

*Full Length Research Paper*

# Evaluating effective factors on the professional power of certified public accountants: Iranian evidence

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**The purpose of this study is to identify and evaluate the effective factors on the professional power of certified public accountants (CPA) and to evaluate the status of these factors from user's perspective in Iran. The sample population consist listed companies on Tehran Stock Exchange. A questionnaire with 0.892 Cronbach's alpha coefficient is employed in order to gathering data. The results reveal that the identified factors of this research increase the legal power, expert power, reference power, reward power and punishment power of CPA and these power resources increase the professional power of CPA. The paper is the first study about the professional power of auditors in Iran so; it may helps to improve the professional power of auditors in Iran.**

**Key words:** External auditor, professional power, Iran.

## INTRODUCTION

Accounting is an information system that provides financial information in form of financial reports and gives them to users (Salehi and Abedini, 2008). Financial statements are instruments that stakeholders like shareholders, creditors and public use to make economical decisions. Audited financial statements have more value and are more reliable for decision making (Salehi et al., 2008). In fact, auditing has an increasing role in accounting literature (Salehi, 2008). Auditing is an ordered and systematic process of gathering and neutrally evaluating evidences of claimed economic events in order to determine the compliance of these claims with predefined measures and report the results to stakeholders. CPA does this process in compliance with auditing standards and compares the financial statements and accounting entries with predefined measures (that is accounting standards) and finally reports the results of his work to stakeholders in the form of auditing reports. Among these stakeholders are CPA's employers that may be somewhat disagree with his opinion and some of the auditing reports contents so they pressure the CPA to modify his

idea. Audits are expected not to provide comments which are on contrary with the auditing standards and professional judgments to protect their profession authority and position (Salehi and Azary, 2008). This may not be possible unless they identify and pay attention to the set of effective factors. This set of factors forms the professional power of CPA.

## Research problem

CAP should always interact with accounting rules, auditing standards, satisfying public and employer's interests for decision making and giving opinion in auditing report (Salehi et al., 2009). Each of these factors influences auditor's decisions in proportion of its power. Employers by using their power in contract time and determining the circumstances in competitive environment; auditors by using their power like transaction cost for substituting auditor; and auditing and accounting standards by using their power while editing standards. Meanwhile, CPA should decide and give opinion somehow that satisfies the profession health and public interests in process of resolving the conflict between auditor and employer on selecting, applying, uniformity of accounting standards and sufficient information disclosure. This ideal process

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is impossible unless there is a balance between the power of auditing profession system and its players; include employer, public and auditor. The interpretation of these conditions requires identifying the effective factors on professional power of CPA and evaluating their relative values. In this view, auditing profession is assumed an ordered social system that aims to achieve an ideal goal called satisfying public interests. In this system, the power is a mean for assuring profession health, rather than for illegal abuses. In social model, auditing profession is a civil institution which has some degrees of responsibility, wisdom and consideration of public welfare which are not essential and common specifications for non-professional bodies (Mautz, 1988). It is assumed that auditing professional specifications affect auditors' tendency for satisfying their own interests especially when there is a conflict between professional obligations and their individual considerations. Professionalism is stated as a social sophisticated structure that exists in social and economical activities with its unique characteristics to increase society public welfare and its main capital is the public trust, and belief in its essential existence in society. Auditing process also as a profession satisfies the public interests by auditing reports.

Researches show that the existence of at least three factors cause different professions create, grow and expand during human civilization history and make them permanent. These three factors include:

1. Professional formation
2. Code of ethics
3. Philosophy, theoretical bases, professional principals and standards

It is assumed that auditors whose position is the outcome of comprehensive professional education and great experiences are directed by moral standards, resist against employer pressure, take proper professional steps about every kind of information distortion that make the financial statements distorted and don't give any opinion on contrary with their professional judgment (Emby and Davidson, 1993). The role of power is undeniable. As mentioned before, auditing profession is assumed as a social system that adjusts the relationship between auditor and employer on the base of certain professional obligations and is expected to attain its goal to satisfy public interests by proper financial reporting and in framework of rules and regulations, professional standards and their interrelations. There is a mutual relation between auditor and employer and each of them as a part of an organization, affect each other and their environment. Because of auditing supervisory role, it should have a high position as the lack or relative failure of auditing power distorts the control principle.

In order to make a strategy for CPA profession, its effective factors should be identified and evaluated properly to improve CPA effectiveness.

