



Developing mediating measures of personal characteristic and code of conducts on influence of halo effect on audit judgment

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ABSTRACT

Judgment is a process in which people think and comment on aspects of issues being decided. Wrong decisions are often made of wrong judgments. Auditing is one of professions that uses judgment in decision-making processes. However, halo effects affects the auditor's perception as a decision maker, which reduces power of reasoning and analysis in decision making. In this regard, purpose of present study is to investigate halo effects on judgment of auditors. The research period was 1398 and data needed to answer research question were collected by distributing a questionnaire among community of certified public accountants. Accordingly, data obtained from 186 supplementary questionnaires were analyzed using structural equations and SmartPLS software.

Research findings show that halo has an effect on audit judgment and also cods of professional conducts and personal characteristics play a mediating role in the relationship between halo effect and audit judgment.

Keywords:

Audit Judgment, Halo Effect, Professional code of conduct, and Individual Characteristics.

1. Introduction

Judgment is a process in which people think and comment on aspects of issues which should be decided. Wrong decisions are often result of wrong judgments. Therefore, in order to improve decisions, mistakes in judgments must be identified and minimized. Auditing is a judgmental activity. In fact, responding to many issues and ambiguities that arise from nature of auditing is possible only by relying on professional judgment. In a general view, auditing consists of two functions, both of which are heavily depend on evidence. Therefore, it can be said that the most central issue in auditing is judging quantity and quality of audit evidence.

Auditors are expected to make proper and sound judgments whenever they conduct audit tests. Before performing audit process, auditors acquire knowledge of business unit and based on this knowledge, created an initial assumption about business unit. This initial assumption or initial knowledge that they have about the company is based on designing auditing tests. And failure to formulate initial hypothesis for purpose of test may lead to erroneous judgments in early stages of study [3]. Such a judgment arises from initial false hypothesis and final judgment from ambiguity of data which includes uncertainty and complexity [12]. Complex data refers to information with a comprehensive scope. In order to obtain information about business clients, auditors often need a comprehensive evaluation of data obtained about them. A comprehensive vision of data in strategic evaluation can help auditors identify various factors that threaten client's business model. Studies show that comprehensive data can increase accuracy of auditors' professional judgment [12]. But psychological studies have shown that evaluating issues presented in audit consideration can potentially create a halo effect [15].

Other audit research confirms that halo effect can be used to make erroneous decisions in assessing risk of material misstatement at analytical stage [17] or in evaluating alternative controls [6]. Therefore, it is important to reduce miscalculations (risky) and significant distortions due to halo effect to increase quality of auditors' final decisions [6]. Halo effect is an individual bias when evaluating a particular person or object, and this effect is achieved by generalizing evaluation of a particular feature and by evaluating other features [23]. In particular, an initial assessment that is based on an initial perception of information

that was first obtained, can significantly affect judgments about subsequent information [23].

In psychology and cognitive sciences, halo effect is a kind of error in cognition and decision making that is formed under influence of the previous judgmental mentality and can be far from truth and fairness. For example, when a teacher has a negative mentality about a student as a "lazy" person, this prejudice may affect his or her judgment in subsequent encounters. That is why teachers are always advised not to look at students' names when correcting exam papers so that previous mentalities do not affect how they are judged [3].

Using a comprehensive approach to evaluating a particular object may lead to distorted decisions in evaluating characteristics of object in detail, for example, we can mentioned risk assessment on analytical information or financial analysis risk. Wilkes [29] found that during continuity assessment period, auditors who are aware of their partners' pre-performance appraisal are reluctant to accurately evaluate evidence due to imposition of their own appraisal on their partners.

Previous studies have not provided a solution to reduce the halo effect, which, if found, can help ensure auditors professional decisions. Ariel et al. [2] provide empirical evidence to show that halo effect can be reduced by experience. They also show that an audit method cannot improve accuracy of auditors, which ultimately means that halo effect cannot be diminished. Auditors need more time to consolidate their experiences so that they can be more sensitive to potential halo effects in their audit sessions.

Utami et al. [28] suggest that by performing analytical methods, auditors experience halo effect according to their perception of their clients' appearance. These auditors tend to think of their clients as a picture of physical condition and scope of client's information. Nevertheless, Utami et al. [28] focus on examining halo effect due to customer appearance; they do not discuss strategies that can be used to reduce halo effect, a gap that this study hopes to fill.

