



The Impact of Organizational Ethics and Culture on the Auditor's Professional Judgment with respect to Corporate Social Responsibility Using Structural Equation Modeling

S. Samaneh Salehi Kamamardakhi

PhD Student in Accounting, Department of Accounting, Rasht Branch, Islamic Azad University, Rasht, Iran.

Keihan Azadi

Assistant Professor and Academic Membership, Department of Accounting, Rasht Branch, Islamic Azad University, Rasht, Iran
(Corresponding Author)
azadikeihan@gmail.com

Mohammadreza Vatanparast

Assistant Professor and Academic Membership, Department of Accounting, Rasht Branch, Islamic Azad University, Rasht, Iran

Submit: 27/11/2021 Accept: 06/03/2022

ABSTRACT

The purpose of this study is to investigate the effect of organizational ethics and culture on the professional judgment of the auditor with respect to corporate social responsibility using structural equation modeling. The present study is descriptive and field-based in terms of data collection. The population of the research is experts and accountants. The sample size was determined using Cochran's formula of 211 people. In this research, simple random sampling method has been used. Data were analyzed using SPSS22 software and structural equation modeling. Findings showed that organizational ethics has a significant effect on the auditor's judgment. However, organizational culture did not have a significant effect on the auditor's judgment. Findings also showed that organizational culture has a significant effect on organizational ethics. In addition, corporate social responsibility does not moderate the impact of organizational ethics on the auditor's professional judgment. However, corporate social responsibility moderates the impact of organizational culture on the auditor's professional judgment.

Keywords:

Organizational Ethics, Organizational Culture, Auditor Professional Judgment, Corporate Social Responsibility.

1. Introduction

Accounting is a profession that is very similar to arbitration in the courts. Both the judge and the accountant are confronted with claims, collect and evaluate the evidence supporting the claim, and ultimately comment and judge according to the criteria at their disposal. Both of them must be fair in their comments and judgments (Barrainkua, 2017). There is no standard approach to applying professional judgment, but applying professional judgment correctly in performing the duties of an accountant is a prominent factor and increasing the skill in judging is essential for accountants (Rostami Mazouee, 2019). Accountants, in addition to their responsibility to their owners, have a more important responsibility, which is their social responsibility. Accountants must be accountable to all persons who use the entity's financial statements for any reason when they are auditing and reporting, so that they can make appropriate economic decisions based on the auditors' approval of the financial statements. Some cases are against the wishes of employers (Doupnik, 2018). However, the main users of the audit report are stakeholders who are not owners and do not have access to the information and evidence supporting the financial statements to review and ensure the reliability of the financial statements. These factors cause the quality of professional judgment, the main pillar of accounting, to play an important role in the economic community (Sayadi, 2019). On the other hand, current accountants in Iran are in a wide range of knowledge and some of them are not familiar with new accounting concepts. For this reason, different interpretations of the term professional judgment, which is significant in both the professional literature and accounting standards for distinguishing accountants, are interpreted differently. Professional judgment in accounting is the application of knowledge related to experience and the extent to which an appropriate decision can be made by accounting and auditing standards and the code of professional conduct, as long as one can choose between alternative actions. (Moshiri Kaab, 2018). The result of professional judgment of all people working in the accounting profession is formulated and presented in the form of accounting standards. However, in some accounting standards, when it is not possible to specify a specific scope, it is left to the professional judgment of the accountant to determine

the case and apply it to the subject. The greater and more complete the general judgment of the profession (accounting standards, auditing standards, and professional conduct), the less personal judgment the auditors will have, and vice versa (Chand, 2017). In most parts of auditing standards, the auditor's professional judgment strategy is stated in the implementation of the standard (Pir Alilou, 2018). Accounting judgment, in addition to knowledge, also requires appropriate work experience, so that the accountant can make a fair and acceptable judgment using the mental background he has from past experiences in his field of work. The work of an accountant requires professional skepticism so that he deals with cases of ambiguity and unusual circumstances (Abdi Golzar, 2018). According to research, one of the factors that can affect the judgment of the accountant is the social responsibility of the auditing firm (Kim, 2018). Corporate social responsibility is a concept that can be a good tool to maintain coherence while respecting and understanding existing differences (McCarthy, 2019). Corporate social responsibility is a new topic in the accounting literature and research and has been considered from various aspects by investors, analysts, managers and researchers. Today, shareholders want to invest in companies that properly perform social responsibilities (Nekhili, 2019). Grant (2010) argues that corporate social responsibility is not only performed in large companies but today is essential for many companies. Proponents of social responsibility disclosure claim that companies disclose this information to increase shareholder wealth (Jaakson, 2019). Corporate social responsibility has been the subject of considerable controversy in the United States over the decades. On the one hand, there are those who argue that the purpose of business is to make a profit and increase the value of stocks, and that improving the welfare and health of society in general is the duty of religious, social, and governmental agents. K. Milton Friedman (1970)'s article entitled "The Social Responsibility of Business is Only to Increase Profits" clearly illustrates this view, and was given in response to those who argued that business was largely committed to the welfare of society. Of course, Friedman supporters do not generally deny involvement in social activities, but rather that the goal and outcome of the action should be to make a profit for the organization. For example, it is quite correct

when a company participates in improving the local situation if this causes a return on profits and returns (Sobhaninejad, 2018). The concept of corporate social responsibility in the last decade has become the dominant paradigm in the field of corporate governance. Large and reputable global companies see responsibility for the community and the social environment as part of their corporate strategy. This concept is a topic that is currently strongly pursued in all developed countries by all actors such as governments, corporations, civil society, international organizations and scientific centers (Fet, 2018). Companies see corporate social responsibility as a kind of business strategy that increases their credibility and market share in a highly competitive environment. Social responsibility is a set of duties and obligations that the organization must perform in order to maintain and care for and help the community in which it operates (Nosrati, 2017). Organizational Social Responsibility examines the fact that the performance of an organization in terms of its impact on society as well as its impact on the environment, is an important factor in measuring the overall performance of the organization and its ability to continue its activities effectively. Aid (Salimi, 2017). Stakeholder theory states that since corporate accountability can provide a better view of stakeholders than corporate executives, it is expected that corporate executives who engage more in profit management behaviors have greater social responsibility and vice versa. (Pournader, 2018). According to research, one of the factors that can affect corporate social responsibility is organizational culture.

