AUDITING AND SOCIETY: STRUCTURATION THEORY PERSPECTIVE ON AUDITOR INTERACTIONS WITH THEIR CLIENTS

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ABSTRACT

Financial statement auditing is an integral part of business reporting. Auditors are charged with the responsibility of ensuring that financial statements conform to GAAP. Users of financial statements argue that auditors bear authority that enable them to collect any evidence that need from the auditee client, yet we do not know the extent of the power relations between auditors and the client. Using Giddens Structuration theory, this study explains the role of auditing in society, the interplay of agency and structure on the building of auditing profession and its norms and the power dynamics between auditors and their auditee client.

Keywords: Auditing, Accounting, Financial Reporting, Structuration, Power.

INTRODUCTION

Auditing has been researched in several research domains because of its appeal the role auditing has gained notoriety in the consciousness of social actors in the last century. Society counts on auditing as a tool of confidence building and legitimacy of financial reports they receive from organizations. Audit practitioners have been referred to as watchdogs of the investor, fraud detectors and fraud preventers. As public watchdogs, the auditor is relied on to ensure that financial reports published by organizations do not contain major errors or omissions that could deceive the reader top think of the organizations condition as something other than what it actually is and not cause unexpected financial losses to stakeholders and as the fraud detector. The auditor is expected to play key roles in both the internal and external business environment (Porter, 1993; Humphrey et al., 1993; Cohen & Pearson, 1981; Arens et al., 2010). Internally, business managers use auditing to organize and monitor resource utilization, assess performance of individuals and collectives and intervene where needed (Boland & Pondy, 1983). Externally, stakeholders rightly or wrongly rely on the opinions of independent auditors about financial statement as some sort of approval stamp of the organizations stewardship of their investments (Sikka et al., 1998; Humphrey et al., 1993). The criticality of auditing to businesses and society in general has created deeper interest into auditing research utilizing different dimensions of sociological, psychological and scientific theories. Theories such as implicit theory (Watson, 2004); agency theory (Powers, 2003); moral development theory (Ponemon, 1990); and game theory (Antle, 1981) have been used to research auditing processes and decision making and the effects of audit regulations on audit quality. Interestingly, despite its wide application in management and organizations research and other research domains to understand organizations, their nature and effects of interactions between agency and organizations structural properties, there aren't that many applications of structuration theory in auditing research. I have neither seen nor heard Giddens discuss audits or financial reporting using structuration, though structuration theory can help researchers analyze the accounting and auditing professions as they bear similar properties of other social entities. Structuration focuses

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on the effects of the interactions between individual actors and social structures how such interactions augment social structures. Notable accounting researches that have applied structuration theory include Macintosh & Scapens (1986, 1990 & 1996) and Boland's responses to Scapens and McIntosh's papers in the 1980s, yet auditing have been at the forefront of social psyche in the last 30 years.

Using Giddens structuration theory, this paper attempts to analyze the interactions of structure and agency in and around auditing. This paper attempts to analyze the structural properties auditing and their interaction with agentic properties at individual actors level, the teams in organizations, the organizations itself and society in general. The role of agency in the theory of structuration have suggested that human action is key to changes in society, therefore it is important to understand the nature of social practices in social setting in order to understand how micro human behaviors changes the structures within which humans operate. Giddens (1991) describes structure as rules and resources, serves as a constraint and an enabler of human action, in that humans draw on structures to act and structure prevent human to act. It is this interaction of structure and agency that produce and reproduce itself within time space and causes transmutation of the social norms and structures. The transmutation of social structures through interactions between agency and structure is what Giddens refer to as structuration.

Structuration theory affords the researcher an analytical framework to understand the importance of the interactions between agents and structures in society, the importance of reflexive actions of individual actors in shaping society and its norms, the importance of resources to social interaction and the importance of power in structural development in societies. Organization researchers have successfully adopted the ideas of structuration into information systems research (e.g. Boland, 1993), management accounting research (e.g. Scapens & Macintosh, 1990). The successful application of structuration by organizational researchers could be attributable to the fact that, similar to society in general, organizations are made up of human actors, rules and regulations, hierarchically established with power vested in the hands of actors placed at the top of the hierarchies to ensure that organizational or managements aims are achieved through their processes (Boland, 1996).