On the other hand, decision-making process can be done by adhering to the set of ethical criteria developed by professional institutions or through a deeper decision-making process that is based on moral values and seems to be the most optimal action for all. The ability of auditors to resolve ethical issues

depends on their sound reasoning or understanding of professional conduct. Ethical behavior in auditing or any other activity is nothing more than using public perception of ethical behavior. Expertise is an individual ability and seems to be an important criterion for determining decision efficiency and the quality of judgment. Audit technical competence can be divided into experience (general and specialized) and knowledge [11].

Interaction between auditor general experience and his/her professional conduct has a positive effect on the quality of audit judgment. Because people who have more experience, whether this experience is defined by number of years of service or their job rank, because they interact more with moral environment and are more familiar with its concepts, quality of their judgments is increased [22].

On the other hand, people who are responsible for desirability of financial statements are actually involved in a complex and stressful process. Nowadays, auditors deal with complex allocations that are relatively complex to judge and decide. Accounting researchers are interested in the effect of individual psychological differences on such judgments and decisions. Large part of auditing is commenting base on professional judgment, and it is the personality traits of auditors that need to be examined more closely in order to conduct more detailed studies on audit quality [14].

In this regard, considering that studies conducted in and outside the country separately have only examined effect of individual characteristics and halo effect on auditor's judgment and relationship between these variables has not been examined together and this research gap has always existed. Therefore, in this study, we will try to investigate mediating role of individual characteristics and professional conduct on relationship between halo effects and audit judgment.

2. Theoretical framework and research background

Entering a specialized profession that requires decision-making requires distinct characteristics and features that the most important of which is the ability to make professional and high-quality and uniform judgments. Judging is process of making a choice or decision that leads to an activity. This is a simple definition of judgment. But judgment process probably

has a broader meaning. Conceptually, judgment involves an initial understanding and perception of subject, search for information, evaluation and weighting of existing information, consideration of value and desirability of potential outcomes, and finally decision making itself. Professional judgment is a concept that is often used in disciplines. In auditing, professional judgment means application of knowledge and experience within the framework of accounting standards, auditing and professional conduct to decide on choice of various options. Reliability in auditing as well as credibility and usefulness of financial reporting depend on good judgments by professionals [25]. Halo effect can be positive or negative on judge depending on previous mental image. Big companies in the world and famous brands try to use the positive side of this halo effects to market more of their products. In this regard, they try not to spoil the "name" of their product in the term and have a permanent validity.

The halo effect occurs when decision-makers' knowledge of overall assessment affects their objectivity in evaluating subsequent evidence, as well as when decision about final evidence is consistent with original evidence. The halo effect can also be called a positive halo effects [23] Positive evaluation of certain properties of certain objects can also lead to positive evaluation of other properties of an object. The study of the halo effect generally focuses its analysis on presentation of information that creates a convincing impression that is considered as a confirmatory process [25].

Halo effect has been studied by various researchers such as Odaniel and Schultz [17] and Garmling et al. [6]. Tests by Odaniel and Schultz [17] show that auditors who perform strategic appraisals are more involved in risk assessment and pay less attention to account fluctuations. Results show that auditors who have low risk estimate the business are less likely to detect adverse fluctuations in accounts than auditors who increase business risk. Garmling et al. [6] provide empirical evidence to support presence of halo effect in auditing. Researchers state that global knowledge about risk of mistakes is important for internal control, leading professional auditors to make a high assessment of alternative control.

Importance of this issue in auditing and various economic consequences that audit outcomes have, in this study, we will try to examine various effects that

auditors' judgment receives from halo effect, professional code of conduct, and auditor individual characteristics.

Flogard and et al [4] in a study entitled effect of professional code of conduct and experience on auditor judgments, selected a sample of 112 professional auditors and auditing students to examine effect of professional conduct and experience on judgment quality. Research results show that existence of professional conduct has a positive effect on quality of professional auditors' judgments compared to students.

Nugerah et al. [16] in a study entitled The relationship between ethics - expertise - experience and risk assessment and fraud in professional skepticism, the results show that professional skepticism is one of the most important auditing approaches in which the auditor It does not assume that management is fraudulent nor does it assume absolute honesty, but rather uses factors such as ethics-experience, etc. audit methods in gathering evidence appropriately, and is one of the causes of audit failures. Lack of doubt is a good profession.

Royaei et al. [20] in their study entitled relationship between indicators of skepticism and quality of auditing concludes that although many factors affect quality of auditing, but professional skepticism is an important component of audit quality and this component can be very effective in issuing audit reports and detecting significant deviations.

