

The role of illusion of conspiracy among auditors using Dematel method

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Abstract

The aim of this study is to investigate the role of the illusion of conspiracy among auditors using the Dematel method. To delve deeper and gain a better understanding of the subject, in addition to theoretical foundations, interviews have been used for further comprehension. Then, quantitative approaches are employed to validate the qualitative results. This study adopts a mixed-method approach. As the research is primarily based on qualitative methodology, particularly employing the grounded theory strategy. The temporal scope of this study spans from the year 1399 to 1402. The statistical population in the qualitative section comprises independent auditors in the auditing organization. In this research, semi-structured interviews have been used to uncover deep insights for identifying indicators of the illusion of conspiracy. Sampling was conducted using snowball sampling technique, comprising 12 main themes and 40 sub-themes. The quantitative section utilized the Dematel method. The statistical population in this aspect consists of all official accountants in Golestan province. The sample includes official accountants with a minimum of ten years of experience and at least a master's degree. Twenty individuals were selected as the sample. Dematel, utilizing expert judgments in extracting system factors and systematic structuring, presents a hierarchical structure of factors within the system along with their interrelated effects. To achieve this, a fuzzy Dematel questionnaire was designed, and provided to experts, and ultimately, the intensity and relationships between the illusion of conspiracy among auditors and its significance were examined.

Keywords: illusion of conspiracy, auditors, auditing organization, grounded theory, Dematel
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1 Introduction

The term "illusion of conspiracy" has made its way into scholarly discussions, especially in the field of humanities, for quite some time now. The illusion of conspiracy denotes a form of suspicion toward one's surroundings and the environment. This concept stems from the socio-political culture of society and is prevalent in the Middle East more than in other regions worldwide. In Iran, it holds a significant place compared to other Middle Eastern countries [1]. Proverbs like "half a cup under a saucer," "having sand in one's shoes," and "teaching Satan" are examples of the various forms of the illusion of conspiracy found in the general culture. The illusion of conspiracy is a concept and

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term that can also be observed in texts related to accounting and economics. For instance, some interpret fluctuations in oil prices as a result of intervention by major governments and oil powers. In accounting texts, some believe that the standardization of International Financial Reporting Standards globally is a result of intervention by major economic powers to channel the capital of developing countries towards their economies [31]. In recent years, due to widespread accounting fraud, the concept of illusion in financial statements has become an important subject. It has reached a point where the illusion in financial statements is considered as one of the fundamental components of financial statement auditing.

Individuals affected by the conspiracy mentality perceive events in society, especially wars, unemployment, poverty, and famine, as the outcome of designs by powerful individuals and groups. They believe that conspirators are always hidden, and the truth remains concealed while appearances are deceptive. "One must tear the mask of appearance to reveal the truth" [5] In other words, the illusion of conspiracy is a form of negative thinking, distrust, excessive suspicion, and pessimism toward the environment and others [1]. For those who believe in it, the illusion of conspiracy brings a sense of comfort and serves as a psychological defense mechanism. It allows them to absolve themselves of responsibility and attribute all faults to others. The attractiveness of the illusion of conspiracy among Iranians relates more to political factors as the primary root and cultural factors as the complementary factor (same source). Recent psychological studies have indicated a positive correlation between belief in conspiracy and schizotypal tendencies, such as being suspicious, doubtful, paranoid, magical thinking, and social anxiety [11]. Blay et al. [8] found that individuals with heightened emotions and negative thinking tend to gather information more cautiously in high-risk situations and employ more skepticism in processing that information. According to Kloor et al., [23], an individual's emotional states can significantly impact information processing, from information selection to encoding and future retrieval from memory. Previous research results suggest that emotions and emotional states significantly influence individuals' performance and decision-making, creating a positive outlook on situations with positive emotions and a more negative perspective with negative emotions. The illusion of conspiracy is a concept rooted in behavioral and personality traits, affecting interpersonal relationships. It should be noted that individuals affected by the illusion of conspiracy find it easy to accuse and doubt others, holding a negative evaluation of others [31]. Given the aforementioned content, the aim of this study is to explore the role of the illusion of conspiracy in auditing. The outcomes of this study could better define and conceptualize the notion of auditors' conspiracy delusions.

2 A review of theoretical literature

The accounting and auditing professions have consistently been under pressure to gain public trust. This pressure intensified with financial crises such as the stock market crash of 1928 in the New York Stock Exchange, the recent bankruptcies of major companies like Enron and WorldCom, and escalated financial misuses. In such cases, responsibility for the emergence of these crises and financial irregularities predominantly shifted towards inadequate financial reporting, lack of proper accounting and auditing standards, and insufficient auditor performance. Consequently, this led to a loss of public trust in the accounting and auditing professions. The most significant strategies utilized thus far to regain public trust involve revising the organization and structures of standard-setting bodies in accounting and auditing, enhancing financial reporting, and drafting new laws, standards, and guidelines in accounting and auditing [25].

Ethical solutions, especially in the long term, offer two significant advantages: 1) Providing spiritual benefits for auditors (stakeholders and society) and 2) Increasing material benefits for auditors (stakeholders and society). In the first benefit, the institutionalization of ethics within the auditor, profession, and society is the aim. In this manner, auditors can more effectively carry out their duties, such as examining company operations, and internal controls, identifying the strengths and weaknesses of companies, and expressing final opinions on financial statements and their appendices more effectively and ethically, thereby increasing public trust in professional conduct. The increase in spiritual benefits also translates into material benefits for auditors (and stakeholders) as it reduces the inclination of auditors to commit infractions, misuse, and engage in illegal and unethical professional activities.

