



STRESS AND ITS BRUNT ON WORK EFFICIENCY OF CHARTERED ACCOUNTANTS – A CONCEPTUAL STUDY

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Abstract : Chartered Accountants have huge responsibility in economic growth of a country. They play very important role in assisting business organization, taxpayers and with deep knowledge in the subject, they sometimes are the law makers of the country. Stress level of CAs are to be managed effectively as it affects their work efficiency. This study emphasizes to find the factors that influences the stress and suggests appropriate measures to minimize their stress level so that the work efficiency of CAs are not adversely affected by stress factors.

IndexTerms – Stress, Chartered Accountant, Job performance, Audit Quality.

I. INTRODUCTION

Stress is a human reaction to a particular event. It will be experienced by each and every individual. Stress is generally defined as “the psychological state experienced by an individual when faced with demands, constraints, or opportunities that have important but uncertain outcomes” (Greenhaus & Parasuraman). Based on this definition, stress consists of two major elements; the source of stress and the implication of stress to an individual. Previous stress studies typically have used the definition of stress in three different ways; as a stimulus, a response (strain) or a relationship between stimulus and response. Stimuli are external forces or environmental situations which require a physical or psychological response from individuals. Stimulus is also referred to as a stressor factor. A response or strain is referred to as the effect of such forces on the individual or a symptom of stress.

According to WHO, work related stress is the response people may have when presented with work demands and pressure that are not matched to their knowledge and abilities and which will challenge their ability to cope. It classifies stressors related to work into work content and work context. Work content includes job content, job load, working hours, work pace, job control and work context includes career development, pay scale, job security, job role, relationship within the organization, work-life balance.

As per clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 "Chartered accountant" (CA) means a person who is a member of the Institute and who is in practice. A person who has passed the CA Final Examination and eligible to become Chartered Accountant can only apply for membership.

II. LITERATURE REVIEW

Review of literature paves way for a clear understanding of the areas of research previously undertaken and throws light on the potential areas which are yet to be covered. It also helps in better understanding of the research problem.

Lopez, D. M., & Peters, G. F. (2012) investigated the effect of workload pressure on audit quality. The study was conducted by using a sample of 8,384 firms and it was found that excessive workload led to dysfunctional behaviours and lower audit quality among individual auditors. The study concluded that workload pressure is one of the important determinants of performance in the field of auditing.

Bernardi, R. A. (1997) studied the relationship among locus of control, perception of stress and performance of junior accountants. The primary data was collected from 206 newly joined accountants from two accounting firms. The study indicated that some respondents have a belief that the stress is motivational factor in their work environment but however excess stress has intended the respondents to leave the organisation.

Larson, L. L. (2004) studied internal auditors and their job stress. Primary data was collected from 683 internal auditors who were members of American Institute of Certified Public Accountants. It was found that organisational stressors like politics, time stressors were major sources of stressors for auditors. Lack of training and development were other serious sources of stress. The author opined that it is the duty of organisation to take appropriate steps to reduce job stress of its internal auditors so that job turnover can be minimized.

Akanji, B. (2013) provided the causes of occupational stress and measures to cure it. The study found that the sources of occupational stress are work relationship, career development, job role and organisation structure. The author opined that psychological support should be given to employees so that it helps the employees to manage the work life balance effectively and efficiently.

Venkataraman, P. S., & Ganapathi, R. (2013) studied with an intention to examine the impact of job stress and job satisfaction among employees of small-scale industries in Madurai district. The study conducted with the help 300 employees and the results revealed that there is negative correlation between job satisfaction and work load and role conflict. The study also found the positive correlation between work environment and job satisfaction. It is very essential for small scale industries to understand the needs and wants of their employees.

Yan, H., & Xie, S. (2016) analysed the impact of work stress on audit quality. The results of the study showed that impact of stress on audit quality is very minimal but there is negative association between stress and audit quality especially in auditing the files of new clients and it also showed that the demographic variables have an important role in perception of work stress.

Smith, et al. (2018) analyzed role stress model developed by Fogarty et al. (2000). The study collected data using a sample of 293 working professional auditors to study and analyze the relationship between job stress and reduced audit quality. The study measured the reduce audit quality practices on the basis of five-point scale ranging from “never” to “nearly always” with a total of 5 items. The article suggested that stressors have a great impact on audit quality and the study found that burnout fully mediates the association between job stress and job performance.

