

Cultural Intelligence and Intellectual Capital: Evidence from External Audit Firms

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Abstract

Intellectual capital (IC) is acknowledged as a strategic advantage for improved performance, and cultural intelligence (CQ) is becoming a more significant asset for managers, employees, entrepreneurs, and their organizations. The purpose of this paper is to present a new framework for managing intellectual capital (IC) within audit firms considering the perspective of cultural intelligence.

The method of the present study is a descriptive survey in terms of data collection and applied from the standpoint of purpose. The statistical population of this study includes all auditors working in audit firms, under the membership of the Society of Certified Public Accountants, and 319 individuals made up the statistical sample. The partial least squares (PLS) approach was used to conduct structural equation modeling (SEM), which examined the impact of research variables on intellectual capital and fitted the suggested model.

According to the study's findings, Cultural intelligence has a positive and significant relationship with the human, structural, and relational elements of intellectual capital and auditors will have more human capital (HC), structural capital (SC), and relational capital (RC) as their intellectual capital rises.

The research is exploratory and the framework offers opportunities for refinement. Future studies are required to confirm the framework's applicability to other organizations intended to serve as cultural intelligence systems. Contribution to the IC research literature is highlighted, expanding the concept of IC value creation beyond the audit firms into wider society and a new perspective for managing IC in the audit firms adopting the cultural intelligence approach is developed.

The framework can be used to manage IC strategically in all the systems interpreted as cultural intelligence systems in which the role of IC creation from multiple actors is relevant. This makes it possible to comprehend how IC helps to the region and society where the audit firms operate.

This study is paramount since limited empirical evidence exists, particularly in developing/underdeveloped countries around the world and the paper's originality lies in the way it combines topics that are typically covered by literature in different fields, such as IC management and cultural intelligence perspective. The cultural intelligence approach provides a novel contribution to managing IC and is intended to inspire future research.

Keywords: Cultural Intelligence (CQ), Human Capital (HC), Structural Capital (SC), Relational Capital (RC), Intellectual Capital (IC)

1. Introduction

The global community needs the existential philosophy of the auditing profession. Auditors are necessary for both society and the general public to receive attesting services as well as for auditors to maintain, survive, and carry out their duties. As a result, auditors play a crucial role among those in each society who are affected by it and have corresponding effects on it. As a result, auditor performance has a direct or indirect impact on other crucial facets of the Accounting Information System (AIS) and the caliber of financial reporting, affecting all spheres of society. As a result, in order to accomplish its objectives, the auditing profession must choose and develop its human resources (which are its most important resources and, in fact, valuable intellectual capital) in a way that ensures that not only does the level of their intelligence and intellectual capital not negatively impact society, but that all members of society also profit from the benefits of achieving audit goals. International business is significantly challenged by environmental hazards and uncertainties, cultural and regulatory differences, and these factors (Aharoni et al., 2011). Coping with such institutional environmental dynamism and challenges requires a considerable share of senior managers' work and is a vital determinant for success and failure (Henisz and Swaminathan, 2008). In recent decades, the audit firms have engaged in an important transformation process aimed at making them more autonomous, economically efficient and competitive. This transformation is taking place in a context of social, economic, cultural and political change, in which the audit firms are moving towards an organizational model more consistent with the promotion of economic development, in synergy with institutions and industries. This paper's aim is to combine the perspective of cultural intelligence with IC management, developing a new practical framework that incorporates how IC can be managed and created in the audit firms to increase the audit firm's impact on society.

Iran is made up of a variety of ethnic ethnicities, each of which has an own cultural environment. These institutions, which usually draw their human elements, both personnel and managers, from the country and beyond, are likely to be culturally diverse due to their multi-ethnic and multicultural makeup. Akpan and Inyang (2018) contend that a workplace with a diversity of cultures should allow for some degree of inclusiveness to improve workers' job performance. They clarified that this inclusivity, which necessitates cultural intelligence, should take into account a variety of factors, including language, cultural norms, religion, genealogy, and social class.

Here, the term "cultural intelligence" refers to people's capacity to function well in situations defined by cultural diversity as well as their ability to successfully adjust to new and unfamiliar cultural settings (Ang, Van Dyne, and Rockstuhl, 2015). In particular, it is a type of non-academic intelligence that shows a person's capability to operate with ease in settings that are representative of various cultural backgrounds. In contrast to other non-academic intelligences like emotional intelligence, which are culture-specific and do not translate across the cultural spectrum in today's multicultural workplaces, it includes a collection of mental, motivational, and behavioral skills (Presbitero, 2016). When used to recognize and manage cultural differences within a company, cultural intelligence can be a source of improved job performance.

Two topics have received the majority of attention in recent studies on cultural intelligence. First, several people have talked about how the workplace is changing, how mono cultural organizations are generally declining, and how modern organizations are becoming more multicultural. These articles often offer anecdotal proof of the importance of cultural intelligence in assisting workers in these businesses to deal with the difficulties posed by cultural diversity. Second, a different line of research has looked into how cultural savvy among expats affects worker performance. According to the literature, cultural intelligence among expatriates results in improved performance. Yet, both sets of studies focused on

international judgments of cultural intelligence rather than the fact that cultural intelligence is multidimensional. The four components of cultural intelligence are metacognitive, cognitive, motivational, and behavioral, according to earlier conceptualizations. This research focuses on the effect of the different dimensions on the job performance of academic staff in tertiary institutions in Iran. Among the key principles of the audit firm, the engagement of auditors for the achievement of the goal is today more pressing than in the past. Audit firms have moved from focusing exclusively on their traditional missions of teaching and research, towards a more active role for economic and cultural growth.

Recent reviews of the IC literature find that the audit firm is one of the least researched IC areas. Therefore, what researchers classify as services is continually evolving and will continue to evolve in the future. Thus, there is a lack of IC research about the audit firms given the differences between it and other economic sectors, and the continued blurring of the lines between public and private services that create value for citizens. Therefore, audit firms' IC research is an area worth exploring, especially in the context of the change in the way these services are delivered and paid for. Additionally, some researchers "stress how important it is for future audit firms' IC research to address important and innovative current issues such as the changes in education" The distinguishing features of the new audit firm raise the problem of identifying proper frameworks for managing and analyzing IC performance, particularly in terms of IC and knowledge assets culturally generated by all the audit firm auditors and their impact within the wider societal and regional ecosystem. Recently, the concept of IC has also been categorized in different ways by academics and business management. IC is defined as a dynamic system of intangible, knowledge-based resources and activities capable to create value for the auditors. IC has been described as intellectual material that has been formalized, captured and leveraged to produce a higher valued asset. An interesting conceptualization sees IC as the combination of intangible resources and activities that allows an organization to transform a bundle of material, financial and human resources in a system capable of creating auditor value and organizational innovation. However, without doubt, the tripartite classification is the one most widely accepted in the IC literature, in which IC is structured in three blocks: human capital, structural capital and relational capital. It is important to note that the real value from IC not only resides in the sum of the elements that make up the whole, but in the interconnections between them.

