



Pygmalion Effect and Behavioral Bias of Independent Auditors: Grounded upon the Concept of Golem through Structural Equations

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ABSTRACT

In the auditing profession, independence is in fact an abstract concept which cannot be directly observed, and it is often described as a state of mind which is related to concepts such as impartiality, honesty, trustworthiness, and personality. There are two dimensions for independence in most of the existing definitions in the auditing profession. One is true independence (intrinsic) and the other is apparent independence. It should be stated that true (intrinsic) independence is considered "lack of mental inclination in the implementation of audit operations" and apparent independence is "avoidance of conditions that depict the auditor in conflict with the employer's obvious interests". The aim of this study is to investigate the Pygmalion effect on auditors' behavioral bias based on the concept of Golem. The research data collection tool was a questionnaire which was used to analyze the collected data using partial least squares analysis. The target population of the research was the auditors who are members of the audit organization and private sector audit institutions, who were selected through random sampling and examined in a period of 6 months. Based on the obtained results, it was determined that the Pygmalion has a positive and significant effect on auditors' behavioral bias. In fact, the result of this research shows that the existence of positive expectations in the context of the society and the professional environment creates more dynamics in the effective and independent functions of auditors, because the motivations can increase the professional philosophy of auditors in the way of work and make them have professional opinions and judgments, regardless of any influence and possible dependencies, when making decisions.

Keywords: The Pygmalion Effect, Auditors' Behavioral Bias, Golem Theory.



1. Introduction

Independence in the auditing profession is actually an abstract concept that cannot be directly observed, and it is often described as a state of mind that is related to concepts such as impartiality, honesty, trust and character (Adam and Ali, 2014). There are two dimensions for independence in most of the existing definitions in the auditing profession. One is real (intrinsic) independence and the other is apparent independence, so that Alleyne and Devonish (2006) consider real (intrinsic) independence as "the absence of subjective bias in the implementation of audit operations" and apparent independence as "avoidance of conditions that put the auditor in conflict with obvious interests." Show with the employer. Therefore, real (intrinsic) independence is related to impartiality and apparent independence is usually related to the users' perception of the auditor's conflict of interest in a given situation (Bartlett, 1993). On the other hand, if the users of financial information do not consider the auditors to be independent from the employer, they will never trust the information that they have audited, that is, if the auditor is not independent from the employer, his opinion will not increase the validity of the financial statements (Ansari et al., 2010). In fact, since the duty of auditors is to accredit financial statements to protect public interests, and shareholders need audit services in order to control the manager's duties in order to reduce the conflict of agency, and on this basis, the higher the level of independence of the auditor, this issue can reduce the conflict of agency between the manager and the shareholders. Auditors should maintain their cognitive and behavioral independence in line with their specialized functions (Bakhtiari et al., 2018).

The phenomenon that is in line with the concept of independence in this research is auditor's behavioral inertia. Inertia is actually the opposite of flexibility and means resistance to influence or changes in the individual (Konig et al., 2012). Although in the content and concepts of organizational behavior, inertia is a warning sign of the inefficiency of human resources due to the non-acceptance of change, in the auditing profession, inertia can be considered as a basis and model. The basis on which auditors' behavior can be better analyzed from the point of view of maintaining independence and inflexibility against the pressures and influence of others.

Inertia in auditing behavior will cause the auditor to try not to be influenced by emotional influence and job dependency, in line with Standard No. 1 of the Independence Standards Board (ISB) in 1999 and the approvals related to maintaining independence in the code of professional audit conduct and considers the professional identity to be the identity of the auditor-employer (the identity that the auditor gets from the employer) and make comments based on specialized procedures and auditing principles and standards. Because, according to the standard mentioned by the independence standards board, auditors are required to submit a report stating all their relationships with business owners during one working year. On the other hand, the obligation to comply with professional conduct was implemented by the American Securities and Exchange Commission in 2000, according to which all business owners and auditors are required to disclose non-auditing services in order to have more significant control over the professional independence of auditors. Nikbakht et al., 1397).

However, it is worth mentioning that as much as the level of individual expectations of his success is based on negative social thoughts, the person suffers from a disorder in his inertial ability, while the presence of positive expectations increases the level of success of the auditor, hence behavioral inertia in performance. In fact, the Pygmalion effect is considered as an important theory in interpersonal communication, which examines the impact of auditor's beliefs and expectations in the social environment. In other words, the achievement effect includes a level of the society's expectations and beliefs from the auditor and his role in examining the financial performance of the owners, which can cause disruption in individual functions and behavioral and functional independence of the individual if it is biased or negative (Gural-Contreras et al, 2007).

