



The Impact of Social Responsibility and Social Intelligence on Auditor's Professional Judgment with the Role of Mediating a Philosophical Mindset

Saeed Mashayekhi Fard

PhD Student, Department of Accounting, Science and Research Branch, Islamic Azad University, Tehran, Iran

Azita Jahanshad

Associate professor, central Tehran Branch, Islamic Azad University, Tehran, Iran
(Corresponding Author)
azi.jahanshad@iauctb.ac.ir

Zahra Poorzamani

Associate professor, central Tehran Branch, Islamic Azad University, Tehran, Iran

ABSTRACT

Auditing is a branch of the social sciences and social components that affect the attitude of the auditor and the type of mental attitude of individuals that affects their professional judgment. The purpose of this study was to investigate the role of mediating the philosophical mindset of auditors on the effects of social responsibility and social intelligence on professional judgment. The statistical population consists of 1585 individuals, whose working in the Iranian Auditing Organization and auditing firms as a member of the Iranian Association of Certified Public Accountants. In 2018, 196 auditors were selected by using a cluster random sampling method. This research is an applied research method. The method of collecting descriptive information is a survey type of qualitative research and the tools used in the research are standard questionnaires. In this research, structural equation model with partial least squares approach (PLS) has been used to confirm the relationship between variables. Also the assumption of the mediating role of the variable of philosophical mindset was examined using the Sobel test.

The results indicate that social responsibility has a positive and significant effect on professional judgment, and philosophical mindset has a significant and positive mediator role in influencing social responsibility on professional judgment. Also, social intelligence has a significant and positive effect on professional judgment, and philosophical mindset plays a meaningful and positive mediator role in influencing social intelligence on professional judgments.

Keywords

Social Responsibility, Social Intelligence, Philosophical Mindset, Professional Judgment.



1. Introduction

Judgment and decision-making are some of the main foundations of auditing. It is necessary to have an independent mental attitude in every report testing process that involves judgment. Basically, mental attitude is a part of the beliefs and thoughts of an auditor. It indicates that an audit was performed with independent opinion and action (Nikkhah Azad, 2000). What one would understand from a general perception of the behavior and attitude of auditors is that their behavior and attitude differ in equal situations. This stems from the philosophical mindset of auditors. We want to find out what factors affect the philosophical mindset of auditors. The mental attitude of an auditor stems from his philosophical mindset. If the philosophical thinking of the auditor has the necessary comprehensiveness, thoughtfulness, and flexibility, a deeper attitude would improve the quality of his professional judgment. The professional judgment of auditors is influenced by how they think. With a comprehensive, thoughtful and flexible mind, auditors can understand existing complexities in an audit environment. This allows them to divide the content of a problem from its shape to carry out judgment professionally. On the other hand, having a philosophical mindset helps improve the perceptual skills of auditors. This enables them to interpret items in an accounting and audit environment. Hence, by improving the perceptual skills of auditors, a philosophical mindset can affect the improvement of the quality of an audit (Abbasian Fereydoni et al, 2015). Perceptual skills require mental comprehensiveness which means being mentally free from the constraint of immediate, tangible, and obvious affairs. In general, skills are abilities that can be developed and are not necessarily inherent and only manifest in practice and not in abilities. When abilities are actualized they are considered skills (Zaki, 1998). The platform and environment that lead to the development of these skills originate from environmental and social factors. Since auditing is a branch of social science, social components affect the mental attitude of auditors. Past studies in the field of social psychology have revealed that the characteristics of individuals working in a profession would constitute the structural characteristics of that profession. These characteristics include gender, education, religious beliefs, age, race, trust, honesty, commitment, fairness, etc. (Khosro Abadi, Banimahd,

2016). This shows that many factors affect the philosophical mindset of auditors. These factors include auditors' attitude towards professional ethics, social trust, social responsibility, social health, social intelligence, social identity, etc. A major portion of these attitudes is derived from the social environment. Some examples of social components are social responsibility and social intelligence. Social responsibility leads to improved abilities in decision-making, creativity, and independent thinking. It is the opposite of obedience and submissive behavior. Social intelligence can be considered as the ability to understand and control one's emotions and feelings to help with thinking, decision-making and communication activities.

This research focuses on the components of social responsibility and social intelligence as the independent variables and their effect on the dependent variable of professional judgment through the mediating role of philosophical mindset.

