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Audit Quality and Resilience beyond the Role Stress Model: A Maltese Perspective**

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Abstract:

Purpose: *In this study, we examined the incidence and predictors of Reduced Audit Quality Practices (RAQP) as well as the consequences of burnout on job satisfaction, turnover intentions, and the work environment in Maltese Big Four audit firms.*
Methodology: *A two-phase sequential mixed-methods approach was employed to achieve the objectives of the study. In the first phase of data collection, questionnaires were distributed to auditors in the Big Four firms in Malta and concurrent semi-structured interviews were conducted with thirteen audit staff members. After this data was analysed, the results were discussed with four audit partners from these Big Four firms, as part of the second phase of data collection.*
Findings: *We found that role stressors lead to increased burnout levels, while resilience mitigates burnout. Consequently, burnout leads to lower job satisfaction, higher turnover intentions, higher RAQP, and strained relationships with colleagues. Moreover, this study found that less experienced auditors commit RAQP more often, although mostly in low-risk areas and when facing time pressure.*
Originality/Value: *This study contributes to the understanding of factors influencing the incidence of RAQP, and the antecedents and consequences of burnout amongst Maltese auditors.*

Keywords: *Resilience, Role stressors, Burnout, Reduced Audit Quality Practices, Malta.*
Paper type: *Research article.*

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1. Introduction

The rationale of auditing is to serve the public interest, specifically, to improve accountability, confidence, and trust in financial information published by companies (Institute of Chartered Accountants in England and Wales [ICAEW], 2005). Following numerous corporate scandals, trust in financial information had been compromised, leading to an increased interest in the drivers of audit quality to identify areas of improvement (Centre of Audit Quality [CAQ], 2014; International Auditing and Assurance Standards Board [IAASB], 2014). According to the IAASB (2014), a quality audit is one where the engagement team is knowledgeable, experienced, sufficiently resourced, exhibits ethical standards, and applies appropriate quality control.

Admittedly, audit quality can be hard to measure, so most researchers studied it in terms of Reduced Audit Quality Practices (RAQP). Malone and Roberts (1996) define RAQP as practices that reduce the effectiveness of evidence gathering to an inappropriate level, thereby increasing audit risk. Some studies focused on Dysfunctional Audit Behaviour (DAB), which includes RAQP as well as Underreporting of Chargeable Time (URT). While RAQP directly affects audit quality, URT has a more indirect effect as it increases time pressure, which in turn may lead to more RAQP. Although RAQP increases the chances of issuing the wrong opinion, it may not lead to audit failure, as auditors resort to RAQP in low-risk and non-technical areas (Coram *et al.,* 2003).

Since time budgets are usually used to evaluate performance, auditors may be tempted to take shortcuts when they become unachievable (Otley and Pierce, 1996a). Time pressure is indeed one of the biggest antecedents of RAQP, as auditors seek to improve their performance (Broberg *et al.,* 2017; Gundry and Liyanarachchi, 2007; McNamara and Liyanarachchi, 2008; Nehme, 2013; Otley and Pierce, 1996b; Pierce and Sweeney, 2004; Svanberg and Öhman, 2013; Svanström, 2016).

Deadlines and time budgets are a source of stress amongst auditors (Kelley *et al.,* 1992). Although stress may improve productivity in the short-term, when auditors' coping resources are overwhelmed, they may suffer from burnout (Fogarty *et al.,* 2000). Burnt out individuals become emotionally exhausted, lack motivation and self-esteem, and treat others callously (Fogarty *et al.,* 2000). Consequently, burnout leads to lower Job Satisfaction (JS), lower job performance, and higher Turnover Intentions (TI) (Fogarty *et al.,* 2000; Smith *et al.,* 2018). Furthermore, Smith and Emerson (2017) found that resilience mitigates burnout, which otherwise leads to higher levels of RAQP. Resilience is the capacity to overcome or recover from adversity, such as stress or lack of autonomy (Macedo *et al.,* 2014).

As a result, the objectives of this paper are:
-. To explore factors related to the incidence of RAQP, namely audit experience, resilience, and burnout; and

-. To assess the consequences of burnout on job satisfaction, turnover intentions, and the work environment.

The above research objectives are addressed within the context of an island-state, namely Malta. The Maltese audit market comprises the Big Four audit firms, small and medium-sized practices, and a number of sole practitioners. This study focuses exclusively on Big Four firms.

This section introduced the study while Section 2 will review extensive literature and develop research hypotheses. Subsequently, Section 3 will outline the research methodology and describe the research tools used. Section 4 will present the findings and discussion and Section 5 concludes the research paper.

2. Literature Review

2.1 Audit Quality

Audit quality can be defined as:

> "*the market-assessed joint probability that a given auditor will both (a) discover a breach in the client's accounting system, and (b) report the breach"* (DeAngelo, 1981, p. 186).