While society sometimes blame auditors for various failures in organizations, we may not have adequate appreciation of the social and operational dynamics of auditors without adequate comprehension of the sociology of auditing. Analyses of auditing through the lenses of structuration theory may enhance our understanding of the structural properties in the auditing profession and the effects of interactions between actors and the structures within the profession.

The rest of the paper is laid out as follows. The next section introduces a brief layout of structuration theory, followed by a brief layout of auditing and its role in financial reporting as well as the nature of interactions involved in auditing. I then explain how specific elements of structuration theory explain the interaction between individual actors, the organizations and society in general.

Brief Outline of Structuration Theory

Giddens (1984) introduced the theory of structuration in an effort to explain the contribution of micro human actions on the development of social norms and institutions. Structuration theory was aimed at intervening the argument between structuralism on one hand and hermeneutic interpretation of social structures on the other hand and to create a different way of thinking about the development of social norms (p.3). Structuration is the conditions that govern the transmutation of social structures, and therefore the transmutation of social systems

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(p.25*). 'The basic domain of structuration is neither the experiences of the social actor nor the existence of any form of societal totality, but social practices ordered across space and time'* (p.2). The premise for structuration is mainly from the perspective that social norms and structures develop through micro behaviors of the individual actor and these behaviors spread through reflexive mechanisms of the actor. Structuration occurs through interaction of agentic properties and properties of structure.

Fundamental assumptions underlying structuration theory are human actors capability to collect and store knowledge through reflexive learning and that knowledge applies in human action; agency and structure are not separate but exist in one and the same domain, therefore structure is virtual and exist in the minds of actors. Structuration argues that human action is not necessarily purposeful or motivated, but occurs continuously or in a duree. Human cognition and reflexivity in actions indicates that humans know more than they say and that it is the unconscious learning of human actors that transmutes the habits and practices of micro behaviors into social norms.

Adequate comprehension of structuration require understanding of the concepts and interrelationships between agency, structure, structuration, social system, social practices, rules, duality of structure and resources in societal norms, however, explaining all these factors will be much longer for this exercise so I intend to discuss the main components of agency and structure as well as the structuration process and the power of selected components of structuration.

Agency and Structuration Theory

Agency is the ability of an actor to act willfully, however, the actor who exercise the power of agency does so with knowledge about rules and available resources acquired through reflexive monitoring of the environment. Power in structuration is not a resource but a medium through which actors behave. The actor draws on the rules and the resources (which are the 2 components of structure) to act. By drawing on structure for action, the actor reproduces or affirms the existing structure. The theory argues that humans tend to settles in ontological security of behavior where repeatable (routinized) pattern of behaviors continue produce and reproduce themselves until there is an agentic intervention. The agent has the power to intervene in the structuration process if necessary and that an actor's decision to intervene in an event could alter or transmute the structure that is being reproduced. Therefore an actor's choice to intervene or not to intervene in an event determines the reproduction of that event or its curtailment. As a result scholars such as Gauntlet, (1995) have argued that society can eliminate unacceptable norms and institutions by ignoring such norms and institutions.

Structure and Structuration Theory

In its description of structure in structuration theory, Giddens break from the traditional structuralist and functionalist idea of structure as a set of rules that govern peoples behaviors, he defines structure as '*the properties which allow the binding of time-space in social systems and the properties which make it possible for discernibly similar social practices to exist across varying spans of time-space, which lend them systemic form'* (p.17). Therefore social structures are not static set of rules and events, they are not separable from agency, they represent a virtual ordering of behaviors of human actors over a period of time exhibiting properties of a social system. Structure is both a medium of action and an outcome of action recursively organized. Such virtual ordering of social practices produce and reproduce itself in time and space and the

