

CHAPTER TWO

REVIEW OF LITERATURE

To study quality of life among employees working in audit companies, the researcher has reviewed the theoretical approaches and previous studies related to this area.

2.1 THE DEFINITION OF QUALITY OF LIFE

The World Health Organization has defined the Quality of Life (QOL) as happiness; life satisfaction; well-being, self actualization; freedom from want; objective functioning; ‘a state of complete physical, mental and social well-being not merely the absence of disease’(WHO, 1997:1)

Furthermore, the world health organization has developed a quality of life measure instrument based on categories as follows:

Table 1. WHOQOL - four domains

Domain	Facet incorporated within domains
Physical Health	<ul style="list-style-type: none">• Activities of daily living• Dependence on medical substance and medical aids• Energy and fatigue• Mobility• Pain and discomfort• Sleep and rest• Work capacity
Psychological	<ul style="list-style-type: none">• Bodily image and appearance• Negative feelings• Positive feelings• Self-esteem• Spirituality/Religion/Personal beliefs• Thinking/learning, memory and concentration

(Table continues)

Table 1. (continued)

Domain	Facet incorporated within domains
Social	<ul style="list-style-type: none"> • Personal Relationships • Social Support • Sexual activity
Environment	<ul style="list-style-type: none"> • Financial resources • Freedom, physical safety and security • Health and social care: accessibility and quality home environment • Opportunities for acquiring new information and skills • Participation in and opportunities for recreation/leisure activities • Physical environment (pollution/ noise / traffic /climate) • Transport

Source: World Health Organization (1997)

Kant (1978, p. 185) wrote about the quality of life as balance, equilibrium or ‘true bliss’.

This definition of QOL benefits from comprehensiveness and efforts to relate the idea to cultural, social and environmental contexts and to local value systems (Rapley, 2003, p.50). Relevant to this definition Goode (1994, p.148) provides a meaning of cultural relativity in quality of life as:

QOL is experienced when a person’s basic needs are met and when he or she has the opportunity to pursue and achieve goals in major life settings ... The QOL of an individual is intrinsically related to the QOL of other persons in his or her environment ... the QOL of a person reflects the cultural heritage of the person and those who surround him or her. (p.148)

From the above definition of quality of life, the meaning of quality of life can refer to the quality of life of auditors in terms of their daily necessity needs such as foods, clothes, shelters, and medicines. Beside those necessities, other achievements are also important. Auditors may want to achieve their goals in work, be promoted on to a higher rank, for example, from a senior officer to an assistant audit manager.

Other goals are to get a master's degree, get married to their love one, including owning a new house located in a good social community.

2.2 ARISTOTLE'S THEORY OF EUDAIMONIA

Nordenfelt (1993. p.17) gave an explanation of 'Eudaimonia' as "the ultimate good in life", called 'Eudaimonia' by Aristotle. Literally this means "being blessed with a good daimon." The latter in its turn means "a divine guard" (Aristotle 1982, p. 48)

Relevant to the definition of quality of life, in Aristotle's theory of Eudaimonia, This is an expression of the highest goal that a person wants in his or her lifetime. It is no different for auditors. Auditors want to be blessed with 'goodness' in their life, and they want to achieve the ultimate goals in their life like others. For example, after some experience in auditing, an auditor may want to pursue his or her ultimate goal by opening an audit office in his or her name.