Although the existence of positive or negative social expectations can act as a behavioral stimulus, the existence of psychological pressures can affect the balance and professional functions of the auditor and cause the individual's independence to be impaired. It is possible to consider the Pygmalion effect as a predictor of the individual's belief about performance inertia in the auditor, and according to Shinde et al (2013) it causes the auditors' personal and professional beliefs to conflict. The Pygmalion effect is the result of studies that were started by Morten (1948) based on

Piggy's theory or so-called Pygmalion theory and completed by Rosenthal Jacobsen (1968) (Asghari Moghaddam & Mahboob, 2013). This theory explains how the obvious transfer of social expectations from the auditor about what professional values are, so that the auditor's comments under the influence of these expectations may be removed from the state of independence or behavioral and functional inertia. In fact, the Pygmalion effect on the auditor's behavioral and functional inertia is an abstract and unobservable concept in auditing because while its meaning is reversed from the perspective of conceptual nature, especially in the auditing profession compared to other behavioral sciences, it increases the level of inner independence against the level of independence becomes apparent. Therefore, according to the importance of the level of development of behavioral theories in the auditing profession in order to understand the internal and psychological functions of auditors from a research point of view and the increase of fraud, tax evasion and bankruptcies of large companies from a practical point of view, the need to pay attention to the influence of Pygmalion on the inertia of auditors' behavior can increase the level decision-making procedures and the quality of auditors' judgments are based on independent arguments. Thus, this research seeks to answer the following question:

RQ: Does the Pygmalion effect influence the inertia of auditors' behavior based on the Pygmalion theory?

Therefore, according to the fact that the reliable theoretical and theoretical basis for research variables in the auditing profession is limited, this research tries to provide theoretical and theoretical support by relying on interdisciplinary theoretical foundations and expanding it in the field of auditing profession. The aim of the study is to obtain a basis for further understanding in the analysis and comparison of the results. In the third part, the methodology and the statistical population of the participants are presented, and in the fourth part, the findings of the research will be presented first, and then in the last part, the theoretical discussion and reasoning will be presented in line with the mentioned theoretical foundations.

Theoretical Foundations

The Concept of Bias in the Auditing Profession

Cognitive bias, a term coined by Kahneman and Tiwarsky in the 1970s, can be defined as a systematic error in human decision-making that limits the need for effective information processing, ultimately leading to errors in decision-making (Metta & Gasmiyar, 2015). As shown in Figure 1, cognitive bias distorts decision-making and thus leads to human errors in judgment, decision-making and behavior, and finally if the commitment to biased judgment, decision-making and behavior increases, it leads to accidents, collisions or natural disasters (Murata & Nakamura, 2014).

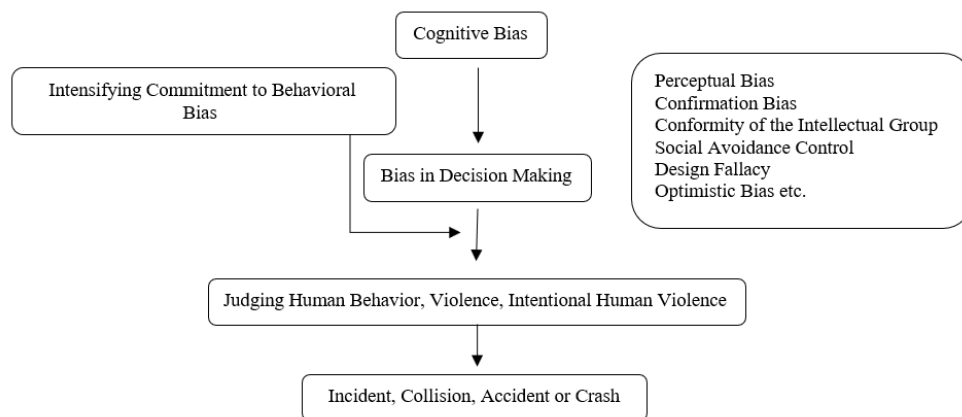


Figure 1, Relational Model between Cognitive Biases and Unsafe Behaviors, Incidents, Collisions or Accidents (Morata et al., 2015).

Cognitive biases affect independent auditors in different ways. First, auditors have the primary responsibility of evaluating a wide range of decisions made by other people, most of which are certainly affected by cognitive biases. Second, auditors should be concerned about how cognitive biases affect different levels of decision making in the auditing process. Employees, accountants, auditors, audit managers, the partner of the auditor in charge and confirming partner, are probably exposed to their own biases in many decisions made in the auditing process. In fact, the people whose judgment is most closely related to the auditors include managers and Professional accountants may be aware of various cognitive biases that affect auditors' judgment. These people may use this knowledge to choose effective biases and manipulate the auditors' decision making process. In other words, make auditors in unwanted biases. Third, cognitive bias can also affect the decision-making process of the third party, which is based on the quality of the audit (Knapp et al., 2018).

The Pygmalion Effect

The Pygmalion Effect is one of the important applications of the cognitive process in the profession and professional behavior, along with the documentation theory. This phenomenon was proposed for the first time by Merton (1948) to explain the bankruptcy of well-known American banks in the years of economic depression. At that time, the man's false belief caused bank depositors to try to withdraw their savings from the bank (Hersey & Blanchard, 1989). Later, after observing the results of an experiment, Livingstone called this phenomenon the Pygmalion effect. The results he had observed were not due to an independent cause, but were the result of the expectations that the researcher unconsciously instilled in people. By knowing that people are supposed to behave in a certain way, this pre-mind made them behave in the way expected (Liveus et al., 2018). The Pygmalion effect refers to a psychological phenomenon based on which people show direct reactions to the level of expectations of others. For example, if the society believes that the auditors do not have the necessary technical and specialized functions, the auditors themselves also believe that they do not perform at an optimal level in terms of the quality of the audits. Therefore, they increase their efforts to achieve such an expectation (Watzlawick, 2014). The