Organizational culture is influenced by the national culture of each society and each organization has its own culture (Jaakson, 2019). Organizational culture is a model of common assumptions that pervades the group, so that it solves the problems of external adaptability and internal coordination of the group and is considered valid due to its performance and positive impact, and therefore as a correct method of perception, thoughts and feelings about those problems of the group are taught to new members (Ashrafi, 2019). According to Robbins, organizational culture is a system of common inference that members have about the organization and this feature causes the separation of two organizations from each other (Abdi Golzar, 2017). Accordingly, Dorbin believes that the effectiveness of employees is the secret of the

effectiveness of the organization and organizational culture is the system of beliefs and common values of employees that affect their behavior (Salimi, 2016). Denison (2000) considers organizational culture to have four characteristics: 1. Involvement in work, in which effective organizations empower their employees, form the organization based on working groups, and develop human resource capabilities at all levels of development, 2- Compatibility: Research has shown that organizations that are often effective are stable and integrated, and employee behavior is rooted in core values. Leaders and followers are skilled at reaching agreement (even when they have mutual views) and organizational activities are well coordinated and consistent. Organizations with such characteristics have a strong and distinct culture and have sufficient influence on employee behavior, 3- Adaptability: Organizations that are well integrated are difficult to change, so internal integration and external adaptability can be considered the advantage of the organization. Compliant organizations are led by customers, take risks, learn from their mistakes, and have the capacity and experience to make a difference. They are constantly improving their ability to value their customers, 4- Mission: Perhaps it can be said that the most important feature of organizational culture is the mission and its mission (Hosseinpour, 2016). Organizations that do not know where they are and what their current status is often going astray. Successful organizations have a clear understanding of their goals and direction, so that they define organizational and strategic goals and outline the vision of the organization. According to research, one of the factors that can affect organizational culture is organizational ethics (Hosseinpour Mohammadabai, 2016).

Ethics has different meanings from the point of view of different people. But it is generally considered as knowing the right from the wrong in the workplace and doing the right and leaving the wrong (Abdi Golzar, 2018). The category of organizational ethics in developed societies has been institutionalized over the past century and a half as part of management science. Proper application of ethical management in the distribution company not only leads to good direct and intra-organizational results such as increasing productivity, strengthening the collective work conscience, institutionalizing ethical values and the evolution of organizational culture, but also one of its

blessings is overcoming the social responsibilities of the organization, which is highly emphasized today (Noshadi, 2018).

Organizational ethics is one of the most important parameters in the success of the organization. Although human beings do not have a single view on the examples of organizational ethics and its definition, but everyone wants success and are equal in achieving success (Barrainkua, 2018). Success in personal and professional life and organizational life is a common and meaningful goal of a person. If ethical values are observed in an organization, the human resources of that organization will be loyal to the organizational values and will be inclined to maintain membership in that organization (Farooqi, 2017). The result of loyalty to organizational values is an effort beyond assigned tasks and employee development. Increasing productivity and efficiency, creating creativity and innovation, leading to integration and solidarity, improving quality, paying more attention to employees, preventing corruption and abuse of power, are among the effects of ethics on managers' performance (Derakhshan Mehr, 2018). In a study that examined the ethical infrastructure in the public service sector of Iran, the results showed that the situation of ethics in Iran in the public service sector is not favorable. Experts define the space of organizational ethics as "a common understanding of what behavior is morally correct and how ethical issues should be treated" (Shurozi, 2018). Due to differences in individual status, workgroups, and employment rates, members' perceptions of organizational space may differ. Therefore, moral space is the best understanding of the set of prescribed spaces that reflects organizational methods, policies, and actions with moral consequences (Hossein Pourmohammadabai, 2016). Accounting is a vital profession in today's advanced economic world, because without it the current economic system cannot exist. Prominence distinguishes the accounting profession from the acceptance of public responsibility (Barrainkua, 2017). Society has high expectations of professionals and people should trust the quality of complex services provided by the accounting profession. Therefore, the information provided by accountants must be significantly efficient, reliable, realistic and unbiased. Therefore, accountants must not only have professional qualifications, but also must have a high degree of professional honesty and

integrity, and professional reputation is one of their most important assets (ENGİNOĞLU, 2016). As a result, accounting ethics are very important for professional accountants and people who rely on accounting services. The future of the accounting profession depends on ethical leadership by professional accountants and leaders. It is necessary for them to lead current and future accountants to honor by explaining the importance of high moral standards and teaching the necessity of individual integrity. Doing so will surely ensure that in the future, the accounting profession can continue to play its historic role in equitable economic growth and the success and prosperity of nations. Nevertheless, it seems that this issue has not been addressed theoretically in Iran. Therefore, in this study, we want to answer this question that whether organizational ethics and culture affect the professional judgment of the auditor? And what role can corporate social responsibility play in the impact of organizational ethics and culture on professional judgment?

2. Theoretical framework and research background

-Auditor professional judgment: All professions, regardless of their field of activity, have rules, principles, standards and instructions that must be observed in order to perform that particular job (Malanzari, 2016). In auditing, professional judgment is the application of learnings, experiences and knowledge gained about auditing and accounting standards and the requirements of professional conduct, for appropriate decisions according to the working conditions of the audit (Hosseini, 2019). Professional judgment is influenced by several key factors. Researchers are currently studying the impact of the audit work environment, auditor characteristics, audit evidence, decision-making process and qualitative judgment characteristics (Badpa, 2019). Professional judgment is very important in accounting and auditing (Svanberg, 2016). As accounting standards become more subjective and more attention is paid to fair value measurements, professionals need to employ more and better professional judgment on a coherent basis. In fact, no one will ever judge completely or completely without bias or the pitfalls of judgment. But by knowing the places that can affect us

such effects and by rationally practicing distortion reduction techniques, the quality of professional judgment can be improved and this will help a person to become more professional (Asghari, 2020). Given the importance of professional judgment, it can be concluded that "defense ability" and "accuracy" have a greater impact on professional judgment, and managers of auditing organizations and other auditing firms should be considered this to systematize and increase the quality of professional judgment. Because the organization of auditing principles based on auditing standards is initially done based on professional judgments, which in turn leads to the formation of judgments about each claim in the financial statements and ultimately provide a comment on it (Daryae, 2019). In addition, the community of certified public accountants should formulate specific standards and policies to optimize the qualitative characteristics of effective judgment in auditing judgment in formulating and explaining general policies. Therefore, it can be said that auditors can protect the interests of society in the long run by applying better professional judgments. Therefore, auditors should be required to observe quality characteristics that affect the judgment of the auditor's profession, including "defense ability" and "accuracy" (Mahdavi, 2017).

