DOCUMENT DE TRAVAIL 2007-008

AUDITORS AS MODERN PHARMAKOI: ON THE AUDITING
LEGITIMACY PARADOX AND THE PRODUCTION OF
ECONOMIC ORDER

Henri GUÉNIN-PARACINI
Yves GENDRON

Original manuscript: Version original:
Série électronique mise à jour : 02-2007
On-line publication updated :
Serie electrónica, puesta al dia
Auditors as modern pharmakoi: On the auditing legitimacy paradox and the production of economic order

by

Henri Guénin-Paracini
École de comptabilité
Faculté des sciences de l'administration
Pavillon Palasis-Prince, bureau 5234
Université Laval
Québec (Québec) G1K 7P4
CANADA
Téléphone: 418 656-3936
Télécopieur: 418 656-7746
henri.guenin-paracini@fsa.ulaval.ca

Yves Gendron, Ph.D., C.A.
École de comptabilité
Faculté des sciences de l'administration
Pavillon Palasis-Prince, bureau 6224
Université Laval
Québec (Québec) G1K 7P4
CANADA
Téléphone: 418 656-2431
Télécopieur: 418 656-7746
yves.gendron@fsa.ulaval.ca

February 02, 2007

VERY FIRST DRAFT – PLEASE DO NOT QUOTE WITHOUT THE AUTHORS’ PERMISSION

We acknowledge the generous financial support of the Social Sciences and Humanities Research Council of Canada.
Auditors as modern pharmakoi: On the auditing legitimacy paradox and the production of economic order

Abstract

Financial auditors are often perceived in a paradoxical manner, being simultaneously trusted and distrusted. This paper seeks to better understand how the paradox that surrounds the legitimacy of financial auditing develops in time and space. Relying on René Girard’s theoretical developments on scapegoating, sacrificial rituals and mythification, we theorize about the way in which auditors are often selected (often quite arbitrarily) as sacrificial victims in the wake of corporate scandals. We also develop theoretical insight into the production of rationalized mythologies surrounding auditors’ moral and/or legal condemnation, which tend to result in the legitimacy of the auditing function being maintained or strengthened despite strong criticism.

Key words: audit failures; construction of myths; economic violence; legitimacy paradox; sacrificial rituals; scapegoat construction.
Auditors as modern pharmakoi: On the auditing legitimacy paradox and the production of economic order

INTRODUCTION

Rightly or wrongly, corporate collapse is always accompanied by scrutiny of the role of the auditors and, in some cases, litigation on the grounds that they have performed their task negligently. One of the surprising features of these experiences is that they tend not to call into question the role of audit itself. Instead, where audit has failed, the common response has been to call for more of it. Indeed, the great puzzle of financial audit is that it has never been a more powerful and influential model of administrative control than now, when many commentators talk of an auditing crisis. (Power, 1994, p.6)

The city of Athens prudently kept on hand a number of unfortunate souls, whom it maintained at public expense, for appointed times as well as in certain emergencies. Whenever some calamity threatened – plague, famine, foreign invasion, or internal dissension – there was always a pharmakos at the disposal of the community […]. The pharmakos was paraded about the city. He was used as a kind of sponge to sop up impurities, and afterward was expelled from the community or killed in a ceremony that involved the entire populace […]. On the one hand he is a woebegone figure, an object of scorn who is also weighted down with guilt; a butt for all sorts of gibes, insult, and of course, outburst of violence. One the other hand, we find him surrounded by a quasi-religious aura of veneration; he has become a sort of cult object. (Girard, 2005, pp.99-100)

In the first of these two quotations, Michael Power from the London School of Economics underlines the fundamental legitimacy paradox surrounding the financial audit function in society. On the one hand, large scale corporate collapses increasingly result in litigation against specific auditors and constantly generate strong criticisms targeted at the auditing profession. On the other hand, in spite of lawsuits and censure: (1) the influence of financial auditing as a means of control invariably keeps strengthening; and (2) the legitimacy of auditors eventually is always restored in the eyes of stakeholders. This paper seeks to better understand how this paradox develops in time and space. Our central question is: How can auditors and auditing continue to be seen as legitimate and trustworthy in spite of a continuous flow of resounding auditing failures (Zeff, 2003), the pinnacle being the recent events surrounding Enron et al.?

Our paper is predicated on the work of French anthropologist René Girard. In the second citation reproduced above, the French philosopher and anthropologist René Girard highlights a legitimacy paradox amazingly similar to the one which characterizes the auditing
function. In Ancient Greece, the occurrence of violent events always led individuals called pharmakoi to be held in contempt and reprimanded by the entire city of Athens.¹ Yet, those unlucky people, victims of sacrificial rituals, were also curiously: (1) granted with the capability to protect Athenians from all kinds of dangers; and (2) seen as sincerely desirous of accomplishing such a saving mission. One of the interesting points about Girard’s theoretical developments is that they provide an appealing way of understanding legitimacy paradoxes. According to him, major social crises lead humans to construct explanatory myths, which eventually result in the persecution of a scapegoat. The scapegoat, selected because of some victimising signs he possesses, is perceived along two axes: on the one hand, he is accused to have provoked the crisis ravaging the community (demonization); on the other hand, he is also deemed to be responsible for the return of order within the group (legitimization).² In other words, the scapegoat is seen as the incarnation of the Sacred, being both a destructive and a salvation entity. After the original persecution of the scapegoat, sacrificial rituals are carried out whenever a violent event occurs in the community (e.g., an inundation, a storm, a fire or, we argue, a corporate collapse). In Girard’s view, the function of sacrificial rituals is to prevent violence from provoking a new major social crisis in the group. Sacrificial rituals constitute imitations of the original scapegoating; in this context sacrificial victims are conceived of as scapegoats who also come to be both venerated and demonised. As long as they are not physically eliminated, sacrificial victims are often conferred with a great authority, because people tend to believe that they can destroy or save their community. Further, the mythification process which continuously develops in the ebb and flow of crises and sacrifices eventually obliterates the malefic dimension of sacrificial victims through certain mental strategies. As a result, victims are progressively perceived as only legitimate.

Drawing on Girard’s work, we argue that the process of moral and/or legal condemnation of legal auditors that generally takes place in the aftermath of important corporate bankruptcies is largely reflective of sacrificial rituals as theorized by Girard. Accordingly, auditors can be conceived of as modern pharmakoi: they constitute a reservoir of victims to sacrifice whenever an important bankruptcy threatens the preservation of the economic and financial system. As sacrificial victims, auditors are first demonized, but as soon as their “persecution” brings back order, they come to be venerated and are thus both

¹ The word ‘pharmakoi’ is the plural of the word ‘pharmakos’ in ancient Greek.
² Our use of the masculine pronoun in the paper is only aimed at facilitating reading – not at reproducing gender inequalities.
vilified and worshipped. Over time, people progressively tend to minimize the faults they ascribed to auditors in general.

Our approach is obviously exploratory. Although Girard’s work has exerted significant influence in a number of disciplines in the social sciences, such as economics, psychology and anthropology, his ideas have not yet been systematically used in accounting research. This paper therefore needs to be seen as an initial attempt to translate the work of Girard in the field of accounting research, which undeniably constitutes a complex task. Reflecting our own mythological beliefs about the nature of knowledge production processes, we see our translation as a reflective piece of work that provides a basis to conceptualize the role of auditing differently and to engage in developing a better understanding of the legitimacy paradox and its consequences. We purposely sought to develop a provocative, although plausible, argument in the hope of sustaining a debate in accounting literature about issues that often are not brought for discussion and debate.