Hajiha et al. [7] in their article entitled relationship between characteristics of auditors' professional skepticism and their judgment and decision-making examined characteristics of auditor's skepticism and their relationship with auditor's judgment and decision-making. Results showed that characteristics of skepticism (personal trust, suspension in judgment, source of control and professional skepticism) affect judgment and decision of auditors. But the greatest impact is related to the source of control, and more attention is paid to it, quality of judgment and decision-making will increase.

Salman Panah and Talibnia [22] in their research entitled Investigating the Factors Affecting Ethical Judgment of Certified Public Accountants in Iran studied subject of research in Iranian professional community. Results obtained from test of research hypotheses showed that code of conduct approved by Certified Public Accountants and creative environment

of the company are variables affecting ethical judgment of certified public accountants in Iran. The findings also showed that there is no significant relationship between personal characteristics and ethical judgment of certified public accountants.

Foroughi et al. [5] examined factors affecting ethical judgments among Iranian Certified Public Accountants. Results show that there is a significant positive relationship between importance of professional conduct and perception of Iranian certified public accountants of the ethical environment of their organization with their ethical judgment. In other words, more ethical the Iranian accountants think of their organization's ethical environment, more ethical they will be in terms of judging. In this article, no significant relationship was observed between age of participants and their moral judgment. In addition, there was no significant relationship between participants' response based on their job category and level of education with their opinions, but gender did not make a significant difference.

In his study, Rajabalizadeh [19] examined effect of auditors' emotions and mental states on judgment of auditing profession. Researcher analyzed results using data collected by questionnaire. Results of this study, in short, indicate that experience of positive and especially negative emotions and mental states by auditors, can lead to their bias and ultimately negative impact on professional judgment and decision making.

Hosseini et al. [11] in an article entitled Explaining components affecting professional skepticism of auditors based on individual dimensions examined subject of research in Iranian accounting society. Results based on the effect of knowledge search, self-confidence and interpersonal understanding on audit professional skepticism support research hypotheses and other factors do not explain professional skepticism.

Akbari et al. [11] in their research examined effects of experience on involuntary behaviors of auditors. For this purpose, required data were collected through a questionnaire that was distributed among auditors. Data analysis was performed through path analysis in structural equations. Research findings show that experience in highly experienced auditors has been able to moderate the predictive effect of auditor. Therefore, it is better to train inexperienced auditors with this phenomenon through training so that they can consider its effect on their decisions.

Tabesh et al. [24] investigated halo effect on professional career of auditor. The period of questioning the subjects was 6 months from December 2019 to June 2020. The statistical population of study was auditors working under supervision of auditing organization who participated in two experimental and control groups. The research instrument was a questionnaire that was inspired by Odenil et al.'s [17] questionnaire to measure halo effect. Multivariate Maneuver test, repeated measures analysis of variance and post hoc tests were used to analyze the research hypotheses. The results of research in form of first hypothesis showed that auditors who have no halo bias, have a higher professional identity compared to other auditors. Also, based on the result of the second hypothesis, it was found that auditors who have no halo bias, have higher professional doubts than other auditors.

Hirani et al. [10] in their article examined effect of auditors' social characteristics on their judgment to resolve conflict between management and auditor. Findings showed that auditors' professionalism affects professional judgment, but professional judgment does not play a moderating role in effect of professionalism on the conflict between auditor and management. The results also showed that overconfidence of certified public accountants and their Machiavellian personality affect professional judgment and professional judgment plays a moderating role in the effect of overconfidence and Machiavellian personality on conflict between auditor and management.

Utami et al. [26] in a study entitled halo effects on auditors' decisions, tested existence of halo effects in providing information. Evidence from this study shows that method of acquiring knowledge about an audit subject reduces halo effects.

Saeedi and Naseri [21] in their research examined individual differences and professional judgment of auditor. The statistical population of this study was auditors working in institutions that are members of Certified Public Accountants. To conduct this research, an experimental design and in order to collect data and assess the personality of the subjects, standard psychological questionnaires have been used. The results show that all the variables studied in this article (optimism and self-confidence, experience and gender) lead to differences in professional judgment of auditors.

In their research, Broberg et al. [3] examined effect of auditors' personal and professional characteristics on commercialization of audit firm. The results show importance of personal and professional characteristics of members of audit firm and especially managers of the firm on commercialization of activities of audit firm.

In their paper, McDaniel et al. [14] examined halo effect on audit risk. These researchers examined subject of research in statistical community of American auditors. Results obtained using questionnaires collected from statistical sample show that halo effect is effective on auditors' assessment of audit risk.