Pygmalion effect is considered an important tool in the auditing profession, but perhaps its effects have not been addressed much, at least in scientific and experimental research. This theory informs audit partners that the success factor of auditors does not depend only on the conditions, quality and personal competence or on the professional work environment (Rosenthal, 2018). The audit partners and even the society that benefits from the decisions of the auditors should always believe in the auditors and expect them to succeed with the best results; Because it is in such a situation that auditors will always feel this belief and show their best skills and abilities (Shinde et al., 2013). Based on the interaction and behavior regulation model of Georial Contreiras et al. (2011), who investigated the existence of the Pygmalion effect in the auditing profession, it should be stated that the expectations of the auditor's professional performance have an impact on their vote and decision-making. On the other hand, Lavers et al. (1999) identified three important problems that confirm the Pygmalion effect. It is hard and difficult to believe that the auditor's quality opinion can be considered an indicator for stakeholders' decision-making, because it is possible that the auditor's opinion is influenced by a positive atmosphere for business owners. Second, if this is the case, it is not clear whether the auditor's opinion can make the investment from the shareholders more attractive to the entrepreneur in the capital market. Third, according to the created Pygmalion effect, auditors may be influenced by expectations or a positive atmosphere for the owners, in which case they may not be able to comprehensively evaluate the financial performance of the owners, and this issue can affect the quality of the auditors' comments.

Research Background

Puchta-Martino colleagues (2023) in a research on this topic examined how large audit firms and audit and non-audit costs affect the level of social responsibility of the company. The results of the research show that large audit institutions are related to the level of corporate social responsibility disclosure, and this can lead to the reduction of information asymmetry between managers and stakeholders. In addition, the amount of audit and non-audit fees paid by the audited companies improves the voluntary disclosure of non-financial information.

In a study, Langston et al. (2023) discussed the effect of consultation time on the quality of professional accountants' ethical decision-making. It showed that the consultation time has a significant relationship with the quality of ethical decision making. It also found that the more time novice accountants spend deliberating, the less ethical decisions they make regarding responsibilities, public interest, honesty, purpose, independence, and service.

In a research, Anderson (2022) examined the effect of retrospective bias on the judgments of experienced and less experienced accountants regarding the assumption of going concern. They investigated the issue that when auditors are aware of the outcome of an event, to what extent they correctly rate the relevance of the evidence and whether the auditor's experience affects this rating or not. The results of their research showed that regardless of the information that was provided about the outcome of the event, both experienced and inexperienced accountants evaluated the signs related to the failure of the business unit as more relevant than the signs of success. In a research, Anderson (2022) examined the effect of hindsight bias on the judgments of experienced and less experienced accountants regarding the going concern assumption. They investigated the issue that when auditors are aware of the outcome of an event, to what extent they correctly rate the relevance of the evidence and whether the auditor's experience affects this rating or not. The results of their research showed that regardless of the information that was provided about the outcome of the event, both experienced and inexperienced accountants evaluated the signs related to the failure of the business unit as more relevant than the signs of success. Also, he arrived at the conclusion that due to the existence of hindsight bias, the accountants who had information about the failure of the business unit, compared to the accountants who did not have information about the final result of the business unit's performance, attached more importance to the unfavorable influencing factors.

Haynes et al. (2021) in a research entitled "when judgments with doubts do not lead to actions with doubts" showed that high interactions between auditors and business owners based on the theory of social presence prevent auditors' judgments with doubts compared to low interactions between auditors

and owners and this hinders professional doubts in auditors' decisions.

Gembermichael (2019) conducted a research entitled "the analysis of behavioral factors at the audit market level". In fact, the purpose of this research was to strengthen the knowledge of supervisory institutions on the auditors' behavioral functions with the aim of service quality at the level of the audit market, and it wants to determine whether dimensions such as market share, the size of the audit firm, expertise, etc. Is the independence of the auditor in front of the owners or not? The target population in this research was the members of the institutional oversight board on independent auditors' performance in the Netherlands. The results showed that the behavioral and perceptual characteristics of auditors in understanding the nature and content of the auditing profession in order to maintain independence capabilities in examining the financial performance of business owners are the most important and effective criteria for institutional supervision to improve audit quality.

In their research, Lin et al. (2017) investigated the relationship between auditor independence and customer importance in Taiwanese companies. In this research, which was used through partial least squares analysis to fit the structural model of the research, the results showed that there is a positive and significant relationship between the independence of the auditor and the importance of the client. Adams et al. (2017) conducted a research titled investigating the influence and power of owners and the independence of the auditor, and the results of their research made it clear that the influence of owners can be considered as a negative function in the acceptance of the auditor's work, because based on the analysis, the negative effect The influence of the owners on the auditor's independence is very likely under the influence of the professional identity of the auditors.