The concept of conspiracy theory refers to the belief held by some individuals, organizations, and powerful groups that clandestinely plan to achieve sinister goals [3]. In another definition, conspiracy theory attempts to explain certain events or procedures by pointing to the scheming of powerful individuals who strive to conceal their roles until their objectives are realized. These theories often consider powerful entities to possess extraordinary control over aspects of planning, controlling others, maintaining secrecy, etc. Beliefs in conspiracy serve as explanatory functions and are associated with a process of making sense to perceive the world as understandable, predictable, and orderly [27]. Hofstadter [19] also contends that beliefs in conspiracy theories are strengthened through a propensity to explain unpleasant phenomena that are challenging to clarify.

Conspiratorial ideas are inclinations held by some individuals who believe that events and power relations are manipulated covertly by specific organizations and groups. This concept is akin to pessimism, where individuals may harbor negative suspicions about the actions or motivations of a particular individual. It's essential to note that conspiratorial ideas strongly correlate with a high level of distrust, hostility, aggression, and a fixation on power, potentially leading to anger and discontent towards those believed to be responsible for social situations [28].

Beliefs within the conspiracy theory, at times, intersect with latent psychological damages such as schizophrenia and paranoia. Studies indicate a link between distrust and conspiratorial beliefs, although these two concepts possess different structures. Mental uncertainties experienced under beliefs predict cognitive processes in conspiracy theories. These theories not only elaborate on distrust but also strive to simplify and comprehend unpleasant and intricate realities. People tend to hold more belief in conspiracy theories when they perceive less control over circumstances [13].

There are some troubling conspiracy theories that enjoy public support yet remain meaningless. This is clearer in scientific and medical matters, where conspiratorial ideas can lead to direct interference and rejection of scientific methods. These theories have environmental, health, and political implications. Studies show that belief in conspiracy theories can have adverse social effects, such as disenfranchising people from voting. Many researchers don't consider conspiracy theories directly as studies in pathology. Instead, they relate these theories to "myths," "false beliefs," "misinformation," and "rumours." Therefore, beliefs in conspiracy theories have a strong correlation with abnormalities, low levels of trust among individuals, and insecurity regarding employment [17].

One of the most influential factors affecting the activities, actions, and decisions of managers is the delusional perceptions they have towards others. Employee conspiracy delusion is a pessimistic belief held by individuals regarding managers, supervisors, or colleagues, implying that these individuals secretly intend to harm and are malicious, which is often not the reality. For instance, during situations like emergencies, economic crises, etc., employees might suspect their managers of covertly agreeing on a policy to harm the employees' interests in exchange for personal benefits. In another definition, organizational conspiracy delusion is a belief that powerful groups within the workplace engage in covert activities to achieve malevolent goals [26]. For instance, deliberate organizational conspiracy delusion could involve managers favoring a specific candidate for hiring or attempting to expel a particular individual from the organization. Organizational conspiracy delusion encompasses a wide range of negative emotions regarding individuals and groups, extending beyond mere groupthink and organizational errors [2] suggests that organizational conspiracy beliefs grow under certain conditions, much like general conspiracy beliefs. These conditions include powerlessness, situations of uncertainty, especially when employees have less control (less control over responsibilities, tasks, etc.), and circumstances of uncertainty such as new management and concerns about managerial motivations. Although organizational conspiracy beliefs can cause harm to organizations, such as reducing employees' commitment levels, increasing employees' intention to leave their jobs, and decreasing job satisfaction, it's essential to note that many of these beliefs are not easily refutable. They might resist evidence collected by experts because these professionals are sometimes seen as part of the conspiracy [6].

A) Changes in the auditor's opinion on the timeliness of disclosure

$$DEL_{i,t} = \alpha_1 + \beta_1 OPNCHG_{i,t} + \beta_2 UE_{i,t} + \beta_3 AS_{i,t} + \beta_4 LEV_{i,t} + \varepsilon_{i,t} \quad (2.1)$$

in the mentioned model, $DEL_{i,t}$ is the dependent variable and represents the delay in financial reporting, $OPNCHG_{i,t}$ is the change in the auditor's opinion, $UE_{i,t}$ is the unanticipated profit, $AS_{i,t}$ is the change of auditor, and $LEV_{i,t}$ is the financial leverage.

$$DEL_{i,t} = \alpha_1 + \beta_1 DIMP_{i,t} + \beta_2 OPNCHG_{i,t} + \beta_3 DIMP_{i,t} \times OPNCHG_{i,t} + \beta_4 UE_{i,t} + \beta_5 AS_{i,t} + \beta_6 LEV_{i,t} + \varepsilon_{i,t} \quad (2.2)$$

$$DEL_{i,t} = \alpha_1 + \beta_1 DIMP_{i,t} + \beta_2 OPNCHG_{i,t} + \beta_3 DIMP_{i,t} \times OPNCHG_{i,t} + \beta_4 UE_{i,t} + \beta_5 AS_{i,t} + \beta_6 LEV_{i,t} + \varepsilon_{i,t} \quad (2.3)$$

In the mentioned models, $DIMP_{i,t}$ indicates the direction of positive changes in the auditor's opinion (improvement in the auditor's opinion) and $DIMP_{i,t}$ indicates the direction of negative changes in the auditor's opinion (worsening of the auditor's opinion).

With attention to model variable dependent delay reporting financial is that to the device Liao et al. [24].

It is defined as follows

$$DEL_{i,t} = LAG_{i,t} - LAG_{i,t-1}$$

$LAG_{i,t}$: represents the distance between the end of the financial year and the reporting date.

