

Determining the added value of peer-based audits in associations through a semi-inductive approach

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Abstract

This paper reports on the outcome of research into a system of peer-based audits for an association and its members. Three interrelated elements are discussed: 1) semi-inductive auditing by peers, 2) direct and indirect reasons why this kind of audit has added value for both by creating a new model for measuring added value in the context of associations, and 3) the role and impact of associations on quality initiatives. The purpose of this also to show that there can be an alternative for the usual response to a crisis with vertical quality systems or governance systems.

The peer-based audits themselves take the member and his or her ambitions as starting point and not the compliance to standards or regulations. This inductive approach is conditioned by the fact that all members should adhere to the Honor Code of the association and to the law. Both the model through which the added value is established, and the concept behind the peer reviews, are new and relevant to the study of associations and that of audits. However, an extra dimension is added, because the case on which this paper is based nearly did not make it through the decision making process of the association. As this is often the case with quality initiatives, no matter how well intentioned, some attention is also given to the “politics of quality” in this paper and the needed “surgent” approach. In this, the number of members and the nature of associations has also to be taken into account. Taken together, the elements of this paper provide a perspective on different ways of getting a quality initiative adopted while also proving its added value.

Evidence here is limited here to one association, though its outcomes in line with other case studies by the author and one recent major study that confirms the general outcomes (Hoogenboom, 2021). A repeat study is delayed, but will take place in 2022.

The implications for the future of quality can be these: 1) presently audits are based on a deductive approach: they adopt standards to an audit object to see if there is compliance. The reversal here can have many implications, 2) the way to establish added value can be applied to other quality initiatives and governance approaches. 3) looking at the decision making process in associations is highly relevant for a succesfull implementation, where considerations of internal politicking can set aside the rational approach usually adopted.

Keywords - quality, associations, emergence, surgent, politics of quality, collective action

Introduction

Change often requires a crisis. Negative media attention and a government that is supposed to take charge, often equates a call to action. Crisis management studies abound with examples of how government action is supposed to guide the behavior of firms and other actors (’t Hart, Stern, & Boin, 2016). Government actions are either automatic-affective or deliberative-cognitive systems (Dyson & ’t Hart, 2013). In the latter case, actions are almost inherently of a hierarchical nature, with a vertical impact: based on a democratic mandate, a public bodies tells privat businesses and individuals what to do and provides the possibility of sanctions after public oversight bodies report their findings af ter audits. Less obvious is how business themselves reflect that approach in their handling of a crisis. It is the vertical, authority or expert based, approach that dominates the way businesses set standards and audit them. It is also the way in which governance structures are supposed to be scrutized. Or stated in a different way; it is the deductive approach that dominates within a vertical assessment of what is happening. A rule or standard is applied to a given situation, both inside and outside an actor, and after

an inquiry or audit, the verdict comes whether the standards are applied or not. Codes of practice strengthen this approach, by stressing values like audit expertise, independence and transparency. Considerations that have to do with the context in which rules or standards are applied, may matter less than the requirements of objectivity and what stands up in court.

The drawbacks of this rational deductive approach are not unknown and come back time and again in the literature. In the literature on quality management, with often an audit process at its operational heart, evidence of the shortcomings of this empirical or reflective paradigm (Kemenade & Hardjono, 2018) abounds. The search for alternatives has been going on for quite a while now. Alternatives come about that are more conditional or 'emergent' paradigms (Kemenade E., Emergence in TQM, a concept analysis., 2019) (Fundin, Backström, & Johansson, 2019).

In the literature on governance, the same applies (Fairchild, Gwilliam, & Marnet, 2019) (Strikwerda, 2012). In the world of (internal) auditing, the four main methods (substantive procedures-, balance sheet-, system based- and riskbased-audits) all take behavioral aspects into account, but the same expert-based values seem to dominate (Botha & Wilkinson, 2019). It has produced what is called an "audit gap" between what is expected from audits and what is delivered (Sikka & Puxty, 1998) (O'Donnell, 2016). Meanwhile, a report by the Internal Audit Foundation Report quotes research by Deloitte (Deloitte, 2018) that more than 50% of key stakeholders do not see the added value of internal audit services, stressing the need for auditors to be 'value drivers' (Lenz & Eulerich, 2020). But what kind of values? The need for 'assurance' dominates, not the need for improvement or engagement, and this is what drives the methods. In more general theories on complex adaptive systems there are also many arguments that can be considered a warning against rational deductive methods. Yet this approach endures, and even seems to gain in strength as, for instance, accounting practices lead to new incidents and compliance efforts of banks seem to fail time and time again. In the search for robustness, fragility endures (Taleb, 2012).