If audit risk is not reduced to an appropriate level, there is a higher chance that a wrong audit opinion is issued, undermining the trust in financial information. Therefore, audit firms must maintain a high level of audit quality by understanding its drivers and implementing cost-effective policies (Francis, 2011). Audit quality is affected by the organisational culture and the tone at the top, and by internal and external reviews (CAQ, 2014). Moreover, auditors must be knowledgeable, experienced, maintain a healthy workload, and consult with experts when necessary (CAQ, 2014). If these policies are not adequate, there is a higher chance that auditors would engage in RAQP.

2.2 Reduced Audit Quality Practices:

Audit firms experience a cost-quality conflict whereby quality work may result in unsustainable costs, meaning that auditors are tempted to take shortcuts to increase profit (Pierce and Sweeney, 2004). These shortcuts, or RAQP, are "*actions taken by the auditor during an engagement which reduce evidence-gathering effectiveness inappropriately*" (Malone and Roberts, 1996, p. 49). RAQP increase the chance that a wrong opinion is issued, as the evidence, it is based on may not be sufficient and appropriate. RAQP consist of the following actions:

- Premature Sign-Off (PMSO) of audit procedures: Tasks are falsely marked as completed;

- Failing to follow-up questionable items: Audit procedures were performed, but suspect items are not questioned further;
- Performing a superficial review of documents: Documents are not reviewed thoroughly and attentively;
- Accepting weak client explanations: Client explanations are not corroborated with additional audit procedures due to time constraints;
- Failing to research a technical issue: A technical accounting or auditing issue is not researched appropriately;
- Carrying out less work on audit procedures: This may include shortening a selected sample by rejecting awkward-looking items (Coram *et al.,* 2008) and altering or replacing audit procedures (Anugerah *et al.,* 2016).

According to Otley and Pierce (1996a) and Herrbach (2001), the most frequently committed RAQP is performing superficial reviews of documents, while according to Smith and Emerson (2017) it is accepting weak client explanations. Nonetheless, auditors rarely engage in dysfunctional behaviours as the incidence of RAQP was relatively low in these studies. On the other hand, PMSO is the least committed act, with only 2% of auditors engaging in it at least sometimes in the USA and France in Malone and Roberts (1996) and Herrbach (2001), respectively. This is because PMSO is perceived to be unacceptable (Coram *et al.,* 2008), since it results in an audit opinion that is based on falsified or non-existent audit evidence (Kaplan, 1995; Otley and Pierce, 1996b; Shapeero *et al.,* 2003).

PMSO usually happens in the initial stages of the audit and in response to time constraints (Gundry and Liyanarachchi, 2007; Nehme, 2013; Otley and Pierce, 1996b; Raghunathan, 1991). When under time pressure, auditors are tempted to skip steps they consider to be unnecessary in low-risk areas (Kaplan, 1995; Nehme, 2013; Otley and Pierce, 1996b; Raghunathan, 1991). In such a situation PMSO is also less likely to be reported, due to supervisors' inexperience or lack of training (Hyatt and Taylor, 2013). Kelley *et al.* (1992) identify two sources of time pressure: time deadline pressure and Time Budget Pressure (TBP). The former emanates from the imposition of deadlines while the latter from tight time budgets. TBP has a more significant effect on audit quality when audit fees are linked to budgets (Cook and Kelley, 1988).

Less experienced audit staff are more likely to underreport time when under time pressure, to appear more efficient (Cook and Kelley, 1988). However, URT skews future audit planning and leads to more pressure on auditors in the long term (Nehme, 2017). Furthermore, Sweeney and Pierce (2004) argue that the decrease in training during busy periods leads to inadvertent RAQP. In busy periods supervision is limited so reviews become especially important to identify inadvertent RAQP (Herrbach, 2001). While Otley and Pierce (1996a) found that RAQP increase as time budgets become unachievable, Sweeney and Pierce (2004) argue auditors would commit fewer RAQP since they would give up trying to achieve such budgets.

Time pressure decreases the ability of auditors to make ethical decisions (Koh *et al.,* 2018). However, a healthy ethical culture is correlated with fewer RAQP under time pressure (Svanberg and Öhman, 2013). A firm's ethical culture is built through formal and informal systems of behavioural management, such as governance, penalties, incentives and setting good examples and moral standards (Svanberg and Öhman, 2013). Ultimately, it is in the organisation's interests to encourage ethical behaviour and discourage unethical conduct (Treviño *et al.,* 1998).

Experienced auditors in higher ranks engage in fewer RAQP (Broberg *et al.,* 2017) since their personal goals are closer to the firm's goals (Gul *et al.,* 2013). Moreover, seniors may commit RAQP to evade the immediate consequences of unachieved budgets (Nehme, 2017). Juniors and seniors are also less experienced and perform more of the fieldwork (Broberg *et al.,* 2017).

This discussion led to the following research hypothesis:

H2c: There is a negative relationship between years of audit experience and RAQP.

