

Occupational Burnout of Statutory Auditors as a Threat to Economic Transaction Security in Poland

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Abstract:

Objective: Demonstrating the potential impact of occupational burnout among statutory auditors on the security of economic transactions in Poland.

Research methodology / approach: The study is based on secondary data. Statistical data provided by the Polish Chamber of Statutory Auditors, data from the Central Statistical Office, a report on Generation Z in Poland, and results from psychometric studies were analysed.

Findings: The study highlighted the threat posed by the phenomenon of occupational burnout to the security of economic transactions in Poland. This security is shaped, among other factors, by the legal requirement for certain enterprises and other entities to undergo mandatory audits by a statutory auditor. Occupational burnout among statutory auditors in Poland is high, leading to intentions to leave the profession, thus reducing the number of auditors available in the market. Furthermore, the deterioration in cognitive functioning, a fundamental symptom of burnout, may adversely affect the quality of work performed by statutory auditors. Due to the age structure among statutory auditors, there is a risk of a significant shortage of auditors in the near future. The nature of the work of a statutory auditor largely conflicts with the values and professional preferences of Generation Z, causing reluctance among young people entering the labour market to choose a career path in auditing.



Research limitations / implications: The research presented here opens a wide field of study. One consequence of the findings presented in this article is a new research project, initiated in collaboration with the Polish Chamber of Statutory Auditors, concerning the attractiveness of the statutory auditor profession and its psychosocial determinants.

Original contribution/value: The conclusions presented should inspire entities responsible for the security of economic transactions in Poland to initiate actions aimed at increasing the number of statutory auditors, particularly encouraging the influx of Generation Z into the profession. The Polish Chamber of Statutory Auditors has already taken significant steps by initiating a study on the attractiveness of the profession and the psychosocial factors affecting it, which will be conducted by an interdisciplinary research team from the Wrocław University of Economics and the University of Łódź.

Keywords: statutory auditors, occupational burnout, economic transaction security, Generation Z, intention to leave the job, work-family conflict, effort-reward imbalance.

Introduction

The number of statutory auditors is decreasing year by year, and interest in the profession is declining. The number of entities subject to mandatory audits is determined by legal provisions, regardless of the number of auditors and audit firms available in the market. Consequently, there is a danger that the auditors available in the market will not be able to „serve” the entities required to have their accounts audited by a statutory auditor, or the accuracy and quality of the audits performed will significantly decrease. Given that companies subject to mandatory audits by a statutory auditor are particularly critical to the market, the lack of their audit, an unreliably conducted financial audit, or a reduction in legally defined audit requirements could threaten not only the going concern of these companies but also cause significant harm to a wide range of their stakeholders. An example might be the collapse of companies where auditors failed to disclose the threat to their going concern. In this context, the positive and active role of PANA in addressing the unreliable actions of audit entities, by drawing appropriate consequences, should be emphasised. It is all the more essential to maintain a large number of reliable statutory auditors in the market.

The aim of this article is to demonstrate the possible impact of occupational burn-out among statutory auditors on the security of economic transactions in Poland.

The author posits that occupational burnout among statutory auditors may lead to a decline in the quality of financial audits, thereby reducing the security of economic transactions in Poland.

1. Statutory auditors. Number, structure, trends

It should be noted that the security of economic transactions depends not only on the reliability of statutory auditors but also on their availability resulting from the number of necessary audits to be performed and the number of auditors, as well as the well-being and motivation of those practising this profession. All these elements are influenced by the level of occupational burnout among individuals with statutory auditor qualifications.

The number of statutory auditors in Poland is continuously declining, as illustrated in Figure 1. At the end of December 2016, there were nearly seven thousand individuals qualified to practise this profession, while by the end of December 2021, there were just over five thousand. Additionally, the number of people active in the profession (i.e., not only qualified – listed as statutory auditors, but also actively performing financial audits) also decreased, from over three thousand at the end of 2016 to just over two thousand seven hundred by the end of 2021.

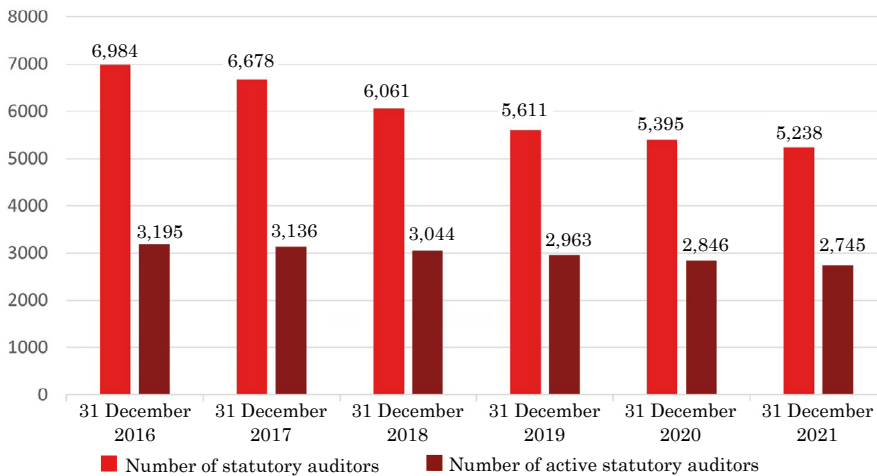


Figure 1. Total number of statutory auditors and number of active statutory auditors.