Generally, the activities comprise three dimensions in which audit firms engage externally: technology transfer and innovation; continuing education; and social engagement. This has been motivated by auditor demand for greater transparency, increasing competition between audit firms, greater autonomy, and the push by audit firms towards the adoption of new management and performance systems that incorporate intangible assets and IC. Original motivations of the present study have been identified in accordance with the mission of the audit firm, inspired by the cultural intelligence. These are: competence development: the highest purpose of the audit firm and affecting the development of capacities and skills of its human capital, characterized by a mindset dedicated to innovation and development; technology transfer and innovation: linked to the concept of capacity for action and achievement of development and innovation, with the logic of cost minimization; and social engagement and regional development: the transmission of knowledge together with the development of entrepreneurial and intellectual skills creates wealth and development in the regional ecosystem.

2. Literature Review

2.1. Cultural Intelligence

Cultural intelligence evolved from theories and research on emotional and social intelligences, but previous research on these types of intelligence did not address the complexities of working

in cross-cultural contexts adequately (Van Dyne et al., 2008). They introduced the construct of CQ based upon the gap in the literature that interpreted and explained culturally-based decision-making and behavioral differences in types of intelligence. They defined cultural intelligence as the ability to recognize new patterns in cultural interactions and respond appropriately to these patterns. According to Ang et al. (2007), cultural intelligence is a specific form of intelligence focused on the ability to learn, evaluate, and behave effectively in different situations characterized by cultural diversity. It is a multidimensional construct that allows an individual to continuously learn and coexist with people from other cultures. It is composed of four intelligence bases: metacognitive, which refers to an individual's awareness of interactions with people from other cultures; cognitive, which refers to the specific knowledge one has about the rules, habits, and conventions in new cultural backgrounds; motivational, which captures an individual's motivation to learn and act effectively in various situations; and behavioral, which is conceptualized as an individual's flexibility (Livermore, 2011). Metacognition, cognition, and motivation are all located within the head as mental capabilities, whereas behaviors manifest as explicit actions.

Cultural intelligence is defined as the ability to become adaptable in order to understand other cultures, learn from ongoing interactions, and gradually reshape one's thinking. It is a person's ability to successfully adapt to unfamiliar cultural settings that goes beyond general cultural knowledge. Cultural intelligence is becoming a preferred skill among leaders as a result of increased globalization, and it is becoming even more important in a digital setting. The emphasis is gradually shifting away from leadership training and toward organization-wide training. Cultural intelligence has four dimensions, according to research: cognitive, metacognitive, motivational, and behavioral. Cognitive cultural intelligence is an individual's understanding of different cultural values, norms, and beliefs. It entails a comprehension of cultural differences as well as cultural universals. Cultural differences are characteristics that differ across cultures, whereas cultural universals are characteristics that are shared by all cultures. The ability to be attentive, pick cues from cross-cultural interactions, and reflect back on existing knowledge to modify it is referred to as metacognitive cultural intelligence. People with a high level of metacognitive cultural intelligence understand how culture influences behavior (Dyne et al., 2012). Being mindful during intercultural interactions is critical because it allows one to consciously apply their cultural knowledge. Individuals with motivational cultural intelligence are interested in and confident in cross-cultural interactions. Self-efficacy and intrinsic motivation are regarded as critical components of cross-cultural interaction success. Motivational cultural intelligence has also been shown to improve cultural effectiveness. The ability of an individual to exhibit a set of verbal and nonverbal actions when interacting with people from different cultures is referred to as behavioral cultural intelligence. People with high behavioral and cultural intelligence can adapt their behavior patterns to the situation. It forecasts individuals' cultural adaptation and task performance.

2.1.1. Metacognitive Intelligence

Metacognitive cultural intelligence is the ability to acquire and comprehend cultural knowledge. As such, metacognitive cultural intelligence reflects the ability to consider prevalent cross-cultural assumptions and modify them as necessary, thereby assisting individuals in having a better understanding of their cultural preferences both before and during cross-cultural exchanges (Eisenberg et al., 2013). Persons with high metacognitive cultural intelligence, according to Triandis (2006), have a greater awareness of how their own culture influences their behavior and understanding of intercultural situations. Self-awareness, other-awareness, and situational awareness are all part of this awareness.

Specific metacognitive self-regulated mental processes are mentioned to understand the nature of metacognitive cultural intelligence. These are planning, being aware, and checking. Planning has a strategic foundation and is initiated prior to encountering another culture. Before taking action, it is necessary to think about culture and reflect on what needs to be done. In real-time, awareness is aware of cultural thinking and knowledge of oneself and others. (2014) (Chen, Wu, and Bian). While planning refers to accepting consciousness, awareness refers to people's real-time understanding of how culture influences their mental processes and behaviors, as well as the mental processes and behaviors of others in intercultural interactions and situations. When experience does not match expectations, checking entails reviewing assumptions and adjusting mental maps. It employs the method of contrasting the expected and actual outcomes of intercultural communication. A person with high metacognitive cultural intelligence is prompted by all three sub-dimensions of metacognitive cultural intelligence to plan, reflect on the situation during the actual contact, and adjust behavior accordingly.

2.1.2. Cognitive Intelligence

Cognitive cultural intelligence is the accumulation of general cultural knowledge and cultural differences. The perception of cultural environment elements leads to an understanding of how the system arranges patterns of behavior and interactions within a culture and why behaviors and interactions differ across cultural settings. This general knowledge is divided into two categories: cultural general knowledge and context-specific knowledge.

Culture-general knowledge is defined as understanding of the universal elements that make up a cultural environment. It provides an essential organizational framework for considering potential methods of comparing different cultures and comprehending the similarities and differences. Context-specific knowledge is concerned with the field of informative knowledge about how cultural characteristics manifest in a specific environment, as well as procedural knowledge about how to be effective in that environment. A business environment, diplomatic environment, peacekeeping forces, educators, or demographic subgroups based on gender, age, and education are all examples of environments or domains. Individuals working in multicultural tertiary institutional settings must be well-versed in the norms and expectations of these subcultures in order to perform effectively. Context-specific knowledge refers to an insider understanding of how to operate within a specific environment, whereas culture-general knowledge refers to a broader comparison across cultures based on outsider understanding and comparisons (Morris, Kwok, Ames, and Lickel, 1999).

2.1.3. Motivational Intelligence

The ability to direct attention and energy toward learning about and functioning in culturally diverse situations is reflected in motivational cultural intelligence. According to Stanley and Davis (2019), such motivational capacities provide control over cognition and behavior, facilitating goal achievement. The expectancy-value theory of motivation states that the direction and magnitude of energy directed toward a specific task are determined by two factors: the expectation that the task will be completed and the value associated with completing the task (Du Plessis, 2011). Those with high motivational cultural intelligence direct their attention and energy toward cross-cultural situations because they are intrinsically interested in cross-cultural effectiveness (Gumundsdóttir, 2015).

2.1.4. Behavioral Intelligence

The ability to exhibit appropriate verbal and nonverbal actions while interacting with people from different cultures is reflected in behavioral cultural intelligence. Sub-dimensions of

behavioral cultural intelligence include verbal, nonverbal, and speech acts. The term "verbal behavior" refers to vocalization flexibility. A person's behavior can be modified by altering the pace of their speech, the amount of warmth or enthusiasm they display, or the use of pauses or silence. Nonverbal communication is defined as the use of gestures, facial expressions, and body language to communicate. Some cultures are more expressive than others in nonverbal communication. A non-local outsider's task is to learn appropriate nonverbal communication methods through metacognitive cultural intelligence and adjust his or her behavior accordingly.

