

Investigating the Relationship between the Dimensions of Organizational Culture and the Size of Audit Firms with Auditors' Judgment and Decision Making¹

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INTRODUCTION

Professional judgment and decision-making are a vital part of all audit processes and the cornerstone of the audit profession; Therefore, it is essential to identify the factors affecting auditors' judgment and learn new skills to improve the level of professional judgment and decision-making. Previous researches at the level of culture in societies show that the development and evolution of accounting in each society depends on the environmental, cultural, and social factors of that society. Therefore, the main objective of this research is to investigate the relationship between dimensions of organizational culture and the size of audit firms with auditors' judgment and decision-making. The dimensions of organizational culture include masculinity, collectivism, uncertainty avoidance, and the power distance and the moderating role of audit firm size are also investigated in this research. The implications of this study are as follows; conducting research in the field of auditors' judgment and decision-making can

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lead to the expansion of behavioral research and the impact of cultural factors on the most important aspect of the auditing profession, namely auditors' judgment and decision-making. Especially in the current economic, political, and cultural conditions of the country, knowing the factors affecting the correct and appropriate behavior of auditors as trustees of the society can be reassuring and very important. Also, investigating the effect of the size factor of audit firms, which has long been emphasized in the field of audit work quality, as a moderating factor, can clarify the distinction between higher and lower-quality firms. In addition, in most research, auditors' judgment and decision-making are considered as a variable but according to the theory of planned behavior, an individual may first judge the situation and problem and then make a decision, which in this research is considered as two separate steps and processes.

MATERIALS AND METHODS

This study is applied research in terms of purpose and terms of data collection, it is a survey study, and the statistical population is the members of the Iranian Association of Certified Public Accountants in 1400 and 1401. Research samples were chosen by random sampling method by using 132 questionnaires. The questionnaire consists of three parts; The first part of the general questions includes individual characteristics and the size of the auditing firm, and the second part examines the questions related to the dimensions of the organizational culture, which is measured by Hofstede's 24-item questionnaire. The third part is related to judgment and decision-making, which by examining previous research and related studies, criteria for measuring auditors' judgment and decision-making were identified and 4 scenarios were developed. Respondents were asked to answer the questions based on the Likert scale. Confirmation of relationships between variables and factors has been done through confirmatory factor analysis and path analysis. Smart PLS statistical software was used to test the hypotheses.

RESULTS AND DISCUSSION

The results show that there is a negative and significant relationship between power distance and auditors' judgment and decision-making and also between masculinity and auditors' judgment and decision-making.

Moreover, the results show that there is a positive and significant relationship between collectivism and auditors' judgment and decision-making. However, there is no significant relationship between uncertainty avoidance and auditors' judgment and decision-making. In addition, the moderating role of audit firm size on the relationship between organizational culture dimensions and auditors' judgment and decision-making was not supported.

CONCLUSION

This research contributes to the behavioral studies and organizational culture dimensions regarding auditors' judgment and decision-making studies. Based on the research results, it is suggested to the Certified Public Accountants and the Auditing Organization to improve the quality of judgment and decision-making of auditors through educational training. Also, considering the influence of organizational culture dimensions on auditors' judgments and decision-making, e.g. the negative relationship of masculinity or the positive relationship of collectivism, these cases are taken into consideration by auditing institutions. In this research, to investigate the relationship between organizational culture on the auditor's judgment and decision-making, organizational culture was evaluated with four indicators of masculinity, collectivism, uncertainty avoidance, and power distance, while other cultural factors are also effective in the auditor's judgment and decision-making. This fact that considering other factors may cause the questionnaire to become too long, future researchers can consider other factors affecting the auditor's judgment and decision-making. Also, in measuring organizational culture, other indicators such as experience and independence can be examined. One of the limitations of this research is the use of a questionnaire tool to collect information and the wrong perception of the research questions by the respondents. Although during the design of the questionnaire, we tried to make the questions clear and specific, in any case, the existence of some possible wrong perceptions can be among the limitations that affect the results of the research and the mental fields of people such as emotions, feelings, and attitudes. Therefore, the perception of people may affect the data and results of the research. The limitation of data collection using a questionnaire and the non-cooperation of some

official accountants led to the removal of some selected samples and the replacement of new samples.

Keywords: Auditors' Judgment, Auditors' Decision Making, Dimensions of Organizational Culture, Audit Firm Size, Audit Quality.

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