Compiled based on data from the Polish Chamber of Statutory Auditors obtained for the study of occupational burnout among statutory auditors.

Another concerning phenomenon is the low level of activity in the statutory auditor profession among those with the appropriate qualifications. This situation at the end of 2021 is illustrated by the chart in Figure 2.

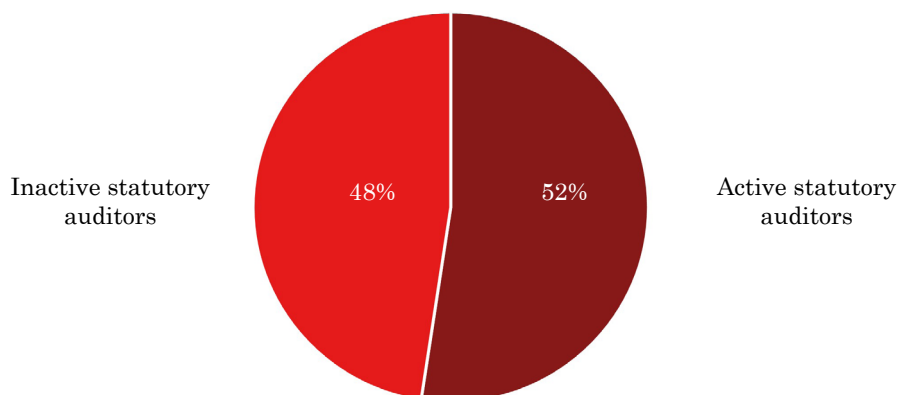


Figure 2 Share of active and inactive statutory auditors in the total number of statutory auditors. As at 31 December 2021.

Compiled based on data from the Polish Chamber of Statutory Auditors obtained for the study of occupational burnout among statutory auditors.

The fact that slightly more than half of those qualified to work in the profession are actively working may indicate the low attractiveness of the profession compared to existing alternatives. The latter include employment in financial institutions and positions in accounting and finance, such as internal auditor or chief accountant.

Figure 3 shows the number of statutory auditors by gender. It demonstrates that the steady decline in the number of statutory auditors occurs among both women and men.

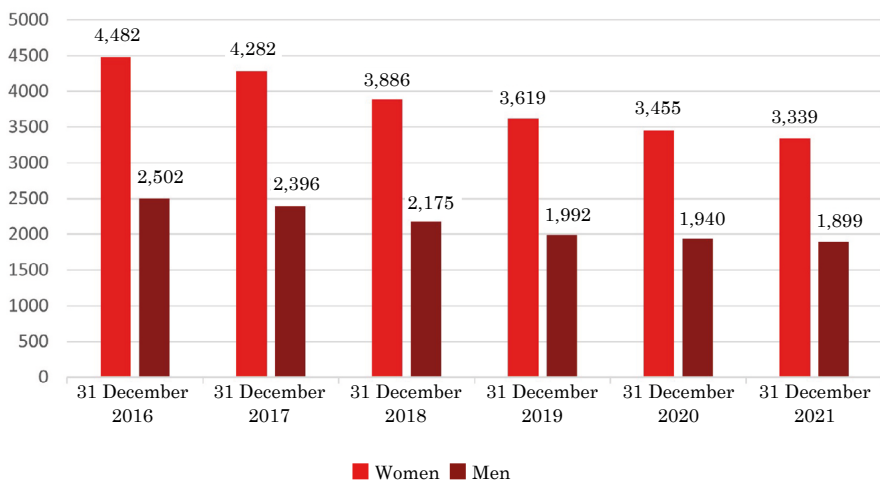


Figure 3 Number of statutory auditors by gender.

Compiled based on data from the Polish Chamber of Statutory Auditors obtained for the study of occupational burnout among statutory auditors.

Figure 4 illustrates the gender structure of statutory auditors at the end of December 2021.