Our paper contributes to a growing body of interpretive research, which focuses on the process by which auditing legitimacy is produced and sustained (for a review see Power, 2003). In general, this body of research indicates that auditing legitimacy ensues from a relative fit between society’s values and comforting signals conveyed through certain technological and institutional devices, such as the use of statistical sampling (Power, 1992) and the deployment of peer review mechanisms (Fogarty, 1996). However, prior research does not systematically deal with the legitimacy paradox that surrounds the audit function.

1. RENÉ GIRARD’S THEORY

1.1. THE THEORY OF TRIANGULAR DESIRE

In his first book entitled Deceit, Desire, and the Novel (1965, French: Mensonge romantique et vérité romanesque, 1961), René Girard develops a theory of desire through an analysis of novels of authors such as Cervantes, Stendhal and Flaubert. He basically views desire as mimetic and argues that mimetic desire can result in major social crises. As we shall see, his views about desire irrigate his later work.

---

3 For example, Girard’s most influential book (Girard, 2005) is referred in more than one thousand articles in the well-known Social Sciences Citation Index (SSCI) database.
4 We are aware of only one paper in accounting literature that refers to Girard. Touron (2005) refers to the French anthropologist but in a tangential way, highlighting that the Girardian concept of mimesis bears resemblance to normative and mimetic isomorphism in institutional theory.
Girard maintains that dominant theories of desire usually presume the existence of a direct relationship between desiring subjects and desired objects (e.g., persons, properties, or social status). Girard rejects this presumption, arguing that desire is mimetic. That is, every human being fundamentally pursues a quest for identity, in which he eventually comes to know another person – either real or imaginary – whose apparent fulfilment somehow fascinates him. Sensing the burden of his own imperfections, the subject develops the desire of becoming (like) this enviable individual, suddenly perceived as a model to imitate. In particular, the subject develops desire for the objects that his model possesses and/or desires, because those objects constitute in the eyes of the subject the source of the model’s self-achievement. The pattern of a straight connection, commonly used to depict desire relationships, should therefore be replaced with a triangular one, as illustrated in Figure 1.

According to Girard, the influence of triangular desire on individuals, and more globally on society, depends on the type of mediation upon which desires are created and sustained. When the subject and the model are quite distant from one another, the mediation is qualified as “external”. In this case, the model is considered by the subject as a spiritual and transcendental guide, an idealized example to follow or to obey, and by no means as a rival to compete with. On the contrary, when the subject and the model are close from each other, the former develops desire for the objects that the latter concretely possesses and/or desires, and because some of these objects cannot be divided and shared (e.g., a given person or prestige in a community), both actors gradually become rivals. This second type of mediation is qualified as “internal”; in Girard’s view, it can generate major inter-individual and social crises through the following mechanism.

At the beginning of the internal mediation process, the model encourages the subject to imitate his desires. In doing so, the model unconsciously seeks to strengthen his

---

5 Of course, the nature of this relationship differs significantly from one theory to another. For instance, while followers of Plato argue that desires are aroused by the intrinsic value of coveted things, epigones of Spinoza uphold that those things are seen as valuable precisely because we wish for them. But in all cases, a direct relationship is supposed to connect desiring subjects and desired objects.
6 Our use of the masculine pronoun in the paper is only aimed at facilitating reading – not at reproducing gender inequalities.
7 According to Girard, the distance between the subject and the model can be conceptualized at the temporal, spatial, spiritual, intellectual or social level.
8 The legendary knight Amadis of Gaule for Don Quixote in Cervantes, Napoleon for Julien Sorel in Stendhal, and imaginary heroes of novels for Emma Bovary in Flaubert, are all typical examples of external mediations.
9 If Cervantes is the principal novelist of external mediation, Stendhal, Proust and Dostoevsky focus on internal mediation.
appropriative urge towards the object he possesses or longs for, and the tactic he spontaneously employs to reach that goal is often effective. Indeed, as soon as the subject imitates his aspirations, the model copies this imitation in turn, thereby reinforcing the appeal of his originally ill-defined wishes. But the reciprocal and self-sustained imitation that takes place between the two actors quickly degrades their relationship. Because differences separating the model from the subject inexorably decrease through reciprocal imitation, the former comes to feel threatened, his higher position being at stake. As a result, while previously stimulating mimicry from his “disciple”, he eventually also provides him with the opposite message: “Do not imitate me!”

Confronted with such a double bind (“Imitate me!” and “Do not imitate me!”), the subject develops a conflicting set of attitudes toward his model, now also perceived as an obstacle. The more he admires him, the more he abhors him, cruelly suffering from being rejected by his idol; and the more he detests him, the more he venerates him, fascinated by the superiority of his oppressor. But as written by Girard:

The person who hates first hates himself for the secret admiration concealed by his hatred. In an effort to hide this desperate admiration from others, and from himself, he no longer wants to see in his mediator anything but an obstacle. The secondary role of the mediator thus becomes primary, concealing his original function of model scrupulously imitated. In his quarrel which puts him in opposition to his rival, the subject reverses the logical and chronological order of desires in order to hide his imitation. He asserts that his own desire is prior to that of his rival; according to him, it is the mediator who is responsible for the rivalry. […] Now, the mediator is [only perceived as] a shrewd and diabolical enemy; he tries to rob the subject of his most prized possessions; he obstinately thwarts his most legitimate ambitions. (1965, 11)

Violence is generated in this process, and because the mediator and the subject have turned out to be each others’ imitators and models, it grows in a reciprocal way. Eventually, the objects over which both actors initially fought become secondary: violence itself, perceived as the signifier of perfect self-sufficiency, becomes the ultimate object of desire. All that remains is a violent conflict between two rivals who aim to damage each other. While the rivals were previously becoming more and more similar, when reciprocal violence occurs, both actors are doubles that nothing can distinguish anymore.

Ultimately, because a given community is characterized by a range of internally mediated relationships across individuals, reciprocal violence and undifferentiation tend to

---

10 Girard (1977, p.147) borrows the expression of double bind from Bateson (1972, pp.201-227).

11 Violence is not merely physical; it can also be psychical, moral or material.
spread throughout the entire community. If nothing acts as a brake upon this process, the crisis keeps worsening. Eventually institutions collapse, thereby increasing reciprocal violence and undifferentiation. The community is then in danger of disintegration, torn apart by internal dissensions.

However, if humanity indeed is characterized by internally mediated mimetic desires that lead to rivalry and violence, human survival as well as the genesis and development of cultures are difficult to conceive. How then have they been made possible? Girard examines this crucial anthropological question in his subsequent books, and more particularly in *Violence and the Sacred* (1977; French: *La violence et le sacré*, 1972) and *The Scapegoat* (1986; French: *Le bouc émissaire*, 1982). In these books, the author – by analyzing tragedies of Sophocles, Euripides and Shakespeare as well as several myths and rituals – maintains that major social crises tend to be spontaneously resolved through a scapegoating process.

