

Investigating the influencing factors on trust and professional skepticism in the relationship between the auditor and the client firms' managers

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Abstract

The current study investigates how interpersonal trust between the auditor and the client firms' managers affects the auditor's professional skepticism in Iraq. In the qualitative part of the research, 20 auditors and client firms' managers were interviewed. In the qualitative section, the interviews conducted were analyzed using MAXQDA software. The statistical population includes two groups: all auditors, 1735 participants until the end of 2022, and all senior managers and managers of public companies, private companies, and other organizations. The statistical sample size is 314. The data collection instrument was Aschauer et al.'s (2017) questionnaire, which was analyzed using PLS3 software. The findings support the idea that there is a positive correlation between the degree of skepticism towards the auditing profession and the degree to which corporate managers and auditors are trusted. Perceived trust between auditors and managers and skepticism of auditors' professions are not significantly correlated with the length of the auditor's contact with the client. The relationship between auditors' and managers' trust in them and their skepticism of the auditing profession is also not significantly impacted by the supply of non-audit services.

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1. Introduction

The auditors are expected to have professional skepticism and suspicion of the client firms' financial operation. The auditor must maintain an appropriate level of trust and professional skepticism during an audit period. The International Auditing and Assurance Standards Board (IAASB) explains professional skepticism as an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence (IAASB, 2009) [1]. Professional skepticism refers to the tendency of an auditor to postpone drawing inferences over an audit decision to the point where sufficient supportive evidence is observed for an alternative over others [2]. In qualitative research, Rennie, Kopp, and Lemon (2010) and Richard (2006) suggest a mutual association between professional skepticism and interpersonal trust in auditing processes. Correspondingly, such ambiguity in existing literature, most of which

has focused on developed countries, and the lack of scientific investigations in developing countries, particularly Iraq, have motivated us to assess the association between trust and skepticism. For such a purpose, we use a qualitative approach to evaluate the practitioners' understanding of trust and professional skepticism in auditing.

According to the Iraq business environment and the institutional settings governing developing countries [3, 4], several reasons might be considered effective elements in determining the association between the trust and professional skepticism on the Iraq listed companies as follows. Low level of market efficiency: The rate of transactions and deals on the markets of developing countries are partially low, which are also influenced by general prices, through which reliable measures for critical accounting indicators, such as fair value, are not available. Thus, we expect that lacking the reliable basis to measure the fair value is likely to provoke the professional skepticism in the Iraq market. Cost and benefit balance: Lack of efficient market may impose additional costs to companies to implement controlling and ensuring practices, which in turn increases the time and effort required to perform audit service and review the fairness of the figures. Lack of talented staffs: Developing countries are more likely to suffer from a shortage of talented staffs, particularly in financial fields of study, and therefore the quality of financial report might be influenced, leading lower level of trust between clients and auditors. Related party transactions: The rate of transactions with related parties are partially high in developing countries, and the existence of such transactions may significantly provoke the auditor's skepticism and reduce the auditor-client trust. Institutional corporate governance over markets: Market transactions might be affected by laws and regulations enforced by government bodies, and therefore the typical market interactions are probable to be undermined. Weak regulatory atmosphere: As a result of deviation from the international financial reporting standards (IFRS) in developing countries by virtue of being costly and complex for companies, such a phenomenon may undermine the effectiveness of enforced regulations and standards, leading lower trust of auditors on provided financial reports. Collectively, we expect that the behavioral pattern of auditors working on the Iraq stock exchange, regarding the level of trust and professional skepticism, might be different from that of auditors working in developed nations. Therefore, the present study focuses on how skepticism of auditors' words relates to how trustworthy they are considered. What factors influence trust and professional skepticism in the relationship between the auditor and the client firms' managers in Iraq?

The conducted study is novel in some respects. Initially, this is among the pioneer investigations considering the incorporation between professional skepticism and interpersonal trust in a developing country such as Iraq. To the authors' knowledge, previous investigations have mostly been conducted in developed nations such as Germany [5] and the USA [6, 7]. Moreover, previous studies have mostly concentrated on the association between trust and professional skepticism only, whereas the current paper has measured the moderating roles of auditors-client relationship duration and the provision of non-audit services to the client in determining the trust-professional skepticism relationship. Thus, the outcome of the current paper is willing to add to our knowledge to some extent, which might be important for auditors as the providers of ensuring services to adjust their association with their clients, and policymakers and regulatory bodies to improve the market efficiency by designing related laws and regulations.

2. An overview of theoretical foundations and research background

Recent research about auditing has generally examined macro variables such as the size of audit institutions, the size of organizations, audit fees [8, 9], and other factors, such as cost stickiness on the quality of financial reporting and auditing. A large part of auditing is commenting based on professional judgment, which is the characteristics of the auditors' personality that should be examined in more detail to conduct more detailed studies on auditing quality [10]. Many audit errors and deficits might be traced to the lack of professional skepticism. An appropriate level of professional skepticism improves financial reporting through better decision-making, judgment, and accurate opinion [11]. Professional skepticism is described as a critical appraisal of audit evidence by the International Auditing and Assurance Standards Board (IAASB), the International Federation of Accountants (IFAC), and the International Standards on Auditing (ISA). Asthana et

al. (2019) stated that the management is not assumed to be corrupt and complete honesty is not also considered in skepticism of the auditor's words [12].

