

I'm rubber, you're glue:
How professional accountants manage stigma transfer concerns in the U.S.
cannabis industry

Seamus Dufurrena

Bernard Leca

Ioana Lupu

Abstract

The notion of stigma-transfer remains under-theorized in the organizational stigma literature. This study seeks to shed light on the processes undergone by the commercial partners of core-stigmatized firms to manage the risk of stigma transfer. Our approach draws on the literatures of stigma and the professions in order to derive theoretical insights from data collected through semi-structured interviews and other archival sources on the professional accountants serving the cannabis industry in the United States. Our findings suggest that the accountants undergo a process that begins with rationalizing entry into stigmatized industries by (re-) aligning values to be more in congruence with the core attributes of their stigmatized partners, by careful reflection of professional ethics, and by recognizing the economic opportunities involved. In this context, associative bodies, such as the American Institute of Certified Public Accountants (AICPA), play a considerable role in enabling accountants by taking a ‘hands-off’ approach and not sanctioning its members for involvement in cannabis, thus facilitating the decision to enter. Upon entry, the process continues with measures to manage stigma transfer concerns by addressing the perceptions of close friends and family, vetting and managing clients to adhere to strict laws and ethics, and developing specialized expertise and new industry standards of practice. Additionally, we find that professionals continuously rationalize their partnerships with core-stigmatized firms by juxtaposing cannabis with other (vice) industries and by anticipating de-stigmatization in the future. These findings have both practical implications for small professional service providers as well as theoretical implications for research on stigma and the professions.

Keywords: accounting, stigma, stigma transfer, accounting associations, professional ethics, professional accountants, cannabis

Introduction

CPA's have been hesitant to get into this because of the risk of jeopardizing their license, you know. We can get accused of aiding and abetting. But state licensing boards like the Colorado State Board of Accountancy that regulates my license has issued a position paper [...] that if I'm a licensed CPA in Colorado, from their viewpoint, it's OK for me to work with legal regulated, you know, cannabis clients as long as I fulfill my other professional obligations: the AICPA code of conduct and my ethical things. They make it very clear that they don't give me a "get out of jail free card" if the Department of Justice wants to come at me. [...] I don't know if you followed like Jeff Sessions as the Attorney General under Trump for a while. And he was like... he did not like cannabis at all and scared the shit out of the industry and people like us and then he got replaced...

- Cannabis industry accountant, Colorado

Amid research on social evaluation constructs, stigma has received a burgeoning interest among scholars, particularly in the contexts of organizations. This has been beneficial to knowledge production as its sister constructs, such as legitimacy, status, and reputation, have been relatively well theorized and empirically tested over the last several decades. Scholarship has done well to establish that social evaluations have important implications for the outcomes of organizations including for the common indicators of profitability and market share (Devers, Dewet, Mishina, & Belsito, 2009; Pollock, Lashley, Rindova, & Han, 2019) as well as access to critical resources (Deephouse & Suchman, 2008; Suchman, 1995). Particularly in the case of stigma, a negative social evaluation, organizations who are the targets of stigmatization by key audiences have been documented to experience tough challenges and impediments to their operations and outcomes. Such challenges have included the concern of having stigma transfer to important stakeholders and likewise affect them negatively (e.g. suppliers and clients - Hudson & Okhuysen, 2009). Though while organizational stigma as a field has made strides, important gaps still remain to complete our understanding of this phenomenon, particularly with regards to prospect of having stigma transfer.

The accounting literature has made several important contributions to theory on stigma, regarding multiple levels of analysis, through its study of both accounting devices and accounting practitioners. For instance, and where accounting devices are concerned, studies

have shown their ability to enable and even perpetuate the stigma experienced by large collectives where they are used (Graham & Grisard, 2019; Walker, 2008) and where they are absent (Miley & Read, 2018). And while these studies have alluded to accounting devices as stigma enablers, there is perhaps as much or even more evidence to the contrary. Counter accounts (Detzen & Hoffmann, 2018), CSR reporting (Lauwo, Kyriacou, & Julius Otusanya, 2020) and earnings management (S. Zhang, Jiang, Magnan, & Su, 2019) have been employed by individuals and organizations to manage and, indeed, counter-act the effects of stigmatizing events (Hudson, 2008). Recently, and in the context of cannabis, studies have similarly suggested that accounting devices can also be disablers of stigma by facilitating the establishment of positive identities at the organizational level (Pflueger, Palermo, & Martinez, forthcoming) as well as normalizing the dirty work associated with the production and distribution of stigmatized products at the industry level (A. M. Romi, Carrasco, Camors, & Masselli, forthcoming). With regards to organizational stigma theory, these accounting studies have shed light as to how devices and practices may serve as arbiters of stigma. However, more work is needed to help complete our understanding of the dynamics of stigma between organizational actors and indeed the implications for professionals servicing core-stigmatized entities.

Adjacent to the research that focuses on accounting devices and stigma, and of particular interest to the present study, are those that address the stigma experienced by professional accountants in practice and as members of professional service firms (PSFs). Studies at this intersection of the literature have drawn from Goffman's (1963) notions of the stigmatized individual to describe processes undergone in dealing with, for example, the negative stereotype of the accounting professional (Jeacle, 2008) as well as with the (concealable) stigmatized identities of homosexual members of the profession (Stenger & Roulet, 2018). The latter revealed important insights as to how individuals with core-stigmatized attributes face working

environments that are ‘highly normative’ and ‘heterosexist’ in which high status collectives, that is, professions, operate. While these and other studies highlight the struggles of individuals with permanent stigmatized attributes, accountants have also suffered from what may be referred to as ‘stigmatizing events’ as experienced (temporarily) by individuals and the broader profession. For instance, Gendron and Spira (2010) revealed the identity work undergone by former members of Arthur Anderson to maintain or revise their professional identities after the firms’ collapse. In a similar vein, other work examines how the profession is confronted with stigma and takes into account the role of professional associative bodies (Dellaportas, 2014; Neu & Wright, 1992). Dellaportas (2014), for example, makes a critical examination of the role that accounting associations might play in reintegrating professional members who have served jail time for crimes and thus grapple with exclusionary stigma as a result. And although these studies have provided important lessons for the accounting field, not to mention broader theoretical insights for stigma theory, the literature currently falls short in elucidating other contexts and situations in which accounting professionals may be faced with the burden of stigma such as, for instance, that of ‘core’ stigma. This ‘sub’-construct is concerned with stigma associated with core attributes, for instance, of organizations (Hudson, 2008).

As a collective, the profession itself is not likely the target of core-stigma by very many audiences. However, those professionals that provide services to organizations suffering from core-stigma in controversial industries may have to contend with the possibility of stigma transfer, a phenomenon that can result in reputational losses, opportunity losses, and otherwise discrimination (Hudson & Okhuysen, 2009). While there are studies that examine the management of stigma by core-stigmatized firms themselves and, to a far lesser extent, the fear of stigma transfer (Khessina, Reis, & Verhaal, 2020), understanding how the commercial partners of such firms, professional accountants for instance, manage such concerns should provide lessons to the field as to how to confront the consequences of stigma. Furthermore,

and with important implications for broader organizational theory, examining the processes undergone by such professionals in these contexts should further our understanding of what enables core-stigmatized firms to survive – and even thrive – in an inter-dependent commercial environment. As noted in a recent and comprehensive review of stigmatization, “Understanding the ways in which stigmatization moves is crucial for understanding the implications of stigmatization and how to manage them” (R. Zhang, Wang, Toubiana, & Greenwood, 2021). And while Zhang and colleagues (2021) emphasize a need to examine processes of stigmatization across levels of analysis, we argue that mitigating the possibility of stigma transfer, even within the same level of analysis, remains mostly absent from our understanding of stigmatization processes to date. In the absence of empirical evidence illustrating the management of stigma transfer concerns undertaken by the commercial partners of core-stigmatized organizations, this study seeks to provide theoretical insight by examining the approach of professional accountants to managing the relationships that they hold with core-stigmatized clients. To do so, this study examines these relationships in the context of the cannabis industry in the U.S.

In the United States, the cannabis industry is one that historically has experienced very strong stigma through both the broader American public and the federal government particularly which, since the Marijuana Tax Act of 1937, has expended vast resources to pursue and prosecute producers and consumers of cannabis, effectively pushing it underground. Nonetheless, with the advent of state-level legalization efforts over the last decade, as of 2021 a majority of states have established legal medical (36/50 states) or recreational “adult use” (12/50 plus Washington D.C.) cannabis markets regulated within each state’s own borders. However, federal laws have not followed suite and U.S. government agencies retain the authority to inflict harsh punishment on cannabis firms and cannabis consumers. As a delineable social audience performing an evaluation of cannabis, the federal government,

through its rotating administrations and varied agencies, has clearly stigmatized the industry and remains a potent obstacle to its core activities. As a consequence, cannabis firms are unable to operate across state lines and lack access to a number of ancillary business services that most other industry organizations take for granted such as banking and insurance, for instance, due to fear of federal retribution. Therefore, and due to the looming threat of the federal government and its power to disrupt and shut down operations, the cannabis industry continues to suffer from high uncertainty as well as severe commercial constraints.

Among the list of ancillary business services, however, are professional providers which deliver critical services such as accounting to organizations across industries. As it happens, cannabis organizations have been able to access third-party professional accounting services as there are a growing number of accountants that have been willing to service the industry, in spite of the potent stigma associated with it and the looming federal threat.

We take an inductive approach to answer the following question: *How do professional accountants manage concerns for stigma transfer in servicing core-stigmatized client organizations?* Elaborating on this question, the purpose of this study is to identify the factors that enable such accountants to successfully provide services for core-stigmatized organizations in contexts where, for example, Big 4 accountants haven't dared to venture. The (semi-) illicit nature of the cannabis industry provides an 'extreme' context for our study thought to be conducive to generating new theoretical insights (Eisenhardt, 1989). Our findings suggest that the professionals, by partnering with core-stigmatized organizations, undergo a process that begins with a rationalization of entry into stigmatized industries through (re-) aligning values to be more in congruence with the core attributes of their stigmatized partners, careful reflection of professional ethics, and recognizing the economic opportunities involved. In this context, associative bodies, such as the American Institute of Certified Public Accountants (AICPA), play a considerable role in enabling accountants by taking a 'hands-off' approach and not

sanctioning its members for involvement in cannabis, thus facilitating the decision to enter. Upon entry, this process continues with measures to manage stigma transfer concerns by managing the perceptions of close friends and family, vetting and managing clients to adhere to strict laws and ethics, and developing specialized expertise and new industry standards of practice. Additionally, we find that professionals continuously rationalize their partnerships with core-stigmatized firms by juxtaposing cannabis with other (vice) industries and by anticipating de-stigmatization in the future. These findings have broader theoretical implications for research on stigma as well as the professions.