If this is all so often observed and logical, why not try to turn the deductive approach on its head? Why not make the actor and its context leading, and audit only the rules and standards relevant to these? In other worlds, has an inductive approach added value?

This text describes a case study in which a big step towards a more inductive audit-approach is taken, as described in the next paragraphs. It does so, in order to answer the question if an alternative to a rational deductive approach is possible, and if so, what is its added value and under which conditions can a non-deductive or (semi-) inductive approach work?

For a number of reasons, this may have extra relevance because of the setting of the case study. Firstly, the case is that of an (trade) association. By far most of the research on audits is done in the context of single businesses or entities, forgetting how much of their behavior is not only conditioned by governments, but also by their associations. As tentative research by this author and others makes clear, associations are more than the sum of their parts when it comes to decision making and discipline. The interplay of members, their scale, size and market conditions give a specific dynamic to both an individual audit and their sum. A social dynamic with a critical mass that also determines the acceptance of an audit and its results. It is at the 'meso-level' that the impact and added value of audits makes itself truly felt. Here an interpretation of the 'logic of collective action' (Olson Jr., 1971) (Grote & Lang, 2006) gives rise to the 'the politics of quality' (Noordhoek P., 2017): the kind of actions and symbols the leaders of an association must wield to get to quality and governance initiatives that work and restore the trustworthiness of a whole profession or sector. The case described here, should show the 'surge' that can occur when a threshold is passed (Ball, 2004) (Granovetter, 1978). The added value must be such that an increased risk of subjectivity does not make the findings insignificant.

Secondly, much is being made of the possibility of digitization and network approaches to improve audit approaches. Adaptation and analysis of a more inductive approach, gives some indication of why this can be so hard in practice, or comes down to many missed opportunities to build trust between members of the same trade or profession. In this conditionality, an extra measure of added value may be found. Here, the case study is presented. Both factual and methodological aspects are discussed. For a full understanding of concepts and issues, a referral is made to the PhD study of the author (Noordhoek, 2019).

Case study: 4000 Dutch real estate offices

The object of the research as presented here, mostly done in 2018, are peer-based audits as done within the Association for Real Estate Agents and Appraisers in The Netherlands, the NVM (NVM, 2019). With 4000+ members, it is by far the largest association of its kind in The Netherlands. Of these 4000 members, more than 90% of the members are small enterprises (less than 10 FTE), most of them active in the housing market and a more limited number in commercial or agricultural real estate. The association combines both sectoral and professional characteristics.

The study as described in this article, concerns 130 peer-based audits with a pilot status, done by 12 auditors in a period of six months from 2017 to 2018. On the base of this study, the decision was made to make peer review audits mandatory for all members. By the start of 2020 more than 1000 audits have been held and reported. As yet there are no indications that the report missed important findings, but a full evaluation will be done during 2022, based on the same method (delayed due to Covid19). A first survey done under 250 of 1000 audittees, shows results that satisfies the board, and awaits publication.

It should be mentioned that the early part of this research has already been part of a PhD-study on the nature of associations and their capabilities to react to a loss of reputation and trust (Noordhoek, Trusting Associations. A Surgent Approach to Quality Improvement in Associations., 2019). The study has also looked at other large peer-based audit efforts within associations of the notariat, the public libraries and several others. This study also led to a rethinking of the major streams of thinking about 'quality', proposing a 'surgent' instead of an 'emergent' approach to quality, as the most recent writing on the subject does. In short, it sees 'quality' not only as the outcome of an empirical or systematic approach, but as the outcome of a process full of often conflicting views, often best seen through the lens of the 'politics of quality'.

