JOB-RELATED STRESSES AND STRAINS IN MANAGEMENT ACCOUNTING

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ABSTRACT

This paper reports the results of a questionnaire study of National Association of Accountants members regarding the overall amount of stress and strain among management accounting practitioners. The findings of the questionnaire study indicate that job-related stresses and strains in the management accounting area of the profession are moderate. The paper concludes by discussing ways in which management can identify and correct organizational causes which appear to be major sources of stress and strain.

Introduction

Accounting has always been considered a stressful profession. Job-related stress among accountants results from such factors as quantity of work; unreasonable workload, particularly during the "busy season;" anxiety over the consequences of making an error; constant second-guessing of judgment, of ten times by those not qualified to do so; increasing volume of paperwork; and computerization of records. Likewise, most, if not all, accountants possess a critical mind, a characteristic sharpened during training years and as a result of constant use on the job. Such a critical nature can cause problems when it is brought to home and family situations (Figler, 1980).

Of course, the accounting profession has no monopoly on job-related stress and strain. In fact, the negative effects of stress are now considered, by many authorities in the medical profession, to have reached crisis proportion. Two-thirds of office visits to family doctors, the American Academy of Family Physicians reports, are the results of stress-related symptoms. Psychologists have identified that cer-

tain stress-causing conditions may result in the so-called "burnout syndrome," a condition affecting the emotional, physical, and psychological well-being of the individual as well as a lack of enthusiasm about work and even life in general. Translated into its effects on employee output due to absenteeism, lost productivity, and cost of medical expenses, the total cost is staggering (Pines, Aronson, and Kafry, 1981). Recent research has estimated that the organizational impact of stress in terms of loss in effectiveness and efficiency is about \$150 billion annually in the United States (Gaertner and Ruhe, 1981).

An even more threatening condition appears to be gaining momentum. An unprecedented number of cases have been filed in courts and with workers' compensation boards throughout the United States, seeking compensation for psychological and emotional injuries arising from job-related stresses. These court actions are based on compensation awarded by courts on several cases, particularly in Texas, California, and Michigan, involving stress-related

issues. Interestingly, court decisions awarding compensation to employees focused on the concept that "repetitive events" (such as daily emotional and psychological pressures on the job) can have the same impact as "discrete events" (events, accidents, etc.) which cause injury. While some courts have denied compensation for similar cases because of the difficulty of identifying cause- and-effect relationship between stressors and the emotional and psychological problems of employees, the future appears to be unsettling for employers. In the last few years, medical research has shown the cause-and-effect relationship between work-related stresses and such health problems as heart disease, respiratory illness, hypertension, ulcers, depression, migraine headaches and others. Consequently, noted writers on personnel management recommend that companies should evaluate their legal risks in this area. Specifically, these writers propose a "stress legal audit", fully supported by top management, to identify exposure areas (Ivancevich, Mattesson, and Richards, 1985).

In addition to management and employees currently in the accounting profession, students preparing to enter into the profession are inquiring about the impact of stress. Increasingly, questions are being asked about the differences in stress between and among public accounting, industry accounting, and governmental accounting. Some attempts to provide answers to these concerns have appeared in accounting literature in recent years. Studies on the extent of stress in large national public accounting firms, particularly the magnitude of stress in the audit function compared with management advisory services and tax functions, have yielded interesting results (Gaertner and Ruhe, 1981). In the management accounting area, researchers have examined the extent of stress and job satisfaction of management accountants' involvement in the personnel performance evaluation poli-

cies of their organizations (Saap and Seiler, 1980). However, no published work has focused on the overall amount of stress experienced by management accounting practitioners.

This paper reports the findings of a study designed to indicate the approximate level of stress perceived in a representative group of practitioners. The researchers hope that, with this information, practitioners and those entering the management accounting profession can make well-informed decisions as to whether the conditions in this area of accounting practice are consistent with their personal goals.

Questionnaire Study

The questionnaire used in this study was an adaptation of an instrument for measuring stress and strain which was developed in the Social Environment and Mental Health Program of the Institute of Social Research at the University of Michigan (Caplan, et. al.). As a result of prior research in this University of Michigan program, a number of specific measures of stress sources (job and other organizational demands which contribute to employee illnesses) were incorporated into the questionnaire. These stress measures include: amount of workload; variance in workload, responsibility for subordinates; underuse of skills and abilities; participation in decision-making; role ambiguity; role conflict; job future ambiguity; travel; and unwanted overtime.