3. Research hypothesis

Halo effect in auditing profession occurs when auditor's perception of impartiality in examining primary evidence is affected by positive or negative characteristics of client, so that existence of these characteristics affects, his judgment and decision. One of factors influencing people's judgment is halo effect. Halo effect is present in many aspects of our lives and almost all human beings are affected by halo effect. According purpose of this study is to exam following hypothesis:

- 1) Halo effect affect auditor judgment.
- 2) Professional code of conduct have a mediating effect between halo effect and auditor judgment.
 - 2-1) Cognitive approach of professional code of conduct have a mediating effect between halo effect and auditor judgment.
 - 2-2) Structural approach of professional code of conduct have a mediating effect between halo effect and auditor judgment.
- 3) Individual's characteristics have a mediating effect between halo effect and auditor judgment.
 - 3-1) Individual's gender have a mediating effect between halo effect and auditor judgment.
 - 3-2) Individual's experience have a mediating effect between halo effect and auditor judgment.
 - 3-3) Individual's education have a mediating effect between halo effect and auditor judgment.

3-4) Individual's age have a mediating effect between halo effect and auditor judgment.

4. Research methodology

The research method was applied by designing an experimental group with a control group in which halo effect on dependent variable and mediating variables is measured. Independent, dependent and mediating variables were measured through a questionnaire. Also, this research is a descriptive survey-correlation method according to data collection method. In other words, required data were collected based on a survey. Accordingly, questionnaire was used as a research tool because following previous research is an effective method of collecting data from a large sample. The period of questioning the subjects is 2020. The number of population at the time of distribution of the questionnaire was 2576 people consisting of 285 certified public accountants employed by the auditing organization, 1059 certified public accountants employed by the auditing firm and also unemployed, and finally 1232 certified public accountants.

Using Cochran formula, we calculated the number of samples, which is 334 people based on this model. Research questionnaires were distributed among the statistical sample that 186 supplementary questionnaires could be used and the data of these questionnaires were collected and analyzed.

5. Research variables

The variables of this research are divided into three groups of independent, dependent and mediating variables in order to test the hypotheses.

5.1. Dependent variable

Auditor's Judgment: In this section, information and financial statements for current year (unaudited) of a hypothetical company and audited comparative financial statements of past two years, along with financial ratios extracted from these financial statements and ratios of this year. At the end of this section, proposed time budget for some accounts that contain estimates (including 4-hour inventory depreciation reserve, 4-hour doubtful receivables reserve, 4-hour fixed asset depreciation expense) is presented to the subject (13 hours in total). He is asked to judge this time using the information and financial statements of company, as well as extracted financial

ratios, and to change this time at his discretion. Time allotted by auditor in this section is criterion for measuring dependent variable (professional judgment). This tool is designed in such a way that the figures of this year's accounts and financial ratios for this year have undergone drastic changes compared to the same information two years ago. This tool was designed by Lee in 2009 [13] and in 2017 used by Utami [27] and by Naseri and Saeedi [21].

5.2. Independent variables

Independent variable of this research is halo effect that: Halo effect occurs when audit of a company is outsourced to an auditor and auditor conducts audit based on his or her own general feelings and opinions. This effect can occur both negatively and positively, meaning that initial feeling can be the reason for very good or very bad evaluations.

In this study, two groups of control and experiment have been used to measure halo effect. In relation to a company, a series of information has been provided to auditor (control group) and attempts have been made to use companies. Which is comprehensively and completely known to the auditors and is also selected in such a way that these companies have prominent positive and negative points in a way that can affect auditors, second group of experiments consisting of relevant data Companies are provided with a series of financial and non-financial information without mentioning the company name to auditors. This is to avoid creating halo effect on auditors [27].

5.3. Mediating variables

Professional code of conduct: In this study, two cognitive and structural approaches related to professional code of conduct were used:

Cognitive approach: This approach focuses on professional accountants as knowledgeable people and purposeful decision makers. In this approach, there are two theories that auditors often use, which are theory of utility and rule of ethical duties.

Structural approach: This is a conceptual tool to describe integration of forces created and applied in dynamic societies. This concept is a normative description that describes how norms and values are created, restructured, and applied within dynamic social structures by social institutions. Ethical behavior seems to play a central role in social integration

mechanisms and is not dependent on a specific institution or context. Integrated social rules are a function of relationship between set of social structures and human representation.

