

**Intercultural sensemaking in the audit process:  
Lessons from Indigenous engagements**

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## **Intercultural sensemaking in the audit process: Lessons from Indigenous engagements**

### **Abstract**

Drawing on ethnographic observations and interviews with auditors assigned on engagements with Indigenous clients in Northern communities, we investigate micro-processes of intercultural dynamics in the auditor-client relationships. Our findings identify two major “cues” triggering significant perceptions of cultural distance and interpretive activities: Indigenous living conditions and Indigenous work culture. We show that auditors’ interpretations of cultural distance are not stable. They vary in time and space. At the beginning of the engagement, or, at a distance, the work experience in the North is idealized as a meaningful experience, prompting attitudes of curiosity and open-mindedness. However, as the engagement progresses on the ground, the fatigue and tension increase, putting more strain on auditors’ patience and their ability to step back and contextualize their experience. The cultural distance is then interpreted more emotionally and critically. Auditors’ sensemaking activities translate into group, relational, and professional cultural adjustments aimed at restoring the flow of interactions and actions disrupted by culture bumps and frictions. We make important contributions to the cross-cultural audit literature. While moving away from a view of culture that is static and overlooks its subjective and context-specific nature, we analyze the audit engagement holistically by connecting auditors’ cognitive and emotional response to cultural distance to a broader organizational and institutional context. Our study also contributes to the accounting literature on Indigenous studies by pointing out the dilemmatic space of auditing with Indigenous communities.

**Keywords:** Auditing; Cultural distance; Indigenous communities; Sensemaking.

## **Intercultural sensemaking in the audit process: Lessons from Indigenous engagements**

### **Prologue**

Looking around us at the boarding gate, we see mainly construction workers and professional consultants. The passengers on the flight seem to know each other as well as the crew. We are heading to an Indigenous village that is only accessible by plane or boat. The couple of locals who travel with us bring back supplies that can only be found in the “South” and barely fit in the upper storage bins.<sup>1</sup> Some of them have their arms filled with bags of food, toys and clothes. After a few hours in the air, the aircraft begins its final approach to landing. We look through the windows of our turboprop aircraft but can barely distinguish the village, a cluster of modular houses in an ocean of sand and tiny dunes.

We arrive at the community two hours before the audit team. Our hotel is located five minutes from the airport, so we decide to walk there. On our way, we admire the breathtaking scenery. The ice floats on the river, and the color contrast between the earth and the water is mesmerizing. The village is fairly small. It is organized around one main concrete road irrigated by multiple sand paths. A few people are driving around in 4x4 vehicles and wave at us. One of them even stops and offers us a ride. We decline politely. We get to the hotel, take off our shoes in the lobby, and check in.

Fieldwork usually brings its fair share of surprises or unexpected events. But here, on the northern frontier of human activities, the sense of isolation and disorientation we experience is sudden and striking, almost brutal. To be frank, we do not expect the standardized, mechanistic, and precise machinery of the audit engagement to withstand the distance.

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<sup>1</sup> The terms Indigenous and Aboriginal are used interchangeably in the literature. We use the term Indigenous in our article.

## 1. Introduction

Audit researchers have been interested for a long time in the impact of national culture upon auditors' behaviors (Cohen, Pant, & Sharp, 1992, p. 783). In particular, a large number of studies have investigated cultural values as important variables to contrast and explain differences in auditors' professional judgment and ethical reasoning during the engagement (e.g., Barrett, Cooper, & Jamal, 2005; Bik, 2010; Bik & Hooghiemstra, 2018; O'Donnell & Prather-Kinsey, 2010; Saiewitz & Wang, 2019).

However, by focusing on auditors when they live and work in their home country (Nolder & Riley, 2014), and reducing the notion of culture to a limited number of variables, cross-cultural studies in auditing have remained blind, empirically and theoretically, to situations of "cultural friction" (Shenkar, Luo, & Yeheskel, 2008) that can exist between auditors and clients during the engagement (Sunderland & Trompeter, 2017). Yet, auditors are increasingly confronted with the challenges of cultural diversity and intercultural collaboration not only internally, within teams (Cohen, Pant, & Sharp, 1993; Jenkins & Calegari, 2010), but also externally, throughout client interactions (Sunderland & Trompeter, 2017).

To address this knowledge gap and propose a more complex understanding of the role of culture in the audit process, we examine in our study how auditors experience cultural diversity and engage in intercultural relationships with clients.

The notion of culture, which has been vigorously debated (Baskerville, 2003, 2005; Hofstede, 2003), is ambiguous and multifaceted. Audit research has been marked mainly by a dominant trait approach of culture "that assumes that each individual internalizes one culture, and this culture can be measured using bimodal values such as individualism and collectivism" (Nolder & Riley, 2014, p. 152). Like in other disciplines, this view of culture has helped audit researchers

study national culture in a tractable and productive manner. However, as observed by Fisher and Hutchings (2013, p. 794), this view is also clearly underdeveloped analytically: “Increasingly, researchers across disciplines have recognized the limitations of a values-based construct of culture in examining the interplay of culture and context.”

Accordingly, “moving toward a *dynamic constructivist approach* that recognizes that cross-cultural differences in individuals’ judgments and decisions are heavily dependent on environmental factors” (Nolder & Riley, 2014, p. 142, italics in original), we adopt Spencer-Oatey’s (2000, p. 4) definition of culture:

Culture is a fuzzy set of attitudes, beliefs, behavioural conventions, and basic assumptions and values that are shared by a group of people, and that influence each member’s behaviour and each member’s interpretations of the “meaning” of other people’s behaviour.

From that perspective, situations of cultural distance during the audit engagement materialize through auditors’ socially constructed and perceived difference between their culture and that of clients. In practice, they can develop through a large variety of environmental influences such as “living conditions, quality and types of food, climate, the economy, and political and legal systems . . . in addition to race, language, dress, and other visible differences” (Fisher & Hutchings, 2013, p. 795).

At the empirical level, we designed a mixed method study combining ethnographic observations and semi-structured interviews. Consistent with ethnographic work, we were able to observe in real time the engagement of two different audit teams with Indigenous clients in Northern Canada between May and June 2017. We completed our observations with 16 semi-structured interviews conducted with junior and senior auditors, managers, and partners servicing Indigenous clients.

At the theoretical level, we conceptualize auditors' experience of cultural distance with clients through the notion of "sensemaking" (Weick, 1979, 1995), which "refers generally to those processes by which people seek plausibly to understand ambiguous, equivocal or confusing issues or events" (Brown, Colville, & Pye, 2015, p. 266). In this article, we focus on three overlapping dimensions of sensemaking that have special relevance to our empirical project (Maitlis & Christianson, 2014): auditors' *identification* of cultural distance in the client environment; auditors' *interpretations* of cultural distance in the context of the audit engagement; auditors' *actions* aimed at adjusting culturally to the client.

Our findings identify two major "cues" coming from unusual situations and triggering significant impressions of cultural distance between auditors and Indigenous clients: Indigenous living conditions and Indigenous work culture. Auditors' interpretations of the cultural distance with their Indigenous clients are not stable. They vary in time and space. At the beginning of the engagement, or, at a distance, seen from their home office, the work experience in the North is idealized as a meaningful experience, prompting attitudes of curiosity and open-mindedness. However, as the engagement progresses on the ground, the fatigue and tension increases, putting more strain on auditors' patience and their ability to step back. The cultural distance is then interpreted more emotionally and critically. Auditors' sensemaking activities translate into group, relational, and professional adjustments aimed at restoring the flow of interactions and actions disrupted by culture bumps and frictions.

Our study makes the following contributions. Our research is the first empirical and theoretical exploration of the micro-foundations of intercultural processes in the auditor-client relationships. The constant rise of cultural diversity in the workplace within firms and their clients represents an important challenge and demands effective intercultural collaboration. "Cross-

cultural adaptability” (Elmuti, Tück, & Kemper, 2008) is a valuable skill for auditors working across cultures.

Second, we respond to Baskerville’s (2003, 2005) invitation for cross-cultural accounting researchers to seriously consider the “unfinished business of culture,” and which has remained largely unaddressed to date. We show how shared cultural values and cultural distance can be experienced through a wide array of intersubjective situations that can only be observed in context, escaping measurement instruments and/or clear-cut archetypal categories. Our findings also provide a strong counterpoint to impressions of homogeneity and stability that surface cross-cultural audit studies. Not only perceptions of cultural distance can vary from one auditor to another, despite belonging to the same official national grouping, but they can also shift quickly during the engagement, in only a few days or hours, depending on the state of auditors’ mood or fatigue.

Finally, our study contributes to the literature on Indigenous studies in accounting by questioning the role of audit firms in providing professional services to Indigenous organizations. Auditors’ intercultural adjustments throughout the engagement do not only reflect the cultural distance that exists between auditors from the “South” and their clients from the “North.”<sup>2</sup> They also expose the deep lack of meaning and adequacy of financial reporting requirements imposed by the Canadian government on Indigenous communities.

The rest of the manuscript is organized as follows. In the next section, we problematize the cross-cultural audit literature. In section 3, we explore the theoretical notion of intercultural sensemaking. In sections 4 and 5, we explain our method choices and detail our analysis. We discuss our findings and offer future avenues of research in sections 6 and 7.

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<sup>2</sup> In Northern Indigenous communities, the “South” designates urban areas located along the Saint Lawrence River in Canada.

## **2. Auditors' culture at work**

Like any other individuals and organizations, auditors and firms are embedded in contexts where culture plays an important role in shaping professional practices and activities (Adler, 2002; Bik, 2010). In their review of the cross-cultural audit literature, Nolder and Riley (2014) identify five categories of auditors' judgments and decisions concerned by cultural differences: auditors' confidence, risk and probability judgments, risk decisions, conflict decisions, and ethical judgments.

This literature mainly relies on the "trait approach" to account for cultural specificities. It is inspired by Hofstede's (2001) seminal work in which national cultures are essentialized and measured as a stable set of universal characteristics such as power distance, individualism versus collectivism, uncertainty avoidance, or gender (House, Hanges, Javidan, Dorfman, & Gupta, 2004). For instance, Asian countries have been typically characterized as collectivist cultures compared to Anglo-Saxon countries whose individualism is much higher (Green, Deschamps, & Páez, 2005). Countries such as Italy or Japan have been portrayed as cultures of masculinity compared to Norway, Sweden or Chile, which are more characterized by a culture of femininity, i.e., standing for a preference in society for modesty, caring, and concern for relationships and quality of life (Hofstede, Hofstede, Hofstede, & Arrindell, 1998).

When applied to auditors' working environment, this classification has helped produced a set of generalizations. For instance, research demonstrates that "individuals from Eastern cultures exhibit a higher likelihood to acquiesce to clients and superiors as compared with individuals from Western cultures" (Nolder & Riley, 2014, p. 150). In a comparative study, Cohen, Pant, and Sharp (1995, p. 56) establish that "differences exist in ethical decision-making among the U.S., Japanese, and Latin American [auditor] respondents." They argue that cultures associated with high-power



distance and collectivist values may be more conducive to high ethical standards. More recently, Bik and Hooghiemstra (2018, p. 25) “find that collectivism and societal trust are negatively associated [as cultural values], while religiosity is positively associated with compliance with global firm policy.” In sum, “culture and context matter in informing differences in auditors’ behavior” (Bik & Hooghiemstra, 2017, p. 4).