These stresses lead to a number of strains (job-related and general effects of stress which in turn produce adverse personal and organizational consequences). Measures of these strains were also incorporated into the questionnaire. These strain measures include: job dissatisfaction; workload dissatisfaction; boredom; anxiety; irritation; depression; loneliness; frustration; inequity of pay; and self-esteem.

In addition to asking the respondents to evaluate the magnitude of each stress and strain measure, the questionnaire also asked the respondent to classify himself or herself as having either a Type A personality (hard-driving, competitive) or a Type B personality (laid-back, reserved). Further, respondents who indicated that they had worked in public accounting were asked whether they believed that a management accounting position was more stressful than a position in public accounting. The questionnaire was mailed to 250 randomly selected management accountants included in the membership list of the National Association of Accountants. One hundred and twenty-four usable responses were received for a 49.6% response rate.

The respondents occupy various positions in their firms, the lowest being staff accountant (about 16%) and the highest being vice-president of finance (about 13%). Over 26% identified themselves as accounting managers, 20% as controllers, and the rest occupied various other positions. About 60% of the respondents are connected with manufacturing firms, 19% with service organizations, and the remainder are with financial, utilities, not-for-profit, and other business classifications.

The forty-two percent of the respondents who had been in public accounting practice averaged about 4.4 years of such experience. The respondents had worked an average of 10.4 years in management accounting. Sixty-two percent of respondents classified themselves as a Type A personality, 38% classified themselves as a Type B individual.

Findings of the Study

The major variable used in classifying the results of this study is the length of time respondents have spent as management accountants. Based on the average of 10.4 years, respondents

were classified into three groups: (1) those who have been in the profession for five years or less; (2) those in management accounting more than five years but not more than ten years; and (3) those who have spend more than ten years as management accountants. This classification, as well as a comparison of the means of their responses to the various stresses and strains, are presented in the table at the end of this paper.

Overall Stresses and Strains in Management Accounting - As mentioned earlier, accounting is often considered a stressful profession. Although management accounting has its share of these stresses and strains, the overall data shown in the table indicate that this area of accounting practice is only moderately stressful. The respondents are in agreement (mean response of 4.48 on a scale of 1 to 7) that public accounting is more stressful than a management accounting position.

Situation Causing More Stress - Table 1 shows that all situations other than amount of workload are causing moderate stresses on the management accountant. The stability of this condition is generally true regardless of the number of years which the management accountant has been in the profession. Exceptions, however, are noticeable pertaining to the amount of workload and the level of participation in decisionmaking. These stresses increase relative to the years spent as a management accountant. This condition is not surprising considering that the average weekly working time of these professionals is 45.7 hours and considering that the management accountant assumes more responsibilities as experience increases.

Stresses for variance in workload and responsibility for subordinates are relatively moderate; however, such stresses increase over time as the management accountant assumes additional responsibilities. Moreover, any ac-

counting student who intends to enter management accounting must realize that underuse of skills and abilities, unwanted overtime, and role ambiguity produce stress.

Finally, travel, which seems to preoccupy most entrants into the accounting profession, particularly those entering public accounting practice, is insignificantly stressful in management accounting. The stress is even lower for those who have been in the profession for over five years.

Strains in Management Accounting

- The table shows that if there are strains in management accounting, boredom, depression, and loneliness are not the principal sources. This situation is understandable considering that the workload inherent in management accounting causes the most stress on the management accountant. Moreover, this heavy workload may result in such unsettling strains as job dissatisfaction and inequity in pay. The findings of the study reveal that frustration is the most prevalent strain, presumably due to skills, role ambiguity, etc. Interestingly, strains arising from self-esteem are higher during the first five years and decline in subsequent periods, presumably because management accountants have problems attaining a minimum threshold of responsibility in the early years of their careers.

Implication of Findings

The findings of this study have far-reaching implications for policy-makers in an organization. As shown in the table, major stresses and strains on the management accountant are relatively few. Strains could easily be traced to the stresses that may have created them. For example, a combination of such stresses as amount and variance of workload, role ambiguity, and role conflict could easily result in strains such as job dissatisfaction, irritation, frustration, and inequity of pay. Moreover, stresses arising from

responsibility for subordinates and participation in decision-making may result in anxiety and irritation.

Finally, underuse of skills and abilities may well be the principal stresses that produce the degree of strain identified with boredom, depression, and poor self-esteem.