Theoretical article of Hasas Yeganeh [9] was used In order to measure variables of professional code of conduct (cognitive approach and structural approach). In this way, concepts presented in this article were determined as questions to measure these variables and these questions were placed among theoretical and professional experts to finally determine the questions in a standard and accurate manner that are a suitable measure to determine these variables.

Individual features: variables of gender, education, age and experience have been used as variables of individual characteristics following research of Saeedi and Naseri [21] in this study and necessary

information has been extracted from demographic section of questionnaire.

6. Research findings

Findings of research are presented in two sections: 1- Descriptive statistics and 2- Inferential statistics:

• Descriptive Statistics

A summary of demographics and their characteristics is provided in table below.

To analyze collected data, analytical statistics are presented in form of descriptive and inferential statistics. First, using descriptive statistics, a cognition of status and demographic characteristics of respondents is obtained, and then research hypotheses are examined using smartPLS software.

Table 1. Demographic of Questionnaire

Gender	Frequency	Age	Frequency	Education level	Frequency	Experience	Frequency
Female	48	30-40	92	B.A	65	10-15	92
Male	138	41-50	64	M.A	88	16-20	49
-	-	Above 50	30	P.h.D	33	Above 20	45
Sum	186	Sum	186	Sum	186	Sum	186

Table 2. Research descriptive data

Measures	Judgment	Halo effect	Cognitive approach	Structural approach
Median	12.78	3.71	2.95	2.46
Mean	12.01	4.05	3.05	2.25
St. deviation	2.13	0.84	0.66	0.74
Variance	1.09	0.68	0.34	0.69
Max	20	5	5	5
Min	6	2	1	1
Sample	186	186	186	186

• Test of research hypotheses

Cronbach's alpha, combined reliability:

According to PLS, Cronbach's alpha coefficients and combined reliability have been calculated and reported, results of which are shown in the table below.

Considering that appropriate value for Cronbach's alpha and combined reliability is 0.7 and according to the findings of above table, these criteria have adopted a suitable value for latent variables, it can be confirmed that reliability of research variables.

Table 3 - Cronbach's alpha standard results and combined reliability of latent research variables

Measures	Symbol	Alpha>0.7	CR>0.7
judgment	Jud	0.916	0.888
Halo effects	Hal	0.965	0.873
Cognitive approach	Dis	0.894	0.964
structural approach	Con	0.952	0.967

• **Convergent validity**

Second criterion for examining the fit of measurement models is convergent validity, which examines degree of correlation of each structure with its questions (indicators).

Table 4 - Convergent validity results of latent research variables

Measures	Symbol	AVE>0.5
judgment	Jud	0.916
Halo effects	Hal	0.886
Cognitive approach	Dis	0.721
structural approach	Con	0.895

Considering that appropriate value for AVE is 0.4 and in accordance with findings of table above, this criterion has adopted a suitable value for latent variables, thus confirming appropriateness of convergent validity of research.

• **First hypothesis test**

Significant coefficients (t_values) and factor load have been used to confirm or reject first hypothesis of research, and the results confirm the first questions of the research. The results of these tests are as follows. Measurement of significance coefficients (t_values values) and factor loads:

Table 5 - Factor load coefficients and significance coefficients

Measures	Symbol	Factor load	Sig.coefficients
judgment	Jud	0.984	3.864
Halo effects	Hal	0.885	5.487

Based on calculations, standard operating load of the judgment variables and the halo effect are equal to 0.98 and 0.89, which is higher than 0.30 and is a desirable value. Also, their t-statistics of 5.11, 4.97 and 3.33, which is higher than 1.96, along with a factor load above 0.30, confirms the first hypothesis as halo effect affect auditor judgment.

• **Second research hypothesis test:**

To confirm or reject second hypothesis of research, significant coefficients (t_values) and factor loading

have been used, and results confirm second hypothesis of research. The results of these tests are as follows. Measurement of significance coefficients (t_values values) and factor loads:

Table 6- Factor load coefficients and significance coefficients

Measures	Symbol	Factor load	Sig.coefficients
judgment	Jud	0.984	3.864
Halo effects	Hal	0.885	5.487
Cognitive approach	Dis	0.714	4.163
structural approach	Con	0.835	4.337

Based on calculations, standard factor load of variables of cognitive and structural approach and halo effect are equal to 0.71 and 0.84, which is higher than 0.30 and is a desirable value. Also, their t-statistics of 4.16 and 4.34, which is higher than 1.96, along with a factor load above 0.30, indicate the confirmation of the second hypothesis of the research, which consists of two hypothesis: cognitive approach of professional code of conduct have a mediating effect between halo effect and auditor judgment. Also, the second sub-hypothesis: structural approach of professional code of conduct have a mediating effect between halo effect and auditor judgment.

