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Creating institutional power in financialised economies

The firm-profession nexus of advanced business services

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Abstract

Despite major crises, financial capitalism is enjoying a period of relative stability. Financial powers – underpinned by the financialisation imperative of the 21st-century capitalist order – are robust and dynamically reinforce the global system's principal traits and values. The advanced business services (ABS) sector ties in closely with these dynamics and shapes financial capitalism while benefiting disproportionately from it. Yet, ABS' ability to form and ultimately dominate is little understood. I develop an innovative firm-cum-profession framework to comprehend how dynamics along this nexus are systemically entrenched to constitute and invigorate the hegemonic institutional power of contemporary financialisation.

Introduction

The growth of the advanced business services (ABS) sector has unmistakeably been one of the key economic trends of the past 30 years. ABS firms, a distinct category of advanced producer services, encompass corporations from accounting/auditing, legal, and management consultancies.[i] Their global activities mediate the worlds of finance and business (Coe et al., 2014), but also ensure efficient financial trades (Kay, 2016, Boussebaa, 2015). ABS are quintessentially auxiliary services that help to smooth glaring gaps in a fractured architecture of globalised, financialised economic activity. Today, firms across all sectors build on large quantities of commodified financial knowledge, which, as a key growth market for ABS themselves, ultimately boosted their expansion. Numerous studies emphasise their increased significance and "considerable power" (Wójcik, 2013: 330). Scholars have scrutinised, for example, the ambiguous dependencies between public borrowers and private lenders, the resulting financialised policy shifts (Christopherson et al., 2015, Christopherson et al., 2013, Corbridge, 1992, Erturk et al., 2007, Howarth and Quaglia, 2015, Turner, 2016) and ABS' key role in creating innovative tax instruments and finance vehicles to evade government control (Wójcik, 2013, Haberly and Wójcik, 2015). Others stress the ABS firms' aptitude to produce knowledge and implement practices 'useful' for generating economic value and underwriting the various "forms of continuity and change in national institutions and capitalisms" (Faulconbridge and Hall, 2009: 171), whilst Bassens and van Meeteren (2015) add a layer of consistency to these observations by illustrating how ABS firms' hegemony has helped to employ collective knowledge resources to exploit class-monopoly rents (Harvey, 1974, 1985) and produce strategic narratives that match neoliberal discourse.

Whereas the distinct functions, structures and geographies of the ABS have been carved out, their organising mechanisms for actively sustaining their privileged position in the market remain awkwardly elusive. This paper's core argument centres on the proposition that ABS are central to constituting and sustaining the (legitimacy of a) financialised economy, but that firms are not the sole analytical unit to do so. Hence, this paper challenges the firm as the predominant unit of analysis. It adds to the analytical equation what is arguably another key (res-)source of economic innovation and, hence, another vital dimension in the process of stabilising the crisis-prone financialised economy, i.e., ABS professions.[ii] The analytical inclusion of professions is important because it has profoundly shaped the socio-economic landscape of and is intricately related to the processes of financialisation, globalisation, and neo-liberalisation. Yet, in contrast to these latter processes, professionalisation has received much less analytical attention as a vital factor shaping the knowledge-based services economy; and where it has been studied, the main focus remains on service firms. I engage with the analytical unit profession more effectively to shed light on its co-production of institutional power, and introduce a new conceptual framework, i.e., the firm-profession nexus. The argument starts from the observation that the ABS industry has been able to increasingly set and enforce standards defined by specific, financialised, epistemologies, which have since not only rewritten the economic and policy textbooks, but also shaped and reproduced dominant forms of expertise and professional practice. This goes beyond economists' observations who argue that lobbyism crudely indicates which profession benefits from licensing (e.g. Friedman, 1962, Stigler, 1972). In tandem, ABS firms *and* professions have been sharing and mediating an orientation to economic success as 'producers' of professional bodies of knowledge (with knowledge being both a social product and a source of power, cf. Dingwall and Lewis, 2014 [1983]) and inscribed control over 'epistemological', 'moral' and 'pragmatic' authority with particular implications for the larger political and economic order, endorsed, however, by state recognition (Cooper et al., 1988).

The remainder of this article develops as follows. The next section situates the argument in the literature of financialisation and professionalisation that have so far been overtly separate. It further illustrates the evolution of professions alongside the evolution of economic systems and discusses imminent traits of ABS professions that relate them with the (economic) performance of their own professional practitioners and firms. Section 3 outlines the firm-profession nexus and introduces three analytical dimensions – jurisdiction, power and control, and marketization – that define the heuristics to better understand the intricacies between professions, firms, and the state: The state needs advanced business services and grants 'knowledge monopolies' to the respective professionals, but also enforces regulation for both firms and professions. Section 4 scrutinises the analytical advantage of the nexus as a heuristic device for future studies in the ABS sector before summarising the main argument and concluding with four key points.