B) independent research variables

Change in the auditor's opinion (OPNCHG) based on DeFond's [12] method, changes in the auditor's opinion from the difference between the auditor's opinion in the previous year and the auditor's opinion

In this year, we calculate which is obtained from the following relationship

$$OPNCHG = AUDOPN - 1 - AUDOPNE$$

In this study, to measure the audit opinion (AUDOPN) of the variable of ranking based on the severity of the adjustment opinions. - - Ifte, the auditor who is a helper It was defined by Kipnis [22], and it has been used. The types of audit comments are defined with the following codes.

The number 1 indicates acceptable comment (UO).

The number 2 indicates the accepted report with the clarification clause (UOEXP).

The number 3 indicates conditional report 4 (Q0).

The number 4 indicates the conditional report with the clarification clause (QOEXO).

The number 5 indicates no comment (DISC).

Virtual variable $DIMP_{i,t}$: In this study, DIMP indicates the direction of changes in the auditor's opinion, and is a permitted variable for improvement in the audit report. That is, if the opinion of the auditor is eternal improvement (that is, positive OPNCHG, the number 1 and otherwise, the number zero).

Accepts. - - - Virtual variable - - - $DIMPM_{i,t}$: In this study, DIMM indicates the direction of changes in the auditor's opinion, and is a proxy variable for the deterioration of the audit report. That is, if the auditor's opinion has worsened, that is, PNCHG (negative number 1) and otherwise it will accept zero.

C) The term of release of control

Unanticipated profit (UE)

Unpredicted is calculated from the following equation [21]

$$UE_t = NI_{i,t} - NI_{i,t-1}/TA_{i,t-1}$$

$NI_{i,t}$: Net profit before unexpected items for the company i in year t

$TA_{i,t-1}$: Total assets of the company i in year $t-1$.

Change of auditor (AS) in this research is a dummy variable that if the auditor of the company changes

Kand accepts the number 1 and otherwise the number zero [21]

Financial leverage (LEV) is obtained from the ratio of total liabilities to total assets of the company [9].

2.1 Accounting information in reducing information asymmetry

The following model has been used to calculate information asymmetry in Tehran Stock Exchange. This model was used by Faccio et al. and his notes in [14] to determine the price range of stock buy and sell proposals. After the Venice of other people, they used this model in their research. The edited model is as follows:

$$SPREAD_{i,t} = \frac{AP - BP}{(AP + BP)/2} \times 100$$

SPREAD= the range of the price difference between the bid and sell bids

(ASK PRICE) AP= the average price of the proposed sale of shares of company i in period t

(BID PRICE) BP= The average bid price for the purchase of shares of company i in period t

2.2 Cumulative abnormal returns

After obtaining the price and indicators on a daily basis, to calculate the interest rate Abnormal accumulation of shares of companies in the research period using the simple market model has been because, in this model, it is assumed that the market return (R_m) is the result of the process. It is the expected return of the company's shares in each period of time. Therefore, the real yield difference $Sample_i$ in the time period t , with the market return in the

same period, it indicates abnormal return. The calculation of cumulative abnormal return for each sample is based on the following equation:

$$CAR_{i,t} = \prod_{t=1}^m (1 + AR_{i,t})$$

$$AR_{i,t} = R_{i,t} - R_{m,t}$$

CAR= Cumulative Abnormal Return

AR= Abnormal returns

N= number of samples

$R_{i,t}$ is also calculated as follows:

$$R_{i,t} = \frac{P_1 - P_0}{P_0}$$

$R_{i,t}$ = The actual yield of the sample i in period t

P_1 = stock price at the end of period t

P_0 = stock price at the beginning of period t

Method Computing $R_{m,t}$ is also as follows:

$$R_{m,t} = \frac{TEDPIX_t - TEDPIX_{t-1}}{TEDPIX_{t-1}}$$

$R_{m,t}$ = market return in period t

$TEDPIX_t$ = price return and cash dividend of stocks in period t

$TEDPIX_{t-1}$ = return of stock price and cash dividend in period t-1

It should be noted that TEDPIX is a process of price movements and cash yield of stocks in Tehran Stock Exchange, which can calculate the total yield of investment on stocks during to show a certain period. According to the mentioned calculations, finally, by calculating the difference between the real return (R_i) and the market return (R_m), the abnormal return (A) is obtained [14].

3 Research background

Upon reviewing the research background, there were few precedents related to the primary subject of the current study. Below are some of the existing antecedents:

Biddlestone et al. [7] demonstrated in their study that 20 components, categorized into 8 dimensions of the psychosocial work environment and work-related fantasies, have an impact on employees. These dimensions include leadership, role expectations, organizational commitment, job demands, control at work, organizational culture, work-life balance, and social interactions. The qualitative sample involved 12 individuals through the Delphi technique, while the quantitative part consisted of 144 individuals selected randomly using the Kersjes and Morgan table. The face validity and content validity of the questionnaire were confirmed through expert judgment, and its reliability was confirmed using Cronbach's alpha. By conducting Kendall's test and factor analysis via SPSS and LISREL, 20 components within 8 dimensions of the psychosocial work environment were extracted and tested.

Woodcock [32] demonstrated in their study that four factors—behavioral paranoia, personality disorders, outcome disorder in thoughts, and job interactions—account for 11.8%, 8.7%, 5.5%, and 3.5% respectively, in organizational employees. The study's population comprised employees in governmental organizations surveyed using a researcher-constructed questionnaire, with a sample size of 179 personnel.

Barron et al. [4] conducted a study titled "The relationship between schizotypal facets and conspiracist beliefs via cognitive processes." Their results indicated that this topic significantly impacts job satisfaction, organizational identity, and employees' organizational commitment, consequently leading to employees' inclination to leave the organization. In other words, conspiracy thinking leads to a decrease in employees' effectiveness.

