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Personal and Organizational Determinants of Independent Auditors' Willingness to Manage Self-Made Errors: The Moderating Role of Error Management Climate

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1. Introduction

Errors may occur at all levels of an audit team, ranging from junior to senior auditors. These unintentional deviations from established plans and objectives—commonly classified as mechanical or conceptual errors—can substantially impair audit quality and increase the likelihood of issuing inappropriate audit opinions.

In response, error management has emerged as a critical approach for enhancing audit quality. Error management operates at both the individual and organizational levels. At the individual level, auditors are encouraged to recognize, analyze, correct, and learn from their own errors in order to prevent recurrence. At the organizational level, audit firms are expected to cultivate an environment that promotes error prevention, transparent communication, and effective error handling.

Senior management responses to errors play a decisive role in shaping the firm's error management climate, defined as the shared policies, practices, and attitudes toward dealing with errors. Auditors' willingness to manage their own errors is therefore a key determinant of audit quality, professional judgment, and compliance with ethical standards.

Accordingly, this study examines the effects of resilience, self-efficacy, and independence commitment on independent auditors' willingness to manage their own errors, while emphasizing the moderating role of perceived error management climate within audit firms.

2. Research Hypotheses

Based on relevant theories and prior empirical evidence, the following hypotheses are proposed:

- H1: Resilience positively influences independent auditors' willingness to manage their own errors.
- H2: Self-efficacy positively influences independent auditors' willingness to manage their own errors.
- H3: Independence commitment positively influences independent auditors' willingness to manage their own errors.
- H4: Auditors' perception of a supportive error management climate positively influences their willingness to manage their own errors.
- H5: Perceived error management climate moderates the relationship between resilience and auditors' willingness to manage their own errors.

- H6: Perceived error management climate moderates the relationship between self-efficacy and auditors' willingness to manage their own errors.
- H7: Perceived error management climate moderates the relationship between independence commitment and auditors' willingness to manage their own errors.

3. Research Method

This study adopts a quantitative, survey-based research design. The statistical population consists of auditors employed by the Iranian Audit Organization and private audit firms that are members of the Iranian Association of Certified Public Accountants (IACPA). Data were collected in 2023 from 178 auditors using a standardized questionnaire.
The questionnaire comprised two sections:

- Section A: Demographic characteristics (gender, age, education, position, and work experience).
- Section B: Measurement of the study constructs, including auditors' willingness to manage their own errors, resilience, self-efficacy, independence commitment, and perceived error management climate.

Validated measurement instruments were employed:

- Willingness to manage own errors (Gronewold & Donle, 2011)
- Resilience (Campbell-Sills & Stein, 2007)
- Self-efficacy (Schwarzer & Jerusalem, 1995)
- Independence commitment (Tuan Mansour et al., 2020)
- Error management climate (Gronewold & Donle, 2011)

Data analysis was conducted using partial least squares structural equation modeling (PLS-SEM) via SmartPLS 3 software.

4. Results

The structural model was evaluated using path coefficients, coefficient of determination (R^2), and variance inflation factor (VIF). The results indicate that:

- Resilience, self-efficacy, independence commitment, and perceived error management climate all have positive and statistically significant effects on auditors' willingness to manage their own errors.
- Perceived error management climate significantly moderates the relationships between resilience and willingness to manage errors, as well as between self-efficacy and willingness to manage errors.

- The moderating effect of error management climate on the relationship between independence commitment and willingness to manage errors was not supported.

5. Discussion and Conclusion

This study highlights the joint role of personal attributes (resilience, self-efficacy, and independence commitment) and organizational context in shaping auditors' willingness to proactively manage their own errors. The findings emphasize that resilient and self-efficacious auditors are more likely to engage in constructive error management, particularly when supported by a positive error management climate.

Moreover, the results underscore the pivotal role of audit firm leadership in fostering an environment that encourages transparency, learning from errors, and continuous improvement. While independence commitment directly enhances error management willingness, its effect does not appear to be strengthened by organizational climate.

Future research may extend these findings by examining alternative conceptualizations of error management climate, employing longitudinal designs, or exploring cross-cultural and regulatory differences in auditing environments.

Keywords

Auditors' errors; Resilience; Self-efficacy; Independence commitment; Error management climate; Audit quality