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ordering cannot be referred to as structure but rather as bearing properties of structure. Structure consist of recursively organized set of *'rules'* and *'resources'* out of time and space, stored in instantiations and coordinations as memory traces without the presence of a subject. *'Rules'* in structuration theory constitute meaning and sanctioning modes of social conduct; and *'Resources'* in structuration is transformative generating capacity over objects or human actors. Giddens describes resource required to control humans as authoritative and resource required to control objects as allocative. The last three sentences in this paragraph suggest that an idea of structure could shift as much as an agent attempts to draw on that structure to act, i.e. an idea of structure depends on an actors capacity recollect.

The virtuallity of structure and its existence in the minds of actors precipitate the idea of *'duality of structure'*. Structure represents a medium and an outcome of agency interaction with properties of structure. Structure enables and restricts action at the same time. While actors' behavior is affected by structure, the agents behavior affects structure at the same time. Drawing on a social structure to act reproduces the affected structure, thereby reinforcing the structural properties that enabled the actor's action. Giddens argue that structuration is possible because of duality of structure. The dimensions of duality of structure manifests itself in agent structure interactions through the modalities of structuration. The modalities of structuration are signification, domination and legitimation.

The Power of Symbols and Structuration Theory

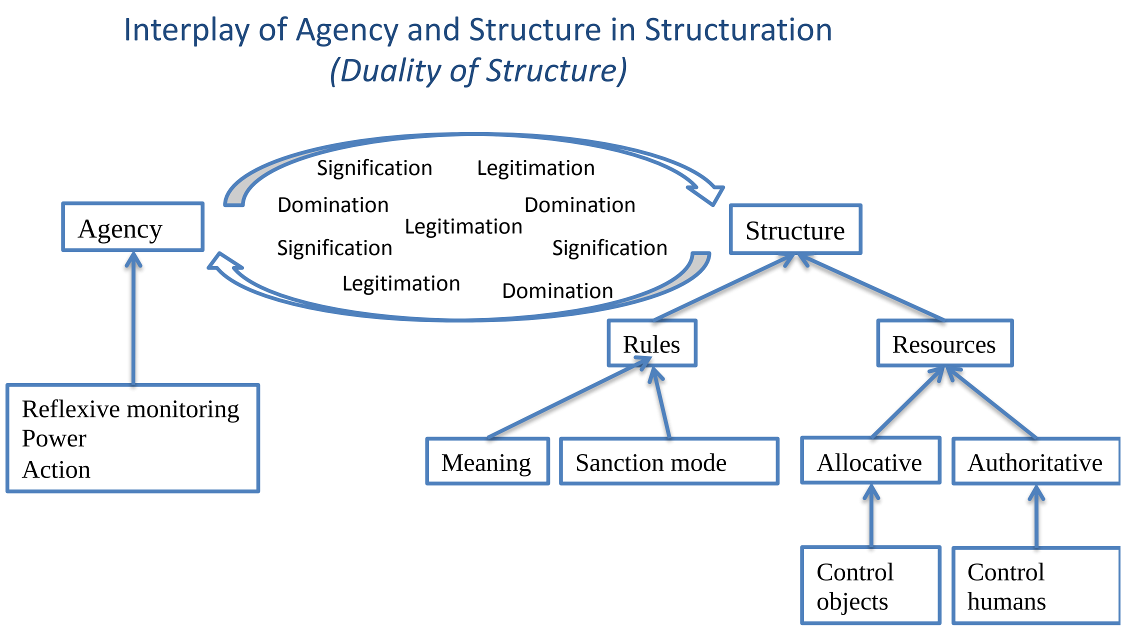

FIGURE 1
INTERPLAY OF AGENCY AND STRUCTURE IN STRUCTURATION (DUALITY OF STRUCTURE)

The power of symbols. Structuration relies on symbols and the actor's ability to interpret and make meaning out of the symbol. Agents capture signification events through constant reflexive monitoring of their environment, draws on his knowledge and social structures to interpret the symbol contained in the signifying event. The meaning actors make of signification