Perceived trust is the main factor in management, with numerous positive effects on company relationships. In addition, a perceived trust may reduce uncertainty, and behavioral conflict and audit research have confirmed perceived trust's positive impact on professional skepticism [5]. Therefore, this subject literature and the problem of perceived trust in the negotiation between the auditor and the client require a more detailed and appropriate look at the role of perceived trust in the relationship between the auditor and the client. Therefore, a qualitative approach is used to evaluate the activists' perceptions of perceived trust and professional skepticism.

On the other hand, the present study investigates the relationship between trust based on the acquaintance of auditors with their owners (for example, the CEO/CFO of companies) and the perception of owners of the auditors' professional skepticism. Perceived trust is defined in most research as trust based on identity and recognition, which is considered as the accountants' perception of the client's benevolence. The needs and honesty of the trusting person are based on individual motivations, including following a set of things in common with the person.

Lugli and Bertacchini (2022) stated that clients identify professional skepticism as a trait concept. Previous research also showed that various factors determine the auditor's skeptical behavior. Therefore, it is necessary to integrate the concept of attribute and the concept of contingency, and changing the perspectives is the most potent tool for such integration. Therefore, it is possible to collect auditors' reports from auditors' observed conduct, which is based on the agency theory and is the outcome of the auditor's traits and expresses their behavior, rather than asking the auditors for their self-reported skeptical qualities [13].

Studies recommend that less reliable documents must be evaluated less by auditors [14, 15], as well as audit standards, including SAS 99 (AICPA 2002) demand auditors to increase their skepticism according to obtained unreliable evidence. Therefore, it is expected that the lower level of trust in the client's provided evidence is likely to promote the level of skepticism. The theoretical literature provides the components of professional skepticism summarized in Table 1.

Table 1. The Professional Skepticism

	Intuitive elements	Theoretical foundations in research on professional skepticism
1	Inquiring mind	When conducting professional due diligence, one must always examine whether or not the available data and evidence point to the possibility of a significant fraudulent misstatement based on [16]. The questioning mind has some sense of disbelief or skepticism [2].
2	Suspension of judgment	Denial of judgment as long as there is an acceptable degree of evidence should be able to form a conclusion based on it [17]. Only convincing proof will convince the auditor (PCAOB 1997, AU .23). Sentences should be deferred until sufficient evidence is provided [2].
3	Seeking knowledge	For the sake of curiosity or interest, people often go in search of information [2]. People are interested in learning only for learning [18]. Curiosity is stoked, and auditors are encouraged to do so by the auditing process [19].
4	Interpersonal understanding	Human psychology is the foundation of skepticism. People's intentions and perspectives can drive them to deliver inaccurate, prejudiced, or misleading information. Suppose the suspect doesn't know the people involved and can't tell who might be providing purposefully false information. In that case,

	Intuitive elements	Theoretical foundations in research on professional skepticism
		detecting any bias in the information they supply will be difficult. It is regarded as tough to present to him. When one's assumptions or motivations are acknowledged and understood, the pessimist has a basis for disputing or correcting erroneous assumption [2].
5	Autonomy	An auditor makes up his own mind and decides what proof to accept a specific proposition [2]. The auditor must have the professional fortitude to subject his inventions to separate and searching evaluations, not only for critical analysis but also for rejecting the proposals of others [19].
6	Self-esteem	Self-esteem enables an auditor to resist persuasion and challenge others' assumptions or conclusions [2].

Table 2 shows the components of perceived trust based on theoretical foundations.

Table 2. The Perceived trust

Intuitive elements	Theoretical foundations in research on perceived trust
Mutual expectations about possible behavior	One's natural assumption is that one may rely on another's word, promise, or oral or written assertion [20]. They put one in a perilous scenario where success in achieving an appealing but hazy goal depends on one's actions [21]. The assumption is that an actor can (1) be trusted to fulfill responsibilities, (2) behave predictably, and (3) behave and negotiate honestly when opportunism is available [22].
Vulnerability due to opportunistic threat	As stated by [23], "the desire to be susceptible to the acts of another is based on the anticipation that the other party will take a particular action that is significant to the trustor regardless of the ability to monitor or control that other party" (712). Trust is a mental quality characterized by openness to risk based on favorable projections about another person's motives and actions [24].
Identification	Trust is an emotional condition in which one is open to being vulnerable in order to achieve a desired goal. It assumes the other party's best motives or actions [25]. For one person to put themselves in harm's way for another's benefit, they must have faith that the other will do something significant to them, regardless of the first party's ability to oversee or exert influence over the second [26]. The social norm of frequent honesty and cooperation amongst its members is the basis for this expectation [27]. A person's anticipation of the other party's skill, sincerity, and conduct.

According to the table above, the Hypotheses were shown as follows:

H1: There is a positive relationship between perceived trust (auditors and client firms' managers) and auditors' professional skepticism.