2.2. Intellectual Capital

The theory of intellectual capital has been widely used since the last decade (Cheng, M., et al., 2010). (Cheng, M., et al., 2010). According to the initial definitions, "intellectual action" is something other than "pure thinking." Taking this stance implies that intellectual capital is a more dynamic ideological process than fixed capital (Chan, K.H., 2009). Intellectual capital is a multidisciplinary concept, with various interpretations in business and commerce (Hwanglee, S., 2010). According to the definition, intellectual capital is the ability of intangible resources to create and sustain a competitive advantage. In reality, intellectual capital refers to the knowledge available in an organization on two levels: individual and organizational. Individual level knowledge, skills, and talent; organizational level includes things like each customer's specific database, technology, methods, and organizational processes (Joshi, M., and Ubha, S., 2009). In general, intellectual capital can be defined as a collection of intangible assets, also known as knowledge assets (Sudarsanam, S., Sorwar, G., Marr, B., 2006). This type of capital provides a new resource for the organization to compete with (Bontis N., Crossan M., Hulland J., 2002), and it includes that portion of the organization's total capital or assets that is based on knowledge and that the organization owns (Anvari, A., and Seraji, H., 2005). Others define intellectual capital as organizational resources related to wealth creation via investment in knowledge, information, intellectual property, and experience (Stewart, T.A., 1997). According to the Stewart Model," intellectual capital has human, structural, and relational dimensions. Human capital (HC) is the foundation of intellectual capital and is regarded as a critical component in carrying out its responsibilities. Human capital (HC) refers to human members' capabilities, skills, and expertise that result in the creation of valuable assets for the organization. Structural Capital (SC) refers to an organization's non-human reserves and knowledge, such as databases, organizational charts, instructions for implementing processes, strategies, executive programs, or anything else that has a higher value for the organization than its material values. Organizational culture, organizational learning, operational process, and information system are all examples of structural capital (SC). Relational Capital (RC) is defined as all resources related to the business entity's external communications, including relationships with customers, suppliers, and participants in research and development projects. Many experts classify intellectual capital into three categories (Tayles, M., Pike, R. H., Sofian, S., 2007, Marr, B., 2008):

Human capital (HC) includes employees' knowledge and skills, as well as their professional experience, expertise, level of education, and creativity; Structural capital (SC) includes databases, software systems, distribution networks, organizational charts, common cultures, strategies, and policies;

Marketing networks, customer communications, customer loyalty, governmental and industrial networks, and contacts or partners are all examples of relational capital (RC).

In today's dynamic and risky international communication, auditors must obligate themselves to adhere to cultural values and, as a result, acquire cultural intelligence and create intellectual capital in order to ensure the auditing profession's survival. This process will improve the quality of services provided by auditors, ultimately satisfying members of society and ensuring the auditing profession's survival. Auditors with higher levels of cultural intelligence will be

more valuable intellectual assets to the auditing profession. As a result, auditors with higher intelligence are expected to have a greater sense of responsibility, and their actions will be more consistent with their values and beliefs, resulting in higher performance. Intelligence, experience, auditing and accounting standards, auditing guidelines, the ability to defend, non-bias of decision, doubt, and independence of the auditor (as influencing factors on reasoning) at various levels, adherence to ethics, cultural principles free of fraud, knowledge and skill in the desired industry, and openness and transparency of information are all factors that can improve auditors' reasoning.

Organizations, particularly professional institutions such as the auditing profession, are currently experiencing extensive and increasing changes in cultural, economic, social, educational, and technological issues, as well as spiritual teachings and beliefs. If auditors can respond quickly to changes and developments, they can also solve issues and problems. Human resources and the management of intellectual capital in the provision and promotion of human resources, which aligns with the personal characteristics and intelligence of auditors, are two of the most important factors that should be considered significant in the auditing profession. We will not be able to deal effectively with new problems if we apply structures, attitudes, and knowledge that have been useful in the past, as "Einstein" warned (Marquardt, M.J., 2002). Thus, applying and focusing on the dimensions of cultural intelligence can result in a massive transformation of the auditing profession. Despite the importance of these aspects of intelligence in the creation of intellectual capital, more attention should be paid to their role because intelligence awareness can help do better in the processes of hiring, transferring, and promoting auditors, which will lead to a decrease in auditor turnover and, eventually, an increase in their job satisfaction and performance (Robbins, S.P., 1998). On the other hand, intellectual capital is recognized as a strategic asset for improved performance, and intellectual capital management (ICM) is critical to an organization's competitiveness (Moghimi, S.M., & Ramezan, M., 2011).

A review of previous research on intellectual capital in the auditing profession revealed that no effective activities have yet been carried out in this field, and the scattered and limited works done in this regard indicate that intellectual capital in various dimensions can be influenced by various factors such as organizational behavior, individual characteristics, intelligence, and so on. Because moral motivations can play an important role in paying attention to the human aspects of intellectual capital, organizations, businesses, and various professional institutions, including the auditing profession, are expected to perform their duties competently, appropriately, and even better in order to strengthen intellectual capital. However, what actually prevails and what initially comes to people's, society's, and stakeholders' minds is the inappropriate state of intellectual capital and its components.

Where auditors see the benefits of remote auditing, they value the degree of adaptability and work efficiency that teleworking provides. If audit firms embrace emerging technologies in the new digital workplace, they will see improved audit activity outcomes. Nonetheless, as the transition to remote audit increases auditor liability and audit risks, auditors are more cautious and, in some cases, hesitant about future scenarios of remote audit if innovative emerging audit technologies and integrated governance, risk management, and compliance (GRC) are not used or are not properly implemented. Whatever the future holds for the new digital audit workplace, it is clear that auditors working from home face unique challenges because what they gain in efficiency is offset by benefits that are more difficult to quantify, such as innovative thinking and creativity (Farcane, N., et al., 2023). According to recent research findings, higher levels of CQ are associated with supportive and culturally sensitive strategies, active participation in the host environment, the importance of intrinsic motivation, and the ability to appropriately adjust behavior. Furthermore, academics with higher levels of CQ were found to have important capabilities such as engaging local actors and embracing local culture and people

(Tharapos, M., & O'Connell, B. T., 2023). Work engagement mediates both the relationship between expatriates' CQ and task performance and the relationship between expatriates' CQ and premature return intention. Cultural distance moderates the positive relationship between CQ and work engagement, as well as work engagement's mediating effects (Chen, Y., et al., 2023). An exploratory study found that motivational cultural intelligence has a positive and significant effect on cultural adjustment (work adjustment, general adjustment, and interaction adjustment, in that order), and that cultural distance has a negative moderating role between motivational cultural intelligence and work adjustment for expatriate talent (Song, H., et al., 2023).