Organizational culture: Organizational culture is a topic that has recently entered the field of management knowledge and in the field of organizational behavior. According to a study conducted by a group of management scientists, organizational culture has been recognized as one of the most effective factors for the development of countries. As many researchers believe that the success of Japan in industry and management is one of the important reasons for their attention to organizational culture (Rahmani, 2019). Organizational culture is one of the most fundamental areas of change in the organization. Since the new transformation programs look more at the fundamental change of the organization, therefore, the purpose of these programs is to change and transform the culture of the organization as an infrastructure in the context of change (Attar, 2020). Smear Sich defines organizational culture as follows: Organizational culture considers a set of key values, guiding beliefs, and understandings that are shared by members of an organization and represent the essential and unwritten

part of the organization (Caliskan, 2020). Peters and Waterman have defined culture as a set of common and logical values that are exchanged with symbolic means such as stories, legends, anecdotes, and acronyms (Sheikh Ali Shahi, 2021). Denison considers organizational culture to be the core values, beliefs and assumptions that exist in the organization, the patterns of behavior that emerge from these shared values, and the symbols that indicate the link between the assumptions and values and the behavior of members of the organization (Giri, 2016).

Organizational ethics: Organizational ethics is in fact the study and practice of ethical behavior in the organization, which includes explaining and evaluating the values rooted in traditional policies and practices and searching for mechanisms to ethicize actions (Ghasemzadeh Alishahi, 2021). Ethics provides the power for the individual or dimension of an organization to be self-controlled and self-improving. And it is the educational system that institutionalizes this kind of conscience, both in the individual and in the organization. The use of ethics (ethics that creates added value) increases the ability of organizations in business and reduces the costs of the organization and society (Ahmadi, 2018). Creating an atmosphere based on meritocracy and teamwork and respect will guide organizations and communities in creating ethics. Understanding what behaviors become self-controlling and self-healing is important in this development (Rubio-Navarro, 2019). As mentioned, success in the organization is due to the creation and application of ethics management in the organization. Organizational ethics starts with building trust. The more trust in the organization, programs and managers (senior, middle and senior managers), the more commitment to the organization and tasks will be. Building trust will lead to increased organizational capacity to respond to environmental needs; because building trust will create synergy in the organization. The lower the employees' trust in managers and the organization, the more managers have to pay to control the behavior of employees, which will ultimately lead to less results (Abbasi Ghaderi, 2017).

Organizational social responsibility: Social responsibility is a set of duties and obligations that the organization must perform to maintain and care for and help the community in which it operates (Shah Hosseini, 2021). Social responsibility is a task for private institutions, which means that it does not have

a negative impact on the social life in which they work. The level of this task generally includes tasks such as: not polluting, non-discrimination in employment, non-immoral activities and informing the consumer about the quality of products and also a task based on participation in the lives of people in the community (Su, 2017). Social responsibility is one of the duties and obligations of the organization in order to benefit the society, so that the first goal of the organization is to maximize profits. In other words, social responsibility is a sense of commitment by the managers of private sector commercial organizations to decide in such a way that in addition to making a profit for the institution, the level of welfare of the whole society is improved (Valkovicova, 2018). Organizational social responsibility is a business approach that demonstrates respect for ethics, individuals, communities, and the environment as an integral part of the solution. An organization must perform all its responsibilities properly at all levels. (Rezaei, 2019). An organization must not only generate profits for shareholders and obey laws at the legal and economic levels, but must protect ethical rights and meet the expectations of consumers, employees and society while promoting welfare and goodwill at the ethical and humanitarian levels. Therefore, organizations must accept a comprehensive definition of social responsibility to act on it. Lack of proper understanding of the impact of social responsibility on employees' attitudes and behaviors will lead to erroneous and misleading conclusions of researchers and researchers regarding considerations about the impact of social responsibility (Kurdistani, 2017).

Rahmani (2018) studied the audit of organizational culture in Iran. The purpose of this study was to investigate the capabilities and challenges of organizational culture auditing in Iran and the optimal use of internal auditors in promoting organizational culture. The results showed that organizational culture was not included in the reviews of internal auditors. Out of 4 soft factors (common values, skills of people in the organization, management style and style, employees of the organization) only common values and out of 3 hard factors (organizational strategies, organizational systems, organizational structure) only organizational systems in the audit process has been reviewed. The research findings show the necessity and value creation of internal audit in the field of

organizational culture. Babaei Nesami (2019) studied the factors affecting the organizational culture of the employees of Pazargad Non-Industrial Operations Company. The results showed that among the components of organizational culture, attention to team and innovation-creativity has the highest average that managers can use this tool to improve organizational culture. The lowest average was for attention to detail. It also showed the highest correlation between organizational culture and innovation. Abdi Golzar (2018) examined the impact of organizational culture on the ethical judgments of auditors. Research data were analyzed using Spearman correlation test and simple linear regression. The results showed that organizational culture affects the ethical judgments of auditors. Salimi (2017) examined the effect of organizational culture on social responsibility and organizational commitment of employees of sports and youth departments: the mediating role of professional ethics. Structural equation modeling using LISREL software was used to analyze the data. The results showed that organizational culture indirectly has a positive and significant effect on organizational commitment with a coefficient of 0.36 and social responsibility with a coefficient of 0.37 according to the mediating variable of professional ethics. Thus, the mediating role of the professional ethics variable and subsequently the conceptual model of the research was confirmed. Hosseinpour Mohammadabai (2016) examined the relationship between organizational ethics culture and ethical decisions of managers and employees of the General Directorate of Sports and Youth of Isfahan Province. Findings showed that the first and third dimensions of organizational ethical culture and the overall scale had a significant relationship with the dimension of relative moral judgment, and the first and third dimensions of organizational ethical culture and the overall scale had a significant relationship with the dimension of absolute moral judgment. And the second dimension of organizational moral culture had no significant relationship with the dimension of relative moral judgment and the dimension of absolute moral judgment. The first dimension of organizational ethics culture had the ability to predict the dimensions of ethical decisions. There was no significant difference between the dimensions of ethical decisions of managers and employees in terms of demographic variables. Heidarian (2015) examined the impact of

