

EXPLORING THE RELATIONSHIP BETWEEN OCCUPATIONAL STRESS FACTORS OF AUDITORS AND QUALITY OF AUDIT SERVICES; DOES MOTIVATION MATTER?

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ABSTRACT

Sri Lanka's economy is changing rapidly, requiring accurate auditing for market functioning and foreign investment. However, occupational stress can lead auditors to overlook crucial details, thereby affecting their output and financial reports. Companies are increasingly concerned with audit quality, with motivation influencing job satisfaction, organizational commitment, and workload perception. The objective of this study is to ensure the accuracy and integrity of financial reporting in Sri Lanka by investigating the relationship between auditors' occupational stress factors and the quality of audit services, with a focus on motivation. High workload, work pressure, work-life balance, job insecurity, and auditor job satisfaction were employed as occupational stress factors, and the quality of audit services was examined as the dependent variable. This study addresses the knowledge gap by showing that, although a heavy workload initially seems to improve audit quality, motivation is a key component in offsetting this effect, with job insecurity emerging as a more important factor affecting the caliber of audit services in Sri Lanka. Auditing professionals from Sri Lanka's Big Four firms are included in this study. A total of 113 questionnaires were sent, of which 100 were valid for statistical analysis using convenience sampling. The data were analyzed using the Eviews software. The internal consistency of the research instrument was tested using Cronbach's alpha. The Partial Least Squares Structural Equation Model (PLS-SEM) was used to test the relationship between auditors' occupational stress factors and the quality of audit services. The results of the PLS-SEM analysis showed that high workload ($p=0.00$), work-life balance ($p=0.04$), and work pressure ($p=0.00$) had a statistically significant positive influence on the quality of audit services. Interestingly, after moderating the role of motivation, a high workload no longer exhibited a meaningful link with the quality of audit services, stressing that auditors who initially perform well under heavy workloads may experience a decline in audit quality once motivational factors, such as job satisfaction or recognition, are diminished. Job insecurity was found to have a significant positive influence on the quality of audit services. This study contributes to the current body of knowledge and theories, such as effort-reward imbalance (ERI) theory. This study recommends regular check-ins or stress management workshops to help auditors cope with work pressure and avoid burnout, and regular training sessions focused on time management, stress management, and technical skills to ensure that auditors are equipped to handle workload and pressure effectively.

Keywords: Auditor job satisfaction, job insecurity, high workload, work pressure, work-life balance