Another element that might potentially impact an auditor's trust is the length of the auditor-client relationship. Such a variable mostly implies the frequency of previous experiences in the association between auditor and client. Scholars in the trust field of study typically believe that developing and building trust depends on the time length [27]. In other words, the length of a relationship must be incorporated with the degree of trust. The strength of the auditor-client relationship (audit tenure) is proposed to be an element leading auditor-client nearness, which has often been recommended to be an element that may undermine auditor independence [28-

30]. According to the above discussions, we argue that one of the main drivers of the association between auditors' professional skepticism and interpersonal trust might be the length of auditor-client relationship, for examining of which the following hypothesis is developed:

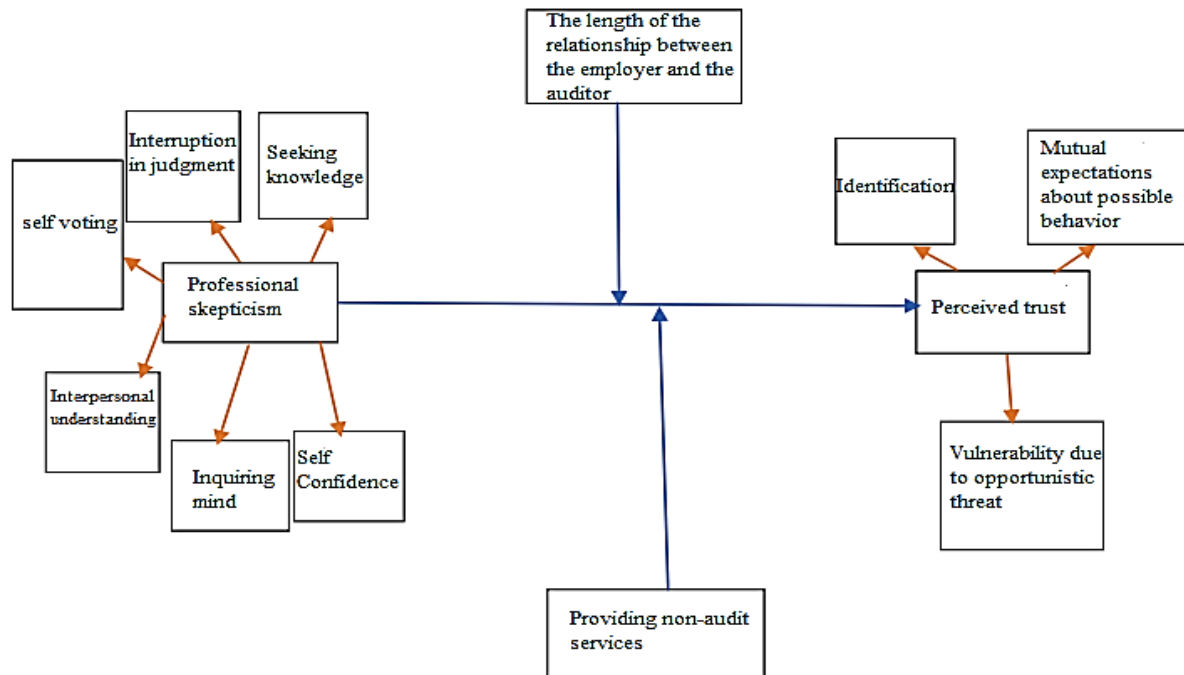


Figure 1. The Conceptual model of the study

H2: the length of the auditor-client relationship moderates the perceived trust (auditors and client firms' managers) and auditors' professional skepticism. In another stream of profession, the European Commission (EC), reacting to the financial crisis, enacted a green paper looking forward opinions on the factors determining the audit quality (EC, 2010), and subsequently they presented a motion containing the opinions they have collected [31]. The motion shows that joint audits, audit firm rotation, limiting non-audit services, and severer rules on auditor appointments have been identified as mainstreams of increasing independence and assuring professional skepticism. We expect that the provision of non-audit services may moderate the impact of audit professional skepticism and the perceived trust between auditors and their clients. For this purpose, the following hypothesis is conducted:

H3: providing non-audit services moderates perceived trust (auditors and client firms' managers) and auditors' professional skepticism.

According to the above assumptions, the conceptual model of the research is shown Figure 1.

3. Research method

Under empirical research processes, qualitative data must be gathered first, followed by quantitative data. Consequently, the researcher collects quantitative data based on qualitative data to help generalize the findings. Because the inductive method was utilized to establish the study's foundational pattern in the first stage, this investigation can be considered a hybrid of the inductive and analogous methods. Content analysis was also employed, with subsequent coding being analyzed with structural equation modeling.

The statistical population in the qualitative approach includes auditors and owners of audit institutions in Iraq. Twenty auditors and business owners were interviewed, and such a statistical sample was selected due to the lack of professional bodies agreeing to cooperate with the authors. These auditors and owners were among Iraqi audit institutions' top auditors and owners with the necessary experience in terms of years of service, knowledge, and awareness. As a result, based on the rule of information saturation, interviews were conducted with 20

auditors and client firms' managers, of which 13 were auditors and 7 were client firms' managers. The statistical community has made a quantitative part of the research to answer the researcher's questionnaires, which include two groups: all auditors, 1735 people until the end of 2022, and all senior managers and managers of public companies, private companies, and other organizations. Thus, with a statistical population of 1735 people, the statistical sample size is 314. The data collection tool is a questionnaire, which was used from Aschauer et al.'s (2017) questionnaire, which includes 30 questions for the professional skepticism questionnaire and nine questions for perceived trust. Provision of non-audit services including five questions and provision of non-audit services including five questions and gender, age, and the length of the auditor-client were considered control variables. The following table includes the auditors and client firms' managers of interviewed auditors.