The term 'peer-based audits' is used here to avoid confusion with the term 'peer review', the latter being too well known in research as a way to determine the value of scientific writing (Kovanis, Trinquart, Ravaud, & Raphaël, 2017) or elaborate accounting practices. Here, it means that each registered member (the audittee) is visited by another registered member (the auditor). The inter-collegial meeting (the peer-aspect) is as important or more as the assessment of the adherence to the NVM-code of conduct (NVM, 2019) and connected internal and external laws and regulations (the compliance-aspect). This is the result of having both a coaching and control dimensions in the goal of the audit. This also meant there was a need to develop a more integral way of measuring added value. Standard evaluations based on happiness or other satisfaction requirements were not considered adequate, given the sharply critical context at the time of the pilots. The proposal to start peer-based audits came about in a time in which the board was scrutinized on every aspect of its work, with incidents visible to both insiders and outsiders. Indeed, the proposal to make the audits compulsory for all the members was very sensitive. Another methodological approach was needed, anticipating on all possible definitions of added value by the representatives of the members in the general assembly of the association.

Crisis as context

Before the system of peer-based auditing came about, several attempts had been made by board and management of the association to get a quality system working for the members. However, time and again, the members resisted efforts to adopt 'certification' or 'self-evaluation' as a means to show how the profession works on improving quality. All were refused on the base of it being too bureaucratic or anti-entrepreneurial. Nevertheless, the pressure remained to improve quality, not least because the reputation of the brokers is not good, including a ranking always near the bottom of trust barometers (Edelman Associates, 2019). In addition to this, there was also a permanent pressure to comply to new standards, coming from both politics, regulators and oversight bodies. To cut a long story of problems with the process short, in 2016 the board of the NVM decided to do research into the possibility for an inter-collegial or peer review way of doing audits. This would become part of a larger reorganization plan called 'NVM 2020'. The board agreed that audits had to be based on the 10-point Honor Code to

which all the members had sworn to when becoming a member. More adherence to the Code would become the central value to which the audits had to contribute in terms of effect on behavior. Otherwise though, there were mixed signals on whether the audits were to be aimed at coaching or compliance. All this provided a methodological challenge in developing both an effective and accepted audit approach. It is at this point that the author came in, having developed made-to-measure audit systems in, for instance, the public library sector and several legal professions.

Methodological challenges

Methodological starting points of the audit and its review were for the NVM:

- the transparency of the sector
- a semi-inductive approach
- an inter-collegial approach

After adapting the audit to these starting points, a first pilot was held with some indicative results. Soon there came the need for a more thorough evaluation, aimed at making clear what the added value of the audit to the members is. In methodological terms, the evaluation was marked by three challenges of definition:

- defining associations in their context
- defining elements of added value
- defining added value

Starting point of the audit: transparency of the sector

Developing an approach to the question how an audit in the context of a real estate office should proceed, starts with the methodological problem that an auditor cannot be there at the moments that are at the heart of the profession: talking with clients, helping to negotiate a deal. Having an auditor present would influence these processes too much. Fortunately, the Dutch housing market is transparent. Apart from public social media channels from the real estate offices and their own websites, there is a site called Funda (Funda, 2019), owned by the NVM, where more than 90% of all Dutch houses and business accommodations are offered on sale, including data on which agent takes care of the sale. Moreover, the association itself provides all its members with a wealth of data on pricing level, days in sale, appreciation by customers, position in the local market, etc. through its data company 'Brainbay' (Brainbay, 2020). Taken together, this provides every auditor coming from the profession a strong first impression of the office to be audited. Furthermore, the association provides a strong structure for the primary and secondary processes of each office through their models for legal documents, recognizable to all in the profession. This transparency of data and process provided the starting point for the audit.

The methodological starting point of each audit is the thorough study by the auditor in advance of the audit of the position of the office of the member. In the first phase of the actual audit, the auditor presents his or her findings to the entrepreneur with lines like these: "This is what I know about your office. What is your story?" From this story the auditor is then asked to talk with the audittee about ambitions for the office or the entrepreneur personally.