The benefits of the “trait” approach are evident, allowing audit and accounting researchers to approach national cultures quantitatively as a measurable and comparable construct (Brochet, Miller, Naranjo, & Yu, 2019). However, its conceptual and methodological limitations are obvious as well (Baskerville, 2003). Equating nations with a single culture entails the risk of simplifying the complexity of nations when they are made of a mosaic of ethnicities and sub-groups (Tayeb, 1994). Likewise, numeric measures and multidimensional matrices lack sophistication and precision to capture the many variations and expressions underlying the daily life of cultures. Cultures are not static objects either. They keep changing and evolving all the time under the pressures of external influences and/or internal transformations. For instance, Spence, Zhu, Endo, and Matsubara (2017, p. 89) have shown in a comparative study that Japanese partners, consistent with a dominant trait of Asian cultures, “pursue collectivist strategies to ensure the overall health of the organization.” In contrast, Chinese partners have become much more entrepreneurial, reflecting the “active embrace of Western norms and practices” (Spence et al., 2017, p. 95). Finally, “culture is neither totalising nor deterministic: [individuals] . . . have choices and can act contrary to cultural beliefs” (Efferin & Hopper, 2007, p. 224). Auditors’ reflexive capabilities in identifying and deconstructing their own cultural background should therefore not be underestimated.

The conceptual and empirical domination of the trait approach may also account for the lack of attention in the audit literature to two central features of contemporary organizations: multiculturalism and intercultural collaborations. First, in a global environment increasingly defined by pluralism and cultural blending (Bains, 2015; Efferin & Hopper, 2007), characterizing auditors with a single dominant cultural trait has become increasingly problematic and reductive (Spence et al., 2017). Second, as organizations and individuals become more global and more multicultural, including auditors' clients, "There is greater need to work collaboratively across and within other cultures" (Fisher & Hutchings, 2013, p. 793). In fact, it has become more and more unlikely that auditors can perform their tasks in a culturally stable and homogeneous workplace (Downey & Bedard, 2019; Parker, 2012; Sunderland & Trompeter, 2017).

In summary, rather than studying the impact of culture on auditors' behavior as an isolable and measurable variable from the outside, we propose a radical shift in the research agenda to better understand from the inside the messy and dynamic process of intercultural collaboration that can take place during the engagement. To achieve this transition in the literature, we must move away from "a view of culture that is static and 'in the head'" (Hinds, Liu, & Lyon, 2011, p. 139) of auditors, and lacks sensitivity to the contextual influences surrounding the audit engagement; and, therefore, a view of cultural distance that "oversimplif[ies] the relationship between countries, overlook their subjective and context-specific nature, and pay insufficient attention to the mechanisms through which distance operates" (Zaheer, Schomaker, & Nachum, 2012, p. 18). Instead, we maintain that culture is constructed and "expressed in the *behaviors*" of auditors and clients, and that "these behaviors are dynamically constrained and enabled by cultural beliefs" and perceived cultural differences, as well as many other aspects of the specific cultural environment in which auditors and clients operate together (Hinds et al., 2011, p. 139, italics in original).

### **3. Intercultural sensemaking**

When individuals from different cultural backgrounds engage with each other, there is a possibility of a lack of comprehension and a gap between what is anticipated and what is experienced (Bird & Osland, 2005). In other words, cultural distance generates uncertainties about the other's attitudes, feelings, beliefs, and values (Shearer, 2002). From that perspective, individuals who experience cultural distance in their interactions almost inevitably engage in a sensemaking process "to understand issues or events that are novel, ambiguous, confusing, or in some other way violate expectations" (Maitlis & Christianson, 2014, p. 57). The presence of external "cues" from the environment, which, when detected, disrupt the process of thinking and acting, and generate ambiguity, surprises, and insecurities about how to react, is therefore essential to any sensemaking activities (Maitlis & Christianson, 2014).

Cues generate in turn opportunities for individuals to produce interpretations in order to restore the flow of decision-making and actions. Louis (1980, p. 241) observes that "discrepant events or surprises, trigger a need for explanation, or post-diction, and, correspondingly, for a process through which interpretations of discrepancies are developed." In particular, Fisher and Hutchings (2013, p. 796) suggest that individuals interpret their experiences of cultural distance "on the basis of their own cognitive schema and then select a script if the situation is already familiar, or a strategy, if it is novel."

Although studies of sensemaking processes typically describe the production of "sense" as being constructed cognitively through language and shared narratives (Maitlis & Christianson, 2014), the interruption of the flow often involves an emotional reaction. Maitlis, Vogus, and Lawrence (2013, p. 222) argue for instance that "emotion signals the need for and provides the energy that fuels sensemaking" and that "sensemakers' felt emotion plays an important role in

concluding sensemaking, particularly through its effect on the plausibility of sensemaking accounts.”

Sensemaking processes are not pure mental abstractions. They produce interpretations that ultimately enable specific actions. In other words, a central aspect of sensemaking “concerns the action that people take to make sense of a situation which, in turn, enacts the environment that they seek to understand” (Maitlis & Christianson, 2014, p. 67). From that perspective, effective intercultural sensemaking mechanisms enable actions by injecting meaning into experiences of cultural distance “thus reducing the overall level of ambiguity, lowering the sensemaking efforts required of [individuals]” (Kumar & Patriotta, 2011, p. 515), and contributing to a greater degree of cultural comprehension and the success of the collaboration process. Researchers in expatriate studies have reported intercultural adjustments along three generic dimensions: general adjustment, interaction adjustment, and work adjustment (Black, Mendenhall, & Oddou, 1991). For example, in the context of military expatriates, Fisher and Hutchings (2013, p. 795) describe these adjustments as follows:

General adjustment refers to individuals adjusting to surface issues such as living conditions, climate, food, and housing. Interactional adjustment refers to the extent to which expatriates feel comfortable with socializing and interacting with local people in a non-work context. Finally, work adjustment pertains to specific work-related responsibilities, performance, and expectations.

It is critical to note that sensemaking processes are not neutral mechanisms. When multiple interpretations and adjustments compete in a given organizational environment, usually only a few gain acceptance, while others get rejected and become invisible over time (Boyce, 1995; Cunliffe & Coupland, 2011). The prevailing interpretation that emerges often reflects a value-laden understanding of the world charged with specific patterns of domination (Malsch, Tremblay, & Gendron, 2012; Vlaar, Van den Bosch, & Volberda, 2006). Intercultural sensemaking mechanisms

are therefore particularly at risk of being effective or efficient by reducing cultural distance through cultural appropriation (Hall, 2011), the reproduction of cultural stereotypes (Osland & Bird, 2000), or the silencing of cultural diversity (Sobre-Denton, 2012). In fact, a higher level of cultural understanding or a successful collaboration process can mask, on the surface, power struggles and political games inherent in collective processes of meaning construction. Thus, in their proposition to replace the metaphor of cultural distance with the metaphor of cultural friction, Shenkar et al. (2008, p. 911) advocate a representation of culture that also “comes to be viewed as being created and re-created . . . by actors embedded in organizational and national identities . . . , possessing divergent resources and interests, and holding asymmetric power and hierarchical position.”

Although intercultural collaboration can occur in a wide variety of places and contexts (e.g., mergers and acquisitions, international research projects, outsourcing, and global regulatory bodies), the application of the sensemaking construct to analyze situations of cultural distance has received little scholarly attention (Maitlis & Christianson, 2014). Contributing to research on expatriates, Fisher and Hutchings (2013) examine a case study of intercultural collaboration between Australian military advisers and the Republic of South Vietnam Armed Forces during the Vietnam War. They emphasize “the role of boundary spanners in intercultural collaborations and negotiations” (p. 791). Contributing to research on international negotiation, Kumar and Patriotta (2011, p. 511) employ the sensemaking approach “to understand how negotiators [of international alliance] embedded in different cultures manage simultaneously the task and cultural related ambiguity that they are confronted with.” In their analysis of multiple case studies collected from international contractors and investors involved in global infrastructure projects, Orr and Scott (2008, p. 576) find that greater international experience lead “to more open-minded sensemaking and better diagnosis” of cultural differences. They show how managers’ pre-existing knowledge

about local traditions and environments can change as a result of intercultural sensemaking processes:

Sensemaking resulted in . . . a clearer conception of tribal traditions and values in an Indigenous community, a new awareness of a traditional Japanese work practice to wear soft-toed shoes for scaffold work, a new knowledge of Chinese beliefs about good luck, and new awareness of how payments to political officials are applied to secure work in Russia (Orr & Scott, 2008, p. 577).

Drawing on a case study of an information systems development project at one of India's largest offshore vendors, Vlaar, van Fenema, and Tiwari (2008, p. 227) demonstrate how cultural distance can "prompt onsite and offshore team members to engage in acts of intercultural sensegiving, sensedemanding, and sensebreaking," allowing them "to make sense of their tasks and their environment," and enhancing "the likelihood that congruent and actionable understandings emerge."

In sum, in light of the aforementioned literature on cross-cultural studies in auditing and on intercultural sensemaking, we maintain that our current understanding of the intercultural collaborative context of auditing remains severely limited. More specifically, we argue that "culture," as a research object, can be problematized along two dimensions in the context of the auditor-client relationship. First, despite the deep transformation of firms' internal and external cultural environment, there are no empirical studies on the micro-processes by which cultural cues and frictions can impact auditors' interpretations and actions during the engagement.

Second, as in other business disciplines, culture has become to mainstream and positivist audit researchers "a phenomenon with clearly defined attributes . . . often reduced to a set of discrete variables . . . that can be documented and manipulated in an instrumental way" (Morgan, 2006, p. 146) by acting on auditors' cognitive machinery and generating predictable behaviors/attitudes; away "from the abstract, fluid, and ambivalent nature of the phenomenon"

(Shenkar et al., 2008, p. 907). Yet it is safe to assume that the potential complexity, instability, ambiguity or novelty created by experiences of cultural distance within teams or with clients are likely to generate a variety of interpretations and actions. Successfully collaborating with colleagues or clients from other cultures entails auditors to engage in sensemaking activities by deriving and constructing meanings from local experiences and unpredictable situations.

#### **4. Method**

##### *4.1 Data collection*

Embracing a view of culture as socially constructed and as continuously enacted and re-enacted through practices and interactions (Hinds et al., 2011), the initial objective of our research was to better understand auditors' experience of cultural distance in the course of the audit engagement. Thus, a qualitative approach appears as a relevant methodological decision to help us meaningfully examine intercultural aspects of auditor-client collaboration in a real work context (Malsch & Salterio, 2016).

Many cultural anthropologists have noted the importance of "being within" for researchers studying cultural processes, that is, the importance of "understanding-from-within versus measuring-from-without" (Baskerville, 2003, p. 9). This distinction captures two well-established views of how to deal with the making of culture: (1) the emic (internal) view of ethnographers "who strive to describe a particular culture in its own terms," and (2) the etic (outside) view "of comparativist researchers, who attempt to describe differences across cultures in terms of a general, external standard" (Morris, Leung, Ames, & Lickel, 1999, p. 781). Osland and Bird (2000, p. 68) trace the failure of cultural studies to move away from stereotypical thinking to the "emic/etic distinction commonly used in the cultural literature." As further explained:

An emic perspective looks at culture from within its boundaries, whereas an etic perspective stands outside and compares two or more cultures. To make between-

culture differences more prominent the etic approach minimizes the inconsistencies within a culture. Most cultural approaches in management adopt a between-culture approach, playing down the within-culture differences (Osland & Bird, 2000, pp. 68-69).

Accordingly, consistent with our epistemological approach of culture, the choice of our fieldwork was motivated by the possibility to adopt an “emic perspective” by performing ethnographic observations along with semi-structured interviews to describe behaviors “as seen from the perspective of cultural insiders, in constructs drawn from their self-understandings” (Morris et al., 1999, p. 783).