The results of a recent research hypothesis test revealed that the limitations of accrual-based earnings management and the efficiency of intellectual capital influence asymmetric cost behavior. Indeed, the findings confirm that the limitations of accrual-based earnings management increase asymmetric cost behavior and cost stickiness, whereas the efficiency of intellectual capital, particularly the human capital and structural capital coefficients, increases cost stickiness and asymmetric cost behavior. The findings also revealed that the physical capital coefficient reduces cost stickiness and asymmetric cost behavior (H. Badiei et al., 2023). A recent study found that relational capital plays an important role in the adoption of open innovation. Indeed, relational capital has a positive and significant impact on the three open innovation practices investigated, namely openness to external sources of information and knowledge, R&D collaborations, and other incoming activities (Elbouzidi, H., 2023). According to a recent study, high levels of cultural intelligence have a positive impact on an individual's innovative behavior. Furthermore, interpersonal trust levels would act as a moderator of cultural intelligence's influence on individual students' innovative behaviors. According to these findings, the majority of Indonesian citizen students who participated in student exchanges or studied abroad had a high level of cultural intelligence. This study looked at the impact of cultural intelligence on individuals' innovative behavior, also known as cross-cultural interaction. Furthermore, this study concentrated on Indonesian citizen students who participated in student exchanges or studied abroad. This type of research has not been thoroughly conducted or even discussed in academic circles. As a result, it was necessary to contextualize this issue within the context of science education and management science (Kistyanto, A., et al., 2022). Another study found that perceived management cultural intelligence has a significant positive effect on pro-diversity climates. Climates supportive of diversity are also negatively and significantly associated with perceived discrimination. Furthermore, a pro-diversity climate fully mediates the effect of perceived management cultural intelligence on perceived discrimination. This study demonstrates that simply ensuring top management has cultural intelligence may not be enough for a company to successfully address workplace discrimination. Rather, top management must foster an organizational climate that values the racial diversity of foreign migrant employees (Charoensukmongkol, P., and Phungsoonthorn, T., 2022). A recent study found that having or studying cultural intelligence is important. Cultural intelligence will greatly aid us in communicating and expressing various ideas and mindsets of people from other cultures, resulting in innovative work behaviors and creative solutions (Neslon, A., et al., 2022). According to the findings of a recent study, managerial ability is significantly and negatively associated with the overall extent of IC disclosure and all three components of IC (human capital, structural capital, and relational capital). Further analysis reveals a positive and significant interaction between managerial ability and firm performance, implying that the negative relationship between managerial ability and IC disclosure is less pronounced for high-performing firms (Rajabalizadeh, J., & Oradi, J., 2022). Another study found that financial performance of banking companies mediated the relationship between intellectual capital and good corporate governance (GCG). Apart from good corporate governance (GCG), the only thing that can

improve financial performance and corporate value is GCG as measured by the ratio of independent commissioners to audit quality. Meanwhile, the financial performance and corporate value of banking companies listed on the Indonesia Stock Exchange that are audited by the Big 4 will be greater than the financial performance and corporate value of banking companies that are not audited by the Big 4 (Anik, S., et al., 2021).

According to the findings of a recent study, the seven mental patterns of managers in the direction of competent human resource selection in the post-corona era are high emotional intelligence, analytical and innovative thinking, digital skills, adaptability, intelligence skills, and active learning (Saedi A., et al., 2021). According to one study, there is a link between intellectual capital, organizational ethics, and organizational performance. Furthermore, from the perspective of teachers, intellectual capital and organizational ethics can predict organizational performance (Mojtabazadeh, M., et al., 2016). The organization's ethics and intellectual capital are regarded as the most important organizational assets and one of the most important resources for gaining a competitive advantage among organizations (Bjrnson, F.O., & Dingsyr, T., 2008).

The purpose of this paper is to provide a new framework for managing intellectual capital (IC) inside the external audit firms considering the cultural intelligence perspective. We are looking for a conceptual framework with a cultural perspective in the auditing profession by evaluating intellectual capital based on cultural intelligence, which has not been found in any previous research, to determine the level of intellectual capital among auditors. The review of theoretical approaches suggest a set of requirements for creating and managing IC and provide the necessary components for building an integrated framework for IC practice in the audit firm. Thus, the purpose of this section is to introduce the framework developed for the management of IC within the audit firm intended as a cultural intelligence system, starting from an introduction about the audit firm's plan for a cultural intelligence system and moving towards the description of the framework's main components related to management and measurement of IC. The framework is aimed at supporting the audit firm as a cultural intelligence system in which the tangible and intellectual assets are coordinated towards the achievement of the social engagement and regional development. The application of cultural intelligence is aimed at leveraging collaboration to create more favorable conditions for managing IC within an audit firm in which there is involvement from both internal and external auditors of the region/ecosystem where the audit firm is located. The underlying assumption of the framework is the bidirectional relationship of cultural intelligence with human, structural and relational capital, because these components of IC creates the processes and structures that bring together the audit firm with businesses and institutions. In addition, relational capital creates value for all members of the audit firm and develops cultural intelligence impact for its auditors. Structural capital creates an environment facilitating the development of cultural intelligence of the audit firm (Secundo et al., 2014). The current study is intended to investigate the effects of cultural intelligence (CQ) on intellectual capital (IC), based on these theoretical foundations and related previous researches. The following main question is proposed in this regard: Is there a link between cultural intelligence (CQ) and intellectual capital (IC)?

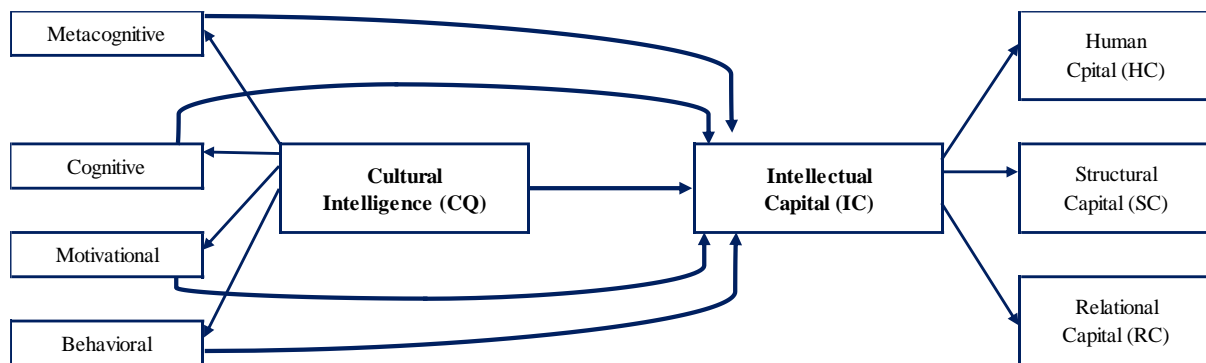


Figure 1. Conceptual Model of the Research

Research hypotheses are as follows, in accordance with the research questions, theoretical foundations, stated backgrounds, and conceptual model:

Hypothesis 1: There is a significant relation between Cultural Intelligence (CQ) and Intellectual Capital (IC).

Hypothesis 2: There is a significant relation between Metacognitive Intelligence and IC.

Hypothesis 3: There is a significant relation between Cognitive Intelligence and IC.

Hypothesis 4: There is a significant relation between Motivational Intelligence and IC.

Hypothesis 5: There is a significant relation between Behavioral Intelligence and IC.

Hypothesis 6: IC has a significant positive effect on Human Capital (HC).

Hypothesis 7: IC has a significant positive effect on Structural Capital (SC).

Hypothesis 8: IC has a significant positive effect on Relational Capital (RC).