Inductive approach

It is from this conversation that the auditor draws up his or her final audit approach. There will always be a check on the Honor Code, and some points of compliance are unavoidable, but outside the Honor Code (the central value in the audit), it is the audittee and his or her ambition that determines the approach and choice of standards. It is in this sense an inductive approach. The object of the audit and its context is leading if and when it comes to the choice which body of regulations to apply. After the first part of the audit is concluded and the auditor has determined his or her chosen approach, the second element of the method, the actual audit, takes place. This usually starts with a systematic file research according to usual audit standards. This is almost always done in the presence of employees

of the auditee, so in practice there is an ongoing conversation too. After reflecting separately on the research part of the audit, there is a concluding part to the audit. Findings are given back, with often a distinction between findings of an incidental or structural nature. Nobody ‘fails’ for the audit, but there is a very sizable part of the audited members that has to make incidental repairs within three months after the audit and a repeat-audit after a year is not uncommon when there is a failing of a structural nature.

There is one exception to this approach. In case of strong resistance against the auditor and the audit itself, it will be a matter for the auditor to apply the elements of the Honor Code to the member one by one, so in a deductive sense. In practice this, after a 1000 audits by March 2020, is never necessary, but in combination with the fact that some elements are audited as part of a compliance effort (notably to do with items like privacy and other general legal requirements), it is better to speak of a semi-inductive approach.

Colleague or expert?

The third element of the methodology behind the audit, concerns the question whether or not the auditor should be a colleague or an independent expert. At first there was strong debate on the question. Imposing a 50-kilometer limit to separate auditor and auditee put an end to that among the members, as the evaluations would show, but among the staff of the NVM there was further debate. Again, the relative transparency and a high level of standardization within the profession of the daily process, is important. It means that brokers are probably better able to do the actual research than expert from outside the profession. The real question then, was whether or not the brokers can be taught the necessary audit skills and can be expected to behave according to general practice standards. In the past period it became clear that brokers with the necessary audit skills can be found (often with past experience before coming a broker), but the reverse is not true; audit experts with no formal recognition as broker were not accepted by the members. Another consideration to go for a peer-to-peer approach was the chance to get the colleagues to talk with each other, as in much of the country mutual competitiveness may prevent this. In other words: to break through the fundamental loneliness that often characterizes professionals in sectors like these (Noordhoek P. , 2019).

From first to second pilot

A first pilot of 30 voluntary audits, and its subsequent evaluation, made it in both the view of the new preliminary audit office and the board of the association clear that the approach worked. It exceeded expectations, in the sense that most members were impressed by how well prepared the auditors were, strengthening the collegial aspect of the audit. It also seemed to work because the number of audits that provided evidence of non-compliance with the Honor Code or regulatory failings was high: over 30%. The fact that this pilot was done with members that volunteered for the audit, made the high percentage of failings all the more relevant. In another context this might have been enough to show the added value of the audits. Apart from this, the first pilot also came with 35 specific recommendations based on observations during the audits. There was no dissent that these recommendations required action.

However, the general assembly of the association was still not convinced of the need for audits or even on the results of the audit itself. Anecdotal experience with a single audit close to one of the members provided a strong negative too. It is debatable whether this had anything to do with the evaluation itself. It is better to see this as part of a broader resistance against the policies of the board. In this context it is important to realize that the decision-making process in an association is fundamentally different from that of businesses, governments and other vertical hierarchies. The horizontal nature of associations makes for a different “politics of quality”, with often, like in this case, the board and its chairman in an overall weak position to start and implement quality initiatives. In this tense atmosphere the whole quality initiative of the audits could easily have been cancelled during the day-long general assembly, if not for a very late question by a member asking for further prove on the added value of the audits for the members.

It is in this context that the new approach to the peer review was further tested through another 100 pilot audits. Each audit resulted in a report by the auditor and a written evaluation by the audittee. Each audittee was then interviewed by a member of a group of 5 persons not connected to the audit office, following a written questionnaire. The full results were analyzed by this expert, with support from the audit office. Results that were discussed in several meetings, including meetings with members throughout the country, and ultimately part of a decision by the general assembly to adopt the system of peer review. The evaluation, its model and results, are part of this process of decision making, and subsequently became part of the wider study into 'Trusting Associations'. Meanwhile, the general findings, including the ones presented here, have become a significant part of a wider study into fraud and white washing in several professions (Hoogenboom, 2021). A study that leads to the conclusion that associations and their quality efforts are a vital part of any government strategy into ways of fighting both. It shows that associations are vital in getting 'reluctant professionals' to uphold regulation and indispensable in getting enough capacity to uphold these regulations.

