

## Audit Quality, Job Stress and Ego Strength

Nasim Nasirpour<sup>1</sup>, Dr Mohammad Mehdi Abbasian<sup>2\*</sup>, Dr. Abbasali Pouraghajan<sup>3</sup>

<sup>1</sup>*Ph.D, Department of Accounting, Faculty of Humanitites, Branch, Islamic Azad University, Qaemshahr, Iran.*

<sup>2,3</sup>*Faculty Member, Department of Accounting , Faculty of Humanitites, Branch, Islamic Azad University ,Qaemshahr , Iran.*

### Abstract

*Ego functions include the relationship with reality, arranging and controlling instinctive forces, thematic relations, processing the thought, defensive performances and compound performances as well as judgment. This research aimed at investigating the relationship between audit quality and job stress as well as ego strength. This study was applied in terms of purpose and it was correlational in terms of data collection for a descriptive study. The current research had 3 main variables of audit quality (dependent), job stress and ego strength. The statistical population of this study included all 191 auditors of the Auditing Organization, and 208 external audit companies, which included at least 3 auditors in 2020; the overall statistical population included 815 individuals. The sample volume of the intended population included 261 individuals according to Cochran formula. Sampling was done using simple random method. The results indicated that job stress and ego strength could predict the audit quality.*

**Keywords:** *Audit quality, Job stress, Ego strength*

### 1. Introduction

Considering the opposition of the interests governing the auditing environment and the essence of the existing issues, auditors should have sufficient professional skills or competences. However, there is no equal definition regarding the dimensions of this concept in the literature and previous researches and its dimensions have been fundamentally changed due to the contemporaneous circumstances. Investigating the historical developments of this concept also shows the development of its dimensions to the concepts such as relational skills, management and responding knowledge (Peecher et al., 2010). The results of psychology and sociology researches have shown that the process of taking appropriate decisions requires having a balance between individual's emotions and perception (Damasio, 1994). For example, Lidox (1993) concluded that individuals' perception besides his emotional reactions, can help him when making choices and decisions. Moreover, if one has experienced similar emotions and mental statuses in the past and has cognition over them, his ability in doing judgments and decision making would increase. Therefore, knowing the source of emotional reactions and management and understanding the relationship among them is essential; since in case these situations not be managed well, it would lead to misjudgments and wrong decisions (Goleman, 1995).

### 2. Statement of the Problem

Overall, the purpose of auditors is protecting shareholders' interests against material misstatements existing in the financial statements. In the meantime, managers' motivation regarding the administration of personal interests in the earning quality impedes auditors from reaching their purposes. On the contrary, auditors can detect the possible earning management by the managers and restrict them regarding the administration of earning management through increasing audit quality (Namazi et al., 2012). Therefore, audit quality of the companies depends

---

\* Corresponding Author

on the mental conditions of the auditors and can affect company's decisions. Job stress, auditor's capabilities and organization of the personality of auditors are among factors that can affect auditor's job. Recent years' studies in the field of job stress have provided the way for the development of stated theories regarding occupational behaviors. According to the theory, job stress is a consequence of understanding the imbalance between stressor factors and individual's ability for coping with these stressor factors (Falahzadeh et al., 2008).

According to Freud, the founder of human personality psychoanalysis includes three structures of id, ego and super-ego. I or ego is the second personality structure according to Freud, which comes to exist as a result of existing forces in the organization (Lavertue et al., 2002). Ego performances include the relationship with reality, arranging and controlling instinctive forces, thematic relations, processing the thought, defensive performances and compound performances as well as judgment (Beres, 1956).

Ego strength refers to the one's capacity to control the opposite demands of id and super-ego and the oppositions of the external reality; as the I not be able to have functional balance, the personality of the individual would face disorders (Lavertue et al., 2002). According to Stafrace definition, the powerfulness of I is the ability of ego to face with the external reality the time that I makes a balance between the desires of id, super-ego and external environment (Stafrace and Evans, 2004).