2. Literature Review

• Philosophical Mindset of Auditors

An effective factor for increasing the quality of professional judgment is to know the thoughts and philosophical mindset of an auditor. An auditor with a philosophical mindset expresses characteristics that can be categorized into the dimensions of comprehensiveness, thoughtfulness, and flexibility. This person will continuously try to expand his thoughts, see problems as being associated with broad contexts and relevant to long-term goals, question obvious matters and increase his chance to move away from ignorant prejudices, personal biases, and stereotypical imaginations. This person enjoys flexibility combined with innovation, transcendence, and creativity. He investigates problems from several aspects and dimensions (Shariatmadari, 2006).

• Social Responsibility

Knight(2007) states that corporate social responsibility (CSR) is a conceptual system with a diverse and fully relevant terminology. It refers to society and environment and encompasses some parameters relating to the social role of companies with a clear, responsible, and sustainable language with a multidimensional business ethics approach. Actually, the fact that companies are responsible to a

wide range of stakeholders beyond shareholders is at the heart of the concept of CSR (Hasas Yegane, *Barzegar, 2014*). A leading CSR model is Carroll's Pyramid of CSR. Based on Carroll's four-part definition of CSR, there are four types of social responsibly namely economic (profit-driven), legal (obedience to the rule of law), ethical (being ethical), and philanthropic (being an active and good citizen).

• Social Intelligence

Social intelligence is a subject that attempts to describe and interpret the position of emotions and feelings in human abilities. In other words, social intelligence is the ability to identify, understand and employ social information about others for superior leadership or transcendental and efficient performance (Boyatzis, Ratti, 2009). In 1983, Ford and Tisak (1983) defined social intelligence in terms of behavioral outcomes. They defined social intelligence as the ability of a person to achieve relevant goals in certain social situations. Silvera et al. (2001) believe that social intelligence has the three following components.

Social information processing: it is the ability to understand and predict the behaviors and feelings of others.

Social skills: they include the behavioral aspects of creating social intelligence by measuring the ability to enter new social situations and also social adaptability.

Social awareness: it measures unanticipated flows caused by events in social situations (Allameh et al, 2015).

• Professional Judgment

In accounting disciplines, professional judgment is the application of knowledge and experience within the framework of accounting standards and a professional code of ethics to make decisions about the selection of an option from various options (Canadian Institute of Chartered Accountants, 1995). Factors affecting professional judgment can be divided into two groups. Group one consists of the individual characteristics of an auditor including expertise, impartiality, ethics, mental attitude (Nikkhah Azad, 2000), personal character, and social character. Group two comprises environmental factors including audit market conditions, responsibility, professional standards, and decision-making tools. Personal characteristics influence the professional judgment of

an auditor and for this reason, it is very important to identify them when selecting, educating, and training auditors (Khoshtinat, Bostanian, 2007).

• Research Background

Smith (1956) assessed the effect of philosophical mindset on ideal human relations, the creativity level of managers, and also the morale of Virginia school staff. The statistical population of the research consisted of the principals of 46 schools in the State of Virginia. The results showed a direct relationship between the philosophical mindset of principals and ideal human relations, the creativity level of the principals as well as staff morale.

John Lin (2004) in a research paper titled auditor independence and responsibility, concluded that most stakeholders and auditors agree with decreased government intervention control to improve the independence of auditors. He also concluded that improved auditor independence leads to the increased reliability of financial statements. The results of the research reveal that there is a different understanding of the objectives of an audit in relation to responsibility and fraud detection. The results also showed that there is no direct relationship between audit language and auditors' lack of independence.

Kent et al. (2006) studied the effect of psychological characteristics on the relationship between auditor expertise and auditor judgment. In that research, the effect of 14 psychological characteristics affecting expertise was evaluated. The findings of the study indicate that all 14 psychological characteristics affect auditor judgment in all phases of an audit.

Oeyono et al. (2011) in a research paper titled "an examination of corporate social responsibility and financial performance" investigated the CSR and financial performance of Indonesia companies. Their analysis showed a positive and almost weak relationship between CSR and financial performance. Therefore, they claimed that reporting company social activities would lead to improved financial performance.

Beik Zadeh et al. (2011) investigated the relationship between the social intelligence of managers as well as their philosophical mindset and organizational health. The result from testing the hypotheses confirmed the relationship between social intelligence, the dimension of social awareness, the

dimension of social skills and organizational health. The remaining hypotheses were rejected.

Rios-Figueroa and R.C Cardona (2013) examined the relationship between auditor experience and the professional judgment of auditors. The results showed that work experience has no effect on auditor judgment.