### 1.2. The Scapegoating Process

According to Girard, the struggle of all against all characterizing a major social crisis usually turns into a fight of all against one – the scapegoat –, who comes to be seen as the only party responsible for the turmoil through a process of mythification. At the paroxysm of the crisis, people experience a prevailing sensation of chaos. Indeed, the effacement of differences – typical of troubled times – endows everything with the same monotonous and somewhat monstrous aspect. Terrified and angry, actors want to figure out the root of their ills. Naturally, rather than blaming themselves, they are inclined to suspect others, and mutual distrust and accusations therefore spread throughout the entire group. From this point on, any community member can be scapegoated by the mob. As explained by Girard:

> If violence is a great leveller of men and everybody becomes the double, or “twin”, of his antagonist, it seems to follow that all the doubles are identical and that any one can at any given moment become the double of all the others; that is, the sole object of universal obsession and hatred. A single victim can be substituted for all the potential victims, for all the enemy brothers that each member is striving to banish from the community; he can be substituted, in fact, for each and every member of the community. (2005, p.83)

However, the selection of the surrogate victim is rarely totally random. In most cases, the chosen scapegoat possesses signs of victimage, that is, signs making him an actor somehow departing from normality within the group. For instance, ethnic and religious minorities often polarize hostility; physically or mentally atypical individuals regularly attract

---

12 The scapegoat can be a unique individual or a unique category of individuals.
collective violence; and inherited and privileged people are frequently scapegoated in periods of major troubles. Those who are seen as somewhat monstrous indeed tend to be suspected to have passed on their own internal disturbances to the entire group. The foreigner seen as barbarian, the disabled as deformed, the beggar as bestial or the king as not completely human can all be easily believed to have provoked the disorders that their perceived abnormality strongly evokes. In short, an extreme immorality is associated with the cultural, physical or social “monstrosity” of the chosen victim, who is then subjected to strong accusations.

These accusations can be fairly diverse: violence against important or vulnerable actors, sexual wrongdoings and religious transgressions are often put forward, but a mere misdemeanour and even an accidental faux-pas may also be suggested. In all cases, however, the incriminating action is seen by the scapegoaters as a plausible cause of the crisis from which the community suffers; persecutors indeed seek to establish how a single individual (or group of actors) has been able to undermine the whole society on his own. Further, the crimes ascribed to the scapegoat – who in reality is often innocent – are usually beyond refutation. In primitive societies, accusations of black magic were often made for that reason. These kinds of allegations have vanished in response to the demand for more rationality in “modern” society, but persecutors today still have a special gift for imagining faults so difficult to prove that they deprive the victim of any real legal protection.  

First only weakly uttered and fragile, the belief in the scapegoat’s guiltiness rapidly spreads and strengthens within the entire society through a process of mutual imitation. As Girard puts it:

The slightest hint, the most groundless accusation, can circulate with vertiginous speed and is transformed into irrefutable proof. The corporate sense of conviction snowballs, each member taking confidence from his neighbour by a rapid process of mimesis. The firm conviction of the group is based on no other evidence than the unshakable unanimity of its own illogic. (2005, pp.83-84)

Actors thus quickly become persuaded that their aggressive behaviour towards one another is provoked by the contaminating action of this malefic individual. In their eyes, he makes them sick. This is why the dissemination of violence observed during the crisis is often re-interpreted by persecutors as the spread of a deadly virus.

13 During the Middle Ages, for example, persecutors frequently made reference to poisoning. Thanks to this stereotypical accusation, they could: (1) persuade themselves that a small group, or even a single individual, had been able to harm the whole society by infecting drinking water (Girard 1986, pp.16-17); and (2) prevent victims from defending themselves (as Girard puts it, poisoning is so easy to conceal that since it is impossible to prove the crime, there is no need to prove it; 1986, p.47)
Of course, the scapegoat can in reality be guilty of the crimes that people ascribe to him. However, contrary to what actors are convinced of, those crimes do not constitute the key factor accounting for the designation of the victim. Once again, what matters for collective persecution is the possession of signs of victimage, and in this sense, the victim’s selection can be said to be purely arbitrary although not totally random. Moreover, whether it is real or not, the responsibility of the scapegoat for social damages is always exaggerated: the persecutors constantly invert the relationship between the overall situation and the individual’s transgression. That is, instead of seeing in the scapegoat’s behaviour a reflection of the global, they perceive the scapegoat as the unique and specific cause of the general turmoil.

At the height of collective persecution, actors are unanimously certain that the resolution of the crisis requires the elimination of the “culprit”, who is then killed, expelled or otherwise eliminated. In proceeding to the “sentence”, persecutors frequently avoid any contact with the victim, seen as totally impure. To kill him, “instruments” are used not to touch his body; he is sometimes demanded to commit suicide; when being expelled, he is somehow forced to leave the community on his own. Interestingly, as soon as collective violence against the “malignant element” is consummated, the underlying belief that the scapegoat’s eradication will restore order becomes reality, since there is no longer in the community any form of violence to be imitated and propagated. From the persecutors’ point of view, the return of order definitively confirms the guiltiness of the scapegoat, that is to say his original willingness and power to annihilate the whole community by himself.

But then, paradoxically, a significant collective perceptual shift occurs: the transgressor is suddenly perceived as being responsible for the return of peace. Actors then establish a new set of social rules aimed at celebrating the intervention of the scapegoat and at preventing chaos from resuming. That is, misdemeanours previously attributed to the scapegoat swiftly give birth to prohibitions and social regulation perceived to be requirements coming from him. The greatest of all delinquents is transformed into a pillar of society. How is it possible? Most anthropologists have not yet gotten over this. But as explained by Girard:

On further thought this is not surprising. How could the persecutors explain their own reconciliation and the end of the crisis? They cannot take credit for it. Terrified as they are by their own victim, they see themselves as completely passive, purely reactive, totally controlled by this scapegoat at the very moment when they rush to his attack. They think that all initiative comes from him. There is only room for a single cause in their field of vision, and its triumph is absolute, it absorbs all other causality: it is the scapegoat. Thus nothing happens to the persecutors that is not immediately ascribe to him, and if they happen to become
reconciled, the scapegoat benefits. There is only one person responsible for everything, one who is absolutely responsible, and he will be responsible for the cure because he is already responsible for the sickness. (1986, p.43)

Previously accused of ruling the destructive virus of reciprocal violence, the scapegoat comes to be simultaneously seen as endowed with the outstanding power to control the collective violence saving the community. Formerly demonised, he is now also worshiped, both held in contempt and venerated. In other words, the scapegoat is seen as the incarnation of the Sacred, both malefic and saving. In the actors’ mind, the Sacred represents the forces exterior to them and upon which they have no control. Too close or too far, the Sacred is believed to be harmful for the group, but when situated at an appropriate distance, it is supposed to watch over, to protect and to enrich the community. According to Girard, the Sacred is principally constituted of Violence located outside Man through the original scapegoating and subsequent sacrificial rituals which reproduce it.

1.3. SACRIFICIAL RITUALS

With time, the appeasing effects of the scapegoat mechanism tend to decay. Reciprocal violence – sometimes stimulated by a physical calamity such as a storm, an inundation or an earthquake – then reappears. Whenever this occurs, a major social crisis is once again to be feared. In order to prevent this risk from materializing, people instinctively tend to imitate the process which previously saved their community. Specifically, they copy the initial scapegoating through the performance of a sacrificial ritual, in which each step of the initial persecution is reproduced (although, of course, the specificities of every sacrificial ritual depend on the extent to which sacrificers recall the original scapegoating that they try to imitate).

At the beginning of the ceremony, a war of all against all is played again. Then, actors concentrate their attention on the victim to sacrifice. The victim will fit with the original scapegoat’s profile, as instilled in the mindset of sacrificers. Importantly, the victim will resemble community members but will be somewhat distinctive, possessing some victimizing signs. Carefully selected, he can polarize collective violence, being accused of horrible crimes and eliminated. His elimination brings back order. The return of order confirms his guiltiness but is also paradoxically ascribed to him. As a result, the sacrificial victim is both blamed and venerated. In the eyes of the sacrificers, he belongs to the Sacred, which is believed to have ordered the sacrifice in order to feed on it.
According to Girard, rituals in society are undeniably of a sacrificial nature, reproducing some original scapegoat mechanism. Further, the great institutions of mankind spring from rituals. This is especially the case, for example, with all forms of sovereignty. Indeed, while the original scapegoat is regarded as sacred after being eliminated, sacrificial victims are often institutionally selected by anticipation, being both demonized and venerated before their disposal. Between the moment of their selection and the moment of their elimination, they enjoy an important authority, since everybody feels dominated by them. In Girard’s opinion, kings are actually nothing more than victims whose elimination has been deferred. They are both feared and worshiped. But, with time, if no catastrophe comes to hurt the community, their malefic dimension tends to be minimized and forgotten. Methodologically speaking, Girard argues that the examination of myths, as tales of collective persecution, allows one to better understand the way in which scapegoating and sacrificial rituals develop in society.