Amiruddin, et al. (2019) investigated the impact of time pressure, work-family conflict and role ambiguity on work stress and its effect on the quality of auditing. The respondents were auditors who worked in KAP (Public Accounting Firms) in Indonesia. The study analyzed the direct and indirect effects by using Structural Equation Modelling. Work stress was measured by using 5 items and audit quality by using 10 items. The research found that time pressure had a huge impact on work stress and had a positive and significant effect on audit quality.

Annelin, A., & Svanström, T. (2021) studied the audit team stress, its triggers and its impact on audit quality. The data was collected through interview method. The study found that stress is even prevalent at team level and team management played an important role in managing the stress level and unclear audit planning, lack of communication, team changes and affection can trigger team stress in audit teams and have the consequence of audit errors and other audit-quality.

III. OBJECTIVES OF THE STUDY

- To study the impact of stress on work efficiency of Chartered Accountants.
- To study the personal strategies of professionals to manage their stress level.

IV. RESEARCH METHODOLOGY

This is a conceptual study. The present research is based on secondary data collected from various articles, books, newspaper and websites.

1.1 CHARTERED ACCOUNTANT JOB PERFORMANCE

Job performance is defined as the ability of an employee to achieve the organization's criteria (Chi, Yeh, & ChiouBaumeister). In general, job performance is measured from two perspectives either from quantitative or qualitative factors. For example, sales persons are said to have high performance if they are able to meet their sales target, whereas accountants' performance are evaluated on their ability to work efficiently and meet the deadlines set by their employer.

Chartered accountant's job performance has been measured from two perspectives, it can be measured either on the basis of self-rated measurement or supervisor-rated measurement. The present study is focused on to analyze the association between stress and work performance of practicing CAs and hence job performance will be measured on the basis of self-rated measurement. Kalbers, L. P., & Cenker, W. J. (2008) in their study measured the auditor performance using seven items viz. quantity of work accomplished, ability to reach the goals, quality of relationship maintained with the clients, ability to manage time and expense, respect received from others and quality with regard to the use of appropriate audit procedures. Koopmans, et al. (2014) examined the construct validity of individual work performance using 3 scales with a total of 18 items. Chartered Accountant's work performance is very crucial in determining the credibility of financial statements of any business enterprises and previous studies suggest that their work performance is significantly affected by their individual stress level.

1.2 AUDIT QUALITY

The quality of audit work is very important as it has a significant effect not only on the audit firm but also on the public. In auditing, audit quality is the fundamental factor and explains the demand for auditing practice. The auditing profession serves as a “middle-man” to reduce information asymmetry between the preparer (company's management) and users (for example company's shareholders and creditors) of financial statements. Therefore, in order to retain this role, auditors must maintain the trust and confidence of the public which can only be achieved by providing high standards of audit quality.

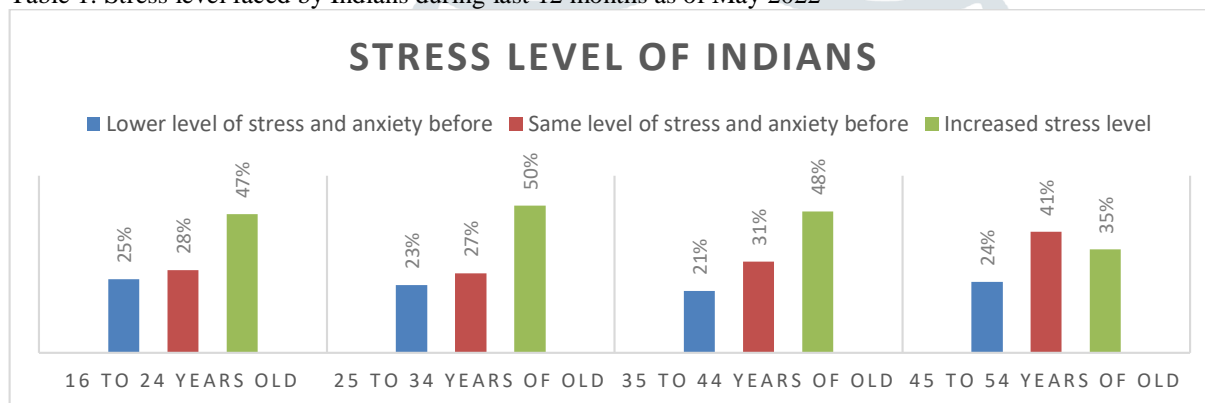
Audit quality refers to matters that contribute to the likelihood that the auditor will achieve the fundamental objective of obtaining reasonable assurance that the financial report as a whole is free of material misstatement; and ensure material deficiencies detected are addressed or communicated through the audit report. This includes appropriately challenging key accounting estimates and treatments that can materially affect the reported financial position and results. CAs have a responsibility to respond to error or fraud risk by planning and performing the audit to obtain reasonable assurance that any material misstatement, due to error or fraud, is detected. Therefore, auditors are expected by third parties to have adequate knowledge and the necessary technical skills to perform their duties. Thus, auditors must maintain a level of competency when they consider a broad set of information, including fraud risk factors. In order to ensure auditors have the necessary knowledge, and to maintain a high level of competency among auditors, most of the professional and regulatory bodies set a minimum entry level for the profession. It is believed that by having a minimum entry level, auditors have adequate training in accounting and other areas related to their profession and should be able to recognize any irregularities in the financial system. In addition, in light of the constant changes affecting the accountancy profession, the professional and regulatory bodies have made it mandatory for auditors to attend continuous education training throughout their career, to ensure they stay updated with current developments in accounting and

