality reviews, quality reviews by the order, quality reviews by CPAB and PCAOB.

Table 4 Enacting Professional Knowing in Financial Reporting and Auditing

Mechanisms	Preparers	Auditors
1. Fragmentation of expertise	Assign specialized recurrent tasks within teams. Occurs within organizational hierarchies. Extends beyond the organization for elements outside recurrent transactions **(often to auditors)**.	Specialize strategically by industry or technical area. Occurs through exposure to complex issues.
2. Knowledge boundaries	I Identify the most appropriate resource to assist them. Identify when an issue is beyond internal expertise. Be aware of those of external consultants (**including auditors**) to direct their questions to the right resource.	Concentrate their efforts to standards pertinent to their clients **(preparers)**. Recognize when audit teams lack technical expertise. Identify the most appropriate resource to assist them. Delineate boundaries on specific subjects through mandatory consultations.
3. Diverse contributions	Involve actors across departments (legal, treasury, operations). Turn to a variety of external sources (see 5.4). Use interpreted material from various firms (see 5.5). **Use external auditors as additional perspective.**	Involve many specialists (valuation, tax, actuarial). Challenge established audit methodologies. **Debate accounting treatments with preparers**.
4. Social interactions and relationships	**Consult auditors for interpretations while maintaining autonomy.** Consult cross-organizational relationships (e.g. peer organizations). Consult informal/non-commercial networks.	Encourage a culture of consultation within firms. Exchange insights with peers across engagements. Formal consultations with specialists. Consult informal/non-commercial networks.
5. Integration of material elements	**Use interpretive guides from audit firms.** Apply illustrative examples to justify accounting positions. **Engage in audit firm-provided training.** Turn to market comparisons and benchmarks. Use of varied documentation systems. **Material elements serve as common ground for preparers and auditors, fostering dialogue and alignment**	Rely on internal memos, firm guidelines, and prior engagements. Use of repositories of memos and shared platforms. Rely on curated updates and summaries. Engage in tailored training. **Material elements serve as common ground for preparers and auditors, fostering dialogue and alignment**
6. Importance of trust	Trust in reporting structure Build credibility by using external consultants (**Shaped by auditors' acceptance of third-party assessments**).	Trust in internal specialists Trust among team members Trust builds with quality of past relationships and consistent positive interactions

Table 4 Enacting Professional Knowing in Financial Reporting and Auditing (Continued)

Mechanisms	Preparers	Auditors
7. Synthesis of professional ideas	Integrating the objectives of various and sometimes conflicting views Balance management objectives with compliance. **Joint negotiation between preparers and auditors**.	Leveraging the expertise of specialists to obtain sufficient audit evidence. **Collaborate with preparers to reach an informed judgment**
8. Relationships with large-scale organizations	Engage with regulators through audit intermediaries. **Follow industry practices shaped by large accounting firms.**	Respond to regulatory inspections and integrate findings into firm practices. **Influence preparers' work through firm-wide interpretations and regulatory compliance.**

Appendix 1 – Interview Guide for Auditors

A. Professional background

1. What is your professional background?
   - Professional designation? Discipline of studies? Years of professional experience?
2. What is your role in your firm?
   - How long have you held this position?
3. What is your exposure with accounting standards? IFRS? US GAAP? ASPE?

B. Introduction questions

1. How would you describe the level of complexity of accounting standards?
   - Why? What makes accounting standards complex (if applicable) in your opinion?
     - In your experience, have you noticed any trends in complexity? Have you noticed a turning point where this trend in this complexity intensified?
   - Which standard do you find the most complex?
2. When I tell you that the objective of this study is to understand how accounting standards complexity affects the profession, what comes to your mind first?
3. How would you say it affects your work?
   - Workload, quality of work, where you spend your time, discussions with team, training, reading, consultation etc.

C. General questions about accounting standards

1. Do you have many clients that prepare their financial statements in accordance with IFRS? ASPE?
2. How would you describe your level of understanding of accounting standards? Both set of standards?
   - Are there areas for which you feel less comfortable? Which ones?
   - Where did you acquire your knowledge?
3. Do you think accounting standards are too complex? Why?
4. Do you consider yourself as an expert?
5. What is an expert in accounting standards?
6. What is the level of understanding by level?
   - Partner
   - Managers
   - Seniors
   - Juniors?

D. Specific questions

How do they **cope with** the increasing accounting standard complexity?

7. What would be the complex matters with which you deal with in your role or in your team?
    - Do you have an example of a situation where you had to resolve a complex accounting issue?
        - What were the struggles?
        - How was it resolved?
        - Who was involved?
        - How was it perceived?
8. What mechanisms or strategies does your organization have in place to ensure that employees understand the applicable accounting standards?
    - Are they effective?
9. Are you able to keep up with new standards?
10. As an auditor how do you handle an accounting standard with which you are unfamiliar?
    - What happen when you don't feel like you master the guidance related to an issue you are facing?
    - What resources are available?
    - How do you deal with it?
11. Do you deal with accounting standards with which you do not necessarily agree? How?
    - Do you have an example of a recent discussion where there was different opinions on a way to account for a transaction?
        - How was it resolved? Who was involved? What happened?