### **3. Theoretical Framework**

#### **3.1. Audit Quality**

Audit quality is a vital components of corporate governance that plays an important role in reducing the informational imbalance and agency problems among managers, shareholders and creditors (Welenberge, 1999 and Johnson and Mack Ling, 1976). Audit quality is a concept for which, various definitions have been presented. Di Anjelou (1981) has presented a multi-dimensional definition of the audit quality: 1) Material misstatement should be discovered and 2) material misstatement should be reported. Davidson and No (1993) defined audit quality as the ability of the auditor in discovering and solving the misstatement and manipulating the reported net profit. Since audit quality before and during auditing is not observable, various indexes have been identified in researches for showing the audit quality. The size and popularity of auditing is among the first indexes that have been stated in this regard. Large auditing institutions have more financial and human resources that are effective on the competence of the auditor. On the other hand, due to the high volume of work and popularity, they have more independence compared to other institutions. The results of the recent conducted studies showed that 3 or 5 large auditing institutions present better audit quality than other auditing institutions. Beker et al., have indicated that companies audited by large auditing institutions have better audit quality (Beker et al., 1998). Other highly used indexes of audit quality are auditing industry. Special industry auditor has more specialized knowledge regarding that specific industry and this issue is effective on the competence and quality of the work of auditing. Researchers such as Palmers (1981) and Krishnan (2003) have utilized this criterion. Researchers such as Hermanson et al., (2007) and Diliot (2010) have used unacceptable report publication as an index of auditing quality or auditor independence.

#### **3.2. Ego Strength**

Ego strength is an important variable in the performance of the human being. The term ego strength refers to the one's ability for effective facing with the competitive desires and overwhelming circumstances as well as the effective performance against desires and expectations of these opposed forces. Therefore, the existence of a powerful ego causes them to show the signs of psychic trauma less, and have enough capacity and patience to stand against the tensions resulting from stressful conditions of the life. On the other hand, ego weakness causes the organism to return from the external world to the internal world and come to its essence (Koochaki Ravandi and Monirpour, 2015).

According to psychodynamics` view, one of the factors affecting mental health is ego strength. Ego plays an important role in the performance of cognitive psychology (Jamil et al., 2015). Since ego is responsible for mental system`s management, all of the mental problems appear the time that ego can`t do its own responsibilities (Koochaki Ravandi and Monirpour, 2015).

Inability in developing I processes such as judgment and measuring the reality of ethical reasoning can lead to psychic trauma as the primary sexual stabilizations or aggression. Therefore, one who has a not grown I, wouldn`t be ready to face reality (Parviz et al., 2017).

#### **4. Background of the Study**

Kohen et al., (2015) investigated the effect of framework on searching data and evaluating them during auditor`s fair value judgments. The results of their study indicated that providing a balanced framework for the auditor through affecting the way of data evaluation, affects fair value estimation of the auditor so that the auditor utilizes opposed evidences more than confirming ones.

Anderson (2014) in a study investigated the effect of hindsight bias on the judgment of experienced and inexperienced auditors assuming that their activity is continued. The results of their study showed that regardless of the data on the consequences of the event, both of the experienced and inexperienced auditors evaluated the signs of trading center`s failure more related than success signs.

Lee, Stettler and Antonakis (2011) explored the relationship between ethical reasoning level and auditors` skill level. Their findings indicated that those auditors whose ethical reasoning was high, had lower bias than their owners` profits and pay attention to all people when considering the profits.

Ahmadi Hessar et al., (2019) in a research evaluated the psychological factors affecting the auditors` skills (case study: auditors of Supreme Audit Court). The obtained results showed that variables such as responsibility, perception, relational skills, simplifying complexities, related and unrelated data, exceptions, confidence, the amount of knowledge, selectivity, automatism, creation, tolerating stress and inability in explaining decision making process can be considered as effective psychological features in the auditors` skills.

Parviz et al., (2017) in a study investigated the relationship between ego strength and metacognition in girl and boy students. The results showed that there was a powerful and positive relationship between ego strength and metacognition and the abilities of ego were wider than metacognition.

Dianat Nassab et al., (2015) in a study explored the mediating role of job stress in the relationship between psychological capital and job performance of the employees. The results of the study indicated that there was a negative and significant relationship between job stress and performance and there was a positive and significant relationship between psychological capital and job performance.

Yaqubnezhad et al., (2013) in their research entitled as “the relationship between skepticism and audit quality” investigated the relationship between professional skepticism of the audit and audit quality and concluded that although many factors affect audit quality, professional skepticism is an important criterion that affects audit quality and this criterion can have an utmost effect in issuing auditing report and discovering material statements.