Goreis and Voracek [15] in a study titled "A systematic review and meta-analysis of psychological research on conspiracy beliefs: Field characteristics, measurement instruments, and associations with personality traits," concluded that in a socially restricted environment, conspiracy theorists are compelled to raise what to discuss and how to act.

Swami et al. [30] conducted a study titled "Putting the stress on conspiracy theories: Examining associations between psychological stress, anxiety, and belief in conspiracy theories". Their regression analysis revealed that traumatic events and perceived stress were identified as the best predictors of conspiracy beliefs, while anxiety states and anxious personalities did not significantly impact conspiracy beliefs.

Cichocka et al. [10] delved into a study on Narcissism, Self-esteem, and Endorsement of Conspiracy Theories. Results indicated that narcissism positively predicted conspiracy beliefs, whereas self-esteem negatively predicted such beliefs. However, narcissism, in some instances, engenders conspiracy beliefs through paranoid disturbances.

Grimes [16] addressed "Conspiracy Belief Validation." The research highlighted a model design aiming to explore psychological and social methodologies in conspiracy theories and proposed strategies for governmental policy-making and legislation in this regard.

Jolley et al. [20] examined "The Social Consequences of Conspiracy Theorizing." Their study revealed that exposure to conspiracy theories leads to a decrease in intentions towards social and systemic commitments. They also noted the potential social consequences of conspiracy theorizing, suggesting a psychological-social perspective for further investigation.

Sunstein and Vermeule [29] focused on "Conspiracy Theories: Causes and Cures." The study outlined a plan aimed at investigating psychological and social methods related to conspiracy theories, providing governmental strategies for policymaking and legislation.

Hakkak et al. [18] concluded in their study titled "Designing a Model of Organizational Managerial Conspiracy Delusion Using Grounded Theory" that factors such as organizational culture reinforcement, organizational transparency, participative leadership style, and dignified organizational strategy were identified as effective strategies against managerial conspiracy delusions. The implementation of these strategies leads to efficient management, a strong organizational culture, and an efficient organization. Conversely, the lack of execution results in weak management, a feeble culture, and an inefficient organization.

4 Research questions

For qualitative methods:

1. What are the most significant causal conditions for auditor conspiracy ideation?
2. What are the primary contextual conditions for auditor conspiracy ideation?
3. What are the key intervening conditions for auditor conspiracy ideation?
4. What are the main strategies for auditor conspiracy ideation?
5. What are the primary consequences of the strategies for auditor conspiracy ideation?

For quantitative methods:

1. How are the internal relationships of influential factors on auditor conspiracy ideation established using the DeMuth method?

5 Research Methodology

This research, in its qualitative section, is of the exploratory and inductive type, conducted using the Grounded Theory method. In this study, experts were selected using the snowball sampling method. The geographical scope of this study is independent auditors of auditing organizations, and the temporal scope ranges from 1399 to 1402 (solar calendar years). The population of this research consists of independent auditors of auditing organizations. In the quantitative section, a researcher-made questionnaire was utilized, aligned with the DeMuth method based on the factors derived from qualitative findings. Due to the combination of qualitative and quantitative approaches, this current research is considered mixed-methods.

Following the qualitative section, the findings derived from the qualitative method led to the creation of components for the researcher-made questionnaire using the DeMuth questionnaire's categorization and were made available to the statistical sample. The statistical population in the qualitative section includes independent auditors of auditing organizations who meet specific expertise criteria, such as being:

1. Members of the Iranian Association of Certified Public Accountants

2. Independent auditors with a minimum of fifteen years of work experience.
3. Independent auditors holding a master's degree or higher.

The statistical population in the quantitative section includes official accountants in Golestan Province. The statistical sample was calculated using the Cochran formula. In the quantitative section, the DeMuth technique was employed. The DeMuth technique is a multi-criteria decision-making method used to identify patterns of relationships among the study variables. Its purpose is to identify the pattern of interrelationships among a set of criteria. This technique assesses the intensity of relationships by scoring, examines their importance, and acknowledges non-transitive relationships. To enhance research quality, the internal relationships among influential factors are identified using the DEMATEL software via the DeMuth technique, forming a decision-making matrix to gain a better understanding of auditor conspiracy ideation.

6 Results

6.1 Grounded theory method

The implementation of the Grounded Theory method commenced with conducting interviews, collecting, and coding data. Through initial exploratory interviews, the researcher gained greater skill, which was crucial for the research. The recorded interview records were named, coded, and stored in a database based on the interviewee's name, audio file of the interview, and date of the interviews. Subsequently, the researcher listened to and implemented these recordings for the research. Table 1 illustrates the descriptive statistics of the interviewee population.

Table 1: Descriptive Statistics of the Population

Gender	Count	Frequency
Male	7	60%
Female	5	40%
Total	12	100%

Then, the main and sub-themes were categorized according to the initial codes in three coding stages. These were structured conceptually based on the conspiracy ideation pattern in auditors, derived from the interview analysis, as presented in Table 2.