3. Methodology

The method of the present study is a descriptive survey in terms of data collection and applied from the point of view of purpose. The statistical population of this study includes all auditors working in auditing firms and audit organization under the membership of the Society of Certified Public Accountants in Iran during 2022. This method is similar to multiple regression aspects because structural equation modeling methodology has been used for data analysis. The sample size determination principles used in multiple regression analysis can be applied to determining the statistical sample in structural equation modeling. The number of samples required for Cochran's formula field research in an infinite population has been determined. The equation of the mentioned formula is in the form of the following formula:

$$n = \frac{Z^2 \alpha/2 p(q)}{d^2}$$

Where in:

n: Number of samples

p: Success ratio in society

q: Unsuccess ratio in society

Z $\alpha/2$: The value of the standard variable corresponding to the confidence level

d: Accepted error

The required number of samples was 385 people, based on the above formula and a 5% margin of error. To observe conservatism, more paper questionnaires were distributed at random throughout the community, with 319 returned questionnaires usable and their data analyzed.

Table 1 shows the demographic characteristics of the sample, including gender, age, education, and work experience of the participants in this study.

A questionnaire was used to collect data. The two questionnaires used are both standard questionnaires, and their content validity has been approved by experts and researchers. Confirmatory Factor Analysis (CFA) and Average Variance Extracted (AVE) were used to test the convergent validity of the model structures. The factor loads of each variable must be greater than 0.4 and significant for the convergent validity test, which is used in confirmatory factor analysis using the structural factor method, so the coefficient of significance or T-value of each variable must be greater than 1.96 and less than -1.96. The Average Variance Extracted (AVE) should, on the other hand, be greater than 0.4. The minimum value for establishing reliability is 0.7 (CR for Composite Reliability), which is an alternative to Cronbach's alpha in structural equation analysis (Hooman, HA., 2008). The value of composite reliability (CR) obtained in this study for research variables is greater than 0.7, indicating that the reliability of these variables can be assured.

The variables were measured using a standard questionnaire with 62 questions. To assess the variable "Cultural Intelligence (CQ)," the standard Ang and Earley questionnaire with 20 questions and four dimensions: Metacognitive, Cognitive, Motivational, and Behavioral was used. In addition, the standard Bontis questionnaire with 42 questions and three dimensions: Human Capital (HC), Structural Capital (SC), and Relational Capital (RC) was used to assess the variable "Intellectual Capital (IC)." The responses are based on a 5-point Likert scale. There are five options, with a score of 1 representing the lowest motivation and a score of 5 representing the highest. The structural equation modeling (SEM) method for testing research hypotheses employs partial least squares (PLS) with the assistance of Excel, SmartPLS3, and SPSS26 software for data processing and statistical tests.

Structural equation modeling (SEM) is a statistical method that studies the relationship of multiple variables in a pattern at the same time. One of the main reasons researchers use this approach is that structural equation modeling is a comprehensive way to test theories. Another reason is that this method takes measurement error into account, allowing researchers to report on their data analysis while accounting for measurement error.

4. Findings

Descriptive statistics are concerned with the arrangement and classification of data, as well as the graphical representation and calculation of values such as mean, median, and so on, which indicate the characteristics of each member of the statistical population. The information obtained from a group in descriptive statistics describes the same group. Table 1 shows the description of the participants at the levels of each of the demographic variables:

Table 1
Demographic Characteristics of the Participants

Gender	Frequency	Percentage	Age	Frequency	Percentage
Female	92	28.84	Less than 30 years	82	25.71
Man	227	71.16	30 to 40 years	104	32.60
			41 to 50 years	97	30.41
			More than 50 years	36	11.28
Total	319	100.00	Total	319	100.00
Education	Frequency	Percentage	Work Experience	Frequency	Percentage
Bachelor's Degree	127	39.81	Less than 10 years	116	36.37
Master's Degree	134	42.01	10 to 15 years	73	22.88
Ph.D.	58	18.18	16 to 20 years	61	19.12
			More than 20 years	69	21.63

Total 319 100.00 Total 319 100.00

Table (2) shows the descriptive statistics for the research indicators, including the number of participants, the lowest value (Min), the highest value (Max), the Mean, Standard Deviation (SD), Skewness, and Kurtosis coefficients.

Table 2

Description of the Participants based on the Research Indicators

Variable	Min.	Max.	Mean	Std.Dev.	Skewness	Kurtosis
Metacognitive Intelligence	1	5	3.062	1.082	-0.565	-0.686
Cognitive Intelligence	1	5	3.220	0.766	-0.286	-0.474
Motivational Intelligence	1	5	3.927	0.781	0.289	-0.010
Behavioral Intelligence	1	5	2.535	0.840	0.635	-0.045
Cultural Intelligence (CQ)	1.350	5	2.936	0.694	-0.016	-0.324
Human Capital (HC)	1	5	3.619	0.611	-0.697	1.456
Structural Capital (SC)	1	5	3.551	0.677	-0.682	0.927
Relational Capital (RC)	1	5	3.645	0.627	-0.938	1.916
Intellectual Capital (IC)	1	5	3.605	0.572	-0.834	1.858

Table (2) shows that the average values of Cultural Intelligence (CQ) and Intellectual Capital (IC) were 3.951 and 3.605, respectively.

The Kolmogorov-Smirnov test is used to ensure that the data is normal. When testing the data's normality, the null hypothesis based on "the data distribution is normal" is tested at the 5% error level. As a result, if the test's significance value is greater than or equal to 0.05, there is no reason to reject the null hypothesis based on the fact that the data is normal. The results of the data normality test revealed that the data related to the research variables is not normal. To investigate the research hypotheses, the partial least squares (PLS) method with SmartPLS3 software was used.

In contrast to the covariance-based method (LISREL, AMOS software), modeling of structural equations using the partial least squares (PLS) method lacks chi-square-based model fit indices to check the degree of conformity of the theoretical model with the collected data. This is determined by the partial least squares method's predictive nature. As a result, the fit indices developed as part of this approach are concerned with determining the model's ability to predict the dependent variables, such as the communality indices or the GOF index. To fit the variance-based structural equation modeling test or the partial least squares (PLS) method, all researchers used the same framework, which is as follows: evaluation of the measurement model (outer model) that is reflective or combined; structural model test (inner model); overall model test.

A measurement model is a component of the overall model that includes questions about that component. The fit of measurement models is evaluated using three criteria: reliability, convergent validity, and divergent validity. The degree to which a measurement tool produces the same results when used under the same conditions is determined by its reliability. This means that the questionnaire has full reliability if the researcher runs it again or in parallel and the results are the same. The reliability is assessed in three ways: factor loading coefficients, Cronbach's alpha coefficients, and composite reliability.