auditing ethics on the professional judgment of auditors. The results of this study indicate that the effect of ethical principles of the audit profession on the judgment and performance of auditors is significant. Gender also influences audit judgments, and women make more ethical judgments. Jaakson (2019) examined the impact of organizational culture on corporate social responsibility in Estonian service organizations. The results did not statistically confirm the hypothesis that a strong organizational culture leads to higher performance of corporate social responsibility. On the other hand, there was no evidence that an organization with high corporate social responsibility could be more relationship-oriented. Of course, a strong relationship-oriented was seen with most factors of organizational social responsibility. Kim (2018) examined the relationship between ethical leadership, organizational social responsibility, and organizational performance. The purpose of this study was to investigate the impact of senior management ethical leadership in evaluating operational, business and economic performance with respect to the mediating role of corporate social responsibility. The research hypotheses were tested based on responses from 196 food service franchises in South Korea. The results showed that ethical leadership has been significantly affected by organizational social responsibility, while organizational social responsibility has shown a positive impact on operational and business performance. Barrainkua (2017) examined the impact of auditor professional ethics on ethical judgment among administrators and PhD students. The results of this study showed that students' commitment to public interest and independence was significantly higher than accountants' commitment. Also, moral values in auditors have been lower than students. Of course, the findings also showed that auditors had higher moral judgments than students. In addition, the findings showed that these two values (public interest and independence) are predictors of moral judgment. Chand (2017) examined the impact of ethical culture

and organizational culture on auditors' judgment in Fiji, Australia. The population of the study was 240 auditors of Australian companies who were selected using simple random sampling method. LISREL software was used to analyze the data. Findings indicate that ethical culture has a significant effect on organizational culture and also organizational culture has a significant effect on auditors' judgment. ENGİNOĞLU (2016) examined the impact of organizational culture on organizational ethics in Turkish government organizations. Data were obtained using the organizational culture and organizational ethics questionnaire. The results showed that organizational culture had a significant effect on organizational ethics of employees.

3. Research methodology

The present study is a practical research in terms of purpose and in terms of the nature and procedure; it falls into the category of descriptive-survey research. In this study, the population are the community of certified public accountants. The sampling method in this study is simple random. The sample size was determined using Cochran's formula of 211 people. The relevant scale in the present study are the standard questionnaire of organizational ethics (Hunt et al, 1989), organizational culture (Denison, 2000), corporate social responsibility (Haski, 2017)) and the auditor's professional judgment (Şişmanoğlu, 2018). The respondents of the present standard questionnaire are the official auditors of the country. Content validity was used to evaluate the validity of the measurement. All analyzes were performed using SPSS22 and SMART PLS2 software. In this study, Cronbach's alpha method was used to determine the reliability of the questionnaire by emphasizing the internal consistency of the questions. When calculating the reliability coefficient using Cronbach's alpha method, first the prototype consisting of 30 questionnaires selected from the auditors was pre-tested.

Table 1) Cronbach's alpha

Raw	Variable	Number of questions	Cronbach's alpha coefficients
1	Organizational ethics	5	.856
2	Organizational Culture	40	.916
3	Empowerment	5	.753
4	Teamwork	5	.739

Raw	Variable	Number of questions	Cronbach's alpha coefficients
۵	Capability development	۵	.785
۶	Core values	۵	.776
۷	Agreement	۵	.848
۸	Cohesion and coordination	۵	.833
۹	Change	۵	.750
۱۰	Customer Orientation	۵	.819
۱۱	Organizational Learning	۵	.861
۱۲	Strategic intentions and orientation	۵	.780
۱۳	Objectives	۵	.834
۱۴	vision	۵	.815
۱۵	Corporate social responsibility	۸	.835
۱۶	Auditor Professional Judgment	۶	.838

3-1- Models and hypotheses

Organizational ethics is the ethical principles and criteria that have been developed by organizations based on ethical models and all members of the organization are required to observe these principles that guide their behavior (Birjandi, 2019). The issue of ethics and practice of professional ethics is one of the serious and important issues in the field of accounting that directly affects the honesty and ability of accountants to gain public trust. Especially that lack of proper and moral education can lead to fraudulent activities (Ameri, 2020). Auditors make more conservative judgments when dealing with ethical standards (Hakak, 2016). Hence, the following hypothesis can be made:

H1: Organizational ethics has a significant effect on the auditor's judgment.

Organizational culture is one of the factors affecting the behavior of employees in the organization. Organizational culture determines the way things are done in the organization for employees and is the same perception of the organization that their presence is observed in all members of the organization; In other words, organizational culture is a set of common beliefs and values that affect the behavior and thinking of members of the organization. In an organization, culture plays different roles and is responsible for various tasks (Daryae, 2020). According to the study of Abdi Golzar (2018), organizational culture affects the judgment of auditors. Hosseini also concluded in his study that organizational culture also affects the organizational

ethics of employees. Therefore, the following hypotheses can be made:

H2: Organizational culture has a significant effect on the auditor's judgment.

H3: Organizational culture has a significant effect on organizational ethics.

Auditors play a vital role in the life of today's global business. They serve as key providers of financial information to the company's investors, lenders and other stakeholders. They are expected to provide reliable and factual information and also to behave responsibly while performing their professional duties. Also, professional judgment in auditing is the application of relevant knowledge and experience to the extent that is determined by accounting and auditing standards and professional conduct so that an appropriate decision can be made when choosing between alternative actions. (Hirani, 2017). Hirani (2017) in his study concluded that corporate social responsibility affects the professional judgment of the auditor. Also, the existence of an important component called "social responsibility and professional ethics" in organizations will have many benefits for them (Proeger, 2014). Based on the institutionalization of the culture of social responsibility and professional ethics, the growth and development of the organization in the field of services to different social strata through establishing a logical balance and justice based on fairness, especially in the decision-making process will be guaranteed (Saeedi Garaghani, 2017). Today, ethics is a necessity of a healthy society that due to its positive individual, organizational and social functions

and consequences has always attracted the attention of managers (Nolder, 2014). The auditor can exercise his social responsibility when his organization is superior in performing its legal duties and economic goals, otherwise the auditor cannot exercise his social responsibility. In fact, entering the field of social responsibility, an ethical framework is added. Amiri (2020) in his study stated that corporate social responsibility has an impact on organizational ethics. And that morally and socially responsible behavior plays an important role in good business practices

(Amiri, 2020). In view of the above, the following hypotheses can be made:

H4: Corporate social responsibility moderates the impact of organizational ethics on the auditor's professional judgment.

H5: Corporate social responsibility moderates the impact of organizational culture on the judgment of the auditor's profession.