Linking financialisation with the question of professionalisation

Two turns of fundamental significance facilitated and shaped the rise to prominence of finance and its unprecedented growth almost a century later, namely, professionalisation and economic financialisation. The first turn, from the late 19th century, marked the *professionalisation* of work. The growing interventionism of governments alongside administrative bureaucracies and rising commercial enterprises met the emergence of multi-professional organisations that increasingly demanded expert labour from, for example, lawyers, accountants, and bankers. It profoundly transformed the size, type, and significance of professional work, and it paved the way for complex expert systems and an upsurge in new professions (Abbott, 1988). Undeniably, both professions and corporations have altered over time. Corporations have become larger and more complex with new scope for outsourcing, growth, and specialisation aided by processes of globalisation (Dicken, 2004, 2015, Fröbel et al., 1977), regionalisation (MacLeod and Jones, 2007, Martin, 2010), and institutionalisation (Gertler, 2010, DiMaggio, 1988, Farazmand, 1999). The uniquely placed skill and knowledge of professions – organised, among others, in professional communities[iii] (Goode, 1957, Wenger, 1998) – assisted the formation of newly emerging organisational architectures in transforming knowledge-based services economies (Daniels, 1993, 2004, Faulconbridge, 2010).

More recent approaches in the sociology of the professions (Abbott, 1988, Freidson, 1977, Larson, 1977, Macdonald, 1995) acknowledge specifically ABS professions as “powerful occupational groups who not only closed markets and dominated and controlled other occupations in the field but also could ‘capture’ states and negotiate ‘regulative bargains’ … with states in the interests of their own practitioners” (Evetts, 2003: 402). Despite its overtly Anglo-American ethnocentrism (cf. Macdonald, 1995), this notion is a useful starting point for the present argument. ABS enjoyed an upsurge in the neoliberal Anglo-American capitalist system before globalising since the late 1970s. Since then, not only ABS firms, but also their professions altered tremendously (Macdonald, 1995). Entering new markets and professional cultures forced firms to amend established business forms and conform to the varieties of national standards and work practices abroad (Faulconbridge, 2006, 2008, Faulconbridge et al., 2012). Professions helped to mediate such changes over time (for a compelling demonstration on the example of the Canadian accountancy profession, cf. Cooper et al., 1996, Greenwood et al., 2002), thus, adding “knowledge and power for economic gain and monopoly control” (Evetts, 2003: 404) to their practitioners and firms. As many firms compete in the market for goods and services, professions compete for authority regarding knowledge and education. Taking this argument further and establishing the fact of inter-professional competition (Abbott, 1988), the concept of ‘epistemic arbitrage’ (Seabrooke, 2014) captures how transnational professionals benefit from opportunities *between* bodies of professional knowledge to create strategic advantages and derive influence over what knowledge is/becomes dominant. Their practices, however, oscillate between ‘thin’ and ‘thick’ domestic regulatory environments that define and recognise professions and their jurisdictions, and thick domestic environments may diminish epistemic arbitrage benefits. Whilst the idea of epistemic arbitrage is highly insightful, the unit of analysis remains the professional *firm*, not a profession.

ABS agents such as analysts, strategists, accountants/auditors, and lawyers, working in banks, rating agencies, and other financial, accounting and consulting firms helped to make new financialised practices and technologies constitutive and relevant (Strulik, 2006). Seemingly immaterial economic activities such as investing, trading, auditing, and accounting are ‘culturally’ embedded (MacKenzie, 2011) in complex, multiple reiterative processes and multi-national, multi-sequential and multi-agent interactions (Knorr Cetina and Preda, 2005), echoed in the fact that “different groups of participants understand financial instruments in very different ways and each with their own ‘evaluation cultures’, their own distinctive ways of making sense of and valuing financial instruments” (MacKenzie, 2009). MacKenzie elucidates how the ‘materiality’ of the social settings and conditions generates ‘workable knowledge’ used to constitute financial markets illustrated around the turn of the millennium, which witnessed key events and dynamics articulated through the ‘productiveness’ of finance (Christophers, 2011) by the bursting of the *dot.com* and subprime mortgage bubbles, and audit failures following reckless financial and accounting practices, like that of the Enron corporation. Pressured by shareholders to increase ‘value’ and disciplined by financial accountability and performance indicators, the private sector across industries had started to financialise both in scope and scale. In the public sector, fiscal crises, rising costs of the welfare states and cut-backs in funding (Harvey, 2005, Leitner et al., 2007, Stiglitz and Snowdon, 2001) has led states and their bureaucracies "to redefine professionalism so that it becomes more commercially aware, budget-focused, managerial, entrepreneurial and so forth" (Hanlon, 1999: 121).