Heyrani et al. (2017) investigated the effect of the social characteristics of auditors on their judgment in resolving the conflict between an auditor and management. The results indicated that auditor professionalism affects professional judgment. But professional judgment does not play a mediating role in the effect of professionalism on the conflict between an auditor and management. Moreover, the excessive trust of official auditors and also their Machiavellian character influences professional judgment. Furthermore, professional judgment has a mediating role in the effect of excessive trust and Machiavellian character on the conflict between an auditor and management. Furthermore, professional judgment has a mediating role in the effect of excessive trust and Machiavellian character on the conflict between an auditor and management.

Liu, Carey, and Qu (2017) focused on voluntary corporate social responsibility (CSR) reporting and financial statement auditing in China. In their research, it was discovered that there is a positive relationship between voluntary social responsibility financial reporting and auditing. The results show that Chinese companies use CSR reporting as a strategic tool to cover profit management. Also, in response to higher audit risks and problems, auditors demand a higher fee.

Yang, Brink, and Wier (2017) examined the effect of emotional intelligence on professional judgment. This paper aims to recognize emotional intelligence as a key factor in dealing with feelings and work pressure in the field of auditing. The focus of this study is about how emotional intelligence affects work pressure (time budget pressure and customer pressure) and professional judgment. The results indicate that emotional intelligence can affect and decrease the inefficiency of auditors in the aforementioned fields. Therefore, when an auditor is under internal and external pressures, emotional intelligence would have a moderating effect on his actions.

Mashidi (2017) investigated the effect of social intelligence on the financial performance of managers

with the mediating role of leadership style. The findings suggest that social intelligence has a significant effect on the value management, risk control, and cost control of municipal managers with the mediating role of leadership style (achievement-oriented, supportive, participative, and directive).

Abbasian Fereydoni et al. (2015), for the first time, studied the philosophical mindset of auditors. The research results revealed that a philosophical mindset and its dimensions exist among auditors employed in the audit profession. Furthermore, the research findings showed that the variables of organizational status, membership in the Iranian Association of Certified Public Accountants, and experience affect the philosophical mindset of auditors working in the audit profession. However, the variable of gender does not affect the philosophical mindset of auditors working in the audit profession.

Bahar Moghadam et al. (2018) examined the effect of a philosophical mindset on the professional judgment of auditors and concluded that auditors have a philosophical mindset.

3. Methodology

• Research Hypothesis

It is necessary to have an independent mental attitude in every report testing process that involves judgment (Nikkhah Azad, 2000). This attitude stems from the perceptual skills of auditors that emphasize the ability to have a mental image of matters as a whole. Especial emphasis is placed on the philosophical mindset in studies about perceptual skills. On the other hand, social responsibility improves the abilities of decision-making, creativity, and independent thinking. Social intelligence is the ability to understand others and show rational behavior in human relations. The achievement of an independent, more accurate and correct judgment requires having a comprehensive, deep, and flexible thinking. Social responsibility and social intelligence affect the mental attitude of an auditor and consequently his professional judgment. Considering factors affecting the mental attitude of an auditor, the hypotheses in this research are as follows:

Hypothesis 1: social responsibility affects professional judgment in auditing through the mediating role of auditors' philosophical mindset.

Hypothesis 2: social intelligence affects professional judgment in auditing through the mediating role of auditors' philosophical mindset.

• Research Models

An applied research method with a survey research design has been utilized for this study. To examine the relationships between the variables, a correlational design has been employed. The study was carried out using confirmatory factor analysis (CFA) and partial least squares structural equation modeling (PLS-SEM). In this method, model testing is performed in two stages including measurement model testing and structural model testing. The measurement model assesses the reliability and validity of measurement tools. The structural model tests hypotheses (Chin, 1998).

In this research, in order to investigate the mediating role of the philosophical mindset of auditors in the effect of social responsibility and social intelligence on professional judgment, a survey research design was employed. The tools being used in the present study are standard questionnaires.

• Data Collection

In this study, a social responsibility questionnaire based on Carroll's CSR Pyramid with 35 items was employed. Social responsibility would be assessed using 7 questions about the legal component, 7 about the economic component, 9 for the ethical component, and 12 for the philanthropic component. Accordingly, the Tromsø Social Intelligence Scale (TSIS) designed by Silvera, Martinussen, and Dahl (2001) was utilized. This scale comprises 21 items (Rezayi & Khalilzadeh, 2009). For the philosophical mindset, using Soltani's questionnaire (1996) the dimensions of comprehensiveness, thoughtfulness, and flexibility were rated. In the questionnaire designed, 60 questions (20 questions for each dimension) were utilized to measure the philosophical mindset of auditors. Professional judgment is one of the other research variables. It was evaluated with 8 items with the use of the standard questionnaire of Knapp (1985), Gul (1991), and Tsui and Gul (1996) employed in the study of Patel et al. (2002) (Heyrani, 2017).