The status quo of CPA's professional power is a

function of numerous structural (environmental) and internal (inscribed) factors that failure of each of them causes a failure for auditing profession to achieve its ideal goals. In this research the main question is: Which factors affect the CPA professional power? Should we look for variables that directly affect the CPA professional power? Should we just consider the job circumstances of auditing profession or should we consider the environmental, social, political, cultural and even historical circumstances of it too? Do the moral, behavioral and conscience variables affect the professional power too? All of these questions are summarized in the research main question (which factors affect the CPA professional power?) and in this research we are looking for effective factors on the professional power of CPA by offering operational indices.

### Importance of the study

Since company employers have interest conflict with managers, they always think that auditors protect the interests that they have given to managers. So they always look for CPAs having professional power to ensure that the managers have reported realities properly. In other hand, potential investors pay great attention to auditor's report and always like that CPAs have professional power to reflect realities in their reports in order to decrease their investment risk. Therefore, identifying and evaluating the effective factors on the professional power of CPA from the perspective of financial statements' users carries great importance for auditing profession in order to empower the factors that are important and effective.

### LITERATURE REVIEW

Several researches have been done on the power sources of employers by the profession researchers and the major results of them show that the main source of employer power is the dependence of auditor to keep an employer.

Yeganeh and Rajabi (2005) extracted 40 variables after the literature review and evaluated the type of relationship, relation value and status quo of these factors from the perspective of partner CPAs of Iranian auditing institutions in their research. The consequences of this research were developing a model of effective factors on the professional power of CPA in Iran and evaluating their status quo. Research findings showed that there was a relation between 39 of these factors and the professional power of CPA that 28 of them had direct relation, 8 of them had reverse relation and 3 of them had equal relation. The status quo of 21 factors was undesirable, the status quo of 17 factors was slightly desirable and the status quo of just 2 factors was somewhat desirable in Iran. In the mentioned research, the testing group of partner CPAs of auditing institutions was chosen

as the responsible group for auditing reports and an aspect of CPA professional power were evaluated.

Existence of auditing institution competitors is considered a major source for employer power and when there are conflicts over the professional issues, or fees, it will decrease the auditor power (Goldman and Barlev, 1974; Knapp, 1985; Gul, 1991).

The ability of employer in determining the auditors working conditions including: Job facilities, accessibility to staff and information, and setting deadline for work will lead to employer power (Goldman and Barlev, 1974).

If the employer has the ability to depose and nominate the auditors, he will have more power. If the employer has the ability to negotiate over the auditing fees, he will have more power too (Embay and Davidson, 1998).

Users think that if the audit market is more competitive or a large volume of non-audit services is rendered to the employers, employers will have more power (Knapp, 1985).

In this research, first, the literature will be reviewed complementary and new aspects of the relevant literature will be identified and analyzed; then, if it is possible, new factors will be identified or existing factors will be moderated. As the second change, a different group will be selected and mentioned research will be recreated. By changing the assumptions variables and the questionnaire, we will do the same research on the users of auditing services.

Reviews on recreating, for identifying the certainty of past research's results and adding them to a scientific database, are absolutely increasing and essential (Otlej and Pollanen, 2000).

Chung and Lindsay (1988) severely examine this issue: "Successful recreating is the foundation of scientific information and such a process tells us whether the results have been achieved or not. Recreating also shows the range of conditions that desired results occurrence can be expected under those conditions. "

## METHODOLOGY

According to the objective of the study the main hypothesis is postulated in the study as follows:

Main hypothesis: There is a significant difference between the independent variable being studied in this research and CPA professional power.

Sub- hypotheses related to the first main hypothesis including:

1. There is a significant difference between the effective factors on the legal power and the professional power of CPA.
2. There is a significant difference between the effective factors on the export power and the professional power of CPA.
3. There is a significant difference between the effective factors on the reference power and the words power of CPA.
4. There is a significant difference between the effective factors on the reward power and the professional power of CPA.
5. There is a significant difference between the effective factors on the punishment power and the professional power of CPA.

Research place demarcation includes all the companies accepted in Tehran Stock Exchange market and the selected samples are chosen randomly. In this section the type of research methodology, data gathering, sample population and data analysis method is illustrated.

This research is applicable and is a research that is done by using the result of fundamental researches in order to improve behaviors, methods, tools, equipments, productions, structures and used patterns by human societies. Theoretical literature of this research that comprises of two sections "professional" and "power"; will be collected through library studies, past researches and reliable internet sites.