Defining associations in their context

The underlying base for the analyses of the audit, is a new model that looks at the way groups turn into communities, including associations. There is a need for this model because of a structural lack of data on associations, made urgent by changes in the institutional settings of society. What there is in terms of data seems not complete, as for instance evidence from the inconsistency in the number of associations as reported from country to country. Neither is there insight into the number of association members or how much social and economic impact associations have in total, though the topic is high on the agenda in several countries (Noordhoek, pp. 77-88) (Noordhoek, 2018). Categorization is inconsistent and does not reflect on for instance the number of new shapes and structures that have come with digitization and the new network economy. The author has reflected on these developments and came up with several models. One of the main models is aimed at describing associations in their context. It is also the base for further reflections on the tasks and positioning of associations.

The basic element here is the 'group'. In literature like that of Durkheim (Durkheim, 1902) (Merton, 1957) (Barreto & Ellemers, 2003), an association could be distinguished from a group by the fact that it has recognizable borders. Attributes like toga's, uniforms and white doctor's coats told everybody the distinction between an association and just a group. High barriers of entry & exit are the hallmark of classic associations. However, even before the digital age this aspect became less recognizable, and now, with digital communities like LinkedIn and Facebook, the question 'what is an association?' must be asked again. This time it is not about making the borders of a group recognizable, but it is mainly about the changes in size of that group: the number of followers, likes, etc.. For associations this could lead to a 'transsocioation' (Noordhoek, p. 163).

Apart from this major distinction between the height of entry & exit requirements there is another distinction that should be taken into account. During the term of membership, members have to deal with all kind of standards and regulations, often not just internal by nature but also of a public nature. There is a distinction to be made between groups with strictly 'closed' standards and those with more 'open' standards. Associations with both high entry & exit criteria and predominantly closed standards can be considered 'classic' associations.

On the other side there are the open digital groupings. Experience shows, that it is hard for the more classic associations to transform into digital ones, though there is often a wish to do so. There is a barrier. More relevant, as we shall see, is the link with the quadrant in the upper left corner, which is governed by contracts rather than by communities.

Defining elements of added value

The audits resulted in two sets of indicators. The first set consisted of the results audits in terms of that were held. A distinction was made between those members receiving a grade of 1) conforms to the Honor code and excels at points, 2) conforms, 3) conforms under conditions, and 4) re-audit. The second set was the result of an in-depth evaluation of each audit and of the whole of the audit process during the pilots and after.