ABS professions with a focus on financial accountability have since helped to (trans-)form the business environment of financial reasoning and new accounting realities. Consequently, the argument's second turn of interest is (corporate and state) *financialisation* (Aalbers, 2017, Karwowski and Centurion-Vicencio, 2018, Robinson, 2017). It refers to financial markets beginning to dominate the traditional industrial economy (Leyshon and Thrift, 1997, Strange, 1997 [1986], 1998), with 'value' being increasingly derived from debt as promoted by bank lending, creative accounting, and fiat credit creation (Bezemer and Hudson, 2016). Triggered by a wave of re-regulation and liberalisation, growing demand for specialised financial and finance-related expert work has paved the way for the expansion of ABS' authority over other professions. Privatisations, most prominently promoted by the neo-liberal Anglo-American states since the late 1970s, subscribed to the discipline of the market, and the greater need for ABS skills initiated the provision of expertise by an army of emerging advisors from legal, accountancy, banking, and other consultancy backgrounds. To this day, ABS constitute one of the UK's most successful export industries (Kay, 2016). Of fundamental importance for professions to thrive is societal trust, however, which seems to counter the ABS professions' ambivalent character and organisation "as a tool for acquiring and maintaining a privileged and autonomous position" (Rueschemeyer, 2014 [1983]: 34). A monopoly of expertise can increase a profession's opportunity to manipulate wider society in order to generate income from the granted monopoly, but manipulation violates trust in professions. In fact, the honourable idea that "the professional community holds that exploitation would inevitably lower the prestige of the professional community and subject it to stricter lay controls" (Goode, 1957: 196) has been tested over time – perhaps most memorably during and after the crisis of 2007/08 – and shows the growing gulf between the values of (some) professions and those of wider society. Yet, by shifting to an increasingly financialised economy and society, ABS professions appeal as an 'effective' disciplinary mechanism and for social control at micro- and macro levels (cf. Evetts, 2003, 2006). The power to discipline and control, and hence to shape and reproduce dominant forms of expertise and professional practice, varies among ABS professions, but is institutionally rooted in a system traditionally protected by the state (for an overview over the development of professions and professional autonomy in different modern nation states, see Macdonald, 1995). Historically, the formation of the state and the autonomy of (some) professions have emerged hand in hand and is still of significance today. Whilst it was the imperial state of the 20th century that 'sucked in' many professionals into the military apparatus (Macdonald, 1995: 116), the financialised state of today may pursue a similarly far-reaching project.

Table 1 contrasts the organisational degrees of professions. ABS groups claim different degrees of institutionalisation, an important trait when grasping what underwrites a profession's 'epistemic authority' or (occupational) jurisdiction. In contrast to the *organisational* professions, the *occupational* groups of law and accountancy are still in a relatively privileged normative position. The degree of institutionalisation affects how and how successfully a profession negotiates, validates, and defends its jurisdiction against others. Professional jurisdictions are fiercely contested because they are valuable (res-)sources of income generation for their practitioners. Legal and accountancy services, for example, have jurisdictions historically protected by the state (occupational professions, cf. table 1), often linked with high degrees of regulation and institutional power (market entry, conduct regulation, etc.), whereas other professions such as banking and management consultancy services have either failed to establish such beneficial relationships with the state (cf. Glückler, 2004), or do so only in some nation states (Paterson et al., 2003).

Table 1: Characteristics of ABS professions

ABS professions	**Forms of professionalism and derived degrees of state institutionalisation**
Accounting & auditing // Corporate law	*Occupational professionalism* ('traditional' professions): ▪ discourse constructed within professional groups: discretionary decision-making in complex cases, collegial authority, occupational control of the work, based on trust in the practitioner; ▪ operationalised and controlled by practitioners, based on shared education and training, strong socialisation process, work culture and occupational identity, codes of ethics monitored and operationalised by professional institutes and associations; *High degree of institutionalisation:* ▪ high degree of social constraints such as licensing, mandatory association membership, developed formal interaction and communication; ▪ professionalism constructed 'from within' the profession; ▪ State granted monopoly of jurisdictions.
Management consulting	*Organisational professionalism*: ▪ discourse of control by managers in work organisations (e.g. firms): rational-legal forms of decision-making, hierarchical structures of authority, standardisation of work practices, accountability, target-setting and performance review, based on occupational training and certification; *Low degree of institutionalisation:* ▪ low degree of social constraints such as licensing, mandatory association membership, developed formal interaction and communication; ▪ professionalism constructed 'from the outside' (work organisation, firm); ▪ no/low State protection of their jurisdictions.