The rest of this paper will proceed as follows. In the next section, we provide theoretical background for this study through an examination of stigma literature in the context of organizations and, to a lesser extent, occupations and professions. We then proceed to describe our empirical context followed by the methods employed to address our research question. We develop our findings subsequently and close the article with a discussion of how professionals manage the issue of stigma when working in partnership with core-stigmatized firms.

Theoretical background

In order to examine the context of professional accountants servicing cannabis clients, it's important to identify and examine the extant literature that defines the constructs relevant to our study. Below we outline how the notion of stigma, a negative social evaluation construct, has been examined thus far and in regards to organizations and their commercial activity. We then turn our attention to the professions literature and situate our study relative to other accounting studies that have looked at the profession in terms of stigma. While the literature on stigma at the meso level predominantly examines the construct with regards to organizations, we consider it important to draw from work focused on occupations, and indeed the professions, as well because the context of our study takes into account the role of professional accountants. Accountants themselves maintain strong affiliations with their profession which compel them to meet a number of strict requirements regarding licensing, continued education, and adherence

to codes of ethics. Because these characteristics, core to the activities undertaken by these professionals, likely distinguish them from other kinds of commercial partners of core-stigmatized organizations, we feel it is worth taking into account the theoretical relevance of professions for this study.

Stigma as a construct. Stigma refers largely to the notion of being discredited or discreditable, or otherwise falling short of complying with social norms, on the basis of certain attributes (Goffman, 1963). As Goffman put it, the stigmatized individual is one that is “possessing an attribute that makes him different from others in the category of persons available for him to be, and of a less desirable kind — in the extreme, a person who is quite thoroughly bad, or dangerous, or weak. He is thus reduced in our minds from a whole and usual person to a tainted, discounted one” (page 2). Stigma is not, however, inherent to the individual, group, or organization, but rather exists “in the eye of the beholder”; that is, stigma is a social evaluation made by an audience of a ‘target’ on the basis of those discreditable attributes (Hudson, 2008; Hudson & Okhuysen, 2009; Pollock, Lashley, Rindova, & Han, 2019).

Since his seminal work in 1963, Goffman has been extensively cited and his conceptualizations of the stigmatized individual have been extended to groups, organizations, and categories of organizations or industries. Organizational stigma has been aptly defined as “a label that evokes a collective stakeholder group-specific perception that an organization possesses a fundamental, deep-seated flaw that deindividuates and discredits the organization” (Devers, Dewet, Mishina, & Belsito, 2009). Literature addressing organizational stigma tends to be concentrated on the notions of ‘event’ stigma and ‘core’ stigma (R. Zhang et al., 2021). The notion of event stigma constitutes “anomalous” events (e.g. corporate scandals), the result of which is the stigmatization of an organization by certain audiences (i.e. key stakeholder groups) but from which an organization can probably recuperate (Hudson, 2008) through such efforts as ‘stigma management’ (Goffman, 1963; Neu & Wright, 1992), a concept that will be

elaborated on subsequently. Core stigma, on the other hand, is the negative evaluation of one or more core attributes of an organization (such as core activities, outputs, or customers) and is arguably more difficult to manage or get rid of, particularly because core attributes compose the essence of an organization and cannot be readily changed without compromising its very existence (Hudson, 2008)¹.

Organizations suffering from core stigma often face significant challenges to the on-goings of business and may employ a number of strategies to mitigate their fallout. For instance, stigmatized organizations may have to undertake extraordinary efforts to consistently secure supplies and to protect their clients' privacy even if, for instance, they are of good financial standing because crucial stakeholders are reluctant to be associated with them. Similarly, the characteristics of stigmatizing audiences are of substantial consequence to the targets of stigma and their wellbeing. For instance, the strength of stigmatization and its effects are moderated by "the number, size, and influence or power of the social audiences stigmatizing the organization" (Hudson, 2008 p. 258). Stakeholder groups endowed with power and influence and who disapprove of an organization's core attributes may sanction and discredit the organization as a means of social control (Devers et al., 2009; Goffman, 1963; Miley & Read, 2018) and to such an extent as to dissuade others from affiliating with such organizational targets of their stigmatization. This situation concerns the notion of 'stigma transfer' and has been examined from the perspective of core-stigmatized firms attempting to shield their customers and commercial partners (e.g. men's bath houses – Hudson & Okhuysen, 2009). We'll likewise circle back to this notion in later sub-sections.

Stigma and occupations. Stigma does not elude other meso-level units of analysis. The construct has received considerable attention with regards to occupations and the professions,

¹ It's worth mentioning that the notion of category stigma, that is a blanket stigmatization of populations (e.g. of firms) with core-stigma, has also been explored in the context of industries (e.g. cannabis - Lashley & Pollock, 2019) and products (e.g. craft beer - Barlow, Verhaal, & Hoskins, 2018).

albeit to a far lesser extent concerning the latter. And while the body of literature on stigma seems to be growing overall, stigma as experienced by occupations seems to have been overshadowed to some degree by its examination in the context of organizations, even while the importance of examining occupations, relative to organizations, has arguably grown (Anteby, Chan, & Dibenigno, 2016). Anteby and colleagues recently defined occupations as “socially constructed entities that include: (i) a category of work; (ii) the actors understood—either by themselves or others—as members and practitioners of this work; (iii) the actions enacting the role of occupational members; and (iv) the structural and cultural systems upholding the occupation” (page 6). These are to be distinguished from jobs which compose a “bundle[] of tasks performed by employees under administrative job titles [...]”. Occupations are said to consist of communities of practitioners of certain work categories which transcend – and whose membership is more durable than – organizations (Anteby, Chan, & Dibenigno, 2016; Dimaggio & Powell, 1983).

The literature addressing occupations as targets of stigma seems largely concerned with the notion of ‘dirty work’. These dirty work occupations carry out tasks that certain audiences perceive as disgusting, degrading, or immoral (Valtorta, Baldissarri, Andrighetto, & Volpato, 2019). Physical, social, and moral taint (Ashforth & Kreiner, 2014) have been associated with certain occupations in the literature such as garbage collectors (Hamilton, Redman, & McMurray, 2019), animal shelter workers (Baran et al., 2012), sex workers (Blithe & Wolfe, 2017), as well as taxi drivers (Phung et al., 2020). These examples highlight the fact that what is being stigmatized is the work itself which, being ‘dirty’, is the source of the stigmatization by audiences and may be considered ‘core’ to the occupations in question.

Stigma and professions. While there are dirty-work occupations which are strongly associated with stigma, there exists another important subset of occupations that exhibit considerable privilege. The professions distinguish themselves as an elite form of occupation

and exhibit considerable wealth, status, and power; in short, they exhibit ‘privilege’ (Portwood & Fielding, 1981). Professional groups, such as doctors, lawyers, and accountants, have in common intensive and sophisticated training and certification programs (Abbott, 1988), near monopolistic control over their work often permitted by the state (Dimaggio & Powell, 1983; Portwood & Fielding, 1981), and very often organize to pursue their collective interests and expand claims to expertise through professional associations (Anteby et al., 2016; Yves Gendron & Barrett, 2004; Shafer & Gendron, 2005). The professions are also defined by notions of altruism, that is, their dedication to the well-being of their clients and other public stakeholders overall, and autonomy over their work (Timmermans, 2005). Their intensive training and certification requirements imply ownership over abstract knowledge, skills, and expertise and contribute to their exclusivity as a social group. Given the stated power and privilege exhibited by professions generally, it may be no surprise that there seems to be a dearth of literature addressing stigma associated with professional groups.

Nonetheless, a handful of studies have examined the construct of stigma in the context of professions, though for the most part shedding light on the identity processes of certain stigmatized members of the professions under study. For instance, identity construction and management strategies by individuals with stigmatized cultural identities have been documented in professional working contexts (e.g. Doldor & Atewologun, 2020a; Slay & Smith, 2011). ‘Concealable stigma’, that is, a stigmatized attribute not easily identifiable among individuals (e.g. homosexuality), and the identity consequences of maintaining concealment versus disclosing has been explored in the context of professional accounting as well (Stenger & Roulet, 2018). The theoretical insights bore by these studies largely enhance our understanding of stigma for the professions at the individual level.

Other accounting studies do examine the implications of stigma as they concern the profession as a collective, partially through their examination of professional associative bodies

(Dellaportas, 2014; Neu & Wright, 1992). Neu and Wright (1992), for example, highlight the approach taken by professional institutions to neutralizing the stigma associated with a discrediting event (i.e. the failure of Canadian Commercial Bank) which included not scapegoating the individual accountants implicated and is argued to have effectively impeded the stigmatization of the broader profession. Dellaportas (2014), on the other hand, critically examines professional associative bodies and the role they play in the lives of individual members who, as a result of their criminal convictions, endure exclusionary stigma. The author of this study considers how accounting associations can play a role in whether convicted accountants might either recidivate into crime or reintegrate into society as productive members, suggesting that associative bodies may play an important role in contexts in which professionals confront stigma in practice. As stigma has been examined in professional contexts with regards to individuals as well as with regards to the approach of professional collectives (i.e. through their institutional bodies), there seems to remain a gap in our understanding of how professionals manage core-stigma that which may emanate from their commercial partners generally, and their clients specifically.