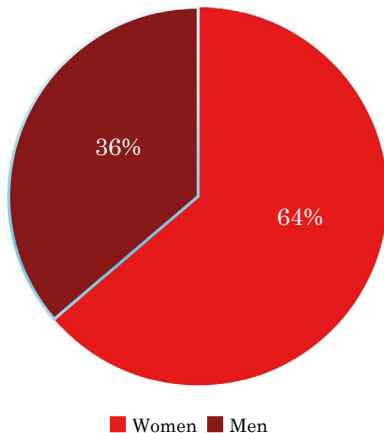


Figure 4 Share of men and women in the total number of statutory auditors. As at 31 December 2021.

Compiled based on data from the Polish Chamber of Statutory Auditors obtained for the study of occupational burnout among statutory auditors.

As the figure illustrates, women constitute (at the time of study) 64% of the total number of statutory auditors, while men make up 36%. This structure can be partly attributed to the decline in professional activity in auditing. Due to family responsibilities, which are still more often carried out by women, it is difficult for them to balance the intensive professional work of a statutory auditor with private life. Particularly significant are the intensified work periods, known as the busy season. As a result, women, after obtaining statutory auditor qualifications or after working in the profession for some time, choose other equally well-paid but “calmer” positions, characterised by less overload and more regular working hours, such as internal auditor. Some confirmation of this thesis may be found in the chart in Figure 5. It illustrates, based on data from the Central Statistical Office, the average number of working hours per week in Poland (including main and any additional work).

As indicated by the chart, the average number of hours worked from the Q1 2021 to Q2 2024 does not even reach 42 hours. The highest recorded average number of hours was 41.2 in Q3 2021. For men, in the same quarter the highest average was 42.5 hours. For women, the average ranged between 37.1 and 39.9. These values are then much lower than the average working time of a statutory auditor.

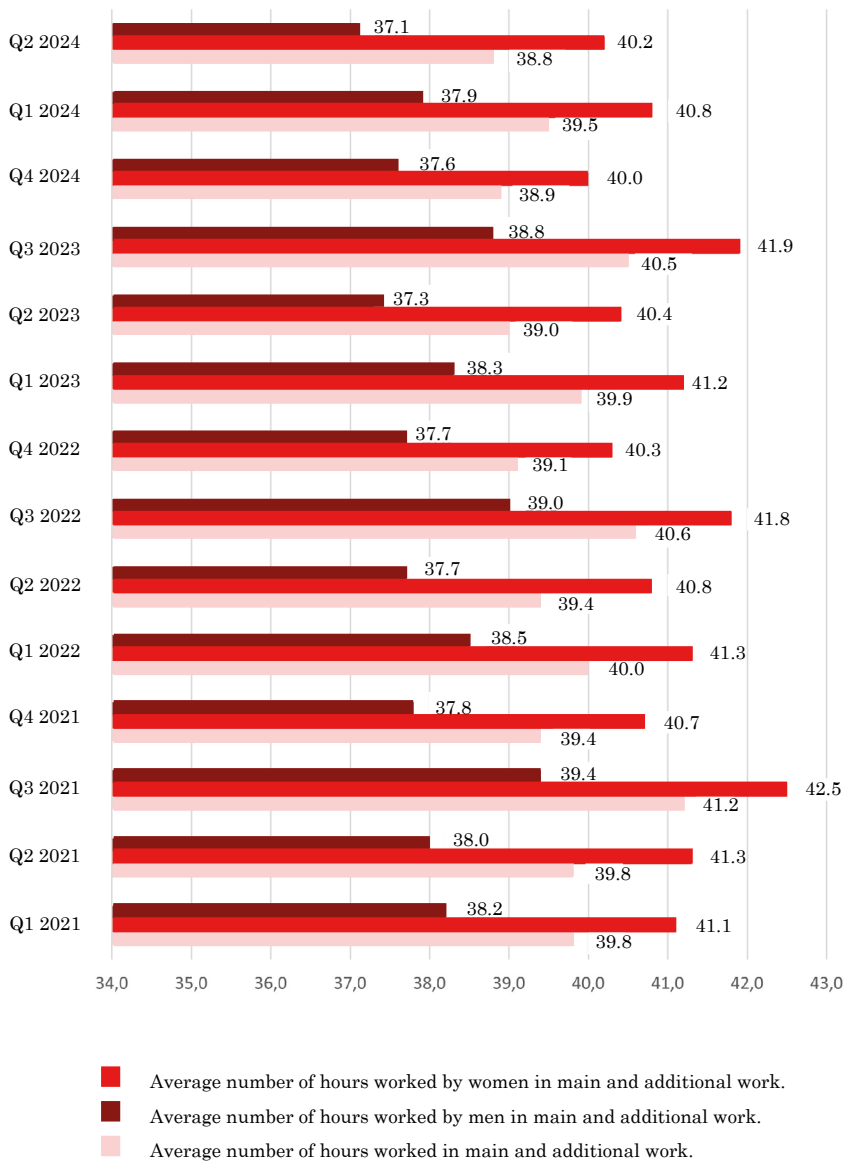


Figure 5 Average number of working hours in Poland.