2.3 Role Stressors

Role stress is the stress emanating from one's role in the workplace (Khetarpal and Kochar, 2005). Smith and Emerson (2017) found that role stressors are positively related to RAQP. Kahn *et al.* (1964) described three sources of role stress: Role Ambiguity (RA), Role Conflict (RC) and Role Overload (RO).

Unclear rights and responsibilities lead to ambiguous roles, which increase anxiety and reduce job performance (Kahn *et al.,* 1964). Organisations should prevent RA by communicating acceptable behaviours through directives, policies, and penalties (Rizzo *et al.,* 1970). On the other hand, role conflict occurs when it is impossible to comply with multiple conflicting roles or demands from the organisation (Kahn et al., 1964; Rizzo *et al.,* 1970). Kahn *et al.* (1964) also outlined four types of RC: intra-role conflict (conflict between one's ethics and required behaviours), intra-sender conflict (conflict between one's knowledge or resources and required behaviours), inter-sender conflict (conflict between actions required by multiple superiors), and inter-role conflict (conflict between one's roles as an employee and other roles). Finally, role overload is the result of having too many tasks to complete within a tight deadline (Kahn *et al.,* 1964). RO is exacerbated by uncertainty regarding the priority of tasks, since some may not be completed in time (Kahn et al., 1964). Furthermore, RO is a form of inter-sender conflict, since multiple superiors can assign tasks (Kahn *et al.,* 1964).

While stress can increase productivity in the short run, Fogarty *et al.* (2000) and Smith and Emerson (2017) argued that role stressors are the antecedents of burnout. Moreover, role stressors negatively affect job satisfaction, turnover intentions, and job performance, when mediated by burnout (Fogarty *et al.,* 2000; Singh *et al.,*

1994). When severe and intense, role stressors can be identity-destroying (Kahn *et al.*, 1964).

This discussion led to the formulation of the following hypotheses:

H1a: There is a positive relationship between RA and burnout.
H1b: There is a positive relationship between RC and burnout.
H1c: There is a positive relationship between RO and burnout.

2.4 Burnout

According to the World Health Organisation (2019), burnout is a syndrome that results from unmanaged chronic stress at the workplace. Burnout comprises three dimensions: emotional exhaustion, depersonalisation and reduced personal accomplishment (Maslach and Jackson, 1981). Emotional exhaustion involves feeling worn out from intense emotional and stressful situations and experiences (Jackson *et al.*, 1986). On the other hand, depersonalisation is the tendency to treat others callously and in an uncaring manner (Maslach and Jackson, 1981). Finally, burnt-out individuals feel ineffective, demotivated, depressed, and less accomplished (Jackson *et al.*, 1986).

Burnout reduces job performance in auditors as they become less approachable and unable to solve work problems or seek support from others (Fogarty et al., 2000). Moreover, burnt out auditors experience lower job satisfaction, perform more RAQP, and are more likely to leave their position, the firm, or the profession to avoid stress (Fogarty *et al.*, 2000; Smith *et al.*, 2018).

Therefore, this led to the formulation of the following hypotheses:

H2a: There is a positive relationship between burnout and RAQP.
H3: There is a negative relationship between burnout and job satisfaction.
H4: There is a positive relationship between burnout and turnover intentions.

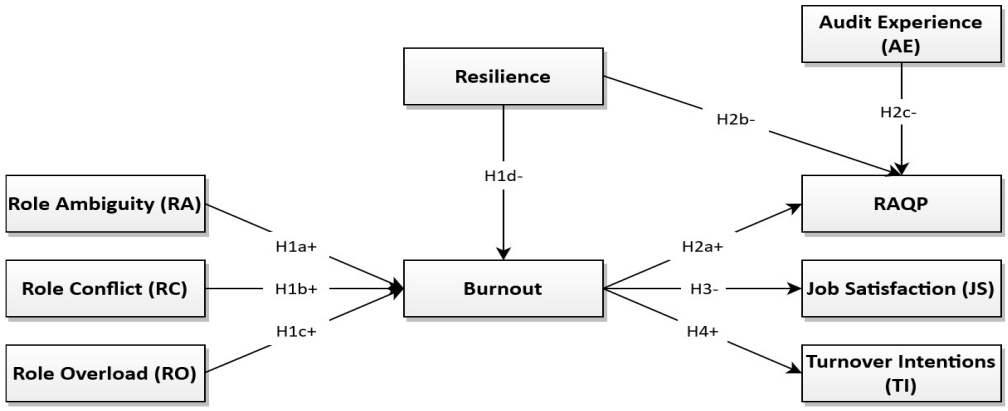
2.5 Resilience

"*Resilience embodies the personal qualities that enable one to thrive in the face of adversity*" (Connor and Davidson, 2003, p. 76). Such qualities include a sense of humour, extraversion, optimism, and adaptability to change (Liebenberg et al., 2017). Additionally, resilient people view stress as an opportunity to grow rather than as an obstacle (Kobasa, 1979). Smith and Emerson (2017) found that resilient auditors experienced lower stress, burnout and committed fewer RAQP.