1.4. MYTHS

According to Girard, written or oral accounts of scapegoatings and sacrificial rituals generally comprise several of the following elements, which the French anthropologist labels as stereotypes of persecution:

- a major social crisis,
- victimary signs possessed by the accused,
- crimes obliterating differences,
- the elimination of the criminal,
- the attribution of the return of social order to the victim.

Conversely, if those stereotypes are found in a given document, this document must be seen as an account of a collective persecution. When they are analysed according this perspective, many myths prove to be stories of real scapegoatings.

Such is the case, for example, with the myth of Oedipus treated by Sophocles in *Oedipus the King* and *Oedipus at Colonus*. The plague is ravaging Thebes: here we have the first stereotype of persecution; as seen above, actors tend to describe in terms of an epidemic the violence which spreads throughout their community. Oedipus is disabled; he is a king; and he sometimes appears as a beggar; this accumulation of victimizing signs explains his selection; this is the second stereotype. Besides, Oedipus is accused of parricide and incest: this is the third stereotype. Lastly, once expelled – fourth stereotype – Oedipus goes to
Colonus; in this place, he is feared, but also venerated because people ascribe to him the return of order in Thebes. All five stereotypes are mobilized.

Girard makes it clear, however, that myths are not universally characterized by the five stereotypes of persecution. Over time, violence tends to be concealed from the mythification process. Girard shows that this concealment generally stems from a minimization of the crimes first ascribed to the victim. Three complementary strategies are often used to minimize those crimes. First, the divinized victim is viewed as having behaved in a horrible way due to difficult contextual factors. Second, bad intentions are attributed to other actors, who play the role of secondary sacrificial victims. For instance, demons are accused to have driven the god to misdeed. Third, the power ascribed to the victim is to some extent reduced in order to explain the possibility for him to be misled. As a result, the victim is eventually totally exonerated. The fifth stereotype of persecution is the only one to subsist: the order within the community is a gift of the gods who protect the group from demons.

According to Girard, modern societies would not risk any more to be decimated by reciprocal violence. The existence of a central authority and of a judicial power would prevent this catastrophe to occur. In our eyes, however, there still exists at least one community likely to be shaken by the spread of violence. This community is the economic and financial one. As we shall see, it keeps on hand a specific category of victims to sacrifice when a major crisis is about to break. Those victims – modern pharmakoi – are the legal auditors.

2. AUDITORS AS MODERN PHARMAKOI

In this section, we argue that the moral and/or legal condemnation of auditors bears resemblance with the notion of sacrificial rituals as theorized by Girard, insofar as the condemnation process is characterized by all five stereotypes of ritual persecution listed by the French anthropologist. The specific moment in which the original scapegoating occurred is not crucial for the sake of our argument; it might have occurred many decades ago. What matters is that sacrificial rituals targeted at auditors regularly take place in the aftermath of corporate failures. To develop our argument we draw on prior research and rely on disciplined imagination (Weick, 1989).

First stereotype

According to Girard, a sacrificial ritual is undertaken whenever a violent event threatens to provoke a major social crisis within the community. The ritual needs to be executed rapidly in
order to prevent violence from degenerating. It begins with a struggle of all against all which becomes a fight of all against one. Most certainly, corporate failures and the extent of blaming targeted at auditors often meet these criteria. As indicated in numerous studies, legal auditors are often specifically blamed when violence and disorder occur in capital markets. For instance, Michael Power writes:

Of course, individual exceptions to the blaming behaviour that Power highlights above do exist. However, from a historical perspective, it is reasonable to argue that contemporary society is characterized by a tendency to criticize heavily auditors in times of financial turmoil. As maintained by Humphrey et al. (1992), blaming auditors for corporate crises is an ancient and quasi-systematic reaction, internationally observed. For instance, the president of the Institute of Chartered Accountants of England and Wales (ICAEW) in 1885, the former (and first) chief accountant of the US Securities and Exchange Commission Carman G. Blough in 1940, and the executive vice-president of the American Institute of Certified Public Accountants (AICPA) in 1973, respectively affirmed:

[…] in cases where […] frauds have been discovered, an immediate outcry is raised for the dismissal of the auditor. Without any careful investigation or enquiry into the facts, his utter ruin is decreed, and the whole profession is attacked and menaced. Audits performed by us are described as useless, wasteful and dangerous; as deceitful and fraudulent pretences; and as traps laid to catch fees and deceive confiding clients and the public. (Griffiths, 1885, p.27, quoted in Humphrey et al., 1992, p.140)

If there occurs any event which tends to shake the public confidence, and if it gains sufficient attention, sooner or later the Government is likely to turn its attention to the problem. Such an unfortunate event occurred during the past year which has resulted in some critical comment regarding auditing procedures. Financial writers, congressmen, reformers, and others, some informed, and some uninformed, […] have been free with their suggestions and with their criticisms of the public accountants. (Blough, 1940, p.40, quoted in Humphrey et al., 1992, pp.141-142)

As long as investors suffer losses from a sudden and drastic drop in earning or the bankruptcy of a corporation which was widely regarded as a good investment, our profession is going to be criticized in the news media. (Olson, 1973, quoted in Humphrey et al., 1992, pp.138)

The collapse of a public corporation is undeniably a violent event that makes a plethora of victims (e.g., employees, shareholders, bankers, customers or suppliers). Corporate collapses often swiftly result in allegations of fraudulent or misstated financial statements, thereby strengthening the view that the socio-economic order is in danger,
especially when allegations take place within a series of corporate collapses assiduously reported in the media. In particular, the disclosure of such allegations can make the public suspicious about the capabilities of leaders in business, government and professions to control the economic system. The risks involved are significant: social referents may get blurred, ethical boundaries may collapse, confusion may grow regarding who is trustworthy and who is not, and it may become increasingly difficult to distinguish fair and unfair financial statements. In sum, established economic order is at stake. If nothing happens, violent reactions will expand in an entropic way through imitative behaviour, and this scenario must imperatively be prevented – notably through a blaming emphasis on legal auditors. Of course, this does not imply that auditors are necessarily responsible for the crimes they are accused of. The key point to retain for the sake of our argument is that the social function of their condemnation is certainly less to punish their alleged faulty behaviour than to prevent deleterious violence from spreading throughout the community.

At the beginning of the condemnation process taking place in the wake of a given corporate crisis, several types of actors are tentatively blamed: the role of directors, bankers, financial analysts or regulators, for instance, is often questioned. In other words, a war of all against all is played again. However, in many cases, these blames gradually turn out to be secondary. As mentioned by Girard, the struggle of all against all often turns into a fight of all against one. Indeed, through a mimetic process both reflected and fed by the media, people frequently come to share a primary outlet for their “hostile energies”. That is, over time problematizations in the public and legal arenas often come to focus – even if only temporarily – on the role of auditors. Of course, dominant problematizations of the audit function are not universally shared across society. However, a fair number of actors generally develop an inter-subjectively agreed upon understanding that is characterized by doubt and scepticism regarding the trustworthiness of financial auditors. Progressively, the corporate crisis is seen and referred to as an “audit failure”. Auditors are gradually perceived to be at the source of the violent event hitting the business community, just as scapegoats were in primitive societies. However, this does not mean that the responsibility of managers – for example – is suddenly forgotten or denied; it means that the problem tends to be principally framed as an auditing one. For instance, even when the top managers of an organization in bankruptcy are said to have perpetrated irregularities, the principal question raised is often

How a fair number of corporate collapses are translated and problematized in terms of accounting deficiencies is beyond the boundaries of the paper. What matters to us is that when representations of accounting deficiencies are produced, the role of auditors tends to be problematized more heavily than that of top managers, lawyers and other potential actors.
why the auditors of this organization did not detect and/or revealed their fraudulent schemes, and all the members of the auditing profession come to be criticized. This rush on auditors can be very brief, but it generally occurs.