Compiled based on data from the Central Statistical Office.

2. Statutory auditors in the context of Generation Z entering the labour market

A particular insight into statutory auditors is provided by their age structure. Figure 6 shows the number and structure of statutory auditors by age.

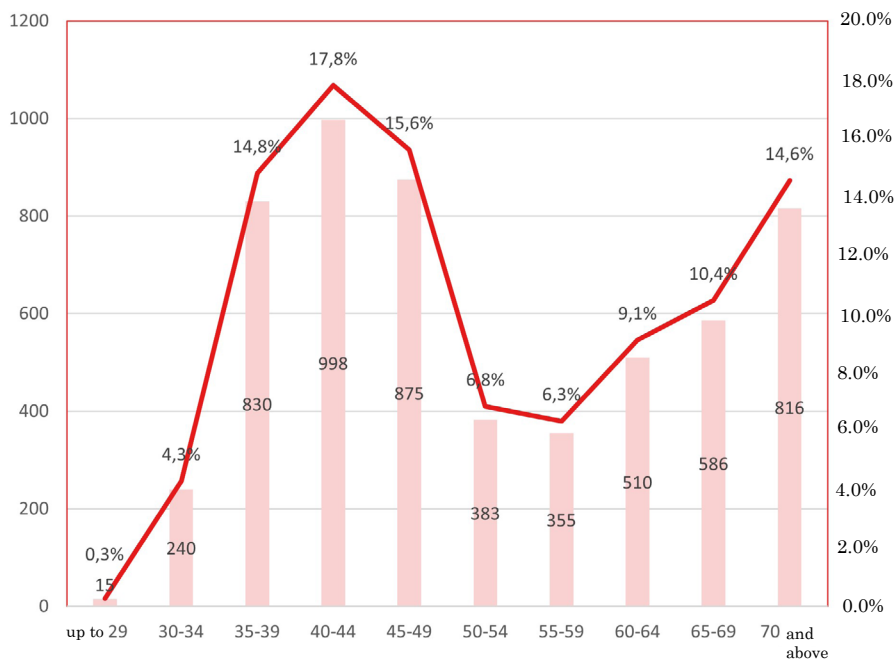


Figure 6 Number and structure of statutory auditors by age.

As at 31 December 2019.

Compiled based on data from the Polish Chamber of Statutory Auditors obtained for the study of the attractiveness of the statutory auditor profession.

It is noteworthy that the cited statistics are concerning due to, on the one hand, the low number and percentage of younger statutory auditors (0.3% of auditors are up to 29 years old, 4.3% are between 30 and 34 years inclusive), and on the other hand, the large number and high percentage of older auditors (the oldest age group, those aged 70 and over, accounts for 14.6% of statutory auditors, while those in the age range of 65-69 years inclusive constitute 10.4% of the total number of statutory auditors). Consequently, and presumably given the even lower popularity among subsequent cohorts of graduates entering the labour market, the attractiveness of the profession may result in a situation where the “generation exchange” in the

profession becomes impossible, and the total number of statutory auditors available in the market will be insufficient to conduct audits in enterprises where it is legally required.

The introduction of the *Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight* (Dz. U. [Journal of Laws] 2023, item 1015) has increased the requirements for statutory auditors and raised the level of conditions necessary to obtain the qualifications to conduct financial audits and formal registration as a statutory auditor. This can be considered as one of the many factors influencing the fact that fewer young people, particularly students of accounting-related fields, from which traditionally the most auditors originate, are willing to make decisions to start a career path leading to becoming a statutory auditor. This is related not only to the conditions of becoming an auditor but also to the preferences and values of Generation Z, which significantly differ from other generations, especially in terms of their approach to work and its relationship to private life.

An additional factor is not only the difficulty of obtaining statutory auditor qualifications but also the nature of the work. In particular, the long, irregular working hours, seasonality of work, and overload during the so-called busy season should be mentioned. These aspects may account for even more than making a career in auditing unattractive to the young generation. The low number of young statutory auditors may result from the preferences of Generation Z. Values declared as important by this generation in Poland are presented in Figure 7.