H1d: There is a negative relationship between resilience and burnout.
H2b: There is a negative relationship between resilience and RAQP.

Figure 1 presents the above hypotheses concerning each other and thus, forming the proposed model of this study.

Figure 1. *Proposed Theoretical Model*



Source: *Authors' Compilation*

3. Research Methodology

A mixed methodology approach was selected in this study to enable a more meaningful interpretation of statistical findings through interviews (Creswell, 2014). Moreover, this approach corroborates quantitative and qualitative findings and provides a more robust conclusion (Johnson and Onwuegbuzie, 2004).

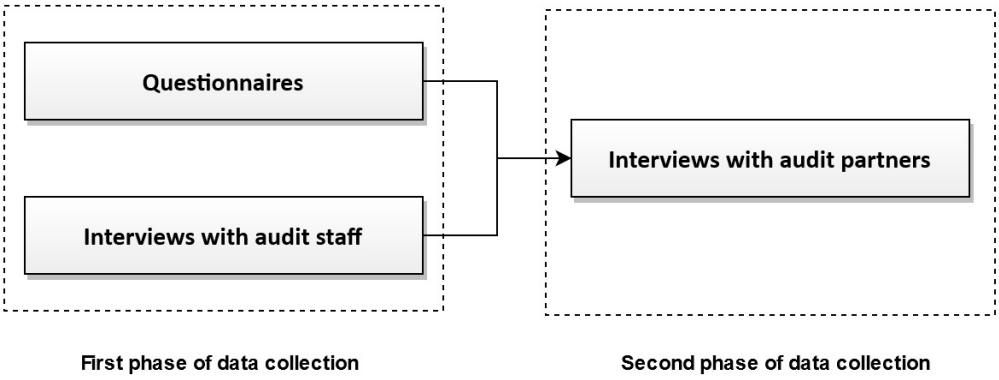
Data were collected sequentially to combine and explain previous findings (Saunders *et al.*, 2016). The first phase of data collection entailed the distribution of questionnaires and interviews with thirteen audit staff in Big Four firms. This data was analysed concurrently to allow for triangulation (Saunders *et al.*, 2016), then the findings were discussed with four audit partners from Big Four firms. Figure 2 illustrates these data collection phases.

3.1 Questionnaire

The questionnaire consisted of five sections gathering data on role stressors, RAQP, resilience, burnout, job satisfaction, turnover intentions, and demographic information. Table 1 outlines the scales used to measure the above variables. Moreover, it shows that all Cronbach Alpha values exceeded 0.70, which is the minimum threshold for establishing internal consistency (Nunnally, 1978).

The questionnaire was first pilot tested and it was then distributed through an online link in November 2019. Only complete responses were used for data analysis, which amounted to 77, representing a response rate of 24.1% of the participating firms.

Figure 2. *Data Collection Phases*



Source: *Authors' Compilation*.

Table 1. *Variable measures and internal consistency*

Variable	Scale	No. of Items	Cronbach's Alpha
Role Conflict	Bowling et al.'s (2017) Role Conflict scale	6	0.897
Role Ambiguity	Bowling et al.'s (2017) Role Ambiguity scale	6	0.790
Role Overload	Thiagarajan et al.'s (2006) Role Overload scale	6	0.831
RAQP	Otley and Pierce's (1996b) RAQP scale	7	0.754
Resilience	CD-RISC10, a shorter version of Connor and Davidson's (2003) 25-item CD-RISC scale	10	0.854
Burnout	Adapted from Singh et al.'s (1994) scale	5	0.716
Job Satisfaction	Cammann et al.'s (1979) Michigan Organizational Assessment Questionnaire Job Satisfaction Subscale (MOAQ-JSS)	3	0.811
Turnover Intentions	Mobley et al.'s (1978) Turnover Intentions scale	3	0.918

Source: *Authors' Compilation*.

After the data was imported into IBM SPSS Statistics Version 26, the dependent variables (TI, JS, Burnout, and RAQP) were tested for normality using the Kolmogorov-Smirnov test. Since none satisfied the normality assumption, non-parametric tests were used and Generalised Linear Models (GLM) assuming a gamma distribution and an identity link function were used to test the hypotheses. The margin of error for the survey results is 10.4%, which is not surprising, considering only three of the Big Four firms distributed the questionnaire to their staff. Demographic information about survey respondents is presented in Table 2.

Table 2. *Demographic information*

Demographic Characteristic	Category	Frequency	Percentage
Gender	Male	37	48.1%
	Female	40	51.9%
Audit experience	0-1 years	15	19.5%
	2-3 years	24	31.1%
	4-9 years	25	32.5%
	10-40 years	13	16.9%
Job Position	Junior	22	28.6%
	Senior	38	49.4%
	Manager	14	28.2%
	Partner	3	3.9%

Source: *Authors' Compilation*.