Necessary information for analysis and hypothesis testing of this research will be collected by questionnaire.

The environment of this research is Tehran Stock Exchange. Sample population of this research is financial managers of listed companies on TSE as users of auditing services and chosen samples are selected randomly from this population. The data collecting instrument of current research is questionnaire. Written questionnaire will be used as a data gathering instrument because of the following reasons:

1. Questionnaire makes it possible to gather more information with relatively least cost
2. Questionnaire has more reliability than interview and collected data due to being devoid of any environmental impact, has greater objectivity.
3. Finally, compared to interview, in most circumstances using a questionnaire to gather information is more practical and easier. This advantage allows the researcher to study larger samples and therefore cause the improvement of results generalization.

As aforementioned, the purpose of this research is to evaluate the effective factors on the professional power of CPA from the perspective of auditing services users. So, given to the research topic, financial managers of Tehran Stock Exchange companies as users of auditing services are chosen as the sample population, therefore, our sample population is constituted of 423 companies operating in Tehran Stock Exchange. (N=423)

In this research, SPSS and S-Plus software are used for statistical analysis. In analysis, first, assumptions are tested by statistical method "chi-square test" with 95% confidence. Then in grading criteria, factors are ranked by using the mean and standard deviation indices. The less standard deviation of sample, the less dispersion of received responses. Obviously, higher standard deviation shows the dispersion of received responses frequency.

### Questionnaire reliability

Reliability means that in similar conditions, to what extent the measuring instrument causes the same results. To estimate the reliability of this research questionnaire, Cronbach's alpha coefficient is used. This method is used to calculate the coordination of measuring tools such as questionnaire or tests measuring various features. The calculated alpha coefficient of the questionnaire is 0.892 which ( $0.7 < 0.892$ ) indicates high reliability of the measuring tool in this research.

### Questionnaire validity

If a questionnaire measures what it should measure, that is does its work properly and accurately, it will have validity. In the first stage of the research, a relatively detailed library studies were done in order to gain enough knowledge about auditing theoretical bases and effective factors on CPA professional power. In this stage, while studying auditing theoretical bases, which were mainly from reputable books and papers on accounting and auditing, many

**Table 1.** Bio data of participants.

Degree	Field		Subject of the taught lesson		Experience in accounting profession		Participating frequency in general meeting		Major experience of respondents		
B.S	49(61.20)	Accounting	61(76)	Auditing	4(5)	Less than 10 years	17(21.30)	Do not have participated so far	0(0)	Auditing organization auditor	40(50)
M.S	28(35)	Management	13(16.30)	Industrial accounting	7(10)	11-15 years	21(26.30)	1-5 times	26(32.50)	Private sector auditor	39(48.80)
PHD	3(3.80)	Economics	2(2.50)	Principles of accounting	8(8.80)	16-20 years	18(22.50)	6-10 times	13(16.30)	Other	1(1.20)
		Other	4(5)	Other	2(2.50)	More than 20 years	24(30)	More than 10 times	41(51.20)		
		Missing data	59(73.70)								
Total {N(100)}	80(100)		80(100)		80(100)		80(100)		80(100)		80(100)

effective factors were extracted and based on them, 40 questions of the questionnaire were asked. To evaluate the questionnaire validity, we consider all of the questions with each other and finally, among 40 questions, 5 questions, which had less validity than the others, were omitted from the questionnaire. So the final questionnaire with 35 questions (factors) was distributed among sample population.

**Determining sample size and sampling**

Considering that 423 companies are operating in Tehran Stock Exchange, selected sample was chosen by the following function:

$$n = \frac{N(Z_{\alpha/2})^2 pq}{(N - 1)d^2 + (Z_{\alpha/2})^2 pq}$$

By considering the maximum difference (d=0.1) and the worst ratio (P=1.2) and error probability ( $Z_{\alpha/2} = 1.96$ )  $\alpha = 0.05$ , n was estimated approximately 80 companies (n=87).

Where; N = Total population; P = population ratio; D = Maximum difference between the population ratio and the estimated ratio and  $Z_{\alpha/2}$  = Standard normal distribution.

In the first stage, given to some probabilities, 100 questionnaires were randomly distributed among the participants. 31 questionnaires were returned by three months. Then we called companies and 6 questionnaires were returned within 15 days. After that, given to time constraints, 43 remaining questionnaires were distributed and collected directly.