Table 3. Characteristics of the interviewees

No.	Class	Gender	Hierarchy	Industry	Age	Interview Length
1	A1	Male	Manager	Auditing	65–55	0:52
2	A2	Male	Manager	Auditing	40+	0:41
3	A3	Male	Manager	Auditing	65–60	0:42
4	A4	Male	Manager	Auditing	65+	1:06
5	A5	Male	Manager	Auditing	50+	1:17
6	A6	Male	Manager	Auditing	55–50	0:54
7	A7	Male	Manager	Auditing	50+	0:46
8	A8	Male	Partner	Auditing	40+	0:50
9	A9	Female	Partner	Auditing	30–40	0:55
10	A10	Male	Partner	Auditing	40-50	1:20
11	A11	Male	Manager	Auditing	60-65	0:45
12	A12	Male	Manager	Auditing	55-60	1:10
13	A13	Male	Manager	Auditing	50-60	0:48
14	C1	Male	CFO	Contractor	50+	1:14
15	C2	Male	CFO	Oil and Gas Exploration	45-50	0:45
16	C3	Male	CEO	Contractor	60+	0:53
17	C4	Male	CFO	Hotel	50-55	0:44
18	C5	Male	CEO	Transportation	55_60	0:51
19	C6	Female	Accounting	Bank	35-40	0:40
20	C7	Female	Accounting	Bank	40-45	0:55

4. Results and discussion

The thematic analysis method, widely used in qualitative research, was used to analyze the text of the interviews. In this method, the interview text was first implemented from the audio recording of the interview session and completed using the notes taken during the interview. Then, by repeatedly rereading the text of the interviews, concepts and primary codes were extracted, which shows the extraction of codes in the MAXQDA software. In the next step, the obtained similar concepts that had a close meaning were grouped in the form of sub-themes.

Finally, based on all the identified sub-themes, a more general classification was done, which led to identifying the main themes.

Table 4. The themes identified from the interviews.

Main concepts	Sub-themes	Concepts
Development in organizational standards and rules	Following organizational principles	Trust in management. Avoid mistakes of managers. Lack of personal relationships with the organization
	Organizational rules and guidelines	Laws and orders of the authors. Application of rules and orders. Professional behaviors
	Following professional standards in the organization	Accounting methods. Auditing methods. Audit criteria. Compliance with auditing rules and principles. Auditing standards. Audit systems
	Strengthening the internal control system	Checking the internal control system. Internal control environment. Using technology in the internal control system. Strengthening the internal control system. Strengthening solid internal control. Internal report.
Development in customer orientation	Customer Orientation	Responding to customers. Catching. Customer Satisfaction. Gaining the trust of customers.
	Serving customers	Provide timely service. Provide appropriate services. Providing services within the audit framework.
	Transparency in the profession	Transparency Commitment to society. Responding to stakeholders
	Effective auditor communication with clients	The team spirit of the auditor. Confidence in the auditor's role. Goodwill
Development in the professional characteristics of auditors	Professional competence	Independence of the auditor. Professional care. The honesty of the auditor. Auditor's impartiality
	Auditor's awareness	Auditor's knowledge. Auditor experience. Auditor education.
	The business reputation of auditing firms	The reputation of the company. The brand. The rating of the institutions
	Organizational ability	Audit fees. The excellent reputation of the auditor. The number of clients.
	Inner ability	The diversity of auditor expertise. Work commitment work motivation Auditor loyalty
Development in the auditor's social trust	Professional ability	Openness qualification the trust. Behavioral honesty. Verbal communication.
	Ethical accountability	Compliance with Sharia standards. Work conscience Job outlook. Responsible. Respect the rights of others.
	Legal accountability	Compliance with the constitution. Compliance with organization standards. Compliance with social norms. Respecting the rights of the beneficiaries. Ability to rely on reports. Ability to rely on the information

Main concepts	Sub-themes	Concepts
Development in the relationship between the auditor and the client	Individual accountability	Altruism, benevolence, honesty, truthfulness, trustworthiness, showing interest and attention, lack of credulity, kindness, desire to help
	organizational Relations	Reducing agency costs, increasing the communication between the client and the auditor, the reputation of fairness, sharing resources, being responsive, having a friendly relationship with the client, and providing non-profit services. Auditing the existence of the length of the relationship with the client.
	Professional relationships	to keep satisfied. Reliability. Individual expectations. Threat. Vulnerability. Opportunism Stability. Availability. Responsibility. Seeking knowledge. Delay in judgment. Self-driving in an interpersonal Inquiring mind. Identification.

PLS3 software has been used in quantitative: Figures 1 and 2 show the measurement model of the impact dimensions of the influencing factors on professional skepticism and perceived trust, which are calculated according to the designed hypothesis model:

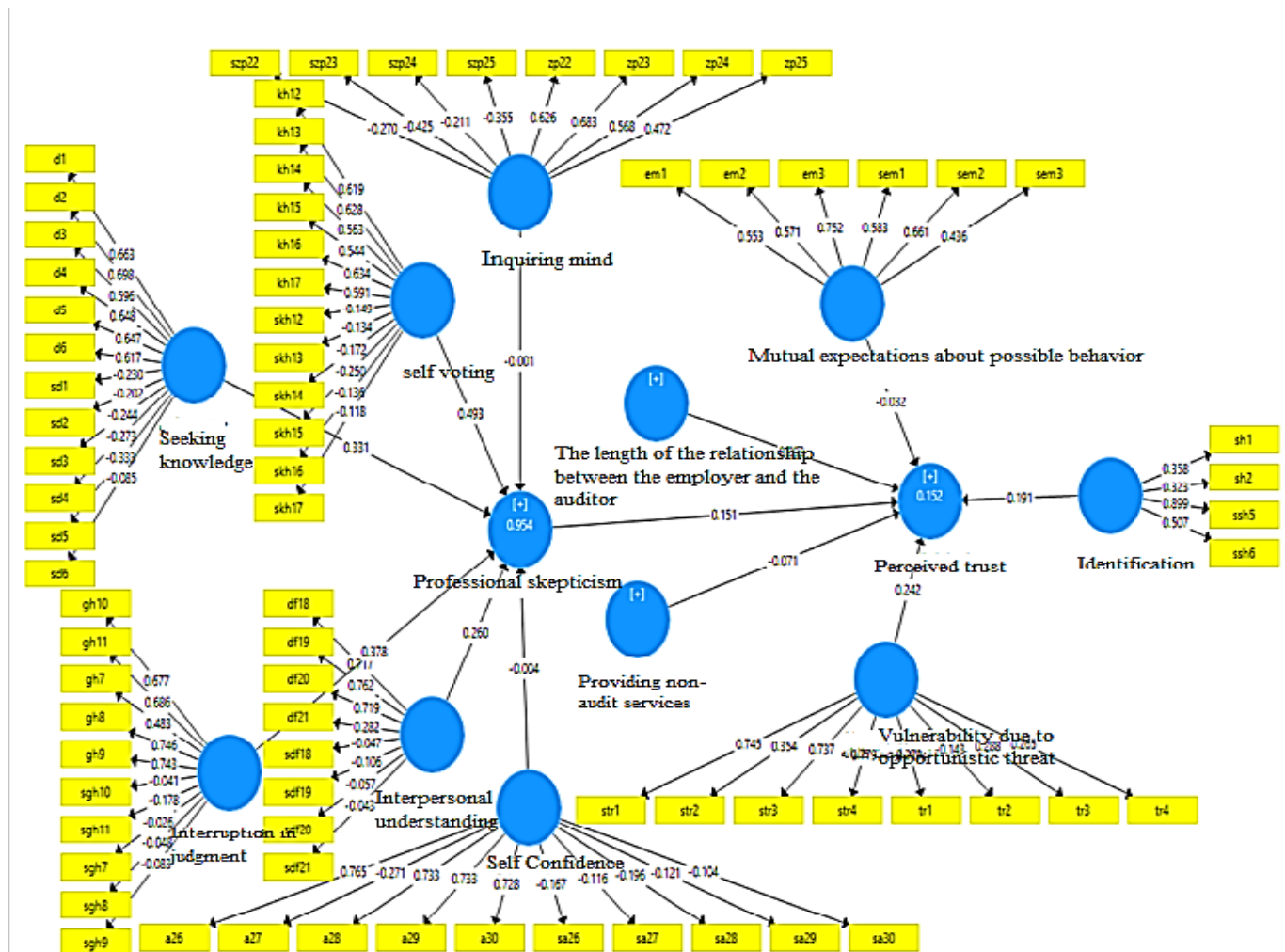


Figure 2. Confirmatory factor analysis of the effect of different factors on professional skepticism and perceived trust