Second stereotype

The collective designation of auditors as the target of sacrificial rituals is not fortuitous. Auditors indeed fit the profile of sacrificial victims: on the one hand, they resemble other actors in the economic and financial community; on the other hand, they possess victimizing signs which make them very distinguishable.

First: the extent of similarity. Likewise to members of most occupational groups involved in the business community, a significant proportion of auditors went through business schools in order to obtain a university degree. In their day-to-day activities auditors have to develop and rely on a network of relationships with other actors in the business community (Gendron, 2002). Further, in our liberal and capitalist society, wealth is often perceived as a sign of superiority (Bell, 1989; Fromm, 1976), and the desire to get richer is certainly one of the most imitated. Legal auditors are no exception. It is generally agreed in auditing literature that public accounting is more and more influenced by commercialism (e.g., Covaleski et al., 1998; Hanlon, 1994; Humphrey and Moizer, 1990; Sikka and Willmott, 1995; Wyatt, 2004; Zeff, 2003a, b). Although these writings collectively indicate that commercialism within accountancy gained in influence in recent decades, it is worth noting that commercialism is always a significant force in the realm of liberal professions (Gendron, 2002; Larson, 1977). As others, public accountants need and want to make profits. However, while the desire to become richer is one of the mainsprings of our economic system, it often degenerates into greediness, encouraging actors to engage in reciprocal violence.

As everyone else, auditors are unlikely to resist the appeal of reciprocal violence when it spreads throughout the community; they are as violent as anyone else, by mimesis. However, they differ from all others due to their victimary signs. First, because of their status as professionals, auditors belong to a peculiar minority within the liberal world. As argued by Freidson (2001), professional status is granted only to workers dedicated to a mission recognized as of benefit to society, and whose success is believed to depend on the application of specialized theoretical knowledge and expert judgement. Only people with a specific and higher training are viewed as being able to correctly perform this type of activity.
Second, although professions commonly emphasize that their members through altruism do not exploit inappropriately the privileges they are conferred with by society, auditing is undeniably the profession whose legitimacy is the most dependent on claims of disinterestedness. Indeed it is generally accepted that the legitimacy of the auditing function is predicated on the claim of auditor independence (Power, 1997). However, although it is often difficult to demonstrate a link between auditor behaviour and breach of auditor independence, convincing arguments can nonetheless be developed in order to cast doubt on the claim of auditor independence (Gendron et al., 2001; Sikka and Willmott, 1995). The sustaining of claims of auditor independence is often a perilous exercise.

Third, although legal auditors are relatively well regarded in normal time, they tend to attract the attention of the media when they are suspected of having made mistakes (Power, 1994). To a certain extent, auditors have a historicity as transgressors, and although this tends to be forgotten in times of peace, every new financial scandal quickly refreshes people’s memory.

Although auditors are relatively similar in many respects – employing the same basic methodologies, using the same vocabulary, and dressing in a relatively homogeneous way – it is worth noting that large international audit firms present the above victimizing signs in an exacerbated way. These firms often project an image of higher technical competence and claim to attract the most brilliant auditors. Because these firms are often associated with the most resounding corporate failures, they are frequently held up to public obloquy.

**Third stereotype**

The crimes generally ascribed to auditors – negligence and loss of independence – are similar in several important respects to those attributed to sacrificial victims. First, accusations of negligence and breaches of independence are easy to make in the public arena and difficult to refute. Insofar as audit quality is unobservable, claiming the success or the failure of an audit engagement is largely a matter of beliefs. Furthermore, even when access to the audit file is granted, it is often possible with the benefit of hindsight to develop an argument of failure based on what is found or not found inside the file.\(^\text{15}\)

Second, crimes attributed to auditors are crimes that obliterate differences. For instance, the loss of independence implies the loss of distinction between auditors and

\(^\text{15}\) It should be noted, however, that the judiciary system is sometimes considered as being biased in favour of the auditor (Cousins et al., 1998). From a giradian standpoint, this bias can be viewed as a way of maintaining a reserve of future scapegoats. In spite of the alleged bias, however, courts in the past have regularly found auditors guilty – but obviously less often than the wishes of critical accounting researchers.
auditees. As a result, true and fair financial statements become indistinguishable from wrong ones. This crime therefore addresses one of the key premises of our capitalistic system, which assumes that individual investors can be protected through various mechanisms (including effective and independent auditors) from fraud, misleading information and insider trading (Merino, 2003).

Fourth and fifth stereotypes

Lastly, as all sacrificial victims, the auditor associated with a resounding corporate failure is punished. Zeff (2003a, b) highlights what can be viewed as a litany of significant auditing failures that occurred in the U.S.A. in the 20th century, and the degree of embarrassment that they oftentimes generated not only in the eyes of outsiders but also within the ranks of the profession. In addition to reputational effects, auditing failures quite commonly have political (e.g., government inquiries) and juridical consequences (e.g., penalties imposed by courts or regulators). Although specific auditors or audit firms are often targeted for explicit punishment, the reputation of the whole auditing profession is often affected through the development of representations of the failure that do not focus on the specifics but are cast in more general terms. However, specific auditors are rarely actually eliminated, although it occurred in the past. In addition to the downfall of Arthur Andersen in 2002, accounting firm Laventhol & Horwath (then the 7th largest accounting firm in the U.S.A.) declared bankruptcy in 1990, reportedly because the firm was overwhelmed with lawsuits. Yet the disposal of auditors cannot be undertaken on a frequent basis because the economy dreadfully needs to maintain an adequate inventory of auditors for the performance of sacrificial rituals. The key point to retain for the sake of our argument is that auditor punishment – whether reputational or otherwise – generally generates the return of social order in the economic domain. This is precisely the social function of the ritual, as theorized by Girard. Table 1 summarizes the main themes that underlie our argument. In brief, it is quite reasonable to conceive of the condemnation process of auditors as a sacrificial ritual, given that the process is characterized, to a significant extent, by the five stereotypes of collective persecution. From this point of view, auditors are modern pharmakoi: they constitute a reservoir of victims to sacrifice whenever a bankruptcy threatens the survival of the economic system.

[Insert Table 1 here]
3. THE CONSTRUCTION OF THE AUDITING LEGITIMACY PARADOX

The perspective of analysis elaborated above allows us to develop a better understanding of the way in which the auditing legitimacy paradox is produced and reproduced. As with all sacrificial rituals, the auditors’ condemnation generates a process of mythification through which actors’ perceptions regarding the persecutory event are developed and sustained. It is through mythification that actors come to perceive auditors as the main party responsible for chaos. Further, mythification plays a key role in the creation and maintenance of the legitimacy paradox surrounding the auditing function.

Figure 2 illustrates the phase 1 of process by which mythification engenders the legitimacy paradox as auditors are ritualistically sacrificed. Phase 1 comprises two successive steps. The first step involves demonization while the second one implies the re-legitimization of auditors. When these two steps are completed, auditors are both held in contempt and venerated.