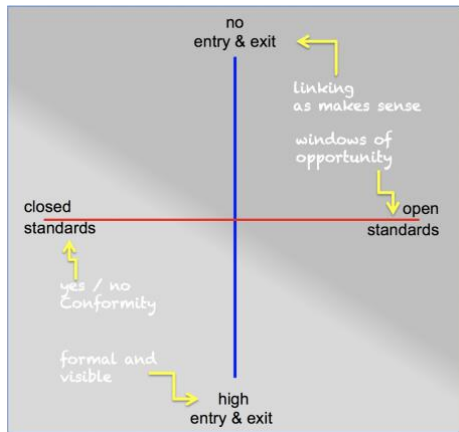


Figure 1a Association Matrix

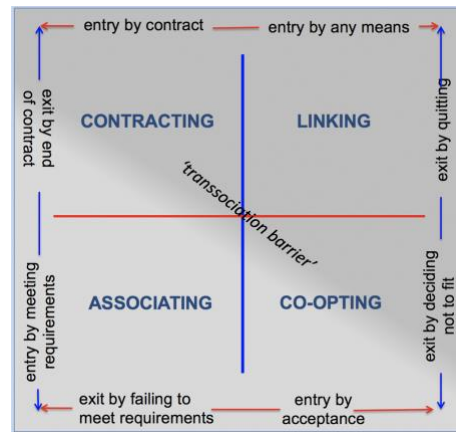


Figure 1b Association Matrix with Quadrants

Because the first pilot had already shown that participants were satisfied with the audits, and this had not resulted in the board being satisfied with the audit, it was resolved to go far beyond the usual ‘happiness ratings’. Proving ‘added value’ required more. Participants to the first and second pilots all volunteered for the audit, but it was rumored that a number of members ‘volunteered’ in order to prove how bad the audits were. It cannot be said exactly how many these were, but echoes came during the process of approval by the board. Partly for this reason, the decision was made to avoid publishing mere ‘happiness rating’ and no evaluation in terms of satisfaction was published apart from the direct results of the audits as given here in the table (first set of data). The results in the period after the pilots – when the audits became mandatory – do not show a significant change in results, though it must be said that, due to some new factors touching the sector (notably new privacy and financial compliance laws), there was an autonomous effect, raising the number of members with conditions. After the second pilot, full evaluations were held at every member that had participated in the pilot. This was done by account managers of the NVM, having had no involvement with the audits themselves, but well acquainted with the members and their challenges. They applied a set of questions, but also recorded wider remarks. At the same time, all audit reports were mined for themes, patterns and quotes by the audit bureau and the expert, and summarized in 58 points.

From the result of the pilots and their evaluations, two sets of indicators were developed; one direct, one indirect. The 43 direct points deals with issues that were raised during the audit itself. For this purpose, the points are selected in the order of the audit process itself, at the first moment they are likely to come up in an evaluation or report. These points can be both about the content of what comes up during an audit, and about the process of the audit itself. One of the more remarkable outcomes of these direct points, is the divergence between how, for instance, a broker talks about shaping the future of the housing business, and how he or she is in fact mostly following existing trends.

Table 1 First set of Data: Number of Audits and Outcomes

Audits 2016-2019	1st pilot January - May 2017	2nd pilot June - December 2017	Results January 2017 September 2019
Number of auditors	9	19	70
Number of audits	21	88	744
Result audit:			
Conforms and excels at points	6	13	136 - 18%
Conforms to Honor Code	7	32	323 - 44%
Conforms with conditions	8	28	271 - 36%
Re-audit	0	5	14 - 2%
Report not finished	0	10 - 11%	0

The 15 indirect points deal with the impact of the audits and their individual findings on the position of the NVM as a whole. What is, for instance, the impact of the audits on the local chapters of the

NVM, or on the role of specialists within the profession? Does it mean the audit can be used as a form of self-regulation that makes the need for external oversight bodies less? Etcetera. In the final report every point was expanded upon, with relevant outcomes for almost all points of added value, including 100+ specific recommendations. But does this mean the audits will give added value to the members? For this a more integral way of summing up the findings was needed.

Table 2 Direct and Indirect Indicators

Points of Added Value Audits NVM 2018			
I	Direct points of added value		
a.	Preparation of the audit	d.	Results of the audit
1.1	Use of information available to members	1.34	Results of the audit and how they are communicated
1.2	Use of publicly available information	1.35	Relevance to the business model of the member
1.3	Presentation of the office of the member helps customer and auditor	1.36	Impact of the concluding part of the audit
1.4	Audit preparation helps acceptance audit	1.38	Members that fail (Special protocol)
b.	Introduction phase of the audit	e.	Report of the audit and follow-up
1.5	Collegial nature of the audit helps to achieve its purpose	1.38	Quality and impact of the report
1.6	Structure of the audit achieves its purpose	1.39	What if it does not go right in one go? Conditions and repeat audit
1.7	Dealing with resistance to the audit by auditor	1.40	Judging parts of the members business excellent
1.8	Mutuality: feedback on national and regional association	1.41	Quality of the kalibration of the auditors
1.9	Effects of size of the office and specialisms	1.42	Control over the conditions for a successful audit
1.10	Opinions on the future of the profession	1.43	Added value for and through the auditors themselves
1.11	reflecting on the vision of the future of the member (3-way analysis)		
1.12	Business- and earningsmodel, including fee issues		
1.13	Awareness and effect of Honor Code and core values	II	Indirect points of added value
1.14	Correctness of registrations and accreditations	2.1	Support for policies of the association
1.15	Correctness of joint ventures and participation's in other businesses	2.2	Support for efforts chapters
1.16	Experiences with sanctions by court or internal disciplining	2.3	Support for different specialisms
c.	Research phase of the audit	2.4	Support for staff support activities of het association
1.17	Quantity, quality and compliance of working files	2.5	Support for quality value estimates
1.18	Views from employees and associates	2.6	Support for institutes with a registration or accreditation
1.19	Other issues related to files (insurance, legal issues)	2.7	Support for internal oversight and disciplinary board
1.20	Use of information technology (incl. cybersecurity)	2.8	Support for external oversight bodies
1.21	New business formulas, including internet brokerage	2.9	Support for role towards other parties in the real estate chain
1.22	Obligations relating to the reporting of sales	2.10	Support for role towards educators
1.23	Privacy and the use of data	2.11	Support for role towards national real estate portal (Funda)
1.24	Deeds	2.12	Support for role towards suppliers
1.25	Identification issues	2.13	Support for role towards central and local governments
1.26	Fees and VAT-issues	2.14	Added value in public affairs and positioning association
1.27	Specialisations	2.15	Pride in being a member of the association
1.28	Value assessments and validations		
1.29	Agendamangement and workload		
1.30	Marketing- and sales policies		
1.31	Key management and deposits		
1.32	Archiving and archiving terms		
1.33	Quality management		