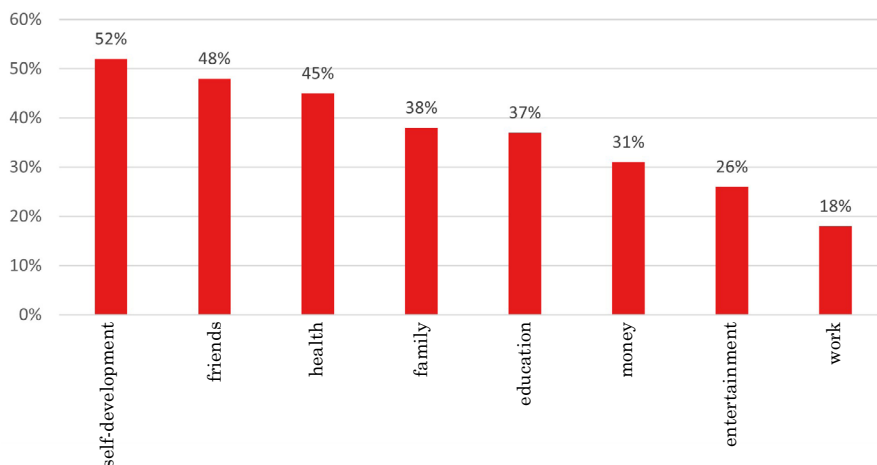


Figure 7 Values of Polish Generation Z.

Source: Report: Gen Z on Themselves and the World Around Them [Gen Z o sobie i otaczających ich świecie].

As indicated by the research presented in the chart, for Generation Z, the most important is development, followed by friends, then health, family, education, money, entertainment, and work. While one can speak of development in the profession of a statutory auditor, performing it may simultaneously be perceived by representatives of Generation Z as conflicting with nurturing friendships and caring for one's health, as well as family. All the more so because for this generation, education ranks only fifth among values, and the multitude of conditions that must be met to become a fully-fledged statutory auditor is undoubtedly associated with education. Additionally, it should be noted that work ranks last among the values of Polish Generation Z. Therefore, it seems that for a typical representative of that generation, the demanding profession of a statutory auditor will be in contradiction with the hierarchy of values declared by them.

Another interesting piece of information may relate to the next chart (Figure 8), which presents Generation Z's employment preferences.

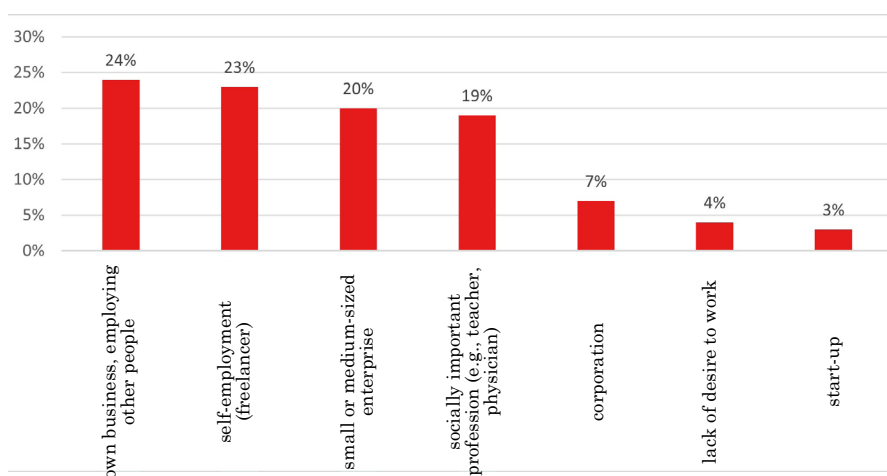


Figure 8 *Employment preferences of Polish Generation Z.*

Compiled based on the Report: Gen Z on Themselves and the World Around Them.

As indicated by Figure 8, the largest percentage of Generation Z representatives included in the study (24%) declare a desire to run their own business and employ others. The next most popular option is self-employment and working as a freelancer (23%), followed by working in a small or medium-sized enterprise (20%) and working in a socially important profession, such as a physician or teacher (19%). The least popular options are working in a corporation (7%) and in a start-up (3%).

Meanwhile, 4% state that they do not want to work at all. Although the most popular choices according to Generation Z's declarations — running one's own business and employing others or working as a self-employed freelancer — are possible in the statutory auditor profession, they are only feasible at later stages of a career, after obtaining full qualifications. Consequently, the profession may appear unattractive to the young generation entering the labour market. Although a statutory auditor is a socially important profession, it is unclear whether Generation Z is aware of this. Additionally, they may associate work in auditing with corporate work, which may also discourage them from choosing a career path as a statutory auditor.

3. Occupational burnout of statutory auditors and related phenomena. Causes and consequences

In Poland, the study of occupational burnout among statutory auditors, in collaboration with the Polish Chamber of Statutory Auditors, was conducted by an interdisciplinary, inter-university team consisting of Przemysław Kabalski, Aleksandra Baszczyńska, Marzena Syper-Jędrzejak, Marta Nowak, and Joanna Szwajcar. The findings of this study were published in a monograph and presented at scientific and expert forums (international scientific conferences and Polish scientific conferences), including among Polish statutory auditors.