Table 2: The pattern of illusion in auditors

Main Theme	Sub Theme	Initial Codes
Behavioral Anomalies	Personality Disorders	Individual behavioral traits, Personal characteristics, Personality suppression
	Mental Disorders	Internal delusions, Conspiratorial personal interpretations, Mental perceptions of conspiracy, Delusional beliefs
	Normative Disorders	Individuals' distrust in society, Presence of norm-breakers
Organizational Instability	Organizational Collapse	Organizational damage, Organizational destruction, Failed systematic programs
	Bilateral Relations Failure	Lack of understanding between management and employees, Lack of intimate dialogue space
	Management Collapse	Mistakes in managerial decisions, Lack of accountability in management, Inefficiency in management
Authoritarian Leaders	Authoritarian Leadership	Authoritarian leadership style, Managers' authoritarianism, Ruling by managers in the organization
	Managers' Power Hunger	Power struggle within the organization, Achieving power
	Self-Centered Managers	Self-centeredness, Narcissism, Unilateralism of managers
Unhealthy Administrative System	Unhealthy Organization	Poisonous organizational environment, Destructive organizational atmosphere
	Unhealthy Governance	Negligence of social capital, Undesirable corporate governance, Low social responsibility
	Structural Anomalies	Weak internal communications, Weak organizational culture, Weak administrative system
	Informal Relationships	Presence of organizational family relationships, Political relationships in the organization, Commercial relationships between organizations, Informal interactions within the organization
	Weak Environment	Organizational environmental instability, Stressful environment, Fear of the organizational atmosphere

	Job Instability	Unjustified dismissal from the organization, Unjustified reprimands from management
Skeptical Mentality	Pessimistic Perception	Pessimistic perceptions, Pessimism toward the environment, Lack of awareness of the surroundings
	Suspiciousness	Negative thinking, Suspicion about events, Misunderstanding of others, Doubt in others
Mental Instigation of Conspiracy	Encouragement of Colleagues to Wrong Beliefs	Colleagues as instigators, Flattery
	Machination	Behind-the-scenes manipulation, Rumor spreading
Ineffectiveness of Audits	Organizational Pessimism	Pessimism towards the organization, Conspiracy within the organization, Concealment within the organization, Negative feelings towards the organization, Distrust in managers
	Ineffectiveness of Financial Statements	Unreliable financial statements, Lack of transparency in financial statements
	Ineffectiveness of Reports	Untrustworthy audit reports, Unreliable audit reports
	Ineffectiveness of Audit Quality	Ineffectiveness in audit quality, Misleading quality of information disclosure
Disregard for Auditing Mission	Professional Ineffectiveness	Auditors' lack of confidence, Auditors' lack of independence, Decreased auditor self-confidence
	Occupational Damages	Damaging institutional reputation, Damaging the profession
	Incorrect Judgment	Auditors' incorrect statements, Auditors' wrong decision-making, Auditors' incorrect judgments
	Limited Professional Experiences	Auditors' unawareness, Lack of auditing knowledge, Auditors' wrong interpretations, Limited auditor experience, Limited auditor knowledge of auditing institutions
	Financial Frauds	Financial manipulation, Financial fraud, Falsification, Non-compliance with accounting principles
	Professional Unethical Practices	Lack of professional ethics, Ignoring professional ethics, Neglecting professional standards, Disregarding professional mission
	Lack of Professional Expertise	Professional doubts, Lack of professional expertise, Ineffective performance
Occupational Pressures	Job Dissatisfaction	Reduced job satisfaction, Job dissatisfaction, Occupational burnout
	Job Security Erosion	Lack of organizational security, Neglect of job requirements, Financial needs insecurity
	Lack of Occupational Transparency	Lack of fairness, Lack of transparency in rewards and benefits, Lack of transparency in audit contracts
Behavioral Incompetencies	Legal Violation	Bypassing the law, Performing auditing services outside the law, Ignoring organizational laws
	Personal Greed	Auditors' financial problems, Using the organization for personal goals, Pursuing personal interests
	Personal Relationship Weakness	Auditors' feelings of envy, Weak cooperation between auditors, Competitive atmosphere among auditors
	Lack of Occupational Trust	Ignoring colleagues, Being pessimistic about colleagues

Since the aim of the current research was to develop a pattern of illusion of conspiracy among auditors, the paradigm model is illustrated in Figure 1.

In the above paradigm model, behavioral immaturity and a corrupt administrative system are considered as the primary conditions that have given rise to the core issue of the illusion of conspiracy among auditors. This has led to the formulation of strategies of organizational instability that result in disregarding the professional mission of auditing and rendering auditing ineffective. These strategies are shaped by the groundwork of occupational pressures and influential leadership. Furthermore, the intervening conditions of behavioral and cognitive anomalies have impacted the strategy formulation.

The Dematel questionnaire (as described in the attachment) was designed and provided to 20 experts. These individuals were selected based on having a minimum of 10 years of experience among official accountants, possessing at least a master's degree from a research statistical university. All selected individuals were male. This questionnaire measures the mutual influence of the main factors under study in the research, represented by responses in Table 3.

The direct relationship matrix, based on the arithmetic mean calculation of the responses from 20 expert participants, was obtained as shown in Table 4.

To design an influential and receptive diagram of relationships between the studied factors, one can compute, for