How do accounting standard complexity **shape the work of auditors**?

12. Who are involved in identifying all complex matters?
    - What is your role and responsibility in this?
    - How do you identify matters to be brought forward to experts?
13. Who has the final responsibility to ensure all complex matters are dealt with?
    - Do you think matters could go unnoticed?
14. When a complex matter is analyzed by experts, who has the final say in the conclusion?
    - Do you trust experts? Why?
15. Are there instances where you do not agree with the conclusions?
    - If so, how do you explain this to your client?
16. What is the involvement of national experts in explaining the difficult decisions, or consultation conclusions to clients?
    - What is your level of understating of the decisions?
    - How much do you think your clients understand?
17. Are there situations when a consultation is not mandatory for a specific matter for which you are not sure about the correct accounting treatment?

- If so, what do you do? Do you seek out for a consultation? Formal or informal? With whom?

18. What is the reaction/climate in the engagement team and with the client when national office is involved in an audit?
19. What are your clients' preoccupations regarding accounting standards complexity?
20. What are the potential problems that can rise from accounting standards complexity?
21. Would it be possible to do an audit without consulting any expert?
22. Do you trust the process?

How do they **define and fulfill their role** despite the increasing accounting standard complexity?

23. How would you define your role vis-à-vis accounting standards complexity?

E. Other

24. Is there anything that comes to mind when you think about accounting standards complexity and how it affects your work or the profession that we haven't covered yet?

Appendix 2 – Interview Guide for Preparers

A. Professional background

1. What is your professional background?
   - Professional designation? Years of professional experience?

B. Role and team organization for preparation of financial statements

2. What is your current position?
   - How long have you held this position?
3. What is your role in preparing financial statements?
   - In which activities are you involved? Recurrent?
4. How is organize the team responsible for preparing financial statements and the preparation of financial statements?
5. What is your exposure with accounting standards ? IFRS? US GAAP?
   - What is their importance in your daily work. How do they affect your work?

C. Introduction questions

4. How would you describe the level of complexity of accounting standards?
   - Why? What makes accounting standards complex in your opinion?
   - Which standard do you find the most complex?
5. When I tell you that the objective of this study is to understand how accounting standards complexity affects financial statement preparation, what comes to your mind first?
6. How would you say it affects your work?
   - Workload, quality of work, where you spend your time, discussions with team, training, reading, consultation etc.

D. Specific questions

How do they **cope with** the increasing accounting standard complexity?

7. What would be the complex matters with which you deal with in your role or in your team?
   - Do you have an example of a situation where you had to resolve a complex accounting issue?
     - What were the struggles?
     - How was it resolved?
     - Who was involved?
     - How was it perceived?

8. As a preparer how do you handle an accounting standard with which you are unfamiliar or the ones that you find more complex? Example?
    - What happen when you don't feel like you master the guidance related to an issue you are facing?
    - What resources are available?
    - How do you deal with it?
9. Is accounting standards complexity a concern for your organization?
    - How so? Why? How is it communicated?
10. What mechanisms or strategies does your organization have in place to ensure that employees understand the applicable accounting standards?
    - Are they effective?
11. Do you deal with accounting standards with which you do not necessarily agree? How?
    - Do you have an example of a recent discussion where there were different opinions on a way to account for a transaction?
        - How was it resolved? Who was involved? What happened?
12. Do many of your colleagues disagree with accounting standards?

How do they **define and fulfill their role** despite the increasing accounting standard complexity?

13. Who are involved in identifying all complex matters?
    - What is your role and responsibility in this?
    - How you identify matters to be brought forward to experts?
14. Who as the final responsibility to ensure all complex matters are dealt with?
    - Do you think matters could go unnoticed?
15. Does the preparation of financial statements involve experts? Do you hire consultants?
    - Why are experts involved? What kind of issues? Frequency? Involvement?
16. What is the auditor's involvement when there is a complex matter?
    - Are you involved with discussions with the auditors?
    - How? What kind of issues?
    - Do you ask auditors questions? What kind of answers do you get?
    - What about the auditors' independence?
17. Would you say your organization would be able to prepare financial statements without the help of consultants or auditors?
18. When a complex matter is analyzed by experts, who as the final say in the conclusion?
19. Do you trust experts? Why?
20. Are there instances where you do not agree with the conclusions?
    - What is your level of understanding of the conclusions?

How does the complexity of accounting standards **affect preparers' relation to financial reporting**?

21. What are the impacts on the financial statements? On the information in the financial statements?
    - On users of financial statements?
22. How are financial statements perceived by management?
23. Are financial statements used for internal decisions?
    - Why are financial statements not useful internally?
    - What additional information do you prepare?
24. How are accounting standards perceived by management?
25. For who are financial statements prepared? For what purpose?
26. What is the value attributed to financial statements in your organization?