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events determines the actor’s behavior or response. Domination represent actors use of resources in response to a signification event. Actors draw on rule, allocative or authoritative resources to respond to a signification event. Domination is sometimes bestowed on agents by social structures through hierarchical or positional arrangements. Legitimation is the process of normalizing, regularizing or accepting social practices that are implicitly agreed upon to be the norm of behavior, where sanctions could apply in the event of violation of such norm. Figure 1 loosely presents a simplified pictorial view of the interactions between agency and structure, showing the recursive interplay of the modalities of structuration and duality of structure.

Auditing

Though auditing could refer to internal or external auditing, my discussion here focuses on external or financial statement auditing. Auditing has a multilevel importance to society. It is important to individual actors, teams, organizations and society in general. Businesses exist to serve the interest of its stakeholders. As a social being businesses are embedded in the daily lives of society where they affect investors, tax authorities, the markets, bankers and a host of stakeholders. Businesses that are funded publicly are required to render account to their stakeholders about their stewardship of the stakeholder’s investment through periodic reporting (Sikka et al., 1998). Financial reports that are usually produced through the organizations management information system. Organizations management information systems is a purposive set of hierarchical reporting structures that are designed to enable and shape the nature of the organization data gathering, analyses and reporting processes in accordance with managements expectations. The hierarchical reporting structures in management information system put vested power in the hands of agents at the top of the hierarchy to ensure that management’s expectations manifest in the reports produced through the information system. These purposive structures could be a mix of machinery and tools that are used to create history of the businesses activities through the recording of business’ activities, which are then used as a basis for long term control and decision making. Information gathered through management information systems form the basis of management’s communication with its stakeholders about their stewardship of the organization. The required communication usually referred to as financial statement include income statement that indicate revenue generated and the resources expended to generate the revenue over a period of time, a balance sheet that indicates the organizations assets and obligations at a particular point in time and a statement of cash flow the indicate the sources of cash receipts and the avenues through which cash was expended. Along with the financial statement are a list disclosures that the organization is required make to its stakeholders. Before such information is deemed to be final, publicly funded organizations send their financial reports to an independent entity to evaluate and ascertain the financial statements conformity to generally accepted accounting principles (GAAP). The goal of GAAP is to ensure that resource generation is adequately marched with the resources that were expended to generate that resources in order to ascertain gains or losses (Previts & Merino, 1988). And that resources available to the organization and the organization’s obligations are adequately stated in the report.

The independent auditor draws on his knowledge of generally accepted accounting principles and apply auditing techniques generally utilized in financial statement auditing referred to as Generally Accepted Auditing Standards (GAAS) during the planning, execution and reporting of the audit (Flesher et al., 2005). Generally accepted auditing standards guide the

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processes through which one becomes an auditor, remains an auditor, plan, execute and report an audit.

To arrive at their conclusion, auditors usually require unrestricted access to clients management information system. The auditor conduct his or her investigation by reviewing the information located in the management information system to collect evidence, analyze the evidence, interpret the evidence to draw conclusions that provide the basis for his or her opinion about the financial statements conformity with generally accepted accounting principles. A number of critical issue in auditing is the auditor's reliance on evidence (objectivity) to form the basis of his opinion about client's financial statement's conformity with generally accepted accounting principles. To achieve acceptable level of objectivity, auditors are expected to be independent of the client financially and in a manner that the auditor's decisions about the client's financial statements will not benefit the auditor in any way. The auditor is also expected to exhibit integrity in all his decisions and actions to ensure that he does not accept any situations that will be deceptive to the reader of the financial statement.

Evidence collection in auditing is based on the auditors statistical sampling of the clients financial data to ensure that there is a reasonable evidence to form the basis of the auditor's opinion about the auditee clients financial statement. Once adequate evidence has been collected analyzed and conclusions drawn, the auditor is required to issue a report about the clients financial statement's. Audit reports are pre designed by auditing standards setters, the words are usually similar and generic in nature to ensure consistency even where there is deviation from the auditors expectations.