We approached three large accounting firms in Canada who provide audit and accounting services to Indigenous organizations. After consulting with their clients, two firms (Alpha and Beta) allowed two researchers to join their audit team during an engagement with Indigenous clients. We observed therefore two different audit teams—for a total of 13 auditors (one partner, two managers, four senior auditors and six junior auditors)—in two different Indigenous communities (Kappa and Omega) between May and June 2017.<sup>3</sup>

About 630 First Nation communities and 53 Inuit communities coexist in Canada (CIRNAC, 2017a, 2019), with more than 1.67 million people self-identifying as Indigenous (CIRNAC, 2017b). Almost half of the Indigenous population lives on Indian reserves, in Inuit communities or in other rural areas (Statistics Canada, 2018). To be recognized as one of the 170 “remote communities” by the Canadian government, Indigenous communities must meet the following criteria: “1. Any community not currently connected to the North-American electrical grid nor to the piped natural gas network; and 2. Is a permanent or long-term (5 years or more) settlement with at least 10 dwellings” (Government of Canada, 2011, p. 3). The two communities

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<sup>3</sup> Most Indigenous organizations have year ends on March 31 and audit engagements are usually conducted in the following weeks and months.



we visited rank differently in terms of size, resources, remoteness and accessibility. Kappa is officially considered a remote community. While Omega is not officially “remote,” it is located far from urban centers and has similar characteristics to Kappa in terms of living conditions, mobility, and spatial organization. For reasons of confidentiality, we cannot disclose specific information on the geographical location and ethnicity of the communities.

The type of audit engagements performed in Indigenous communities are quite unique in terms of work organization and time constraints. Due to the geographical distance between the firms’ offices and some of their Indigenous clients, the auditors have no choice but to travel on-site to do their work. However, the audit is usually not completed when the team leaves the community. Auditors must therefore perform a number of audit tasks from the office. The time spent in Indigenous communities can vary from a few days to a few weeks.

The teams we observed had planned to stay on site for 10 days or less. We decided to follow them for five days each. We chose to be present at the beginning of each engagement to quickly immerse ourselves in the relational atmosphere. We met with the audit team at the airport or in the community on the first day of the engagement. Follow-up interviews also allowed us to ensure that we did not miss any important events that might have occurred after our departure and impacted the progress of the engagement.

In total, we were able to collect more than 100 hours of observations. We boarded the same flights as the audit team whenever possible, stayed at the same hotel, sat in the same room during the day, escorted them when they had meetings or questions for the client, ate with them for breakfast, lunch, and dinner. We followed their schedule from sunrise to sunset. We took detailed notes every day and reflected on them together every evening, comparing our observations and our main impressions. We chose not to systematically observe the night shift, when the auditors

returned to the client's office to carry out audit tasks until late, except for one night per team. We thought it was necessary to give the teams some space. In addition, after spending an evening with the two audit teams, we realized that nothing very relevant was happening after dinner. The client had left, the auditors had no one to interact with for information or answers, and there was little discussion within the team. Table 1 provides a detailed schedule of our daily activities on the field.

**[INSERT TABLE 1 HERE]**

During our meetings with the audit teams, we had dozens of informal conversations with the auditors, either in groups or one-on-one. Breakfast, lunch, and dinner were particularly appropriate times to discuss their work, their relationship with the client, the dynamic of the engagement or their experience in general. Although these exchanges were not recorded, the two researchers noted their recollection of these discussions as soon as they could and compared them on a daily basis. We were also able to ask questions to the auditors on site during the day, either to clarify something that had just happened, to get the details of a situation, or to better understand their state of mind.

In addition to our observations and informal conversations, we conducted a total of 16 semi-structured interviews (see Table 2). 11 of them were among the 13 members of the audit team we observed at Kappa and Omega. The interviews took place in the field (4) or once the auditors were back at the firm's office (7) (see Table 3). The interviews provided us with an opportunity to ask the auditors to reflect on specific events we observed and to provide additional information about their work with Indigenous organizations. We also conducted interviews with professionals who did not participate to our ethnographies (5), but who have extensive experience working with Indigenous organizations (see Table 4). This allowed us to compare auditors' experiences between

different firms and further enhance the credibility of our observations (Flick, 2004). All interviews were recorded, transcribed by a professional, and verified by one of the authors.

**[INSERT TABLES 2, 3, & 4 HERE]**

#### *4.2 Data context*

The audit engagements we observed are part of the financial reporting requirements established by the Ministry of Indigenous and Northern Affairs for Indigenous communities.<sup>4</sup>

According to the Ministry:

Financial reporting is undertaken to gather information on whether funds provided are spent on the purposes intended, that terms and conditions of funding agreements are met, and that the recipient's financial situation is sufficiently stable in order to assure continued delivery of funded programs and/or services (INAC, 2019).

The First Nations Financial Transparency Act adopted in Canada in 2013 and amended in 2015 required that 581 First Nations, defined as Indian bands under the Indian Act, publish their audited consolidated financial statements and a Schedule of Remuneration and Expenses on a website and make them available to any member on request. In the event of non-compliance with this requirement, the Ministry may “withhold moneys payable as a grant or contribution to the First Nation under an agreement that is in force on the day on which the breach occurs and that is entered into by the First Nation and Her Majesty in right of Canada as represented by the Minister” or “terminate any of agreement” (Government of Canada, 2019).

Although the requirements described above were suspended in 2015 pending mutual agreement between First Nations and the Canadian government, they illustrate a recurring problem in their relationship. As stated by Indigenous and Northern Affairs Canada (2012), “It has long been acknowledged that First Nations and other organizations that receive funding from the

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<sup>4</sup> Indigenous and Northern Affairs Canada (INAC) is gradually replaced by two new departments: Indigenous Services Canada (ISC) and Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC).

Government of Canada are caught in a complex web of reporting requirements, some of which are of dubious usefulness to them or to the organizations seeking the reports.” A 2002 report from the Office of the Auditor General highlighted the critical position of First Nations with respect to the reporting system. Reporting requirements, which were imposed on communities rather than developed with them (Baker & Schneider, 2015; Office of the Auditor General, 2002), were considered excessive, cumbersome, and lacking relevance to communities.

In this context, accounting firms have significantly increased their commercial presence by developing specific service lines to assist Indigenous communities in meeting reporting requirements. For instance, KPMG’s Indigenous Client Services professionals “serve the unique needs of Indigenous organizations, communities and cultures across Canada. Backed by years of experience in working with a multitude of industries and agencies, [they] work with [their] clients, providing them with the technical knowledge and insights necessary to succeed” (KPMG Canada, 2019). BDO’s Indigenous Consulting Services practice “works collaboratively with Indigenous communities and organizations to achieve their goals by providing support and guidance that aligns with their values” (BDO Canada, 2019).

The commitment of accounting firms to serve Indigenous organizations and adapt to their values should not be taken for granted or without a certain degree of skepticism. The self-serving nature and involvement of professionals (consultants, lawyers, accountants, engineers, etc.) in Indigenous communities is problematic. In particular, Widdowson and Howard (2008, 2009) have documented and criticized the failure of the “Aboriginal Industry” in addressing the fundamental economic and cultural basis of Indigenous problems while benefiting, financially and morally, from the status quo of Indigenous dependency to their knowledge and expertise.

### *4.3 Data analysis*

A grounded interpretive field study requires that the data collection and data analysis processes be continuous and iterative (Alvesson & Sandberg, 2011). Accordingly, the first two interviews we conducted in preparation for our field trip mark the starting point of our analysis. We used Atlas.ti software to code the field notes and transcripts and adopted both a top-down and a bottom-up approach in determining our coding structure (Myers, 2013).

Our first empirical impressions quickly confirmed our intuition that auditors assigned on engagements with Indigenous clients operate in a culturally challenging environment, dealing with very unique logistical constraints and fundamentally different ways of organizing and thinking. Those initial empirical impressions were similar to observations from other studies on the relationships between professionals and Indigenous communities (e.g., Cameron, Hodge, Howard, & Stuart, 2016; Muecke, Lenthall, & Lindeman, 2011; Weaver, 1998, 1999; Westoby & Botes, 2013).

Going back and forth between our data, scholarly readings, and brainstorming sessions, our analysis resulted relatively quickly and organically into the elaboration of three distinct coding categories (See Figure 1). In the first category, we listed and distinguished the different cultural incidents experienced by auditors in comparison to the more standardized cultural environment of their usual engagement. In the second category, we focused on auditors' reactions to these incidents/frictions and their perception (interpretation) of the cultural distance with their clients at different levels. In the third coding category, we examined the different ways auditors attempt to remain effective in their engagement while adapting to the cultural context. Our coding categories also corresponded to the main dimensions underlying processes of intercultural sensemaking, that

is, individuals noticing cultural differences and creating subjective meaning through interpretations and actions (Maitlis & Christianson, 2014).

**[INSERT FIGURE 1 HERE]**

As mentioned already, our epistemological approach was driven by an emic perspective in which “observations [are] recorded in a rich qualitative form that avoids imposition of the researchers’ constructs” (Morris et al., 1999, p. 783). In this respect, the cultural proximity between the research team and the audit team not only helped us avoid imposing external views on auditors’ sensemaking process, but more importantly, allowed us to analyze the data collected with a very genuine and solid understanding “from within” (Baskerville, 2003). In fact, having worked in accounting firms, but never assigned to an engagement with Indigenous clients, the two field researchers engaged in a quasi-participant observation (Murchison, 2010). They themselves experienced and perceived strong feelings of cultural distance during the observation phase, having no difficulty in projecting themselves as “southern-trained auditors” operating in a very unusual and destabilizing audit environment.

The challenges and importance of effective intercultural collaboration for auditors are amplified in a polarized cultural environment. Risks of poor communication, misunderstandings, or interpersonal conflicts are higher (Orr & Scott, 2008). From this point of view, our empirical setting represents both a limit and an opportunity for our analysis. This is a limitation because it is difficult to imagine or replicate an engagement where auditors would/could be confronted with such a culturally distant relationship with their client. On the other hand, this extreme case can be very productive to “zoom in” on very specific practices as a condition to a “zoom out movement through which we can extend the scope of our observations to other contexts where similar practices happen” (Nicolini, 2009, pp. 120-121), but only in a less intense or visible way (Malsch

& Salterio, 2016). Furthermore, our theoretical approach can speak to many different settings, within or outside firms, in which auditors experience cultural distance and mobilize strategies of intercultural adjustments.

In any case, the conclusions drawn from cultural studies, including our own, are always spatially and temporally situated. Accordingly, our study makes no claim to interpretive closure. By engaging with our participants differently, or by doing the research in another community, other researchers would have highlighted alternative forms of cultural interactions at work during the engagement.

## **5. Auditors' intercultural sensemaking**

Our findings identify two major “cues” triggering significant experiences of cultural distance between auditors and Indigenous clients during the engagement: Indigenous living conditions and Indigenous work culture.

### *5.1 Recognizing cultural distance*

#### *5.1.1 Living conditions*

As the following quote suggests, the most visible and immediate clue of cultural distance during the engagement relates to the living conditions of the communities, including climate, food, or more prosaically, entertainment options:

The first day is fine. By day 13, you want to go home. Especially because it's cold, you know, there's nothing to do. In fact, there's not a place where you can go do fun things . . . Food is not very good, because it's only frozen food, etc. Of course, if you don't adopt the lifestyle of the people who live there, it can be a little difficult.  
(Auditor 1)

Although our visits to the communities take place in late May and mid-June, we are still wearing winter boots and light jackets. During our stay at Kappa, it is cold in the band office, particularly during the weekend when the thermostat does not seem to be working. The two junior

auditors on the team frequently complain that they are freezing; only the manager does not appear to suffer from the low temperature.