related matters. The International Auditing and Assurance Board (IAASB) has developed a framework on audit quality. The framework describes input, process and output are the three factors that contribute to the audit quality of an auditor. Input factor includes values, ethics, knowledge, attitude of the auditor, process factors are complying with laws, regulations and auditing standards, quality control reviews, review of audit work and output factors includes reliability, significant findings from the audit, transparency in reporting.

1.3 CHARTERED ACCOUNTANT AND STRESS

Accounting, particularly auditing is traditionally considered a high-stress profession. Many accountants have been reported to have heavy smoking and drinking habits, ulcers, chronic back pain and headaches as consequences of stress. The stressors on CAs can be classified into three types: role conflict, role ambiguity and work overload. Role conflict occurs when there is more than one instruction is given to perform a single task, role ambiguity consists of insufficient information necessary to accomplish the task and work overload is having too much work to perform within a given time - Molina-Sánchez (2019). The need to satisfy the expectation and demand of the many people within their relevant environment could create potentially stressful situations. For example, CAs are particularly vulnerable to stress because conflicts of interest may exist in performing their duties, where auditors stand between management, who are responsible for preparing statements of a company's financial position and results of operation, and the investors or other interested parties who use these statements, along with other information, in making decisions to achieve their own specific objectives. The auditors' relationship with the client may deteriorate if there is disagreement between client and auditor, for example in terms of the audit opinion issued by the auditors. Indeed, clients tend to threaten the auditor by switching to other firms if they do not agree with the auditors' opinion. These factors lead to create huge pressure on the auditor's profession.

Table 1: Stress level faced by Indians during last 12 months as of May 2022



Source: <https://www.statista.com/statistics/1320246/india-people-feeling-more-stressed-by-age/>

Stress in auditing, to some extent could produce positive outcomes such as increased work efficiency, increased focus on task and problem solving, and decreased attention to irrelevant information, however, the risks associated with pressure-induced dysfunctional behavior could negatively affect the CAs and the business firms. As a consequence of these pressures, chartered accountant's job performance could decline, in that their ability to work effectively is decreased, may reduce the ability of the auditors to detect material misstatements or frauds; or the auditors may engage in unprofessional behaviors that potentially impair audit quality. A number of financial scandals in the past few years involving auditors appear to support this contention.

2. STRATEGIES FOR COPING WITH STRESS

With an understanding of its reasserts and effects, pressure may be controlled and turned right into an effective force. CAs should ensure that they spend quality time with their relatives and friends. They should no longer permit themselves to be in isolation and people around them should assist a lot in managing their work stress. Auditors should try to take care of their health by avoiding smoking and consumption of alcohol. They should be diet conscious and to have regular workout and engage in recreational activities. CAs must try manage their time efficiently and effectively so that they no longer experience the time pressure. They should be powerful time managers. Accountants and auditors have to maintain consistency among their behavioral choices and the need of accounting. This will improve the relationship among subordinates and the clients.

The personal techniques recommended with the aid of using those relationships are disarmingly simple: live healthy, live in touch, control time wisely, be authentic to yourself and have a high-quality outlook on life.

V. CONCLUSION

In summary, by analyzing the positive and negative association between stress and audit quality of accounting professionals, this work adds to body of knowledge on occupational stress, job performance and its antecedents. This study gives accounting professionals guidance regarding the significance of job stress and its causes in auditing profession. The complete efforts of all financial sectors, the importance of auditing in the society and the excellent quality of their services will further increase the earnings of all sectors of the community. Accordingly, this study indicates that elevating auditor's level of stress causes a decline in the quality of their job, which in turn lowers the accuracy of the company's audit.

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