Accounting & Taxation

VOLUME 5 NUMBER 1 2013

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Accounting & Taxation
Editors

Accounting & Taxation, ISSN:1944-592X (print) and ISSN 2157-0175 (online), publishes high-quality articles in all areas of accounting, auditing, taxation and related fields. Theoretical, empirical and applied manuscripts are welcome for publication consideration. The Journal is published twice per year by the Institute for Business and Finance Research, LLC. All papers submitted to the Journal are double-blind reviewed. The Journal is listed in Cabell’s directory and Ulrich’s Periodicals Directory. The Journal is distributed in print and through EBSCO*Host,* ProQuest ABI/Inform and SSRN.

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This Journal is the result of the collective work of many individuals. The Editors thank the members of the Editorial Board, ad-hoc reviewers and individuals that have submitted their research to the Journal for publication consideration.

ISSN : 1944-592X (print) **ISSN: 2157-0175 (online)**

ACCOUNTING & TAXATION ♦ Volume 5♦ Number 1 ♦ 2013

EMPLOYEE BENEFITS AND STOCK RETURNS: A LOOK AT HEALTH CARE BENEFITS

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ABSTRACT

This study finds firms that pay their employees' health-care premiums earn average positive risk premiums and positive risk-adjusted excess returns. The problem of the study is to analyze risk premiums and risk adjusted returns of an equal-weighted portfolio of firms that pay 100% of their employee's health-care premiums. The results show that the portfolio average risk premiums are positive and greater than the market risk premiums from 2007 to 2011 (except 2008). The portfolio average risk-adjusted excess returns are positive for the 3-year holding period intervals and statistically significant for the 5-year holding period. The implication of this study is that it is important for firms to invest in their people in the form of competitive compensation package, and this investment will pay off in the long run as evidenced from the capital market.

JEL: G11, G12, G14

KEYWORDS: Risk premiums, Risk adjusted excess returns, Health-care premiums

INTRODUCTION

People, the key strategic assets that are valuable, rare, imperfectly imitable and unsubstitutable, are sustainable source of competitiveness (Barney & Wright, 1998; Gorman, Nelson, & Glassman, 2004; Lopez-Cabrales, Valle, & Herrero, 2006; Shee & Pathak, 2005; Wright, McMahan, & McWilliams, 1994). In the knowledge-based economy, companies are energized more than ever by their human resources to compete and generate sustained competitive advantage in the rapidly and dynamically changing market place because success of the firms is directly determined by the quality of their human resources. To strategically attract and retain key talent, firms need to offer competitive benefits in order to reduce turnover rates and increase their people's satisfaction so their superior performance can take place. On average, employees working for companies that offer competitive benefits should be more satisfied with their jobs and are more likely to perform better than those working for firms that do not offer competitive compensation package. Judge, Bono, Thoresen, and Patton (2001) reveal a qualitative and quantitative linkage between employees' satisfaction and job performance.

The current study is to provide empirical evidence from the capital market that firms operating in the knowledge-based economy should be able to have superior benefits and performance in the long run by investing in their people in the form of competitive compensation package. The problem of the study is to analyze risk premiums and risk adjusted returns of an equal-weighted portfolio of firms that pay 100% of their employee's health-care premiums. This study is unique due to the fact that no prior study in the current literature investigates this issue before. This study is also relevant and important in the asset pricing and valuation fields, which are ones of the most popularly researched fields in financial economics. This study furthers our understanding of the various factors affecting stock prices. The implication of this study is that it is better off for firms to invest in their people in the form of competitive compensation package, and this investment will pay off in the long run as evidenced from the capital market. This study also provides important information and implications to the pricing and valuing of assets. In an attempt to challenge the efficient market hypothesis, many researchers have compared the performance of a specialized portfolio to the market index (Anderson & Smith, 2006; Clayman, 1987; Lovisceka & Jordan, 2000; O'Neal, 2000; Staman, 2000; Sum, 2012). The paper is organized as follows.