Our accommodations are comfortable but somewhat different from a regular hotel room to which auditors are accustomed during their travels in larger urban centers. In Kappa, the audit team stays in a modest two-story building with a large shared kitchen and cafeteria-style tables. In Omega, the team is split between a hotel and a lodge, with shared bathrooms but a nice view over the river. Before the opening of a hotel in Omega, the auditors used to stay in a modular home provided by the band. Participants also reported numerous anecdotes about staying in unconventional places such as the house of a teacher, a mobile home of a community member, or a decrepit edifice adjacent to a local church.

Dining options are limited. There is only one restaurant in Kappa, serving fast food. There are two restaurants in Omega. Some auditors bring their own favorite food and beverages in their luggage. In the only Kappa grocery store, a 12-bottle pack of water costs six times more than in Montreal, Toronto, or Vancouver. Most of the dairy products are past their expiry date, and the presence of fresh fruits and vegetables is minimal. Frozen products appear to be the best option for those who want to diversify their menu.

Auditors' spatial movements are severely constrained by the lack of public transportation system. Renting a car or a truck is also not available. In Kappa, walking is an option, but preferably before dark and not alone for security reasons. A band employee provides the transit from the airport and handles the transport of auditors' luggage. Thus, what would elsewhere have been a rather impersonal taxi ride to the hotel can turn into an intense moment of cultural and social immersion:

A band employee meets us at the airport in a pickup truck. We put the luggage and auditors' boxes in the trunk. The senior auditor asks the band employee, "How was



Goose Break?” The employee replies, with a hint of disappointment in his voice, that he has only killed two geese this year, when he usually kills thirty to forty geese. The truck doesn’t have enough seats to accommodate everyone, so we sit with one of the junior auditors in the trunk on a box. We express concerns about safety measures and driving rules. The auditor sitting with us laughs and explains that rules are not followed here.

In Omega, which is bigger, the band provides two SUVs to the auditors. The accommodations are not located within walking distance of the client’s office. The team needs therefore to be on a tight schedule to use the cars, leaving and returning from work at the same time. This creates a logistical dependency and potential tensions. One morning at breakfast, an auditor seems very angry with the manager because he insisted on staying at the band’s office very late the night before, and she couldn’t go back to the hotel alone. Auditors are generally advised not to wander out alone in communities at night because of the risk of alcohol-related violence or aggression.

Kappa is only accessible by plane and Omega by a long drive of one or two days. After two weeks in a community, most of our participants are looking forward to going back home and reconnecting with their “normal” life. However, as we realize ourselves, weather conditions can frequently disrupt travel plans, forcing auditors to extend their stay longer than expected:

This morning, the sky is overcast. We prepare for the day and meet the auditors in the hotel lobby. They warn us that our flight might not take off today because of the weather . . . Around lunchtime, we walk to the airport to check on our flight. We are told that no planes have taken off from the area in the last three days because of the fog. (Ethnographic notes, Kappa)

Disruptions are also felt at the communications level. In both communities, the Internet connection is often very slow. Even sending simple e-mails or downloading Word documents can be a challenge. Auditors also have difficulty connecting to the server on which audit files are stored and accessing the client’s accounting system online.

Although not directly related to the technical conduct of the engagement, the living and material conditions experienced by auditors in terms of housing, food, transportation, scheduling, and communications are not anecdotal. As contextual cues, these various dimensions of ordinary life condition auditors' mindset and have a direct impact on their work. They contribute to a strong sense of spatial isolation and cultural separation from their home environment. From the moment they get off the plane until they return to the South, almost every aspect of their daily routine is implicitly, or sometimes quite explicitly, as in the trunk of a truck (i.e. "the rules are not followed here"), "an exhortation" (Weick, 1995) for auditors to recognize that behavioral conventions, attitudes and values are different.

### *5.1.2 Work culture*

Auditors are also confronted with significant "culture bumps" (Archer, 1986, pp. 170-171) when interacting at work with their Indigenous clients, experiencing what they perceive as being "different, strange, or uncomfortable situations." Central to these perceptions is often the realization that traditions take precedence over work in Indigenous communities, or to put it differently, the impression that "to [Indigenous peoples] that's not a number one priority to get the accounting work done" (Partner 1).

Two days after the beginning of the engagement at Kappa, the manager is advised that all employees will leave at noon to attend a funeral ceremony for a community member and won't return to work until tomorrow. Hunting and fishing are deeply embedded in the way of life of Indigenous peoples. Auditors typically avoid visiting communities during Goose Break, when most men leave the community to hunt geese. Hunting periods are not always planned. For example, Auditor 2 recalled that one time, the itinerant court of justice, which travels to remote Indigenous areas throughout the year, was in the community to hear legal proceedings. However,

the day of the hearings, “2000 walruses arrived in the bay, and no one attend their hearing because they all went hunting” (Auditor 2).

Auditors’ stress and pressure contrast with the atmosphere and mood in the band’s office. As with any typical engagement, they start work early in the morning and finish between 10 a.m. and midnight every day, including weekends. On the other hand, clients do not appear to adjust their schedules to the audit season. Such a gap with auditors’ “work culture” of being “on the call 24/7” and making long hours is not unique to Indigenous clients:

I’m sure you’ve [had] clients [who are] like, “Hey, 4:30, I’m out of here. See you tomorrow,” and you’re like, “I’m gonna be here ’till 2 in the morning, could you stay a little longer?” I think that’s . . . there’s no different with an [Indigenous] community. Sometimes the band office shuts at 4:30 and you’re out. (Manager 3)

However, employees’ absenteeism appears to be more challenging and specific to the Indigenous work environment:

Otherwise, one of the issues here is the presence of people. They are not always on site, even if they work from eight to five. They don’t have the same values as we do . . . They’re not going to sit down at eight, work until noon and leave, and come back. They are often away for other things or they are absent. It is difficult to always have your contact person when you need her. (Manager 1)

In the same vein, Partner 2 suggests that “work is a relatively new notion in their lives.” Consequently, they don’t have “the discipline to be there at 8:30 and do . . . regular hours.” He observes that “people who are delinquent at work are not always sanctioned . . . But it tends to get closer and closer to what you find in the city . . . We are seeing dismissals now, which we rarely saw before.”

Access to relevant information on time is also represented as being particularly symptomatic of the local culture. Auditors believe in a certain detachment or lack of interest from clients toward the audit. There are often long delays between the time they ask for information and

the time they get it. “You ask for something and they’re like, ‘Yeah, yeah, I’ll get to it.’ And then two or three days later you’re like, ‘So did you have a chance to pull these?’” (Auditor 5). The way Indigenous clients think about time was frequently reported during observations and interviews as an important source of cultural distance:

[Indigenous clients] are not always conscious of the length of things, of deadlines. Time is not an issue in the [Indigenous Nation’s Name] world. So when time is not an issue, . . . what you need to have within the hour, you don’t have it a week, two weeks, a month later. You send emails. They’re not responding. (Partner 2)

[One of the issues is] having finalized numbers in place with minimal staffing . . . by a certain date. So, if we go out for June 15th, they might provide us with what they deem to be finalized and then we might realize that there’s a mistake in the numbers and then go back and provide a revision, and then provide another revision. And we might be getting revisions ’till July 20th, when the filing deadlines are July 31<sup>st</sup>. (Manager 4)

One audited entity in Omega has not issued its financial statements for three years. In July 2017, when we interviewed the auditor in charge of the file, the firm had still not received the information required to complete it.

Issues of timeliness are accentuated by a perceived lack of accounting expertise and clarity in the distribution of organizational responsibilities in the band structure. As explained by one partner: “There are few skills locally . . . [Young people] don’t choose [accounting]” (Partner 2). Auditors therefore provide assistance in recording transactions, classifying expenses into appropriate ledgers, and correcting errors. They must keep adjusting the basic information contained in their file: “We might receive five or six revised trial balances over the course of the audit, because [clients] might not close off their books even at our advice” (Manager 4). They also “spent some time training clients” (Manager 4) on topics such as “how to enter the transactions into the books” (Partner 1) or how “to read a financial statement” (Partner 2).

Clients still use a lot of paper rather than electronic documents for their accounting, creating a visual impression of organizational mess and chaos in the office. “Who does what” never seems to be very evident. Because hierarchical “links are broken” (Auditor 7) or dysfunctional, auditors are often redirected from one person to another without anyone really taking ownership of the file. There is a lot of “go ask that other person” (Auditor 6). “People are receptive” but “they do their part quickly . . . and then it’s not [their responsibility] anymore” (Auditor 7). The following quote reflects well the disorientation of auditors:

When I went to do the inventory, there was a person who was supposed to be assigned to me. However, that person had left. We called him and he said, “Oh, this person has the keys” . . . This person was nowhere to be found. So, they went and found another guy, and he said, “Go to this garage, there’s someone there, and he has the keys to go everywhere” . . . But he never came to work, he stayed in bed. There were guys in the garage all the time, [and they said], “He’ll come back after the coffee break. He’ll be here.” [I asked], “The coffee break lasts what, 10 to 15 minutes?” Then he says, “One hour and a half.” Are you kidding me?! (Auditor 3)

In sum, auditors’ work culture centered on individual performance, a clear chain of command (Anderson-Gough, Grey, & Robson, 2001), the fear of failure (Guénin-Paracini, Malsch, & Paillé, 2014), and the precedence of professional imperatives over personal life (Daoust & Malsch, 2019) appears to be culturally inoperant and meaningless in Kappa and Omega. The usual flow of auditors’ thoughts and actions about what their work should normally involve and how the audit should be conducted is deeply disrupted.

Auditors’ description and characterization of cultural cues reflect in many ways their own normative set of cultural values and prejudices about Indigenous work culture. For instance, suggesting that “work is a relatively new notion in Indigenous lives,” as Partner 2 does, is a cue as seen and constructed from the perspective of a cultural insider from the South, reflecting a profound mischaracterization and diminution of the Indigenous way of life. Likewise, the blunt

and unsubstantiated comment from Auditor 3 that the client “never came to work and stayed in bed” may reflect the entrenched ethnic and pejorative stereotype that the Indigenous worker is lazy or less willing to make efforts (Ly & Crowshoe, 2015). Also noteworthy is the tendency of auditors to amalgamate and label all sources of disruption and anomaly in the audit process under the Indigenous “way of life” or “way of thinking” factor. Lack of expertise, accounting errors, inadequate preparation, absenteeism, disorganization are all considered to be part of the same big cultural box. Yet these cues intersect with a wide variety of institutional factors, organizational processes, and economic structures, which are not necessarily related to the expression of cultural influences and behaviours.

Whether stereotyped or not, clues have elements of performativity (Marti & Gond, 2018). They don’t need to be true or objective to produce their effects and trigger a cognitive or emotional need for explanations. In the next section, we explore the construction of auditors’ interpretation of cultural distance.

## *5.2 Interpreting cultural distance*

### *5.2.1 Anticipating surprises*

Taylor and Van Every (2000, p. 40) maintain that “sensemaking involves turning circumstances into a situation that is comprehended explicitly in words.” At the same time, it is important to stress that sensemaking is a social process: “The word sensemaking tempts people to think in terms of an individual level of analysis, which induces a blindspot we need to catch early on . . . Conduct is contingent on the conduct of others, whether those others are imagined or physically present” (Weick, 1995, pp. 38-39). Accordingly, our participants’ interpretive schemes are already in motion prior to their arrival in the community and the beginning of the audit engagement.