Source: author, based on Evetts (2006), Berlant (1975), Greenwood et al. (2002)

Competition between ABS professions is fierce. The focus of ABS jurisdictions has altered and ABS themselves increasingly subscribe to the very logics of financialisation. One example: The 'Big Four' accountancy firms alone surpassed their combined revenues of US$ 94 billion in 2009 by 5.8% to a record high of US$120.3 billion in 2014 (Big4.com, 2015). Yet, adjacent professions – for example, corporate law – have repeatedly contested their entrenched jurisdiction, as bitter rivalry over long-term client contracts between the world's biggest law and accountancy/auditing firms reveals. For example, in 2016 in Luxembourg, the world's second largest asset management centre with a favourable corporate tax system, the Bar Association threatened criminal action against three of the Big Four accountancy firms in order to prevent what the law firms perceived as an ongoing violation of their own jurisdiction and occupational autonomy:

> Legally, auditors are obliged to audit the investment funds. The trade-off is that they do everything for *our* clients. They do consulting, which includes […] reporting-consulting and regulatory-consulting. Of course, the auditors say they have internal procedures to avoid a conflict of interest. I will not expand on that issue. […] The management company or the fund appoints […] *us* as their legal adviser. […] The auditors, however, sometimes do both the tax advising and then also the annual accounts for the funds. In other words, they first introduce a fund's tax structure, and then, they audit it. Each normal person would acknowledge this is a conflict of interest. […] The worst is that the auditors then consult *our* client's case files and look at the tax rulings and the whole structure. […] And then they tell the clients at their meetings of the Board of Directors, when they do the annual reporting, look, we could also do regulatory advice for you and this and this and this […] and it would cost you such and such an amount. (interview with a Partner, law firm, May 2014, English translation and emphasis by the author)

This poignant statement exemplifies how "law and accounting [fight] frontally over tax advice, the one because it writes the law, the other because if defines what the prescribed numbers mean" (Abbott, 1988: 30). Such power tussles over epistemic and moral authority point towards a shifting ABS firm-profession nexus, from being custodians of knowledge to becoming "brokers of meaning" (Noordegraaf, 2007: 780). The nexus can be defined as an organisational space where 'power' is created, defended, extended and institutionalised. It enables its members not only to challenge narrow interpretations of their jurisdictions to the benefit of their practitioners, but also to control and protect their jurisdictions as a future source of income generation and societal recognition. Normative professions such as law and accountancy are primarily concerned with matters of economic value and have thus preceded over science (Macdonald, 1995, Halliday, 1983, 1987). In this sense, the ABS firm-profession nexus is an economic interest group in the financialised economic order. The ABS firm-profession nexus developed in the subsequent section seeks to better understand the 'hidden' logics and organisational architectures that foster the institutionalisation of power beyond the analytical unit 'firm', and to analytically incorporate the professions and the state.

Conceptualising the firm-profession nexus

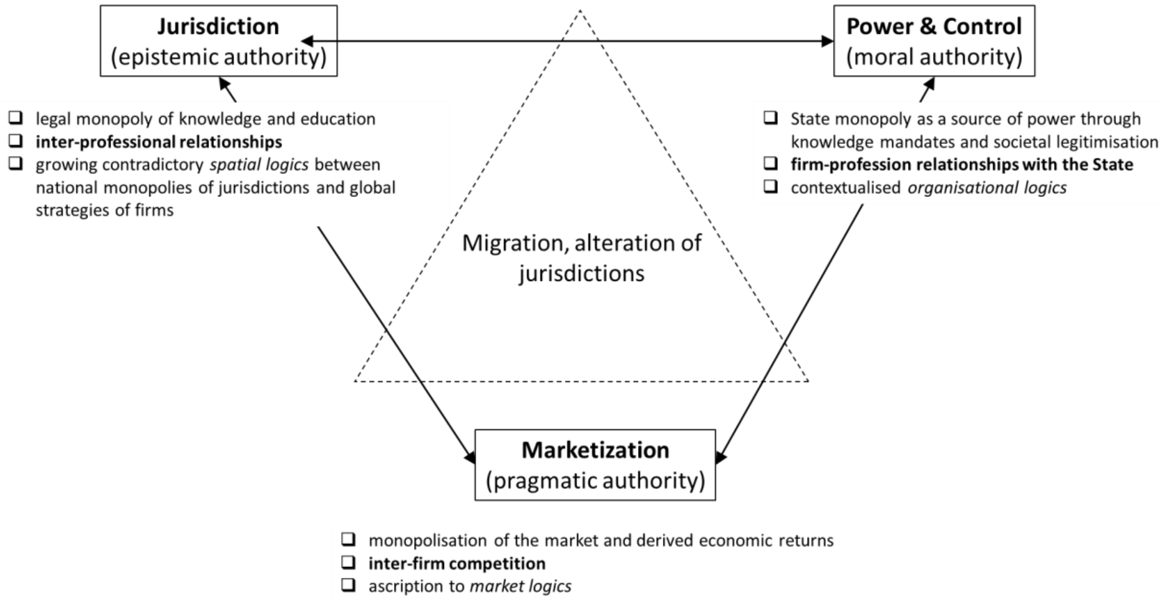
The firm-profession taxonomy describes the political economy of changing occupations and professions in an intensifying global knowledge economy, and therefore defines aspects of the "*deep infrastructure* of contemporary commercial life" (Sinclair, 2000: 489; emphasis in original). It further builds on and relates to key findings from at least three recent disciplinary 'turns' in economic geography. First, the 'relational turn' (Boggs and Rantisi, 2003, Bathelt and Glückler, 2003, Yeung, 2005) emphasises, amongst others, that economic action is relational action because it portrays the relationship between the firm/organisation, the territory, and the evolution of economic activity (Bathelt and Glückler, 2011). In this setting, ABS firms act as particularly successful "institutional agents" (Boussebaa, 2015) who coordinate, mediate, and arbitrage strategic interest, and, to date, constitute probably "the most powerful industrial lobby" (Kay, 2016: 4) in influential politico-economic 'revolving doors' relationships (Wójcik, 2013, Blanes i Vidal et al., 2012, Hofman and Aalbers, 2017). This body of literature is, however, vague with respect to identify the underlying power beyond their relational and structural positioning in the economic order. I add a profession's specific knowledge base as a further source of power and define this specific knowledge base as follows:

"The process of formal rationalisation has generated a new type of knowledge, namely, the systematic, codified, generalised (which implies abstract) knowledge of the means of control (of nature and of humans). Most importantly, it has resulted in knowledge of how to acquire new knowledge of such means. … Knowledge of how to calculate market profitability, to organise and plan in bureaucracies, and to develop, apply and predict the abstract codified laws of the legal system have all been developed under the process of formal rationalisation. This formally rational abstract utilitarian knowledge has resulted in new means of control (… over other groups) and is a form of knowledge which is quantitatively and qualitatively different from the previous practical knowledge and the status-cultural knowledge" (Murphy, 1988: 246-7).

Second, insights from the 'cultural turn' (Duncan et al., 2004) stress the need for a more profound understanding of the 'inner workings of culture', in particular, of issues of power, discourse, difference, hybridity, representation and performance, which are parameters that form the 'varieties of professionalism' (Burrage and Torstendahl, 1990) between states. The *geographies of economic knowledge creation* (Beaverstock, 2004, Hall, 2008, Hall, 2009, Faulconbridge and Hall, 2009) forms an important strand of literature in this regard but remains in the realm of businesses and business education, thus considerably neglecting the influence of professions in this relational process.

This notion feeds the third 'turn' towards more 'practice-oriented thinking' (Jones and Murphy, 2011) that accentuates the apparent contingent nature of working practices, philosophies, values, and standards in varying contexts across the globe, from which, for example, tensions between a firm's globalisation strategy and a territorially defined monopoly of professions derive (Faulconbridge and Muzio, 2007). Faulconbridge (2007, 2008), for example, alludes to the political underpinnings

Figure 1: Situating the firm-profession nexus in the economic order



Source: author

of professions by exemplifying how the territorialities of the old English law impacted on UK law firms' recent expansion strategies into foreign markets.

Against this background, figure 1 suggests three analytical dimensions that inform the relational firm-profession nexus and the process of the institutionalisation of power: The first is concerned with professions and their jurisdiction along the mutually constituted linkages between formalised skill (jurisdiction) and applied skill (firms). The second dimension carves out the balances of power and control between firms, professions and the state. Whilst the state demands the supply of advanced business services for its own functioning, it grants legal monopolies to the professions but also regulates the activities of professions and firms. The third dimension focuses on the process of codification and marketization of the professional knowledge base to make it economically viable for firms and practitioners. The question related to this dimension is how the nexus oscillates organisationally, temporarily, and spatially to achieve jurisdictional authority. Each of the three processual dimensions are mutually defined by the dependent actor groups and ascribe to specific geographies that form the contemporary economy. It makes the firm-profession nexus an integral gatekeeping node in today's financialised economy not least due to its capacity to build alliances with other influential groups and stakeholders (Halliday, 1987).