The statistical population of this research consists of auditors employed in the Iranian Audit Organization and private sector audit institutions that are members of the Iranian Association of Certified Public

Accountants in 2019. Based on the statistics acquired from the Iranian Audit Organization, 1585 individuals are employed in the audit profession. Cluster random sampling was employed for this study. 196 individuals were selected as samples using the Cochran formula.

For this purpose, 2 clusters were selected. One cluster is the Iranian Audit Organization and another is the private sector companies. In the next stage, due to the high number of private sector companies in the cities of Tehran, Mashhad, and Isfahan, these companies were divided into three clusters.

• Reliability and Validity

The reliability of the measurement model is assessed with the use of factor loadings, Cronbach's alpha, and composite reliability (CR). If the value of a factor loading is equal to or greater than 0.4 and also Cronbach's alpha and CR for each variable are greater than 0.7, it would indicate the suitable internal consistency of measurement models. The next criterion for the evaluation of the measurement model is convergent validity. To measure convergent validity, the average variance extracted (AVE) is utilized as an index for the assessment of the internal validity of the measurement model. For this index, a minimum of 0.5 has been considered. In confirmatory factor analysis (CFA), after calculating the factor loading of each item with its own variable, its test statistic must be higher than 1.96. In this case, this item would have the necessary accuracy for the measurement of the construct or latent variable. In table 1, the factor loadings of the subtests of social responsibility, social intelligence, and philosophical mentality are greater than 0.4. Moreover, their test statistic is greater than 1.96. However, the factor loading of item three and eight of professional judgment is less than 0.4. Also, their test statistic is less than 1.96. Therefore, they were removed from the questions list and another factor analysis was performed for the items of professional judgment (Mohsenin, Esfidani, 2014). Furthermore, CR and Cronbach's alpha were calculated to be greater than 0.7. The AVE of the research variables is greater than 0.5. Hence, the reliability of the research variables can mostly be confirmed.

Table 1. The factor analysis (factor loading and t value)

Latent Variable	Subtests	Factor Loading	T-test	Cronbach's alpha	C R	AVE
Social Responsibility	Legal Scale	0/71	18/71	0/7746	0/856	0/607
	Economic Scale	0/89	67/92			
	Ethical Scale	0/56	9/22			
	Philanthropic Scale	0/9	72/37			
Social Intelligence	Social Information Processing	0/79	23/31	0/8042	0/885	0/720
	Social Awareness	0/89	43/66			
	Social skills	0/86	26/91			
Philosophical Mindset	Comprehensiveness	0/81	28/56	0/811	0/890	0/732
	Thoughtfulness	0/96	20/16			
	Flexibility	0/78	29/46			
Professional Judgment	Item 1	0/73	18/09	0/837	0/879	0/553
	Item 2	0/67	17/05			
	Item 4	0/63	13/01			
	Item 5	0/87	49/47			
	Item 6	0/82	34/06			
	Item 7	0/73	19/40			

Another important criterion is the discriminant validity. According to this criterion, a latent variable compared to other latent variables must have a higher distribution among its observed variables. This way the latent variable is said to have high discriminant validity. In statistical terminology, the square root of

the AVE ($\sqrt{\text{AVE}}$) of every latent variable must be greater than its maximum correlation with other latent variables. In this regard, to examine the discriminant validity, a matrix as shown in table 2 is proposed. The main matrix diagonal contains the square root of the AVE values associated with each variable.

Table 2: Divergent Validity by Fornell and Larcker

	Component	AVE	Social Responsibility	Social Intelligence	philosophical Mindset	Professional Judgment
1	Social Responsibility	0/607	0/779			
2	Social Intelligence	0/720	0/282	0/848		
3	philosophical Mindset	0/732	0/099	0/580	0/855	
4	Professional Judgment	0/553	-0/828	-0/311	-0/056	0/744

As table 2 shows, the value of the square root of the latent research variables placed in the locations existing in the main matrix diagonal is greater than the value of the correlations between them that are arranged in the lower and left-hand side of the main diagonal. Accordingly, it can be said that in this research, the variables (latent variables) in the model have greater interaction with their indexes compared to other variables. Also, we can say that the discriminant validity of the model is confirmed.