#### **5. Methodology**

The current study was applied in terms of purpose and it was correlational in terms of collecting data for a descriptive research. This research had 3 main variables of audit quality (dependent), job stress and ego strength. Statistical population of this study included all 191 auditors of the Auditing Organization and 208 independent auditing companies, including at least 3 auditors in 2020; the overall population included 815 individuals. Sample volume of the considered population was 261 individuals according to Cochran formula. Sampling was done using simple random method. The most important data collection methods of this research were as the following:

1. Desk researches

In this part, to collect data regarding theoretical foundations and literature of the subject, library resources, as well as articles, required books and World Wide Web (Internet) have been utilized.

## 2. Field studies

To collect data, three questionnaires were used including: 1) audit quality (standard) questionnaire, which was designed by Knechel et al., (2013); 2) Job stress (standard) questionnaire designed by security and health organization of England; 3) Psychological Ego Strength Questionnaire (PIES) (standard) presented by Streom et al., (1997). Content validity of this questionnaire was confirmed by the supervisor and advisor as well as some experts of accounting field. To measure the reliability of this research, Cronbach alpha test was utilized whose coefficients for the mentioned questionnaires (audit quality, job stress and ego strength) was obtained respectively 0.81, 0.85 and 0.84. To analyze the data of this study, descriptive statistics analysis and inferential statistics were used; in the descriptive statistics` part, frequency distribution tables, bar diagrams, mean and standard deviation were used and in the inferential statistics` part, Kolmogorov-Smirnov tests, structural equations using SPSS and AMOS software were utilized to analyze the data.

## 6. Research Purposes

### 6.1. Main Purpose of the Study

Predicting audit quality based on job stress and ego strength

### 6.2. Secondary Purposes of the Study

1. Predicting audit quality based on job stress
2. Predicting audit quality based on ego strength

## 7. Findings of the Study

### 7.1. Inferential Statistics

#### 7.1.1. Kolmogorov-Smirnov Test Results

The hypotheses of this test were:

- $H_0$ = Data distribution is normal.
- $H_1$ = Data distribution is no normal.

The results of this table have been presented in Table 1. As it is observed, the sig value was more than 5% for all variables; therefore,  $H_0$  hypothesis was accepted. As a result, the assumption of the normality of data distribution was accepted.

**Table 1. The Results of Kolmogorov-Smirnov Test**

		Audit quality	Job stress	Ego strength
Number of data		261	261	261
Normal parameters	Mean	3.290	2.113	3.294
	Standard deviation	0.679	0.649	0.630
Z statistics of Kolmogorov-Smirnov		<b>1.138</b>	<b>0.961</b>	<b>0.499</b>
Sig value		<b>0.150</b>	<b>0.315</b>	<b>0.964</b>

### 7.2. The Results of Confirmatory Factor Analysis

#### 7.2.1. The Results of Exploratory Factor Analysis of the Audit Quality Questionnaire

Table 2 shows the results of KMO and Bartlett tests as the pre-requisites of confirmatory factor analysis and investigates the sample volume sufficiency to do the confirmatory factor analysis.

**Table 2. The Results of KMO and Bartlett Tests of Audit Quality Questionnaire**

Bartlett test	KMO criterion	0.930
	Chi- square statistic	2401
	Freedom degree	120
	significance	0.000

Considering the results of Table 2, the value of KMO statistic was higher than the conventional value of 0.6; thus, the number of used samples to do the confirmatory factor analysis was appropriate. Moreover, the significance level for the Bartlett test was less than the conventional value of 0.05; therefore, the correlational matrix of the observed values wouldn't be a unit amount and there was a relationship between variables. As a result, factor analysis could be utilized.

### 7.3. The Results of Exploratory Factor Analysis of the Job Stress Questionnaire

Table 3 shows the results of KMO and Bartlett tests as the pre-requisites for confirmatory factor analysis and has investigated the sample volume to conduct the confirmatory factor analysis.

**Table 3. The Results of KMO and Bartlett Tests of Job Stress Questionnaire**

Bartlett test	KMO criterion	0.951
	Chi- square statistic	6576
	Freedom degree	595
	significance	0.000

Considering the results of Table 3, the value of KMO statistic was higher than the conventional value of 0.6; thus, the number of used samples to do the confirmatory factor analysis was appropriate. Moreover, the significance level for the Bartlett test was less than the conventional value of 0.05; therefore, the correlational matrix of the observed values wouldn't be a unit amount and there was a relationship between variables. As a result, factor analysis could be utilized.