THE RELATIONSHIP BETWEEN FINANCIAL COMMUNICATION AND FIRM PERFORMANCE: EVIDENCE FROM FRANCE

Laetitia Pozniak, University of Mons
Melanie Croquet, University of Mons
Olivier Colot, University of Mons

ABSTRACT

This research identifies potential links between performance and the level of financial communication on the web. This study examines 216 firms quoted in 2010 on the Free Market of Paris. We use a content analysis of websites and scoring technique, to compute a score of financial communication for each firm. Based on mean scores, two groups are constructed. We measure performance for these two groups. The Probit model shows a negative relation between financial performance and the probability of having a higher score for virtual financial communication.

JEL: M15, G10, C50

KEYWORDS: Communication, Internet, Performance, Web

INTRODUCTION

Companies wishing to raise public money in France can choose between regulated and unregulated markets. Unregulated markets aim specifically at the small and medium-sized enterprises (SME), which, in most European countries, represent the major part of the economic landscape. There are 23 million SME in the EU representing 99% of businesses (http://ec.europa.eu/enterprise/policies/sme/). These unregulated markets include the Free market on which highly rated companies have only very few constraints, and no financial communication obligation. Any effort at financial communication on behalf of listed companies on the Free market is done voluntarily and not from a legal obligation.

This paper focus on 216 firms quoted on the Free Market of Paris in 2010. This market, to our knowledge, has not yet been the topic of such a research project. We want to identify the voluntary effort towards virtual financial communication on 216 websites of firms quoted on the French Free Market. The web site was chosen here as a privileged vector of financial communication between the listed company and its investors (and potential investors). This vector of communication is more and more widely used (Léger, 2008) and the Internet becomes a real management tool for investor relations within companies (Barredy and Darras, 2008; Almillia and Budisusetyo, 2008).

We also highlight the link between these communication efforts and firm performance. The performance is a recurrent determinant of on-line presentation by companies informing their investors (Xiao and al., 2004; Menses-da-Silva and Christensen, 2004; Debreceny and Rahman, 2005; Paturel and al, 2006; Arnone and al., 2010; Pozniak, 2010). The influence of performance on the level of disclosure of financial information on the web is still ambiguous. There is no consensus in the literature on this issue. This paper provides a unique perspective to this issue. The remainder of the paper is organized as follows. In the first section we provide a literature review. We will summarize the relation between performance and communication and we highlight the principles of financial communication on the web. These elements help us build our website analysis grid. The second section presents our methodology and data. The results are discussed in the third section. The paper closes with some concluding comments

INTERNAL CONTROL AND FINANCIAL QUALITY: EVIDENCE FROM POST-SOX RESTATEMENT

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ABSTRACT

Studies of post-SOX restatements have examined the cause of the increase and have documented the association with internal controls in a negative light. In general, restatements result from internal control problems because internal controls are the first line of defense for financial statement quality. However, prior research ignores internal controls have different quality levels and may make various impacts on restating companies. Thus, this study examines the association between restatements and internal controls by examining whether and how internal control quality affects degree of restatement severity. Empirical results show that restatement severity increases in degree of internal control deficiency under among three definitions of internal control quality.

JEL: M41, G32, G24, K20

KEYWORDS: Internal control, Financial quality, Restatement

INTRODUCTION

Auditing Standard No. 2 points out that a restatement of previous financial statements to reflect error correction shows at least a significant deficiency and strongly indicates material weakness. Statement on Auditing Standards (SAS) No. 99 (AU 316) also points out that extent of auditing procedures must address identified risks of material misstatement resulting from fraud. In the post-Enron era, auditors face challenges identifying red flags because of the growing number of restatements, especially restatements have become much more common (Grothe, Pham and Saban, 2006 and Grothe, Saban, Plachecki, Lee and Post, 2007b). Previous research has suggested that restatements increase litigation risk (Palmrose and Scholz, 2004), and thus represent a higher risk to auditors because they make financial statement reliability questionable.