4. Results

• Structural Model Test

After the fit of the measurement model, the causality of the relationships between the constructs is tested using a structural model. Actually, considering the results from investigating the relationships between the independent and dependent constructs, the associated coefficients can be used to evaluate the significance of the effects between the research constructs. The criteria of the fit of the structural model include path coefficients (β) and t-value

coefficients of significance, coefficient of determination (R^2), and the Stone-Geysler criterion (Q^2).

Path coefficients are the same as linear regression-standardized beta coefficients. Significance coefficients are z or the same as t-values which show the values on the path lines by running a bootstrap. If

the t-values are greater than 1.96, it would indicate that the relationships between the constructs are accurate. Therefore, the research hypotheses are confirmed with a 95 percent confidence level. Diagram 1 and 2 display the direct effect (path coefficient or beta coefficient) and its test statistic.

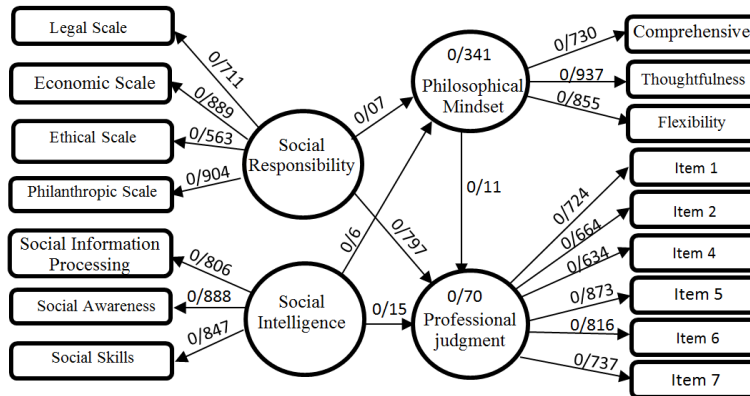


Figure 1- The results of coefficients of factor loading and coefficient of determination

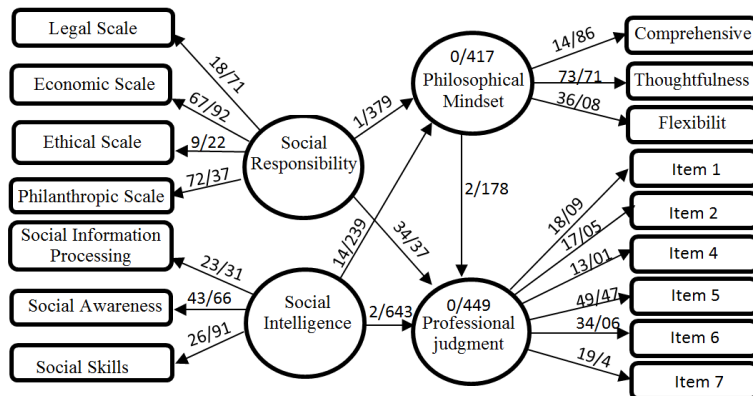


Figure 2- The model in the form of significant numbers (t-value)

The second criterion that is necessary for the assessment of the structural model fit is the evaluation of the coefficients of determination of the endogenous latent variables (dependent variables) of the model. This index shows what percentage of the changes of the endogenous variables are caused by exogenous variables (Mohsenin, Esfidani, 2014). In diagram 1, the coefficient of determination for the variable of philosophical mindset was estimated to be 0.341. It shows that the variables of social responsibility and

social intelligence constitute a total of 34.1% of the changes in the philosophical mindset. Also, for the variable of professional judgment, it was estimated to be 0.7. It reveals that the variables of social responsibility, social intelligence, and philosophical mindset constitute a total of 70% of the changes in professional judgment. Considering the values of the three criteria, the goodness of fit (GOF) of the structural model is confirmed.

Another method for the evaluation of the structural model is to examine the model's ability to predict. The quality of the structural model was calculated using a predictive relationship (Q^2). The aim of this index is to investigate the ability of the structural model in predicting via blindfolding. According to this criterion, the model must predict the indicators of the reflective endogenous latent variables. Values that are positive and greater than zero show that the observed variables are properly reconstructed. It can be said that the structural model enjoys good quality. In table 3, it is displayed that (Q^2) values are greater than zero and this reveals that their independent variables have a predictive relationship. Moreover, the GoF of the structural research model is confirmed once more.