Issuance of audited financial statements allows stakeholders of that organization to make certain decisions about their relationship with the issuing organization.

Auditing and Structuration Theory

A closer look at actors in organizations, society and the power relationships between actors across society suggest the presence of structuration processes across individual level interactions, team level interactions, organization level interactions and systemic level interactions. Internally, the modalities of structuration theory manifest itself in the entire management information systems of organizations at the individual level, team (departmental) level and organization level. Systemically, the modalities of structuration manifest itself at societal (system) level. The interaction of agency and structures appear to be a constant flow of actions that exhibit the key structurational modalities of signification, domination and legitimation across the management information systems and financial reporting setup in organizations.

As managements main mode of communication of its performance to stakeholders are demonstrated in the financial values reported in their financial statement, managers embed structures in the management information system that enable management to gather information, analyze that information and report that information in accordance with their requirements or desires. For example, to streamline the organizations operational processes, organizations develop structures made up of process standards that employees are expected to adhere to. Accounting departments do not only have physical structures of computers, file folders, cabinets but they also have invisible structures that are procedural in nature such the rate of depreciation of an asset, an acceptable level of materiality and the rate of allocation of expenses across divisions etc. Also embedded in the organization is hierarchical reporting structures where the individual placed at the top of the hierarchy ensures that the organizations objectives are met

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through the supervision of the agents working at the lower levels of the hierarchy. People working within these reporting hierarchy's draw on the hierarchy to perform their duties in the organization, which reinforces the hierarchical reporting structures in the organization. This process becomes routinized and continues until an agent intervenes in the routinized interaction between the agents and the structures, which reshapes the process structure.

The remaining sections demonstrate structuration principles in interactions between auditor and accountant in a team; interactions between audit firm managers and clients managers; and interactions between auditors and society in general.

Individual Actors and Structuration

The actor is the individual who performs the audit or the individual who is audited. The three structurational modalities of signification domination and the legitimation manifest in the interactions between the auditor and the audited or accountant.

Auditors experience their second signification cue in the auditor client interaction when the auditor enters the clients accounting department for the first time. The auditor is confronted with names and titles of the accounting staff, which signifies the reporting hierarchy in the accounting department to the auditor and the auditor applies an interpretive scheme to the signal to ascertain who may be important to the audit and who may not be important to the audit. A typical accounting department reporting hierarchy with titles of agents at different positions signifies the sanctioning powers of the agents in the department to the auditor. Staff accountants perform the day-to-day general ledger updates and mundane activities in accounting departments whereas the accounting manager will be responsible for assigning work to the staff accountants and review the work of the staff accountants. The accounting manager writes accounting policies in the organization and applies the organizations accounting policies during the review of the staff accountants work. A process of structuration is evident and manifested in the accounting department's labeling of positional hierarchies.

The signification event occurs when clients accounting department completes its books and send a copy of their trial balance to the auditors indicating to the auditor that the financial statement is ready to be audited for GAAP conformity. The auditor applies an interpretive scheme to the signal he receives from the accountant that the client financials are ready to be audited. This interpretation leads the auditor to set himself up to perform the audit. A number of interpretations occur during the interaction between auditors and accountants. The submission of the trial balance to the auditor begins a power relationship between the auditor and the client's agent, where the auditor applies the power vested in him by his position (structure) as the one who ascertains the GAAP conformity of the organizations financial report. This represents the domination part of structuration theory. Because the auditor is alien to the client's books, there is existence of difference in meanings and attributions to the values presented to the auditor. The accountant's meanings of the financial figures usually differ from that of the auditor's and this meaning gap is bridged through dialogue between the auditor and the accountant. The auditor's position affords him the power to 'demand' the client's agent to make changes to the balances in the general ledger whether that change results in a favorable position of the clients financial statement is ignored by the auditor. The auditor does his work through constant communication with the client's accountant in order to interpret the values presented to him. This constant communication is usually instructional, where the auditor request documentation about assertions in the general ledger. The accountant is expected to comply or be sanctioned. This dialectic relationship between the auditor and the accountant reinforces the power relationship

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between the accountant and the auditor thereby recreating and reinforcing the power relationships that exist between the auditor and the accountant.

