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Work-life balance improves audits, but not job satisfaction

By [Michael Cohn](#)

Auditors don't put much emphasis on work-life balance, but the quality of their audits tends to suffer if that balance is absent, according to a recent study.

The [study](#), by Jagan Krishnan, a professor of accounting at Temple University, and Joshua Khavis, an assistant professor of accounting at the University at Buffalo, recently published by the American Accounting Association, found that work-life balance is associated with high-quality audits, though job satisfaction is not.

It comes at a time when many auditors have spent more than a year working remotely due to the COVID-19 pandemic, giving them more experience with work-life balance than perhaps they ever enjoyed in their careers.

"The conventional wisdom is that job satisfaction and work-life balance are tied to the quality of our work, but nobody had actually tested this for auditors," said Krishnan, in a statement Wednesday.

"We wanted to answer several related questions," said Khavis in a statement. "What do accounting employees think about their employers? Does job satisfaction relate to the quality of the firm's audits? What about work-life balance?"

"The answers were surprising."

To address those questions, they retrieved company reviews from the jobs site GlassDoor.com and examined 19,673 employee reviews of 137 accounting firms. The reviews provided data on employee satisfaction across many different aspects of the workplace, including compensation, career opportunities and work-life balance.

They then used that data to compute employee rating scores for each accounting firm for each year. They then matched each firm with its clients for the relevant year and looked at each client's outcomes. This allowed the researchers to establish the quality of each firm's audits in the given year.

The researchers used computational models to account for extraneous variables, and ultimately found that "career opportunities," "senior management," and "culture and values" were the workplace aspects most closely associated with employee satisfaction. Surprisingly, "compensation and benefits" and "work-life balance" were least associated with satisfaction.

However, the researchers also found that job satisfaction was not associated with audit quality. "Instead, we found that work-life balance was associated with high quality audits," said Khavis.

“Our interpretation is that many of the people reviewing employers online were young folks coming right out of college, and they attach more importance to career opportunities and so on, compared to work-life balance,” said Krishnan. “But being overworked affects overall audit quality. Most people understand that when you are overworked, you are more likely to make mistakes. Job satisfaction can’t make up for that. For accounting firms, it drives home that recruiting and retaining good personnel isn’t enough. Work-life balance is important to ensure auditors do their jobs well, certifying the quality of financial statements people rely on.”

The paper, “Employee Satisfaction and Work-Life Balance in Accounting Firms and Audit Quality,” appeared in the May issue of the AAA’s journal *Auditing: A Journal of Practice & Theory*.