Occupational burnout was assessed using the BAT (Burnout Assessment Tool) questionnaire. Among the statutory auditors who participated in the study, 33% were burnt out, while 29% were at risk of burnout. (Baszczyńska, Kabalski, Nowak, Syper-Jędrzejak, Szwajcar) This means that statutory auditors completely free from the issue of occupational burnout (i.e., neither burnt out nor at risk of burnout) constitute a minority of the surveyed group. Consequently, statutory auditors can be considered a “high-risk profession” in terms of occupational burnout.

Burnout affects statutory auditors of both genders to a similar extent. (Baszczyńska, Kabalski, Nowak, Syper-Jędrzejak, Szwajcar), the highest percentage of burnt-out statutory auditors is in the age group 51-65 years (41%), and a high percentage also occurs in the youngest group (up to 35 years) (38%). (Baszczyńska, Kabalski, Nowak, Syper-Jędrzejak, Szwajcar) Thus, although occupational burnout in the surveyed group of statutory auditors is not related to gender, it is related to age. The study results concerning age are not surprising, as in the first case (the 51-65 age group), they relate to individuals at an age when life summations are typically made, and they have been practising the profession for many years, while in the second case (up to 35 years), they work very intensively to achieve the desired professional position.

In groups distinguished by work experience, the highest percentage of burnout (45%) was recorded among auditors with the lowest (up to 5 years) work experience. (Baszczynska, Kabalski, Nowak, Syper-Jędrzejak, Szwajcar). This result is consistent with the earlier conclusion regarding the high percentage of burnout among auditors up to 35 years of age and should be linked to the significant effort and energy that new, young employees typically invest in their work and career development.

In the surveyed group, the highest percentage of burnout (43%) is among those employed in large foreign companies. (Baszczynska, Kabalski, Nowak, Syper-Jędrzejak, Szwajcar) It seems that this may be related to the organisational culture of these corporations. In particular, there is consistency with the observation by C. Maslach and M. Leiter regarding the detachment of the corporate world from the world of ordinary people and the waste of energy on proving value on paper. (Maslach, Leiter 2010) It should be added that the previously mentioned research findings on Generation Z indicate that working in corporations is not a popular career choice for them, which may result from observing individuals already working in corporations and burnt out for this reason.

Occupational burnout consists of many elements. According to the concept used in the measurement with the BAT questionnaire, burnout has primary and secondary symptoms. Figure 9 presents the frequency of secondary symptoms of occupational burnout in the surveyed group of statutory auditors.

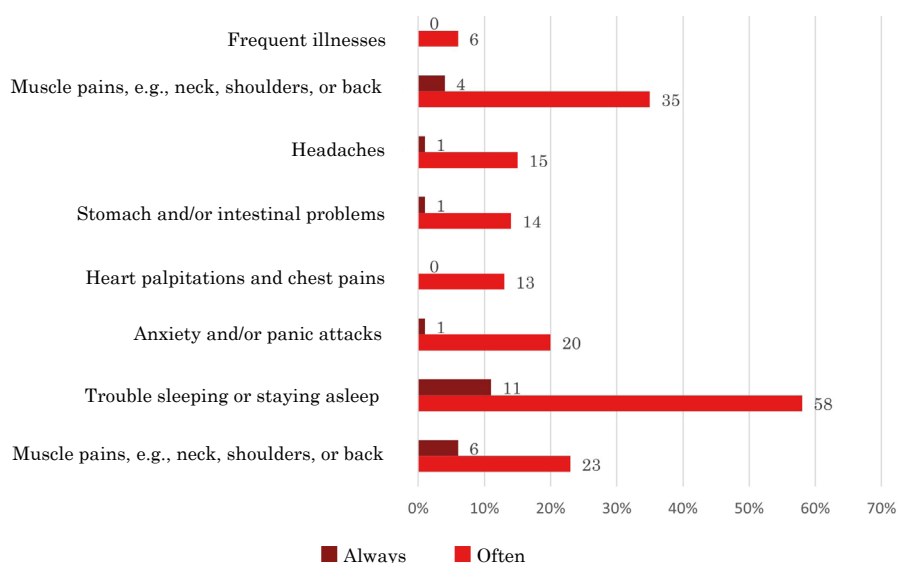


Figure 9 Percentage of respondents always or often experiencing various secondary symptoms of occupational burnout. Statements from the BAT Questionnaire.

Compiled based on: Baszczynska, Kabalski, Nowak, Syper-Jędrzejak, Szwajcar.

As the chart indicates, as many as 58% of respondents often experience stress and tension, and a further 11% always experience it. Many accountants (35% indicating “often” and 4% indicating “always”) experience muscle pains, e.g., neck, shoulders, or back. Other serious ailments that occur always or often include sleep problems and maintenance, as well as anxiety or panic attacks.