At one extreme, auditors assigned to an Indigenous client for the first time are quickly exposed to extreme views and reactions from their colleagues representing the work as being very demanding professionally, while taking place in adverse climatic and material conditions:

Interviewer: And when you found out that you had [an audit engagement in the North], how did you feel about it?

Auditor 10: Well, at the outset, when people tell you that, it sounds like they're telling you you've got a serious illness. [Laughing] When they tell you you're going to the Far North, they say sometimes there's snow there in May. And in fact, it's true: we did have a little bit of snow. At first, I was a little scared, but I was immediately reassured when I heard the group was really cool . . . It's more in terms of working hours. I understood that [when we go on these engagements], we work a lot. Up there we sometimes . . . finish at ten o'clock at night. (Auditor 10)

Practical information on how to travel—"what to bring, [on] how to dress" (Auditor 2)—and on engaging with clients—what "words to use" (Auditor 5) or the importance of being "more patient with accounting staff" (Manager 2)—is spread informally by experienced auditors who have been working with communities for several years and are willing to share their experience:

One of my friends ended up setting up a PowerPoint presentation for "borrowed resources" [auditors who are not permanent members of the North Team] . . . Because it's happened too often that we arrived with a "borrowed resource" we met at the airport, and they were not aware of anything. We thought our managers and partners were not sharp on this matter, so [my friend] set up a little deck of slides to inform people. (Auditor 2)

In one firm, a specific training has been developed for auditors dealing with Indigenous communities<sup>5</sup>. As explained in the following quote, the objective of these training sessions is to recognize the specificity of the auditor-client relationship in the Indigenous context, both historically and culturally, by emphasizing the historical trauma of First Nations, and technically, by highlighting the low level of accounting expertise within the communities:

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<sup>5</sup> The firm of a participant who did not participate to the ethnography (see Table 4).

At [Name of the Audit Firm] we actually specifically do Aboriginal awareness training for our staff that heads out to these communities . . . We like to have employees get that training because dealing with Aboriginal communities, I mean, even in terms of just accounting staff is a lot different than dealing with say, a controller of a manufacturing company. You have some knowledge of what they've been through and the community sophistication. A lot of communities are very unsophisticated, and just kind of getting that understanding in that field, and just how to communicate with individuals that are within the Aboriginal communities. (Manager 4)

In sum, even when they first set foot in an Indigenous community, auditors are already “prepared” to recognize and experience the cultural distance with their clients. They started the cycle of surprises and interpretations in their home office by reflecting on future strange or unusual occurrences that would happen during the engagement, while making their “expectations become better articulated, stronger, and potentially more capable of being a potent force in their own validation” (Weick, 1995, p. 134). In the words of Louis (1980, p. 241), they have been “forming unconscious and conscious anticipations and assumptions, which serve as predictions about future events” and which also triggers the attribution of interpretation and meaning.

At the other extreme, a few partners and managers, who have been servicing the same Indigenous communities for a long period of time, some of them for decades, are much more familiar with the culture bumps of the audit engagement. Indigenous clients show a high degree of loyalty in business with accounting firms. They tend to favor stability and existing relationships even when they receive less expensive or more attractive service offers from competitors. The wrongs and abuses committed by people from outside these communities may account for this commitment to long-standing relationships and the distrust toward newcomers. As explained by a participant, “You’re always going to get the stigma of you’re the city slicker versus someone who lives in a community . . . Every community has at least one story of someone coming in from the big city . . . [who put them] in a poor position” (Manager 3).



The familiarity between the partner and senior managers with their Indigenous client is particularly striking in Omega. As soon as our plane lands, we can see senior leadership from the community waiting outside to give the partner a special welcome at the airport. Most of the people we meet on the street, in restaurants and at the band office call him by his first name. He knows the history of the community very well and can easily introduce us to the main leaders: former chiefs, board members, and directors of various organizations. In Kappa, the audit manager is also quite closed with the band employees, which seems to surprise one of the staff auditors:

The first time [I came into the community], I saw people stopping at our office and [giving the manager] big kisses on the cheeks. They were so happy to see her. They talked to her and [she] laughed . . . I didn't expect that . . . She knows them all by name, their brothers, sisters, cousins, the whole family history. You know, in 20 years, she knows everyone. (Auditor 4)

Thus, in contrast with junior auditors who anticipate unprecedented situations created by their upcoming trip and need to develop practical and relational interpretive “strategies,” partners and managers with more experience have already in mind a variety of “scripts” upon which to base their interpretations of discrepant events and produce “culturally appropriate behavior[s]” (Fisher & Hutchings, 2013, p. 803).

Anticipating or becoming accustomed to cultural distance does not mean that once in the field, auditors do not face important deviations from what they expected or planned to experience. For example, despite the information received before their departure, some auditors are still surprised when they arrive in Omega with the spatial/geographical landscape—“I think a surprise was how underdeveloped the infrastructure is, like, there's no streets, no sidewalks, and you're really almost in the forest” (Auditor 8)—or with the presence of “beer cans and liquor bottles all over the ground” in what was supposed to be a “dry” community (Auditor 10). The process of interpretation is therefore always worked out mentally and emotionally according to a variety of

ad hoc contextual triggers that become much more salient when they are visualized or tried out in a real situation.

### 5.2.2 *Interpretative shifts*

A majority of our participants tend to assign a positive meaning to the cultural distance that they experience during the engagement. While it does not prevent them from unconscious prejudices and stereotyping, they try to come with an “open mind” (Auditor 7):

You know, people say, “They don’t work much.” It’s true that they have [limited] schedules: they work 35 hours a week and during the summer it’s 32 hours. They’ll arrive at 9:30, at 10:00, they take a break. Everyone takes an hour for lunch, everyone leaves at 4:00. It’s not their priority, but who are we to judge what their priority should be? (Auditor 2)

Being confronted with the weight of tradition can lead auditors to question their own attachment to and indoctrination with organizational and institutional discourses on performance and effectiveness. Interacting with clients for whom the community and social logic prevail over the imperative of financial and accounting numbers offers a refreshing and thought-provoking experience for professionals who have been trained to think in the opposite direction:

The Band, they have great values. You know, they’re always willing to give money [to community members]. We look at this in accounting terms. It may not be the best decision, but at the same time the underlying value and the reason why they did it, I think that’s great. (Auditor 4)

Although it takes auditors a few days to decompress from their normal mode of operation, and in particular, from their sense of productivity, they eventually appreciate and adapt to the Indigenous pace of work. The absence of staff and the difficulty in getting information slows down the work, but it also reduces stress. The quiet atmosphere of the band office gradually permeates the working atmosphere of the audit team. The contrast is particularly striking from a relational point of view. While auditors often have to deal with the tension and lack of respect from clients

who do not appreciate their presence (Guénin-Paracini, Malsch, & Tremblay, 2015), the relationship with band employees is generally much more friendly and respectful:

I like their pace. It's more relax. There's a lot of work, but the clients are—compared to maybe some clients here—much, much nicer to you when you are there, and I think they appreciate maybe more what you do than some of our clients as we call it or as they call it “down south [name of city].” (Manager 2)

Our participants manage to derive not only impressions of meaningfulness “*at work*,” enjoying the context in which the engagement is performed, but also “*in work*,” with respect to the tasks required to address the specific needs of Indigenous entities (Stein, Wagner, Tierney, Newell, & Galliers, 2019, p. 688, italics in original). In essence, the transformative impact of their work seems much more evident to them at Kappa and Omega—“When you come [to the North], you change things” (Manager 1)—than when they audit much larger or more sophisticated corporate entities:

Here, I find that once you're finished, you really help them, you give them advice, they actually listen, they take notes on our recommendations and suggestions for improvements. And they try to improve every year, and they really appreciate those recommendations. It helps them on the business side. So yes, in that sense, I think it's more rewarding than in the South [Laughing]. (Manager 2)

For example, one participant explained how his manager “came across subsidies that had been paid out but had no expenses recorded.” If no expenses are recorded, then “they have to refund the subsidies” (Auditor 4). The manager took the time to “sit down with each project manager” in the community to track the expenses that had been allocated elsewhere. “[This represents] tens of thousands of dollars that we saved for the entity by simply making an adjusting entry” (Auditor 4).

However, despite their attempt at embracing the cultural distance with their clients, auditors struggle to provide meaningful explanations in two dimensions. First, some of them remain

somehow “shocked” with the resource management performed by the communities, or to put it in the words of one participant, with the Indigenous “relationships to money” (Auditor 6). They consider some of their clients’ administrative or business decisions as being particularly ineffective, while reflecting flawed management skills:

They wanted to open a restaurant . . . They received two business plans to open [Name of a restaurant chain]. And then they gave money to finance the two business plans, for the same restaurant, in the same place, but to two different people. You know. This is a very poor allocation of resources. They could have simply given the money to one person for a restaurant in one place, instead of giving it twice, to two different people for the same thing . . . And in the end, there was no restaurant. (Auditor 6)

These perceptions of inefficiency are generally interpreted as the consequences of a culture which does not value individual accountability and financial performance. To a certain extent, they reflect auditors’ deeply ingrained “individualistic bias” (Douglas, 1978)—“which imputes agency to individuals for untoward events or for failure to respond effectively to such events” (Malsch et al., 2012, p. 394)—versus Indigenous’ “egalitarian bias” (Douglas, 1978)—which is much more “holistic in its modes of reasoning, rejecting rankings, formalities, and mechanistic rules” (Malsch et al., 2012, p. 394). However, some of our participants also attribute these managerial shortcomings to the consequences of a financial system designed and imposed by the federal government that tends to undermine any sense of collective responsibility within communities:

[Indigenous peoples] don’t have goals to achieve. There will be no bonus or advancement at the end of the year. They know it will be the same next year and in two years’ time. They don’t see the point either. They’re not like, “Oh, I have my financial statements. Did I make a profit? Did I make a return?” There’s no growth. They’re getting money anyway. They don’t depend on their performance. [They don’t wonder] whether they’re going to survive or not. (Auditor 3)

There are so many errors that I don’t think financial information is a priority for them at all. (Auditor 6)

At a very different level, impressions of meaninglessness are also generated in multiple micro situations in work, as auditors become frustrated and lose patience with the disorganization and lack of responsiveness of clients. In particular, the cultural distance no longer seems fun or refreshing when it involves working more hours or wasting time. For example, at the beginning of the engagement at Kappa, the team learns that the accounting system is not closed yet and that basically the audit cannot start:

The staff auditor goes down the stairs and reports to the manager that the accounting system is not closed . . . The manager's face changes straight away, and she says, visibly very irritated, "They've known for weeks that we were coming today. If we had known they were not ready, we would have flown tomorrow morning instead. We have to start working today if we want to finish on time." (Ethnographic notes, Kappa).

On the second day in Omega, the team discovers by going through the balance sheet and the documents provided by the client that they have to audit a new entity that had never been mentioned before. Here again, the reaction is not very positive. Behind the deep sighs and angry looks, one can feel a certain frustration toward what they believe to be symptomatic of the Indigenous work culture:

The auditors seem a bit depressed, especially a junior auditor who is working on a file with a lot of issues. This new engagement has not been planned and no one has been assigned to it, which means that the auditors will have additional work to do in their already tight schedule. (Ethnographic notes, Omega)

These experiences of meaninglessness are relatively circumstantial. They reflect the many unexpected events that can happen during any engagement because of the clients' lack of preparation, which is not necessarily unique to Indigenous organizations (Daoust & Malsch, 2020). What is distinctive in our case, though, is that the explanation provided by the auditors is cultural rather than organizational or interpersonal. Individuals also have limits to interrupting their normal flow of thoughts and actions. As Sandberg and Tsoukas (2015, p. S17) observe, "Negative

emotions are likely to be frequently involved in sensemaking, as the latter typically occurs when routine activities are interrupted.” Thus, the accumulation of small and large interruptions throughout the engagement is emotionally demanding for our participants, who become less inclined to contextualize the situation, acknowledge the existence of specific circumstances, and find constructive explanations.