An auditor's acceptance or agreement of client's assertions in their financial statement add legitimacy to the agent's behavior and his interactions with the client's management information system. The acceptance of the client's assertions about the financial values represent the legitimation dimension of modalities of structuration. A repeat of these processes in a routinized fashion produce and reproduce the accountant auditor interaction and the power relationship between the two parties (Rose, 1998).

Organizations and Structuration

Structuration manifests itself in two different dimensions at the organization level. Structuration manifest itself in management's interaction with its own systems through auditor's opinion. A second structurational dimension is the struggle of power relationship between auditors and management where the power of auditors control over clients produce and reproduce it self within space and time. At organization level, management seeks to communicate its stewardship of the organization to its external and internal stakeholders to lift management's image and maintain the confidence of its stakeholders in management's activities. As a result management invest in information systems in order to effectively and efficiently produce financial and nonfinancial information through which management communicates its performance to stakeholders. Management's ability to complete the financial report preparation by an agreed deadline serve a number of symbolic or signification purposes to the organization's management. Internally, meeting a deadline signifies to management that their information systems work or may not work as desired. For the auditor, receipt of client's financial statement around a certain date signifies to the auditor that the financial statement is ready to be audited. Contained in financial statements are a number of symbols that convey specific messages to the organizations stakeholders. Financial statement include organization's revenue and expenditure values accumulated over a period of time and the profit or loss, which symbolizes performance the investment in the organization. The balance sheet, which shows the financial position of the organization at a particular point in time symbolizes the state of the stakeholder's investments in the organization. Investors' interpretation of the symbols communicated by management signify whether their investments performed well or not and determine whether they act favorably or unfavorably towards management. Investors' decision to act favorably or unfavorable towards management represent the domination dimension of the structuration modalities. Auditor's opinion about client's financial statement symbolizes the fidelity or lack thereof of management stewardship of the organization and legitimizes management's assertions about their stewardship of the organization.

The auditor applies auditing standards to review and test the financial figures in a trial balance to ascertain their GAAP conformity and draw conclusions about the client's financial statements. The existence of power relationship between the audit firm and the client's management allows that auditor to accept or reject the client's assertions about their financial statements. Representatives of the clients and the audit firm stay in constant dialogue throughout the auditing process including post audit boardroom negotiations about proposed audit adjustments to the client's books. This type of negotiations signifies to the clients that its information systems are perhaps not working as intended and that may be some of the structures in place need to be augmented. An auditor conclusion of an audit and issuance of an unqualified opinion about the client's financial statement represents legitimization of the client's financial

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statements. By rendering an opinion about a client's financial statement, the auditor technically affirms or disaffirms the assertions made in the financial statement by the client management and completes the structuration cycle with legitimation of the financial reports.

Society and Structuration

The modalities of duality of structure do manifest itself at societal level as society relies on audited financial statements for a variety purposes. Issuance of audited financial statement signifies management's cooperation and effort to comply with wishes of the organizations stakeholders to render accounts at regular periods about management's stewardship of the organization. Stakeholders review auditors report for symbols of performance such as net income to ascertain the organization net benefit from its revenue generation and resource usage over a period of time, available resources controlled by the organization and obligations due from the organization depicted in the published balance sheet. Stakeholders analyze the symbols and apply interpretive schemes to make meanings of the symbols in the audited financial statements. Stakeholders' review of audited financial reports demonstrate the domination dimension of duality of structure at societal or systemic level. Stakeholders do have power to accepts or reject details contained in audited financial statement, such acceptance or rejection is informed by the meaning they make of the symbols represented in the audited financial report. Stakeholders such as investors could demonstrate their acceptance or rejection of audited financial statements through additional investment in the organizations. The decision to accept or reject the contents of the audited report represents the legitimation dimension of structuration. Society's reliance on audited financial statements for decision-making has produced and reproduced itself over time space that auditing has become an institutionalized requirement for companies that seek public funds for their business operations. Through this production and reproduction of investments financial reporting and auditing, society has labeled auditors as society's *'watchdog over its investments' 'accountants police'* all suggesting that society rely on the work of auditors to ensure that their investments in organizations are not abused.

