

## “Cultural Influences on Auditing: A Narrative Review of Auditor Judgment and Decision-Making”

### Researchers:

**Atouf A. Eshky**

Accounting/ Faculty of Economics & Administration/ King Abdulaziz University

**Dr. Fahdah S. Alsudairi**

Accounting/ Faculty of Economics & Administration/ King Abdulaziz University

**Dr. Yousef A. Basudan**

Accounting/ Faculty of Economics & Administration/ King Abdulaziz University



<https://doi.org/10.36571/ajsp771>

## Abstract:

This study analyzed the impact of national culture on auditing processes and auditors' judgments using an extensive literature analysis. The main objective was to examine the important topics of literature about the influence of cultural factors on auditors' risk assessment, fraud detection, and adherence to global auditing standards. The review sought to identify the obstacles presented by cultural diversity in the uniform use of global auditing methodologies. A narrative literature review method was employed to combine data from diverse studies to identify noteworthy relationships and trends. The results indicated that national culture significantly affected auditors' professional judgments and decision-making processes, often influencing adherence to global audit standards. The research demonstrated that cultural variation necessitated adaptive auditing methods and highlighted the importance of culturally tailored training to mitigate these differences. These findings provided significant insights for scholars, practitioners, and policymakers aiming to improve audit quality worldwide.

**Keywords:** National Culture; Auditing Practices; Auditors' Judgments; Cross-Cultural Auditing Cultural Dimensions; Audit Quality.

## 1. Introduction

In the contemporary interconnected business world, accounting and auditing organizations adapt to the competitive environment by globalizing their activities. Recently, according to Audit-Analytics (2019), the Big Four audit firms were very popular, operating in over 150 countries with more than 700 locations, and dominating a market share of over 50 percent in most nations. Nevertheless, increased globalization and international businesses provide obstacles and concerns. One concern is the neglect of auditors' cultural backgrounds in the implementation of auditing standards (Acar, 2022). The auditing profession operates within a global framework, where cultural differences can significantly impact auditing processes. Understanding the influence of national culture on auditors' decisions and judgments is crucial for preserving the quality and consistency of audits internationally. The interplay between national culture and auditing processes is a complex and multifaceted subject that has garnered more attention in recent years (Young, 2013). The national culture, defined by a nation's shared values, beliefs, and practices, can significantly influence auditors' attitudes towards their professional responsibilities. This influence may manifest in several forms, including risk perception, sample selection, evidence interpretation, ethical considerations, and professional standards (Hung, 2023).

Cowperthwaite (2010) asserts that developed professional standards may embody intrinsic cultural ideas and biases. This encompasses the International Standards on Auditing (ISA), notwithstanding its formulation by a consortium including individuals from 17 diverse nations. Based on the experiences of other professions, it is quite probable that culture will have unforeseen repercussions for the International Federation of Accountants (IFAC) member bodies upon their adoption of the ISAs. Consequently, a unified set of regulations may be implemented differently throughout different nations globally. Furthermore, the Public Company Accounting Oversight Board (PCAOB) has uncovered multiple cases of deficient auditing during inspections of affiliates (PCAOB, 2022). To address this type of multinational audit weakness, audit firms have evolved into extensive international networks, including several national members or affiliates with unified branding to counteract the adverse consequences of globalization (Acar, 2022). These networks possess policies designed to synchronize the establishment and implementation of a specific audit firm's global strategy, standards, rules, and governance, hence ensuring uniformity and continuity of audits conducted throughout their local offices worldwide (Bik & Hooghiemstra, 2018; Ege et al., 2020; El-Helaly et al., 2020; Elmghamez et al., 2020). This illustrates that exclusively adhering to audit standards without considering cultural variations may lead to significant issues, including reduced relevance, resistance, non-compliance, ethical dilemmas, impaired audit efficiency, and damage to the auditing profession's reputation (Karaibrahimoglu & Cangarli, 2016). Moreover, anticipating the same outcome from the implementation of uniform auditing standards and methods is only an illusion, as identical regulatory frameworks might yield markedly different outcomes, even within the same organization (Bik & Hooghiemstra, 2018).

This research does a narrative literature review to investigate the influence of national culture on auditing methods, specifically concerning auditors' judgments and decision-making, building on previous research. Considering the scarce study on the subject, it is crucial to comprehend how country culture affects auditors' judgments and behaviors. This study seeks to address the knowledge deficit in this domain by examining the themes related to the interplay between national culture and essential elements of the audit process, and to respond to the subsequent research question:

## "Does national culture influence auditors' professional judgments and decision-making processes within the context of auditing practices?"

Recognizing how national culture influences audit procedures is essential for improving audit quality and fostering collaboration across different cultures. It also plays a crucial role in informing policy development, enriching research discussions, and enhancing the overall efficiency of audits worldwide. This research aims to fill the existing knowledge gap in this area, contributing to the field of auditing by promoting a better understanding of cultural differences and improving the effectiveness of audit practices.

2.

### Methodology

This section delineates the approach utilized in executing this narrative literature review about the cultural influences on auditing methods, with specific emphasis on auditors' judgments and decision-making processes. This study, due to the qualitative character of a narrative literature review, does not adhere to a systematic review or meta-analysis methodology; rather, it seeks to integrate and interpret pertinent material to offer a thorough knowledge of the impact of national culture on auditing procedures. The search strategy outlines the method for locating pertinent studies, whereas the selection criteria define the grounds for selecting or eliminating research. The data extraction and synthesis process enable the examination and integration of essential discoveries. Moreover, significant limits are recognized, identifying restrictions and proposing avenues for future research.

This study combines existing theoretical and empirical knowledge while identifying gaps in the current literature. By critically analyzing how cultural factors shape auditors' professional judgments and decision-making processes, the research aims to contribute valuable insights to the field. Understanding these influences is crucial for enhancing the effectiveness of auditing practices in an increasingly globalized environment.

