

## Inequality Perception in Audit Team and Auditors' Reckless Behavior

Hamideh Asna Ashari<sup>1</sup> \*

Assistant Professor of Accounting, Department of Accounting, Faculty of Management and Accounting, Shahid Beheshti University, Tehran, Iran, h\_asnaashari@sbu.ac.ir.

Ashkan Gholami Fatideh<sup>2</sup>

Phd Student of Accounting, Faculty of Management and Accounting, Allameh Tabataba'i University, Tehran, Iran, gholami\_a@atu.ac.ir

Abbas Hooshmandkashani<sup>3</sup>

Phd Student of Accounting, Faculty of Management and Accounting, Shahid Beheshti University, Tehran, Iran. abashoshmand@yahoo.com.

### Abstract

**Purpose:** The purpose of this study is to examine the association between auditors' reckless behavior and three team equality dimensions: deindividuation, social identity, and gender equality. The quality of services provided by auditors largely depends on the behavior of auditors while performing their duties. Accordingly, the conditions of ineffective audit behavior do not happen by themselves but are at least influenced by the conditions of an audit group in the work environment. Auditors must comply with the minimum standards and resort to the professional implementation of ethics to maintain the quality of the audit.

**Method:** A questionnaire was used to collect research data. The research community includes auditors in institutions. Questionnaires were collected from among 102 audit groups including 365 auditors working in Iranian audit institutions in 2023. The research hypotheses were tested using the structural equation modeling (SEM).

**Results:** The findings of the research indicate that de-individualization and gender inequality in an audit group are associated with an increase in the occurrence of auditors' reckless behaviors. Meanwhile, the reckless behavior of auditors is reduced by strengthening the social identity of the audit group. Also, the social identity of the audit group moderates the relationship between depersonalization and auditors' daring behavior.

**Conclusion:** According to the findings of this research, it is hoped that the auditing organization, the community of certified accountants, and auditing institutions, to increase the quality of auditing, by formulating a suitable strategy and carrying out the necessary planning, to increase the level of awareness about the importance of the audit group, its structure and size.

**Contribution:** This research can provide a new study platform regarding the suitable working environment for auditors in auditing institutions. In the sense that it draws the attention of audit institutions to establish a similar environment among employees.


**Keywords:** Inequality Perception, Deindividuation, Social Identity, Gender Inequality, Audit Quality.

### Research Article

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Publisher: Imam Khomeini International University.

Corresponding Author: Hamideh Asna Ashari (h\_asnaashari@sbu.ac.ir.)

## **Introduction**

In jobs based on teamwork, including the auditing profession, the environment of people's activity is very important (Carpenter, 2007; 1130). Various factors such as de-individualization, social identity, and gender equality based on the framework of Anlin (2023; 179), create a feeling of disharmony among the members of an audit group. The feeling of heterogeneity in the work environment affects the quality of auditing, the personnel of the auditing institute, and the general society, therefore, the attention of auditing institutes has been drawn to the issue of equality and homogeneity in the auditing group to be accountable for their judgments and decisions (Lombardi, 2016). Auditors' behaviors that jeopardize audit quality are known as reckless behaviors (Herda and Martin, 2016; 20). The occurrence of such behaviors reduces the audit quality and affects the audit output, that is, the auditors' comments (Arad et al., 2019; 171). The present study studies the auditors' feeling of heterogeneity in the audit group and seeks to investigate whether this feeling affects the emergence of daring behavior. In the current research, the interactions between all the members of the audit group including different roles and ranks are investigated simultaneously. Considering the negative consequences that reckless behavior has for the audit profession, the results of this research help audit institutions by providing the necessary training to auditors and improving their decisions to reduce the effects of the feeling of disharmony in the group on auditors' behavior to preserve the professional reputation from the problems of not Avoid choosing by the owners.

## **Methodology**

This research is of a quantitative type and is in the category of descriptive studies. A questionnaire was used to collect research data to examine the auditors' reckless behavior of audit teams like other empirical research in the context of behavioral audit issues. Members of audit teams that worked together on one specific engagement were asked to give their perceptions of their experience of equality and behaviors within the team. Due to the uncertainty of the population, the sample size is 365 people, therefore, in the present study, to ensure the adequacy of the sent questionnaires, 430 questionnaires were distributed among audit teams working in audit institutions and audit organizations to express their perception of inequality experience and auditors' reckless behavior in the year 2022-2023, and 365 questionnaires were finally approved including 102 audit teams. The data analysis then was performed based on descriptive statistics and structural equation modeling (SEM).

## **Results**

This research had four main findings in testing the hypothesis. The first finding indicated that the presence of deindividuation in an audit team leads to an increase in auditors' reckless behavior. The second finding indicated that the presence of gender inequality in an audit team leads to an increase in auditors' reckless behavior. The third finding indicated that the social identity of an audit team leads to a decrease in such auditors' reckless behavior. The fourth finding indicated that the audit team's social identity can moderate the audit team's experience with deindividuation and auditors' reckless behavior.

## **Conclusion**

This research has been done due to the increasing criticism of the decrease in auditing quality due to the inequality perception in audit teams. The results of this research can provide insight for audit firms to manage audit quality. This study is, to the author's knowledge, the first to investigate team equality within audit teams and has revealed the importance of improving behaviors through audit team social identity building. Also, evidence has shown that audit

team dynamics other than gender differences can create unequal audit team experiences. Fostering self-awareness and accountability and decreasing anonymity could help to create prosocial behaviors within audit teams, instead of audit quality-reducing behaviour. The understanding of how social identity can mitigate the relation that deindividuation has with audit quality-reducing behavior can contribute to the understanding of audit firms, audit firm clients, and regulators and to audit research knowledge. The results contribute to knowledge that can impact audit team training and promotion decisions, by considering the effect of team equality on behavior. The findings regarding audit team behavior could also indicate how audit procedures can be controlled to reduce auditors' reckless behavior and influence audit quality regarding possible preventions of audit quality-reducing behavior and deindividuation experiences within audit teams. Preventing behaviors such as audit quality-reducing behavior can improve audit quality and, therefore, be of interest to the audit market. Also, decreasing inequality creates an opportunity for competence development and reduces reputation risks. Besides these, paying attention to the views and opinions of auditors and examining the difference in their views on the reduced auditors' reckless behavior can be useful for the future of the audit profession.

### **Conflict of Interest**

There was no conflict of interest in the writing of this study.

### **Acknowledgment**

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