On some occasions we feel that auditors become more intentionally judgmental or reductive in their appreciation of the Indigenous culture, while jokingly questioning and stereotyping their clients’ ability or willingness to work hard:

At 5:00 p.m., a band employee informs the manager that she will be absent from tomorrow morning (Wednesday) until Friday. She advises the auditors that they should ask her any questions they may have before she leaves. At 5:30 p.m., a junior auditor leaves the room to see the employee. She returns and tells the team that the employee was not at her desk. Laughing, the manager says, “Rookie mistake! You thought she was going to be here? It’s 5:30!” (Ethnographic notes, Omega)

In sum, auditors’ interpretations of the cultural distance with their Indigenous clients are not stable. They vary according to their position in time and space. At the beginning of the engagement, or, at a distance, seen from their home office, the work experience in the North is explained rather positively, with curiosity and open-mindedness. The culture bumps are idealized, minimized, or romanticized, and the possibility to make a difference in the life of the community is emphasized. However, as the engagement progresses on the ground, interpretative shifts can develop quickly in the course of hours or days. As fatigue and tension increase, putting more strain on auditors’ patience, distance is interpreted more critically. Interpretations can be reversed just as quickly when the cognitive or emotional attention of auditors reconnects to an alternative source of meaningfulness at work or in work.

Whether positive or negative, those accounts created by our participants when noticing and interpreting their audit environment are not just thoughts. Ultimately, as Maitlis (2005, p. 21) remarks, “Sensemaking [. . .] enable[s] action.” Thus, in the following section, we examine and analyze auditors’ response in their behaviors and practices ensuing their interpretations of the cultural distance with their clients.

### *5.3 Adjusting the engagement to cultural distance*

#### *5.3.1 Group adjustments*

The first adjustment we notice concerns auditors’ relationships with each other. In a nutshell, their reaction to the spatial isolation and cultural separation from their home environment seems to translate into stronger internal social bonds. They prepare and enjoy the private side of the engagement as if they were going with friends to a camp or to a cottage. In Kappa, auditors meet every day in the hotel kitchen for breakfast, walk together to the band office, and return together to the hotel for lunch and dinner. They usually bought frozen meals from a caterer before they left for the North. And they purchase the rest of the food at the local grocery store when they arrive. They could bring their meals to the band office, but they clearly seem to appreciate the ritual of walking to the hotel and eating together. Instead of bringing their own meals, auditors at Omega are having all their lunches and dinners at a workers’ camp located a short drive from the band. Their meal schedule is coordinated with the camp kitchen schedule. Every day, lunch is served at noon and dinner at 6 p.m. After lunch and sometimes after dinner, when work permits, auditors’ favorite ritual is to play cards together.

Depending on the length of their stay, auditors usually spend one or two weekends in Indigenous communities. The team in Omega took a Sunday afternoon off to visit the region. When we meet with the manager, a few weeks after we return from our trip, he proudly shows us some

pictures of his team that were taken during that expedition. The value of cementing a strong team spirit for the engagement of Indigenous communities is also emphasized by one of the partners we interviewed:

There's that team spirit, teambuilding, which is so important. You know, we just don't want them to work and go to bed. So, you get together. You play cards. You do things together. When we come back, then we have a team dinner just to thank everybody. So, they're all very appreciative about that. (Partner 1)

Those social activities support the creation of a distinct group identity. Cultural isolation and forced promiscuity are leveraged as socializing opportunities, allowing participants to “get to know [their] team [members]” (Auditor 7), to “become closer to them” (Manager 2), and to “develop bonds” (Manager 1). This was explained with a form of nostalgic pride by one participant in the following quote:

Travelling is the best way to meet people. You know, we ate together three times a day for about an hour. Lunch was really long. We played cards. What are the odds of an intern playing cards with a partner? . . . I really developed something [with the team members]. They're like the people I'm closest to in the office . . . It would have been boring to go to our rooms at eight and watch TV for two hours before going to bed. At least it was fun; we were all together. As I said, it was really the coolest file. (Auditor 10)

The sharing of “stories” between the auditors, narrating their “adventures” (Manager 1) in the North, also helps transform the confrontation with distance into an experience of shared socialization and identification. Eshraghi and Taffler (2015, p. 695) stress that stories are “powerful devices for managing meaning and thus, potentially, an essential part of the storyteller’s sensemaking process.” Accordingly, participants often spontaneously recalled with us memorable anecdotes about their stay at Omega and Kappa. However, as shown below, the content of these memories is not neutral. It usually carries a strong biased and intersectional “universe of meanings



and values” (Gabriel, 2000, p. 56) about gender, poverty, social classes, and personal lifestyles that eventually contributes to giving Indigenous engagements a distorted reputation:

While we are waiting for our meal, two auditors start telling me about their experiences in Omega. They tell me that a few years ago, the itinerant court of justice was here at the same time as the auditors. So, there were no rooms available at the hotel. The team had to sleep in the house of a villager. One of them slept in a young girl’s room, with the drawing of a princess on her blanket! The other had to sleep in the basement, and the heating did not work. It was cold! (Ethnographic Notes, Omega)

We are lunching with the audit team at our hotel. The manager talks about her experience as a woman in the North. She feels uncomfortable walking outside at night because men whistle at women. Once, she was supposed to stay at a motel with the team. They were greeted by a receptionist with long, colorful fingernails. The front desk was actually a bar. When they entered their room, they immediately noticed a large bowl full of condoms. It looked like a prostitutes’ room. They ran out! (Ethnographic notes, Kappa)

In sum, the collective and adventurous dimension of the engagement, supported by the ritualization of certain activities and the exchange of stories, is mobilized as a powerful professional and social marker. Auditors manage to transform the cultural distance with Indigenous peoples into “cultural memories” (Daoust & Malsch, 2019). While helping the team to have more fun in the field and maintain a decent level of motivation and commitment, this transformation also has the paradoxical result of boosting a certain sense of cultural superiority and social closure among auditors. The experience of being different ends up being redirected toward the realization (and reproduction) of the “same” (Shearer, 2002).

### 5.3.2 *Relational adjustments*

The second type of adjustment involves auditors adapting their work interactions. First of all, they try to be much more relaxed and casual than they normally are with clients. From this point of view, the most visible (and visual) transformation lies in their clothing. Suits, jackets, and ties are banned. When preparing our trips, we are advised to dress casually. The objective is

twofold: adapting to the life conditions in the North—cold temperature, clay roads, rustic accommodation—and minimizing external impressions of cultural distance:

Up there, I really don't see us coming in suits. People would look at us and say, "Come on, what are you doing here?" . . . I felt like it was really classified; there were the white people and there were the [Name of the Indigenous Nation] . . . [The rest of the team] was telling me, "Don't wear a suit. People will make fun of you" . . . We don't want to give the impression that we are superior. (Auditor 10)

Based on their subjective construction and characterization of the Indigenous habitus, auditors are aware that they "don't have the same background" and that they cannot use "the same approach" (Auditor 6) with Indigenous clients. According to a partner, Indigenous persons in Omega "are very shy people and it takes a lot to get them to talk. They have to feel comfortable with you . . . They seem to open up when you joke with them. And if they make jokes back to you, you know you're in" (Partner 1). The importance of adopting a casual and "laid-back" (Auditor 10) attitude to establish a meaningful professional bound is a recurrent theme throughout our observation and interviews:

This is not a business-like mentality here. I wear jeans and a sweater, we're really more casual. [The manager] is friendly with everyone, and I've adopted that style, too. You know, if there's like a way to make a joke, I'm going to make a joke and I'm not going to be too serious, too direct, because I don't feel like that's the approach that works best. (Auditor 4)

The development of emotional ties and an atmosphere of conviviality is also supported by auditors who try to penetrate the more private or intimate sphere of clients by demonstrating a sense of curiosity and interest about personal or community events that are not directly related to the audit and that seem to be important to them, such as the Goose Break or hunting and fishing traditions. Partners and managers who have been involved in communities for a long time also frequently inquire about their clients' family.

As suggested earlier, the relaxed atmosphere is facilitated by the positive attitude and receptivity of the Indigenous clients during the audit engagement. They do not engage in vexatious or stressful behavior. There is nothing comparable to the climate of fear or stress generally associated with client interactions (Guénin-Paracini et al., 2015). As explained by one participant:

In the North, they are never upset about the fact that we're searching their files. You know, I've never felt like they thought I was watching them, looking for mistakes, or that there was a fraud or anything like that. (Auditor 6)

Although the work atmosphere in Omega and Kappa is relatively similar in terms of friendliness and cooperation, the auditor's approach to relations with Indigenous clients is not uniform across the country. For example, one of our interviewees mentioned the case a community near a major Canadian city where the auditor-client relationship is fraught with "tension" and negativity (Auditor 7). Her team must avoid "making any reference to history." Even "talking about the view of the water" from the band office can prompt hostile comments about the White settlements and the dispossession of First Nations' lands.

On a more technical level, auditors pay attention to the vocabulary they employ when asking questions about specific documents, operations, or information. They tend not to provide a very detailed explanation of the matter of their inquiries, while avoiding using a technical auditing or accounting language:

The quality of the workforce here is also limited. If I ask a question, it will never be related to the understanding of accounting issues. In fact, I'm going to ask, "What did you do in this software?" You know, I am not going to say, "Why do you have an accrual" or anything like that . . . I am going to say, "Why do you have this in the summary?" and then I will point out a specific transaction. (Auditor 4)

In sum, auditors mobilize a variety of relational and interpersonal strategies to manage their client interactions and achieve a cultural "fit." The impact and success of these strategies are difficult to assess in a context where Indigenous clients show only limited interest in the conduct

of the engagement and its outcomes. They don't try to hide information and they don't negotiate auditors' findings. In other words, whether in Omega or Kappa, our participants don't need to "arouse and maintain" their clients' "desire to cooperate" (Guénin-Paracini et al., 2015, p. 201). These cultural adjustment strategies are therefore more imagined than they are actually tested by patterns of resistance or confrontation. And they likely have more effect in the minds of auditors, by making them comfortable with their audit environment and validating their interpretive schemes, than by reducing the cultural distance as perceived and experienced by their Indigenous clients.

### 5.3.3 *Professional adjustments*

Last, but not least, auditors' adjustments to the cultural context of the engagement remain also driven by constraints of efficiency. Traveling to the North is costly and time-consuming. Auditors must therefore ensure that they "allow sufficient time for fieldwork to be carried out" (Auditor 8). Access to information is particularly critical as it is more difficult to follow up with clients once back in the South: "Out of sight, out of mind. As soon as we leave, we can forget about getting documents and answers to our questions" (Auditor 3).

Thus, to meet deadlines, auditors must engage in unconventional audit practices. First, they undertake a large number of tasks that are usually performed by clients. For example, instead of sending their samples and requests to the controllers, who are then responsible for gathering relevant documents and reports, auditors search for and collect the information themselves. They have full and unlimited access to all shelves, cabinets, and rooms where they can find and consult any invoice, statement, or receipt they need. They have complete access to the accounting system in "view mode," which allows them to consult any accounting book and run any report they need. They can also enter clients' offices whenever they want: "We have the keys to the building, we

get there before [the employees], we have access to everything, they leave their laptop and software open . . . Nothing is hidden from us . . . They really trust us” (Auditor 4).