A particularly significant problem for statutory auditors is the deterioration of cognitive functioning, which can lead to a decline in the quality of audits conducted. Cognitive impairment is one of the fundamental dimensions of occupational burnout, measured by the BAT questionnaire. Results for the surveyed group of statutory auditors are presented in Figure 10.

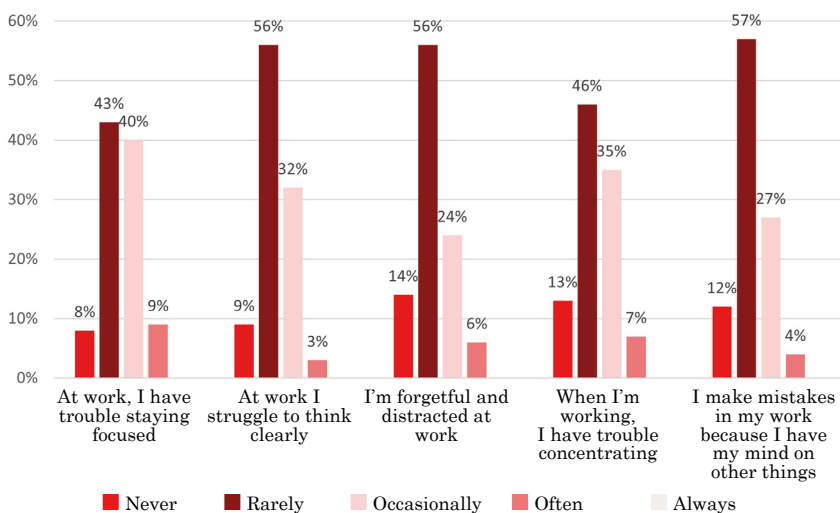


Figure 10 Frequency of cognitive functioning deterioration elements among surveyed statutory auditors. Statements from the BAT Questionnaire.

Compiled based on: Baszczyńska, Kabalski, Nowak, Syper-Jędrzejak, Szwajcar.

The scale of occurrence of the different symptoms of cognitive functioning deterioration is concerning. Only 8% of respondents never experienced a problem with focusing at work. Only 10% of surveyed auditors never had problems with clear thinking at work. Only 14% of auditors stated that they were never distracted at work. Only 13% never had a problem with concentration at work. Only 12% were never in a situation where preoccupation with something else led to mistakes.

The study also considered other psychological problems related to work that are not part of occupational burnout. These included, among others, the imbalance between effort and reward, measured using the ERI (effort-reward imbalance) index. In the surveyed group, imbalance was present in as many as 94% of respondents, and the level of imbalance between effort and reward was very high (an average of 2.0). Higher imbalance was observed among women. (Baszczyńska, Kabalski, Nowak, Syper-Jędrzejak, Szwajcar) These results indicate that as many as 94% of those surveyed believe that the reward received for work is lower than the effort invested, and on average, the effort is twice as high as the reward received. Furthermore, women have a sense of greater imbalance in this regard than men. It should be noted that effort is associated with commitment, related to meeting requirements, bearing responsibility, etc., while reward is not only financial remuneration but also respect, development opportunities, and job security.

Another phenomenon studied was the work-family conflict, which involves work interfering with family life. It was measured using the Carlson scale. In the surveyed group, a very high level of work-family conflict was recorded. (Baszczyńska, Kabalski, Nowak, Syper-Jędrzejak, Szwajcar) This means that work in auditing significantly hindered family life for statutory auditors.

Another phenomenon studied was the intention to leave the profession. It was examined using the TIS-6 (Turnover Intention Scale) questionnaire. Figure 11 presents the research results in this area, concerning the intention to leave the job and the factors contributing to this intention. Respondents could provide answers on a scale from 1 to 5, and the more frequently a given factor occurred for them, the higher the number of points should be assigned.

In the group of statutory auditors who are burnt out or at risk of burnout, 28% seriously considered leaving the profession. Among burnt-out individuals, this ratio was as high as 45%. Meanwhile, among those neither burnt out nor at risk of burnout, very few individuals (3 out of 54) considered leaving the profession. (Baszczyńska, Kabalski, Nowak, Syper-Jędrzejak, Szwajcar) These results constitute the main evidence that occupational burnout can lead to a decline in the security of economic transactions through an increase in departures from the profession, thus reducing the number of statutory auditors available in the market.

The research presented in this study led to the conclusions presented in Figure 12, indicating that the factor contributing particularly strongly to the occupational burnout is work-family conflict, which in turn is influenced by the number of working hours. Meanwhile, burnout, as already indicated, contributes to the intention to leave the profession.