#### 2.1 Search Strategy:

The current study conducted a comprehensive search for relevant research to gain a deeper understanding of the study issue. This involved utilizing multiple academic databases, which allowed a compilation of a wide-ranging and inclusive collection of literature associated with the research topic. The chosen databases comprise: (ProQuest, Google Scholar, ResearchGate, EBSCO, and ScienceDirect). These databases were selected for their provision of a varied array of peer-reviewed journal articles, conference papers, dissertations, and other academic materials on auditing, accounting, and cultural studies.

#### 2.2 Search Terminology Utilizing Boolean Operators:

In conducting a thorough literature review, a carefully curated selection of keywords combined with Boolean operators was employed to gather relevant scholarly material. The primary search phrases utilized included:

- "The effect of culture on auditing"
- "The effect of culture on auditors' practices"
- "Auditors' judgments"

By employing Boolean operators, the search results were refined to enhance the relevance and specificity of the gathered information. This methodological approach ensured a comprehensive understanding of the interplay between cultural influences and auditing practices:

- AND was employed to refine the search (e.g., "culture AND auditing AND judgments").
- OR was employed to broaden the search by including synonyms and associated phrases (e.g., "auditing OR financial reporting OR compliance").

In several instances, complex search filters were utilized to enhance the results further. The filters comprised:

- Limiting outcomes to peer-reviewed journal publications.
- Choosing studies exclusively published in English.
- Filtering by publication year, prioritizing recent studies that represent current auditing procedures and cultural factors.

The search procedure was iterative, indicating it was performed repeatedly to guarantee the incorporation of all pertinent and high-caliber research. Key studies were analyzed for references to uncover supplementary sources by backward citation searching (reviewing references of pivotal publications) and forward citation searching (finding studies that have referenced pivotal papers).

### 2.3 Selection Criteria

Following the retrieval of search results, studies were evaluated according to established inclusion and exclusion criteria to confirm their relevance to the study subject.

#### 2.3.1 Inclusion Criteria:

Studies were incorporated if they met the subsequent criteria:

- The study explicitly examined the correlation between culture and auditing techniques, auditors' adherence, judgments, decision-making, or audit quality.
- Publication Type: The research was disseminated in a peer-reviewed journal or a credible academic source.
- Language: Only papers published in English were included to maintain consistency and facilitate comprehension.
- Access: Full-text availability was necessary for a comprehensive examination of the material.
- The study offered either empirical data (quantitative or qualitative research) or theoretical insights pertinent to the research subject.

#### 2.3.2 Exclusion Criteria:

Studies were omitted if they:

- Concentrated solely on conventional accounting processes, neglecting to expressly consider cultural impacts on audits.
- Consisted of opinion articles, book reviews, or commentary without empirical or theoretical contributions.
- Published in languages other than English owing to translation constraints.
- There were duplicates of research that had already been included.
- Exhibited limited significance to auditors' judgments and decision-making processes.

#### 2.3.3 Selection Procedure:

- Title and Abstract Screening: The preliminary evaluation was conducted using the research title and abstract to ascertain the article's relevance.
- Comprehensive Evaluation: Articles that successfully passed the initial screening were subjected to a full review. This detailed examination aimed to ensure that each article was relevant to the objectives of the study.
- Final Inclusion: Only those papers that fulfilled all specified inclusion criteria were included in the analysis.

### 2.4 Data Extraction and Synthesis:

The literature that was collected has been organized through a thematic approach, which facilitates a comprehensive examination of the diverse ways in which culture influences auditing practices. This method allows for a deeper understanding of the intricate relationship between cultural factors and audit processes. The analyzed material was organized into specific topics that correspond with the study objectives.

### 2.5 Thematic Organization:

The analysis was organized into eight themes to facilitate a clear and methodical discussion:

1. **Cultural Theories:** Exposition of fundamental cultural theories and examination of how these cultural frameworks affect the behavior, decision-making, and ethical viewpoints of auditors across various nations.
2. **Effect of Culture on Accounting in General:** exploring how cultural factors shape general accounting principles, affect financial disclosure, and determine the level of reporting transparency. Additionally, it examines the variations in accounting standards across different countries, highlighting how these differences can be traced back to underlying cultural influences.

3. **Effect of Culture on Auditing in General:** examining the role of culture in shaping various aspects of auditing, including auditors' responsibilities, expectations, and levels of professional skepticism.
4. **Effect of Culture on Reporting:** exploring the differences in financial disclosure methods and reporting quality across various cultures. It delves into the concepts of transparency and openness in financial reporting and seeks to understand how national culture influences companies' willingness to adopt international financial reporting standards (IFRS).
5. **Effect of Culture on Auditors' Compliance:** Analyzing the influence of cultural values on auditors' adherence to professional and ethical standards. It also discusses the discrepancies in regulatory enforcement and professional conduct that exist across different countries.
6. **Effect of Culture on Audit Quality:** Examination of how cultural perceptions related to time pressure, audit monitoring practices, and the cultural closeness of audit partners to client executives impact the overall quality of audits. Additionally, it provides a comprehensive review of existing global research on audit firm performance and the dynamics of auditor-client relationships.
7. **Effect of Culture on Auditors' Judgments:** Examination of the impact of cultural attitudes and cognitive biases on auditors' risk assessments, materiality determinations, and decision-making processes.
8. **Effect of Culture on Internal Auditing:** Analysis of internal audit functions across many cultural contexts and the impact of internal auditor competencies, the effectiveness and quality of internal audits, as well as the gender and age of internal auditors on global internal auditing practices.

Each theme was thoughtfully analyzed in the context of relevant research, allowing for the identification of similarities and the recognition of trends across diverse cultural settings. Rather than presenting the results statistically, a narrative approach was adopted, which fosters a deeper understanding of how cultural factors influence auditing techniques.

#### 2.6 Limitations:

This study offers a detailed synthesis of existing literature, but it is essential to recognize several methodological limitations. As this narrative literature review is based exclusively on secondary data, the findings are confined to what has already been published and do not include new empirical evidence. Additionally, many prior studies tend to focus predominantly on Western auditing practices. This emphasis may inadvertently overlook the cultural influences present in the Middle East, potentially leading to the neglect of important cultural dimensions that could significantly impact the field. Furthermore, varying definitions and applications of culture and auditing methodologies across different studies can create inconsistencies in their findings, which may limit the generalizability of those results. The current study, therefore, is constrained by the lack of new empirical evidence and relies heavily on existing research. This situation emphasizes the importance of conducting additional empirical studies to either substantiate or broaden the conclusions drawn from the current body of knowledge.