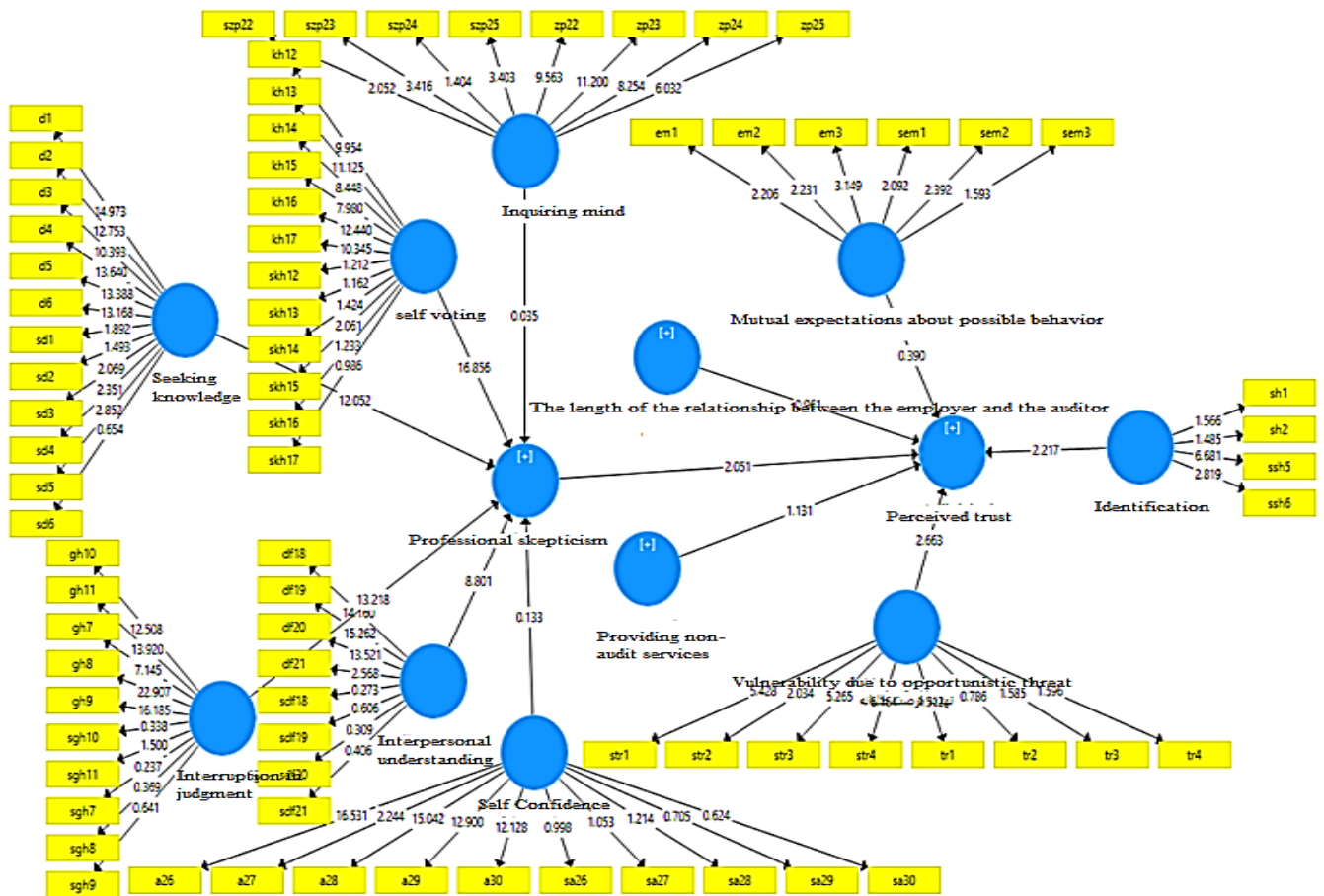


Figure 3. The significance of the confirmatory factor analysis model of the effect of different factors on professional skepticism and perceived trust

According to Figures 2 and 3, and Table 5 the significance of factor loading of almost all indicators is higher than 1.96. Therefore, self-esteem factors, knowledge search, interruption in judgment, and inter-professional understanding significantly affect professional skepticism. In addition, factors such as mutual expectations about possible behaviors and identification significantly affect perceived trust.

Table 5. Factor load and significant numbers of the model measuring factors affecting professional skepticism and perceived trust.

Variables	Factor load	Test statistics	Significance
Self-confidence -> a26	0.765	16.531	0.000
Self-confidence-> a27	-0.271	2.244	0.025
Self-confidence-> a28	0.733	15.042	0.000
Self-confidence-> a29	0.733	12.90	0.000
Self-confidence-> a30	0.728	12.128	0.000
The length of the relationship between the client and the auditor-> aft1	1.000		
Seeking knowledge -> d1	0.633	14.973	0.000
Seeking knowledge -> d2	0.698	12.753	0.000
Seeking knowledge -> d3	0.596	10.393	0.000
Seeking knowledge -> d4	0.648	13.64	0.000
Seeking knowledge -> d5	0.647	13.388	0.000
Seeking knowledge -> d6	0.617	13.168	0.000

Variables	Factor load	Test statistics	Significance
Interpersonal understanding-> df18	0.717	14.16	0.000
Interpersonal understanding -> df19	0.762	15.262	0.000
Interpersonal understanding-> df20	0.719	13.521	0.000
Interpersonal understanding-> df21	0.282	2.568	0.028
Mutual expectations about possible behavior-> em1	0.553	2.206	0.028
Mutual expectations about possible behavior-> em2	0.571	2.231	0.026
Mutual expectations about possible behavior-> em3	0.752	3.149	0.002
Professional skepticism -> etm	-0.328	2.113	0.035
Interruption in judgment-> gh10	0.677	12.508	0.000
Interruption in judgment-> gh11	0.686	13.920	0.000
Interruption in judgment-> gh7	0.483	7.145	0.000
Interruption in judgment-> gh8	0.746	22.907	0.000
Interruption in judgment-> gh9	0.743	16.185	0.000
self-voting-> kh12	0.619	9.954	0.000
self-voting-> kh13	0.628	11.125	0.000
self-voting-> kh14	0.563	8.448	0.000
self-voting-> kh15	0.544	7.980	0.000
self-voting-> kh16	0.634	12.440	0.000
self-voting-> kh17	0.591	10.345	0.000
Providing non-audit services-> nas1	1.000		
Self Confidence->sa26	-0.167	0.988	0.319
Self Confidence-> sa27	-0.116	1.053	0.293
Self Confidence->sa28	-0.196	1.214	0.225
Self Confidence-> sa29	-0.121	0.705	0.481
Self Confidence->sa30	-0.104	0.624	0.533
Perceived trust-> saft1	0.633	2.415	0.016
Seeking knowledge -> sd1	-0.230	1.892	0.059
Seeking knowledge -> sd2	-0.202	1.493	0.136
Seeking knowledge -> sd3	-0.244	2.069	0.039
Seeking knowledge -> sd4	-0.273	2.351	0.019
Seeking knowledge -> sd5	0.333	2.852	0.005
Seeking knowledge -> sd6	-0.085	0.654	0.514
Perceived trust-> sd6	0.767	5.024	0.000
Interpersonal understanding-> sdf18	-0.047	0.273	0.785
Interpersonal understanding-> sdf19	-0.106	0.606	0.545
Interpersonal understanding-> sdf20	-0.057	0.309	0.757
Interpersonal understanding-> sdf21	-0.043	0.406	0.685
Mutual expectations about possible behavior-> sem1	0.583	2.092	0.037
Mutual expectations about possible behavior-> sem2	0.661	2.392	0.017
Mutual expectations about possible behavior-> sem3	0.436	1.593	0.112