3.2 Interviews

The point of saturation was reached when thirteen audit staff and four audit partners were interviewed. The job positions of the interviewees are presented in Table 3. The sample of interviewees was chosen using heterogenous or maximum variation sampling, which allows the collection of key themes from participants with different characteristics, such as audit experience and job position (Patton, 2002).

Table 3. *Job position of interviewees*

Job position	No. of interviewees
Juniors	4
Seniors	4
Managers	5
Partners	4

Source: *Authors' Compilation*.

Qualitative data for this research study was collected through semi-structured interviews consisting of open-ended questions. The interview schedule for audit staff was developed to gather corroborative information about the variables in the questionnaire to better reflect the respondents' opinions (Johnson and Onwuegbuzie, 2004). On the other hand, the interview schedule for audit partners consisted of follow-up questions to obtain audit partners' views on questionnaire findings and insights from audit staff.

Interviews were conducted between November 2019 and February 2020 and lasted approximately 50 minutes each. Most interviews (12/17) were conducted in English, and only one interviewee did not consent to be recorded. Accurate transcripts of interviews were created using Express Scribe Transcription to control the playback speed of the recordings. Transcripts were then uploaded onto NVivo12 where they were manually analysed into several codes. Codes were created for relevant concepts which were either repeated by multiple interviewees, emphasised by some

interviewees, or backed by the literature. These codes were then grouped into categories or themes to facilitate the identification of key relationships between them.

4. Findings and Discussion

4.1 Descriptive Statistics

The following table presents the mean and standard deviation of most of the variables used in the quantitative analysis. These will be referred to in the discussion below.

Table 4. *Mean scores and standard deviation*

Variable	Mean	Std. Deviation
Role Conflict	2.1558	.70365
Role Ambiguity	1.5671	.90170
Role Overload	2.5649	.74199
Resilience	2.6039	.58025
Burnout	1.6104	.70777
Job Satisfaction	2.6753	.73542
Turnover Intentions	1.6277	1.08684
A five-point Likert-type scale was used to measure the above variables: 0 (lowest) to 4 (highest)		

Source: *Authors' Compilation*

4.2 Role Stressors: Antecedents to Burnout?

Table 4 shows that role overload is the role stressor that auditors experience most frequently ($\bar{x} = 2.56$), followed by role conflict ($\bar{x} = 2.16$) and role ambiguity ($\bar{x} = 1.57$). 37.7% of respondents felt they needed more hours in a day to do all the things expected from them. Moreover, while all job positions experienced high role overload, managers (U=0.500, p<0.01), seniors (U=17.500, p<0.05), and juniors (U=1.000, p<0.01) were had significantly higher RC than partners, and juniors had statistically higher RA when compared to partners (U=1.500, p<0.01), managers (U=24.500, p<0.001), and seniors (U=191.000, p<0.001). These Mann-Whitney U tests indicate that auditors in higher job positions have lower role conflict and role ambiguity due to their deeper knowledge and more extensive experience.

All interviewees admitted that time pressure was inevitable in the auditing industry, due to statutory deadlines, group reporting deadlines, and the late delivery of documents from clients. Moreover, working with multiple superiors is often a source of role conflict, as in the words of an audit senior, "*it's difficult to say, 'I cannot do this*" when their demands are incompatible. Some audit staff (5/13) felt that audit procedures were not explained adequately to inexperienced auditors, which may explain the higher role ambiguity in lower job positions. Nevertheless, all audit

partners emphasised that "*the one you report to has an obligation to explain things to you*", while one audit partner also believes that managers "*should notice when someone is going around in circles around an issue*".

Role stressors are problematic as they were found to be statistically significant predictors of burnout, consistent with Smith and Emerson (2017). In the quantitative analysis, RO and RC were combined to form a single variable denoted by Total Role Conflict (TRC) due to a significant positive correlation between them (r_s=0.590, p<0.001), which is undesirable in statistical modelling. This is substantiated by the literature since RO can be regarded as a type of RC (Kahn *et al.*, 1964). Therefore, instead of **H1b** and **H1c**, a new hypothesis was developed and subsequently accepted (p<0.001):

H1e: There is a positive relationship between TRC and burnout.

Resilience was also included in the statistical model presented in Table 5, and it was found to have a strong, statistically significant negative relationship with burnout (p<0.01). According to the Wald Chi-Square statistic, RA was the strongest predictor of burnout, followed by TRC and resilience. This is substantiated by an audit partner who opined that "*burnout is caused by the unattended, and unaddressed consistent signs of working under stress*".

Table 5. *Parameter Estimates of Burnout (Dependent Variable)*

Parameter	***B***	***Std. Error***	***Wald Chi-Square***	***df***	***P-value***
(Intercept)	1.227	.4137	8.802	1	.003
RA	.296	.0692	18.282	1	.000
TRC	.349	.0954	13.397	1	.000
Resilience	-.336	.1080	9.676	1	.002

Source: *Authors' Compilation*.

4.3 Why Do Audit Staff Engage in RAQP?

Even though audit staff adamantly deny engaging in RAQP, as "*you cannot prejudice quality for the expense of delivery*", Table 6 reveals that auditors commit RAQP, albeit infrequently.