Lastly, this narrative review technique guarantees a thorough, methodical, and comprehensive examination of the cultural influences on auditing processes. This research offers a comprehensive overview of how culture influences auditors' judgments and decision-making through a thematically structured literature review.

### 3. Theme Analysis

#### 3.1 Theoretical Frameworks:

National culture, a complex concept composed of collective values, beliefs, conventions, and behaviors, has been the focus of extensive research in academia for decades. Scholars from many fields, such as anthropology, sociology, psychology, and business, have endeavored to comprehend the intricacies of national culture and its influence on several facets of human behavior and society (Hofstede, 1980; Hofstede & Minkov, 2010; Inglehart, 1990; Inglehart & Baker, 2000; Schwartz, 1992; Schwartz & Sagiv, 1995; Trompenaars, 1993). Numerous researchers have defined national culture over the years. However, one of the most frequently referenced definitions of national culture is that proposed by Hofstede: "the collective programming of the mind that distinguishes the members of one group or category of people from another" (Hofstede, 1980, p. 9).

Academic studies have produced a rich tapestry of theories and frameworks aimed at understanding the complexity of cultural diversity. This evolving field of cultural studies encompasses a broad spectrum of perspectives, starting with initial endeavors to categorize different civilizations and extending to contemporary investigations that examine the nuanced characteristics and values inherent in diverse cultures. By engaging in these varied viewpoints, scholars can gain deeper insights into the intricate dynamics that shape human societies. These theories provide valuable insights into how cultural differences shape behavior, attitudes, and social structures. Scholars such as Hofstede (1980), House et al. (2004), Inglehart (1990), Schwartz (1992), and Trompenaars (1993) have contributed significantly to the understanding of these dynamics.

While numerous cultural theories exist, several stand out for their widespread recognition and influence in the field:

### 3.1.1 Hofstede's Cultural Theory:

Hofstede's influential research highlighted six fundamental dimensions that reveal the ways in which national cultures vary from one another. Power distance is a concept that indicates how societies accept and manage inequalities in power distribution. In many cultures, there are varying expectations about authority and hierarchy, which can significantly impact relationships within organizations and communities. Whereas individualism vs. collectivism addresses whether a culture emphasizes the importance of personal autonomy and individual rights or prioritizes group harmony and collective well-being. In individualistic societies, personal achievements are highly valued, while collectivist cultures often focus on the group's interests and interconnectedness. Masculinity vs. femininity explores the value placed on traditionally masculine traits, such as competitiveness and assertiveness, compared to feminine qualities like nurturing and cooperation. This dimension can influence gender roles and expectations within a culture. Uncertainty avoidance examines how different societies cope with ambiguity and risk. Cultures with high uncertainty avoidance tend to prefer structured environments and clear regulations, while those with low uncertainty avoidance are more comfortable with uncertainty and change. Long-term orientation vs. short-term orientation reflects a culture's focus on future rewards and perseverance as opposed to valuing traditions and the past. Societies with a long-term orientation may prioritize planning and sustainability, while those with a short-term focus may emphasize immediate results and gratification. Indulgence vs. restraint evaluates how much a society allows for the enjoyment of human desires and urges. Indulgent cultures tend to prioritize personal happiness and freedom of expression, whereas restrained cultures may emphasize social norms and the control of desires. Hofstede's framework serves as an essential tool for understanding how these cultural dimensions influence behavior and attitudes across different nations (Hofstede, 1980; Hofstede & Minkov, 2010).

### 3.1.2 Ronald F. Inglehart's theory:

Inglehart's research extended Hofstede's framework by incorporating two further cultural dimensions: survival vs. self-expression and tradition vs. secular rationale. These dimensions assess the relative significance attributed to fundamental requirements compared to personal satisfaction, as well as the prioritization of tradition and religion over secular principles. Inglehart's research indicates that cultural values may transform over time, especially when cultures progress economically and attain modernity (Inglehart, 1990).

### 3.1.3 Schwartz theory:

Schwartz (1992) argued that his theory is an essential progression of prior theories in cross-cultural investigation, such as Hofstede (1980). In his original theory, Schwartz defined 10 universally acknowledged core personal values: self-direction, stimulation, hedonism, achievement, power, security, conformity, tradition, benevolence, and universalism. Schwartz then classified them into two overarching values: openness to change and conservation. This theory assists in comprehending and managing cross-cultural relationships, leadership, and decision-making.

### 3.1.4 Trompenaars theory:

In 1993, Trompenaars formulated his widely recognized seven dimensions that provide insights into cross-cultural interactions. These dimensions encompass universalism vs. particularism, individualism vs. collectivism, specific vs. diffuse, neutral vs. affective, achievement vs. ascription, time orientation, and internal vs. external control. Furthermore, he strongly asserted that there exists no singular optimal approach for managing and organizing, irrespective of the geographical context of the enterprise. Moreover, he provided an analysis of cultural viewpoints about the dilemma of global vs. local dynamics (Trompenaars, 1993). However, Hofstede expressed criticism against the Trompenaars model of cultural dimensions, asserting that Trompenaars' study relied heavily on his datasets. The findings of a correlational investigation indicated that there were only two categories from Trompenaars' framework that aligned with Hofstede's dimension of individuality vs. collectivism (G. Hofstede, 1996).

### 3.1.5 Project Globe:

The Global Leadership and Organizational Behavior Effectiveness (GLOBE) project is an extensive cross-cultural research initiative designed to detect and comprehend cultural variances in leadership behaviors, characteristics, and organizational practices. Initiated in 1993, the study engaged academics globally who gathered data from more than 15,000 middle managers across 61 nations. The GLOBE project, via comprehensive study and analysis, found nine cultural dimensions that affect leadership and organizational behavior: performance orientation, assertiveness, future orientation, institutional collectivism, in-group collectivism, gender egalitarianism, power distance, uncertainty avoidance, and humane orientation (House et al., 2004).