Variables	Factor load	Test statistics	Significance
Interruption in judgment-> sgh10	-0.041	0.338	0.735
Interruption in judgment-> sgh11	-0.178	1.500	0.134
Interruption in judgment-> sgh7	-0.026	0.237	0.812
Interruption in judgment-> sgh8	-0.048	0.369	0.713
Interruption in judgment-> sgh9	-0.083	0.641	0.522
Identification-> sh1	0.358	1.566	0.118
Identification-> sh2	0.323	1.485	0.138
self-voting-> skh12	-0.149	1.212	0.226
self-voting-> skh13	-0.134	1.162	0.246
self-voting-> skh14	-0.172	1.424	0.155
self-voting-> skh15	-0.250	2.061	0.04
self-voting-> skh16	-0.136	1.233	0.218
self-voting-> skh17	-0.118	0.986	0.325
Perceived trust-> snas1	0.189	0.817	0.414
Identification-> ssh5	0.899	6.681	0.000
Identification-> ssh6	0.507	2.819	0.005
Vulnerability due to opportunistic threat-> str1	0.745	5.428	0.000
Vulnerability due to opportunistic threat-> str2	0.354	2.034	0.043
Vulnerability due to opportunistic threat-> str3	0.737	5.265	0.000
Vulnerability due to opportunistic threat-> str4	0.799	6.164	0.000
Inquiring mind-> szp22	-0.270	2.052	0.041
Inquiring mind-> szp23	-0.425	3.416	0.001
Inquiring mind-> szp24	-0.211	1.404	0.161
Inquiring mind-> szp25	-0.355	3.403	0.001
Vulnerability due to opportunistic threat-> tr1	0.279	1.512	0.131
Vulnerability due to opportunistic threat-> tr2	-0.143	0.786	0.433
Vulnerability due to opportunistic threat-> tr3	0.288	1.585	0.114
Vulnerability due to opportunistic threat-> tr4	0.265	1.596	0.111
Professional skepticism -> tradid	0.976	40.116	0.000
Inquiring mind-> zp22	0.626	9.563	0.000
Inquiring mind-> szp23	0.683	11.200	0.000
Inquiring mind-> szp24	0.568	8.254	0.000
Inquiring mind-> szp25	0.472	6.032	0.000

One way to see the interconnectedness of the research variables is by using a method called path analysis (structural model). Path analysis aims to determine the relationships (cause and effect) between the conceptual research model's variables. The research's structural model, shown as standardized coefficients and p-values in Table 6, is presented below.

Table 6. The results of examining structural relationships

Dimension	Path coefficients	Test statistics	Significance
Providing non-audit services > Perceived trust	-0.071	1.131	0.259
Vulnerability due to opportunistic threat > Perceived trust	0.008	2.663	0.242

Dimension	Path coefficients	Test statistics	Significance
Self Confidence > Professional skepticism	-0.004	0.133	0.894
Mutual expectations about possible behavior> Perceived trust	-0.032	0.390	0.697
Professional skepticism> Perceived trust	0.151	2.051	0.041
Seeking knowledge> Professional skepticism	0.331	12.052	0.000
self-voting-> Professional skepticism	0.493	16.856	0.000
Interpersonal understanding-> Professional skepticism	0.26	8.801	0.000
Inquiring mind-> Professional skepticism	-0.001	0.035	0.972
Identification-> Perceived trust	0.191	2.217	0.027
The length of the relationship between the client and the auditor-> Perceived trust	0.093	0.961	0.337
Interruption in judgment-> Professional skepticism	0.378	13.218	0.000

According to the first hypothesis's findings and structural equation modelling specifications, the obtained coefficients are significant as their significance test value is greater than 1.96. As observed in Table 6, the standard coefficient of the influence of the factors of perceived trust and professional skepticism is equal to 0.151. Considering that the observed t-statistic is more significant than 1.96, the significance of the obtained coefficient is confirmed, and thus, hypothesis 1 is accepted. According to the findings, it is shown that the increased professional skepticism is willing to determine the perceived trust in the auditor-client relationships positively. It means that the greater level of professionally skeptical auditors' judgment is likely to drive their perceived trust during the audit work. Such behavior might be justified through increased understanding of the client, collected reliable information and greater experience and professionalism exerted in the audit work. In line with our findings, Hurr's (2010) theory suggests that multidimensional understanding of professional grievance, the client's perspective of professional skepticism falls along the exact dimensions. Moreover, Hoang et al. (2021) stated that the auditor's trust level and professional skepticism are based on a mental process affecting all aspects of an audit task and all the auditor's decisions from the beginning to the end. Therefore, we argue that the increased professional understanding of auditors and having a sense of recognition regarding the operation of the company client firm is likely to be incorporated with the perceived trust. It should also be noted that professional skepticism depends on knowledge, experience, and expertise, and the auditor has knowledge of the unit under review. Auditors who set their goals in line with the organization's goals are more trusted. It can also be concluded that providing quality services is one of the important goals of auditing institutions. To achieve this goal, it is necessary to have an appropriate level of professional skepticism and trust between the auditor and client firms' managers [32].