Epistemic authority

This dimension subscribes to the professions as knowledge depositaries and custodians of a specific jurisdiction. A profession's alignment of normative prescriptions to new ideas as well as to its migrated or extended jurisdictions is important because such shifts potentially affect several ‘audiences’. Audiences include the profession itself, the market, clients, other professions and occupations, and, ultimately, the state. Audiences determine whether “the achievement of legislated exclusivity is obtained” (Greenwood et al., 2002: 61, cf. Abbott, 1988). This is not an automatic but a rather conflictual process. The example of the Canadian profession of chartered accountants and their radical re-definition of occupational membership and values over a course of about 20 years illustrates this well (cf. Greenwood et al., 2002, Suddaby and Greenwood, 2005): In the late 1970s, the accountancy profession was still concerned with its initial occupational tasks of auditing, accounting, and taxation, occasionally complemented by advisory services. By 1996, it had morphed into a ‘multidisciplinary practice’ profession, fully endorsing lucrative opportunities in business advice and management consultancy. Technically speaking, accountants, lawyers, and management consultants were all equally well suited to shift to such multidisciplinary practices. Yet, by the end of the 1990s, the accountancy profession had migrated its jurisdiction successfully, whereas management consultancies, for example, had (relatively speaking) lost ground. The jurisdictional migration was interest-driven, power-induced and not conflict-free, not least due to the large heterogeneity of the accountancy profession with practitioners in industry, government, education, and private firms. The Big Five (later Big Four), crisis-prone, pressured by deteriorating market conditions, and eager to define new business opportunities in the 1970s, were the first to trigger change *within* the profession. Yet they used their professional associations to implement these changes, which made them come across as less self-serving than if the firms had advocated their new jurisdictional claims publicly themselves.

Shocks such as technological upheaval, but also competitive discontinuities and regulatory change can disrupt economic processes, often resulting in all kinds of innovation and change. Professions mediate such changes by helping to theorise change, to endorse innovations and to shape their diffusion (Greenwood et al., 2002) to their firms and practitioners. Innovations are wide-ranging and could entail the introduction of new standards that may lead to a reorganisation of economic activities. Theorisation is an integral process of professions’ institutional change to attain and maintain their position of advantage over other professions over time. Theorisation justifies change and makes new ideas and other deviations from prevailing conventions accessible for wider economic adoption by firms and practitioners in streamlined form (Greenwood et al., 2002). One such process is *mimicry* (Mizruchi and Fein, 1999). Firms mimic peer firms in anticipation of similar economic returns (Scott, 1995). This is justified by pragmatic legitimacy (Greenwood et al., 2002). Immediate economic returns are, however, not always of primary concern. More important in the long run is, second, a profession’s need to align “new ideas … with normative prescriptions *prior* to their diffusion” (Greenwood et al., 2002: 61, original emphasis), a process referred to as *moral alignment*. Professional associations play – as illustrated in the section above – an important role in specifying moral alignment with regard to both the theorisation of a profession’s (new) jurisdiction and its members’ claim of jurisdictional exclusivity for their new/altered portfolio of activities and services. Professional associations are therefore key organisations in mediating change *within* a profession (Greenwood et al., 2002: 61) and *between* firms and professions in their own competitive settings. Theorisation is the underlying process for creating and defending epistemic authority, and is closely aligned with pragmatic and moral authority as discussed in the following two sections.

Pragmatic authority

When advanced business services started to "employ the economic legitimations of profit, security, and economic growth" (Abbott, 1988: 187), they did not rely on social origins and character values anymore. Instead, they valorised "scientization or rationalization of technique and … efficiency of service" (Abbott, 1988: 195), appositely meeting and fine-tuning the requirements of financialised economic activity in public and private professional services. An example of how governments generated vast amounts of financial, tax, audit and legal work, over which ABS firms claim epistemic (and moral) authority, can be seen in the post-2007/08-crisis introduction of vast amounts of new financial regulation. Regulators tasked the accountancy specialists and legal experts to check banks' compliance with these new rules, which the ABS experts had themselves helped to design in the first place, much to their subsequent economic and social advantage. Specialised legal services are in growing demand due to the proliferation of laws and regulations promulgated from a variety of sources. "Corporate bodies [for example] are in continuing tension with legality, seeking to arrive at some accommodation with attempts to regulate their own affairs and to exploit its possibilities for defending or advancing their own interests against rivals" (Dingwall and Lewis, 2014 [1983]: 62). Buoyant financial markets and the increasing globalisation of businesses require accounting services for international corporate clients. The global market, however, is dominated by an oligopoly of four global accountancy firms, who undertake virtually all the auditing of the multinationals in the world.

The Royal Institution of Chartered Surveyors (RICS; in their own words "the world's leading professional body for qualifications and standards in land, property, infrastructure and construction", cf. www.rics.org/uk/) is a prominent example of an international, quasi-monopolistic professional organisation that illustrates the symbiotic relationships between professions and firms. It works in two directions. First, it defines standards within the profession. Real estate advisory firms must hold RICS-certification by default if they are to gain international business recognition and clients' trust. Second, RICS is concerned with the institutionalisation of education. It has authority over what should be learnt and what should be known (see Hall, 2008, on the role of business schools in this regard). In this sense, RICS-accredited universities and higher education facilities around the globe form "dialogical spaces" (Hall, 2008) that facilitate multi-directed knowledge exchanges and foster processes of institutionalisation (cf. table 1). Knowledge, however, is not just spread. RICS certification enables study programmes to generate and economically benefit from particular bodies of knowledge. It is crucial to understand that in this way, real estate advisory firms were empowered to (re-)shape and even create markets in their roles as strategic intermediaries and information brokers (Dörry and Heeg, 2009, Heeg and Bitterer, 2015).

