

## Investigating the Impact of Adjustment and Anchoring Bias with the Approach of Information Order and Moral Intensity on Audit Judgment with Time Budget Pressure as a Moderating Variable

Fatemeh Asadi 

Ph.D. Student of Accounting, Islamic Azad University, Karaj Branch, Karaj, Iran,  
fatemehasadi422@gmail.com

Seyed Hossein Hosseini \*

Assistant Professor of Accounting, Islamic Azad University, Karaj Branch, Karaj, Iran,  
Hosseini.Hosseini@kiaui.ac.ir

Bahram Hemmati

Assistant Professor of Accounting, Islamic Azad University, Karaj Branch, Karaj, Iran,  
Hemmati\_b@yahoo.com

### Abstract

**Purpose:** The main purpose of this research is to investigate the effect of Adjustment and Anchoring Bias with the approach of information order and moral intensity on audit judgment. Also, another goal of this research is to inform auditors about the negative effects of Adjustment and Anchoring Bias and provide a solution to reduce the negative effects of this bias.

**Method:** The statistical population of this research is auditors working in public and private auditing institutions. This research is a type of behavioral research. From the objective point of view, it is practical and in terms of nature and method, it is descriptive-survey. The random statistical sample is 420 people and related to the year 2021. A questionnaire was used to collect data and structural equation system and SPSS were used to analyze the research data.

**Results:** The results of the research show that Adjustment and Anchoring Bias with the approach of information order has a negative and significant effect on audit judgment, and the effect of moral intensity on audit judgment is positive and significant. Also, time budget pressure as a moderating variable can moderate the relationship between variables of Adjustment and Anchoring Bias with the approach of information order and moral intensity with audit judgment.

**Conclusion:** According to the results of the current research, low time budget pressure is a solution to reduce the negative effects of adjustment and anchoring bias. Also, this research makes auditors gain more knowledge about the harmful effects of biases on the quality of audit judgment and improve their abilities to avoid such biases.

**Contribution:** The present research will identify the relationship and effect of the Adjustment and Anchoring Bias with the approach of information order on the quality of audit judgment and considering that there is not enough information regarding the effect of moral intensity and moderation of time budget pressure, this research will fill the gaps in the audit judgment literature.

**Keywords:** Audit Judgment, Adjustment and Anchoring Bias, Moral Intensity, Time Budget Pressure.

### Research Article

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**Publisher:** Imam Khomeini International University.

**Corresponding Author:** Fatemeh Asadi (fatemehasadi422@gmail.com)

## **Introduction**

It is possible that people rely on their cognitive biases in their judgments, instead of using the usual methods of analysis (Gerrig & Zimbardo, 2008). One of the types of cognitive bias is adjustment and anchoring bias. The adjustment and anchoring bias shows that the way information is presented to auditors will influence their judgment. (Irawati & Solikhah, 2018). According to Tversky & Kahneman (1974), biases can lead to errors in judgment. The mistakes and errors in the auditor's professional judgment can have destructive effects on different parties (Hasibuan, Bukit & Rini, 2022), the main purpose of this research is to examine the effect of adjustment and anchoring bias on audit judgment, as well as providing a solution to reduce the negative effects of adjustment and anchoring bias on audit judgment. In this research, Time budget pressure has been used to reduce the negative effects of Adjustment and Anchoring Bias with the approach of information order. Time budget pressure can reduce the negative effects of adjustment and anchoring bias on audit judgment. Another purpose of this research is to investigate the effects of moral intensity on audit judgment.

In this research, theories (Attribution theory, Human Information Processing (HIP), Prospect theory, Inverted U theory) have been used for the following hypotheses.

H1: Adjustment and Anchoring Bias with the approach of information order has a negative effect on the quality of audit judgment.

H2: Moral intensity has a positive effect on the quality of audit judgment.

H3: Time budget pressure can reduce the negative effects of Adjustment and Anchoring Bias with the approach of information order on the quality of audit judgment.

H4: Time budget pressure can increase the positive effects of moral intensity on the quality of audit judgment.

## **Materials and Methods**

The statistical population of this research is working in public and private audit institutions. The time domain of the research is the year 2021. In research, 500 questionnaires were distributed. Among the collected and returned questionnaires, 420 questionnaires were used as input. After collecting the data, Excel program was used to summarize. To test the hypotheses of the research, the method of structural equation system was used and the analysis was done using SPSS program.

## **Results and discussion**

In the first hypothesis of this research, the effect of Adjustment and Anchoring Bias with the approach of information order on audit judgment was investigated. The findings of research showed that Adjustment and Anchoring Bias with the approach of information order has a negative effect on audit judgment. The results of research are consistent with the findings of (Henrizi et al., 2021). In the second

hypothesis of research, the effect of moral intensity on audit judgment was investigated. The results showed that auditor moral intensity has a positive effect on audit judgment. This result is consistent with the results of studies (Ismail, 2016). In the third hypothesis, the moderating effect of time budget pressure on the relationship between Adjustment and Anchoring Bias with the approach of information order and audit judgment quality was investigated. The results showed that if the auditor has low time budget pressure, it can reduce the negative effect of Adjustment and Anchoring Bias with the approach of information order on the quality of audit judgment. In the fourth hypothesis, the moderating effect of time budget pressure on the relationship between moral intensity and the quality of audit judgment was investigated and the results showed that if the auditor has low time budget pressure, it can increase the positive effect of auditor moral intensity on the quality of audit judgment.

### Conclusions

The most important goal of the current research is to investigate the effect of Adjustment and Anchoring Bias with the approach of information order on the quality of audit judgment. The findings showed that Adjustment and Anchoring Bias with the approach of information order has a negative effect on the quality of audit judgment. In order to make appropriate audit judgments, auditors must carefully review any information they receive from other parties to perform audit tasks. Because, it has been shown in several studies that the Adjustment and Anchoring Bias with the approach of information order effect can force auditors to make irrational decisions. In order to reduce the negative effects of Adjustment and Anchoring Bias with the approach of information order, it can be mentioned to have low time budget pressure while performing audit tasks. The results of this research showed that low time budget pressure can reduce the negative effects of Adjustment and Anchoring Bias with the approach of information order on the quality of audit judgment.

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