Table 3

Reliability and Discriminant Validity and Investigating the Divergent Validity of Main Components

Variable	Met. I.	Cog. I.	Mot. I.	Beh. I.	HC	SC	RC
Metacognitive Intelligence	0.954						
Cognitive Intelligence	0.465	0.781					
Motivational Intelligence	0.621	0.507	0.848				

Behavioral Intelligence	0.529	0.335	0.681	0.868			
Human Capital (HC)	0.256	0.403	0.309	0.105	0.724		
Structural Capital (SC)	0.311	0.461	0.286	0.113	0.726	0.739	
Relational Capital (RC)	0.397	0.503	0.337	0.157	0.64	0.716	0.728
Cronbach's Alpha	0.967	0.870	0.901	0.918	0.929	0.928	0.931
Composite Reliability (CR)	0.976	0.902	0.927	0.939	0.941	0.939	0.940
AVE	0.911	0.609	0.718	0.754	0.524	0.546	0.531

The criterion value for factor loading coefficient appropriateness is 0.4. The coefficients of the factor loadings related to the research factors in this study are greater than 0.4. We can confirm the research's reliability and convergent validity because the appropriate values for Cronbach's alpha, composite reliability, and AVE are 0.7, 0.7, and 0.5, respectively, and all of the criteria in the measurement of factor loadings have appropriate values. Divergent validity is the third criterion for assessing the fit of measurement models, and it addresses a number of issues.

As shown in table (3), the AVE of each factor is greater than the correlation value of two factors in marked cells with dark colors. As a result, using the Fornell-Larcker criterion, we confirm the research's divergent validity.

A new index called the Heterotrait-Monotrait Ratio, or HTMT, has been introduced to assess divergent validity. The acceptable range for the HTMT criterion is 0.85 to 0.9. If this criterion has a value less than 0.9, divergent validity is acceptable (Henseler, J., Ringle, C. M., Sarstedt, M., 2015).

Table 4
Review of HTMT Criterion Matrix

Variable	Met. I.	Cog. I.	Mot. I.	Beh. I.	HC	SC	RC
Metacognitive Intelligence	-						
Cognitive Intelligence	0.492	-					
Motivational Intelligence	0.664	0.548	-				
Behavioral Intelligence	0.561	0.348	0.745	-			
Human Capital (HC)	0.276	0.446	0.341	0.129	-		
Structural Capital (SC)	0.329	0.512	0.316	0.142	0.789	-	
Relational Capital (RC)	0.416	0.557	0.368	0.170	0.694	0.769	-

The HTMT criterion for all pairs of variables is less than 0.9, according to the contents of table 4. The three cross-loading table methods, the Fornell-Larcker criterion, and the HTMT criteria all confirm the research model's validity.

After examining the fit of measurement models, it is time to fit the research structural model. Unlike the measurement model, the structural model is concerned with hidden factors and their relationships rather than questions (manifest variables). The first and most basic of these criteria is the t-value, which is used to assess the fit of the research model.

The t-value is an important criterion for measuring the relationship between model factors. If the value exceeds 1.96, it indicates that the relationship between the factors is correct, and the research hypotheses are confirmed at the 5% level of error. It should be noted that the numbers only show the accuracy of the relationship; they cannot measure the intensity of the relationship between the factors.

Table 5
Investigating Relationships within the Structural Model

Relationship	Standard Coefficients	t-value	p-value
Metacognitive I. → CQ	0.825	40.528	0/000
Cognitive I. → CQ	0.707	19.469	0/000
Motivational I. → CQ	0.884	59.870	0/000

Behavioral I.	→	CQ	0.788	32.610	0/000
IC	→	HC	0.878	55.564	0/000
IC	→	SC	0.913	94.176	0/000
IC	→	RC	0.884	56.302	0/000
CQ	→	IC	0.333	4.961	0/000

*Note: CQ refers to Cultural Quotient, more commonly known as Cultural Intelligence.

According to the contents of table (5), there is a significant relationship between the variables because the T-value for these relationships is greater than 1.96 (an indication of the correctness of the relationship between the factors and as a result of confirming the research hypotheses at the 5% error level).

In a study, the R^2 coefficient is related to the model's endogenous (dependent) hidden factors. R^2 is a measure that shows the impact of an exogenous factor on an endogenous factor, and values of 0.19, 0.33, and 0.67 are considered weak, medium, and strong results, respectively. The R^2 value for exogenous or independent factors is zero.

The validity index of redundancy is used to assess the model's validity. The redundancy index, also known as Stone-Geysler Q^2 , assesses the structural model's quality for each endogenous factor while accounting for the measurement model. If the values of these indicators become zero or less than zero for a dependent factor, it indicates that the relationships between the model's other factors and that dependent factor are not well explained, and the model must be modified as a result. These criteria determine the model's predictive power, and values of this index for one of the endogenous factors of 0.02, 0.15, and 0.35 indicate weak, moderate, and strong predictive power, respectively.

Table 6
Review of R^2 , Q^2 and F^2 Criteria

Variable	R^2	Q^2	F^2
Metacognitive Intelligence	0.681	0.581	2/135
Cognitive Intelligence	0.499	0.274	0/997
Motivational Intelligence	0.782	0.526	3/581
Behavioral Intelligence	0.620	0.436	1/633
Human Capital (HC)	0.771	0.363	3/372
Structural Capital (SC)	0.833	0.414	4/992
Relational Capital (RC)	0.782	0.038	3/594
Intellectual Capital (IC)	0.279	0.209	0/162

According to the contents of table, the R^2 criterion for the majority of dependent variables is strong, and the Q^2 criterion for dependent variables is strong. The Cohen's F^2 criterion determines the strength of the relationship between the model's constructs. The R^2 index is used by the measure of effect size to analyze the relationship between the constructs. The values 0.02, 0.15, and 0.35 represent the small, medium, and large impact of one structure on another. The F^2 criterion is strong for the majority of variables, according to the contents of table (6).

Table 7
Test Results of the Research Hypotheses

Hypotheses	Standard Coefficients	t	p	Results
H1: CQ → IC	0.231	3.431	0/000	Confirmed
H2: Metacognitive I. → IC	0.247	3.568	0/000	Confirmed
H3: Cognitive I. → IC	0.264	3.753	0/000	Confirmed
H4: Motivational I. → IC	0.226	2.964	0/000	Confirmed
H5: Behavioral I. → IC	0.283	3.869	0/000	Confirmed

H6: IC	→	HC	0.878	55.564	0/000	Confirmed
H7: IC	→	SC	0.913	94.176	0/000	Confirmed
H8: IC	→	RC	0.884	56.302	0/000	Confirmed

**Note: CQ: Cultural Intelligence, IC: Intellectual Capital, HC: Human Capital, SC: Structural Capital, RC: Relational Capital*