Project GLOBE was inspired by Hofstede's research; nevertheless, its developers claimed that some of Hofstede's conceptual aspects might be upgraded. The dimensions are designed to address this by prioritizing the foundational theory before data collection (Reichenbach, 2015).

### 3.1.6 Minkov theory:

Hofstede has engaged in collaboration with Minkov to enhance the original paradigm (Hofstede & Minkov, 2010). They collaborated and co-authored several research studies (Minkov, 2011, 2012). Minkov postulated that the World Values Survey (WVS) data may potentially be used to provide additional dimensions beyond those already established by Inglehart (1990). Hofstede and Minkov (2010) had a strong interest in examining attitudes and beliefs about work-life balance and education. The goal of the research was to identify a dimension analogous to the indulgence versus constraint framework established by Minkov (2007). This dimension was subsequently integrated into Hofstede's theoretical framework, as noted by Reichenbach (2015). Minkov's analysis identifies three distinct dimensions, which are derived from factor analyses applied to national mean items within the World Values Survey (WVS) dataset. Which consists of exclusionism vs. universalism, indulgence vs. restraint, and monumentalism vs. flexumility (Hofstede & Minkov, 2010; Minkov, 2007, 2012).

## 3.2 Empirical Studies:

### 3.2.1 The Effect of National Culture on Accounting:

Within any entity, individuals are influenced by a variety of beliefs, values, and both explicit and implicit norms that are crucial in shaping the culture and ethical standards for both accountants and auditors, while also affecting the effectiveness of their duties (Herath & Carlis, 2017).

According to the research conducted by Al-Jajawi and Yacoub (2017), the influence of national culture is significant in determining the effect of accounting practices within the accounting profession as a whole. The research sample demonstrates that accounting conservatism in financial statements is influenced by the cultural dimension of self-control (indulgence vs. restraint), which has a more pronounced effect in the Iraqi cultural context than other cultural dimensions impacting this environment. The study underscored the critical role of incorporating national culture into the decision-making processes of official accounting organizations and how this incorporation can influence accountants' judgments. In a related investigation, Al-Shurafa (2015) aimed to explore how cultural values affect the accounting processes at the Arab Potash Company, which served as a case study in Jordan. Using the theoretical frameworks established by Hofstede (1980) and Gray (1988), the researcher designed a questionnaire and distributed it to 49 participants, including finance managers, department heads, and accountants. The study found that the presence of diverse cultural norms among accountants result in a diversity of responsibilities they undertake, which could potentially develop different patterns in their accounting practices. He then elaborated that, despite the presence of accounting standards, laws, regulations, and international procedures aimed at regulating and unifying accounting practices, the cultural diversity among accountants may result in varying accounting practices.

On the contrary, several studies highlighted the significant influence of cultural values on financial reporting procedures by utilizing Hofstede's cultural theory (Baatwah et al., 2023; Gierusz & Kolesnik, 2019; Zahid et al., 2024). Zahid et al. (2024) examine traditional Chinese cultural values, including uncertainty avoidance, power distance, and Confucian dynamism, illustrating how these values influence behaviors such as uniformity, conservatism, and secrecy in Chinese accounting. The researchers' perception of the collectivist aspect of Chinese society has shed light on the propensity for consistency and conservatism in accounting processes. According to their analysis, this situation influenced the transparency of financial statements, as corporations may hesitate to disclose information that could be perceived as unfavorable or harmful

to their reputation. Furthermore, the substantial power distance characteristic of Chinese culture fosters a heightened emphasis on hierarchy and authority within organizations. This cultural dynamic significantly impacts how financial information is presented and disclosed, as the need to maintain authority can overshadow the principles of openness and transparency. Likewise, the cultural tendency in China to avoid ambiguity has led to a cautious approach to accounting standards, as well as a reluctance to disclose information that may be perceived as risky or unclear. This cultural perspective prioritizes clarity and certainty, influencing financial practices and reporting standards. Similarly, Baatwah et al. (2023) discuss the impact of tribal culture on the quality of financial reporting within GCC countries, with a particular focus on Oman. This highlights the significant role that cultural factors play in shaping accounting practices and the transparency of financial information in different regions. This study concludes that tribal culture adversely affects financial reporting methods by promoting lower audit quality and postponing financial information releases. On the other hand, Gierusz and Kolesnik (2019) results indicated that culture is a significant factor in explaining differences in company-level disclosures following the adoption of IFRS. The findings of the study indicated that the obligatory disclosure indexes in the United Kingdom, Germany, and Poland were comparable. The minimal values were recorded for Kuwaiti enterprises. Considering the particulars of Islamic economics and the consequent socioeconomic objectives of accounting, it is probable to conclude that the disclosures mandated by conventional accounting fail to satisfy the expectations of "Muslim stakeholders." Therefore, the study indicated that cultural norms significantly impact financial disclosure, even when international financial disclosure laws are enforced.

The influence of accountants' culture remains a significant factor in shaping accounting practices. Particularly concerning the countries that have implemented the International Financial Reporting Standards (IFRS). Organizations must provide education and training to their professional accountants to ensure their proficiency in interpreting and applying International Financial Reporting Standards (IFRS) in a uniform and systematic manner (Chand et al., 2012).

### 3.2.2 The Effect of National Culture on Auditing:

The external auditor plays a crucial role in developing and enhancing the performance of audited businesses in the areas of accounting system development and financial control system optimization (Hazaea et al., 2020). In addition to focusing on the numbers, auditors will also gain knowledge about the client's internal control system. This will enable them to identify control system vulnerabilities, evaluate evidence, and choose a sample for control testing (Oradi et al., 2020). Consequently, this judgment might be affected by a variety of circumstances, including the cultural backgrounds of auditors (Abuaddous et al., 2018; Biada-Hireche & Garmilis, 2016; Brasel et al., 2019; Chand et al., 2012; Ghani et al., 2021; Gierusz et al., 2022; Nolder & Riley, 2014; Saiewitz & Wang, 2020; Ying, 2022; Zheng et al., 2015).