**RESULTS AND ANALYSES**

**Single variable analysis**

Table 1 shows frequency of respondents with different individual characteristics.

**Testing of main hypothesis**

For this testing, the research hypothesis is stated as follows:

H<sub>0</sub>: There is no significant relation between identified effective factors and the professional power of CPA.

H<sub>1</sub>: There is a significant relation between identified effective factors and the professional power of CPA.

The summary of hypothesis testing results for 35 identified factors is shown in Table 2. Table 2 shows that the hypothesis H<sub>0</sub> of all the identified factors is rejected, so the hypothesis H<sub>1</sub> of all the factors will be accepted. It means that there is a significant relation between all the questions (factors) and the professional power of CPA and these factors can be used in the first main hypothesis.

**First hypothesis testing**

H<sub>0</sub>: There is no significant relation between Effective factors on the legal power and the professional power of CPA.

**Table 2.** Results of testing of main hypothesis.

Q.	Effective factor	Calculated	D.f	Sig.	Results
1	Sufficient regulations for obligating CPA	43.225	2	0.000	H <sub>0</sub> Rejected
2	Legal responsibility of auditors to apply professional standards	146.063	3	0.000	H <sub>0</sub> Rejected
3	Culture of accountability in society	34.962	2	0.000	H <sub>0</sub> Rejected
4	Greater use of audited financial statements for decision making and accountability	107.076	3	0.000	H <sub>0</sub> Rejected
5	Binding auditing standards	113.375	4	0.000	H <sub>0</sub> Rejected
6	Binding auditing standards	156.875	4	0.000	H <sub>0</sub> Rejected
7	Binding code of ethics	93.125	4	0.000	H <sub>0</sub> Rejected
8	periodic and mandatory replacement of auditors	26.5	4	0.0002	H <sub>0</sub> Rejected
9	Employer ability for optional replacement of auditors	17.5	4	0.000	H <sub>0</sub> Rejected
10	Supplying suitable fees for auditing services	29.6	3	0.000	H <sub>0</sub> Rejected
11	Rendering non-auditing services to auditing employer	24.228	4	0.000	H <sub>0</sub> Rejected
12	Longer longevity of auditing institutions	53	4	0.000	H <sub>0</sub> Rejected
13	Larger auditing institutions	13.3	3	0.000	H <sub>0</sub> Rejected
14	The relationship of auditing institution with international auditing institutions	91.718	3	0.000	H <sub>0</sub> Rejected
15	Long-term relationship of auditor with one employer	11.063	4	0.026	H <sub>0</sub> Rejected
16	Auditing dependency to the receiving fees from an employer	53.375	4	0.000	H <sub>0</sub> Rejected
17	Capital market reaction to the opinion and content of auditors reports	61.6	3	0.000	H <sub>0</sub> Rejected
18	Observance of real (inner) apparent independence of auditors	108.494	3	0.000	H <sub>0</sub> Rejected
19	Observance the apparent independence of auditors	13.875	4	0.008	H <sub>0</sub> Rejected
20	Several changes and movements of auditors in auditing institutions	52.625	4	0.000	H <sub>0</sub> Rejected
21	Higher technical and professional competence of auditing institution personnel	64.506	2	0.000	H <sub>0</sub> Rejected
22	Competition between auditing institutions to attract employer	27.519	4	0.000	H <sub>0</sub> Rejected
23	Auditing total quality control	130.772	3	0.000	H <sub>0</sub> Rejected
24	Job satisfaction of auditing institution personnel	40.203	2	0.000	H <sub>0</sub> Rejected
25	Higher academic qualifications of graduated volunteers to enter auditing profession	42.175	2	0.000	H <sub>0</sub> Rejected
26	More conflict between internal and professional considerations in auditing institutions	31.263	3	0.000	H <sub>0</sub> Rejected
27	Higher thought of auditing institutions about their institution professionalism level	35.711	4	0.000	H <sub>0</sub> Rejected
28	Public attitude toward the professionalism level of auditing institutions	50	4	0.000	H <sub>0</sub> Rejected
29	The effectiveness of auditing operation executive process	22.895	2	0.000	H <sub>0</sub> Rejected
30	The pressure of auditing operation time budget	22.375	4	0.000	H <sub>0</sub> Rejected
31	Informal relationship between auditors and employer	87.564	4	0.000	H <sub>0</sub> Rejected
32	Audit committee in units being audited	22	3	0.000	H <sub>0</sub> Rejected
33	Internal auditing existence	52.076	4	0.000	H <sub>0</sub> Rejected
34	Separation of ownership and management units being audited	30.974	4	0.000	H <sub>0</sub> Rejected
35	Continuous professional training for all the personnel levels of auditing institutions	84.925	2	0.000	H <sub>0</sub> Rejected

H<sub>1</sub>: There is a significant relation between effective factors on the legal power and the professional power of CPA.