Stigma transfer. As previously alluded to, of principal concern for those experiencing stigma and their affiliates is the notion of stigma transfer. This notion constitutes a situation in which stigmatizing audiences extend their negative evaluations to the affiliates, partners, and overall stakeholders of the targets of their stigmatization. The consequences of stigma transfer may include significant challenges in finding partners that will work with core-stigmatized organizations or even new customers to whom they can sell their products. As a result, these organizations may employ strategies to prevent stigma from transferring to their key stakeholders, including carefully selecting partners who themselves don't share stigmatizing evaluations of their core attributes or are otherwise immune from the stigma associated with those attributes (Hudson, 2008). Otherwise, targets of stigmatization may attempt to shield

their stakeholders from having that stigma transfer to them (Hudson & Okhuysen, 2009). While seemingly sparse, scholarship has uncovered these strategies employed by core-stigmatized firms to protect their commercial relationships.

Questions remain, however, with regards to how concerns for stigma transfer are addressed by the those who associate with or interact with targets of stigmatizing evaluations. For instance, research has scantily taken into account the perspectives and approaches of commercial partners and affiliates who engage in business with the core-stigmatized and who may be at risk of being on the receiving end of transferred stigma. Though this notion has recently been examined with regards to the customers of core stigmatized firms (i.e. cannabis organizations - Khessina et al., 2020), indeed a critical stakeholder, unclear still are the approaches taken by critical business partners such as suppliers of B-to-B goods and services and on which all organizations rely. Similarly, organizational partners who at their core lies a particular profession, whose values are generally assumed to be more closely aligned with those of broader society (Abbott, 1988), should be expected to employ distinctive approaches to issues of stigma when servicing core-stigmatized firms. These issues remain to be examined.

Before outlining our approach to answering the question of how professional accountants manage stigma transfer concerns in servicing core-stigmatized organizations, in the next section we detail the empirical context of this study.

Empirical Context

This section will describe the empirical context of this study, that is, the cannabis industry in the United States. It will do so in part by outlining the legal environment in which the industry finds itself as well as what is perhaps the most important and consequential stigmatizing audience to the industry's inhabitants: the U.S. federal government. This section will then highlight the situation regarding ancillary business services available to cannabis firms and the role of professional accountants therein.

Cannabis in the United States. In the United States, cannabis has a long and complicated history of stigma and prohibition spearheaded by the federal government. While this history has been well chronicled in prior studies (Lashley & Pollock, 2019; A. Romi, Carrasco, Camors, & Masselli, forthcoming; Khessina et al., 2020), the industry has been constantly evolving and it is worth highlighting the latest developments. Public opinion towards cannabis in the country overall (68% approval as of 2021 - Pereira, 2021) seems to reflect the increasing number of states that have passed some form of legalization legislation. There are, as of mid-2021, 36 of 50 states which have legalized cannabis for medical use; among which 16 states and the District of Columbia (Washington D.C.) have legalized its recreational or “adult” use. This legalization at the state level, however, is in spite of federal law classifying cannabis as a Schedule I Controlled Substance having “no currently accepted medical use and a high potential for abuse” (U.S. Department of Justice, 2017). In fact, production, sale, and consumption of substances belonging to this category face harsh penalties under the guidelines of federal bodies such as the Drug Enforcement Agency (or DEA). As the strength of a stigma is contingent in part on the relative power and size of the audience and may be manifested in public policy and law (Hudson, 2008), the stigma experienced by the cannabis industry due to the federal government is quite evident when considering that the production, sale, and consumption of substances belonging to the Schedule 1 category may face penalties including up to 5 years imprisonment and \$250,000 dollars in fines for first offenders trafficking the minimum amount. So while even after considering the progress the industry has made on a state-by-state basis, there were still 650,000 arrests for cannabis-related offenses in 2020 in the U.S. overall, and of these 90% were for personal possession (Pereira, 2021).

What has provided some shielding from federal retribution is the advent of what are referred to as the “Cole Memo’s”. Under the Obama administration (2009-2017), the Department of Justice, through the Cole memoranda, issued guidance to states which had

legalized cannabis markets. These documents stipulate that if states remain compliant with 8 main guidelines, the federal government agreed to refrain from expending federal resources to prosecute state-legal cannabis activity². However, these memoranda were rescinded by the incoming 2017 Trump administration, further fueling industry uncertainty.

And while state-recognized cannabis firms in the United States operate in a sort of legal limbo and continue to struggle through uncertainty, the industry overall is amongst the fastest growing by the tune of 37% growth in 2017, to \$9.5 billion dollars, and is projected to grow to \$23.4 billion by 2022 (Cox, 2019). In terms of job growth, the cannabis industry was considered to have created the fastest job growth of any industry in the U.S. in 2018 with a gain of 44%, employing over 146,000 people (Pellechia, 2018). Additionally, during the early months of the 2020 global pandemic in which many industries were slowed or halted from conducting business during lockdown periods, several states deemed cannabis “essential” and enabled the industry to continue producing and selling cannabis products. Whether the aforementioned progress is organic or a function of transitioning from black market to ‘white’, the growing economic opportunities and shifting public opinions are evident.

However, the conflicting legal regimes, not to mention the historic stigma attached to the product and its users, have made supportive service industries normally taken for granted (i.e. banking, insurance, etc.) reluctant to get involved. For instance, many, if not most, U.S. banks are insured by the federal government through the Federal Deposit Insurance Corporation (FDIC) and thus do not want to suffer sanctioning for facilitating what is a federally illicit trade

² These guidelines are: 1) Preventing the distribution to marijuana to minors; 2) Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels; 3) Preventing diversion of marijuana from states where it is legal under state law in some form to other states; 4) Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; 5) Preventing violence and the use of firearms in the cultivation and distribution of marijuana; 6) Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use; 7) Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and 8) Preventing marijuana possession or use on federal property (Cole, 2013).

(Hood, 2019). Likewise, Big 4 accounting firms (i.e. KPMG, EY, Deloitte, and PWC) have decided not to gamble the value of their brands and hence have kept the cannabis industry at arm's length, perhaps further exemplifying the industry's struggle with stigma. Nonetheless, a growing hand-full of practitioners from small- and medium-sized accounting firms have assessed the industry favorably and have taken on cannabis clients.

The role of professional accountants in this context is particularly unique. With the federal government arguably being the most consequential social audience casting the strongest stigmatized evaluation of the cannabis industry, as well as being its largest impediment and source of uncertainty, professional accountants conduct their work on perhaps the only interactive relationship that cannabis firms actually have with the federal government. Under 'normal' circumstances, as cannabis is an agriculturally derived product, this industry would be regulated under the Department of Agriculture and Food and Drug Administration (FDA). As of early 2021, cannabis remains illegal and the state-level marketplaces remain unrecognized by the United States government. As such, and in the absence of disruption by federal agencies such as the DEA, the Internal Revenue Service (IRS) is effectively the only federal entity exercising oversight over the cannabis industry across the country by strictly enforcing tax regulations such as Internal Revenue Code (IRC) 280E. This code was established in 1981 as a result of "a court case in which a convicted cocaine trafficker asserted his right [and won] under federal tax law to deduct ordinary business expenses. In 1982, Congress created 280E to prevent other drug dealers from following suit (Association, 2015)". IRC 280E disallows illicit organizations from deducting ordinary and necessary business expenses, that is, anything other than costs of goods sold (COGS). This effectively translates into a significant portion of retail expenses, such as sales and marketing, that cannot be deducted in cannabis retailers' tax bills. The IRS has thus performed tax audits extensively on cannabis firms as the industry has grown over the last decade and non-compliance has often resulted in businesses having to close their

doors. Ironic as it may seem, while the federal government does not recognize cannabis as a legitimate industry, it insists on collecting exorbitant tax revenue from it at the same time. And because professional accountants in the cannabis industry are the main arbiters of bringing cannabis firms into compliance with the IRS, they effectively mediate between these core-stigmatized firms and their most threatening stigmatizing audience.

In the following section we detail our approach to examine how such partners to core-stigmatized firms address their concerns for the transfer of stigma in order to generate and contribute to theory on the notion of stigma transfer.

Methods

This study seeks to answer the following research question: *How do professional accountants manage concerns for stigma transfer in servicing core-stigmatized client organizations?* Elaborating on this question, the purpose of this study is to identify the factors that enable professional accountants to successfully provide services for stigmatized organizations in the cannabis industry in the United States where, for instance, Big 4 accounting firms haven't ventured. The (semi-) illicit nature of the industry provides an 'extreme' context conducive to generating new theoretical insights where certain processes are more readily observable (Eisenhardt, 1989). Our approach to inductive data analysis is that of grounded theory (Corbin & Strauss, 2015; Strauss & Corbin, 1990).

Negotiating access

Prior to entering the field, accountants with cannabis industry service offerings were identified through a major cannabis industry website whose content includes industry and policy news, white papers and books on regulations and best practices, and a large directory of industry and ancillary business services, among other content. From here, we were able to identify and list accountants serving cannabis for subsequent outreach attempts in various states. Similarly, and with the intention to triangulate data from multiple sources, we identified

retail dispensaries for outreach – although these were found to be highly resistant to participation in our study –, professional associative bodies (i.e. Colorado Society of CPAs), and the Internal Revenue Service. Firm names and contact information were organized alphabetically for systematic contact and follow up. We performed cold-calls first to target organizations and entities and pursued snow-ball sampling where possible.

In all, 27 semi-structured interviews were conducted with accounting professionals (20), cannabis retail staff and management in-training (1), grow operations (1), industry sustainability advocates (1), and even black-market grower/distributors (4). All interviews, with the exception of four, were recorded and transcribed with the consent of the participants. Where recording wasn't possible, extensive notes were taken and subsequently shared with the respondents for cross-checking. Interviews were on average 44 minutes long. Complementing this primary data, we triangulated with over 350 pages of documentary evidence in the form of white papers, advocate reports, trade journal articles, and regulatory documents, in addition to more than 10 hours of cannabis-centered accounting webinars and podcasts, and tens of hours of industry conference participation and direct field observations.

Data analysis

In order to shed light on the processes by which professional accountants managed the effects of stigma in this context, we took a grounded theory approach. The data composing semi-structured interviews conducted between 2018-2021 include the participants' professional background leading up to and including entry into serving cannabis, how their perspectives on cannabis have evolved over time, and what it has meant for them both personally and professionally to be service providers for cannabis clients. Additionally, their responses served to provide a birds-eye view of the unique regulatory and commercial environment of the cannabis industry in the states where data was collected, personal views towards the industry

regarding its past, present, and future, and insights into the everyday and quickly evolving accounting regimes as put into practice by the professional participants of this study.