Observations

Structuration theory has been a powerful framework for understanding society, the development of social norms and disentangling the structural and agentic properties of society. Structuration theory has been used to explain a number of social phenomena. Conrad (2005) used structuration theory to explain the creation of management accounting practices, information system research practices by Jones & Karsten (2008) and systemic corruption practices in Nigeria by Ufere et al. (2012). The core theme in the studies referenced is the power of symbolism and the power of reflexive learning (conscious and unconscious learning of an actor). Structuration theory has suggested that our daily conscious and unconscious living shape and reshape society, whether we actively engage the construction of society or not. Structuration theory affords an identification of the existence of (1) agentic power to act in any social setting; (2) the existence of power relations between auditors and accountants, existence of power relations between organizations and auditing firms, and existence of power relations between stakeholders, auditors and the audit clients; (3) the potential for more fraud through unintended consequences; (4) reinforced public and stakeholder expectation of clients and auditors; and (5) the power of action. I make a number of observations about the items listed above.

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A number of powerful elements in the theory of structuration were not discussed in detail in the preceding sections such as the power of agency, the potency of power relations on social development, the use of allocative and authoritative resources and the power of cognition that I intend to touch on briefly before we conclude.

1. Structuration theory shows that human agency is a powerful tool for social construction and that humans are in constant action mode, guided by reflexivity of humans. Therefore humans recognize certain actions they engage in and do not recognize certain actions they engage in because those actions occur beyond human consciousness. Also, humans have the power and the ability to act in any social setting including extremely strict social settings. The theory points out that one acts whether he decides to act or not. In a routinized setting of actions, human or agentic intervention produce, reproduce and reshape existing structures to reflect the human intervention. These are evidenced in the accounting and auditing industry where issues such whistle blowing which was once an unprotected act has become a protected act by statute to protect employees who encounter situations they suspect could be detrimental to the survival of the organization or its stakeholders before the situation become destructive for the organization.
2. The next powerful issue in structuration theory that deserve mentioning is the importance of power relations in shaping and reshaping social structures. Domination develop through power relationships where resources developed through social structures engender the establishment of power relations between social actors. Recall that allocative and authoritative resources enable agents to control objects and human beings. Application of agency to intervene in a situation requires knowledge of rules and access to resources to intervene in that act. In the world of auditing the heuristic power relations sees the auditor as the dominant force in the auditor client power relations as I indicated in the relations between the individual auditor and the client accountant. The auditor maintains that power edge because of existing social structure give the auditor authoritative resources to demand and require clients to perform certain acts as part their work to certify the clients financial statement. However, most clients have access to allocative resources, which gives them control over objects such as land and money. Auditors' access to authoritative resources is countered by clients' access to allocative resources that most auditing firms seek to bring into their businesses. Most clients are then able to neutralize their auditors' authoritative control *'over'* them 'with' their allocative resources of money. This is mostly evident in post audit boardroom negotiations about what is reportable and what is not reportable. Clients with favorable allocative resources usually get their auditors to buy into the assertions they have made in their financial statements and vice versa. A good case in this power relations is Enron and Andersen where institutionally bestowed authoritative resources were neutralized by Enron's application of its allocative resources.