The factors affecting the incidence of RAQP are discussed below.

Table 6. *Frequency of RAQP*

	Never	Rarely	Sometimes	Often	Nearly always
Accepted weak client explanations	14.3%	46.8%	31.2%	7.8%	0%
Failed to research an accounting principle	26.0%	54.5%	14.3%	3.9%	1.3%
Failed to follow-up questionable items	40.3%	44.2%	13.0%	2.6%	0.0%
Made superficial reviews of documents	49.4%	24.7%	23.4%	2.6%	0.0%
Prematurely signed-off on an audit step	46.8%	31.2%	22.1%	0.0%	0.0%
Carried out less work than what you considered reasonable	40.3%	41.6%	15.6%	2.6%	0.0%
Rejected awkward-looking items from a sample	62.3%	19.5%	10.4%	6.5%	1.3%

Source: *Authors' Compilation*.

Burnout

Burnout amongst auditors negatively impacts audit quality, as the empirical findings presented in Table 7 provide evidence that burnout is a statistically significant predictor of RAQP (p<0.001). This is consistent with Smith et al. (2018) and Smith and Emerson (2017). Auditors constantly experience high levels of time pressure, and may eventually burn out. Consequently, when Maltese auditors are not engaged in their work, they are more willing to take shortcuts when performing audit procedures. On the other hand, according to an audit partner, dedicated and hard-working auditors are more likely to burn out, therefore reduced audit quality may be a result of impaired objectivity rather than intentional acts.

Table 7. *Predictors of RAQP*

Dependent variable: RAQP					
Parameter	***B***	***Std. Error***	***Wald Chi-Square***	***df***	***P-value***
(Intercept)	.439	.1329	10.926	1	.001
Burnout	.335	.0892	14.058	1	.000
Audit Experience	-.011	.0048	5.054	1	.025

Source: Authors' Compilation

Audit Experience

Table 7 also shows that more experienced auditors engage in significantly fewer RAQP (p<0.05), consistent with Agius (2014), Anugerah *et al.* (2016), Baldacchino et al. (2016), and Kaplan (1995). This could indicate that less experienced auditors are more likely to engage in RAQP to improve their performance evaluation

(Nehme, 2017). On the other hand, more experienced auditors may be less willing to compromise audit quality due to having their interests more aligned with the firm's (Shapeero *et al.*, 2003).

Time Budget Pressure

Most respondents indicated that under time pressure, they were not likely to reduce audit quality to meet the budget ($\bar{x} = 0.79$), as shown in Table 8. This is consistent with Agius (2014). However, auditors in this study resort to significantly more dysfunctional practices when under TBP, such as URT ($p<0.001$) and transferring hours to non-chargeable items ($p<0.05$) when compared to Agius (2014). This indicates that while auditors are working extra to maintain audit quality, they are not charging all hours appropriately. This is concerning as according to most audit partners (3/4), URT "*flips your planning and resources*" and "*could lead to staff not being shown appreciation for the efforts that they're doing*". Since URT distorts the actual hours worked on an engagement, auditors will continue to experience role overload from increasingly under-budgeted engagements. This may have an indirect effect on audit quality through burnout.

Table 8. *Comparison of responses to time budget pressure means*

	Agius (2014)	*This study (2020)*	*Difference*
Responses to time budget pressure	*Mean (std. deviation)*	*Mean (std. deviation)*	*P-value*
Work extra on personal time without charging all time properly	1.83 (1.112)	2.36 (1.123)	.0005***
Work harder but charge all time properly	2.55 (.951)	2.35 (.984)	.1263
Shift time to non-chargeable items	1.15 (.961)	1.43 (1.197)	.0475*
Request and obtain a budget increase	1.45 (.854)	1.22 (.968)	.0577
Reduce the quality of audit work to meet the budget	.61 (.816)	.79 (.833)	.1075
Valid N (listwise)	184	77	

0=Never, 4=Nearly always

Note: *(* significant at p<0.05 level; **significant at p<0.01 level; ***significant at p<0.001 level)*

Source: *Authors' Compilation*.

Risk of Misstatement

A senior admitted that under time pressure they tended to "*let go*" of low-risk areas while another manager sometimes lowered the quality of documentation for such areas. Moreover, 44.2% of respondents were more likely to prematurely sign off on an audit step when they believed it was unnecessary. This is consistent with Coram et al. (2004) who found that RAQP is most likely to take place in areas with a low risk of misstatement under time pressure. Nonetheless, fraud or errors often occur in unlikely places, so even this behaviour can be detrimental to the audit firm. On the other hand, audit partners are in favour of finding more efficient and effective audit procedures, as long as this is not be motivated by time pressure and compromising audit quality.

Inadvertent RAQP

Although many respondents (35.1%) believe audit steps are omitted unintentionally, an audit partner disagrees, as one should communicate issues with their colleagues instead of signing off prematurely. However, the finding indicates that Maltese auditors communicate less effectively under TP, suggesting that this is when inadvertent RAQP are more prevalent.