The Sarbanes-Oxley Act (hereafter called the SOX) of 2002 requires management and independent auditors to comply with Section 404 in assessing the effectiveness of company internal controls and to report their findings to investors. However, Section 404 does not require companies to keep enough internal control quality. Section 404 only requires management and auditors to test internal controls to see whether they are effective, and afterwards to inform investors of their effectiveness. Thus, regulators and the public have devoted considerable attention to whether internal controls are sufficient to ensure the accuracy of company financial statements, following the sharp increase in the number of restatements following SOX (Baldwin and Yoo, 2005, GAO, 2006, Grothe, Pham and Saban, 2006, Grothe, Goodwin, Iandera, Laurion and Freeland, 2007a, Grothe, Saban, Plachecki, Lee and Post, 2007b, Audit Analytics, 2007, PCAOB, 2007). The causes of restatements vary significantly among cases (Plumlee and Yohn, 2010, Scholz, 2008). However, restatements result from internal control problems because internal controls are the first line of defense for financial statement quality. Thus, I first focus on whether and how internal control quality is associated with restatement severity/restatement characteristics, because I argue that internal controls have different quality levels and may cause various influences on restatements.

The internal control system is supposed to improve financial reporting reliability and therefore should reduce the number of restatements (Plumlee and Yohn, 2010), but a restatement could signal a company lacks proper internal controls. In this study, I use three measurement methods to proxy for internal control

STOCK MARKET AND TAX REVENUE COLLECTION IN MALAYSIA: EVIDENCE FROM COINTEGRATION AND CAUSALITY TESTS

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ABSTRACT

This study empirically examined the relationship between stock market performance and taxation in Malaysia over the period 1980 to 2008. The Gregory Hansen methodology was utilized to examine which tax collected by Malaysia's Government most impacted stock market performance in Malaysia. The results show that stock market performance contributes most to the changes in company tax revenue as compared to personal taxes and real property gain taxes. In addition, the analysis detects a significance break, which impacts the nature of the relationship between variables. This finding indicates that stock market performance in Malaysia was influenced by strong growth of company tax revenue collection. Thus, fiscal policy authorities in Malaysia should enhance efforts to promote stock market activities, which will subsequently increase the tax revenue collection.

JEL: F3, G1, H2, O2

KEYWORDS: Company tax, Personal tax, Stock market, Structural break

INTRODUCTION

Taxes have an important role in the economic and social policy of any government. Tax policies in Malaysia normally contribute to the overall economic development in two major ways :i) ensuring stable growth in revenue to finance the annual budget; and ii) providing incentives within the tax system to promote growth, especially in the private sector (Singh, 2005) . Therefore,the efficiency and effectiveness of the tax system formulation are crucial to ensure that the government is able to collect the sources for development purposes. Such development, in return, will help to encourage more investment flow in the country. Thus, taxation in terms of policies is well known as being able to promote economic activities, such as investment, manufacturing, tourism and agriculture by offering incentives, which, in return, contribute towards a more balanced growth. Therefore, this paper presents the existence of the relationship between tax revenue and the stock market in Malaysia for the period of 1980 to 2008.

In Malaysia, capital market activities have shown tremendous growth following the Government's efforts to improve the facilities and infrastructure for the investment activities. However, the booming of Malaysia's stock market began after the Asian financial crisis in 1997.This crisis has led to a fundamental change in the Malaysian financial system from bank lending to non-bank market orientation (Zhang, 2009) . This created rapid growth in the stock and corporate bond markets in Malaysia, which opened an opportunity for investment, specifically in the capital market activities. As a result, the capital market in Malaysia has increased significantly, where, in 1999, the funds raised in the capital market amounted to RM17.2 billion compared to RM7.5 billion per annum for the 30 year period from 1962-1992. The remarkable growth of Malaysia's capital market has directly and indirectly impacted the trend of tax revenue collection. Year-to-year the tax revenue collection has increased consistently. Furthermore, the Government's decision to change the method of tax collection from the Official Assessment System to the Self Assessment System in 2001 and 2004 for companies and individuals, respectively, has contributed to an increase in the tax revenue collection (Malaysia, 2004) . In addition, the government also encouraged investment activities through the announcement of incentives granted to the taxpayer to reduce their tax burden. This will further help to promote the investment activities.