Setara et al. (2023) in a research to investigate the commitment and unprofessional behavior of the auditor, tested the social exchange theory using the role of moral identity moderator. Several factors have an effect on auditors' behavior, one of these factors is the auditor's commitment, including commitment to the profession and commitment to the organization. Commitment to the profession is a type of emotional attachment to the profession, in such a way that committed employees derive their identity from the profession and enjoy being part of it. This research

examines the relationship between these variables by looking at the exchange theory. In conducting the present research, a part of the information that forms the basis of the research has been collected by the library method and by reading books, publications, articles, theses, and a part by the field method by sending and collecting questionnaires. The statistical sample of the current research includes 200 auditors working in the auditing profession who were selected using simple random sampling. For data analysis, structural equation modeling and fitting the resulting model, using appropriate indicators in the SmartPLS software environment, have been used. The results of the hypotheses test show that social and economic exchange has a significant positive effect on the auditor's commitment (including commitment to the profession and commitment to the organization), and on the other hand, the auditor's commitment has a significant positive effect on the auditor's unprofessional behavior. Also, the results of the research indicate that the variable of moral identity is effective on the relationship between social exchange and auditor's commitment, although this effect was not accepted in relation to economic exchange and commitment to the auditor's profession.

In a research, Ashrafi et al. (1402) studied the design of auditors' behavioral Torres model with emphasis on the individual and general characteristics of the auditor using the foundation data method. Behavioral biases are defined as systematic errors in judgment. Researchers have identified and presented a long list of types of behavioral distortions. Recent studies have introduced more than fifty types of known behavioral tendencies about investors, while many behavioral tendencies have not yet been clearly identified. The purpose of this research is to design the Toresh model or auditor's psychological and behavioral biases. Identifying these biases can help auditors improve their abilities to exercise professional skepticism in the process of professional judgment by using an effective decision-making process. From the basic theory, instead of investigating the questions in the production of knowledge and building a theory arising from the background of the society and from the perspective of the subjects, it explores. In order to investigate this goal, 20 experts from the audit department were selected using the snowball sampling method and collected information through in-depth interviews. For the analysis, the grounded theory

method was used. The results of the interviews, after applying the three stages of coding, 82 codes were identified in the initial stage, and in the following stages, after applying changes (deletion and integration), 56 concepts were identified in seven components including individual physical characteristics, moral and mental characteristics, skills and knowledge, errors, organizational factors, extra-organizational factors and cultural factors were categorized.

In a research, Noush Far et al. (2023) investigated the meta-analysis of factors affecting ethical decision-making in the accounting and auditing profession. According to the survey, in the accounting and auditing profession, 18 variables influence ethical decision-making, including: individual structure, social conditions, economic conditions, working environment conditions, age, formal membership, gender, organizational culture, experience, identity, work skills, moral ideals, relativism, leadership. Morality, rules and regulations, work characteristics, education and personality characteristics are effective. All factors had a medium and high effect size, and therefore all categories affect ethical decision-making in the accounting and auditing profession. Among the investigated factors, moral ideals have the largest effect size (0.71), organizational culture has the largest effect size (0.69) and rules and regulations have the largest effect size (0.68), the most important influencing factors according to the highest effect coefficients (more than 5.5) 0) and the effect of all categories was confirmed, and this research, by identifying different and effective indicators for ethical decision-making, can be a suitable solution for the appropriate decision-making approach of accountants and auditors.

Taghipour and Azizi (1401) in a research investigated ethical, legal and professional issues affecting advertising and customer attraction in the auditing profession. The data of this research was collected using a standard questionnaire distributed among 162 auditors who are members of the Iranian Certified Public Accountants Society, who were randomly selected from a population of 701 people, in 2018. The results of this research show that the two variables of relativism and extremism have a positive effect on auditors' attitude towards using unethical marketing methods.

In a research, Rajab Dari et al. (2022) examined the pattern of relationship between ethical philosophies and information technology and the ethical behavior of auditors: the actor network theory approach. The research findings showed that the ethical behavior of auditors is influenced by human and technical actors. Human actors generally include ethical theories and technical actors generally include information technology. Ethical theories (human actors) are also divided into two general sections: theories based on actions and theories based on virtue (virtuousness). Action-based theories include duty-based (duty-based), result-based (utilitarianism and otherism), divine-based (philanthropic) and justice-based (justice-based). Information technology (technical actors) also includes an integrated theory, acceptance and use of developed technology (motivation, hope for effort and social effects). The general findings of the research showed that the components of technical and human actors have a positive and significant effect on the development of ethical behavior in auditors.

Bakhtiari et al. (2018) conducted a study under the title "Ordinary relationship and auditor independence: testing the theory of social bonds". For this purpose, in 2011, 943 questionnaires among the auditors working in the auditing organization and member institutions of the public accountants society of Iran were randomly distributed and collected, and the data obtained from them were analyzed using the structural equation model. The results of the research show that the more auditors tend to have a supervisory relationship, the more likely auditors will violate their independence despite professional supervision. This research showed that relational culture is considered as an influential factor in the relationship between the auditor and the employer in the auditing market of the country. In order to maintain relationships with their clients, auditors try to make their judgments consistent with their relationships with their clients. This issue indicates that social connections and connections can have a negative impact on the independence and quality of auditing.

Research Methodology

The current research is applied in terms of the type and nature of the problem and research goals. This research is survey-correlation based on descriptive data collection method. In other words, the required data were collected based on a survey (Dianti Dilmi,

2013). Based on this, a questionnaire was used to collect research data, because it is considered an effective method in collecting data from a large sample according to previous researches (Chen et al., 2015). Also, library method was used to collect theoretical bases and study the theoretical bases of similar researches. The period of questioning the subjects is 6 months from November 2022 to May 2023.