Table 3. Structural Model Quality Indicators

	Dependent latent variable	Predictive Power
1	philosophical mindset	0/212
2	Professional Judgment	0/378

• **Goodness of Fit Test**

The overall model consists of both parts of the measurement model and the structural model and with the confirmation of its fit, the assessment of fit in one model is completed. The GoF considers the measurement and structural models and is used as a criterion for the measurement of the overall performance of the model. The acquired value suggests the overall desirability of the model. The GoF index was proposed in 2005 by Tanenhaus et al. The range of the goodness of fit index (GFI) is between zero and one. Wetzels et al. (2009) introduced the three values of 0.01, 0.25, and 0.36 as weak, medium, and strong GoF values, respectively (Mohsenin, Esfidani, 2014). Table 4, with the value of 0.581 for the GoF, indicates that the model has a strong fit.

Table 4. Average Amounts (R^2) and Commuality

Variables	(R^2)	Commuality
Social Responsibility	0	0/607
Social Intelligence	0	0/718
philosophical mindset	0/341	0/714
Professional Judgment	0/7	0/556
Average	0/521	0/649

$$GOF = \sqrt{0/649 \times 0/521} = 0/581$$

• **The Results of Testing Hypotheses**

Based on the data analysis algorithm in the PLS method, the following steps were taken. The fit of the measurement, structural and overall models were evaluated. Next, the coefficient of significance z (t-values) of each path and the standardized coefficients of the factor loadings associated with the paths were assessed with structural equations. Finally, the research hypotheses were tested. In this research, philosophical mindset plays a mediating role in the effect of social responsibility and social intelligence on professional judgment. Hence, the Sobel test was employed to test the indirect effect of the independent variables (social responsibility and social intelligence) on the dependent variable (professional judgment). The results from testing the hypotheses are displayed in table 5.

Table 5 - The results of testing the hypotheses of the mediator

hypothesis	Indirect effect	t-test	The significance level	Result
The role of the mediator of philosophical mindset in the relation of social responsibility and professional judgment	0/212	2/254	0/003	confirmed
The role of mediator of philosophical mindset in the relationship between social intelligence and professional judgment	0/116	5/641	0/000	confirmed

Social responsibility has a direct and positive effect (0.212) on professional judgment through a philosophical mindset. This effect was tested via the Sobel test. It should be mentioned that this effect is statistically significant because the t-value statistic equals 2.254 which is greater than 1.96. Therefore, the hypothesis stating that the variable of social responsibility affects professional judgment through philosophical mindset cannot be rejected. Social intelligence has a direct positive effect (0.116) on professional judgment through philosophical mindset and this effect was examined with the Sobel test. It should be said that this effect is significant because the t-value statistic equals 5.641 which is greater than

1.96. Hence, the hypothesis stating that the variable of social intelligence affects professional judgment through philosophical mindset cannot be rejected.

5. Discussion and Conclusions

The test that was performed on the first hypothesis investigates the effect of social responsibility through a philosophical mindset on professional judgment. It was confirmed at a confidence level of 95 percent. Therefore, it can be inferred that a philosophical mindset can affect the improvement of professional judgment quality by increasing the perceptual skills of auditors. Also, we can infer that social responsibility leads to an increase in the level of auditors' philosophical mindset and creates a high level of professional commitment. Therefore, auditors will have judgments that are more ethical and would be more willing to perform honest financial reporting. The research findings regarding the effect of social responsibility on the philosophical mindset can be considered as being in alignment with the research of Gond et al. (2010). In this study, in addition to the external effects that social responsibility has on improved organizational financial performance, reputation, and image, it is considered to affect the following items. Commitment, performance, futurism, mental attitude, communication, organizational citizenship behavior and the organizational identity of auditors. Also, the effect of social responsibility on professional judgment is compatible with the findings of Olivia and Ratnawati (2015). In this research, it is stated that an auditor's capability, responsibility, and impartiality have a significant effect on his audit quality and professional judgment. Furthermore, according to the research of Zahmatkesh and Rezazadeh (2017), an auditor's accountability and impartiality affect his audit quality and lead to better judgment. However, since the innovation of the present research is the effect of social responsibility on professional judgment with the mediating role of philosophical mindset, there is no other study that can be compared with it.