According to the above content and hypotheses, the research model is presented as follows:

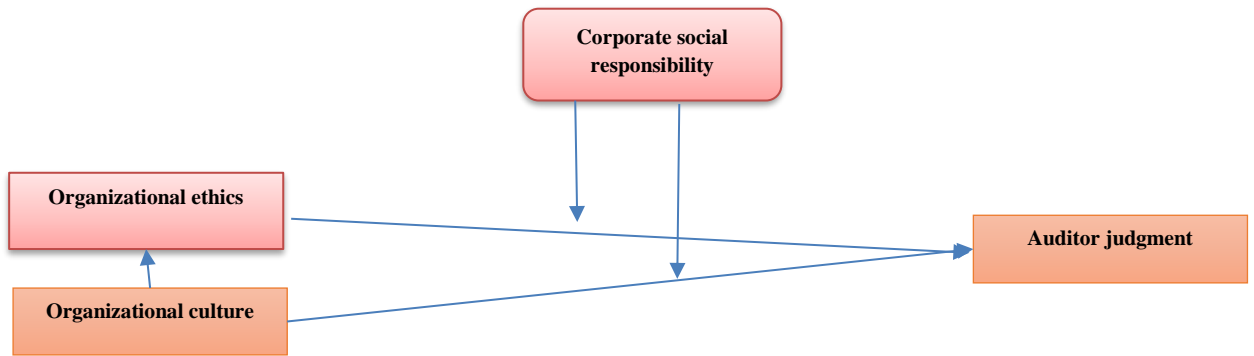


Figure 1) Conceptual model of research

4. Findings

4-1-Inferential test

In this research, to test the hypotheses, structural equation modeling with partial least squares (PLS) approach and Smart PLS software is used. Data analysis is performed based on the data analysis algorithm in the partial least squares method, which includes two sections: "Model fit test" and "Test of research hypotheses".

The standard estimation mode of the coefficients is homogenized, ie their scale is unified and it is possible to compare them. These coefficients are the same as the regression paths or standardized regression betas.

Using this case, we can understand the significance of the relationship between research variables. In this case, significant numbers will be out of range (1.96 and -1.96). This means that if the numerical t-test is between 1.96 and -1.96, it will be meaningless.

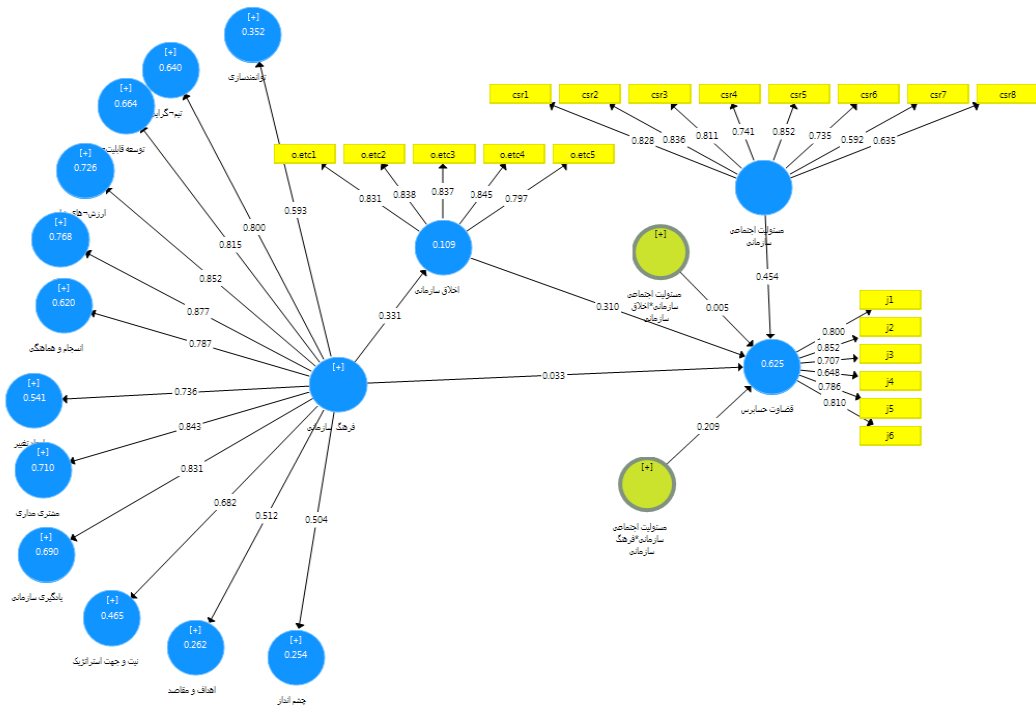


Figure2: The final research model in the case of standardized coefficient estimation

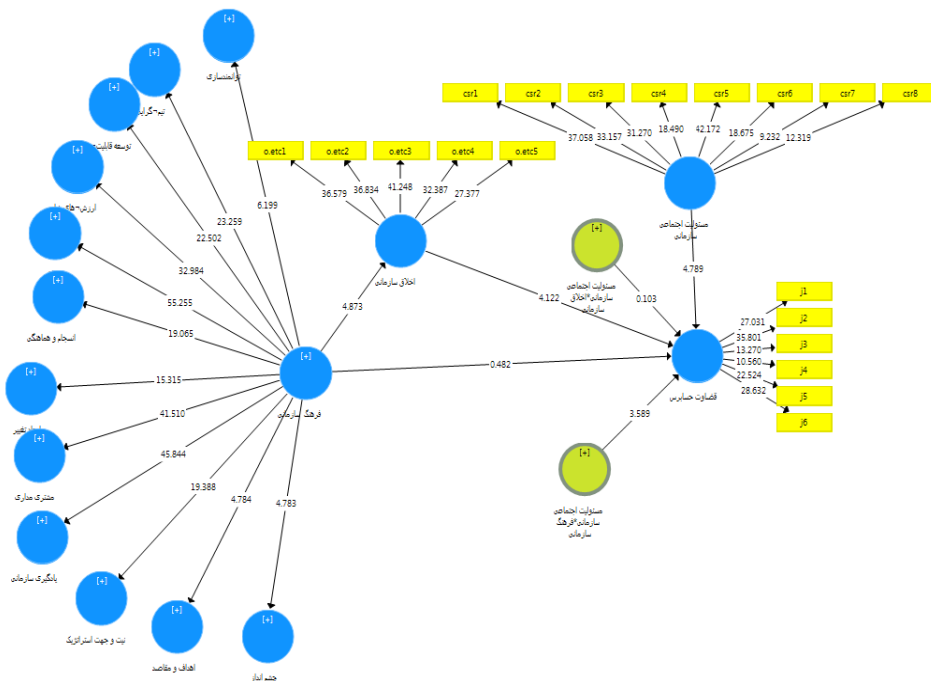


Figure 3: The final research model in the case of significance coefficients t

Table 2 - Results of test analysis of research hypotheses

Research hypotheses		T-Value	Standard path coefficient	Result
Organizational ethics	Auditor's judgment	4.122	0.310	Confirmed
Organizational Culture	Auditor's judgment	0.482	0.033	Not Confirmed
Organizational Culture	Organizational ethics	4.873	0.331	Confirmed