As shown in Figure 2, we distinguish in our study two legitimacy components, namely, a technical component and a moral one. Auditing technical legitimacy is stronger when actors believe that auditors have the technical abilities to carry out successfully their audit engagements. Auditors’ moral legitimacy is higher when people believe that auditors’ willingness to serve the public good exceeds their desire to satisfy their own private interests.

Just before a financial scandal occurs – event which activates the ritualistic condemnation of auditors – the latter enjoy a relatively strong level of technical and moral legitimacy; a corporate failure is perceived as a scandal precisely because people thought that they could trust auditors. Further, with the passage of time since the last resounding bankruptcy, the extent of moral demonization of auditors in the community is then relatively weak. In these conditions, auditors appear to deserve their status as professional. This situation is our point of departure: the paradox of auditing legitimacy is not yet constructed and we can thus study the process of its elaboration.

As seen in the previous section, the condemnation process of auditors begins with a struggle of all against all. During this preliminary step, the moral legitimacy of the auditor associated with the organization in bankruptcy slightly decreases given that the auditor is not the only party to be suspected to have wrongly behaved. Managers, members of audit committee, regulators, bankers and financial analysts are also criticized; consequently, none
of them is really demonized. However, these fragile and heterogeneous accusations are quickly followed by mythification targeted at the auditor.

3.1. THE MORAL DEMONIZATION OF AUDITORS

When reciprocal accusations intensify and when the threat of a major crisis gains in reality, the struggle of all against all tends to shift into a fight of all against one: auditors. How does polarisation occur?

Auditor demonization implies actors focusing their hostility on auditors, who are accused of terrible crimes. Of course, auditors can actually be guilty. However, as underlined by Girard:

 […] [The] distortions of persecution […] are not incompatible with the literal truth of the accusation. The persecutors’ portrayal of the situation is irrational. It inverts the relationship between the global situation and the individual transgression. If there is a causal or motivational link between the two levels, it can only move from the collective to the individual. The persecutor’s mentality moves in the reverse direction. Instead of seeing in the microcosm a reflection or imitation of the global level, it seeks in the individual the origin and cause of all that is harmful. The responsibility of the victim suffers the same fantastic exaggeration whether it is real or not. (1986, pp.20-21)

In other words, while auditors can certainly be partly responsible for a given financial scandal, they cannot be totally responsible. Before stimulating actors’ violent reactions, a corporate collapse stems from human violence itself. Although auditors may have transgressed fundamental rules, they are not the only actors who wrongly behaved: violence is reciprocal and there are faults on all sides. Accordingly, at the beginning of the process, when all actors blame each other, they separately express a grain of truth. Moreover, when the condemnation of auditors is over, actors re-polarize their criticisms on other targets, such as fraudulent managers (we will later see that their incrimination ensues not only from a mere concern to dispense justice). But most importantly, meanwhile, auditors in most cases are specifically designated as sacrificial victims because they possess, more than others, features and traits that are likely to polarize collective violence against them.

3.1.1. Constructing auditors’ immorality

When the struggle of all against all intensifies, community members behave and look quite homogeneously. As explained by Girard:

If violence is a great leveller of men and everybody becomes the double, or “twin”, of his antagonist, it seems to follow that all the doubles are identical and that any one can at any given moment become the double of all the others; that is,
the sole object of universal obsession and hatred. A single victim can be substituted for all the potential victims, for all the enemy brothers that each member is striving to banish from the community, he can be substituted, in fact, for each and every member of the community. Each member’s hostility, caused by clashing against others, becomes converted from an individual feeling to a communal force unanimously directed against a single individual. (2005, p.83)

Auditors are no exception. They participate in reciprocal accusations and thus are no different than other actors. Yet their victimary signs will soon polarize collective violence against them. As seen above, when a social system moves away from normality, those who are seen as somewhat monstrous tend to be suspected of having contaminated the system. This is why large audit firms, which present victimary signs in an exacerbated way, are often suspected of the worst when a financial scandal breaks out in the community. Their status suddenly arouses distrust. As argued by Freidson (2001), when economic trouble emerges, professionals in general and auditors in particular are often presumed of having used their privileges to serve their private interests. In particular, the gigantism of large audit firms is then reinterpreted as a sign of usurped opulence; the apparent similarities among those firms suddenly seem to imply secret illegal arrangements concluded at the expense of the community. People then remember the past of these firms as transgressors. Rapidly, people no longer trust auditors in their capacity to behave in accordance with the public good; they are rather seen as villains working very hard to conceal their greediness. As a result of all this, the auditors’ moral legitimacy curve dramatically decreases while their demonization curve soars. This double movement intensifies when auditors, suspected of immorality, are accused of serious crimes (see Figure 2).

3.1.2. Targeting auditors

Because they suspect auditors of undue commercialism and greediness, actors are inclined to think that the latter attach only little importance to independence and that they are quite negligent. Auditors are viewed as being undeniably and primarily responsible for market disorder as a competent and independent auditor would have been able to prevent the original problem from escalating. Importantly, allegations of negligence and lack of independence provide persecutors with the ability to blame auditors whose criminal activities have not been really observed. Thus, the moral legitimacy of auditors keeps decreasing, while their technical legitimacy increases.
3.1.3. Strengthening auditors’ technical legitimacy through demonization

As indicated in figure 2, the demonization of auditors results in a reinforcement of their technical legitimacy. In order to blame auditors for not having revealed misstatements that the corporation’s bankruptcy brought to light *a posteriori*, it is necessary to presume that they do have the power to detect misstatements. Here we are confronted with an ancient persecutory pattern: when witches were still hunted, they were claimed to possess outstanding powers precisely in order to render them responsible for chaos and violence. Like these poor women who were burned at the stake, auditors are always astonished to see the extent of power and abilities that people believe they have. As respectively stressed by the president of the ICAEW in 1885 and one AICPA secretary in the 1940s (quoted in Humphrey *et al.*, 1992):

*In my experience I have found men of ordinary business ability holding the most ridiculous [optimistic] opinions as to the power of a professional accountant to detect fraud and error.* (Griffith, 1885, p.27)

*We find that the public has believed that the certified public accountant was an infallible superman; that the signature of a CPA invariably meant that everything was perfect […]. Whether through its own fault or not, the accounting profession seems to have been oversold. Its limitations have been overlooked, whilst its abilities have been emphasized. Now the public has been somewhat shocked to find that even auditors can be fooled by clever criminals.* (Miller, 1986, p.35)

*Today, the audit explosion thesis reflects the view that the audit function is endowed with significant capacities: “audit has become central to ways of talking about administrative control” (Power, 1994, p.5); “the word [audit] symbolises a cluster of values: independent validation, efficiency, rationality, visibility […] and, in the final analysis, the promise of control” (Power, 1994, pp.13-14). The rationalized mythology surrounding the capacities of financial auditing is solidly established in society.*

*Auditors certainly play an active role in mythifying the audit function. According to Power (1994, p.19), auditors “benefit from expectations which exceed what they can deliver because these translate into higher fees and prestige.” However, auditors also quite regularly denounce the aura of perfection surrounding auditing capacities when trying to publicly circumscribe their responsibilities. Like monstrous two-head hydras, auditors are simultaneously proactive in promoting and criticizing what is commonly labelled in auditing literature as the expectations gap.*

*However, the key point that we want to stress is that the belief in the important preventive powers of financial auditing helps actors to rationalize auditor persecution in a way that maintains the technical legitimacy of the audit function. When a corporate crisis*
occurs, auditors can be seen as being primarily responsible for violence precisely because it is believed that they could have prevented violence had they performed their work adequately. Whatever the capacities granted to auditors before the occurrence of a financial scandal, and regardless of those which auditors officially pretend to have, actors must unconsciously ascribe auditors with the power to accomplish what they have precisely failed to do. From this point of view, the expectations gap constitutes an inevitability.