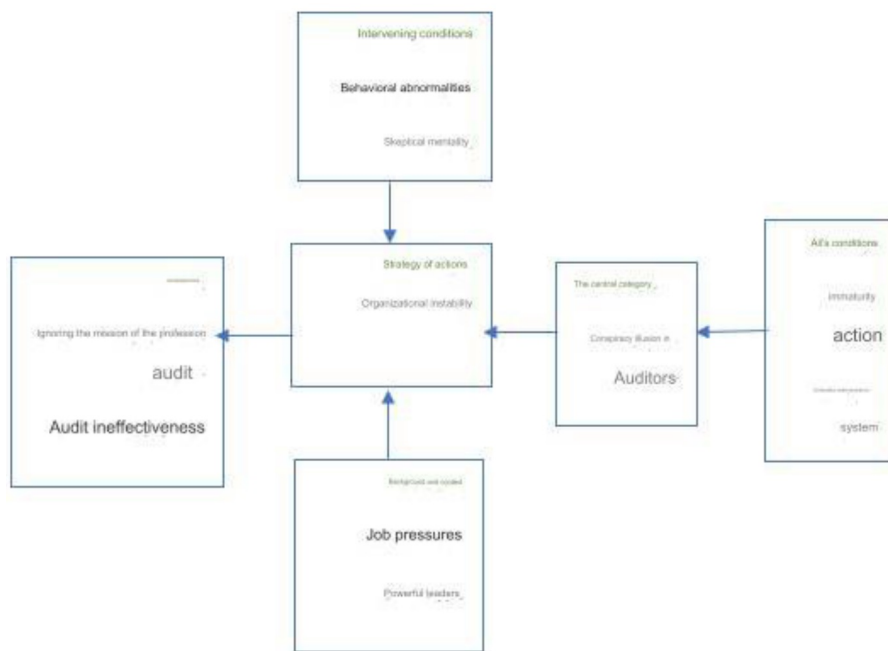


Figure 1: Paradigmatic model of the illusion of conspiracy pattern in auditors

Table 3: Numerical Value of Responses in Designed DEMATEL Questionnaire

Response	No Effect	Very Low Impact	Low Impact	High Impact	Very High Impact
Numeric Value	0	1	2	3	4

Table 4: Matrix of Direct Relationships

	Ineffectiveness of Audits	Suspicious Mindset	Authoritarian Leaders	Job Pressures	Organizational Instability	Behavioral Incompetence	Neglect of Professional Audit Mission	Behavioral Aberrations	Unhealthy Administrative System
Ineffectiveness of Audits	0	2.75	2.9	2.95	2.9	3.15	3.05	2.85	2.85
Suspicious Mindset	3.15	0	3.5	3.05	3	2.85	3	3.25	3.2
Authoritarian Leaders	3	2.9	0	2.95	2.85	3.15	3.05	3	2.8
Job Pressures	3.1	2.85	3.25	0	2.8	3.05	3.4	3	2.8
Organizational Instability	3.25	2.6	2.55	3.25	0	3	3	3.05	2.95
Behavioral Incompetence	3.2	3	2.9	3	3.05	0	2.85	2.65	2.7
Neglect of Professional Audit Mission	2.75	3.3	3.35	3.1	3	3.1	0	3	3.1
Behavioral Aberrations	2.85	3.35	3.05	3.1	3.05	3.05	2.8	0	3.2
Unhealthy Administrative System	2.95	3.05	3.25	3.05	3.15	3.2	3.05	3.2	0

each factor, the row sum (D) and column sum (R) of elements in the complete relationship matrix.

After computing D+R and D-R, a diagram illustrating the intensity of influence and receptiveness becomes draw-able, serving as a decision-making basis. D+R is plotted on the X-axis, and D-R on the Y-axis. The values of D+R essentially indicate the importance level of each criterion, where criteria with higher values signify greater importance. Diagram 2 illustrates the influential and receptive effects of the studied factors.

Table 5: Determining the Type of Variable Related to the Factor

Factor	R	D	D+R	D-R	Type of Variable Related to Factor
Ineffectiveness of Audits	28.54	27.64	56.18	-0.91	Affected
Suspicious Mindset	28.07	29.33	57.40	1.26	Effective
Authoritarian Leaders	29.06	27.96	57.02	-1.11	Affected
Job Pressures	28.75	28.54	57.28	-0.21	Affected
Organizational Instability	28.06	27.9	55.96	-0.16	Affected
Behavioral Incompetence	28.86	27.58	56.44	-1.28	Affected
Neglect of Professional Audit Mission	28.49	29.03	57.52	0.53	Effective
Behavioral Aberrations	28.27	28.77	57.03	0.5	Effective
Unhealthy Administrative System	27.85	29.22	57.07	1.37	Effective

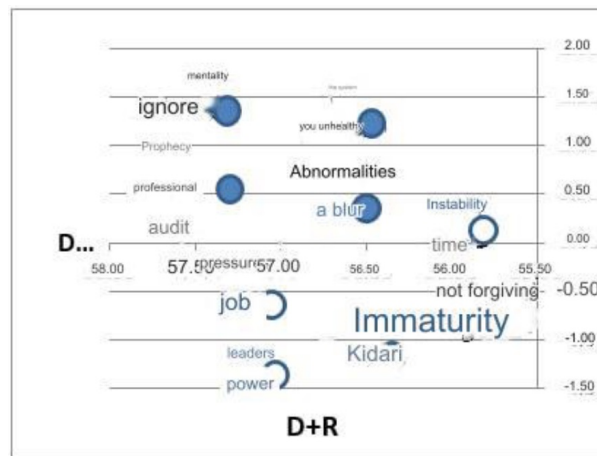


Figure 2: Influence and Receptiveness Chart of Studied Factors

Figure 2 depicts a two-dimensional Cartesian graph of ordered pairs (D+R and D-R) for each of the studied factors. The circles corresponding to the ordered pairs of each factor are displayed as solid circles for influential factors and as hollow circles for receptive factors.

To eliminate ineffective relationships and plot significant ones, the threshold value for relationships was determined by computing the average value from Table 5, resulting in 3.16. Therefore, relationships with a level of mutual influence below 3.16 are not considered significant.”

Due to the numerous significant relationships and for a clearer understanding, while avoiding complexities and ambiguities, the mutual influence model among the studied factors based on Table 6 has been presented in three figures, namely Figures 3, 4, and 5. Relationship lines have been drawn between variables that exhibit a connection according to Table 6.

7 Conclusion

Individuals within auditing who suffer from the illusion of conspiracy are those inclined to display behaviors beyond the norm in their actions. This behavior leads these individuals to lack sufficient skill in dealing with others, resulting in deficiencies in their professional interactions. On the other hand, auditors affected by the illusion of conspiracy fail to adhere to organizational norms and rules, seeking their own interests, which subsequently affects the organization. This can lead to organizational and structural abnormalities when administrative norms are disregarded within an organization.