### 7.4. The Results of Exploratory Factor Analysis of the Ego Strength Psychology Questionnaire

Table 4 shows the results of KMO and Bartlett tests as the pre-requisites for confirmatory factor analysis and has investigated the sample volume's sufficiency to conduct the confirmatory factor analysis.

**Table 4. The Results of KMO and Bartlett test Regarding Ego Strength Psychology Questionnaire**

Bartlett test	KMO criterion	0.964
	Chi- square statistic	1235
	Freedom degree	2016
	significance	0.000

Considering the results of Table 4, the value of KMO statistic was higher than the conventional value of 0.6; thus, the number of used samples to do the confirmatory factor analysis was appropriate. Moreover, the significance level for the Bartlett test was less than the

conventional value of 0.05; therefore, the correlational matrix of the observed values wouldn't be a unit amount and there was a relationship between variables. As a result, factor analysis could be utilized.

### 7.5. The Results of Structural Equations' Test

The diagram of tested structural equations model for investigating the research hypotheses of standard estimation form and significance form have been presented in Figures 1 and 2.

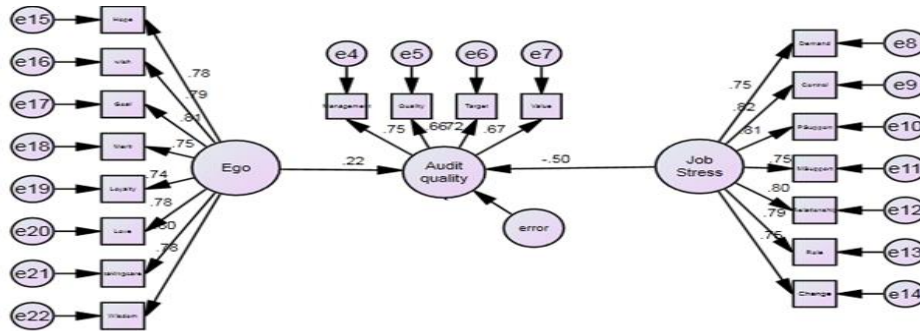


Figure 1. The Diagram of the Tested Structural Equations Model in Order to Investigate the Research Hypotheses in the Standard Estimation Form

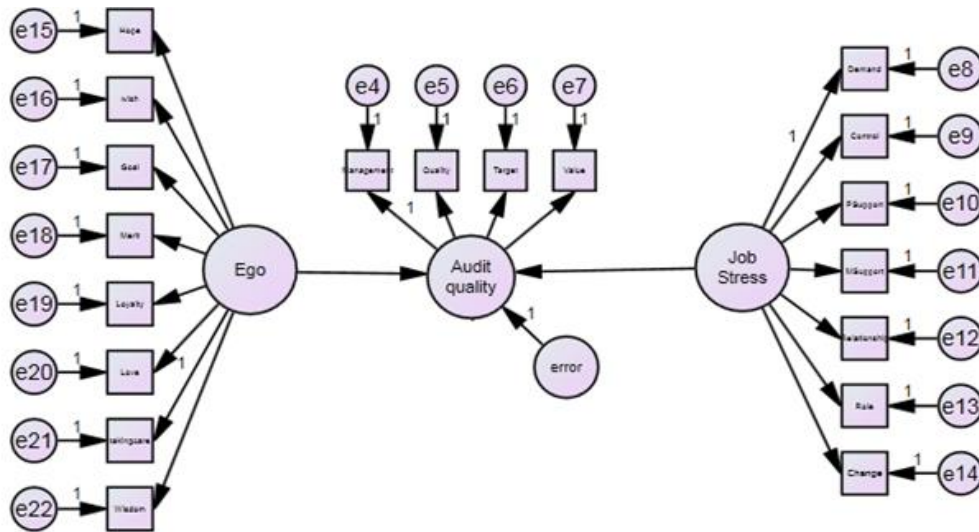


Figure 2. The Diagram of Tested Structural Equations Model to Investigate Research Hypotheses in the Significance Form

The results related to the goodness of fit index of the model have been presented in Table 5.