4.4 How Does the Incidence of RAQP in Malta Compare to Other Studies?

Even though empirical research findings indicate that RAQP is uncommon in Maltese Big Four audit firms, this is still an important subject to consider as any occurrence increases audit risk. Results must be compared with other studies to understand how prevalent RAQP are in the Maltese environment. Table 9 compares the mean scores and standard deviation of RAQP from Agius (2014) and this study.

Table 9. *Comparison of RAQP means*

	Agius (2014)	**This study (2020)**	**Difference**
RAQP	**Mean (std. deviation)**	**Mean (std. deviation)**	**P-value**
Accepted weak client explanations	.91 (.777)	1.32 (.818)	.0002***
Failed to research an accounting principle	.62 (.752)	1.00 (.827)	.0004***
Carried out less work that what you considered reasonable	.70 (.857)	.81 (.795)	.3351
Made superficial reviews of documents	.56 (.773)	.79 (.894)	.0375*
Prematurely signed-off on an audit step	.34 (.649)	.75 (.797)	.0001***
Failed to follow-up questionable items	n/a	.78 (.772)	n/a
Rejected awkward-looking items from a sample	n/a	.65 (.997)	n/a
Valid N (listwise)	184	77	
			0=Never, 4=Nearly always

Note: *(* significant at p<0.05 level; **significant at p<0.01 level; ***significant at p<0.001 level)*

Source: *Authors' Compilation*.

Table 9 indicates that the incidence of all RAQP in Malta increased over the past six years. The increase was statistically significant for all acts, except for "carried out less work than what you considered reasonable". Respondents in this study were most likely to accept weak client explanations, consistent with Agius (2014) and Smith and Emerson (2017). This shows that Maltese auditors are inclined to lower their professional scepticism, especially when dealing with seemingly trustworthy clients, to safeguard their relationship. Furthermore, since many clients do not deliver documents on time, local auditors may accept their weak explanations to meet time budgets and avoid falling behind on subsequent engagements.

PMSO is more severe as superiors are less likely to identify this behaviour in reviews (Coram *et al.*, 2008). Although it is one of the least performed RAQP, only 46.8% of participants in this study never committed PMSO, which is much lower

than Agius' (2014) 73.9% or Herrbach's (2001) 92%. Audit firms may be letting their guard down, as many years have passed since financial scandals such as Enron and WorldCom. PMSO may also be the result of tighter regulation coupled with the need to close off audit work in shorter timeframes. Nevertheless, audit partners believe RAQP results from an inadequate risk-based planning approach, and that "*at the right level, with the right level of reviews, these things are detected and addressed*".

Conversely, participants in this study ($\bar{x} = 0.78$) were more professionally sceptic than Herrbach's (2001) ($\bar{x} = 1.00$), as they followed up on questionable items more often. However, Herrbach's (2001) sample consisted of seniors only, albeit from large audit firms, possibly excluding more sceptical experienced auditors. Also, the significance of this difference could not be measured as Herrbach (2001) did not report the standard deviation of the mean.

4.5 How Can RAQP Be Reduced?

Ethical Culture

The results indicate that Maltese audit firms discourage RAQP by fostering a strong EC, which complements the finding by Svanberg and Öhman (2013) that a stable EC is correlated with fewer RAQP under TP. Although all audit partners believed that their rigorous review process would detect RAQP, some (2/4) acknowledged the need for continuous improvement, as "*there's always the risk that the quality might not be at the right level*".

Resilience

Although empirical findings reject the hypothesis that resilience directly lowers RAQP (p<0.15), there is evidence that resilience affects RAQP through burnout. The findings show that resilience decreases the chance of burnout, which, in turn, leads to lower RAQP levels as evidenced in Smith and Emerson (2017). This relationship explains why auditors can maintain high audit quality, even though they are overburdened.

4.6 Consequences of Burnout

Job satisfaction and turnover intentions : Although most respondents were not burnt out ($\bar{x} = 1.61$), the results in Table 10 provide evidence that burnout leads to significantly lower JS (p<0.001) and higher TI (p<0.001), supporting previous studies (Fogarty *et al.*, 2000; Singh *et al.*, 1994; Smith *et al.*, 2018). Most audit partners (3/4) agreed with these relationships, however, another audit partner warned that this "*would not be a good time to go*" as one may encounter stressors in other audit firms also. Instead, many auditors decide to transfer elsewhere and leave behind the stressful environment of auditing. Furthermore, a junior explained that auditors leave "*because of lack of work-life balance and the wages and the pressure, and I think we do feel under-appreciated*".