#### 3.2.2.1 The effect of culture on reporting:

The influence of culture on the process of reporting has been extensively examined in several scholarly articles, showcasing a wide range of perspectives (Acar, 2022; Karaibrahimoglu & Cangarli, 2016; Toumi et al., 2022). These studies examine the impact of national culture on financial behavior. Nevertheless, their emphases differ: Toumi's study examines the influence of many cultural factors on audit report lag across nations, revealing that specific cultural characteristics such as masculinity and long-term orientation intensify audit report lag, whereas cultures that emphasize uncertainty avoidance are likely to have shorter delays. Moreover, in common law jurisdictions, individualism may adversely affect audit report lag. These findings emphasize the significance of including cultural elements in the analysis of financial reporting processes and the interpretation of audit report lags. From another perspective, Karaibrahimoglu and Cangarli (2016) examined the impact of culture on the strength of auditing and reporting standards (SARS) and the ethical behavior of firms (EBF). The study employed the cultural theory (GLOBE) of House et al. (2004). They concluded that the influence of strong auditing and reporting requirements on firm ethical behavior is more pronounced in cultures characterized by low power distance, collectivism, long-term orientation, and uncertainty avoidance. Lastly, Acar (2022) investigates the relationship between the national culture of international audit firms and their affiliated entities and the quality of financial reporting among their audit clients in countries such as Turkey, Brazil, India, and China. His comprehensive research indicates that the culture of the parent audit firm plays a more pivotal role in shaping financial reporting quality than the culture of the host country, highlighting the importance of understanding cultural influences in the context of international auditing. This indicates that the worldwide audit network, led by the parent business, possesses shared cultural traits that dictate its operations and eventually affect the quality of the financial reports generated.

Collectively, these studies emphasize the extensive influence of culture on financial reporting and auditing while examining this issue from varied perspectives, concentrating on diverse elements of financial practice and cultural impact.



### 3.2.2.2 The effect of culture on auditor's compliance:

Previous studies highlighted the major effect of cultural factors on auditors' compliance with professional norms and approaches, illuminating the difficulties in attaining consistency in worldwide audit processes. Bik and Hooghiemstra (2018) study, which focused on external audits, revealed that cultural characteristics such as collectivism, social trust, and religion significantly influence compliance with global audit regulations, especially in the context of fraud risk assessment. Collectivism and social trust have a negative correlation with compliance, but religion demonstrates a favorable correlation. On the contrary, Abdolmohammadi and Sarens (2011) investigated internal auditing and discovered that uncertainty avoidance is adversely correlated with both the utilization and compliance with internal auditing standards. Furthermore, assertiveness and human orientations favorably affect compliance; however, they do not affect the utilization of standards. Both studies (Abdolmohammadi & Sarens, 2011; Bik & Hooghiemstra, 2018) highlighted the complications arising from cultural variety, indicating that elements such as trust, assertiveness, and perceived compliance costs result in differing degrees of adherence across locations. These findings indicate that global auditing firms and professional organizations should contemplate culturally customized ways to improve compliance and uniformity.

### 3.2.2.3 The effect of culture on audit quality:

Literature analyzed audit quality from various perspectives—time pressure and ethical culture, cultural proximity of audit partners, cultural values and perceived audit quality, and the impact of national culture on audit oversight—unifying around a central theme: the correlation between cultural factors and audit quality. Nevertheless, they vary in emphasis, approach, and conclusions, providing complementary perspectives on the influence of culture on audit quality.

Svanberg and Ohman (2013) examined the influence of time pressure and ethical culture on the quality of audits. A supportive ethical culture alleviates the adverse impacts of time pressure, which might otherwise diminish audit quality. This study emphasizes the critical role of an ethical environment in maintaining audit quality, particularly in the face of stringent deadlines. It posits that cultural norms that foster ethical behavior can help alleviate the pressures associated with time constraints. The research underscores the importance of understanding the relationship between ethical culture and time limitations in the context of audit quality.

Pham et al. (2023) examined the impact of cultural proximity between audit partners and client executives on the quality of audits. The research reveals that a closer cultural connection, particularly between auditors and Chief Financial Officers (CFOs), can significantly enhance the effectiveness of accounting discussions, thereby improving overall audit quality. This perspective contrasts with the findings of Svanberg and Ohman, who primarily investigated the role of ethical culture in auditing. Pham et al. emphasize the significance of interpersonal cultural dynamics, demonstrating how fostering strong relationships between audit partners and client executives can lead to better audit outcomes. Pham's research did not reveal a comparable effect concerning proximity to CEOs. This finding underscores the intricate nature of interpersonal cultural variables and their influence on audit quality.

In their study, Dunakhir and Idrus (2020) presented a conceptual framework designed to examine the influence of cultural values on individuals' perceptions of audit quality. This framework aims to shed light on the intricate relationship between cultural factors and the evaluation of auditing practices.

Their paradigm offers a notable advancement in our understanding of how cultural factors impact auditors' judgment processes. Their findings illustrate those cultural norms, such as uncertainty avoidance and individualism, significantly influence audit judgments and outcomes. By providing a more extensive conceptual framework than previous research (Pham et al., 2023; Svanberg & Ohman, 2013), this research broadens the scope of inquiry to encompass the direct effects of cultural values on perceptions of audit quality in a general setting, as opposed to focusing narrowly on specific elements like time pressure or cultural proximity. This work lays critical groundwork for appreciating how cultural contexts shape the overall judgment processes within the auditing profession.

Silva et al. (2024) explored the relationship between national cultural differences and audit monitoring practices. Their research highlights the significant influence of cultural values on the behavior of auditors and their adherence to regulatory standards. Notably, factors such as power distance, which refers to how power is distributed and accepted within a society, and collectivism, which emphasizes group goals over individual ones, were shown to shape the approaches taken in auditing. By delving into these cultural dimensions, the study emphasizes the importance of considering cultural contexts in understanding the complexities of audit practices across different countries. This knowledge is invaluable for stakeholders aiming to navigate the challenges of ensuring effective audit oversight in a globalized environment. This study aligns with

the work of Pham et al. (2023), which underscores the importance of cultural proximity. By focusing on national-level cultural characteristics rather than individual or ethical dimensions, this research offers a more comprehensive understanding of how cultural attributes impact audit quality across different countries.