Research Instrument

The research data collection tool was a questionnaire. The questionnaires used in this research were standard. The questions of all the questionnaires were arranged through a 5-point Likert scale from completely agree to completely disagree. All the questionnaires were again given to the experts in terms of validity and from the point of view of the concept of the questions and alignment with the research objectives, they were reviewed and modified in several stages so that all the questions in the questionnaire were approved and then distributed among the community of the research.

The Pygmalion Effect Questionnaire

In this research, Shaverno et al.'s (2019) questionnaire, which includes 12 questions based on a 5-point Likert scale, was used. This questionnaire includes 4 dimensions of auditors' perception, auditors' ability, auditors' knowledge and auditors' efficiency, whose validity has been confirmed by experts. In this questionnaire, questions such as whether positive thoughts and impressions of the auditing profession strengthen the auditor's perception, or the auditor's knowledge of the professional content of his job increase the auditor's efficiency. In fact, the content of the questions is based on how much the expectations related to auditors' perception, auditors' capabilities, auditors' knowledge and auditors' efficiency in front of clients (owners) cause them to show the expected behaviors in order to check the statements with higher quality. Also, the reliability of this questionnaire was confirmed based on Cronbach's alpha coefficient and it was found to be 0.82 by Julien's research (2014).

Auditors' Behavioral Bias Questionnaire

In this research, Salavo's (2017) questionnaire was used to measure auditors' behavior bias, which consists of 13 questions with 5 options ranging from completely agree to completely disagree. This

questionnaire has three subscales of perceived support; considers professional identity and professional commitment to measure auditors' behavioral inertia level. In this questionnaire, questions such as whether understanding the content of the audit profession will improve the level of independence in the audit profession have been presented. Does the level of support of the audit partners maintain independence

from the owners? Does belonging to the auditing profession cause resistance to the influence of others? The validity of this questionnaire was confirmed due to its standardization, and its reliability was estimated to be 0.85 according to Cronbach's alpha coefficient in Soyano and Farogh's research (2019), which was confirmed to be higher than 0.7.

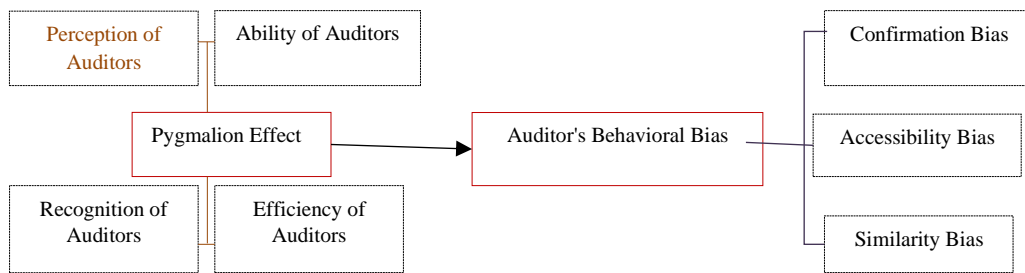


Figure (3) Theoretical Framework of the Research

Based on the above adapted framework, the hypothesis of the research is as follows:

Research Hypothesis: The Pygmalion effect has a significant influence on the auditor's behavioral bias.

According to the proposed hypothesis and based on the above theoretical framework, the variables of the research are tested in the form of partial least squares analysis and the suitability of the model is fitted.

Statistical Population and Sample Size

The statistical population of this research is auditors working in the auditing organization of private sector auditing institutions in 1401. Considering that the statistical population in this research is unlimited, therefore, the following relationship was used to determine the sample size:

$$n = \frac{Z_{\alpha/2}^2 \cdot \sigma^2}{e^2} = \frac{1.96^2 \cdot 0.683^2}{0.1^2} = 185$$

In the above relation:

n: represents the sample size; $Z_{\alpha/2}$ = standard normal value, i.e. 1.96; σ^2 : represents the population variance, which is obtained by using the pre-test and checking the standard deviation of a sample of 30 because it is not known; e: is the desired accuracy in the research, which is usually considered equal to 0.1 (Bani-Mohad et al., 2016). According to the above

relationship, a sample size of 185 people was obtained, and in order to increase the credibility of the research, 250 questionnaires were randomly distributed among the auditors, and finally, 192 questionnaires were received and became the basis of statistical analysis.

The final analysis of the collected data was also done using structural equation modeling method and PLS software. The steps of structural equation modeling are as follows: first, model fit is checked (including measurement model fit, structural model fit, and overall model fit) and then research hypotheses are tested.

Research Findings

In this section, Partial Least Squares (PLS) analysis is used for statistical tests and model fitting. In this method, the reliability and validity of the research variables are first examined based on the partial least squares method, and then the hypotheses are tested using model fitting. But first, the descriptive statistics of the research variables are presented:

As one can see, the highest average level is related to the auditor's efficiency component in the Pygmalion variable, which has an average of 4.75, and this means that the existence of positive expectations in the auditing profession can help to increase the efficiency level of auditors. It was also found that the highest level of standard deviation is related to the component of the auditor's perception in the Pygmalion variable,

which expresses the level of difference in the approaches of the research participants regarding the impact of expectations on the individual perception of auditors. Also, the examination of the components of behavioral bias shows that the highest average is related to the accessibility of auditors, which indicates the influence of the role of the dimensions of the auditing profession and the responsibilities related to it in this profession on the shoulders of auditors, who express their identity based on the auditing professional identity. Then, in the continuation of the research, a test of the conceptual model is developed to fit its structural desirability level under partial least squares analysis. The output of the software, after testing the conceptual model of the research, is shown in figure (2) and (3). Below are the results of the two parts of the measurement model test and the structural model test.