Research hypotheses			T-Value	Standard path coefficient	Result
Corporate social responsibility *	➔	Auditor's judgment	0.482	0.005	Not Confirmed
Organizational ethics					
Corporate social responsibility *	➔	Auditor's judgment	3.589	0.209	Confirmed
Organizational Culture					

Considering that the sign of the coefficient of influence of the interactive variable resulting from the multiplication of the variables of corporate social responsibility and organizational culture is also a sign with the coefficient of influence of the independent variable (organizational culture) on the dependent variable (professional judgment of the auditor), it can be concluded that the effect of moderation is in line with the effect of the independent variable (organizational culture) on the dependent variable (professional judgment of the auditor). This means that with the increase of the corporate social responsibility moderator variable, the effect of the independent variable (organizational culture) on the dependent variable (auditor's professional judgment) increases.

5- Conclusions and suggestions

According to the test of the first hypothesis, it can be said that the amount of statistics between the two variables of organizational ethics and the auditor's judgment is out of range (1.96 & -1.96) and therefore the hypothesis is accepted. The magnitude of this effect is equal to 0.310. Compared to previous researches, it can be said that the results obtained from this hypothesis are consistent with the researchers conducted by Heydarian (2015), Barrainkua (2017) and Chand (2017).

According to the test of the second hypothesis, it can be said that the amount of statistics between the two variables of organizational culture and the auditor's judgment is in the range (1.96 & -1.96) and therefore the hypothesis is not accepted. Compared to previous studies, it can be said that the results obtained from this hypothesis are inconsistent with the studies

conducted by Rahmani (2019), Babaei Nesai (2018) and Chand (2017).

According to the test of the third hypothesis, it can be said that the amount of statistics between the two variables of organizational culture and organizational ethics is out of range (1.96 & -1.96) and therefore the hypothesis is accepted. The magnitude of this effect is equal to 0.331. Compared to previous studies, it can be said that the results obtained from this hypothesis are consistent with the studies conducted by Abdi Golzar (2018), Hosseinpour Mohammadabadi (2016), Enginoglu (2016) and Chand (2017).

According to the test of the fourth hypothesis, it can be said that the interactive relationship between corporate social responsibility and organizational ethics is not significant, because the corresponding t-statistic is in the range (1.96 & -1 / 96). Therefore, the moderating role of corporate social responsibility in the relationship between organizational ethics and the professional judgment of the auditor is not accepted. Compared to previous studies, it can be said that the results obtained from this hypothesis are inconsistent with the studies conducted by Salimi (2017), Werner (2016), Barrainkua (2017) and Chand (2017).

According to the test of the fifth hypothesis, it can be said that the interactive relationship between corporate social responsibility and organizational culture is significant, because the corresponding t-statistic is out of range (1.96 & 1.96). Therefore, the moderating role of corporate social responsibility in the relationship between organizational culture and professional judgment of the auditor is accepted. The corresponding impact rate is equal to 0.209. Compared to previous studies, it can be said that the results

obtained from this hypothesis are consistent with the studies conducted by Jaakson (2019), Werner (2016) and Chand (2017).

According to the obtained results, and considering the need to remove obstacles and move towards the promotion of organizational ethics, managers are suggested to make serious efforts to identify the dimensions of Islamic ethics. In this regard, paying attention to the auditors and the education and experience of the independent accountant and paying attention to organizational ethics makes the auditor make a correct judgment.

Also, according to the obtained results, it is suggested that managers strengthen team orientation among their employees. There must also be a continuous investment in the skills of accountants. Accountants and managers must be subject to the ethical charter. There is clear agreement on the right and wrong way of doing accounting work and also different units of the organization often work together to make changes. In this case, it will promote organizational ethics. It is also suggested that managers promote commitment and participation in accountants. Also, they must promote the culture of the organization by increasing the motivation among accountants. They should create a sense of responsibility and cooperation among accountants. In this case, they can have a great impact on the professional judgment of the auditor.

The first limitation of this study was that respondents to the questionnaire usually did not express their views on the questions. Despite the fact that the research is being carried out on an academic project and no other benefits are expected from it, and the respondents are also asked to provide their real opinions, however, uncertainty has diminished the accuracy of the answers. Therefore, in the future research, it is suggested that before distributing the questionnaire, the issue should be fully clarified for the respondents so that the respondents do not have to worry about filling in the questions and being questioned. And make it clear to them that their personal information is completely confidential.

The population of the present study is the society of official auditors of the country. Therefore, caution is necessary in generalizing the results to the auditors of other organizations. Therefore, it is suggested that such research be conducted in other organizations at the regional and international levels and the results be

compared comparatively. The research was also conducted quantitatively by a questionnaire. Therefore, it is suggested that other methods of data collection, such as interview or observation, be used to collect information in addition to the questionnaire method.

References

- 1) Abbasi Ghaderi, Mojtaba; Ismaili, Tahereh (2017), Organizational Ethics. *New Research in Management and Accounting*, No. 3, 120-107
- 2) Abdi Golzar, Bahman and Baharvand, Dariush (2018). The Impact of Organizational Culture on Auditors' Ethical Judgments. *Fourth National Conference on Applied Research in Management, Economics and Accounting*, Iran, Tehran, pp. 1-1
- 3) Ahmadi, Hadi, 2020, Investigating the Impact of Organizational Justice on Job Burnout Considering the Mediating Role of Tehran Municipality Employees' Ethical Climate. *7th National Conference on Modern Studies and Research in the Field of Humanities, Management and Entrepreneurship in Iran And Research in Fundamental Science and Technology in Society* , Al-Taha Institute of Higher Education, pp. 10-1
- 4) Ameri, Massoud (2020). The effect of organizational ethics among the employees of the organization. *Applied Studies in Management and Development Sciences*, 5 (8), 62-55
- 5) Asghari, Seyed Mohammad; Seyed Ali Akbar Teymourian and Mohammad Reza Pourali, 2020, Professional Judgment of Auditors. *Fourth National Conference on Research in Accounting and Management*, Tehran, Adiban University, pp. 14-1
- 6) Ashrafi, Majid; Amineh Saadat Dashli Borun and Azam Sohrabi, 2019, The Role of Organizational Culture and Professional Ethics in Exposing Fraud by Auditing Institutions. *First National Conference on Business Management, Entrepreneurship and Accounting*, Tehran, International Center for Conferences and Seminars on Sustainable Development of Islamic World Sciences-Hekmat Higher Education Institute, Pp. 8-1
- 7) Attar, M. M. (2020). "Organizational Culture, Knowledge Sharing, and Intellectual Capital: Directions for Future Research", *International Journal of Business and Economics Research*,