Research consistently highlights the significant impact of culture on audit outcomes. However, it also reveals that various methodologies exist for examining this relationship. Svanberg and Ohman (2013) demonstrated that an ethical culture can mitigate the adverse impacts of time pressure, whereas Pham et al. (2023) posited that cultural proximity improves audit quality via enhanced communication. Dunakhir and Idrus (2020) presented a conceptual framework elucidating the impact of culture on perceptions of audit quality. Furthermore, only Svanberg and Ohman (2013) explicitly examined the influence of time pressure, demonstrating that culture might mitigate its adverse impacts on audit quality, whereas the other research concentrated mostly on interpersonal or national cultural disparities. In summary, these studies jointly highlighted the significance of cultural elements in preserving and enhancing audit quality. They emphasize the complex nature of culture's impact, encompassing human relationships, ethical standards, and wider national and corporate contexts.

#### 3.2.2.4 The effect of culture on auditors' judgments:

From another perspective, the influence of national culture on professional judgment and decision-making has attracted increased interest in recent years. A wide range of research has examined the influence of cultural influences on the auditors' decision-making and judgments. Starting with Chand et al. (2012), they examined the relationship among national culture, adaptation, and accounting judgments using Australian and Chinese respondents. The study demonstrated the significant influence of cultural aspects, like individualism and uncertainty avoidance, on auditors' interpretations of financial norms, while also noting that education and adapting might mitigate these impacts. This viewpoint aligns with Hung (2023) who investigated the extensive impact of cultural, legal, and institutional elements on auditors' duties and their judgments of audit quality. Hung's results broaden the understanding of cultural influence by emphasizing systemic elements that interact with cultural characteristics to determine audit approaches.

Nolder and Riley (2014) provided a theoretical analysis regarding the impact of culture on audit decision-making, highlighting risk assessment and ethical judgments. Although their research lacked empirical data, it established a foundation for subsequent studies, such as Naslmosavi et al. (2014), which experimentally validated the correlations between cultural characteristics—such as power distance and individualism—and auditors' risk and ethical assessments. Collectively, these studies highlight the essential influence of cultural factors on auditors' professional conduct, while Nolder and Riley (2014) advocate for a more dynamic and adaptable comprehension of culture, acknowledging its shifting characteristics.

From a different perspective, Sim (2015) and Killey (2016) examined the potential and difficulties that multicultural audit settings provide. Sim emphasized the advantages of many viewpoints in improving judgment quality, while also acknowledging the challenges of reaching agreement in culturally diverse teams. Killey, conversely, employed an organizational perspective, examining if priming a firm's identity may alleviate cultural disparities. Killey (2016) identified no substantial discrepancies in evaluations between Indian and U.S. auditors; nonetheless, the study's focus on organizational tactics aligns with Sim's conclusions, indicating that institutional approaches may unify culturally different audit teams.

Diane (2020) adopted a more concentrated methodology by investigating the impact of cultural backgrounds and auditors' gender on conservatism in materiality judgments. This study differed from others by integrating demographic and cultural elements, indicating a complex interaction that influences professional decision-making. The findings corroborate Hung's (2023) comprehensive view of the multiple determinants of audit quality, emphasizing the intricate interplay between culture and other factors.

Comparing these studies reveals that culture greatly impacts auditors' evaluations, with its impact modulated by factors like education, organizational identification, and demographic features. Chand et al. (2012) and Hung (2023) highlight the structural and educational aspects, whereas Nolder and Riley (2014), together with Naslmosavi et al. (2014), concentrate on ethical and risk assessments. Sim (2015) and Killey (2016) give pragmatic insights on addressing cultural disparities in audit teams, while Diane (2020) presents a distinctive viewpoint on the convergence of culture and demography. These findings together reflect the complex nature of cultural impact in auditing. Cultural differences provide obstacles but also create opportunities for enhanced and more refined decision-making within the auditing profession.

#### 3.2.2.5 The effect of culture on internal auditing:

Several studies examine the interaction of culture and internal audit procedures from various viewpoints, highlighting how cultural factors influence internal audit competencies, efficiency, effectiveness, and professional mindsets (Alzeban, 2015; Khalil & Nehme, 2021; Ojra et al., 2020; Seol et al., 2017). Although each research has a unique emphasis, they collectively illustrate the widespread impact of culture on internal auditing procedures.

Seol et al. (2017) conducted a cross-cultural analysis of internal auditor competencies between the UK and Korea, highlighting disparities in the perceived significance of abilities like communication, critical thinking, and risk management. Auditors in the UK work within a cultural framework that emphasizes low power distance and strong individualism, which shapes their approach to problem-solving. As a result, these auditors tend to prioritize critical thinking and independent decision-making skills. In contrast, auditors in South Korea are influenced by a high power distance and a collectivist culture. This context leads them to value collaboration and conformity to established corporate structures. The findings of this study underscore the significant impact of cultural foundations on the development of professional competencies, highlighting that the values and norms inherent in different cultures can greatly affect which skills are deemed essential in various professional environments.

Ojra et al. (2020) adopted a comprehensive strategy by integrating research on the impact of culture on the efficacy of internal audits. Their analysis highlighted the significance of cultural aspects, including uncertainty avoidance and power distance, which influence the responsibilities of internal auditors and the organizational environments in which they operate.

Alzeban (2015) examined the correlation between culture and the quality of internal audits, utilizing empirical data to illustrate those cultural characteristics, such as collectivism and elevated uncertainty avoidance, may adversely impact audit quality. This finding reinforces the argument made by Ojra et al. (2020) that cultural compatibility plays a crucial role in effective auditing. Additionally, Alzeban (2015) presents empirical data that lend support to the theoretical frameworks discussed in the Ojra et al. (2020) review, allowing for a deeper understanding of the interplay between culture and auditing practices.