SHARE REPURCHASES ANNOUNCEMENT EFFECT ON EARNINGS: EVIDENCE FROM SOUTH AFRICA

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ABSTRACT

This study investigates the effect share repurchases announcements have on earnings of companies listed on the Johannesburg Stock Exchange over a period of 8 years from 2001 to 2008. The study investigates 27 companies listed in the middle capitalization and large capitalization stocks of the Johannesburg Stock Exchange. The study measured earnings by 1) earnings per share percentage change, 2) dividend per share percentage change and 3) cash flow per share percentage change. These variables were investigated over a period of 6 years, 3 years pre- and 3 years post-announcement of share repurchase. The data was analyzed and tested using the T-test and the Wilcoxon parametric paired test.

JEL: G14

KEYWORDS: Stock buy-back, share repurchases, repurchase announcement, earnings

INTRODUCTION

Since 1 July 1999, South African companies have been allowed by law to repurchase their own shares. This was enacted by the amendment of the Companies Act, Act 61 of 1973 (RSA, 1973) to make provision for companies to acquire their own shares. The Act imposes various restrictive regulations on repurchase activities, mainly to guard against liquidity and solvency being compromised. According to Bester et al (2010), the repurchase of shares has been limited. The uncertainty about tax laws and the inconsistency between the Companies Act and the Johannesburg Stock Exchange (JSE) listing requirements were the main reasons for the slow pace. Once these were clarified, the number of companies making repurchase announcements grew from a mere 45 in 2001 to about 121 JSE listed companies in June 2007, making 312 repurchase announcements (Bester, 2008). Unlike the American markets, that have extensive databases to use for repurchase research, South Africa is faced by a lack of comprehensive share repurchase databases. Share buyback is a decision taken by management to repurchase the company shares in the market place, reducing its number of issued shares.

Many public listed companies in different markets have started using share repurchases as an additional form of cash distribution to shareholders. Companies are faced with strategic decision of allocating surplus capital, either through investing in line with business objectives or to return cash to debt holders and shareholders. An investigation of the open market share repurchases by Ikenberry, Lakonishok, and Vermealen (1995) found that stocks of companies making repurchases experience an immediate 3.5% average abnormal return, as well as a 12% average abnormal return during the longer term period of four years following the announcement date.In South Africa, Daly (2002) and Bhana (2007) have gone to great length in proving the immediate and long-term impact of share repurchase on company share prices. If future earnings of the company were to become negatively affected by the repurchase of its shares, then the firm's ability to make other distributions could become negatively impacted. This could lead to the reduction or elimination of other distributions to owners, such as dividends on various classes of shares issued by companies.The primary objective of our study was to test whether companies that announced buybacks of their own common stocks had an observable difference in earnings returns following such an announcement. Share buybacks have implications for affordability. If companies announce their intention to complete the repurchase with internal funds, this implies that earnings will not be negatively affected by the repurchase irrespective of the number of shares targeted for the repurchase.

THE IMPACT OF OWNERSHIP STRUCTURE ON VOLUNTARY CORPORATE DISCLOSURE IN ANNUAL REPORTS: EVIDENCE FROM FIJI

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ABSTRACT

The extent of voluntary corporate disclosure by companies in annual reports in recent years has increased due to various factors. A number of prior studies examined the relationship between ownership concentration and voluntary corporate disclosure. Their findings suggest there is less voluntary corporate disclosure in family owned and high shareholder concentrated firms. On the other hand, companies with low shareholder concentration are likely to have more voluntary corporate disclosure because of the principal to agent relationship. Though studies have examined the impact of ownership structure on the extent of voluntary disclosure, there is still a need to investigate the issue in the Pacific Island countries, such as Fiji. The ownership structure of the companies in Fiji is highly concentrated. This paper examines the relationship between ownership structure and the extent of voluntary corporate disclosure in annual reports of listed companies in Fiji. A content analysis approach suggests how the ownership structure affects the extent of voluntary corporate disclosure in Fiji.