We adhered to the coding principles laid out by Strauss and Corbin (1990) which, by taking a grounded theory approach, are designed to: 1) build rather than only test theory; 2) give the research process the rigor necessary to make the theory good science; 3) help the analyst to break through the biases and assumptions brought to, and that can develop during, the research process; 4) provide the grounding, build the density, and develop the sensitivity and integration needed to generate a rich, tightly woven, explanatory theory that closely approximates the reality it represents” (Strauss & Corbin, 1990 p.57). Utilizing qualitative research software (NVivo), we performed ‘open coding’ on our data, often on a line-by-line basis and on larger blocks of text, that represented singular ideas or concepts. For each, we initially created new nodes and labeled them according to our interpretation of what it represented theoretically.

Upon completion of open coding, we had 88 separate nodes or “first-order concepts” which we then attempted to refine, agglomerate, and subsequently group around second-order constructs (Strauss & Corbin, 1990 p. 72-73) to produce a coherent code structure. The 88 original codes were distilled down to 9 first-order constructs from which we then abstracted 3 second-order constructs that allude to a process leading up to and including managing stigma transfer concerns on the part of professional accountants in the context of serving core-stigmatized organizations.

Findings

This section highlights the results of our data analysis in terms of the coding structure formed by emergent first-order constructs and subsequently abstracted second-order constructs. The resulting aggregate dimension is a process by which professional accountants, in short, 1) rationalize entry into a stigmatized industry; 2) manage stigma transfer concerns; and 3)

continuously rationalize their work. We discuss these constructs and the aggregate process in detail in subsequent sections.

CODING STRUCTURE

Second-order constructs and associated <i>First-order constructs</i>	Illustrative quotes
<p>Rationalizing entry</p> <ul style="list-style-type: none"> - <i>(Re-) aligning of values with the core-stigmatized</i> - <i>Critical assessment of professional ethics and associational stances</i> - <i>Confronting stigma risks personally and professionally</i> - <i>Recognizing the economic opportunities</i> 	<p><i>Well you know politically and socially, I've always believed that marijuana should be safe and legal and properly taxed for adults so I was in the right place in my career when my clients started to call me in 2009.</i></p> <p><i>[...] I also did due diligence for myself which included a trip to California where I met some great CPAs and lawyers who encouraged me to get into the business. They said, "Jim, the IRS wants you to help these people. And you're not going to be sanctioned for doing this." So, I came back from that trip November of 2009 and I told the marijuana attorneys here in Denver, I said "Alright, I'll do it. I'll sign their tax returns." I was one of a handful. There was a few of us that did it.</i></p> <p><i>Yeah, the AICPA and has always said that as long as it's legal in your state, you know, that you're based out of, then you're fine. The Colorado society just said, "OK, fine. That's what we're doing." They've never had any issues with it. You know, as soon as it became legal[...]</i></p> <p><i>Really, the only problem we ever had with it was when my husband's mom found out that we were, that that's what my clients were in, that she tried to convince me that I needed to find something else to do. But, you know, it's really funny because his dad is suffering from dementia problems and they're discovering that this is something that will help.</i></p> <p><i>I was a little bit shy telling the partners and high-level senior managers that I worked for in Ernst and Young, "hey, I'm going to work in a small firm that specializes in the cannabis industry!" They were, I mean, it's kind of a head-scratcher for them [...].</i></p> <p><i>Let's see... Cannabis was really just an opportunity, is really what is it, haha. Because the need is very high because it's grown so quickly and they need a lot of stuff because they get</i></p>

	<p><i>audited and they have everything... So that's pretty much why [I entered]: money, ha!</i></p>
<p>Addressing stigma transfer concerns</p> <ul style="list-style-type: none"> - <i>Managing the perceptions of close friends and family</i> - <i>Vetting and managing clients to strictly adhere to laws and ethics</i> - <i>Developing expertise and 'niche' industry standards of practice</i> 	<p><i>But yes, when I talk about it with friends and family, you know, it tends to be...kind of explain to them what I'm doing first and then explain it in... which it's always very exciting you know "hey, I'm helping business owners. I'm helping new businesses get established, gain their licensing, and make sure they're following all the proper procedures, etc." And then kind of back in and "also that it's the cannabis industry". Um, because you get them a little excited first about what you're doing and then kind of "drop the bomb" if you will. It's, you know, a growing industry. You're positioning yourself over future opportunities. So, it doesn't end up being a, you know, big "bugga-boo" for anyone.</i></p> <p><i>There are some out there that, yeah, you don't want to work with because they, you know, figure that it was illegal to start with and they're just going to maintain it underground. And there are some out there that still keep all of their stuff as... there are some out there that still are not licensed. They're still working illegally, even in states where it's legal. And so yeah, there are still those that you don't want to work with.</i></p> <p><i>Those folks specifically are used to operating in an illegal capacity. And so, the biggest challenge that we have with them is helping them understand that we have entered into a new environment where compliance is the utmost priority. And so, the biggest issue that we face is with those cannabis folks who are trying to be business folks is that they're used to being "cowboys", quote unquote. And they're used to breaking the law. And so they want to still push the envelope in that regard where pushing the envelope in this industry at this point is the absolute last thing that you want to be doing.</i></p> <p><i>Yeah, I think that, you know, it's probably not lost on you, but the take-away is here is that it's vital that every business have an accounting professional, a financial professional on their team. And I think that there's a lot of businesses that, especially in the new regime, especially those that are formal cannabis operators that aren't business folks that think that they might be able to take care of it all themselves. And the reality is that the level of regulatory oversight and compliance that's required in this industry really is too much for non, too much for a laymen or non-expert to take care of themselves.</i></p> <p><i>And so there's definitely knowledge-sharing going on with that. I think as more people get involved in accounting in this</i></p>

	<p><i>industry there will be kind of a community effort to, really, help legitimize it. I mean, share best practices I think to a certain extent. In this day and age all that stuff, everything is becoming open-source anyway, right? I mean, blockchain and all that, it's, I mean, people aren't all like reserved and "hey, this is mine". It's more like a collective effort so we can all be successful and drive the industry forward.</i></p>
<p>Rationalizing continued involvement in stigmatized industry</p> <ul style="list-style-type: none"> - <i>Juxtaposing cannabis with other 'legitimate' industries</i> - <i>Anticipating de-stigmatization</i> 	<p><i>I'm not one of these believers in cannabis who's going to tell you "I think it's good for you, I think you should smoke pot every day. I mean it's going to make you function at a higher level." I think that sales pitch is little far out there. I definitely think that it's no worse than a lot of things that are out there in this day and age. But by treating it as this, I mean, grotesque, crazy, offensive plant or product and applying these 280E rules, you are barring, I mean, you're really barring a lot of professionals and people who are scared to take risks from getting involved and really making this thing as legit, nailed down and kind of by-the-book as possible.</i></p> <p><i>Marijuana's going to be legal nationally in a few years. Um, Oklahoma just went medical last week. Louisiana, Arkansas, now 30 states. No, it's game over.</i></p>

Rationalizing entry

The decision to take on clients in the cannabis industry was evidently not a purely rational, economics based one as might have been the case for accepting clients of other industries. Rather, professional accountants alluded to events, conditions, and processes that served to either develop an initial aligning of values congruent with cannabis or to break or disrupt their initial negative conception of cannabis that would have precluded them from stigmatizing it. For some, this meant growing up in a context in which cannabis was prevalent or taken for granted as a non-taboo topic. This was often expressed in terms of the geographic area in which they spent their childhood (e.g. Southern California). For others, the process of acceptance of cannabis at a personal level happened much later in life and even serendipitously. Overall, there was a notable (re-)alignment of values and attitudes towards cannabis that would enable them to perceive the industry positively prior to entry and even prior to state-level

legalization in some cases. This paired with a favorable conclusion drawn on the lack of conflict with professional ethics, a favorable view of the economics and finding themselves able to contend with the risks of stigma personally and professionally allowed accountants to push through their qualms and to take the leap.

(Re-) aligning values with the core-stigmatized. This construct largely alludes to the subprocesses that accountants underwent that enabled them to ‘get past’ the stigma associated with cannabis. For some, the process of aligning values to be in congruence, or at least not at odds, with cannabis occurred well before their professional careers, such as in childhood or early years of adulthood. For others, a shift in values occurred well into their professional lives.

The following quote suggests that the respondent was socialized in an environment in which cannabis was not stigmatized in the broader community nor by their immediate family specifically. Though it does not explicitly signal a *favorable* evaluation of cannabis per se, it does insinuate an absence of disapproval that would otherwise preclude the respondent’s later involvement in a (semi-) legalized cannabis industry the later stages of their career.

[...] And, telling my extended family, coming from California I think it was always kind of around. They really pioneered the medical market. It’s really not so faux pas out there. Denver, obviously, people are pretty laid back. I think if you went to the mid-western states, it’s a little more of a stretch. My parents are from Nebraska, but fortunately they were in California long enough to be like, eh, you know, as long as I had a job and was kind of trending in the right direction they were happy. So, it was no issue telling them.

The data in our analysis also suggested that many professional accountants come around to viewing cannabis favorably well into their professional careers. This may happen through a process of self-education and through exposure to the notion of cannabis as a ‘social movement’. The following excerpt, derived from practitioner-journal *Accounting Today*, illustrates this idea:

“I was told I'd become an advocate for cannabis, and I didn't think that would happen,” recalled [Name]. “And yet, the more you're in the industry, the more you'll become an advocate. It just happens. You learn a lot more about the industry, versus the preconceived notions, and all the hypocrisies and inequities that surround this - and you become an advocate (Hood, 2019).”

The evidence here speaks to the notion that values, often in regards to personal politics, either should be aligned or at least malleable enough to shift to be in alignment with those of the characters inherent in the cannabis industry as a pre-condition to commercial involvement.