Auditors also emphasize the impossibility to complete the engagement without relaxing some of their normal procedures. For instance, “because the risk of finding errors is really, really high,” auditors set “performance materiality at a lower percentage than usual” (Auditor 5). On the first day of the engagement in Kappa, the senior manager instructs the team not to use official audit standards and firm guidelines to determine the materiality thresholds, but instead to work with smaller amounts to identify and correct potential misstatements. Indigenous clients rarely question auditors’ comments and recommendations. All reported misstatements and errors are generally corrected, and clients do not challenge auditors on the amount or number of journal entries that are proposed: “Usually, they never refuse to make an entry. In the sense that, you know, they often did it in a certain way because they didn’t know what to do” (Auditor 2).

Auditors are frequently confronted at the end of the engagement with a lack of documentation. They have no choice then to re-evaluate their requests and to give up partially or entirely with some audit procedures. As suggested in the following quotes, a “let it go” attitude eventually prevails in order to “get comfortable” (Pentland, 1993) with the reported numbers:

Towards the end of the engagement, we have a lot of outstanding issues. Often, when we are close to the deadline, we filter our requests, we clean the file. Of course, we insist to obtain answers to the major points. But there are other points that we can live with. We can deliver our opinion even if we don’t close them. They become recommendations for next year. (Manager 1)

I don’t take it too seriously. I do my job, I try to do the best I can, but we know that at the end of July, there’s going to be so many unanswered questions that we are just going to let go and sign the report anyway. (Auditor 3)

In sum, auditors’ attempt to keep moving the flow of actions and decisions throughout the engagement involves a significant adjustment of the audit processes. The deviation from

professional standards is partly rationalized through the lack of local expertise. However, auditors' adaptation is also reflective of colliding cultures. Clients' openness to their accounting system does not necessarily reflect an ideal of transparency or cooperation. Arguably, there is nothing to hide from auditors in accounting systems because these systems are unimportant. Traces of important decisions and sensitive information are not located there. Leaving a written "audit trail" (Power, 2019) behind every operation remains largely countercultural in communities where oral communication and face-to-face meetings are still predominant as accountability mechanisms (Gallhofer, Gibson, Haslam, McNicholas, & Takiari, 2000). Thus, to navigate this "dilemmatic space of having to implement and deliver programs, projects, and services whose objectives [are] at odds with the prevailing knowledge and value systems of the communities" (Cameron et al., 2016, p. 553), auditors must "let go" of their ideal type of expertise and control over the delivery of the audit and what might result from it.

## **6. Discussion**

### *6.1 Intercultural sensemaking in the audit process*

The initial objective of our research was to better understand how auditors experience cultural distance with clients during the audit engagement. By following teams of auditors in Northern Indigenous communities, we knew that we would witness a societal microcosm in which the cultural distance between clients and auditors would be stretched at its extreme. Not only in terms of the material and spatial conditions of the engagement, with auditors being isolated from their home comfort for days, but also in terms of clients' communication styles, relational attitudes, and values.

As expected, auditors are confronted with significant cultural "cues" in Kappa and Omega, with respect to the living conditions of Indigenous peoples and their work culture, triggering a

strong need for explanations and interpretations in order to give meaning to their interactions and engage in specific actions.

The perception of cues and the attribution of meaning are influenced by different sources and vary over time. Before the engagement, organizational and institutional discourses play a strong role in conditioning the mindset of auditors who participate to an Indigenous engagement for the first time, providing them with preconceived social representation and relational strategies. During the engagement, novel and unprecedented situations keep happening within and outside the engagement, prompting auditors, including partners and managers with more field experience, to keep revisiting their interpretations of cultural distance and (re) adjust their reactions.

Auditors' interpretations of cultural distance fluctuate from impressions of meaningfulness to meaninglessness. Consistent with the celebration of cultural exoticism in Western societies (T. D. Taylor, 2007), positive interpretations tend to prevail. Our participants appear to be curious and excited with discovering and experiencing new or alternate ways of thinking and behaving. Being in "different, strange, or uncomfortable situation[s]" (Archer, 1986, pp. 170-171) during the engagement contribute to creating strong social memories and bonding that survive the engagement.

However, constructive interpretations of cultural distance also coexist with other sensemaking activities triggered by more negative emotions and frustrations with respect to the inefficiencies and the surplus of working hours generated by Indigenous clients' different approach of work organization. In those micro situations that can happen frequently during a day, auditors run out of patience and explanations to interpret their clients' behavior in a meaningful way. Culture bumps then translate into cultural frictions. Their high level of formalization and standardization gives audit processes a rigidity that can play out negatively in cultural contexts

where formal rules and written documentation are less recognized or mobilized in accountability mechanisms, as it is the case in Indigenous communities (Neu & Graham, 2006). From that perspective, auditors are also constrained in their reactions by their habitual and professional activity culturally embedded in the characteristics of audit work (Power, 2019).

Whether positive or negative in their interpretations, auditors must nevertheless restore and re-energize the flow of actions interrupted or disrupted by the cultural distance. Our findings show that the adjustments occur at three different levels. First, auditors adjust their relationships internally, within teams. Cultural distance is then used as an instrument of socialization and identification. In this regard, the sharing of “stories,” the authenticity and credibility of which are not always proven, play a key role in integrating auditors into their groups, allowing them “to make sense of everyday experiences” and “endure” the more difficult and challenging situations (Gabriel, 2000, p. 56).

Second, auditors adjust their relationships with clients in the workplace. In the specific context of Kappa and Omega, they adopt a more relaxed and casual attitude, while trying to adapt further to the Indigenous atmosphere. However, it is not easy to determine whether these relational strategies contribute more to reducing the cultural distance perceived by clients toward auditors or, conversely, the cultural distance perceived by auditors toward clients. This is particularly true in the Indigenous context where local populations have been frequently deceived by professionals from the South (Widdowson & Howard, 2008). It would be presumptuous and demeaning to assume that being “casual” or “nice” would be enough to overcome a sense of distance and mistrust shaped by a long and sad history of traumatic abuses.

The third adjustment concerns the audit process itself, with auditors both preparing and auditing the financial statements. In our case, this adjustment is not primarily (or entirely) driven



by a dynamic of cultural distance. The lack of local expertise and resources results from structural social and economic factors that have considerably undermined the autonomy of Indigenous communities (Buhr, 2011). However, what appears to be distinctively cultural is the dilemma generated by the confrontation of knowledge and values between the requirements of the audit, as a cultural process, and the needs and priorities of the communities. Auditors find themselves in an “ambiguous setting” in which “there is no longer any obvious right thing to do” (Hoggett, Mayo, & Miller, 2009, p. 30). Either they engage in too much cultural rigidity, at the risk of creating conflicts and depriving the audit of its effectiveness, or they engage in too much cultural decoupling, at the risk of depriving the audit of its purpose.

These different adjustment strategies all reflect, to varying degrees, a utilitarian dynamic where the recognition of cultural distance is mobilized by auditors to serve primarily their own personal and professional goals. These adjustments thus largely consist of adapting not to the “true” culture of the Indigenous peoples of Kappa and Omega, but to their culture as represented through auditors’ cultural biases and what they believe they need to do to successfully complete the engagement. The success of these strategies is therefore highly performative, based on the self-validation of auditors’ “view of reality.” Ultimately, it is not very clear whether they reduce cultural distance or they simply make distance more manageable by leveraging stereotypes and preconceived categories.

Indigenous communities and organizations constitute, to a certain extent, extreme cases of cultural distance. The conflict of knowledge and value systems, and the underlying dilemmatic space, are probably much greater than in more typical cross-cultural audit environments. However, far from being a limitation, our theorized “field story” (Golden-Biddle & Locke, 2007, p. 87) about

auditors' interpretations and actions in a situation of considerable cultural distance can speak to a large variety setting and inform the existing audit literature in different dimensions.

First, the sensemaking approach, focusing on the perception of cues, the production of interpretations, and the enactment of cultural adjustments, allows to analyze the audit engagement much more holistically by connecting auditors' cognitive and emotional response to their broader organizational and institutional context. The management of the auditor-client cultural distance is influenced through the biased representations conveyed within firms as well as within society. It is also dynamic over time and space. The distance is not necessarily the same seen from the office or experienced in the field, or at the beginning of the engagement or toward the end.

Second, our emic approach highlights a much more nuanced and complex understanding of the notion of culture than the one featured in studies on cross-national differences in auditors' professional behavior. In particular, the different dimensions used to characterize auditors' national cultural identity, such as "power distance," "uncertainty avoidance," "masculinity," and "time orientation" (Cohen et al., 1993), do not exist in our participants' mindset as standalone analytical or interpretive categories to make sense of their interactions. Their confrontation with the cultural distance of their clients is mediated by a large variety of cultural objects, places, and situations—such as their accommodation, transportation, food, clothes, or climatic conditions—intertwining and triggering their cultural interpretation in a messy and unpredictable manner. Furthermore, auditors even tend to construct a variety of experiences and situations as being cultural even when they predominantly reflect non-cultural factors or explanations.

Contrasting with the dominant and static view of culture, our observations also suggest that auditors are not totally trapped, emotionally and cognitively, in their culture. They can try to change and adjust their behavior when they realize the existence of a situation of cultural distance.

These adjustments can be partially biased, reflecting a preconceived or stereotyped understanding of the other's culture, but they signal nevertheless the existence of agentic capabilities. For example, the "let go" attitude adopted by our participants shows the possibility of a substantial increase in auditors' tolerance for uncertainty or ambiguity in relation to what their national culture would have predicted.

## *6.2 Auditing Indigenous communities*

Our study also contributes to the body of literature pointing to accounting and auditing related technologies as vehicles for cultural domination and exploitation in non-Western environments.

First, our observations show that the intercultural sensemaking process performed by the auditors is not neutral. Despite their general awareness of the history of Indigenous communities and the patterns of domination that have considerably damaged their social and economic fabric, they do not escape from "the present-day dynamics of race and ethnicity" that remains infused with the distribution of "power, prestige, and respect" (Annisette, 2009, pp. 452-453). Whether through seemingly harmless jokes or feelings of frustration or anger, auditors' reactions remain laden with stereotypes and judgmental attitudes, reflecting—most often implicitly, but sometimes quite overtly—a sense of professional superiority and a deep lack of understanding of the Indigenous culture.

Second, the cultural rigidity of the audit technology, as a westernized cultural product, in the Indigenous environment raises disturbing questions about the benefits and objectives reached by the imposition of this regulatory requirement. As observed by Widdowson and Howard (2014), "demanding 'accountability' and 'transparency'" in a way that "can never be realized in small and poorly-functioning tribal communities is ineffective and hugely wasteful." From that perspective,

auditors' role in the "Aboriginal industry" appears to be quite ambiguous. On the one hand, their services and professional flexibility in applying auditing standards enable Indigenous communities to comply with crucial requirements to secure their funding. On the other hand, they are also involved in maintaining a lucrative business relationship and a practice that seems administratively meaningless and "functionally stupid" (Alvesson & Spicer, 2012, p. 1214) on many levels.

Third, the training and the transfer of knowledge from auditors' professional expertise to their Indigenous clients remain severely limited. Even after decades of commercial relationships and audit engagements in Kappa and Omega, the communities' dependence on auditors to produce their financial statements is still almost complete. It seems therefore that the cultural distance between auditors and their clients also contributes to maintaining "the containment" of Indigenous population (Neu, 2000, p. 274) and strengthening an existing "culture of expectancy" (Helin, 2008, p. 116), that is:

[The] "expectation that all means for ordinary existence (social assistance, housing, education, medical and dental care, *community infrastructure finance, and finance for operation of community governments*, etc.) will be provided externally, with no expectation that effort must be expanded" (Helin, 2008, p. 116, emphasis added).