- 9(1), pp. 11-20. doi: 10.11648/ j.ijber.20200901.12.
- 8) Babaei Nesami, Abdullah and Farhad Zarei, 2019, Factors Affecting the Organizational Culture of Pazargad Non-Industrial Operations Company Staff. 2nd International Conference on Management, Industrial Engineering, Economics and Accounting, Tbilisi-Georgia, Permanent Secretariat in collaboration with Imam Sadegh University (As), pp. 18-1
 - 9) Badpa, Behrooz; Pourheidari, Omid; Khodami, Pour, Ahmad. (2019). Investigating the effect of transformational client leadership on the auditor's judgment and the mediating role of client familiarity. *Accounting Advances*, 11 (1), 65-29.
 - 10) Barrainkua, I. & Pike, M.E. (2017). The influence of auditors' professionalism on ethical judgment: Differences among practitioners and postgraduate students. *Spanish Accounting Review*, /dx.doi.org/10.1016/j.rcsar.2017.07.001
 - 11) Birjandi, Hamid (2019). Investigating the Impact of Professional Ethics on the Auditor's Professional Doubt. *12* (42), 15-26.
 - 12) Caliskan, A. & Zhu, C. (2020). "Organizational culture and educational innovations in Turkish higher education: Perceptions and reactions of students", *Educational Sciences: Theory and Practice*, 20(1), pp. 20-39. <http://dx.doi.org/10.12738/jestp.2020.1.003>.
 - 13) Chand, P. (2017). The effects of ethnic culture and organizational culture on judgments of accountants. *Advances in Accounting, incorporating Advances in International Accounting*, 28, 298-306, /dx.doi.org/10.1016/j.adiac.2012.09.007
 - 14) Daryaei, Majid; Nikomram, Hashem and Khan Mohammadi, Mohammad Hamed (2020). The Impact of Organizational Culture on Reporting Organizational Error in the Auditing Profession. *Quarterly Journal of Financial and Auditing Research*, 12 (46), 50-27
 - 15) Derakhshan Mehr, Arash (2018). Analyzing the relationship between ethical leadership and the performance of independent auditors with the moderating role of professional ethics. *Management of Economics and Accounting*, 6 (2), 158-149.
 - 16) Douppnik, T. S., & Richter, M. (2018). The impact of culture on the interpretation of "in context" verbal probability expressions. *Journal of International Accounting Research*, 3(1), 1–20.
 - 17) ENGINOĞLU, D., & ARIKAN, C.L. (2016), EFFECTS OF ORGANIZATIONAL CULTURE ON BUSINESS ETHICS: A CONCEPTUAL STUDY. *International Journal of Research In Social Sciences*, 6(5), 45-53, ISSN 2307-227X.
 - 18) Farooqi, S., Abid, G. & Ahmed, A. (2017). How bad it is to be good: Impact of organizational ethical culture on whistleblowing (the ethical partners). *Arab Economic and Business Journal*, 12(2), 69-80. doi.org/10.1016/j.aebj.2017.06.001
 - 19) Fet, Annik M. (2018), Implementing Corporate Social Responsibility, *Encyclopedia of Sustainable Technologies*, 2018, Pages 125-130
 - 20) Giri, E. E., Nimran, U., Hamid, D., & Musadieq, M. A. (2016). "The Effect of Organizational Culture and Organizational Commitment to Job Involvement, Knowledge Sharing, and Employee Performance: A Study on Regional Telecommunications Employees of PT Telkom East Nusa Tenggara Province, Indonesia", *International Journal of Management and Administrative Sciences*, 3(4), pp. 20-33.
 - 21) Hakak, Mohammad; Vahdati, Hojjat; Mousavinejad, Seyed Hadi (2015). The Effect of Ethical Atmosphere and Ethical Ideology on Improving the Ethical Judgment of Management Students (Case Study: Lorestan University). *Management Research in Iran*, 20 (4), 146-117.
 - 22) Heidarian, Farzaneh (2015). The effect of auditing ethics on the professional judgment of auditors. *First International Conference on Accounting, Management Auditing and Economics*, pp. 17-1
 - 23) Hirani, Forough; Vakilifard, Hamidreza; Bani Mahd, Bahman and Rahnama Rudposhti, Fereydoun (2016). The Effect of Auditors' Social Characteristics on Their Judgment in Resolving the Conflict between the Auditor and Management. *Selected Characteristics: Overconfidence and Our Personality*.
 - 24) Hossein Pourmohammad Abai, Zohreh (2016). The relationship between organizational ethics culture and ethical decisions of managers and employees. *Journal of Ethics in Science and Technology*, 11 (2), 104-95.
 - 25) Hosseini, Mahnazsadat and Shokri, Narjes and Kavousi, Ismail, 2018, The effect of organizational culture on the professional ethics of employees