Critical assessment of professional ethics and associational stances. Common in our data was an expression of initial reluctance to get involved in the cannabis industry, in spite of state-level legalization, because of the historic and still-existing national policy towards cannabis. One Colorado-based CPA put it this way:

Yeah, I don't have any personal knowledge of people getting their doors kicked down for assisting in the cannabis industry with professional services such as legal, consulting, insurance, accounting, things like that. I know that there is risk. Anybody operating in this industry, even if they aren't touching the plant or, you know, being a manufacturer or anything like that, there's risk in the sense that man, this industry could go by the wayside. It could get crushed by the IRS's tax rules. It could get, I mean, the whole recreational thing could get thrown out the door and we lose all our clients. So, you're sort of exposing yourself to sort of inherent risk there. And then there are also risks where, I think any sort of professional liability risk in that these people are operating in an industry that the federal government already doesn't love and if you're helping, I mean, assisting anybody kind of get around the laws or circumvent the code, or just not being really diligent in our efforts to follow the letter of the law, I think you're going to really be opening yourself up to some serious exposure, so...

Yet despite initial hesitation, the professionals in our sample did manage to resolve the qualms they had and were able to rationalize to themselves that servicing cannabis organizations was something they could undertake. This rationalization was often characterized by a deep reflection on professional ethics and advice and counsel from professional peers. Another Colorado-based CPA recalled the moment he decided to begin serving cannabis clients.

So I did due diligence for my clients [that were transitioning into the cannabis market]. But I also did due diligence for myself which included a trip to California where I met some great CPAs and lawyers who encouraged me to get into the business. They said, “[Name], the IRS wants you to help these people. And you’re not going to be sanctioned for doing this.” So, I came back from that trip November of 2009 and I told the marijuana attorneys here in Denver, I said “Alright, I’ll do it. I’ll sign their tax returns.” I was one of a handful [of CPAs willing to do so].

This same CPA referenced the professional code of ethics set forth by the American Institute of Certified Public Accountants (AICPA) and understood its language to mean that professional involvement was needed and in the interest of the broader public, even (and especially) in industries such as cannabis.

But, the AICPA’s own ethical guidelines say our duties as public accountants is to the public. And the public includes businesses, law makers, governments, not-for-profit organizations, a wide variety – and the general public, of course. So, we have a wide variety of constituencies as CPAs. And government is one of our constituencies. And that same section in the very next paragraph goes on to say [that] there will be conflicts between federal and state law and that our job as CPAs is to help resolve the conflicts between members of our public. [...] Yes. Just as I said, it’s going to be us who helps figure all this out.

Our analysis of archival data, including AICPA ethics rulings and guidance specific to the cannabis industry, seemed to support this notion. The AICPA, being the associative body overseeing the public accounting profession in the whole of the United States, has largely abdicated its oversight of ethical questions related to cannabis to state-level associative bodies (AICPA, 2019). As such, state associative bodies such as the Colorado Society of CPAs have erred on the side of supporting involvement in state recognized and regulated industries including cannabis. It’s worth noting as well that CPAs are licensed by the states in which they reside; this likely provides further insulation from potential sanctioning by higher-level national bodies.

Confronting stigma risks personally and professionally. Respondents noted that, as part of the justification process of taking on cannabis clients, they recognized that individuals within their personal and professional social circles may disapprove of their decisions to enter the

market. Responses from both private and professional networks were varied in their strength of opposition, but ultimately not strong enough against the decision to enter cannabis to dissuade our respondents from doing so.

So there are times, you know, especially amongst my peers in the accounting profession – because we obviously still have a great deal of push-back from individuals who don't even want to serve the industry – and so there would be times where I would get a little bit of negativity among my peers in that area.

The above quote acknowledges that professional peers may associate cannabis with stigma and thus view those who service the industry dis-favorably. In essence, this may be a manifestation of stigma transfer as experienced by the professionals servicing cannabis clients from their colleagues who have decided not to engage with this industry. As mentioned earlier, similar sentiments were expressed by our respondents' family and friends. The excerpt that follows alludes to this. However, what is notable is also how this negative evaluation of cannabis seemed to be shifting:

Really, the only problem we ever had with it was when my husband's mom found out that we were, that that's what my clients were in, that she tried to convince me that I needed to find something else to do. But, you know, it's really funny because his dad is suffering from dementia problems and they're discovering that this is something that will help.

Recognizing the economic opportunities. A sizeable portion of our study's participants expressed part of their rationale for serving cannabis in purely economic terms. Respondents (including the founder and partner) of an accounting firm based in the Denver metropolitan area noted that the decision to enter the cannabis business was made on the basis of the following question: "Is it going anywhere?". In other words, would the industry disappear in a few years time? The answer to them seemed an obvious "no", and the owner thus decided "we gotta jump in, it's not going anywhere". They referred to it as a "multi-billion-dollar industry that we can't ignore" and their assumption was that it was only a matter of time ("perhaps one year") before marijuana is removed from IRC 280E language. At the time of the decision to enter, other CPAs were "sitting on the sidelines", being very conservative towards it and awaiting legal

certainty, that is, for the law to change to legalize cannabis nationally. When the first CPAs did enter the industry they saw it as a “cash-cow” and charged exorbitant fees. The professionals at this accounting firm saw that as unfair and their approach was to charge their clients reasonably under the assumption that they could “grow with them”, that is, grow with their clients and charge a fee that was proportionate to that growth. The following quote, from the “DOPE CFO” podcast that showcases the experiences of accountants working in cannabis, echoes this notion.

What I love about this industry: the normal ‘mom & pop’ dispensaries or farm, they’re 7-figure companies generally. And that means they can pay decent fees.

What we’ve attempted to illustrate in this section was a sub-process of rationalizing entry into a core-stigmatized industry to provide crucial professional services on the part of (initially reluctant) accountants. The principal factors identified involved varying combinations of 1) a prior socialization that served to align values or otherwise neutralize an incongruence of values that would inhibit a professional’s involvement with core-stigmatized partners; 2) a resolution of ethical dilemmas through peer guidance, and re-evaluation of professional ethics and codes of conduct with reference to associative bodies; 3) confronting the risks of negative evaluations from friends, family and/or professional peers and 4) recognizing a largely untapped economic opportunity. In short, these aspects of rationalization served to enable professionals to overlook the stigma attached to cannabis firms and facilitate their involvement.

Addressing stigma transfer concerns

Professional accountants expressed having to take extraordinary measures to evade repercussions associated with the work they were performing for cannabis clients; in short, they alluded to how they would address the prospect of having stigma transfer. These measures ranged in terms of contextual application and rigor. For instance, in the non-professional social sphere, measures to manage stigma transfer concerns may amount to subtle techniques to steer

conversation away from the stigma associated with cannabis and towards the crucial services performed by the professionals. Meanwhile, in the context of work, and because the stigmatization of cannabis by the federal government translates into increased scrutiny and risks of legal repercussions, measures to manage concerns for stigma transfer were, perhaps unsurprisingly, more stringent.

Managing the perceptions of close friends and family. Our data suggests that professionals occasionally need to manage impressions in the private sphere. This is not at odds with the fact that a sizeable minority of the population still disapproves of cannabis (approximately 32%). The following quote from a professional at a California-based CPA firm illustrates this notion.

So, when I'm addressing it, when I'm addressing it with folks, I tell them I'm very excited to be working in a, you know, burgeoning industry and to help these business owners and businesses do everything the right way. To help to, you know, place some protections for, you know, consumers out there that maybe want to avoid the product, whatever the case might be. So, it's just coming from all of this, coming from a positive place and, no not from a stigma necessarily from the idea of like yes, I work in an industry I know people have perhaps, you know, some thoughts on it. But being in California is largely a fairly progress state versus where I grew up in the Southeast of the United States which is a bit more conservative of an area.

This professional here describes a very subtle way of attempting to focus the conversation on the content and importance of their work and not the context and clientele for which they are involved in providing services. Such strategies highlight a certain reluctance to be upfront about the commercial relationships these professionals have with stigmatized organizations.

Other accountants suggested that generational differences played a role in the disapproval of cannabis of family members such as their parents and in-laws, for instance. There were several instances where our study's participants mentioned that the topic of their work was difficult to approach with family members from older generations particularly because they grew up during the decades in which the federal government began prohibition

and broad-based prosecution of growers and consumers. Nonetheless, they noted that with the advent of medical cannabis legalization the stigmatization has been fading. One Pennsylvania-based accountant noted that his parents even came so close as to seek out a cannabis prescription for pain relief, only to be stopped short because their coverage was provided by Medicare, the federal insurance program provided to American seniors.

Vetting and managing clients to strictly adhere to law and ethics. Given the intense scrutiny by audiences such as the federal government and strict regulatory regime by state-level agencies, professional accountants have to exercise a heightened level of caution when taking on and working with cannabis clients. The following alludes to the gamut of cannabis firm-clients that a professional accountant may encounter in this industry.

Because back in 2009-2010, everyone in the cannabis business, the legal cannabis business, came from the black market. And that's still true to a large extent today. Just like we were talking about in California. So, um, you have to get used to dealing with people who don't have normal business skills. They never paid taxes. "What's a tax return?". You know, so there's a lot of educational process.

And then so we have folks that... There's two types of folks that we're talking with right. There's cannabis industry folks who are trying to be business people. And those are very difficult to deal with because they don't know what they don't know in terms of like basic business fundamentals. They don't understand that they have to pay tax. They don't understand that, "what do you mean we can't get a bank account?". You know, and stuff like that.

Then we have business folks who are trying to be cannabis folks. And those folks are challenging because they know the business side of things. However, they often times might be misconceived that the cannabis industry functions just like any other regulated industry, and it doesn't. There's a lot of specifics to the tax code, a lot of specific regulations that make this industry completely different than any other legal industry.

The participants of this study expressed a need to stringently evaluate potential clients prior to entering into business relationships. One specifically noted *not* taking on clients that were "owners/user", that is, cannabis firm owners who were also cannabis consumers. Common in the data as well was the dismissal of clients or otherwise ending business relationships on the basis of not adhering to regulations and putting the accountants at risk of

compromising their ethics. The following two vignettes from Colorado and Oklahoma accountants respectively illustrate this.

I had one where I actually fired a client because they insisted that everything was compliant with 280E. They just moved everything, I mean it didn't matter what it was – you know meals, entertainment, office expenses, everything they insisted. They didn't care and they put everything under 280E and it didn't matter. And I just won't work with a client that does that. [...] You know, simply because they're just not, they're just not being ethical with it.