That being said, it is important to avoid undue generalizations, by recognizing the great diversity of Indigenous communities in Canada, not only in terms of location, size, and development, but also in terms of culture. The system of values and knowledge of Indigenous peoples is not the same throughout the country. Our interviews with auditors who did not participate to the ethnography suggest that our observations in Kappa and Omega are not uncommon in remote Indigenous communities, but the accounting and financial expertise of Indigenous professionals can be significantly developed in certain locations and organizations, allowing a much a more robust comprehension and control of auditors' activities.

## 7. Conclusion

To conclude our theoretical and empirical journey, we want to offer three promising avenues of research to help the auditing literature mature in its understanding of the role of culture in auditors' behaviors and audit processes.

First, encapsulating a "National" culture through a few generalizing variables has become increasingly meaningless in countries marked with multiculturalism and strong identity politics (Bernstein, 2005) and where the "multiplicity of behaviours vary with ethnicity of participants, not political or national groupings" (Baskerville, 2005, p. 391). Likewise, documenting cultural influences at a distance from the field involves the risk of remaining blind to the many ways in which culture(s) shape(s) the day-to-day life and interactions of individuals through a multitude of channels. We therefore encourage more audit researchers to adopt an "emic" perspective in order to capture and assess the effects of culture as a socially constructed phenomenon, and to be bold in going deep in their exploration of the subcultures of auditors and clients.

Second, despite the tendency in the literature to provide a universalistic portrayal of large accounting firms as culturally homogeneous organizations, this representation is more a fiction than a reality, not only when comparing one country with another (Spence et al., 2017), but also when considering the large variety of layers involved in the fabrication of cultural identity. Cultural distance is not necessarily a function of geographical distance. Belonging to a region, a city, or even a neighborhood can be a very significant source of cultural distinctiveness among auditors (Faulconbridge & Muzio, 2016). Thus, we need to know more about the many different cultural bumps or frictions than can affect audit processes, within teams and with clients, but also auditors' dynamic of socialization and careers.

Third, the specific research setting of our study calls for more work to better understand the role of auditing and auditors with Indigenous organizations. How can Indigenous clients exercise their agency to influence and even direct the practices of auditors? Can auditing be acculturated with external elements from Indigenous culture? Researchers can play a very active role in helping audit practitioners and Indigenous leaders to better navigate the dilemmatic space of auditing Indigenous communities.

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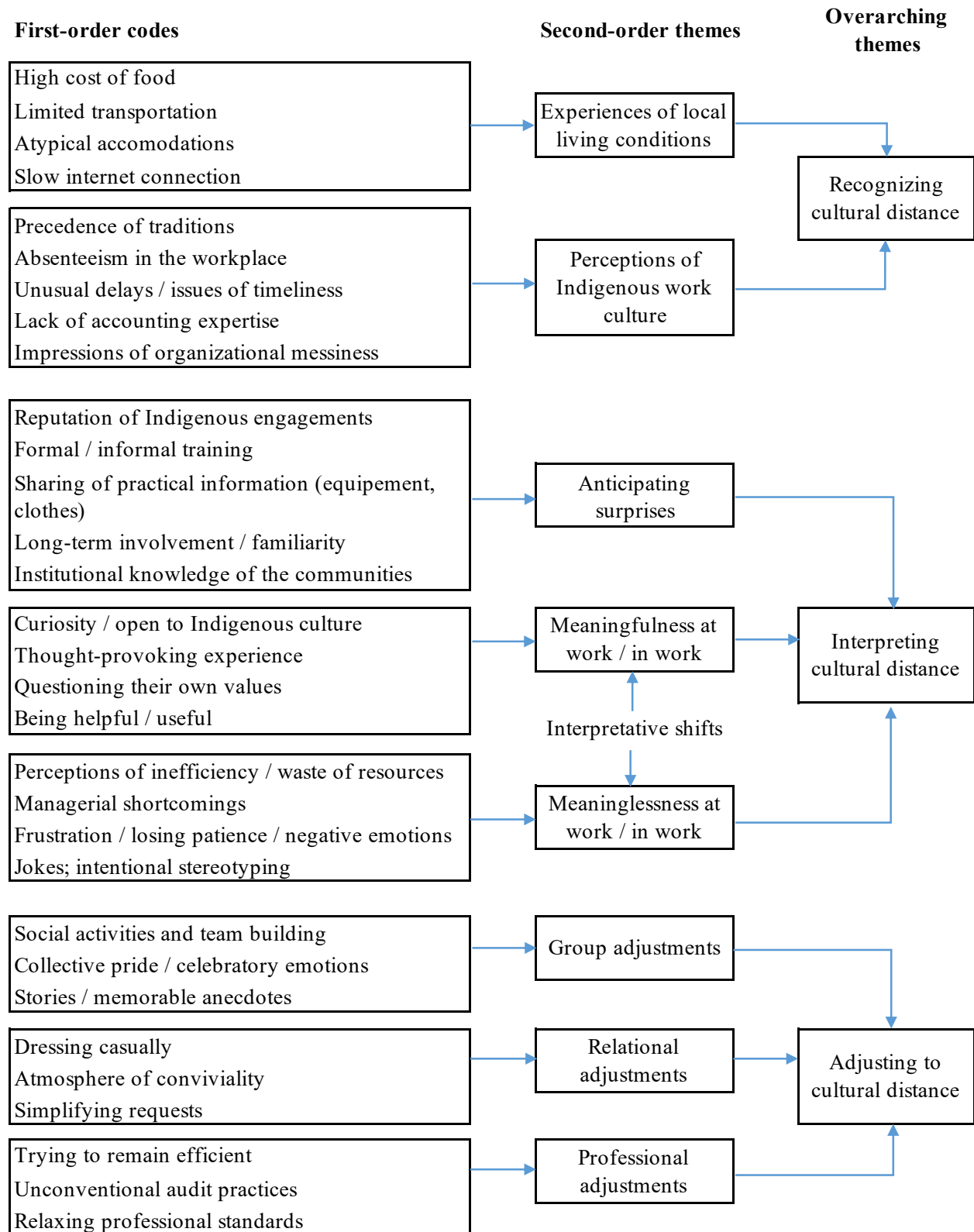
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**Figure 1: Data structure**



**Table 1: Observation details**

<b>Kappa</b>		<b>Omega</b>	
<b>Day 1</b>		<b>Day 1</b>	
6:30 am	Arrival at the home airport	6:30 am	Arrival at the home airport
11:00 am	Arrival in Kappa	7:30 am	Boarding with the auditors at the airport
1:00 pm	Meet the auditors at Kappa airport	12:45 pm	Arrival in Omega
	We go the hotel, the band office, and the grocery store	1:30 pm	Lunch with the audit team
8:00 pm	Dinner with the audit team	6:00 pm	Dinner with the audit team
<b>Day 2</b>		<b>Day 2</b>	
7:30 am	Breakfast with the audit team	8:00 am	Breakfast with the audit team
12:30 pm	Lunch with the audit team	12:00 pm	Lunch with the audit team
6:30 pm	Dinner with the audit team	6:00 pm	Dinner with the audit team
	Auditors work until 11:45 pm	10:15 pm	We go back with the auditors to work until 10:15 pm
<b>Day 3</b>		<b>Day 3</b>	
7:15 am	Breakfast with the audit team	8:00 am	Breakfast with the audit team
12:45	Lunch with the audit team	12:00 pm	Lunch with the audit team
6:00 pm	Dinner with the audit team	6:00 pm	Dinner with the audit team
	Auditors work until 11:45 pm		Auditors work until 10 pm
<b>Day 4</b>		<b>Day 4</b>	
7:10 am	Breakfast with the audit team	8:00 am	Breakfast with the audit team
12:00 pm	Lunch with the audit team	12:00 pm	Lunch with the audit team
6:00 pm	Dinner with the audit team	6:00 pm	Dinner with the audit team
	Auditors work until 9:15 pm. They go out for drinks.		Auditors work until 10 pm
<b>Day 5</b>		<b>Day 5</b>	
8:00 am	Breakfast with the audit team	8:00 am	Breakfast with the audit team
1:15 pm	Lunch with the audit team	12:00 pm	Lunch with the audit team
5:45 pm	Leaving Kappa	1:00 pm	Leaving Omega
Observations (in hours)	51	Observations (in hours)	54
<b>Total (in hours)</b>	<b>105</b>		



**Table 2: Summary of interviews**

	<b>Code</b>	<b>Interview date</b>	<b>Gender</b>	<b>Position</b>	<b>Firm</b>	<b>Interview duration (in min)</b>
1	Auditor 1	July 2016	Male	Former auditor	Firm $\alpha$ , Office 1	66
2	Auditor 2	May 2017	Female	Former auditor	Firm $\alpha$ , Office 1	81
3	Auditor 3	June 2017	Male	Auditor	Firm $\alpha$ , Office 2	60
4	Auditor 4	June 2017	Male	Auditor	Firm $\alpha$ , Office 2	54
5	Auditor 5	July 2017	Female	Auditor	Firm $\beta$ , Office 2	42
6	Auditor 6	July 2017	Male	Auditor	Firm $\beta$ , Office 1	50
7	Auditor 7	July 2017	Female	Auditor	Firm $\beta$ , Office 1	45
8	Auditor 8	July 2017	Male	Auditor	Firm $\beta$ , Office 1	42
9	Auditor 9	July 2017	Male	Auditor	Firm $\beta$ , Office 1	48
10	Auditor 10	July 2017	Female	Auditor	Firm $\beta$ , Office 1	35
11	Manager 1	June 2017	Female	Manager	Firm $\alpha$ , Office 2	38
12	Manager 2	July 2017	Male	Manager	Firm $\beta$ , Office 1	40
13	Manager 3	Dec 2017	Male	Manager	Other firm	63
14	Manager 4	Jan 2018	Male	Manager	Other firm	46
15	Partner 1	June 2017	Male	Partner	Firm $\beta$ , Office 1	42
16	Partner 2	Sept 2017	Male	Partner	Firm $\alpha$ , Office 1	58

**Table 3: Interviews with ethnographic participants**

<b>Code</b>	<b>Position</b>	<b>Interview site</b>	<b>Interviewer</b>
<u>Interviews in Kappa</u>			
1 Auditor 3	Auditor	Field interview*	Authors 1 & 2
2 Auditor 4	Auditor	Field interview	Authors 1 & 2
3 Manager 1	Manager	Field interview	Authors 1 & 2
<u>Interviews in Omega</u>			
1 Auditor 5	Auditor	Post-field interview** (on the phone)	Author 2
2 Auditor 6	Auditor	Post-field interview	Author 2
3 Auditor 7	Auditor	Post-field interview	Author 2
4 Auditor 8	Auditor	Post-field interview	Author 2
5 Auditor 9	Auditor	Post-field interview	Author 1
6 Auditor 10	Auditor	Post-field interview	Author 1
7 Manager 2	Manager	Post-field interview	Author 2
8 Partner 1	Partner	Field interview	Authors 1 & 2

\* *Interview conducted in person during the ethnography*

\*\* *Interview conducted in person after the end of the ethnography*

**Table 4: Interviews with non-ethnographic participants**

<b>Code</b>	<b>Position</b>	<b>Interview</b>	<b>Interviewer</b>
Auditor 1	Former auditor	In person	Author 2
Auditor 2	Former auditor	In person	Authors 1 & 2
Manager 3	Manager	In person	Author 2
Manager 4	Manager	On the phone	Author 2
Partner 2	Partner	In person	Author 2