In this study, Sobel test has also been used to investigate mediating role of cognitive and structural approach. Results obtained according to the Z-value obtained from the Sobel test are equal to 2.618 and 2.618, respectively, and because the absolute value they are more than 1.96, so it can be stated that at the 95% confidence level, the mediating variable of professional conduct is a significant halo effect on audit judgment.

Table 7- Results of the significant test of the effect of the adjusting variable

Structural path of research	Sobel statistic Z-Value	P-Value
Halo effects - structural approach- Judgment	2.618	0.000
Halo effects - Cognitive approach - Judgment	3.117	0.000

• **Third research hypothesis test:**

The results obtained from Sobel test are more than 1.96 due to their Z-value and absolute value, so it can be stated that at the 95% confidence level, the mediating variable of individual characteristics has a significant effect on the hidden audit judgment.

Table 8 - Significant test results of the effect of the adjustment variable

Structural path of research	Sobel statistic Z-Value	P-Value
Halo effects - education- Judgment	2.763	0.000
Halo effects - age - Judgment	2.417	0.000
Halo effects - experiment- Judgment	4.854	0.000
Halo effects - gender - Judgment	0.306	0.842

7. Discussion and conclusion

Theoretical foundations of this study were based on model proposed by Utami et al. [21] and we tried to experimentally test this model in Iran using data collected from Certified Public Accountants and also to consider adjustment effect of several variables. Provided experimental results. Accordingly, data obtained from 186 supplementary questionnaires were analyzed. Experimental findings obtained from this study show that halo effect has an effect on audit judgment and also of professional code of conduct and personal characteristics have a mediating role on relationship between halo effect and audit judgment. Accordingly, in response to main research question based on explaining halo effect in auditing and its judgmental consequences and derived from empirical answer to all research questions.

Findings show that positive halo effect has effect on audit judgment and also code of professional behavior and personal characteristics play a mediating role on relationship between halo effect and audit judgment. This relations are direct and shows positive relationship between dependent and independent variable and also the mediating effects of code of professional behavior and personal characteristics. Research findings are evidence that existence of halo effects bias in individuals often manipulates human cognition based on mental assumptions and causes individual perception and action to move away from real events. And cause people to make misjudgments. Also, controlling this type of bias in individuals in

terms of personal and professional characteristics or cultural environment of that profession in society, will cause a person to act and try with peace of mind and mastery of professional and moral content of his profession as an auditor. To properly present responsible roots of this profession to the society. Accordingly, lack of a halo effect causes auditor not to formulate his identity according to the client, but professional and social characteristics of the audit cause the auditor's identity to be formed in the heart of this profession.

Findings show that halo effect has an effect on audit judgment and also professional code of conduct and personal characteristics have a mediating role on relationship between halo effect and audit judgment. The results of this study are in line with the influence of individual characteristics on judgment of auditors with research of Saeedi and Naseri [21], Hasas Yeganeh [5] [8]. However, result obtained from the relationship between halo effect and audit judgment is similar to the result obtained from the research of Tabesh et al. [24], Utami et al. [26] [27].

Finally, it can be hoped that legislative and regulatory organizations and institutions, in addition to developing training programs to improve quality of audit work, try to have programs for development and application of professional conduct in order to avoid intensify halo effects that occur in auditors. Auditing firms are also advised to use auditors with different individual characteristics. Under these circumstances, auditor finds his identity based on the job and professional characteristics of profession in the career path, and are not affected by the name and reputation of owners. This causes him to avoid halo effect due to disproportionate professional motivations and to define and adhere to perception and practice commensurate with values of this profession during his career path.

There are discussions about limitations of this research. Behavioral concepts should be cautiously generalized due to behavioral complexities. On the other hand, there is a high possibility of error in measuring theoretical and behavioral issues. The use of a wider sample also contributes to the richness of model, and research questions may not be a complete substitute for items. Finally, research findings can be used to explain following topics:

- Identifying halo effect in auditing and its judgmental implications

- Dimensions that contribute to the results leading to halo effect
- Factors affecting formation and orientation of halo effect
- Identifying effect and role of adherence to the code of professional conduct on relationship between halo effect on audit judgment
- Identifying effect and role of individual characteristics on relationship between halo effect and audit judgment.

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