Table 10. *Parameter estimates for Job Satisfaction and Turnover Intention*

	B	*Std. Error*	*Wald Chi-Square*	*df*	*P-value*
Dependent variable: JS					
(Intercept)	3.601	.2168	276.028	1	.000
Burnout	-.576	.1077	28.619	1	.000
Dependent variable: TI					
(Intercept)	.312	.3493	.800	1	.371
Burnout	.892	.2342	14.508	1	.000

Source: *Authors' Compilationz.*

Relationships with colleagues and clients

Apart from affecting JS and TI, the results also show that burnout negatively affects relationships with colleagues and clients, and the work environment in general. Most audit staff (11/13) took out their frustration on their colleagues, which made them less approachable. This uncaring attitude is a characteristic of depersonalisation, one of the dimensions of burnout (Maslach and Jackson, 1981). The strain burnout causes in the working environment may be one of the reasons for increased TI. However, Gertsson *et al.'s* (2017) finding that the work environment is not associated with TI casts doubt on this conclusion. Concerning client relationships, a manager claimed that burnt out auditors always acted professionally, but many audit staff (6/13) admitted being less responsive towards clients when stressed.

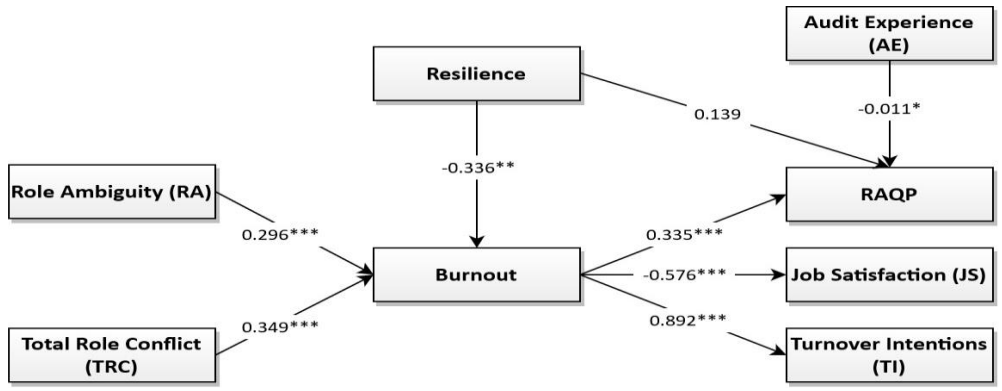
5. Conclusions

Figure 3 presents the final revised model, which shows that all hypotheses were accepted apart from H2b. In summary, burnout is the consequence of sustained role stress, while resilience lowers burnout. Consequently, burnout leads to lower JS, lower audit quality, and higher TI. Therefore, burnout mediates between role stressors, resilience, behavioural and psychological outcomes (RAQP, JS, and TI). Burnout also negatively affects the work environment as burnt-out colleagues are more likely to act callously towards each other. Furthermore, less experienced auditors commit more RAQP, especially when working under time pressure or on an audit step with a low risk of misstatement. Time pressure is exacerbated by URT, which has negative consequences on future planning and is partly to blame for RAQP.

To reduce burnout and improve audit quality, audit firms should retain experienced auditors by ensuring they have the necessary flexibility, recognition and compensation. Moreover, this study highlights the need to recruit additional audit staff as existing staff are experiencing role overload. Additionally, audit firms need to reduce the stigma that comes with burnout, as an audit partner noted "*there's always a bit of a sense of failure*" when acknowledging burnout. Finally, formal resilience-building programmes, such as the Promoting Adult Resilience programme

(Liossis *et al.*, 2009), would help to mitigate burnout amongst auditors and improve audit quality.

Figure 1. *Revised final model*



Note: *(* significant at p<0.05 level; **significant at p<0.01 level; ***significant at p<0.001 level)*
Source: *Authors' Compilation*.

Once audit firms implement formal resilience programmes, it would be useful for the audit industry to assess their effect on resilience and RAQP. Furthermore, the research could be carried out on burnout amongst small and medium firms in Malta, to identify and explain any differences between these firms and Big Four firms. Lastly, a study gathering the perspectives of former audit staff may shed light on turnover intentions and help audit firms retain valuable staff.

Audit quality is rightfully given the highest priority in audit firms, who recognise that they need to safeguard their reputation for their audit opinions to hold water. To safeguard audit quality, auditors must have a frame of mind that is conducive to professional scepticism and ethical conduct. Role stress, which could progress into burnout, may harm audit quality. As a result, audit firms must make work environments less stressful and increase their awareness of burnout within their organisations.

This study is subject to certain limitations. Firstly, all participants in the study were Maltese. The findings of the study are therefore limited to Malta, and such views are inevitably influenced by the culture, regulations and systems within the country, particularly in a small state such as Malta where certain other behavioural characteristics may even further influence the findings. Additionally, the study is subject to the limitations that are inherently associated with the research methods that were adopted for the purpose of this study, as well as with the use of sampling techniques. Finally, non-Big Four audit firms and sole practitioners were not

included in the study, and therefore, the findings of the study may not necessarily reflect the general situation in the Maltese auditing profession.

Ethics approval:
FEMA FREC University of Malta.

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