Just like the global RICS association, the national accounting associations have been trying to align with and promote international harmonisation in accounting and reporting/auditing standards, and this anticipated market expansion has played into the hands of the dominating Big Four. "[I]n the early 2000s the International Accounting Standards Board, the leading international accounting body, drew up a set of standard accounting rules known as International Financial Reporting Standards (IFRS). The drive to create a single European market in financial services led to the adoption of an EU directive that required all listed European companies to prepare their accounts in accordance with IFRS from 2005. The EU countries, joined by Australia and South Africa, constituted wave one of what is rapidly becoming a global standard. Wave two consisted of around 70 other countries which by 2007 had undertaken to move towards adoption of IFRS, including Japan, India, South Korea and Canada. … However, the United States had begun to move towards reconciling IFRS accounts with GAAP… The head of audit at KPMG hailed the IFRS story as 'the biggest revolution in financial reporting in living memory'" (Roberts, 2008: 213-14).

Without the consent of the state, harmonisation processes lack enforcement, success and legitimacy. However, it is important to note that professions also seek to prevent too much state intervention and "to keep ahead of the state in standards of financial [and other] regulation" (Macdonald, 1995: 205). I now turn to the professions' ability to create moral authority through state-granted monopolies.

Moral authority

A profession's credentialed knowledge (jurisdiction) is its key strategic asset, providing opportunities for income, closing markets, dominating and controlling other occupations, and intervening in areas *outside* the immediate purview of their professional work. The latter processes of 'moral authority' (Halliday, 1987, Macdonald, 1995) are achieved through regulatory bargaining with the state and works, for example, when the legal profession pronounces on constitutional reform or auditors give opinions on new regulations. In this sense, professions seek "to translate one order of scarce resources – special knowledge and skills – into another – social and economic rewards. To maintain scarcity implies a tendency to monopoly: monopoly of expertise in the market, monopoly of status in a system of stratification" (Larson, 1977: xvii). With the state being the only power to grant such monopolies, professions and their practitioners/firms are dependent on state recognition and hence embark on a process of regulative bargaining (Cooper et al., 1988), not least in their capacity to forge alliances.

The two groups of interest here, lawyers and accountants, have rather distinctive relationships with the state, which makes their scrutiny among the firm-profession nexus even more demanding. Whilst lawyers in their very function as the judiciary are themselves an arm of the state and hence operate at the public-private boundary, accountants have been gaining far-reaching influence recently. They "have a monopoly in the most important of accountancy services, auditing, and in

Britain they have a firm grip on a number of other services – taxation and management consultancy, insolvency, company flotations, mergers and shares issues, for example" (Macdonald, 1995: 204), and this ties in with the increased work related to increased financial accountability and output performance measures in both the public and the private sectors. From that perspective, the firm-profession nexus – together with the state – forms a repository of central values of the modern economy and is as such vital in sustaining the hegemony of financialised capitalism.

Discussion and conclusion

I have argued that ABS professions can wield far-reaching power in actively constructing and closing markets, formalising rules, creating transparency and increasing market competition, dominating other occupations, and negotiating regulative bargains with states in the interests of their own practitioners – in short, in creating and exploiting the institutional power that benefits firms and through which contemporary economic geographies are shaped. Whilst industrial capitalism and tools for the new managerial classes witnessed the ascendancy of management consultancies, the fundamental shift to essentially financialised economic activity has propelled the accountancy profession as much as corporate lawyers to the top of the pecking order of the ascendant ABS group as a whole.

To be sure, this is not a zero-sum game; ABS have successfully broadened their influence over the past decades based on their increasingly recognised knowledge base, while increasing their political influence not least via revolving door mechanisms. Advanced business services can reduce market uncertainties, foster trust and transparency for financing and investing activities that benefit a large range of share- and stakeholders, and are sources of 'creative' accounting, while also being instrumental in reporting, writing and interpreting the law, to name but a few. In general, economic geographers focus analytically on the firm as a main source of innovation, economic return and regional development. This article challenges this established view and suggests to include the additional layer 'profession' to better grasp further rationales in the financialised processes of innovative economic activity. The analysis introduced the firm-profession taxonomy as a broader heuristic to develop a better-informed understanding of the inner workings of the ABS industry. Derived from the argument that ABS are vital to financialised practices, I sought to demonstrate the institutionalisation of power of ABS located at the oscillating intersections between professions, firms, and the state.