One influential condition contributing to the illusion of conspiracy among auditors is the existence of work-related tension and stress. Auditors experiencing job pressure might face additional responsibilities, workloads, or an excessive demand for their auditing abilities, which in turn depends on the authority of managers in the organization. Managers’ actions, planning, and requests significantly impact auditors’ job pressures. This, in turn, might become a factor that fosters the illusion of conspiracy among auditors, potentially jeopardizing the effectiveness and professionalism of auditing careers.

Table 6: Determination of Significant and Insignificant Relationships (* Does not have a significant meaning.)

Factor	Ineffectiveness of Audits	Suspicious Mindset	Authoritarian Leaders	Job Pressures	Organizational Instability	Behavioral Incompetence	Neglect of Professional Audit Mission	Behavioral Aberrations	Unhealthy Administrative System
Ineffectiveness of Audits	-	*	*	*	*	*	*	*	*
Suspicious Mindset	3.28	-	3.35	3.3	3.23	3.31	3.27	3.26	3.21
Authoritarian Leaders	*	*	-	*	*	3.17	*	*	*
Job Pressures	3.2	*	3.26	-	*	3.23	3.20	*	*
Organizational Instability	*	*	*	*	-	*	*	*	*
Behavioral Incompetence	*	*	*	*	*	-	*	*	*
Neglect of Professional Audit Mission	3.24	3.2	3.31	3.27	3.19	3.28	-	3.22	3.17
Behavioral Aberrations	3.21	3.18	3.33	3.29	3.22	3.31	3.26	3.24	-
Unhealthy Administrative System	3.27	3.18	3.33	3.29	3.22	3.31	3.26	3.24	-

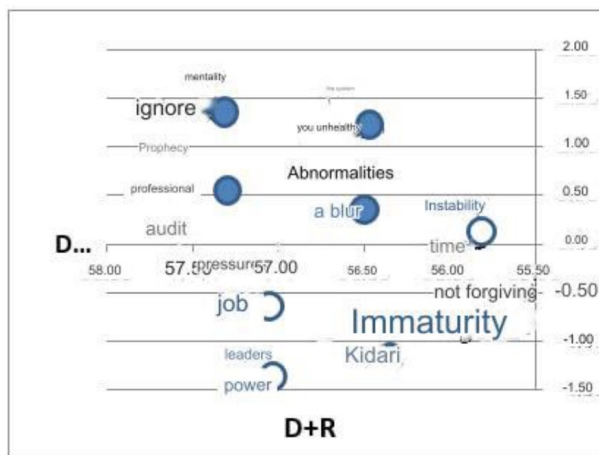


Figure 3: The mutual influence model among the studied factors

Auditors develop the illusion of conspiracy when they harbor a skeptical or pessimistic mindset toward their work environment and colleagues, such as employees or managers. The presence of this skepticism is a consequence of managerial behavior and actions or their relationships, which can stem from damaging intellectual, behavioral, or functional patterns. It becomes critical when such suspicions lack any basis and are solely within an individual’s thoughts, perceiving their surroundings as threatening and destructive. Unfounded suspicions have detrimental consequences for both the individuals and the organization, leading these individuals to be prejudiced due to their pessimistic thoughts, impeding effective communication within the organization, and tarnishing the professionalism of their occupation.

Auditors develop the illusion of conspiracy when they perceive inefficiency in management, signifying their inability to establish one-way communications within the organization. Conversely, auditors are unable to engage in discussions or seek counsel from their managers. Simultaneously, managers fail to provide discretionary authority to their employees, unwilling to address organizational issues with their staff, leading auditors to conceive that managers might have clandestine motives, which influences their behavior. This notion of an illusion of conspiracy significantly affects the auditing profession.

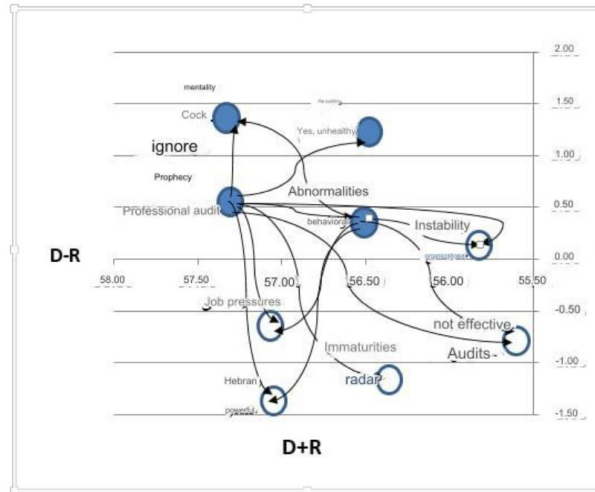


Figure 4: Another section of the mutual influence model among the studied factors

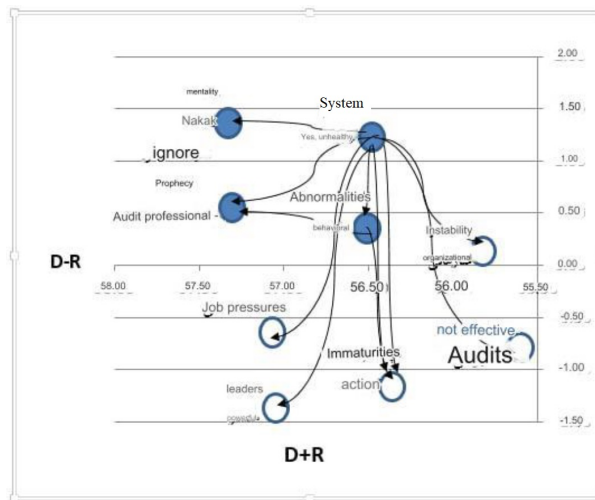


Figure 5: Another segment of the mutual influence model among the studied factors.