Table 5. The Results of the Goodness of Fit Index of Structural Equations Model for Research Hypotheses

<i>PCLOSE</i>	<i>RMSE</i>	<i>P-Value</i>	$\chi^2$	<i>AG</i>	<i>GF</i>	<i>R</i>
0.543	0.062	0.328	214.858	0.917	0.923	0.014

The significance level of chi-squared test, which tested the saturation of the structural model, was obtained higher than the 0.05 first type error for this model; thus, it can be confirmed at this level of error that the goodness of fit index model has covered all significant relationships between variables and their indexes and in the 0.05 error level, the model is considered to be saturated. Model's saturation showed that there was no other significant relationships in the model. Moreover, the goodness of fit index of GFI and AGFI of this model was higher than the conventional value of 0.9, showing the high ability of the model in explaining the relationship between the mentioned variables. In addition, RMR and RMSEA indexes, which were related to the amount error of the related model in predicting the observed integer numbers, were small numbers whose proximity to zero showed the little error of the model in explaining the relationships. Moreover, the amount of possibility regarding the smallness of the RMSEA also (PCLOSE) showed that this amount of possibility, the provided fitness of the model's error, was less than the conventional value of 0.05. Therefore, the results of the model could be documented and were valid and the model was fit to the goodness.

## 8. Main Question of the Research

### 8.1. Can Job Stress and Ego Strength Organization Predict Audit Quality?

Table 6 shows the fitted model to investigate the main questions of the research.

**Table 6. Estimating the Coefficients of the Structural Equations Model Related to the Main Question of the Research**

Independent	Dependent	Coefficient	Standard coefficient	Standard error	Critical value	Significance
Ego strength	Audit quality	0.209	0.222	0.057	3.673	0.000
Job stress	Audit quality	-0.480	-0.505	0.607	-7.175	0.000

Based on the results of Table 6, it is observed that the statistics related to the effect of “ego strength, job stress and personality organization” on “audit quality” had a statistics higher than the critical value of 0.05 ( $t_{0.95} = 1.96$ ); thus, the significant effect of “ego strength and job stress” on “audit quality” can be accepted in the first type error level of 0.05 in this model. As a result, in responding to the main questions of the study, it can be stated that job stress and ego strength could predict audit quality.

Finally, the regression formula was as the following:  
audit quality =  $-0.408 \times \text{JobStress} + 0.209 \times \text{Ego}$

## 9. Secondary Question No.1 of the Study

### 9.1. Can job stress predict audit quality?

Table 7 shows the fitted model to investigate the second secondary question of the research.

**Table 7. Estimating the Coefficients of the Structural Equations Model Related to the Second Secondary Question of the Research**

Independent	Dependent	Coefficient	Standard coefficient	Standard error	Critical value	Significance
Job stress	Audit quality	-0.480	-0.505	0.067	-7.175	0.000

Based on the results of Table 7, it is observed that the statistics related to the effect of “job stress” on “audit quality” had a statistics higher than the critical value of 0.05 ( $t_{0.95} = 1.96$ ); thus, the significant effect of “job stress” on “audit quality” can be accepted in the first type error level

of 0.05 in this model. As a result, in responding to the second secondary question of the study, it can be stated that job stress could predict audit quality.

Finally, the regression formula was as the following:

$$\text{audit quality} = -0.408 * \text{JobStress}$$

## 10. Secondary Question No.2 of the Study

### 10.1. Can Ego Strength Predict Audit Quality?

Table 8 shows the fitted model to investigate the third secondary question of the research.

**Table 8. Estimating the coefficients of the structural equations model related to the third**

Independent	Dependent	Coefficient	Standard coefficient	Standard error	Critical value	Significance
Ego strength	Audit quality	0.209	0.222	0.057	3.673	0.000

**second  
question of  
the  
research**

**rch**

Based on the results of Table 8, it is observed that the statistics related to the effect of “ego strength” on “audit quality” had a statistics higher than the critical value of 0.05 ( $t_{0.95} = 1.96$ ); thus, the significant effect of “ego strength” on “audit quality” can be accepted in the first type error level of 0.05 in this model. As a result, in responding to the third secondary question of the study, it can be stated that ego strength could predict audit quality.