Using chi-square test and given to that the calculated value of chi-square test (56.946) is more than the value of critical chi-square test in level 0.05 and 2° of freedom

**Table 3.** Frequency of legal power.

Variable	Expected frequency (E <sub>1</sub> )	Observed frequency (O <sub>1</sub> )	Frequency without considering missing data (%)
Strongly agree	24.7	13	17.6
Slightly agree	24.7	55	47.8
No effect	24.7	6	8.1
Missing data	-	6	0
Total	100	80	100

which is equal to 5/99, the hypothesis H<sub>1</sub> is accepted with 0.95 confidence.

$$\sum_{i=1}^3 \frac{(O_1 - E_1)^2}{E_1}$$

$\chi^2 = 56.946 > 5.99$  — H<sub>0</sub> will be rejected with 0.95 confidence

According to Table 3, the answers of the independent variable legal power have chosen 91.9% of the given answers to the strongly agree and slightly agree options that has positive effect of the investigated factors on the professional power of CPA. So it can be concluded that the investigated factors increase the professional power of CPA.

**Second hypothesis testing**

H<sub>0</sub>: There is no significant relation between effective factors on the expert power and the professional power of CPA.

H<sub>2</sub>: There is a significant relation between effective factors on the expert power and the professional power of CPA.

Using chi-square test and given to that the calculated value of chi-square test (64.493) is more than the value of critical chi-square test in level 0.05 and 1° of freedom which is equal to 3.84, the hypothesis H<sub>2</sub> is accepted with 0.95 confidence.

$$\sum_{i=1}^3 \frac{(O_1 - E_1)^2}{E_1} = 61.493$$

$\chi^2 = 61.493 > 3.84$  — H<sub>0</sub> will be rejected with 0.95 confidence

According to Table 4, the answers of the independent variable expert power have chosen 59.9% of the given answers to the strongly agree options that has positive effect of the investigated factors on the professional power of CPA. So it can be concluded that the investigated factors increase the professional power of

CPA.

**Third hypothesis testing:**

H<sub>0</sub>: There is no significant relation between effective factors on the reference power and the words power of CPA.  
 H<sub>3</sub>: There is a significant relation between effective factors on the reference power and the words power of CPA.  
 Using chi-square test and given to that the calculated value of chi-square test (13.535) is more than the value of critical chi-square test in level 0.05 and 1° of freedom which is equal to 3.84, the hypothesis H<sub>3</sub> is accepted with 0.95 confidence.

$$\sum_{i=1}^3 \frac{(O_1 - E_1)^2}{E_1} = 13.535$$

$\chi^2 = 13.535 > 3.84$  — H<sub>0</sub> will be rejected with 0.95 confidence

Looking at Table 7, the answers of the independent variable reference power have chosen 71.8% of the given answers to the slightly agree options that has positive effect of the investigated factors on the professional power of CPA. So it can be concluded that the investigated factors increase the professional power of CPA.

**Fourth hypothesis testing**

H<sub>0</sub>: There is no significant relation between effective factors on the reward power and the professional power of CPA.

H<sub>4</sub>: There is a significant relation between effective factors on the reward power and the professional power of CPA.

Using chi-square test and given to that the calculated value of chi-square test (29.949) is more than the value of critical chi-square test in level 0.05 and 1° of freedom which is equal to 5.99, the hypothesis H<sub>0</sub> is rejected and the hypothesis H<sub>1</sub> is accepted with 0.95 confidence.

$$\sum_{i=1}^3 \frac{(O_1 - E_1)^2}{E_1} = 29.949$$

**Table 4.** Frequency of expert power.

Variable	Expected frequency (E <sub>1</sub> )	Observed frequency (O <sub>1</sub> )	Frequency without considering missing data (%)
Strongly agree	36.5	70	95.9
No effect	36.5	3	4.1
Missing data	-	7	0
Total	73	80	100