A key factor in the theory of structuration is the importance of seen and unseen actions by human agents (agentic reflexivity) in the formulation of social structures. These social structures are psychological in nature and cannot be separated from the agent himself. The individual has the ability to potentially affect norm and social structures through micro behaviors, reflexive learning and willful application of agency to intervene in routinized actions where needed. Such intervention, according to the duality of structure idea, shapes actor's behavior and actors behaviors produce and reproduce the social structure on which the agent drew on to interact with the structure. This suggests that an actor on any level of power relation spectrum has the power to act or intervene in a routinized behavior if he chooses or choose not to. Therefore words such as *'I did not have a choice in that case'* does not exonerate actors who find themselves culpable for failing to act when action was necessary. This part is relevant to the auditing profession. Auditors at any rank do have the ability to act if confronted with a situation that they find detrimental to the their being, the profession or to their firm. For an audit staff for example to accept or not to intervene in a conduct of wrong doing because it was conducted by an audit manager or the audit partner, for example, will represent a missed opportunity by the audit staff to intervene and reshape the structure that enabled the audit manager or partner to engage in the unacceptable behavior. Where an actor comes across an event that requires agentic intervention,

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the agent does not need to fully intervene on such an act if the needed resource is not available to enable such intervention. Reflexive learning suggest that agents reflexively monitor their surroundings and learn consciously or unconsciously, meaning ones decision to act appropriately in his own little manner could potentially shape social structures if the act is copied by other agents in the society. This could be a leap on my part, but it appears that Giddens was preaching morality by admonishing actors to do good all the time.

In effect there is no reason why anyone in the auditing profession who experiences actions that could be detrimental to the profession should not be able to intervene in his own little way. Even where auditing or accounting standards dictate an auditors action, the auditors judgment and experiences should be able to guide the auditor in his or her decision making process and where he is at odds with auditing standards for example, he should be able set aside the dictates of the standards as a means of intervening on the dictates of the standards. Such acts even at an individual auditors level have the potential of changing the manner of evidence collection or the reporting processes in auditing.

Final powerful issue from structuration is the power of unintended consequence of an act. Giddens points out that many well-intended acts lead sometimes to opposite unintended result from actors. For example, the effort to reduce crime by creating more crime prevention laws sometimes end up creating situations that tend to create more criminal activities. The issue of unintended consequences can be likened to the issuance of SAS99 for example in the auditing profession which is designed to help auditors visiting alien management information systems to seek the presence of certain fraud risk factors or indicators to assess the potential for fraud in that alien environment. While the content of SAS99 is available to auditors, it is also available to corporate managers and would-be fraudsters as well. Therefore would fraudsters planning to defraud their organizations stakeholders would seek to prevent the alien auditor from discovering the suggested fraud risk factors from their management information system.

CONCLUSION

This study attempted to understand the basic foundations or elements of structuration theory, the representations of the terminologies used to develop the theory and how the theory helps explain auditing, as auditing is very important to auditors, accountants, clients and society in general, touching on how interactions between auditors, clients and society have shaped and reshaped the auditing profession. This papers suggest that structuration is an effective framework for analyzing the interactions between auditors, clients and society as well as the effects of such interactions on the development of social structures. The theory also suggest that auditors can weaken an auditing practice they do not accept by just ignoring such a practice.

Professional auditing has come under scrutiny in recent memory and the resulting effect and response have been further restrictions and rules through additional financial reporting and auditing standards aimed at enhancing the allocation of reporting responsibility between audit clients and auditors such as the Sarbanes Oxley act.

While accountants busily work through the dictates and application of accounting and auditing standards, understanding the relationships between actors in the professions ecology, the structures and the nature and effects of multiple levels of interaction between actors could prepare actors in the ecology to understand what affects their interactions and how their interactions affect the profession in general. Applying structuration theory to the relationships that exist within the accounting and auditing ecology and the interactions between agency and structure in the ecology has added to our knowledge about the professional accounting ecology.

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Structuration theory has enabled us to understand that while auditors have authoritative resources that afford them control over audit clients, clients neutralize auditors' authoritative resources with their allocative resources. Structuration also explains that agents have the power to act and issues or excuses about strict structural presence is really not an excuse if one needed to intervene on an event. The little things that we do in small steps or conditions have the potential to impact much larger population due to reflexivity and human continuous learning and action.

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