Some Organizational Causes of Stresses and Strains

The following paragraphs discuss some situations and problems that produce various stresses and strains on management accountants.

General Economic Conditions -

The impact of general economic conditions may result in various stresses and strains not only on the management accountant but on all members of the organization. In a downturn situation, cost-cutting becomes the most important tool to survive. Carried too far, cost-cutting strategy, particularly layoffs, may trim the staff below the minimum level, resulting in a dramatic increase in workload. As discussed earlier and as shown in the table, the magnitude of workload is a high stress-causing condition.

Unwanted Overtime - Excessive overtime is normally a source of a number of stresses and strains. Year-end closing and preparation of various reports tend to be a demanding activity for management accountants requiring long hours of work over a period of time, sometimes extending for a number of months. Management can alleviate the stresses and strains of these activities through adequate planning. For example, a few months before the year end closing, the management accounting staff should "clean" or analyze the accounts to simplify the closing and to facilitate the preparation of the various reports.

Unnecessarily Detailed and Complicated Reports - Reports to home offices may be unnecessarily detailed

and oftentimes complicated, causing various stresses and strains on the staff, particularly in situations where the usefulness of these reports is questionable or the staff perceives that these reports are just filed in a back room drawer. Increased stress and strain occurs if the accounting staff believes that such reports are just intended to "keep them on their feet," or even to "harass them."

Poor Planning for New Recruits - The table shows the strain on the self-esteem of the new management accountants. This strain may be only one side of the problem. Inadequate supervision and poor planning concerning the duties and activities of new staff members could aggravate the stresses and strains (like boredom, depression, loneliness, etc.). A common problem experienced by new recruits is unwillingness of colleagues to teach them and integrate them into the "life" in the office. In recent years businesses have had to deal with highly trained and highly paid young graduates, forcing companies to revise salary administration policies to narrow the remuneration gap between old and new employees. Unfortunately, bringing present employees to market levels is tremendously expensive, with the end result being that new recruits are still paid higher than older staff members despite the adjustments made on the latter's pay. The result is resentment or antagonism on the part of senior

staff members against the new employee. Such comments as "Figure it out, hotshot" or "Why should I teach you; you are paid more than I am" may be common circumstances which create heavy stresses and strains on the new employees.

Change in Management Style - Perhaps the most traumatic event in an organization which results in stresses and strains not only for management accountants but also for an entire organization, is a change in top management's style of managing the firm resulting from changes in key positions. Commonly affected by this change are the reporting procedures to be followed and the volume of such reports.

Conclusion

The purpose of this paper is to provide information regarding the "health hazards" of the management accounting profession. This study has provided two significant points about stresses and strains in this area of accounting practice which were underscored throughout the paper: first, stresses and strains in management accounting are moderate, and second, while top management cannot possibly remove every source of these problems, it can significantly reduce them by identifying and correcting situations that appear to be the principal sources of such stresses and strains.

Table 1

Stresses and Strains in Management Accounting
According to Number of Years in the Management
Accounting Profession (A Comparison of Means*)

<u>Measures</u>	<u>Years Worked In Management Accounting</u>		
	0 ≤ 5 (N=43)	> 5 ≤ 10 (N = 36)	> 10 (N=45)
<u>Stresses</u>			
Amount of Workload	4.02+	4.49+	4.51+
Variance in Workload	3.65	3.77	3.82
Responsibility for Subordinates	3.51	3.74	3.93
Underuse (of Skills and Abilities)	3.26	3.51	3.24
Participation (in Decision-Making)	3.70	4.06	4.04
Role Ambiguity	3.53+	2.94	2.73+
Role Conflict	3.40	3.51	3.04
Job Future Ambiguity	3.40	3.74	3.31
Travel	2.19	1.77+	2.29+
Unwanted Overtime (Overtime Hours/Wk - Desired Overtime)	3.14	3.03	3.02
<u>Strains</u>			
Job Dissatisfaction	3.51	3.94	3.71
Workload Dissatisfaction	3.35	3.29	3.38
Boredom	2.86+	2.66+	2.09+
Anxiety	3.44	3.43	3.42
Irritation	3.58	3.89	3.67
Depression	2.63	2.54	2.60
Loneliness	2.19	2.29	2.04
Frustration	4.00	4.09	4.00
Inequity of Pay	3.79	3.54	3.18
Self-Esteem	3.40	2.94	2.73

*Using a scale of 1 to 7, where 1 indicates low and 7 indicates high for each measure.

+Statistically significant difference ($p < .05$)

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