[Referring to why she 'fired' a client] And here's why: because when you're involved with the compliance you know what is going on with your client, fully. If a client is not compliant at the state level, chances are that you're never going to get them to want to even be compliant at the federal level. And nine times out of ten, you're not even going to be able to work with them at that level of ethics that you need because a lot of them still have the mindset of, you know, coming from the black market. That's what I saw with that one client.

Maintaining existing business relationships with cannabis clients implies compelling them to conform to state-level regulations and to not 'cut corners' when it comes to 280E compliance. Professional accountants often have found the need to be stern with clients about the seriousness of the consequences of being non-compliant, both to protect the clients and themselves from potential legal retribution.

You know, at the end of the day, here we have - and some of my colleagues do this too – they use scare tactics when they're talking to these owners. And I understand why. However, I don't always agree with it. I can be very blunt and straight to the point, but I'm always going to end the conversation with "Listen. Yeah, it's the dark side of the industry, but you know, if it was that dark, there wouldn't be owners in California that've been open for years and years and years".

Here the accountant emphasizes the need to educate cannabis clients about the requirements of running a legitimate business. Part of her delivery is not to discourage but rather emphasize that the upside to conducting a compliant business, difficult as it may be, is the potential future returns.

Servicing a new industry that is 'transitioning' from what has historically been a black market suffering from severe stigmatization presents unique challenges that professional

accountants seldom encounter with their clients in other industries (if at all). Exercising selection of and control over clientele and certain accounting operations seems to be of significant concern to those professionals that have made the decision to service clients operating in cannabis.

Developing expertise and ‘niche’ industry standards of practice. Because the cannabis industry is both new and highly scrutinized, the accountants that service it have been compelled to learn and understand its complex and frequently evolving regulatory environment and thus develop new standards of practice in response. The need to self-educate and keep up to date on regulations is particularly salient for accountants with clients in multiple states since, as alluded to earlier, each state has its own stand-alone cannabis markets and regulatory frameworks. Likewise, and due to the constraints on certain ancillary services (e.g. banking), accountants play a problem-solving role that is unique to their cannabis clients.

Because a majority of banks in the U.S. are insured by the Federal Deposit Insurance Corporation (FDIC), a federal entity, they have largely abstained from banking any cannabis firms. This creates enormous operational and security issues for cannabis businesses. The following illustrates a common approach of accountants to the problem of banking for cannabis clients.

Yeah. And you know banks, it’s really interesting because when they shut down your account, they can take up to 6 months to return the funds that were in the account. [...] [laughter] Yeah, so I suggest for most of my clients that they have a minimum of 3 different banks that they have accounts at just in case one of them suddenly decides they’re not doing the marijuana industry at all or if they find out what they’re in or whatever.

With regards to compliance with federal law, namely IRS regulations, accountants have to grapple with what are exorbitant federal income taxes. Referred to by one participant as the “10,000 pound gorilla in the room”, IRC 280E has an enormous impact on cannabis firms’ bottom line. The following quote exemplifies this.

Clearly the biggest issue facing the legal cannabis industry today. The two issues are basically a lack of access to banking. [...] And lack of deduct-ability of many ordinary and necessary business deductions. But I say, the... the deductions that are under IRS code section 280E is more problematic than not having banking. You can live without a banking account. You can live with out a checking account. It's very unsafe and very inconvenient, but you can pay your bills in cash. You can pay your payroll in cash. You can pay your taxes to the IRS in cash. But you can't survive, if you're in an over-100% tax bracket. And many of our clients are in an excess of 100% tax brackets. And you say, "how could that be?" Well, say that you have an early-year loss, around easy math, you lost \$200,000 dollars because you're in start-up mode. But, you have \$300,000 of non-deductible expenses. So in the year you had a \$200,000 loss, you actually pay tax on \$100,000 because \$300,000 are non-deductible expenses. And that's how you can be in excess of a 100% tax bracket.

In order to mitigate the impacts of 280E, accountants have guided their clients to clearly separate certain activities from those touching cannabis that can qualify under COGS in order to maximize business deductions at tax-time.

Well this is where, so this is where you kind of have to have a holding company or something else where you can recognize all your expenses. So you can do that. It's perfectly legal. [...] So you'll be doing sort of everything else, and have the dispensary be it's own non-profit. And have [the management entity] expense it.

Today we have over 250 license-holders (cannabis license) as clients. And each one of those license holders has 2-3 other companies, be it a management company or a real-estate holding company, or an intellectual property company, or they're just splitting up their company into different sectors. They might even be selling non-cannabis products like hemp clothing or hats and t-shirts, bongs and pipes. Make a good secondary business. Because one of the biggest things we do for our clients is 280E mitigation.

These kinds of practices to mitigate the obstacles unique the cannabis industry are consistent with the findings of other studies (A. M. Romi et al., forthcoming). In an industry where vertical integration is not uncommon, isolating retail activities at the most granular level possible can help lessen the impact of 280E disallowances. Another example of this is to have staff clock into the retail operation only when there are customers present and to complete sales. Once sales are completed, staff may clock out of the retail operation and return to other functions whose labor may be deductible at tax-time (A. M. Romi et al., forthcoming).

In summary, the data presented in this section suggests that transferred stigma is a concern that professional accountants attempt to contend with and mitigate both in the personal sphere and, more extensively, in the professional sphere. In the personal sphere, these concerns are manifested in the anticipated disapproval of friends and family towards professionals' work with stigmatized clientele and thus addressed by attempting to manipulate or nudge their opinions in a more favorable direction. In the professional sphere, concerns for stigma transfer are evident in the careful approach to work conducted by professional accountants on behalf of their cannabis clients that is distinct from that taken for clients of other industries.

Rationalizing continued involvement in a stigmatized industry

The professionals in this study exhibited an additional sub-process of rationalization that led them to the conclusion that they had made the correct choice to service cannabis firms. This rationalization was made on the basis of evaluating cannabis relative to other 'legitimate' industries in general, and relative to other 'vice' industries in particular. Similarly, anticipating a future in which cannabis is no longer stigmatized but rather accepted on a national level further reinforces the merit of their choice to enter the industry in the first place. Under the assumption that cannabis will become legal nationally, not only is there an assumption that the stigma associated with the industry will become significantly diluted, but those servicing cannabis now will be well positioned to take advantage of the expected economic boom to ensue.

Juxtaposing cannabis with other 'legitimate' industries. To the participants of this study, the stigmatization of cannabis was unjustified, especially when comparing the industry's products to those of other industries. While in some cases they spoke to the notion being comparable to any other business in terms of its needs on one hand, on the other hand, they often highlighted the unfairness of treatment of the product next to those of alcohol, tobacco, adult entertainment, and other 'vices'.

It's really interesting. There's a local CPA here that's close to me, she's all the time putting stuff on "how could you possibly work with people in this industry?" and on and on. And 90% of her clients are breweries. And so, I mean I really don't see much of a difference. [laughter] And I happen to know that one of her clients runs a couple of pornographic sites. So, I mean how you can say that one is so much worse than any other vice out there, especially when marijuana cures kids from epilepsy and keeps people from being in chronic pain all the time. Alcohol just gets you drunk and disorderly!

The above quote highlights a sentiment that was common in our data: that cannabis is not 'that bad' and that, in fact, many consumers rely on it as a crucial medicine; whereas other industries' products cause a net harm to society that far outweigh any harm caused by cannabis. As such, cannabis should be treated as any other 'legitimate' industry. The following echoes this claim.

I'm not one of these believers in cannabis who's going to tell you "I think it's good for you, I think you should smoke pot every day. I mean it's gonna make you function at a higher level." I think that sales pitch is little far out there. I definitely think that it's no worse than a lot of things that are out there in this day and age. But by treating it as this, I mean, grotesque (emphasis original), crazy, offensive plant or product and applying these 280E rules, you are barring, I mean, you're really barring a lot of professionals and people who are scared to take risks from getting involved and really making this thing as legit, nailed down and kind of by-the-book as possible.

Beyond juxtapositions of cannabis with other vices, accountants also made comparisons with other common industries to suggest that cannabis was legitimate and that it should be perceived as 'normal' if not just 'less bad'. Looking down the road in anticipation of national legalization, a Colorado-based CPA suggested that cannabis will be regulated in the same category as alcohol and tobacco:

But I do think that, you know, over time there's going to be, the federals, the feds are going to embrace it. Now that may come with some additional strings. The MORE Act that I mentioned as one of the three acts would repeal 280E and replace it with a federal excise tax. We have an alcohol tax here, a federal alcohol tax. If you sell any kind of distilled spirit anywhere in the country you pay a federal, you know, tax to the Alcohol Tobacco and Firearms [Bureau], you know, federally. And the MORE Act would have a 5% federal excise tax on all legal cannabis sales probably to replace the lost revenue of losing the 280E, you know, the income tax revenue. But we also see that the feds

might require, well if you're going to operate a cannabis thing, wherever, Colorado, Illinois... you got to have a federal license too.

The above citation alludes to another important factor in the process of rationalizing continued involvement in the cannabis industry. Professional accountants in this space also see future national legalization and an associated de-stigmatization in the United States as a foregone conclusion. We explore this notion in the following section.

Anticipating de-stigmatization. Our data suggested that professional accountants see full, nation-wide cannabis legalization around the corner. In addition to what they perceive as a federal government becoming increasingly less hostile, their responses alluded to the broader public benefits of having a legitimate cannabis industry and one that doesn't operate in the shadows.

I mean, if you want to talk about the benefits too to the various cities and jurisdictions, those really come in the way of those 60-70% effective tax rates that we're seeing. I mean, if you look at where the marijuana tax fund goes to serve, it's going to mainly schools. [...] Substance abuse, mental health programs, affordable housing. I think even law enforcement gets a part of it. I even recently, my wife and I became friends with a couple and she works at, she's a teacher at a low-income school – or an elementary school in a low-income area – she said that they have iPads now for every kid in her class. Now, I'm not saying that's directly because of marijuana taxes. But her opinion was “look, I'm not down with marijuana, no cannabis, in no way, shape or form”. And then I think she started seeing the impact that it was probably having on some of these schools and the resources it was allowing. And she was like, “you know, I don't really wanna see that go away anymore”.

Similarly, many of the professionals in our sample seemed fairly convinced that cannabis would become legal nationally in a short matter of time.