Khalil and Nehme (2021) conducted a study examining how cultural factors, gender dynamics, and audit behavior intersect, particularly focusing on how performance evaluations shape the perceptions of younger internal auditors. Their research highlights that cultural norms surrounding gender roles significantly affect how auditors respond to feedback on their performance. In societies characterized by greater gender equality, auditors tend to exhibit increased motivation and adaptability when receiving constructive criticism, in contrast to those operating within more traditional gender frameworks. This study is consistent with the findings of Seol et al. (2017) by demonstrating how cultural and demographic factors collaboratively influence professional attitudes and competencies.

An analysis of these studies indicates a common emphasis on the extensive influence of culture, despite differing focal points. Khalil and Nehme (2021) and Seol et al. (2017) examine individual and interpersonal dimensions, emphasizing competencies and performance assessments. Ojra et al. (2020) and Alzeban (2015) conversely employ expansive organizational viewpoints, analyzing the influence of cultural factors on audit quality and efficacy. Collectively, these studies emphasize that cultural impact functions at several levels, ranging from individual skills and attitudes to organizational structures and practices.

The research's approaches and conclusions, however, vary. Seol et al. (2017) and Alzeban (2015) empirical research presented tangible evidence, whereas Ojra et al. (2020) provided theoretical perspectives via a literature study. Khalil and Nehme (2021) distinctly incorporate gender as a variable, broadening the discourse on culture's impact on internal auditing. These findings together stress the significance of cultural understanding in internal auditing. Audit methods and assessments should consider cultural variations to improve individual performance and corporate effectiveness.

The current research investigating the influence of culture on auditing techniques has made considerable progress in elucidating how cultural factors affect auditors' competencies, judgments, and conduct. Research conducted by Chand et al. (2012) and Nolder and Riley (2014) examined the theoretical and practical ramifications of cultural factors on risk assessment and decision-making. Empirical research, such as that conducted by Alzeban (2015) and Diane (2020), provides region-specific insights into the influence of culture on audit quality and conservatism in materiality assessments. Nonetheless, several critical gaps persisted, underscoring the necessity for a more comprehensive investigation.

Initially, although research has recognized the impact of national culture on auditing methods, the emphasis has predominantly been on particular locations, shown by Alzeban (2015) study on Saudi Arabia, or on limited aspects such as gender and performance input, as analyzed by Khalil and Nehme (2021). This disjointed methodology restricted comprehension of how overarching cultural variables, such as those delineated by Hofstede (1980), intersected with institutional and organizational elements to influence auditors' assessments worldwide.

Secondly, research by Ojra et al. (2020) included significant literature assessments but predominantly concentrated on overarching cultural and legal settings instead of experimentally integrating findings across several frameworks. Likewise, Hung (2023) investigated systemic cultural factors affecting audit quality; however he did not precisely analyze the decision-making processes of individual auditors.

Although these studies provide significant insights into macro-level cultural influences, they do not establish a direct connection between these overarching cultural factors and the micro-level professional judgments and behaviors of auditors. This observation emphasizes an area that necessitates further investigation.

Third, although several studies, such as Killey (2016) and Seol et al. (2017), examined organizational solutions for managing multiculturalism, they frequently overlooked the interaction between global audit firm methodology and regional cultural practices. This facilitated research that connected global standards with cultural adaptation, ensuring audit methods were both consistent and culturally responsive.

Notwithstanding recent study developments, there is a deficiency of narrative reviews that synthesize data from contemporary academic topics to establish a comprehensive framework for comprehending cultural impacts on auditing. A thorough review that integrates findings from recent studies—such as Diane (2020), Hung (2023), and others—would both consolidate current knowledge and illuminate new trends and unresolved issues in the area.

This research sought to enhance the comprehension of cultural impacts on auditing methods via the analysis of important themes in contemporary literature. Instead of delivering a comprehensive evaluation of all studies, it concentrated on integrating pertinent theoretical frameworks and empirical evidence to present a coherent and informative viewpoint on the subject. The current study enhances literature by examining various research findings while offering insights into the cultural factors affecting auditing practices. Analyzing important themes and linkages enhances the comprehension of how cultural factors influence audit judgments and decision-making. The study establishes a basis for discussions on culturally tailored audit methodologies, promoting uniformity and efficiency in the international auditing profession.

#### 4. Findings

The literature research findings indicated a substantial correlation between national culture and auditing practices, along with auditors' judgments. The analyzed research consistently indicated that cultural dimensions, including individualism, power distance, uncertainty avoidance, and collectivism, significantly impacted auditors' decision-making processes, risk evaluations, and adherence to global standards. The cultural attributes influenced auditors' interpretation of audit data, perception of materiality, and approach to fraud risk, underscoring the significant effect of national culture on professional judgments.

For instance, studies conducted by Nolder and Riley (2014) and Ojra et al. (2020) revealed that auditors from cultures with high uncertainty avoidance were more inclined to adopt conservative judgment approaches, including stricter materiality thresholds and increased skepticism. Alzeban (2015) similarly discovered that collectivist societies frequently prioritize interpersonal connections and trust, potentially influencing the perceived stringency of audit quality and risk evaluations.

Additional research, including Hung (2023) and Killey (2016), provides intricate perspectives on the interplay between national culture, organizational structures, and global audit standards. Hung (2023) revealed that auditors' tasks and responsibilities were seen variably across cultural settings, influencing their assessment of audit quality. Killey (2016) emphasized that priming an organizational identity helped alleviate cultural biases in auditors' evaluations, demonstrating the possibility for specific treatments to address cultural differences.

A prevalent theme in the literature was the conflict between worldwide audit standards and local cultural norms. Research by Wu (2019) and Cowperthwaite (2010) highlighted that multinational corporations frequently encountered challenges in standardizing their practices across culturally varied areas, with variable levels of success. These findings highlighted the essential requirement for culturally adaptable auditing systems that reconcile global uniformity with local pertinence.

In summary, the review determined that national culture significantly influences auditing methods and auditors' judgments, affecting adherence to global audit standards and the quality of audit results. The review emphasized the necessity of creating culturally sensitive audit procedures to improve the profession's flexibility and efficacy in a worldwide context, using knowledge from both contemporary and fundamental research.