Obtained findings reported in Table 6 show that the standard coefficient of factors that moderate the relationship between the auditor and the client with the perceived trust and auditors' professional skepticism equals 0.093. Considering that the observed t-statistic is smaller than 1.96, the coefficient's significance is not confirmed, and thus hypothesis 2 will not be accepted. Meaning the length of the audit-client relationship is not willing to impact the professionally skeptical judgment of auditors when they are expected to trust their clients. However, prior investigations have documented the length of the auditor-client relationship as another element that might potentially impact an auditor's trust. Moreover, for the negotiation stage, both client and auditor need accurate, timely, relevant and complete information from their counterpart. The auditor requires such information to

observe an accurate image of the client's condition, and the client must have this information to resolve potential issues caused by the auditor that may preclude an unqualified audit opinion. Consequently, the client might be reluctant to provide sensitive information on its operations, particularly in risky areas, as they scare that such information may reduce their negotiation power in front of their auditors [4, 33, 34], which in turn increase the auditor's skepticism on the received information. Our contradictory findings might be due to the institutional settings of Iraq's business environment. For instance, lack of market efficiency, experienced and professional staff existing related party transactions, documented for developing markets, is likely to impede auditors from adjusting their skeptical judgment level while conducting the audit work.

As reported in Table 6, the standard coefficient of the moderating effect of non-audit services on professional skepticism and perceived trust is equal to -0.071. Considering that the observed t-statistic is smaller than 1.96, the significance of the obtained coefficient is not confirmed, and thus hypothesis 3 will not be accepted. It denotes that the provision of non-audit services is not likely to impact the level of professional skepticism and its impact on perceived trust. Nevertheless, prior investigations have documented significant findings in this regard. Although providing non-audit services alongside a long-term audit tenure seems critical, since these factors may limit the audit independence due to creating a particular trust association between auditor and management in a long-term tenure. The findings show that the institutional settings of Iraq's business atmosphere may play a determinant role in adjusting the perceived trust between auditors and clients. For example, the enacted policies and regulations by the authorities may also preclude auditors from undermining their professional skepticism even when providing non-audit services.

The current investigation's main objective is to assess professional scepticism's impact on the perceived trust between clients and auditors. Moreover, this paper seeks to identify the potential impact of two moderating variables, such as the length of the auditor-client relationship and the provision of non-audit services for the client by the auditors.

Primarily, the results showed that auditors' ability is higher in the level of professional knowledge. They try to find more reliable evidence and properly use professional skepticism. Therefore, they will find more reliable evidence, based on which they will make a logical judgment by society's values. They will use the standards, principles, and rules of Auditing properly, and as a result, they will provide a high-quality audit. By increasing their awareness and complying with accounting standards, they do not present opinions contrary to their professional judgment. In this indicator, the auditor focuses more on the owner's behavior and asks about his behavior. The auditor must be eager to understand human attitudes, intentions, and behaviors. The questioning mind of skeptical auditors makes them not convinced until they collect sufficient information. Auditors with this personality trait are not easily influenced by what others say. Moreover, the findings suggest that our two moderating variables, including audit-client relationship length and the provision of non-audit service, are not likely to determine the association between professional skepticism and perceived trust. These findings mean that other institutional variables such as the market specifications, regulations and policies, and the behavioral characteristics of auditors and management in Iraq may impede auditors from significantly undermining their skeptical judgment and independence in their relationships with their clients.

Our findings suggest several implications in terms of practice for auditors, management, policymakers and society as well. Strengthening the sense of skepticism in the audit profession can limit the possibility of leaving the organization's framework and goals due to the psychological relationship between the individual and the organization. Such a phenomenon may assist auditors in identifying themselves through their profession and institution and regarding the code of professional conduct of auditing. Moreover, according to the type and nature of the services that auditors provide, they have adhered to the principles, rules, and auditing standards to maintain the trust and credibility of the auditing profession. As a result, they try to provide better quality services by applying the appropriate degree of professional skepticism. For companies' management, the findings suggest that the provision of non-audit services and a lower rate of audit rotation is not likely to undermine the professional skepticism and perceived trust of auditors. Meaning they can enjoy the high-quality non-audit

services provided by their external auditors due to their familiarity with the company's operation and special characteristics. Also, policymakers and regulators know that providing optimal laws and codes of conduct may significantly improve market efficiency by preserving audit independence and professional skepticism. Consequently, society and macroeconomists may benefit from our findings, as professional skepticism is willing to improve the interpersonal trust and the outcome of audit quality.

5. Conclusions and recommendation

According to our findings, there are several suggestions for future investigations. Firstly, prospective researchers may investigate the impact of other factors, including auditors' personality traits such as narcissism and myopia, on the perceived trust level. Moreover, they can analyze the impact of interpersonal trust and professional skepticism on the audit expectation gap, as well as the impact of corporate governance mechanisms implemented in the client firm might be assessed on the professional skepticism and perceived, since it is argued that these elements are likely to be incorporated with audit independence, as one of the main drivers for professional skepticism and perceived trust.

The following limitations are mentioned in this regard. The main limitation of the conducted research is that the questionnaire is the main tool for collecting information, through which generally the respondents have not fully cooperated with the authors to fulfill the provided questionnaires. The low proportion of female auditors compared to male auditors in Iraqi audit institutions has made it difficult to assess the effect of gender on trust. The conducted interviews and lack of cooperation with some selected experts and their denial to answer the interviews are other limitations of the research.

Declaration of competing interest

The authors declare that they have no known financial or non-financial competing interests in any material discussed in this paper.

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