JEL: M14, M41

KEYWORDS: Ownership Structure, Voluntary Corporate Disclosure

INTRODUCTION

Voluntary corporate disclosures have received considerable attention following the recent corporate collapses, business scandals and emerging issue concerning the protection of minority shareholders. Annual reports are a primary medium various stakeholders rely on for making decisions. Thus management, responsible for preparing the annual reports, is accountable to all the stakeholders. As a result, they should disclose all relevant information in the annual reports for stakeholders to make efficient economic decisions. In addition, increased disclosures of information, apart from the ones required by the standards and the regulators are important. These additional disclosures protect the interest of minority shareholders and ensure transparency of company's information to its interested parties. Meek, et al. (1995) define voluntary corporate disclosure as "*disclosures in excess of requirements in annual reports and other media as deemed relevant by the company management for an effective decision-making by the users of the financial reports.*" However, due to the separation of ownership and control the incentive for the management to provide additional disclosures decreases.

Prior studies have examined the impact of ownership structure on voluntary corporate disclosures in countries such as US, UK, Continental European countries, Australia, New Zealand and in the Asian markets (see, Cooke ,1991; Frost & Pownall,1994; Gray, et al.,1995; Meek, et al.,1995; Turpin & Dezoort ,1998; Hossain, et al., 1994; and Chau & Gray, 2002). Two of these studies found that in concentrated companies there were less voluntary corporate disclosures compared to dispersed companies (Chau and Gray, 2002; Hossain, et al., 1994). These studies found a positive association between wider share ownership and voluntary corporate disclosures by firms.

MANAGERIAL OWNERSHIP, LEVERAGE AND AUDIT QUALITY IMPACT ON FIRM PERFORMANCE: EVIDENCE FROM THE MALAYSIAN ACE MARKET

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ABSTRACT

This paper extends the agency cost literature by examining whether managerial ownership, leverage and audit quality are associated with higher performance of companies traded on the Malaysian ACE (Access, Certainty, Efficiency) Market. The sample consists of 82 companies listed on the Malaysian ACE Market for the period from 2007 to 2009. Analyses of descriptive statistics, correlation analysis, and multiple regressions are used to address the research hypotheses. The descriptive statistics analysis reveals that ACE Market companies do not perform better for the three year test period. This result may explain why the number of listed stocks on the ACE Market decreased from 2006 to 2009. Contrary to the proposed hypotheses, this study finds that audit quality has a statistically significant negative effect on firm performance. The empirical results suggest that higher audit fees received by auditors may create bonding between client and auditors.

JEL: G15, G32, M41

KEYWORDS: Managerial ownership; Leverage; Audit quality; Governance mechanisms; ACE market

INTRODUCTION

A firm's performance represents how effectively managers operate a company and thereby enhance the value of the firm to their shareholders. The relationship between managers and shareholders has raised the issue of a conflict of interest when managers use discretionary power to act in their personal best interest (Jensen & Meckling 1976). To safeguard against such behavior by managers firms need to have control mechanisms to ensure that shareholders' funds are not misappropriated or used for unprofitable activities. That is, firms need to insure that agency costs are minimized.

The relationship between managerial ownership and firm performance proposes that management's ownership in the company would motivate them to act in the best interest of shareholders and thereby reduce agency costs. Leverage can also reduce agency costs since debt holders monitor managers' actions to encourage optimal financial performance. In addition, higher audit fees paid to auditors can either strengthen the economic bond between management and auditors and impair auditor independence resulting in sub-optimal firm performance or increase the level and quality of corporate governance which can enhance the quality of financial statements and increase the efficacy of internal control systems.