3.1.4. The spread and the fixation of persecutory beliefs: the outcome of mimesis

As seen above, auditors are suspected of the worst not because of their actual behaviour but because of their characteristics (resemblance, victimary signs). We must now clarify how this belief spreads and strengthens within the whole community. For that sake, we refer to the Girardian concept of mimesis. As explained by Girard:

> The slightest hint, the most groundless accusation, can circulate with vertiginous speed and is transformed into irrefutable proof. The corporate sense of conviction snowballs, each member taking confidence from his neighbour by a rapid process of mimesis. The firm conviction of the group is based on no other evidence than the unshakable unanimity of its own illogic. (2005, pp.83-84)

In other words, individuals imitating their respective desire of violence come to make accusations mimetically. What is at first a vague impression felt by a few individuals quickly transforms into an unshakable truth shared by everybody. Of course, the media feed and reflect this very process of identity construction, notably through the incorporation of “expert” opinion in sensationalist articles (Herman and Chomsky, 1988). Auditors are then perceived as the principal cause of the ills undergone by the economic and financial system, and are seen to deserve punishment.

3.1.5. Punishment, return of order and self-fulfilling prophecy

Auditors’ punishment sometimes consists of elimination. In most cases, however, the media condemnation of auditors acts as a sentence and is often sufficient to restore order in the community. As Girard put it:

> When a community succeeds in convincing itself that one alone of its members for the violent mimesis besetting it; when it is able to view this member as the single “polluted” enemy who is contaminated the rest; when the citizens are truly unanimous in this conviction – then the belief becomes a reality for there will no longer exist elsewhere in the community a form of violence to be followed or opposed, which is to say imitated or propagated. (2005, p.86)

For community members, the return of order definitively confirms the guiltiness of auditors according to a mechanism of self-fulfilling prophecy. From this point on, people no
longer doubt that chaos and violence resulted from the contaminating action of auditors. In their eyes, auditors sickened the whole community. According to Alborn (1995), at the end of the 19th century actors were using the image of plague to describe the spread of violence observed during economic and financial crises. Today, the effects of the Enron’s debacle are described through the expression of “Enronite” in French-speaking countries and “Enron virus” in the English-speaking world. About this, Girard writes:

The plague is what remains of the sacrificial crisis when it has been emptied of all violence. […] Everyone is sick. Nobody owes anybody by way of recompense or atonement […]. If the community is to be freed of all responsibility for its unhappy condition and the sacrificial crisis converted into a physical disorder, a plague, the crisis must first be stripped of its violence. Or rather, this violence must be deflected to some individual […] The Thebans – religious believers – sought a cure for their ills in a formal acceptance of the myth, in making it the indisputable version of the events that had recently convulsed the city and in making in the charter for a new cultural order – by convincing themselves, in short, that all their miseries were due exclusively to the plague. Such an attitude requires absolute faith in the guilt of the surrogate victim. And the very first results, the sudden restoration of peace, seemed to confirm the identification of the guilty party and also the general correctness of the diagnosis. The crisis is seen as a mysterious illness introduced into the community by an outsider. The cure lies in ridding the community of the sole malignant element. (2005, pp.87-88)

Auditors represent the minority upon which actors attribute the extent of dissension ravaging society. Auditors ultimately become the target of all of the destructive violence embodied in the community. A second step of mythification immediately follows demonization. This second step re-legitimizes auditors without, however, de-demonizing them.

3.2. THE MORAL RE-LEGITIMIZATION OF AUDITORS

When the first step of the mythification process is achieved, actors feel completely dominated by auditors, believing that the latter are able on their own to destroy the economic and financial community. They are undeniably able to influence investors through misstated financial statements, to create disorder and chaos, and to spread violence like plague would spread. In the actors’ eyes, nothing can happen to them that they do not ascribe to auditors. As a result, when the auditor is punished and order returns, people believe that auditors are also responsible for this miracle. Further, punishment is seen as having purified the audit function. The remaining auditors are then perceived as having the ability to carry out audits appropriately, especially since their technical legitimacy is reinforced as a result of the prior demonization. In short, auditor trustworthiness is then renewed. Previously held in contempt,
they are now also worshiped. In other words, they are somehow seen as the incarnation of the Sacred, both malefic and saving.

The condemnation process of auditors resembles rituals of enthronement once performed in sacred monarchies of continental Africa (Girard, 2005). These rituals classically began with a struggle of all against all: mock combats between different factions were engaged and a major social crisis was thus played again. The king was then required to commit all the forbidden acts that were imaginable and possible for him to commit: the king had to appear as the most absolute transgressor, the criminal par excellence, the incarnation of evil. Actors then progressively focused their attention and their hostility on this malignant element and struggles therefore came to an end. The king was punished, but without being eliminated. His punishment was only symbolical, but because it pacified internal dissensions by acting as an outlet, actors believed that the king had the power to save the community.

Because the king was seen as the incarnation of the Sacred, his presence posed a problem of optimum distance (which is a Girardian concept). Indeed, as seen above, too close or too far, the Sacred is believed to be harmful for the group, but situated at an accurate distance, it is supposed to watch over, to protect and to enrich the community. The king had therefore to stand neither too close from his subjects in order not to contaminate them, neither too far in order to be able to protect them. When the community encountered a disaster, the king was accused to have provoked it, by negligence or vice. People believed that he had contaminated the group because of an excessive proximity. A new ritual was therefore undertaken, which reinforced the power of the king.

This comparison enables us to discuss the concept of independence in terms of optimum distance. The independence imperative assigned to auditors, somehow perceived as incarnations of the Sacred, is an imperative of optimum distance. To punish the auditors on the ground of a breach of independence is, in a way, to put auditors back on an accurate distance. Once punished, auditors are believed to be saving again. However, they are still demonized. How do actors manage to deal with such a contradiction? A second phase of mythification enables them to do it. This phase leads to the deconstruction or enfeeblement of the auditing legitimacy paradox.

3.3. THE MORAL DE-DEMONIZATION OF AUDITORS

The second phase of mythification leads to the de-demonization of auditors. Figure 3 illustrates the way in which we view this de-demonization occurs.
The saving aspect of the auditors becomes so firmly established within the community that the malefic dimension of this professionals appears as increasingly meaningless in the actors’ mind. As a result, persecutors progressively reinterpret the causes of the past crisis in a way which minimizes and even sometimes obliterates the fault previously ascribed to their victims. According to Girard, two complementary strategies are generally used for that sake. First, bad intentions are attributed to other actors, who play the role of secondary sacrificial victims; some of those actors are accused to have driven the scapegoat to misdeed and thus to be the parties really responsible for the past crisis. Second, the power ascribed to the scapegoat is to some extent reduced in order to explain the possibility for him to be misled by evil creatures. Of course, the more the existence of those “demons” is strongly believed, the more the saving action of the scapegoat is thought of as a necessity. Rituals are therefore conducted by the scapegoat or in his name. As long as no other catastrophes occur within the community, those rituals are thought of as being effective. Progressively, the power ascribed to the scapegoat increases once again and the malefic dimension of secondary sacrificial victims tends to decrease. We contend that the same kind of process is at work in auditing.

The secondary sacrificial victims put forward in order to de-demonize the auditing profession can be divided up into two categories: there are secondary sacrificial victims internal to the auditing community and secondary sacrificial victims external to this community. The secondary sacrificial victims internal to the auditing community are sometimes labelled as “bad apple auditors”. As argued by Power (1997, p.35), in the aftermath of an auditing crisis, there are “pressures to particularize audit failure even where systemic issues seem to be at stake. Investigative discussion is dominated by finding out what particular auditors did or did not do”.