Finally, the regression formula was as the following:

$$\text{audit quality} = 0.209 * \text{Ego}$$

## 11. Discussion and Conclusion

The results obtained from the tests of this question showed that job stress and ego strength could predict audit quality. In other words, the changes of the company's audit quality based on personality organization, job stress and ego strength is justifiable and predictable and based on these two variables, the amount of audit quality could be predicted. The results of this research could be compared with the results of other countries' researches. The results of Ahmadi Hesar et al., (2019), Rajabalizadeh (2017) and Rasso (2013) were in line with the results of the current study.

The obtained findings indicated that job stress could predict audit quality. In other words, the changes of the company's audit quality based on job stress was justifiable and predictable and based on this variable the amount of audit quality could be predicted. Therefore, the results of this study were in line with the results of Ahmadi Hesar et al., (2019).

The obtained findings indicated that ego strength could predict audit quality. In other words, the changes of the company's audit quality based on ego strength was justifiable and predictable and based on this variable, the amount of audit quality could be predicted. Therefore, it could be stated that the results of this study were in line with the results of Ahmadi Hesar et al., (2019) and Rasso (2013).

## 12. Research Suggestions

It is suggested to create a calm atmosphere in the organization to reduce the level of stress in the auditors and managers trust them and observe their performance in an imperceptible way to not make auditors stressful.

It is suggested that stress coping skills be measured at the time of engaging auditors in the company and it should be considered as a criterion for choosing the auditors.



It is suggested that job requirements of the auditors be considered and their personal and job problems should be taken into account to the extent of the company's capability.

It is suggested that coworkers help each other in reducing the stress level and work load and the cooperation culture be institutionalized in the company.

It is suggested that auditors' hope level be increased through drawing organizational horizons of their job and the way their job is developed.

It is suggested that macro and micro as well as strategic goals of the organization be explained to the auditors so that they can feel their place in the organization.

It is suggested that meritocracy be considered in the company and there be a criterion for appointing and job promotion.

It is suggested that faithful auditors of the company be identified and important as well as highly risk responsibilities be assigned to them.

It is suggested that love and intimacy among auditors and the company be increased through applying conferences and inter-organizational meetings.

It is suggested that auditors' wisdom be utilized while taking macro decisions regarding the organization.

## Acknowledgments

## References

- [1] Ahmadi Hessar, Farshad., Pakdel, Abdollah., Rezai Sharif, Ali (2019). Analyzing the psychological factors effective on the auditors' skills (case study: auditors of the Supreme Audit Court), Auditing knowledge, 18<sup>th</sup> year, No 72.
- [2] Parviz, Kuroush., Aghamohammadian Sherbaf, Hamidreza., Qanbari Hashem Abadi, Bahramali., Dehqani, Mahmoud (2017). The relationship between ego strength and metacognition in girls and boy students, two periodicals, The journal of education strategies in medical sciences journal, 9<sup>th</sup> year , No 2, 118-126.
- [3] Dianat Nasab, Madineh., Javidid, Hojjatollah., Yaghouli, Hossein (2015). The mediating role of job stress in the relationship between psychological capital with the employees' job performance, Psychological methods and models, 4<sup>th</sup> year, No 15, 75-89.
- [4] Rajabalizadeh, Javad (2017). The effect of emotions and metal statuses of the auditors on the professional judgment of auditing: investigating the studies and presenting abstracts from the suggested concepts and approaches, auditing knowledge, 15<sup>th</sup> year, No 60.
- [5] Yaqubnezhad, Ahmad., Royayi, Ramazanali., Azinfar, Kaveh (2013). The relationship between skepticism and audit quality indexes, management accounting, 5 (No 3 (serial 14)), 25-35.
- [6] Namazi, Mohammad., Bayizidi, Anvar., Jabbarzadeh Kangharlou, Saeed.(2012). Investigating the relationship between audit quality and profit management of the companies accepted in the stock exchange of Tehran, Accounting research journal, 3<sup>rd</sup> year, No 9, 1-15.

## Authors

Author's picture  
should be in  
grayscale.

Picture size should  
be absolute  
3.18cm in height  
and absolute  
2.65cm in width

**Nasim Nasirpour, Dr Mohammad Mehdi Abbasian, Dr. Abbasali Pouraghajan, Author's profile**