A number of studies have examined the relationship between managerial ownership and firm performance, as well as leverage and audit quality and firm performance. These studies have generally focused on firms listed on established exchanges and have found positive relationships exist between managerial ownership, leverage and audit quality with firm performance. In this study we investigate the relationship of managerial ownership, leverage and audit quality on firm performance for firms in the

GENERATIONAL DIFFERENCES IN ATTITUDES TOWARD DEFICIT REDUCTION POLICY

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ABSTRACT

In an effort to understand the "generation gap" as it is manifested in attitudes toward current tax policy, this study compares survey responses from experienced tax professionals and inexperienced undergraduate tax students applied to the most effective tax and budgetary changes to reduce the federal deficit. The authors created the survey from tax students' suggestions after a semester (Spring 2011) of reading tax-related articles in an international business journal. At the end of that semester, the authors requested suggestions from students for changes to the federal tax code (revenue) and budget (spending) and incorporated them into a survey to which students during that semester and the next two semesters responded. In July 2012, the authors asked a group of experienced tax professionals to respond to the survey. The authors found significant variation in a few predictable areas. Results include findings that the Millennial generation is less conservative on social issues, and favors Social Security reform and reduced defense spending.

JEL: H60; H62

KEYWORDS: Federal Tax Policy, Age Gap, Generation Gap, Millennials, Tax Code, Federal Budget

INTRODUCTION

For many years, the term "generation gap" has referred to the difference in values and attitudes of younger individuals and those of their elders. First used in popular culture during the 1960s, the term came to recognize the differences between Baby Boomers who came of age in the 1960s and 1970s, and their parents, who were either members of the "Silent" generation (those currently 65 – 83 years of age) or members of "The Greatest Generation" (those currently over 83 years of age) who came of age during the Depression and the Second World War. The generation gap is attributable to rapid cultural change in the postmodern world, and continues to be responsible for generational differences in matters of musical tastes, fashion, culture and politics in profound ways (Fullerton & Dixon, 2010).

According to a recent Pew Research study (2011), the "generation gap," or "age gap," revealed little difference in terms of voting preferences of younger and older Americans for most of the past four decades. As recently as the 2000 election, presidential voting preferences were indistinguishable. As recently as the 1992 election, younger voters were less likely to vote Democratic than their seniors. The 1972 matchup between George McGovern and Richard Nixon was the last time that age correlated as strongly with Democratic voting by younger voters as it has recently. In the 1972 election, 18-to-29 year old voters were 16 points more likely to back the Democratic candidate than older voters (Pew, 2011).
This "age gap," represented by differences in political attitudes and driven by broad social and political trends, began to open in the 2004 election and became a major factor in the 2008 election with Barack Obama's victory over John McCain; and although Obama's support has slipped across all generations since that election, the age gap has not narrowed. Obama continues to hold a substantial edge among 18-to-29 year olds, while voters over 65 years of age favor Romney by a slightly larger margin than they supported McCain (Pew, 2011).

INDIRECT LABOR COSTS AND IMPLICATIONS FOR OVERHEAD ALLOCATION

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ABSTRACT

Cost accounting typically allocates indirect labor cost to cost object based on direct labor hours. The allocation process implicitly assumes that indirect labor costs vary proportionally with direct labor hours. The assumption of a linear relationship between indirect and direct labor is particularly suspicious at low production volume levels because there tends to be a fixed component in indirect labor. The linearity assumption is also challenged by recent increasing complexity of indirect labor tasks. As automation technology replaces some work of the of traditional labor, the cost of non-production workers becomes an important element of manufacturing overhead and it may not be related to labor hours in a simple linear manner. A model is derived to show the relationship between indirect labor overhead and direct labor hours under different conditions. The implication for the allocation of indirect labor overhead is also discussed.

JEL: J3, M2

KEYWORDS: Indirect Labor Cost, Labor Cost, Overhead Allocation, Cost Accounting, Indirect Labor Cost Allocation

INTRODUCTION

One of the critical roles of cost accounting is to estimate the cost of product or services. All costing models are trying to find the "true" cost of a particular cost object such as product, service, segment, and department. Traditional costing approach allocates overhead by using volume-driven measure such as unit produced to first estimate a predetermined overhead rate then allocate overhead by applying this average overhead rate to the cost object. Application of such models is valid for facilities producing products with less diversity. However, as product diversity increases, the broad averaging process leads to serious cost distortion (Johnson and Kaplan, 1987, Cooper and Kaplan, 1988).