The sacrificial victims external to the auditing profession are numerous: lenient accounting regulators, deficient corporate governance regulation and passive members of audit committees are often drawn into the blame allocation process. Above all, fraudulent managers come to be accused to have been able to cleverly mislead good auditors. That is why the power to detect irregularities attributed to the latter must be somehow reduced. Reducing this power is needed to de-demonize auditors through the demonization of managers and other actors. Interestingly, this demonization of external secondary sacrificial victims increases the perceived necessity of financial auditing. In this sense, we could argue that the justification of the audit function provided by the agency theory is the result of the
process of mythification analysed above, which make the managers appear as morally hazardous.

Lastly, seen as necessary, audit engagements are performed. As long as no other financial scandal occurs, the audit engagements are supposed to be successful. Gradually, the power ascribed to auditors to detect all sorts of irregularities increase one more time, and secondary sacrificial victims come to seen as more and more inoffensive. Thinks then definitively settle down until the next resounding corporate collapse.
CONCLUSION

This paper contends that the process of moral and/or legal condemnation of legal auditors generally observed in the aftermath of an important corporate bankruptcy bears resemblance to sacrificial rituals as theorized by René Girard. Under this viewpoint, auditors – and particularly large audit firms – can be conceived of as modern pharmakoi, constituting a reservoir of victims to sacrifice whenever an important bankruptcy threatens to severely disrupt capital markets. As all sacrificial victims, auditors are first demonized. Then, as soon as their persecution brings back order, they are venerated, and are thus both worshipped and vilified. Subsequently, people progressively downplay the crimes they initially ascribed to auditors, by transferring those faults on other actors (corrupted managers especially).

Again, our approach is only exploratory. However, we think that Girardian theory – not yet used to any significant depth in the field of accounting research – enables to throw new light on various auditing issues. First, auditing is often associated with the idea of scientific rationality. Yet as suggested in our study, Girard’s ideas perhaps better explain the longevity of auditing practice, whose legitimacy appears to be increasingly strengthened along the flow of corporate collapses and auditing failures. Second, it is often taken for granted that our financial system cannot work adequately if auditors are not trusted. This is likely to be the case in times of financial stability. Yet our analysis indicates that in the aftermath of a resounding bankruptcy, auditors also play a fundamental role in preventing crisis from escalating precisely by polarizing distrust. Third, it is frequently claimed that auditing through the construction of credibility allows one to develop a better understanding of organizations. From a Girardian point of view, however, it can be argued that auditors enable us to ignore human violence in troubled times. Fourth, as mentioned in the first quotation of our introduction, every time that a series of significant corporate collapses take place numerous commentators argue that auditing is in a state of crisis. However, from a Girardian perspective, it is precisely the social function of auditing to be in crisis in place of financial markets.

In conclusion, a large number of studies in critical accounting research typically focus their analytical gaze upon the more or less concealed efforts made by auditors to preserve their professional privileges. However, these privileges might be necessary in order for society to maintain an adequate reservoir of sacrificial victims. Similar to kings in African primitive society, auditors might be granted privileges precisely because they are victims whose condemnation is deferred.
FIGURES

Figure 1: Triangular desire

Mediator (Model)

Subject ⟷ Object

From Golsan (1993, p.2)

Figure 2: The construction process of the auditing legitimacy paradox, phase 1

Legend:
- : Technical legitimacy of auditing
- : Moral legitimacy of the auditing community members (in general)
- : Moral demonization of the auditing community members (in general)

Appearance of the paradox

Step preceding mythification

Step 1 - phase 1 of mythification (demonization)

Step 2 - phase 1 of mythification (re-legitimization)

Specific auditors punished and return of order

Financial scandal (threat of a major crisis)

Auditors (in general) suspected to be immoral

Auditors (in general) accused of crimes

Struggle of all against all

Fight of all against auditors

Very strong

Strong

Weak
Figure 3: The construction of the auditing legitimacy paradox, phases 1 & 2

Legend
- Technical legitimacy of auditing
- Moral legitimacy of the auditing community members (in general)
- Moral demonization of the auditing community members (in general)
- Demonization of secondary sacrificial victims (bad apple auditors, lenient accounting regulators, deficient corporate governance regulation, passive members of audit committees, fraudulent managers, etc.)

Phase 1
(Previous figure)

- Very strong
- Strong
- Weak

Financial scandal

Specific auditors « punished » and return of order

Struggle of all against all

Fight of all against one

Phase 2
(In the absence of a new scandal)

De-demonization of auditors/
demonization of secondary sacrificial victims

De-demonization of secondary sacrificial victims (effect of audit engagements in the absence of financial scandals)
Table 1: The condemnation process of auditors as a sacrificial ritual

<table>
<thead>
<tr>
<th>Stereotype n°1 : Release mechanism, function and logic of progress</th>
<th>General case</th>
<th>Condemnation process of auditors</th>
</tr>
</thead>
<tbody>
<tr>
<td>A ritual is performed when a violent event threatens to provoke a major social crisis</td>
<td>The condemnation process of auditors is generally performed when a violent corporate crisis occurs and threatens to degenerate into a major crisis</td>
<td></td>
</tr>
<tr>
<td>The social function of a ritual is to prevent the occurrence of a major crisis</td>
<td>The condemnation process of auditors is viewed as being aimed at preventing the occurrence of a major economic and financial crisis</td>
<td></td>
</tr>
<tr>
<td>A ritual begins with a struggle of all against all which progressively becomes a fight of all against one</td>
<td>At the beginning of the process, actors (auditors, managers, financial analyst, bankers, regulators, etc.) blame each other; but gradually the focus is on auditors</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stereotype n°2 : Specificities of the victim</th>
<th>General case</th>
<th>Condemnation process of auditors</th>
</tr>
</thead>
<tbody>
<tr>
<td>A sacrificial victim belongs to the community and looks like its other members</td>
<td>Auditors belongs to the economic and financial community; as others, they want to make profits</td>
<td></td>
</tr>
<tr>
<td>A sacrificial victim possesses victimary signs</td>
<td>Auditors possess victimary signs: their status as professional, the fragility of their claims to independence, and their historicity of perceived transgressions</td>
<td></td>
</tr>
<tr>
<td>Large audit firms present these victimary signs in an exaggerated way</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stereotype n°3 : Specificities of the crimes ascribed to the victim</th>
<th>General case</th>
<th>Condemnation process of auditors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crimes ascribed to sacrificial victims are difficult to refute</td>
<td>Auditors are often accused of negligence and loss of independence and those crimes are easy to invoke and difficult to refute in the public arena</td>
<td></td>
</tr>
<tr>
<td>Those crimes obliterate differences</td>
<td>Crimes attributed to auditors obliterate differences between true and fair financial statements and misstated ones</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stereotype n°4 : Punishment</th>
<th>General case</th>
<th>Condemnation process of auditors</th>
</tr>
</thead>
<tbody>
<tr>
<td>A sacrificial victim is often eliminated – but can only be symbolically blamed</td>
<td>During the process, auditors are strongly criticized, sometimes legally condemned, but rarely eliminated</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stereotype n°5 : Ritual effects</th>
<th>General case</th>
<th>Condemnation process of auditors</th>
</tr>
</thead>
<tbody>
<tr>
<td>The punishment of the victim brings back order in society</td>
<td>The punishment of auditors brings back order within the economic and financial community</td>
<td></td>
</tr>
</tbody>
</table>
REFERENCES


Touron, P. 2005. The adoption of US GAAP by French firms before the creation of the International Accounting Standard Committee: An institutional explanation. *Critical Perspectives on Accounting*, 16(6), 851-873.