But it seems kind of odd that, all of a sudden, and all of this time, you know, and the IRS has been doing these audits for years – 10 years now(?) – um, and so now all of a sudden we have an audit manual, right before the time everybody thinks that it's going to be legalized. That's kind of concerning, but yeah, there's been a little bit of movement. Trump says that if it hits his desk that he will sign it, you know.

This Oklahoma-based accounting professional spoke to having learned of an official IRS field manual for agents to conduct audits in cannabis. IRS audits in the cannabis industry are said to be common and conducted at a much higher rate than in other industries due to the legality question. Nonetheless, this accountant would suggest that the existence of an official field manual to guide agents in conducting these audits of cannabis firms constitutes evidence that national legalization is anticipated even by the IRS, an agency of the federal government that doesn't currently recognize cannabis as a legitimate enterprise.

Overall, the accountants interviewed for this study expressed the belief that the current state of the cannabis industry was only temporary and that its trajectory was overwhelmingly set in the direction of national legalization and de-stigmatization. This sentiment was buttressed by the belief that cannabis is no worse than many other product categories and associated industries. In fact, they spoke often to the notion that the product has been widely accepted as medicine to treat a number of illnesses. At the same time, cannabis legalization brings with it a number of societal benefits including increased government revenues which can be dedicated to education, housing, and healthcare programs, among others. These notions serve to rationalize the accountant's presence and participation in this stigmatized industry.

Discussion

In this study, we've attempted to shed light on processes employed by the partner entities of core-stigmatized organizations in managing their concerns for stigma transfer. Similarly, we've tried to elucidate the factors involved in enabling such entities to 'take the leap' with core-stigmatized clients. Research on stigma at the meso-level has been underserved in this area both with regards to organizational and occupational frameworks. Though these may represent two disparate literatures to some degree, we've attempted to make modest contributions to both in that the partners to core-stigmatized firms in this context have core

characteristics related to a specific profession. Understanding these processes has important implications for both theory and practice. Theoretically speaking, understanding how commercial partners, those conducting business with core-stigmatized organizations, address their concerns for stigma transfer contributes to our understanding of what enables core-stigmatized firms to continue to function and withstand severe negative social evaluations by powerful audiences. They can do so at least in part because they are able to access critical business services, and those service providers have demonstrably been able to mitigate the prospect of transferred stigma to an extent to which they can effectively provide their services comfortably.

Where prior studies have illustrated the actions undertaken by core-stigmatized firms to shield their stakeholders from transferred stigma, very few have examined the approaches of those stakeholders to shield themselves. To our knowledge, our study is the first to specifically examine the approach of commercial partners to shield or otherwise enact measures to address their concerns for stigma transfer. However, for those measures to be enacted, the professionals in this study endured a process of rationalization of entry to self-justify involvement. Personally held values, if not already in congruence with those of the cannabis industry, faced re-alignment to relieve dissonance and enable exploration of servicing core-stigmatized clients. On a professional level, involvement in a federally illegal enterprise and the notion of aiding and abetting in the trafficking of a controlled substance needed to be put to rest through careful examination of professional ethics and by withstanding the potential disapproval of peers. Key to this enablement was the lax stance of professional institutions, such as state-level and national associative bodies, as well as the ‘public interest’ principle. So long as accountants work within their ethics and in the public’s interest, they need not fear losing their professional licenses. Couple this with strong economic opportunities and professionals may find the motivation necessary to jump in and service those suffering from core-stigma.

Though entering partnerships with core-stigmatized firms may be justified in the minds of professionals at this point, concerns for stigma transfer are not automatically alleviated. Professionals proceed to enact a number of subsequent measures aimed at alleviating those concerns. These measures included attempts to manage the perceptions of those belonging to the personal networks of the participants of this study, seemingly to prevent any damage to their character in the personal sphere. In the professional sphere, addressing stigma transfer concerns implied first carefully selecting firms for whom they would provide services and then carefully monitoring activities to ensure compliance with all applicable laws. Beyond this, however, and given the newness and legal and practical ambiguities surrounding the industry, professionals found themselves having to learn the nuances involved and even having to develop standards of practice on their own and in collaboration with their professional peers. Otherwise, an absence of standards reminds audiences of a troubled past defined by criminal elements in a black-market trade.

Participating in a stigmatized industry, particularly one whose legality is dubious, requires professionals to revisit and rationalize the decision to do so. This process is aided principally by viewing the core product of the industry, cannabis, alongside other products for critical comparison. Where cannabis can be said to hold intoxicating characteristics in common with other vices like alcohol, a legally recognized industry, the argument can be made that one is no more harmful than the other. However, professionals pair this with the fact that cannabis is also widely utilized as a prescribed medical treatment, attempting to further elevate cannabis' status relative to that of other vices such as alcohol. In congruence with this is the conviction that, with the momentum that the industry has experienced in the last decade, the stigma surrounding cannabis is waning and legalization at a national level will inevitably ensue. While servicing core-stigmatized organizations may be complicated and challenging on a number of

levels, becoming proficient now should translate into great opportunities in the not-too-distant future for professionals themselves.

These findings shed light on a little-understood set of circumstances in which an elite profession, legitimate and of high social status as it may be, may encounter and have to contend with stigma. While there is a corpus of work that examines stigma with regards to other, lower status occupations, the study of professionals dealing with stigma has been relatively under-served. This may be unsurprising, because professionals are defined in large part by their privilege. Nonetheless, the altruistic principles of public interest claimed by professionals would suggest that even the most harshly scrutinized and controversial business operations require professional help. This help is both for the benefit of the business in question and the broader public. Perhaps the clearest manifestation of this is in the proper and accurate reporting and filing of taxes which are ultimately re-distributed throughout society. As such, and as uncommon as it might seem, professionals *do* provide services for the core-stigmatized and *do* have to contend with the possibility, and perhaps even the consequences, of transferred stigma. This study hopefully contributes useful insight in this regard.

Another more specific contribution has to do with the notion of ‘network-level’ strategies of stigma transfer mitigation. Selecting partners immune to stigma is a network-level strategy employed by core-stigmatized firms (Hudson, 2008). However, we found evidence suggesting that mitigation of stigma transfer risk may not occur as a unidirectional exercise of “shielding” performed by core-stigmatized firms themselves towards their partners and stakeholders at large (Hudson, 2008). In fact, our data on professional accountants revealed a number of strategies that they themselves employed to mitigate these concerns. For instance, professional accountants in our study alluded to the notion of conducting their own vetting and managing of clientele in the cannabis industry so as to ensure compliance with applicable law – and mitigate the prospect of their own sanctioning by professional or legal bodies.

This study may also serve to shed light on the notion of professional privilege and autonomy. As evidenced in this study, accountants with a professional mandate to work and resolve conflicts “in the public’s interest” seemed enabled to do what federal law enforcement agencies may characterize as “aiding and abetting traffickers of a Schedule 1 controlled substance”, seemingly without consequence as long as they pushed their clients to be compliant with IRC 280E. Similarly, through framing their role as arbiters who work to mediate between offenders of federal law and the federal government itself, they in effect facilitate the financial appeasement of the federal government and disincentivize the disruption of industry activities. With selection and control of clientele, professionals may enjoy significant autonomy even in such extraordinary and uncertain legal environments.

This study has attempted to abstract findings that are broadly applicable at least to a sizeable segment of the accounting profession. Those who participated in this study were not from multi-national accounting firms, such as the Big 4. Actually, the size of the firm from which professional accountants participated in this study ranged from micro (1-person) to small and medium, a broader category to which a majority of accounting firms belong (Ramirez, Stringfellow, Maclean, Ramirez, & Stringfellow, 2015) and concerning which we expect our findings to be relevant. While this particular segment of the profession may have less stakeholders, and stakeholders of likely lesser means and power than say the Big 4, such ‘nimble’ organizational conditions may enable their involvement with core-stigmatized clients and provide the flexibility to manage the prospect of stigma transfer. Nonetheless, and given the size and power of the stigmatizing audience in this case, accountants servicing core-stigmatized clients here exhibited a meticulous approach to managing their clients and keeping them compliant with applicable law while expressing a heightened need to remain faithful to professional ethics. At the same time, the approach of associative bodies, such as the AICPA, were instrumental in enabling these professionals to service the core-stigmatized. In deferring

guidance to state-level associations, the AICPA enabled professional accountants to effectively remain compliant with ethical standards in states with legal cannabis markets. With the risk of professional sanctioning removed, professional accountants were able to service core-stigmatized clients more easily. Interestingly enough, the responses of the accountants of this study seemed to reinforce the notion of public good being at the core of the profession; for while one interpretation of their work might be that of aiding and abetting illicit drug traffickers, their responses suggested that their clients' access to quality accounting service (and the remuneration involved) trumped the risk of federal retribution.

Limitations and Future directions

While we believe this study has shed light on important processes of stigma and the managing of stigma transfer concerns, it has some obvious limitations. First, cannabis in the U.S., though having a long and historic track record of core stigma, has been experiencing large-scale de-stigmatization as it now enjoys support from a majority of the citizenry. Though the uniqueness of this context has allowed us to isolate and examine the dynamics of one particularly strong stigmatizing audience, exploring more extreme contexts in which a broader consortium of stigmatizing audiences exists would likely illuminate additional nuances as to how actors manage concerns for stigma transfer. Future studies might also consider, accessibility permitting, industries following the opposite trajectory of cannabis; that is, those receiving increased scrutiny as of late for having been exposed, for example, for 'nefarious' practices, even though they are recognized as fully compliant with the law and are 'legitimate' to governing authorities. Meat and poultry industries, for instance, have been referenced recently in the media for having relied heavily on a low-wage earning, largely undocumented, migrant workforce and having very hazardous working conditions that threaten their very health and safety. Likewise, legal gun manufacturers have been under the public's microscope in the U.S. for being able to escape liability amongst an increase in mass shootings.

Another limitation of this study has to do with constraints on data that might further illustrate the substance of stigma transfer. Because we were unsuccessful in interviewing parties of the federal government, namely the IRS, the perspective of this stigmatizing audience towards the object of our study, professional accountants, was not possible to capture. Future studies might consider contexts and audiences with readily available, or easily accessible, data that better illustrates audiences' point of view.