Users

27. Do you think users understand financial statements and accounting standards?
28. How do you think the complexity of accounting standards affects the usefulness of financial statements?
29. Is the information in financial statements used by users a concern when preparing financial statements?
30. Is the organization concerned with complying with regulation or with providing the best information to users?
    a. When you perform your job, what it your concern?
31. Is information in addition to mandatory information disclosed?
    - How is it decided what to disclose?
    - Why is this information useful?

Value

32. What do you feel is valued by management in the process of preparing financial statements?
33. What you think is valued for someone in your position? What is management looking for to say that someone in your role is doing a good job?
    a. When you have annual evaluations, what is valued?
34. Do you think you are able to keep up with new standards? Or to master all of it?
35. How would you describe your level of understanding of accounting standards?
    a. Is it enough for your role?

E. Other questions

36. What are your organization's preoccupations regarding accounting standards complexity?
37. What are the potential problems that can rise from accounting standards complexity?
38. What are the main consequences of accounting standards complexity?

39. Do you think it would be possible to develop simpler accounting standards?
    - What would then be sacrificed? Gained?
    - Do you think that users of financial statements could lack information with such a framework?
40. If you could disclose any information, which one would be the more useful in your opinion? Would best inform users?
41. Is there anything that comes to mind when you think about accounting standards complexity and how it affects your work or the profession that we haven't covered yet?

Appendix 3 – Certificate of Ethics Approval

04/09/2024

Université d'Ottawa
Bureau d'éthique et d'intégrité de la recherche

University of Ottawa
Office of Research Ethics and Integrity

CERTIFICAT D'APPROBATION ÉTHIQUE I CERTIFICATE OF ETHICS APPROVAL

Numéro du dossier / Ethics File Number	S-07-22-8265
Titre du projet / Project Title	HOW DOES ACCOUNTING STANDARD COMPLEXITY AFFECT MEMBERS OF THE ACCOUNTING PROFESSION IN CANADA?
Type de projet / Project Type	Thèse de doctorat / Doctoral thesis
Statut du projet / Project Status	Renouvelé / Renewed
Date d'approbation (jj/mm/aaaa) / Approval Date (dd/mm/yyyy)	23/09/2022
Date d'expiration (jj/mm/aaaa) / Expiry Date (dd/mm/yyyy)	22/09/2025

Équipe de recherche / Research Team

Chercheur / Researcher	Affiliation	Role
Léa DUGAL	École de gestion Telfer / Telfer School of Management	Chercheur Principal / Principal Investigator
Sylvain DUROCHER	École de gestion Telfer / Telfer School of Management	Superviseur / Supervisor
Darlene HIMICK	École de gestion Telfer / Telfer School of Management	Co-superviseur / Co-supervisor

Conditions spéciales ou commentaires / Special conditions or comments

Université d'Ottawa

Bureau d'éthique et d'intégrité de la recherche

University of Ottawa

Office of Research Ethics and Integrity

Le Comité d'éthique de la recherche (CÉR) de l'Université d'Ottawa, opérant conformément à l'*Énoncé de politique des Trois conseils* (2014) et toutes autres lois et tous règlements applicables, a examiné et approuvé la demande d'éthique du projet de recherche ci-nommé.

L'approbation est valide pour la durée indiquée plus haut et est sujette aux conditions énumérées dans la section intitulée "Conditions Spéciales ou Commentaires". Le formulaire « Renouvellement ou Fermeture de Projet » doit être complété quatre semaines avant la date d'échéance indiquée ci-haut afin de demander un renouvellement de cette approbation éthique ou afin de fermer le dossier.

Toutes modifications apportées au projet doivent être approuvées par le CÉR avant leur mise en place, sauf si le participant doit être retiré en raison d'un danger immédiat ou s'il s'agit d'un changement ayant trait à des éléments administratifs ou logistiques du projet. Les chercheurs doivent aviser le CÉR dans les plus brefs délais de tout changement pouvant augmenter le niveau de risque aux participants ou pouvant affecter considérablement le déroulement du projet, rapporter tout évènement imprévu ou indésirable et soumettre toute nouvelle information pouvant nuire à la conduite du projet ou à la sécurité des participants.

The University of Ottawa Research Ethics Board, which operates in accordance with the *Tri-Council Policy Statement* (2014) and other applicable laws and regulations, has examined and approved the ethics application for the above-named research project.

Ethics approval is valid for the period indicated above and is subject to the conditions listed in the section entitled "Special Conditions or Comments". The "Renewal/Project Closure" form must be completedfour weeks before the above-referenced expiry date to request a renewal of this ethics approval or closure of the file.

Any changes made to the project must be approved by the REB before being implemented, except when necessary to remove participants from immediate endangerment or when the modification(s) only pertain to administrative or logistical components of the project. Investigators must also promptly alert the REB of any changes that increase the risk to participant(s), any changes that considerably affect the conduct of the project, all unanticipated and harmful events that occur, and new information that may negatively affect the conduct of the project or the safety of the participant(s).

Coordonateur / COORDINATOR
Coordonnateur de l'éthique / Ethics Coordinator
Pour/For **Barbara GRAVES** Président(e) du/ Chair of the **Comité d'éthique de la recherche en sciences sociales et humanités / Social Sciences and Humanities Research Ethics Board**

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