Defining added value

For this last question, a way was found to put all of the direct and indirect points into the association matrix as discussed before. Depending on the count of words and items relevant to entry & exit criteria or how closed or open standards are formulated, each point gets a place. In methodological terms, this is vulnerable, as information is incomplete or unquantifiable or vulnerable to multiple interpretations. Still, this time it was more to get a general idea on the position of a point. Future studies (one is announced) can hopefully help calibrating the place of points. Again, the classic associations can be found in the lower left-hand corner.

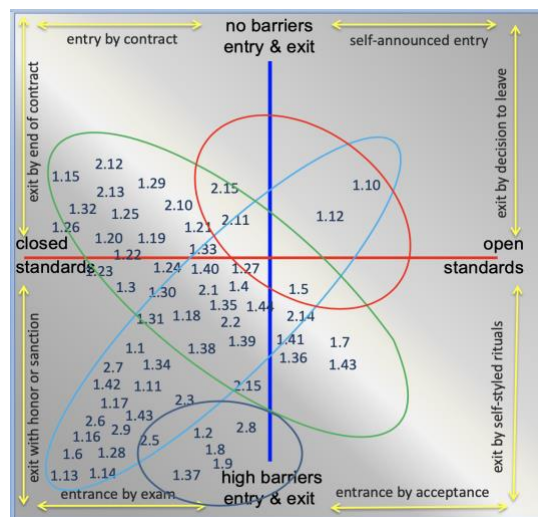


Table 3 Distribution of Points across the Matrix

The deep blue circle, concerning the ‘**entry and exit**’ points for joining the association, is not very large or strong. Perhaps this is fitting for an association that is more a collective of traders than one of professionals, but it is also a sign of not enough awareness of the importance of entry & exit criteria. Discussing this, could have great added value for the association.

Much more talked about, but even less a reality in practice, are the points in the red ‘**transition**’ circle. These concern the digitization of the real estate agents. There is much talk about the digital future of the real estate market, not least among the brokers themselves, not too much is done about it. Most mentioned items of digitization, placed in the lower left corner, concerns the digitization of existing analogue practices and the adaptation of already existing (social) media channels and platforms. Nothing wrong with that, of course, but for this sector the barrier that runs from the upper left to the lower right seems a real one.

Most of points are in the lower half of the light blue ellipse running from the lower left in the direction of upper right: because they are association bound, they are called the ‘**profession**’ points. A number of them are connected to the exit and entry barriers and are ‘closed’ standards on purpose. These concern the Honor Code (1.13) and the registration demands (1.14) to which all members must adhere, without exception. In practice, the audits showed that there were nevertheless many faults in the registration of the (junior) brokers. It is at this point that the most immediate benefit of the audits lies. Most of the points, however, are less closed in their nature. This is probably not illogical, as a trading association knows more grey areas than for instance medical associations.

The most interesting analysis can be made when looking at the ‘**entrepreneur**’ points in the green circle. The green circle partly intersects partly with the blue and red circles. This means that they deal both with typical elements of conformity to association demands and standards and with those that have to do with the demands and standards that apply when entrepreneurial or digital aspects apply. It can be seen that there are quite a few points that are not in the association quadrant at all, but in the upper left quadrant. This means two things. One is that the position and actions is determined by ‘contracts’ – one-to-one – rather than the ‘consensus decision making that belongs to collectives like associations. The second point is that next to association standards, the members are dealing much more with standards as determined by laws regulating the market. Prominent among these are contract law, tax standards and new (international) standards for value estimates, but much attention goes out too to issues relating with GDPR and anti-money laundering rules.