Conclusion

Overall, our study suggests that partnering with core-stigmatized organizations requires a favorable pre-disposition towards the core values and activities of stigmatized firms, as well as a regular and cognizant reaffirmation of the validity of the decision to do so. As to performing the work contracted by core-stigmatized clients and mitigating concerns for stigma transfer, professional service providers must carefully consider professional ethics and be alleviated from concerns of professional sanctioning from codes of ethics and associative bodies. Likewise, carefully selected clients need to be managed so as to ensure their compliance with applicable laws and ethical practices due to the heightened scrutiny of (powerful) stigmatizing audiences.

References:

- Abbott, A. D. (1988a). *The system of professions : an essay on the division of expert labor*. The University of Chicago Press.
- Abbott, A. D. (1988b). *The Systems of Professions*. Chicago: The University of Chicago Press.
- AICPA. (2019). *An issue brief on state marijuana laws and the CPA profession*.
- Ashforth, B. E., & Kreiner, G. E. (2014). Dirty Work and Dirtier Work: Differences in Countering Physical, Social, and Moral Stigma. *Management and Organization Review*, 10(1), 81–108. <https://doi.org/10.1111/more.12044>
- Association, N. C. I. (2015). *Internal Revenue Code Section 280E : Creating an Impossible Situation for Legitimate Businesses*.
- Baran, B. E., Rogelberg, S. G., Lopina, E. C., Allen, J. A., Spitzmüller, C., & Bergman, M. (2012). Shouldering a silent burden: The toll of dirty tasks. *Human Relations*, 65(5), 597–626. <https://doi.org/10.1177/0018726712438063>
- Barlow, M. A., Verhaal, J. C., & Hoskins, J. D. (2018). Guilty by Association: Product-Level Category Stigma and Audience Expectations in the U.S. Craft Beer Industry. *Journal of Management*, 44(7), 2934–2960. <https://doi.org/10.1177/0149206316657593>
- Blithe, S. J., & Wolfe, A. W. (2017). Work–life management in legal prostitution: Stigma and lockdown in Nevada’s brothels. *Human Relations*, 70(6), 725–750. <https://doi.org/10.1177/0018726716674262>
- Cole, J. M. (2013). *Guidance Regarding Marijuana Enforcement*. Retrieved from <https://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf>
- Corbin, J. M., & Strauss, A. L. (2015). *Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory 4th Edition*.
- Dellaportas, S. (2014). The effect of a custodial sentence and professional disqualification on reintegration. *Critical Perspectives on Accounting*, 25(8), 671–682. <https://doi.org/10.1016/j.cpa.2014.03.005>
- Detzen, D., & Hoffmann, S. (2018). Stigma management and justifications of the self in denazification accounts. *Accounting, Auditing and Accountability Journal*, 31(1), 141–165. <https://doi.org/10.1108/AAAJ-05-2016-2553>
- Devers, C. E., Dewet, T., Mishina, Y., & Belsito, C. A. (2009). A general theory of organizational stigma. *Organization Science*, 20(1), 154–171. <https://doi.org/10.1287/orsc.1080.0367>
- Doldor, E., & Atewologun, D. (2020a). Why work it when you can dodge it? Identity responses to ethnic stigma among professionals. *Human Relations*. <https://doi.org/10.1177/0018726719895552>
- Doldor, E., & Atewologun, D. (2020b). Why work it when you can dodge it? Identity responses to ethnic stigma among professionals. *Human Relations*. <https://doi.org/10.1177/0018726719895552>
- Gendron, Y., & Spira, L. F. (2010). Identity narratives under threat: A study of former members of Arthur Andersen. *Accounting, Organizations and Society*, 35(3), 275–300. <https://doi.org/10.1016/j.aos.2009.09.001>
- Goffman, E. (1959). *The Presentation of Self in Everyday Life*. New York: Anchor books.
- Goffman, E. (1963). *Stigma: Notes on the management of spoiled identity*.
- Graham, C., & Grisard, C. (2019). Rich man, poor man, beggar man, thief: Accounting and the stigma of poverty. *Critical Perspectives on Accounting*, 59, 32–51. <https://doi.org/10.1016/j.cpa.2018.06.004>
- Hamilton, P., Redman, T., & McMurray, R. (2019). ‘Lower than a Snake’s Belly’: Discursive Constructions of Dignity and Heroism in Low-Status Garbage Work. *Journal of Business*

- Ethics*, 156(4), 889–901. <https://doi.org/10.1007/s10551-017-3618-z>
- Hood, D. (2019). Cannabis: A Major New Opportunity for Accountants. *Accounting Today*, 33(1).
- Hudson, B. A. (2008). Against all ODDS: A consideration of core-stigmatized organizations. *Academy of Management Review*, 33(1), 252–266. <https://doi.org/10.5465/AMR.2008.27752775>
- Hudson, B. A., & Okhuysen, G. A. (2009). Not with a ten-foot pole: Core stigma, stigma transfer, and improbable persistence of men’s bathhouses. *Organization Science*, 20(1), 134–153. <https://doi.org/10.1287/orsc.1080.0368>
- Jeacle, I. (2008). Beyond the boring grey: The construction of the colourful accountant. *Critical Perspectives on Accounting*, 19(8), 1296–1320. <https://doi.org/10.1016/j.cpa.2007.02.008>
- Khessina, O. M., Reis, S., & Verhaal, J. C. (2020). Stepping out of the Shadows: Identity Exposure as a Remedy for Stigma Transfer Concerns in the Medical Marijuana Market*. *Administrative Science Quarterly*. <https://doi.org/10.1177/0001839220972422>
- Langley, A., Smallman, C., Tsoukas, H., & Van De Ven, A. H. (2013). Process studies of change in organization and management: Unveiling temporality, activity, and flow. *Academy of Management Journal*, 56(1), 1–13. <https://doi.org/10.5465/amj.2013.4001>
- Lashley, K., & Pollock, T. G. (2019). Waiting to Inhale: Reducing Stigma in the Medical Cannabis Industry. *Administrative Science Quarterly*, 000183921985150. <https://doi.org/10.1177/0001839219851501>
- Lauwo, S., Kyriacou, O., & Julius Otusanya, O. (2020). When sorry is not an option: CSR reporting and ‘face work’ in a stigmatised industry – A case study of Barrick (Acacia) gold mine in Tanzania. *Critical Perspectives on Accounting*, 71, 102099. <https://doi.org/10.1016/j.cpa.2019.102099>
- Miley, F. M., & Read, A. F. (2018). “This degrading and stealthy practice”: Accounting, stigma and indigenous wages in Australia 1897-1972. *Accounting, Auditing and Accountability Journal*, 31(2), 456–477. <https://doi.org/10.1108/AAAJ-10-2014-1839>
- Neu, D., & Wright, M. (1992). Bank failures, stigma management and the accounting establishment. *Accounting, Organizations and Society*, 17(7), 645–665. [https://doi.org/10.1016/0361-3682\(92\)90017-M](https://doi.org/10.1016/0361-3682(92)90017-M)
- Pereira, I. (2021, April 8). Legal marijuana movement builds as more states change laws - ABC News. Retrieved April 8, 2021, from https://abcnews.go.com/US/legal-marijuana-movement-builds-states-change-laws/story?id=76907902&cid=clicksource_4380645_14_comic_strip_sq_hed
- Pflueger, D., Palermo, T., & Martinez, D. (2019). De-stigmatization, collective action and market devices: A field study of the cannabis industry. *Working Paper*, 1–55.
- Phung, K., Buchanan, S., Toubiana, M., Ruebottom, T., & Turchick-Hakak, L. (2020). When Stigma Doesn’t Transfer: Stigma Deflection and Occupational Stratification in the Sharing Economy. *Journal of Management Studies*. <https://doi.org/10.1111/joms.12574>
- Ramirez, C., Stringfellow, L., Maclean, M., Ramirez, C., & Stringfellow, L. (2015). Beyond segments in movement : a “ small ” agenda for research in the professions. *Accounting, Auditing and Accountability Journal*, 28(8), 1341–1372. <https://doi.org/10.1108/AAAJ-01-2015-1946>
- Romi, A., Carrasco, H., Camors, C., & Masselli, J. (2017). From the Black-Market to the Gray-Market: Accounting’s Role in the Budding Cannabis Industry. *Ssrn*. <https://doi.org/10.2139/ssrn.3090386>
- Romi, A. M., Carrasco, H., Camors, C., & Masselli, J. (2018). From the Black-Market to the Gray-Market: Accounting’s Role in the Budding Cannabis Industry. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.3090386>

- Slay, H. S., & Smith, D. A. (2011). Professional identity construction: Using narrative to understand the negotiation of professional and stigmatized cultural identities. *Human Relations*, 64(1), 85–107. <https://doi.org/10.1177/0018726710384290>
- Stenger, S., & Roulet, T. J. (2018). Pride Against Prejudice? The Stakes of Concealment and Disclosure of a Stigmatized Identity for Gay and Lesbian Auditors. *Work, Employment and Society*, 32(2), 257–273. <https://doi.org/10.1177/0950017016682459>
- Strauss, A. L., & Corbin, J. M. (1990). *Basics of Qualitative Research : Grounded Theory Procedures and Techniques*. Sage Publications. Retrieved from <https://uk.sagepub.com/en-gb/eur/basics-of-qualitative-research/book235578>
- Valtorta, R. R., Baldissarri, C., Andrighetto, L., & Volpato, C. (2019). Dirty jobs and dehumanization of workers. *British Journal of Social Psychology*, 58(4), 955–970. <https://doi.org/10.1111/bjso.12315>
- Walker, S. P. (2008). Accounting, paper shadows and the stigmatised poor. *Accounting, Organizations and Society*, 33(4–5), 453–487. <https://doi.org/10.1016/j.aos.2007.02.006>
- Zhang, R., Wang, M. S., Toubiana, M., & Greenwood, R. (2021). STIGMA BEYOND LEVELS : ADVANCING RESEARCH ON STIGMATIZATION, 15(1), 188–222.
- Zhang, S., Jiang, L., Magnan, M., & Su, L. N. (2019). Dealing with Ethical Dilemmas: A Look at Financial Reporting by Firms Facing Product Harm Crises. *Journal of Business Ethics*, 170(3), 497–518. <https://doi.org/10.1007/s10551-019-04375-6>