A more sophisticated overhead allocation method such as Activity Based Costing (ABC) intends to reduce these cost measurement distortions by creating multiple cost pools and allocation bases to allocate overhead to product or service in two stages allocation process (Cooper, 1987a, 1987b, 1988). One issue that relates to the ABC system is that the allocation process assumes a strict proportional relationship between activity and cost. Noreen and Soderstrom (1994) challenge this linear proportional assumption by examining the hospital's time-series behavior of overhead costs and activities. The results show that the proportionality hypothesis can be rejected for most of the overhead accounts. On average across the accounts, the average cost per unit of activity overstates marginal cost by about 40% and in some departments by over 100%. Another study conducted by Noreen and Soderstrom (1997) suggests that costing systems, which assume costs are strictly proportional to activity, grossly overstate the impact of changes in activity on cost. Kim and Hon (2008) comments that when cost behavior shows a nonlinear pattern, conventional ABC may distort product costs. Noreen (1991) develops a mathematical model to demonstrate the conditions under which ABC systems provide relevant costs. One of the conditions that ABC would provide relevant information is that the cost in each cost pool is strictly proportional to its activity.

FLEXIBLE WORKING ARRANGEMENT AND STRESS MANAGEMENT TRAINING IN MITIGATING AUDITOR'S BURNOUT: AN EXPERIMENTAL STUDY

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ABSTRACT

This study examines the effectiveness of two burnout mitigation strategies (flexible work arrangement and stress management training) on auditors' job outcomes. Burnout is characterized by emotional exhaustion, reduced personal accomplishment, and depersonalization. It has negative impacts on individual auditor's job outcomes. The study employs a 2x2-between-subject experimental design with the participants of 48 accounting students as novice auditors. The experimental treatments were flexible vs. standard work arrangement and training vs. no training of management stress. The results showed that flexible work arrangements and training of management stress effectively reduces negative effects of burnout on auditor outcomes. Auditors in the group with flexible work arrangements and training of management stress have the highest job satisfaction and performance, and the lowest turnover intention.

JEL: M42

KEYWORDS: Burnout, Flexible Work Arrangement, Training of Management Stress

INTRODUCTION

Auditors face job pressures brought on by the demands for precision and professional skepticism of their responsibility to produce a high quality audit report. Jones, Norman, and Wier (2010) argue several attributes related to auditors' career may lead to a difficult situation creating a stressful working environment. For example when auditors are in the busy season working for more than ten hours per day, in a limited time period for several months causes stress. During their busy time, auditors often work on simultaneous assignments with short deadlines. This condition gives rise to a responsibility conflict of job, family, and other personal activities (Fogarty, Singh, Rhoads and Moore, 2000; Sanders, Fulks and Knoblett, 1995). Burnout is a form of stress experienced by the auditors that has got attention from previous studies with analyses of some factors of its antecedents or consequences (Fogarty et al., 2000; Goolsby, 1992; Schiltz dan Syverud, 1999). Burnout is a psychological phenomenon characterized by three related symptoms, such as emotional exhaustion, reduced personal accomplishment, and depersonalization (Fogarty et al., 2000). Furthermore, several studies related to burnout in accounting field have been done, including, burnout symptoms occurred in auditors' profession (Rose, 1983 and Sanders, 1998), internal audit (Kusel and Deyoub, 1983), and management accounting (Figler, 1980).

The empirical evidence from previous research shows that burnout has effects on dysfunctional behavior of auditors that result in substantial inefficiency on either organization or individual, such as turnover intention, absenteeism, and lower productivity (Jackson and Maslach, 1982; Leiter and Maslach, 1988; and Shirom, 1989). Fogarty et al. (2000), Murtiasri and Ghozali (2006), and Jones at el. (2010) documented that burnout mediates a relationship between job stressor consisting of role conflict, role ambiguity, and role overload, and job outcomes consisting of job performance, job satisfaction, and turnover intention. The increase of pressure on antecedent factor (job stressor) will increase the burnout intensity and then will result in diminished job outcomes of auditors. Nevertheless, those studies have not considered the factors which may mitigate burnout for increasing auditors' outcomes.

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The IBFR would like to thank the following members of the academic community and industry for their much appreciated contribution as reviewers.

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