Cronbach's alpha method, which is a type of internal consistency, was used to measure the reliability of the questionnaires. Normally, the range of Cronbach's alpha coefficient is from zero, which means no positive relationship, to one, which means

complete relationship, and the closer the number is to one, the more reliable the questionnaire is. As shown in Table (2), the alpha value above 0.7 for each questionnaire indicates the appropriate reliability of all three questionnaires used in this research.

Structural equation models are typically a combination of measurement models (representing subcomponents of dependent variables) and structural models (representing relationships between independent and dependent variables). Then, index reliability, convergent and divergent validity were used to measure the fit of the measurement model. To check the validity of the constructs, Fresnel Velarker (1981) introduced three criteria, which include the validity of each item, composite reliability (CR) of each construct, and average variance extracted (AVE). Values greater than 0.4 for factor loading coefficients, greater than 0.5 for average variance extracted (AVE) and greater than 0.7 for composite reliability (CR) indicate the appropriate fit of the measurement models and that they are convergent in terms of reliability and validity (Holland, 1999). The results of these indicators are shown in Table 3.

Table (1) Descriptive Statistics of Research Variables

Criteria	Pygmalion Effect				Behavioral Bias		
	Auditor's Ability	Auditor Perception	Auditor's Cognition	Auditor Efficiency	Confirmation	Accessibility	Similarity
Average	72.3	3.21	4.09	4.18	3.58	3.78	3.64
Median	4	3	4.75	83.4	3.65	4	3.49
SD	0.51	1.06	0.63	0.70	0.72	0.75	0.99
Min.	2.87	2.00	2.73	2.27	2.57	2.52	0.02
Max.	0.05	0.05	0.05	0.05	0.05	0.05	0.05

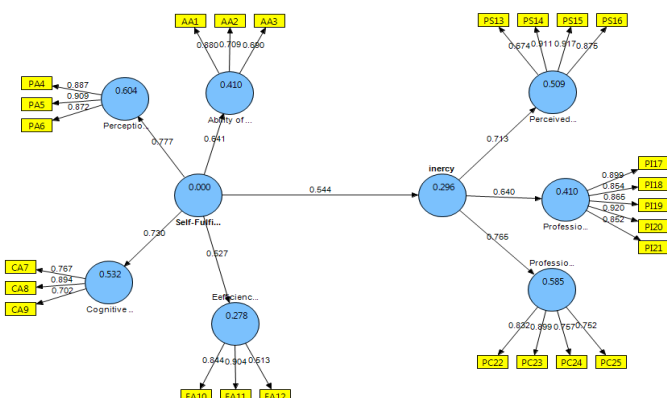


Figure (4) Conceptual Model of Research in Standard Mode

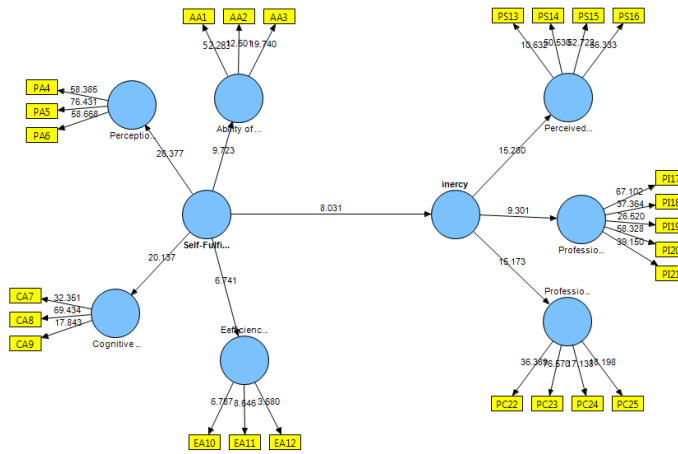


Figure (5) Conceptual Model of Research With Significance Coefficients (T-Values)

Table (2) Reliability Assessment of the Questionnaire

Variables	Internal Variables	Cronbach's alpha (Alpha>0.7)
Pygmalion	Auditor's Ability	0.85
	Auditor's Cognition	0.80
	Auditor's Efficiency	0.86
	Auditor Perception	0.87
Behavioral Bias	Confirmation	0.87
	Accessibility	0.93
	Similarity	0.83

Table (3) Descriptive Statistics and Results from Confirmatory Factor Analysis (CFA)

Internal Variable	Explicit Variables	Mean	SD	FL	AVE	C.R
Auditor's Ability	1	92.3	0.71	0.88	0.58	0.81
	2			0.71		
	3			0.69		
Auditor's Perception	4	41.3	05.1	0.89	0.79	0.92
	5			0.91		
	6			0.87		
Auditor's Cognition	7	06.4	0.83	0.77	0.63	0.83
	8			0.89		
	9			0.70		
Auditor's Efficiency	10	11.4	0.7	0.84	0.60	0.81
	11			0.90		
	12			0.51		
Confirmation Bias	13	88.3	0.77	0.67	0.72	0.91
	14			0.91		
	15			0.92		
	16			0.88		
Accessibility Bias	17	98.3	0.76	0.90	0.77	0.94
	18			0.85		
	19			0.86		

Internal Variable	Explicit Variables	Mean	SD	FL	AVE	C.R
Similarity Bias	20	76.3	0.99	0.92	0.66	0.89
	21			0.85		
	22			0.83		
	23			0.90		
	24			0.76		
25	0.75					
Pygmalion		88.3	0.55	--	0.44	0.75
Behavioral Bias		88.3	0.59	--	0.50	0.75

After performing the confirmatory factor analysis, the results of which are shown in Table (3), it was found that all the items have a factor loading higher than 0.4, average variance extracted above 0.7, and composite reliability above 0.5, which shows the appropriateness of this criterion and the appropriate reliability of the measurement models.