A measurement model and a structural model are both included in the overall model. The GOF criterion is related to structural models' overall part. This means that with this criterion, the researcher can control the fit of the overall model after checking the fit of the measurement model and the structural model of this research (Tenenhaus, M., Amato, S., Vinzi, V.E., 2004). (Tenenhaus, M., Amato, S., Vinzi, V.E., 2004). Taking the three values of 0.01, 0.25, and 0.36, which are introduced as weak, medium, and strong values for GOF, and obtaining a value of 0.656 for GOF, it demonstrates the model's appropriate fit. In general, based on the steps taken to confirm the measurement model and validity and calculations, followed by the test of the relationships between the variables, it should be stated that the model presented by this research is confirmed, and we can now examine the research hypothesis. According to the contents of table 9, all of the research hypotheses were confirmed. However, the findings were consistent with those of international studies conducted by Tharapos, M., & O'Connell, B. T. (2023), Kistyanto, A., et al. (2022), and Anik, S., et al. (2021) in terms of the fact that metacognitive, cognitive, motivational, and behavioral aspects of auditors' cultural intelligence can improve intellectual capital's dimensions of Human Capital (HC), Structural Capital (SC), and Relational Capital (RC). The framework describes an approach that all audit firms can use to enhance their intangible resources and endorse the capacity of their auditors, on which a profitable interaction with the external environment is based. The model outlines explanations that create the motivation for human capital to participate towards achieving the audit firms' goal, identifying the motivations, activities and processes that allow for effectively managing strategic IC. Additionally, audit firms, interpreted as cultural intelligence systems, have potentially a pivotal role to play in the social and economic development of their regions because they are a critical "asset" of the region. Therefore, the conceptual framework developed allows the analysis of the impact of managing IC according to an individual perspective (audit firm level) and a cultural perspective (society and regional level). According to this model, auditors use their intuition to confirm something achieved previously in real-life cultural judgments and, ultimately, to describe their cultural judgments, values, and behaviors. According to the research in this field, the components of cultural intelligence related to others are also positively related to intellectual capital. According to the findings of this study, cultural intelligence is positively and significantly related to all aspects of intellectual capital, which is consistent with the findings of other studies. In fact, even though HC, SC, and CC are beyond the fulfillment of economic and legal obligations, and individuals do not consider profit maximization when implementing these types of capitals, it is necessary to observe these capitals to prevent social and economic damages, and according to these findings, cultural auditors place a higher value on intellectual capital in all aspects. As a result of the findings of this study, it is suggested that in order to evaluate and improve the intellectual capital of organizations, regulatory bodies, and decision-making authorities, consider cultural principles and standards more than ever before, and consider cultural intelligence as a factor affecting adherence to intellectual capital. This paper's main contribution to the IC literature is to provide a new practical framework whereby IC in the evolving audit firm is created and managed. The underlying assumption behind the framework is to consider the audit firm as a cultural intelligence system in which the tangible and intellectual assets are coordinated towards the achievement of strategic goals. An application of the framework is provided to the emerging model of the audit firm, the traditional missions of which – teaching and research – are being

broadened to include new mission activities that facilitate audit firms' engagement with society and regional development.

Applying the framework in practice adds to building IC knowledge by completing the cycle of developing normative frameworks and testing their validity in real work settings. The need for audit firms to have greater involvement with their wider community and the general concern to ensure the informational transparency of these institutions makes it advisable to present information on IC management. General methods for evaluating intangibles within audit firms are justified on the one hand in the political and managerial challenges that audit firms have to manage and disclose information to auditors, and on the other hand by the consideration that national and supranational organizations recognize the central role of audit firms in the contemporary knowledge-based society. Below some of the reasons why audit firms strategically manage IC are outlined: 1) Audit firms produce knowledge through scientific and technical research, teaching or entrepreneurial activities (technology transfer, licensing, etc.). Audit firms' inputs and outputs are largely intangible assets. 2) The greater autonomy of audit firms regarding their organization, management and budget distribution requires greater social accountability to facilitate and satisfy the information needs of internal and external auditors. However, IC approaches need to be reinvented to facilitate a more balanced approach to management, measurement and reporting to contribute to the strategic management of audit firms. The focus should be on developing IC theory in practice and effective IC management through praxis in order to provide a better view of the process of developing IC and the impact of IC in action. It is possible to effectively implement IC practices without necessarily needing concrete IC measures because organizational measurement needs continually evolve depending on factors such as the characteristics of individual organizations; changing internal and external political, social and economic environments; and evolving business plans and strategies". The review of theoretical approaches and previous experience in terms of IC management in the audit firms suggested a set of requirements for defining and measuring IC in audit firms and provide the necessary criteria and methods for building an initial normative integrated framework to manage IC in the audit firms. This is distinctly different from a research approach, which seeks to develop measurement approaches concentrating measuring IC performance on current practice. Indeed, the approach here used is a model that aims to shape praxis and performance, rather than measure performance outcomes. To design the new framework, the cultural intelligence approach (Boder, 2006; Malone et al., 2008) is adopted, starting from the assumption that the audit firm is a cultural Intelligence system.

5. Discussion and Conclusion

The current study examined the relationship between cultural intelligence and intellectual capital dimensions using Bontis' proposed model among all auditors working in auditing firms and audit organizations who are members of the Society of Certified Public Accountants. As previously stated, intellectual capital is the ability of intangible resources to create and maintain a competitive advantage, and the influence of cultural intelligence factors on intellectual capital dimensions is undeniable. The research is exploratory and the framework offers opportunities for refinement. A new perspective for managing IC in audit firms adopting the cultural intelligence approach is developed. Contribution to the ecosystem of IC research is highlighted, expanding the concept of IC value creation beyond the audit firm into wider society. The framework can be used to manage IC strategically in all the systems interpreted as cultural intelligence systems in which the role of IC creation from multiple actors is relevant. This makes possible the understanding of how IC helps create value for the society and the region in which the audit firm operates. The originality of the paper is in bringing together issues usually dealt within the literature in separate domains, such as IC management and cultural intelligence perspective. The concept of cultural intelligence remains an unexplored field in

relation to IC management in the audit firms. The cultural intelligence approach provides a novel contribution to managing IC and is intended to inspire future research. In this regard, previous findings by the researchers demonstrated that cultural intelligence could lead an organization to intellectual capital, and auditors' high level of cultural values reflects their high intellectual capital. Cultural intelligence is a variable that helps to explain cultural reasoning. The creation and management of IC is thus an operational priority to evaluate the alignment between the strategic orientation and the performance within the audit firms contributing to social engagement and regional development.

However, given the impact of cultural intelligence on judgments and decision making, and the fact that cultural factors influence the prominence of any cultural intelligence, this theory should be tested again to determine which components are most important in Iran and are used in judgments. Many organizations have found themselves in a situation where paying attention to physical and financial resources cannot guarantee their survival in recent years, as the current economic paradigm has shifted from a machine-oriented industrial economy to a mind-oriented knowledge economy. Nowadays, the concurrent use of physical and financial capital, as well as intellectual capital and human resources aided by cultural intelligence, can create a sustainable competitive advantage and even provide reasons for the auditing profession's survival. The formation and evolution of intellectual capital as a result of improved cultural intelligence is critical to the auditing profession's effectiveness and efficiency. In general, auditors acquire the stages of socialization and entry into society through their experiences in the profession's formal and informal educational systems (Hussami, M., 2001). As a result, in many cases, society's expectations of auditors are linked to the development of culture and the expansion of their social capital. Cultural intelligence and its various components can have an impact on intellectual capital. These factors can not only improve auditing performance, but also play an important role in the auditing profession's social, economic, and even political development (such as improving the status and dignity of accountants and auditors in the society and playing an active role in the accounting and auditing profession involving the members of the profession more effectively in the macro-national decision-making by the statesmen).