- (Case study: Employees of the Central Bank of the Islamic Republic of Iran). 2nd International Conference on Management, Economics and Marketing, Tehran, Pp. 21-1
- 26) Jaakson, K., Vadi, M. & Tamm, K. (2019). Organizational culture and CSR: an exploratory study of Estonian service organizations. *SOCIAL RESPONSIBILITY JOURNAL*, 5(1), 6-18. DOI: 10.1108/17471110910939962.
- 27) Kim, M.S.& Thapa, B. (2018). Relationship of Ethical Leadership, Corporate Social Responsibility and Organizational Performance. *Sustainability*, 10(447), 1-16. doi:10.3390/su10020447.
- 28) Kurdistani, Gholamreza; Qaderzadeh, Seyed Karim; Haghghat, Hamid (2018). The Impact of Social Responsibility Disclosure on Accounting, Economic, and Market Criteria for Corporate Performance Evaluation.
- 29) Mahdavi, Gh. and A. Daryaei (2017). "Factors Affecting the Audit Process and Social Theories", *Corporate Governance: The International Journal of Business in Society*, Vol. 17, No. 4, pp. 770-786.
- 30) McCarthy, Scott (2019), Corporate social responsibility and CEO confidence, *Journal of Banking & Finance*, Volume 75, February 2019, Pages 280-291
- 31) Mollanazeri, Mahnaz and Zahra Shams (2016). The effect of professional identity and result-oriented mentality on the professional judgment of auditors, *Quarterly Journal of Accounting and Auditing Research* 6 (4), pp. 19-1
- 32) Moshiri Kaab, Musa and Ahmad Kaab Omir (2018). A Study of the Relationship between Islamic Ethics Audit Report Considering the Role of Professional Judgment. Third Annual National Conference on Economics, Accounting Management, Ahvaz, Shahid Chamran University of Ahvaz - Industry, Mining and Khuzestan Trade, pp. 33-1.
- 33) Nekhili, Mehdi (2019), Corporate social responsibility disclosure and market value: Family versus nonfamily firms, *Journal of Business Research*, Volume 77, August 2019, Pages 41-52.
- 34) Nolder, C. and Tracey J. Riley, (2014), "Effects of Differences in National Culture on Auditors' Judgments and Decisions: A Literature Review of Cross-Cultural Auditing Studies from a Judgment and Decision Making Perspective", *Auditing: A Journal of Practice & Theory* Vol. 33, No. 2, PP. 141-164.
- 35) Noshadi, Amin; Akbar Behvandpour; Ali Ismaili and Mina Benvandi (2018). Investigating the Impact of Professional Ethics, Organizational Ethics, Financial Stress, Organizational Commitment and Auditor Personality Traits on Audit Quality Reduction Behaviors (Case Study of Khuzestan Tax Auditors), 12th Iranian Conference on Fiscal and Tax Policies, Tehran, Shahid Beheshti University - Faculty of Economics and Political Science, pp. 25-1
- 36) Nosrati, Mahboubeh and Ahmad Sarlak, (2017). Investigating the Impact of Earnings Management on Corporate Social Responsibility and Conservatism in Companies Listed on the Tehran Stock Exchange. International Conference on Management and Accounting, Tehran, Nikan Institute of Higher Education, pp. 23-23
- 37) Pir Alilou, Hadi (2018). A Study of the Relationship between Auditors' Professional Commitment and Ethical Judgments with Emphasis on Their Age among Auditors Working in the Auditing Organization. Fourth National Conference on Applied Research in Management, Economics and Accounting, Iran, Tehran, Center Soroush Hekmat Mortazavi Islamic Studies and Research, pp. 10-1.
- 38) Pournader, Shafiqur Rahman Debbie Haski-Leventhal Mehrdokht (2018), "The effect of employee CSR attitudes on job satisfaction and organizational commitment: evidence from the Bangladeshi banking industry", *Social Responsibility Journal*, Vol. 12 Iss 2 pp. 228 – 246
- 39) Qasemzadeh Alishahi, Abolfazl; Zahed Babalan, Ali; Moeini Kia, Mehdi; Kazemi, Salim; Makalef, Khalil; Deoband, Afshin (2021). The Impact of Professional Ethics on Organizational Accountability of Employees by Examining the Mediating Role of Job Ethics and Teamwork. *Journal of Medical Ethics*, 4 (2021), 18-1
- 40) Rahmani, Ali and Afsaneh Behiraei (2019). Organizational Culture Audit in Iran. *Quarterly Journal of Experimental Accounting Research*, pp. 1-28.
- 41) Rezaei, Farzin; Golzarianfar, Samira (2020). The Impact of Stock Market Development on

- Corporate Social Responsibility. *Accounting and Auditing Research*, 12 (46), 96-81.
- 42) Rostami Mazouei, Nemat and Sakineh Salehi Moridani, (2019). The Impact of Emotional Intelligence on Auditor's Judgment. 3rd National Conference on Modern Management and Accounting Studies in Iran, Karaj, Comprehensive University of Applied Sciences - Municipalities Cooperation Organization and Center for Development of Creativity and Innovation of Modern Sciences, pp. 11-1.
- 43) Rubio-Navarro A, Garcia-Capilla DJ, Torralba-Madrid MJ, Rutter J. Ethical, legal and professional accountability in emergency nursing practice: An ethnographic observational study. *International Emergency Nursing* 2019; 46: 100777.
- 44) Saeedi Grahani, Muslim (2017). Individual Differences and Professional Judgment of the Auditor. *Financial and Auditing Research*, 9 (36), 130-111
- 45) Salimi, Mehdi (2017). The effect of organizational culture on social responsibility and organizational commitment of employees of sports and youth departments: the mediating role of professional ethics. *Organizational Culture Management*, 15 (4), 925-946, <http://jomc.ut.ac.ir>
- 46) Sayadi, Sajjad. (2019). Review of Audit Evidence on Recognition of Appropriateness of Financial Statements and Professional Internal Audit Judgment, Fifth International Conference on New Research Achievements in Social Sciences, Educational Sciences and Psychology, Tehran, Permanent Secretariat of the Conference, pp. 13 -1
- 47) Shah Hosseini, Mohammad Ali; Nazari, Mohsen; Turkestani, Mohammad Saleh; Ghorbani, Fatemeh (2021). Conceptual model of corporate social responsibility in the field of tourism in Iran with a data theory approach. *Scientific Journal Management System*, 16 (53), 171-109.
- 48) Sheikh Ali Shahi, Somayeh and Nakhaei, Karim (2021). Management Accounting and Strategic Management Accounting: The Role of Organizational Culture and Information Systems. *New research approaches in management and accounting*, 71 (10), 37-24
- 49) Shurozi, Mohammad Reza (2018). The effect of organizational ethics culture on the level of confidence of internal auditors, *Educational Research Journal*, 11 (45), pp. 84-67
- 50) Sobhaninejad, Shahla and Masoud Tahmasebi, (2018), The role and position of strategic management and its relationship with corporate social responsibility. Conference on Corporate Social Responsibility - Oil Industry Social Responsibility, Tehran, Institute of Energy Management and Planning Research, University of Tehran, Pp. 25-1.
- 51) Su, L. S., & Scott R. (2017). The effect of destination social responsibility on tourist environmentally responsible behavior: Compared analysis of first-time and repeat tourists. *Tourism Management*, 60, 308-321.
- 52) Svanberg, J., & Öhman, P. (2016). Does ethical culture in audit firms support auditor objectivity?. *Accounting in Europe*, 13(1), 65-79.
- 53) Till Proeger, Lukas Meub. (2014). Overconfidence as a social bias: Experimental evidence *Economics Letters* 122 (2014) 203–207.
- 54) Valkovicova, M. (2018). Barriers of corporate social responsibility implementation in Slovak construction enterprises. *International Journal for Research in Social Science and Humanities*, 4(1), 12-22.