Acceptable divergent validity of a model indicates that a construct in the model interacts more with its indicators than other constructs. Fornell and Larcker (1981) state that divergent validity is acceptable when the AVE for each construct is greater than the shared variance of the measure between that construct and other constructs in the model. This is checked by a matrix where the rows of this matrix are the values of correlation coefficients between structures and the root values of AVE for each structure. Based on the results of correlations and AVE root which was placed on the diameter of table (3), we can conclude the divergent

validity of the model at the structure level in terms of the Fornell-Larcker criterion.

After measuring the validity and reliability of the measurement model, the structural model was evaluated through the relationships between the underlying variables. In the current research, two criteria of determination coefficient (R^2) and prediction power coefficient (Q^2) have been used. (R^2) is a measure that shows the effect of an exogenous variable on an endogenous variable. According to figure (2), the value of (R^2) has been calculated for the endogenous constructs of the research, which can confirm the appropriateness of the fit of the structural model. In addition, in order to check the predictive power of the model, a measure named (Q^2) was used. According to the results of this criterion in table (5), it can be concluded that the model has "strong" predictive power.

Table (4) Correlations between Variables and AVE Values

Variables	Pygmalion				Behavioral Bias		
	Auditor's Ability	Auditor Perception	Auditor's Cognition	Auditor's Efficiency	Confirmation	Accessibility	Similarity
Pygmalion	Auditor's Ability	0.78	--	--	--	--	--
	Auditor Perception	0.03	0.79	--	--	--	--
	Auditor's Cognition	0.23	0.45	0.89	--	--	--
	Auditor's Efficiency	0.34	0.37	0.07	0.87	--	--
Behavioral Bias	Confirmation	0.39	0.48	0.33	-0.13	0.75	--
	Accessibility	0.41	0.17	0.36	0.08	0.15	0.98
	Similarity	0.80	0.32	0.36	0.12	0.23	0.35

Table (5) Values of Coefficient of Determination (R²) and Coefficient of Predictive Power (Q²)

Variables	R ²	Q ²
Auditor's Ability	0.52	0.26
Auditor Perception	0.70	0.41
Auditor's Cognition	0.63	0.35
Auditor's Efficiency	0.23	0.15
Confirmation	0.51	0.33
Accessibility	0.41	0.32
Similarity	0.56	0.30

After fitting the measurement and structural part of the current research model, in order to control the overall

fit of the model, a criterion called FOG was used, for which three values of 0.01, 0.25 and 0.36 were introduced as weak, medium and strong values. This criterion is calculated through formula 1:

$$GOF = \sqrt{\overline{Communalities} \times \overline{R^2}}$$

Communalities It is obtained from the average shared values of the variables of the research.

Considering that the GOF criterion of 0.57 was obtained, the overall fit of the model is confirmed as "strong."

Table (6) Fitting Results of the General Model of the Research Variables

Internal Variables	Communality	R ²	Communality	R2	GOF
Auditor's Ability	0.58	0.52	0.63	0.45	0.53
Auditor Perception	0.79	0.70			
Auditor's Cognition	0.63	0.63			
Auditor's Efficiency	0.60	0.23			
Confirmation	0.72	0.51			
Accessibility	0.77	0.41			
Similarity	0.66	0.56			
Pygmalion	0.44	--			
Behavioral Bias	0.50	0.30			

Research Hypothesis Test

After examining the fit of the measurement models and the structural model and having the appropriate fit of the models, the research hypotheses were examined and tested. In the following, the results of the significant coefficients for each of the hypotheses, the standardized coefficients of the paths related to each of the hypotheses and the results of the hypothesis

examination at the 95% confidence level are presented in Table (7).

The significant coefficients of the variables are shown in Figure (5) and Table 6. Considering that the significance coefficients of the variables are more than the absolute value of 1.96, the hypotheses are confirmed.

Table (7) Test of Research Hypotheses

Hypothesis	Causal Relationships between Research Variables	Path Coefficient (β)	T-Value	Test Result
H1	Pygmalion has a significant influence on the auditor's behavioral bias.	0.61	12.88	Confirmed

Discussion and Conclusion and Practical Suggestions of the Study

As mentioned elsewhere in the auditing standards, the duty of auditors is to certify financial statements to protect the public interest. In other words, shareholders need auditing services in order to control the manager's

duties in order to reduce the agency conflict. The higher the auditor's independence level, this can reduce the agency conflict between the manager and the shareholders (Kao et al., 2019). One of the behavioral strategies for consolidating the auditor's behavioral and functional independence is inertia. The ability of

inertia, which is rooted in the science of physics, is a kind of reaction against actions that are thought to disrupt stability.