Certainly, the presence of the illusion of conspiracy among auditors poses irreparable damages to the auditing profession. Auditing ensures professional integrity, instilling financial confidence in society. Any tarnish on this aspect leads to societal distrust in the profession, resulting in occupational scandals within society. In recent years, and even presently, malpractices within audit organizations have often been directed toward auditors who are accused and implicated, particularly in cases where auditors possess auditing records. Therefore, it is essential for auditors to voice their opinions. Auditors are the main accused individuals in audit malpractice cases, taking actions that benefit stakeholders and stain the auditing profession.

In this regard, disregarding ethical principles in auditing happens more frequently among auditors affected by various environmental, organizational, personal, and other factors leading to the illusion of conspiracy. This results in detrimental effects on auditing communities, audit organizations, and the auditing profession, impacting entire societal segments of a country.

”Similar to other studies, this research has faced limitations that pave the way for future improvements in research. The constraints of this study can be debated from several perspectives. Firstly, this research does not claim that its findings represent the most comprehensive scenario. The limitation of access to suitable resources was confined to experts willing and available for interviews, potentially leading to caution among some experts during interviews and consequently not fully expressing their concerns and genuine opinions regarding the phenomenon under study, particularly in circumstances where interviewee voices were recorded. Therefore, key aspects of the auditors’ illusion of conspiracy might have been overlooked from the researcher’s and interviewed experts’ viewpoints. Hence, further

research in this regard seems necessary.

Considering the outcomes derived from the current study, the following recommendations are proposed:

1. An audit organization with a strong culture will benefit from unity, coherence, and cohesion, resulting from the existence of a friendly atmosphere among its members. All members will collaborate, with mutual trust, in facing various obstacles and issues, interpreting each other's actions and activities positively. Conversely, creating a politicized environment where actions are accompanied by power plays and political maneuvers aimed at eliminating each other will foster a pessimistic atmosphere alongside the illusion of conspiracy in the organization, ultimately hindering the reduction of this phenomenon.
2. Transparency within an audit organization, with clear processes and decision-making procedures, a transparent information system displaying organizational performance cohesively, will prevent auditors' minds from deviating toward the illusion of conspiracy.
3. If the organizational management approach is based on a communicative and participative leadership style, outlining policies and activities generally, leveraging individuals' opinions in decision-making and organizational functioning, and emphasizing the maintenance of proper relationships with auditors, unnecessary and inappropriate barriers between themselves and individuals will be removed, creating an unfavorable ground for fostering the illusion of conspiracy."
4. In an audit organization where both managers and auditors possess the necessary levels of mental competence, experience, education, and job competency, promotion will be based on meritocracy. This in turn reduces the illusion of conspiracy within the audit organization.
5. Recognizing behavioral and personality traits at the time of entering the auditing profession is one of the criteria that should be considered. It is strongly suggested that oversight bodies such as the Supreme Audit Court and the Securities and Exchange Organization, alongside written exams, specifically employ psychological assessments in their hiring processes. Professional opinions of auditors serve as a basis and a decisive criterion in promoting transparency. The appropriate alignment between personality traits and professional qualities in auditing may lead to a healthier society, free from corruption and illusions of conspiracy.
6. Organizational communications should be clearly articulated. Lack of transparent communication and explicit definition of responsibilities in individuals' tasks leads to job stress and nervous pressures, thus creating conditions conducive to the formation of an illusion of conspiracy.
7. The presence of an industrial psychologist within the audit organization reduces internal pressures and anger. This facilitates better execution of tasks, hence reducing the percentage of the formation of the illusion of conspiracy.
8. Enforcing laws and regulations within the audit organization gives employees a sense of justice. Therefore, drafting and implementing proper regulations take significant steps in eliminating the formation of illusions of conspiracy among auditors.
9. In an organization's human resources department, it's necessary to have information about individuals' personal lives, updated at specific intervals, to facilitate coping with new changes or events in employees' lives. These recommendations aim to cultivate an organizational environment that minimizes negative and inappropriate conflicts, encompassing various aspects such as organizational culture, communication styles, accountability, and more.
10. If confronted with auditors experiencing the illusion of conspiracy within the organization, understand that this issue won't vanish instantly and requires actions over time. This phenomenon is time-consuming and demands identifying the underlying causes and eliminating these factors. Communication becomes challenging when an auditor experiences the illusion of conspiracy due to perceptual and cognitive disruptions. Therefore, efforts to enhance trust within the organization are necessary.
11. In the case of extreme behaviors from an individual with the illusion of conspiracy, considering a therapeutic course for that individual could help control their behavior and perspective through medical treatments. The illusion of conspiracy arises from internal organizational events, so providing facilities that temporarily remove the individual from the organizational environment might be effective. Additionally, avoid confronting these individuals harshly, as understanding the reasons behind their thought patterns is essential, and your behavior may be misconstrued as a testament to their way of thinking.
12. Audit organizations and institutions active in auditing companies are advised to provide necessary training according to the current audit standards to enhance auditors' efficiency. Moreover, employing solutions such as increasing educational classes to boost professional ethics and skepticism among auditors should be considered.
13. The Iranian Institute of Certified Accountants is recommended to organize workshops related to the techniques used by managers in auditing at both institutional and professional levels. They should establish annual ratings based on criteria encompassing professional duties for controlling auditing institutions.

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