The purpose of this study was to look into the impact of auditors' cultural intelligence on intellectual capital. The findings of the first hypothesis test revealed that cultural intelligence and its components (metacognitive, cognitive, motivational, and behavioral) are among the factors influencing auditors' intellectual capital in their judgment and decision-making from a cultural perspective. For shareholders and other users of the financial auditing and reporting process, auditing is a reassuring profession. In addition to this assurance, professional commitment as an essential feature can cause cultural intelligence to be strengthened and improper intentions to be avoided during the audit process. This survey shows that when relationships between auditors and society improve and the auditing profession is honest, concerns decrease. As a result, auditors' proclivity to maintain ethics and professional commitment is enhanced. People who see their future as being aligned with the goals of the organization are more committed to adopting the desired characteristics of the organization and are willing to act in the organization's interests while avoiding conflict with the client. Auditors who are dedicated to their profession strive to adhere to professional standards, principles, and rules, as well as to respect professional requirements. As a result, those with a strong professional commitment are more sensitive to cultural issues. The findings of this section of the study are consistent with previous research (Tuan Mansor TM, Mohamad Ariff A, Hashim HA., 2020, Meutia I, Adam M, Nurpratiwi T., 2018, Taylor EZ, Curtis MB., 2010). In this regard, it is suggested that relevant auditing managers create suitable conditions to improve auditors' professional commitment while providing desirable requirements for establishing friendly relations among auditors and offering efficient and effective incentives. In addition to

the applicants' knowledge and expertise, auditing firms and auditing organizations should seriously consider the cultural intelligence and intellectual capital of individuals when recruiting auditors, and skilled psychologists should be employed in this regard. Furthermore, ongoing training on the importance of ethics and its positive effects on the intellectual capital of the auditing profession should be provided. Furthermore, it is recommended that the Iranian Association of Certified Public Accountants (IACPAs) codify guidelines for the development of regulations related to the reporting of non-cultural behaviors that jeopardize economic health in accordance with the enforcement of the Administrative Health Law, notify audit firms, and consider in assessing audit firm quality. The results of the second, third, and fourth hypotheses imply that as auditors' intellectual capital increases, they will have more HC, SC, and RC. Auditors can be influenced by environmental and psychological factors, which can have a complex impact on disclosure purposes. Auditors typically have a track record of success in the workplace, and gaining positions that others can rely on is critical for them; as a result, they will have more intellectual capital. The findings of this hypothesis are consistent with the findings of one study (Winfield, M., 1994) but do not agree with the findings of another study (Liyanarachchi, GA, Adler R., 2011).

Naturally, any research begins with a sketch in the researcher's mind and is nurtured and identified in terms of its domains, dimensions, and methodology, eventually leading to findings and results through data collection and analysis. As a result, there may be some obstacles and limitations along the way, with the main limitation of this research being the use of the questionnaire, which has inherent limitations. Based on this limitation, respondents may not be cautious when answering questions or their conditions, and moods may change under environmental conditions, causing them to misinterpret the answers and challenging generalization of the results to the population, which is beyond the researcher's control. Another limitation of this study was the country's lack of research in this field, which limited the researcher to studying the background in Iran and comparing the results with local studies. The main criteria of cultural intelligence and intellectual capital were used in this survey. Other variables, such as the size of the audit firm, can be used in future research. Furthermore, researchers can conduct the same research on the subject under consideration in this study at the level of auditors of governmental organizations (Court of Audit).

In recent decades, researchers have paid close attention to the concept of intellectual capital, and paying attention to social interests has become more important than economic and legal rules. This concept is now one of the most important issues in the academic and business worlds. Auditors consider it in their decisions, whether voluntarily or compulsorily, because the implementation of intellectual capital provides several obvious and hidden benefits to the auditing profession and society. Because intellectual capital includes human, structural, relational, and cultural standards, and factors such as expertise, innovation, loyalty, and so on, it can be affected. Identifying the factors influencing auditors' perceptions of intellectual capital can thus effectively improve organizations' sense of responsibility and accountability by raising awareness in this area. Cultural intelligence has a positive relationship with human, structural, and relational aspects of intellectual capital, according to the findings of this study. Because managers and employees choose to observe different aspects of intellectual capital, cultural programs and strengthening cultural attitudes not only reinforce an organization's cultural culture but also draw auditors' attention to perceiving and observing intellectual capital. This eventually leads auditors to combine society's expectations with the organization's human, structural, and relational goals in their decisions to ensure survival and long-term benefits.

Intellectual capital examines the main dynamics that influence economic competition in knowledge economics from various perspectives. It must be a driving force in the auditing process, with the pattern of success being the development of intellectual capital, including administrative management skills. Nowadays, the transition from negative behavior in human

resource management to positive attitudes among auditors is unavoidable, manifested in the creation of favorable conditions for knowledge acquisition, skill improvement, and universal development of working power. Human capital investments are long-term investments that should not be overlooked by managers who are focused on short-term objectives. It is critical to create an environment in the economic and political systems that will encourage organizations to participate in the creation of human capital as a basic component of intellectual capital, thereby increasing motivation to invest in it. Organizations that use their ability to find and develop human capital to gain a competitive advantage to the greatest extent possible will be highlighted in the near future. The beginning of the third millennium heralds a period in which the nature of organizations shifts. Auditors must deal with new methods while utilizing existing resources. A new epoch brings with it new hopes as well as hidden dangers. One of them is a careless attitude toward recognizing an unusually rapid development. Society, customers, technology, and competition are all constantly changing. If an organization wants to succeed, it must change; otherwise, the key competence can easily become the key inconvenience, resulting in a setback.

The new millennium is known for the constantly accelerating changes and economics based on intellectual capital, which are critical to underpin and efficiently manage. The importance of knowledge cannot be overstated. It is taken into account at the global, national, and organizational levels. Intellectual Capital Management (ICM) is a contemporary challenge. Searching for possibilities and methods of quantifying the return on investment in human resource development, as well as an effort in strategic management in the form of Intellectual Capital Management (ICM), should be essential components. The findings of this study show that cultural intelligence, as one of the ethics mechanisms, can help auditors build intellectual capital. Nowadays, as science and technology advance, communities are becoming more sophisticated and specialized. Organizations are no exception as societal institutions.

Committed, motivated, and skilled human capital (HC) are created in today's highly competitive world simply by considering individual needs and training and educating human resources. In such circumstances, issues such as ethics, transparency, and cultural intelligence against wrongdoing are more important than ever. The auditors' professional commitment reflects their adherence to rules and regulations. The code of professional conduct for auditors, which encourages them to follow professional ethics, is possibly the most important rule of the auditing profession. Cultural intelligence is a cultural component in the public interest because it can prevent potential harm (illegal, immoral, and illegitimate activities) to external and internal stakeholders. As a result, auditors' commitment to their profession and its requirements, including the code of professional conduct, is likely to improve their cultural intelligence. Auditors and those who use auditing services must be committed to their profession. Members of this profession must be expected to go above and beyond society's rules and regulations while adhering to cultural and professional principles. This research undoubtedly helps to understand and recognize the attitudes of auditors in both the private and public sectors. These findings could be used to develop cultural principles of the profession and policy in attracting auditors, particularly those certified by the Exchange and Securities Organization and the Iranian Association of Certified Public Accountants (IACPAs).

ETHICAL CONSIDERATIONS

In this paper, the authors have taken into account ethical issues like plagiarism, informed consent, multiple publications, etc. While adhering to the principle of fiduciary duty in writing the article, people during the distribution of the questionnaires are assured that their opinions will be kept confidential and the results will be merely assessed in general.

CONFLICT OF INTEREST

The authors declare that there is no conflict of interest.

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