Judgment is a subset of the decision-making process that occurs in a situation of ambiguity and risk. Applying a good judgment in addition to reason and tact requires a regular process. This process is affected by cognitive biases. Cognitive biases can have a negative impact on the decision-making process of all auditors. Being aware of different types of biases that affect auditors' decisions is the first step in overcoming them. In the statement of the basic concepts of auditing, the necessary characteristics for the auditor are divided into two groups: individual characteristics and structural characteristics. On the other hand, auditors use personal and structural characteristics in every audit work to judge and make decisions, and considering that auditing involves professional judgment, investigating the effect of such characteristics of auditors on their judgment, both practical and theoretical, it is worthy of attention both from a practical and a scientific point of view, and what has not been taken into account in the meantime is the issue of excitement and its effect on the auditor's judgment, which has been taken into account in this research.

Ambiguous future conditions and cognitive errors that are rooted in human psychology cause systematic errors in the formation of expectations, decision-making and judgment, and people face cognitive biases. Today, psychologists believe that the ultimate success of a large organization depends on intelligence. It depends on the morale of its managers and employees, although rational intelligence and emotional intelligence also guarantee this success to some extent. In professional judgment processes such as auditing financial statements, at the end of which the auditor must make a judgment based on evidence, the factor of intelligence and especially moral intelligence is very important (Chenan et al., 2014). Professional ethics in a strategic attitude is the responsibility of the organization towards the rights of all environmental elements, both internal and external, which has a strategic role in the success of the organization towards the future. A non-strategic attitude is an incomplete, insufficient and minimal idea of professional ethics that reduces its comprehensiveness and lowers it to the level of moral responsibility of the individual in the job (Chen et al.,

2017). In the framework of social responsibility, the organization does what is good and suitable for itself and avoids things that can be good and harmful for the society. It is at this stage that social responsibility is known as ethical behavior. Ethics and leadership, ethics and social responsibility have a strong relationship with the performance of independent auditors. Auditing institutions should be aware of the consequences of professional ethics and ethical leadership and social responsibilities and improve the performance of independent auditors based on that (Kalwar et al., 2018).

Personal norms grow through modernizing the social norms of the group that a person is familiar with, that is, some of the most important social norms become part of the moral standard of people. Since personal norms reflect a person's personal beliefs, they should have a significant impact on all behaviors and moral orientations (Jalion et al., 2015). In the auditing profession, social values should be promoted to promote ethics and professional competence. Therefore, the auditing organization and all private auditing institutions should do their utmost to strengthen social norms such as social confrontation. One of these efforts is to take steps to improve and strengthen the process of fairness and justice towards employees. The purpose of this research is to investigate the effect of Pygmalion on auditors' behavior bias based on the Golem theory test. Based on the results of the research hypothesis, it was determined that self-efficacy has a positive and significant effect on auditors' behavior bias.

In fact, Pygmalion based on Golem's theory confirms that the existence of positive expectations and psychological load motivating the auditor to perform his work correctly and professionally, which is based on professional philosophies, can lead to greater dynamics of the auditor's decision-making and commenting functions. The auditor's independent functions should be increased and based on his independent behavior and vision, he should make judgments and comments. This result is consistent with Golem's theory, which explains the existence of positive expectations in the social environment as a factor for shaping behavioral reinforcement in professional functions based on organizational behavior, and confirms that the existence of these expectations can lead to greater dynamics of auditing independence functions. In other words, the

expectations in the social and professional frameworks can be considered as a stimulus to motivate the individual for the effective development of professional judgments, where the individual tries to maintain his behavioral inertia based on the motivations received and the presence of positive expectations of his functions and decisions. Do not be influenced by the influence and creation of implicit dependencies to the owners and other intermediaries and try to bring the best practices to the fore in the form of maintaining their behavioral and functional independence.

Based on this result, it is suggested that by interacting the intellectual currents at the community level regarding the investment trends in the capital market and creating more attractions by improving the level of financial transparency for more favorable decision making by the investors from the regulatory institutions, while it will cause more dynamism in the investments, at the same time, despite the expectations in the context of the society and the existing expectations from the auditing professional community, the level of social awareness of aligned auditors will provide functional functions with more independence in professional decisions and judgments.

It is also necessary to strengthen independence capabilities among auditors by using cultural tools and stability of procedures such as visualizing the professional values of auditing, because symbolizing the dimensions of auditing culture based on independence can institutionalize ethical values in them and cause them to The level of independence in judgment and behavior as a capability creates an advantage in the profession. The point to think about is that the level of enhanced and perceived expectations not only from the society, but also from the organizations and supervisory institutions on auditors' performance should be transferred in the form of culture values, so that more understanding and attention and the importance of this profession in auditors is more than It should be institutionalized before and this issue will lead to the creation of specific behaviors such as virtue. It is also suggested that in order to develop ethical duty orientation, training courses with the aim of strengthening the value-oriented functions of auditors should be created on a continuous basis. This issue can shape the skill and behavioral abilities, cognition and perception and decision-making power of auditors in complex

situations and with high pressures based on moral principles and values and it will enhance the quality level of decisions and judgments in order to increase the decision-making power of capital market pillars.

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