**Table 5.** Frequency of reference power.

Variable	Expected frequency (E <sub>1</sub> )	Observed frequency (O <sub>1</sub> )	Frequency without considering missing data (%)
Slightly agree	35.5	51	71.8
No effect	35.5	20	28.2
Missing data	-	9	0
total	71	80	100

**Table 6.** Frequency of reward power.

Variable	Expected frequency (E <sub>1</sub> )	Observed frequency (O <sub>1</sub> )	Frequency without considering missing data (%)
Strongly agree	26.3	33	41.8
Slightly agree	26.3	42	53.2
No effect	26.3	4	5.1
Missing data	-	1	0
Total	78.9	80	100

$\chi^2 = 29.949 > 5.99$  —  $H_0$  will be rejected with 0.95 confidence

According to Table 6, the answers of the independent variable reward power have chosen 95% of the given answers to the slightly agree options that has positive effect of the investigated factors on the professional power of CPA. So it can be concluded that the investigated factors increase the professional power of CPA.

### **Fifth hypothesis testing**

$H_0$ : There is no significant relation between effective factors on the punishment power and the professional power of CPA.

$H_5$ : There is a significant relation between effective factors on the punishment power and the professional power of CPA.

Using chi-square test and given to that the calculated value of chi-square test (34.88) is more than the value of critical chi-square test in level 0.05 and 1° of freedom which is equal to 5/99, the hypothesis  $H_0$  is rejected and the hypothesis  $H_5$  is accepted with 0.95 confidence.

$$\sum_{i=1}^3 \frac{(O_1 - E_1)^2}{E_1} = 34.88$$

$\chi^2 = 34.88 > 5.99$  —  $H_0$  will be rejected with 0.95 confidence

According to Table 7, the answers of the independent variable punishment power have chosen 46.7% of the given answers to the slightly agree options but if we consider the people who believe that the investigated factors have no effect on punishment (that is the third option), between the answers which were agree or disagree, 92% of them were agree on the positive effect of these factors. So it can be concluded that the investigated factors increase the professional power of CPA. The summary of outcomes of the five top tests can be seen in Table 8.

### **Conclusion**

The outcomes of the five top tests show that all the five hypotheses are accepted, it means that the relation between the investigated independent variables of this research and the professional power of CPA is verified

**Table 7.** Frequency of punishment power.

Variable	Expected frequency (E <sub>1</sub> )	Observed frequency (O <sub>1</sub> )	Frequency without considering missing data (%)
Slightly agree	25	35	46.7
No effect	25	39	52
Slightly disagree	25	1	1.3
Missing data	-	5	0
Total	75	80	100

**Table 8.** Summary of finding.

Hypotheses	Degree of freedom	Critical Alfa	Calculated X <sup>2</sup>	Table of X <sup>2</sup>	Results
H <sub>1</sub>	2	0.05	56.946	5.99	H <sub>0</sub> Rejected
H <sub>2</sub>	1	0.05	61.493	3.84	H <sub>0</sub> Rejected
H <sub>3</sub>	1	0.05	13.535	3.84	H <sub>0</sub> Rejected
H <sub>4</sub>	2	0.05	29.949	5.99	H <sub>0</sub> Rejected
H <sub>5</sub>	2	0.05	34.88	5.99	H <sub>0</sub> Rejected

and given to that all the hypotheses related to the professional power of CPA is accepted in particular, it can be concluded that the main hypothesis will be accepted. It means that there is a significant relation between the independent variables of this research and the professional power of CPA and since the positive effect of these variables on the professional power of CPA is verified, it can be concluded that the investigated effective factors of this research increase the professional power of CPA.

In order to achieve an overall conclusion it is necessary to compare the results of research with the theoretical principles and past research results. Ranking results suggest that from the perspective of users of audit services, respectively, continuous professional training for all staff categories of Audit Institutions, higher technical and professional qualifications than a staff of audit institutions and comprehensive system of audit quality control and ... have the most influence on CPA's professional power.

The outcomes of the current study suggest that professional powers are very vital in auditing profession. So, it can be concluded that all auditors around the world should be improved their professional powers through the five powers which mentioned before. It seems that after Enron collapse the expert power and reference as well is questionable till now. The auditors should be independent and then they may use the reference power and expert power as well in order to conduction sound audit practicing especially in developing countries such as Iran.

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