The test that was conducted on the second hypothesis examines the effect of social intelligence through philosophical mindset on professional judgment. It was confirmed at a confidence level of 95%. Maybe the reason for this relationship is that an auditor as a human faces a difficult task at different audit judgment levels where deep, comprehensive,

flexible and fundamental thinking is needed. In such cases, to finish their tasks, auditors employ different types of intelligence including emotional intelligence and social intelligence that influence judgment. This issue leads to correct interaction, identification of personal characteristics of an employer and the flexibility of the auditor who will, in turn, use deep thinking in making decisions and carrying out judgments. The research findings relating to the effect of social intelligence on philosophical mindset can be considered as being in alignment with the results of Hajloo et al. (2015). In that research, a positive and significant relationship was identified between social intelligence and the attitude of nurses. Also, the effect of social intelligence on professional judgment is compatible with the results of Slowmouksi and Dann (1996). In that study, it is stated that social skills enable individuals to understand and predict the behavior of others, and it influences their judgment (Mashayekhi & Eskandari, 2017). It is also in alignment with the results of Mashidi (2017) that claims social intelligence affects value management, risk control, and cost control of municipal managers. But, because the innovation of the current research was the effect of social intelligence on professional judgment with the mediating role of philosophical mindset, there is no other study that can be compared with it.

Considering the hypotheses tested in this research, the following practical suggestions can be offered:

Based on the results of this study, auditors' social responsibility has a direct and significant effect on their philosophical mindset and professional judgment. Accordingly, it is suggested that the mindset of auditors should move away from a profit-driven logic. Moreover, in addition to responding to economic questions, they should promote and institutionalize economic ethics and ethical values. Becoming responsible to society requires having a comprehensive, thoughtful, and flexible mind so it can understand existing complexities. It will also become capable of separating the content of a problem from its shape to perform judgment properly. This is one of the main characteristics of the audit profession. The popularity of a profession relies on its level of responsibility.

According to the results of this research, the social intelligence of auditors has a direct and significant effect on their philosophical mindset and professional

judgment. Accordingly, it is recommended to consider the social intelligence of auditors when selecting and employing them. That means one should employ auditors who have higher social intelligence. Also, because social intelligence can be acquired, the performance level, mindset, attitude and professional judgment of auditors can be further improved using the following method. Auditors' social intelligence level and its dimensions including social information processing, social skills, and social awareness can be improved via training. Finally, it is necessary that auditors pay more attention to relations and skills associated with social intelligence because these skills and their dimensions are positively related to audit judgment.

The findings of this research indicate that auditors' philosophical mindset has a direct and significant effect on their professional judgment. So it is recommended to utilize the conceptual model of this study as a basis to increase the role of philosophical mindset in auditors' professional judgment. This can lead to increased quality in audit phases (planning, execution, and reporting), resistance against employee demands, improved accountability to stakeholders and ultimately prevention of cognitive disorders. On the other hand, the Iranian Association of Certified Public Accountants, the Iranian Audit Organization and the Securities and Exchange Organization of Iran, must take the necessary educational measures to improve audit performance to strengthen the philosophical mindset of auditors. Furthermore, audit institutions are recommended to use a philosophical mindset questionnaire when employing auditors to better identify the characteristics of a person being employed.

References

- 1) Abasian Feridoni, M., Royae, R., Hassas Yeganeh, Y. (2015). Investigation the Philosophical Mentality Dimensions of Occupying Auditor in Audit Profession. *Journal of Management Accounting and Auditing Knowledge*, 4(14), 43-52.
- 2) Allameh, SM., Abbasi Rostami, N., Safari Shad, F. (2015). Study of effect social intelligence and emotional intelligence on managers' leadership style. *social Sciences*, 9(29), 123-142.
- 3) Bahar Moghadam, M., Pourheidari, Omid., Fathi, Z. (2018). Investigating the Effect of the Dimensions of Philosophic - Mindedness on Auditor's Judgment. *Journal of Audit Science*, 18(72), 5-22.
- 4) Beyzad, J., Behkasadeh, Y., Sultan Dadashi, Masoomeh. (2011). The study of the relationship between Managers' Social Intelligence, Their Philosophical Mindness and Organizational Health in Schools of triple educational levels of bonab Education. *Journal of Cultural Management*, 5(2), 70-84.
- 5) Boyatzis, R.E., Ratti, F. (2009). Emotional, social and cognitive competencies distinguishing effective Italian managers and leaders in a private company and cooperatives. *Journal of Management Development*, Vol.28, No.9, pp.821-838.
- 6) Canadian Institute of Chartered Accountants. (1995). *Professional Judgment and the Auditor*. CICA Research Study Group, Toronto, CICA.
- 7) Chin, w. w. (1998). Issues and opinion on structural equation modeling. *MIS Quarterly*, 22(1), vii-xvi.
- 8) Ford, M. E., Tisak, M.S. (1983). A further search for social intelligence. *Journal of Educational Psychology*, Vol. 75, No 2, 196-206.
- 9) Gond, J.p., Akremi, A., Igalens, J., Swaen, V. (2010). *Corporate Social Responsibility Influence on Employees*. Nottingham University Business School International Centre for Corporate Social Responsibility. No, 54.
- 10) Hajlo, N., Ghaffari, M., Movaghar, M. (2015). Investigating the relationship between moral and social intelligence, and nurses' attitude to patient education. *Iranian Journal of Medical Ethics and History of Medicine*, 8 (1), 67-79.
- 11) Hasas Yegane, Y., Barzegar, GH. (2014). *Theoretical Foundations of Corporate Social Responsibility and Research Paradigms in Professional Accounting*. *Management Accounting*, 7(22), 109-133.
- 12) Heyrani, F., Vakilifard, H., Banimahd, B., Rahnamayeh Roudposhti, F. (2017). The effect of professionalism, antisocial and overconfidence on their judgments to resolve the conflict between the auditor and management. *quarterly financial accounting journal*, 8 (32), 106-143.