A range of established approaches in economic geography and adjacent disciplines could help to further dismantle the workings of the firm-profession taxonomy in the re-/formation and stabilisation of the financialised capitalist economy. Though far from being exhaustive, such concepts could encompass, for example, evolutionary approaches to examining the role of competition in shaping micro-agents' behaviour within the ABS firm-profession nexus, which ultimately defines and variegates context-bound institutional environments (Essletzbichler and Rigby, 2007, MacKinnon et al., 2009, Dörry, 2016). Comparative case study approaches could help to identify the varieties of professions, not least across a globalising world and its manifold legal territorialities. One may continue by critically probing the crucial role/s of the state in these processes. The article closes with four key conclusions that discuss principles for further research to define and inform a more holistic approach toward processes of financialisation.

First, a taxonomy of the power structures (Allen, 1997) among the different ABS firm-profession nexuses helps to understand their influence in financialised production. We have seen that both the power to link new ideas with economic revenue and to exert political sway through the revolving doors mechanisms varies between professions. Scrutinising the different dimensions of power structures inevitably produces better insights into stability-creating practices and hence into some of the core economic and cultural foundations of financialisation.

Second, scholars have correctly noted the “relative dearth of empirical work” in the financialisation debate (Pike and Pollard, 2010: 29). Hence, the pronounced agency-focus of the firm-profession nexus could work as an analytical device for such studies. Analytical dimensions, for example, could include power, practises of epistemologisation and legitimisation; learning, innovation, and negotiation as outcomes of conflicting interests within both organisational and occupational professions; and transmission and mediation mechanisms between firms and professions across the different ABS, of which business education may just be one channel. In this way, I link the making of financialisation more strongly with agency, as well as with place, as the next point suggests.

Third, since economic geography is greatly concerned with regional development, insights into the link/s between ABS firms and professions could stimulate debates on how to analytically grasp processes of long-term development in finance-based urban economies such as those of international financial centres (IFCs). Urban economies pool large quantities of economic ‘wealth-creation’ activities, providing archetypical examples of financialisation and ABS activities. Such an analytical angle may add another – so far neglected – dimension for grasping the essence of regional development of financial(-ised) urban economies better than the prevalent literature on urban and regional development does so far. How can one define the in-built territoriality of the firm-profession nexus, and to what extent could that help to explain the evolution of organisations and the geographies of financialisation? It would re-position the ‘auxiliary’ ABS firm-profession nexus at the analytical core in the future probe into the compositions of industry-specific responses to dynamic challenges.

Fourth, and at a broader level, a better-informed understanding about the role/s and interactions of ABS firms and professions might lead to a better comprehension of governing transition economies that are caused, for example, by endeavours toward more sustainable economic activities (Krueger et al., 2017), and/or major technology disruptions (Mackenzie, 2015, Arner et al., 2016). Professions provide significant hinges in coping with change, and currently inscribed bodies of knowledge would need profound alteration. Such complex socio-spatial processes require more analytical and empirical scrutiny, for example in the role and key practices of professions to ‘make’ and control new markets. How much political leeway is there to nudge such alterations, and how would new epistemic inscriptions travel across (and be competitively contested by) the varieties of professions?

Unsurprisingly, many more questions remain. These questions revolve, for example, around the relationship between skill-based and socio-politically legitimised (and formally negotiated) positions of power that reside in the firm-profession taxonomy, but also around this taxonomy's embeddedness in context-specific geographical settings – say in Protestant Germany or Confucian China – and its degree of adaptability/rigidity. Perhaps territory-bound professionalisation in general is approaching the end of its life cycle in view of increasing degrees of digitalisation and technologisation. Last, but by no means least in this non-exhaustive list of clue-seeking questions, is how deeply cultural values are rooted in society. If a society faces disadvantages from expert work, as it did in 2007/08, and consequently withdraws legitimisation, how will the ABS firm-profession nexus fare in the future? For the time being, advanced business services are the motor of financialisation and therefore constitute highly appropriate objects for further empirical investigation.

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[i] IT services have doubtlessly become important in today's business world. The role of technology in the financial value chains has shifted from providing simple support services to actively creating high-end value services by implementing new infrastructure that allows the analysis, use and storage of big data, but also the overhaul of entire industries as the opportunities of fintech and the specific instrument of Blockchain suggest. In this analysis, IT forms a sub-group of the consultancy business. Yet, its specifics are not within the scope of the argument of this paper.

[ii] Among sociologists, the term 'profession' is highly contested. The quest for classification, however, has temporarily reached consensus on 'professionalism' as a more useful term, because both *professions* and *occupations* share many common characteristics and their differences are differences of degree rather than kind (Evetts, 2006; Dingwall and Lewis, 2014 [1983]; Macdonald, 1995). For the purpose at hand, however, I continue to operate with the term 'profession'. Profession refers to a set of experts and the knowledge base of a given form of expertise, further defined in table 1.

[iii] The significance of specialisation and professionalisation has a long tradition. Examples reach far back in history and include, e.g. the medieval artisan and guild system. This paper, however, is concerned with the more recent structures and in particular with developments of the ABS professions.