It is with these points that most of the dissatisfaction with the association came across in the audits. But here comes a fundamental point: it is ultimately not within the power of the association to change these rules or standards. Certainly, in the Netherlands, association function as a ‘lengthened arm’ for the government, providing self-regulation for the sector. By doing so, associations hope to mitigate the regulatory burden for their members, but the danger is that members come to see the (board of the) association as an accessory to the much-maligned bureaucracy they have to deal with. In other words; the quality standards are not necessarily sector or industry quality standards, but they are applied none the less and felt by the members as a burden laid upon them and not owned by them. It is not surprising then, that most of the criticism at the board as expressed in the context of the evaluation (and many places elsewhere) has to do with something the board can only very partly influence. The audits brought this tension to light, making it possible to address responsibilities in a less subjective light.

The politics of quality

The report, with its multi-layered analysis and recommendations, was first discussed with several stakeholders in and outside the board and then made available to all the members, including those of the general board. Again, there was no Hallelujah or even debate. A general assembly meeting that was to decide on the audits, was a deception. There was a lot of politicking, during which the report played in effect no role.

Was this a disappointment? Yes, but neither was it a big surprise, as nothing had been done about the underlying tensions. At that time the audits were just a stick to beat the board with, and the board had

let it happen. In terms of the ‘politics of quality’: the rationality of the effort was not enough. At some time, the leadership has to stand for the association’s standards. So, something had to change. The decision was made to go to the members with the idea of the audit. Meetings were held throughout the country, with the national chairman taking the lead in defending the approach and the expert taking the participants through the steps of the audit. Both auditors and those who had experienced the audits spoke frankly about the effects. These were not easy meetings. Still, over a period of at most six weeks, something suddenly changed. A ‘surge’ of support for the audit came through the ranks of the members. When a last and truly final general assembly was held on the issue, the audit system passed with barely a debate. There was, though, one change to the set-up of the audit. It would become part of the audit to give feedback to the NVM, and for the auditors to report back on this feedback through the report. This principle of mutuality (‘wederkerigheid’) was readily adopted.

A surgent approach: findings

Both the way the audits are being done and the way their added value was measured, were measurably succesfull in their own way. Yet, without the right approach to the decision making process, it would not have mattered much. Here, the decision to go to the members made the difference. But in order to appreciate what happened, it is important to realise that the decision making took place in the environment of an association. Often this is seen as a slow process and members that do not really understand what is at stake. However, in the logic of collective action it can be that there will be a great and speedy acceptance of a initiative when a decision is carried by the membership. 80% of the 4000 members signed up to the approach in a matter of weeks. This is fast, and may only happen in the context of an association. Within the quality community, there is a permanent debate going on about the different ‘schools’ of quality (Noordhoek, 2011) (Treadway, 2017). More instrumental approaches are being rejected, and not without good reason (Asif, Bruijn, Douglas, & Fisscher, 2009) (Miller & Cangemi, 1993). However, what is the alternative? The ‘emergent’ approach going around now in several articles is interesting and relevant (Hardjono & Kemenade, 2018) (Kemenade E. , 2019), but in a case like this, a surgent approach, with an explicit goal to gather support, can be at least as important. We still do not know enough about the specific dynamics of decision making within associations. Too easilly we extrapolate from individual behavior the behavior of a mass of members. This seems to hold especially true in the context of quality initiatives like audits, where it is more often than not intertwined with the fate of a board. So, more research is needed. Yet, ons thing may be safely assumed. Transferring a deductive approach into a (semi) inductive approach does not lead to a judgement of lesser assurance or lack of expertise by the auditors. Suggestions to the contrary in the run-up to the audits were not supported by the findings in the pilots. More important was the effect of colleagues speaking with colleagues. This way the value of NVM membership, including the elements of its Code, were likely more served than by otherwise. More experiments with an inductive approach should be of interest to the different fields of governance, quality and (internal) audit.

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