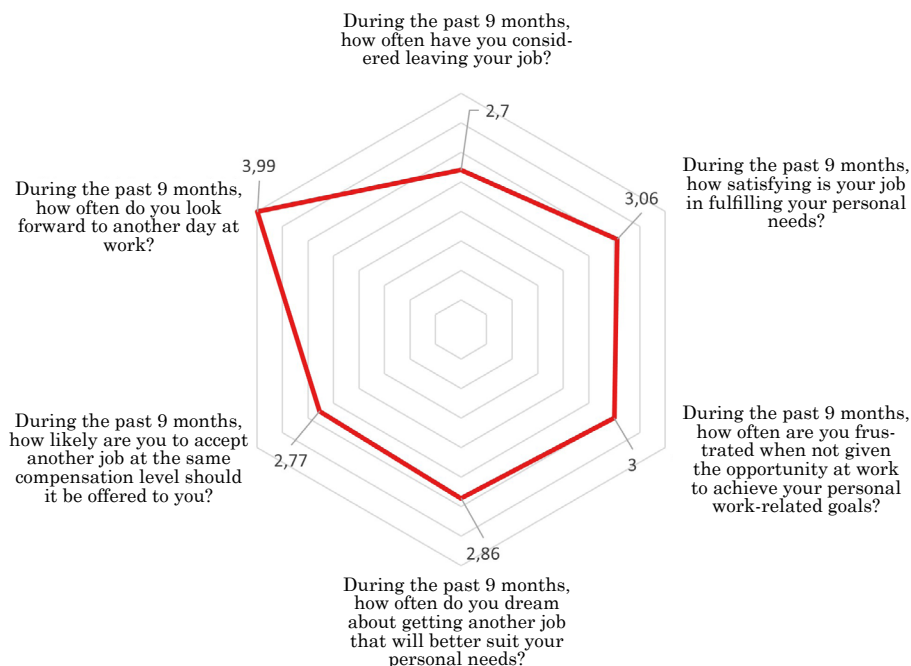


Figure 11 Factors shaping the intention to leave the job. Responses to the TIS-6 Questionnaire.

Compiled based on: Baszczyńska, Kabalski, Nowak, Syper-Jędrzejak, Szwajcar.

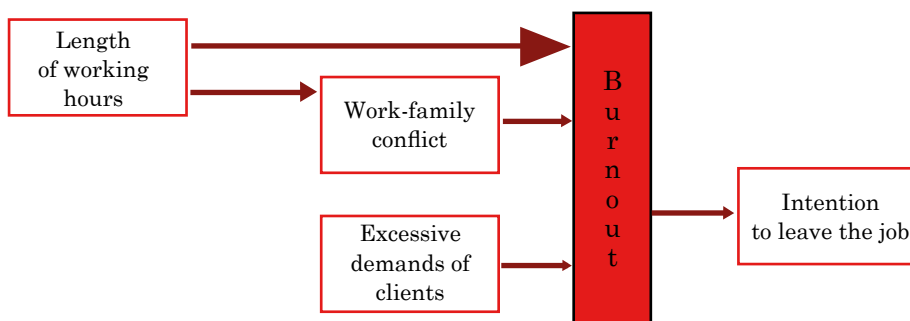


Figure 12 Main causes and effects of burnout among statutory auditors.

Source: Baszczyńska, Kabalski, Nowak, Syper-Jędrzejak, Szwajcar

4. Conclusions and research and practical implications

Professions related to accounting have their specificity, manifested not only in the content and organisation of work but also in the way they and the individuals performing them are perceived, having a defined image and being subject to stereotypes. (Kabalski 2021, Masztalerz 2020, Nowak 2017, Nowak 2018, Nowak 2019a, Nowak 2019b, Nowak 2020, Nowak 2022) Individuals practising these professions also bear certain psychological costs, such as stress and occupational burnout. Occupational burnout of statutory auditors, however, is not only a problem for specific individuals working as auditors. It also constitutes a cause that may lead to a decline in the quality of audits conducted. The consequence may be a threat to the security of economic transactions in the country.

An insufficient number of candidates for the profession may result from its lack of attractiveness in the eyes of future practitioners. The response to this problem is a research project, carried out on behalf of and in collaboration with the Polish Chamber of Statutory Auditors by an interdisciplinary, inter-university research team (Przemysław Kabalski, Marta Nowak, Aleksandra Baszczyńska, Marzena Syper-Jędrzejak, Anna Lubrańska, Zofia Kabzińska) concerning the attractiveness of the statutory auditor profession. Its authors aim to fill the research gap concerning the psychosocial conditions of practising the statutory auditor profession and choosing this profession. In practical terms, the authors intend to contribute to increasing the attractiveness of the statutory auditor profession, and consequently, to prevent a decline or even bring about an increase in their number. In the long term, this should contribute to raising the level of security of economic transactions by increasing the number of available audit services in the market and maintaining the quality of audits by reducing the workload of statutory auditors.

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