## 5. Conclusion

The research uncovered significant findings into the impact of national culture on auditing processes and auditors' assessments. Cultural factors, including uncertainty avoidance, individualism, collectivism, and power distance, significantly influenced auditors' risk assessment, evidence evaluation, and professional judgment formation. Auditors from cultures with strong uncertainty avoidance displayed increased conservatism by implementing tougher materiality standards and exhibiting greater skepticism. In contrast, auditors from collectivist societies often prioritized interpersonal trust, which occasionally influenced the objectivity of their judgments.

Moreover, the current study also emphasized the difficulties encountered by international audit companies in applying consistent standards across varied cultural environments. Although these organizations strive for uniformity via worldwide audit procedures, cultural differences frequently affect compliance, resulting in inconsistencies in the implementation of these standards. Certain findings indicated that interventions, such as the stimulation of corporate identity and the provision of culturally customized professional training, might alleviate these cultural biases and synchronize auditors' procedures with global standards.

Overall, the current study highlighted the essential significance of culture in auditing, promoting a sophisticated and flexible approach to auditing frameworks. The conclusion emphasized that properly addressing cultural differences is crucial for improving audit quality and maintaining consistency in professional judgment within a progressively globalized context.

The current study has several limitations that must be recognized to provide a comprehensive overview of its contributions and establish a basis for future research. The dependence on secondary data from prior studies may have restricted the study since the results were confined by the methodology, cultural contexts, and geographical areas examined in the evaluated research. Certain crucial cultural aspects affecting auditors' evaluations may have been insufficiently examined or omitted, especially in non-Western cultures. Secondly, the current study concentrated on a narrative literature review, which naturally synthesizes previous findings instead of producing new empirical data. This technique yielded significant insights into general trends and linkages; nevertheless, further empirical study is required to corroborate these findings in various auditing contexts. Further limitation arises from the inconsistency in the conception and assessment of cultural aspects in the research examined. Variations in the operationalization of culture and audit techniques may have resulted in discrepancies in outcomes, thereby affecting the generalizability of the findings.

Future research may rectify these shortcomings by conducting empirical studies that examine the relationship between culture and auditing approaches in underrepresented areas and sectors. Longitudinal research investigating the impact of globalization and cultural convergence on auditors' judgments and behaviors over time might yield more profound insights. Furthermore, subsequent studies might examine the efficacy of culturally adapted audit training programs and their influence on harmonizing local practices with global norms. These areas of investigation would enhance the knowledge of the relationship between culture and auditing, providing practical consequences for regulators, audit companies, and policymakers.

This study significantly expanded the current knowledge regarding the link between national culture and auditing practice by combining recommendations from previous research to offer an exhaustive overview of this intricate interplay. The study systematically reviewed recent literature, emphasizing the significant influence of cultural dimensions such as uncertainty avoidance, individualism, collectivism, and power distance on auditors' judgments, particularly regarding risk assessment, fraud detection, and compliance with global auditing standards. The study significantly contributes by identifying the obstacles encountered by multinational audit organizations in attaining uniformity across culturally varied locations. It highlighted the impact of cultural norms on compliance with global audit procedures, stressing the necessity of culturally adapted frameworks to uphold audit quality. The research highlighted practical treatments, like organizational identity priming and culturally sensitive professional training, that might alleviate cultural biases and enhance auditors' conformity with global standards. Moreover, the study enhanced the discussion by associating cultural diversity with the potential and difficulties in auditing processes, especially within the framework of globalization. By connecting disparate data in the literature, it offered a refined view on the interaction of cultural elements with organizational and professional environments in shaping decision-making processes in auditing. In summary, the study enhanced comprehension of cultural

impacts on auditing, providing significant insights for scholars, practitioners, and policymakers. It established a basis for further study to investigate new solutions that reconcile global audit standards with cultural variation, maintaining both uniformity and contextual significance in the auditing profession.

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## "التأثيرات الثقافية على المراجعة: مراجعة سردية لأحكام المراجعين وعمليات صنع القرار"

إعداد الباحثين:

عطوف علي عشقي

محاسبة/ كلية الاقتصاد والإدارة/ جامعة الملك عبد العزيز

د. فهدة سلطان السديري

محاسبة/ كلية الاقتصاد والإدارة/ جامعة الملك عبد العزيز

د. يوسف عبدالله باسودان

محاسبة/ كلية الاقتصاد والإدارة/ جامعة الملك عبد العزيز

### الملخص:

تناولت هذه الدراسة تأثير الثقافة الوطنية على ممارسات المراجعة وأحكام المراجعين من خلال مراجعة منهجية للأدبيات، حيث هدفت إلى استكشاف تأثير العوامل الثقافية على تقييم المخاطر، واكتشاف الاحتيال، والامتثال لمعايير المراجعة الدولية، إضافة إلى تحديد التحديات التي يفرضها التنوع الثقافي على توحيد منهجيات المراجعة. واعتمدت الدراسة على مراجعة الأدبيات السردية لتحليل البيانات المستخلصة من أبحاث متعددة، مما أظهر أن الثقافة الوطنية تلعب دوراً جوهرياً في تشكيل الأحكام المهنية للمراجعين وعمليات صنع القرار، الأمر الذي قد يؤثر على الالتزام بالمعايير الدولية. كما أكدت النتائج أن الاختلافات الثقافية تتطلب تطوير أساليب مراجعة تكيفية وبرامج تدريبية تراعي الخصوصيات الثقافية، بهدف تقليل الفجوات وتعزيز جودة المراجعة. وتوفر هذه الدراسة رؤى مهمة للباحثين والممارسين وصناع القرار المهتمين بتحسين الاتساق في معايير وإجراءات المراجعة على المستوى العالمي.

**الكلمات المفتاحية:** الثقافة الوطنية؛ ممارسات المراجعة؛ أحكام المراجعين؛ المراجعة عبر الثقافات؛ الأبعاد الثقافية؛ جودة المراجعة.

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