- 13) Kent, P., Munro, L., Gambling, T. (2006). Psychological Characteristics Contributing to Expertise in Audit Judgment. *International Journal of Auditing*, 10(2), 125–141.
- 14) Khoshtinat, M., Bostanian, J. (2007). Professional Judgment in Auditing. *Empirical Studies in Financial Accounting*, 5(18), 25-57.
- 15) Khosro Abadi, T., Banimahd, B. (2016). Prediction of Social Trust & Fiscal Corruption in Audit Profession. *Ethics in science and Technology*, 10 (4), 45-53.
- 16) Liu, Li and Carey, Peter and Qu, Wen. (2017). Voluntary Corporate Social Responsibility Reporting and Financial Statement Auditing in China. *Journal of Contemporary Accounting and Economics*. Available at SSRN: <https://ssrn.com/abstract=2997294>.
- 17) Mashayekhi, B., Eskandari, G. (2017). Investigating the Relationship between the Components of Emotional Intelligence and Auditor's judgment. *Audit Science*. Year 17, Number 66, 61-80.
- 18) Mashidi, H. (2017). Effect of Social Intelligence on Financial Performance of Managers Emphasizing Mediating Role of Leadership Style (Case Study: Financial Managers of Tehran Municipality). *Studies of Management and Entrepreneurship*, 3(2/2), 119-135.
- 19) Mohsenin, Sh., Esfidani, MR. (2014). Structural equations based on partial least squares approach with the help of smart-PLS software, Tehran: Mehraban Book Publishing, 1st ed.
- 20) Nikkhah Azad, A. (2000). *a Statement of Basic Auditing Concepts*, Tehran: Audit Organization.
- 21) Oeyono, J., Samy, M., Bampton, R. (2011). An examination of corporate social responsibility and financial performance: A study of the top 50 Indonesian listed corporations. *Journal of Global Responsibility*, 2(1), 100-112.
- 22) Olivia, F., Ratnawati, K. (2015). The Effect of Work Experiences, Competency, Motivation, Accountability and Objectivity towards Audit Quality. *Procedia - Social and Behavioral Sciences* 211, 328 – 335.
- 23) Rios-Figueroa, C.B and R.C Cardona. (2013). Dose experience affect auditors professional judgment? Evidence from Puerto rico. *Accounting and Taxation*. Vol.5, NO.2.
- 24) Rezaei, A., Khalilzade, A. (2009). The relationship between social intelligence managers with job satisfaction of teachers in schools. *Journal of Instruction and Evaluation*, 2(7), 121-145.
- 25) Shariatmadari, Ali. (2006). *Principles of Education*. 19th edition. Tehran. Tehran University Press.
- 26) Silvera, D.H., Martinussen, M., Dahl, T. I. (2001). The Tromso Intelligence Scale—a self-report measure of social intelligence. *Scandinavian Journal of Psychology*, 42(4), 313-319.
- 27) Smith, P.H.G. (1956). *Philosophic Mindedness in Educational Administration*. The Ohio State University Press.
- 28) Yang, Ling, Brink, Alisa G. Wier, Benson (2017). The impact of emotional intelligence on auditor judgment. *International Journal of Auditing*. Volume 22, Issue 1.
- 29) Zaki, Mohammed Ali. (1998), The social dimension of the philosophical mind of managers, management knowledge, Year 11, No. 44, 147-159.
- 30) Zahmatkesh, S., Rezazadeh, J. (2017). The effect of auditor features on audit quality. *Tékhné*, 15(2), 1-9.