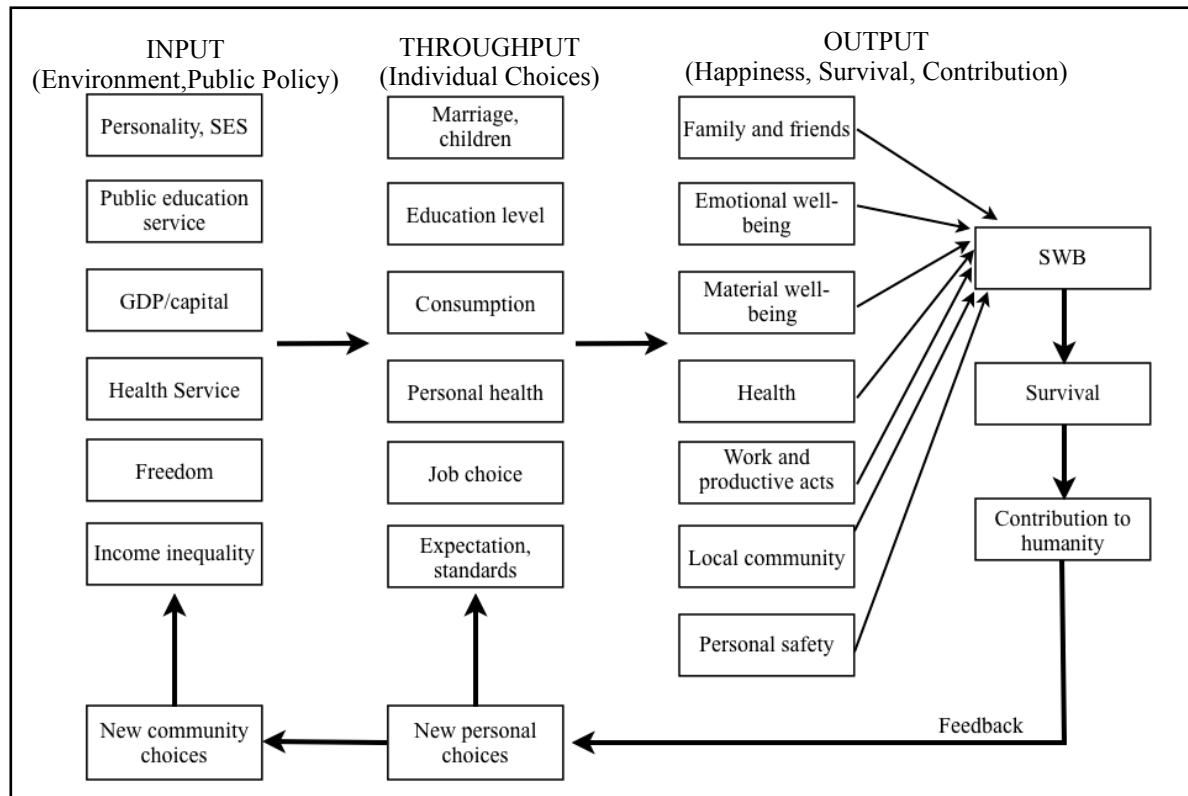
2.3 JEREMY BENTHAM AND THE UTILITARIANS

According to Bentham, the modern forefather of utilitarianism, our life is govern by two main principles, the principle of pleasure and the principle of pain. In fact, saed Bentham "*all our voluntary actions are ultimately motivated by our desire to seek pleasure and avoid pain ...*" (Bentham 1982, p.28)

In the above theory, Bentham expressed the normal habits of a person. Everybody wants happiness and they always seek for it although happiness is hard to find. Because sadness is easier to find, there is a metaphor in comparing a person who seeks happiness in a world of sadness and disappointment as 'trying to find a needle in the ocean' or in Thai language 'Ghom-khem-nai-maha-samut' (งมเข็มในมหาสมุทร)

2.4 THEORY OF QUALITY OF LIFE BY CONCEPT AND CAUSES

Figure 2. *Theory of quality of life by concept and cause*



Hagerty *et al.* (2001) note that: “most of the indexes theory, we mean the “nomological net” of concepts and causal paths that specify how QOL is related to exogenous and endogenous variable”. (p.6)

The theory of quality of life by concept and cause is used to explain the meaning and the relationship between input, throughput and output in quality of life. From Figure 2.2, the input column are ‘exogenous environmental variable affecting the population. Many of these items are used to define the level of social status (such as Income inequality). The throughput are variables described as the individual’s response to this environment (such as Education level). In the last column, the output results from the input and throughput (such as happiness, survival, and contribution to humanity).

2.5 THE DEFINITION OF AUDITORS

“Longman Dictionary of Contemporary English” gives a denotation meaning of an auditor as someone whose job is to officially examine a company's financial records. Auditor independence helps to ensure quality audits and contributes to financial statement users’ reliance on the financial reporting process, thus increasing capital market efficiency (McGrath, Siegel, Dunfee, Glazer & Jaenicke 2001). Hence, auditor independence is often referred to as the cornerstone of the auditing profession, since it is the foundation for the public’s trust in the attest function (Caswell & Allen 2001, p.57-63).

The Institute of Internal Auditors defines internal auditing as “an independent, objective, assurance and consulting activity designed to add value and improve an organization's operations,” International Institute of Internal Auditor (2009, <http://www.theiia.org>)

From the above definition an auditor is referred to as a professional whose work involves evaluating an aspect of a project, business, or individual.

2.6 THE ROLE AND RESPONSIBILITIES OF AUDITORS

Auditors are employed to investigate the level of work quality and efficiency in processes of a business. The investigation of auditors includes finding out the use of labor and other resources involved with the business. To be more specific, the main responsibilities of auditors are to verify and to evaluate the financial records, and other business projects of a company. After the completion of the evaluation, the auditors will present a report on the overall condition of a company, providing comments and suggestions on correcting those conditions that have impacts on the organization.

There are two types of auditors. First, auditors who do not work for a specific company are referred to as external auditors or independent auditors. Some of them can work as freelance auditors, or they can work with accounting or financial planning firms. The idea of using an external or independent auditor comes from the belief that if the evaluation of the condition of a company comes from an external or independent auditor, the result of the evaluation will be free of bias and not influenced by office politics or internal relationships that exist among the employees of the company. On the other hand, many companies make use of internal auditors, the second type of auditors, to make sure that the business functions within the company are operating according to established internal standards and complying with laws.

According to the International Monetary Fund (IMF), the role of internal auditors can be defined as an internal management control. The internal auditors need to include all the means necessary to ensure that an organization and its operations are carried out efficiently and effectively. Moreover, the internal auditors must be able to describe control processes that ensure effective planning, resourcing and coordination of the organization's activities, and the feedback of the results of these activities into the initial." (International Monetary Fund 2002, p. 5)

As a result, external auditors are often called in as support to what has already been documented by internal audits or in situations where there is some ethical conflict within the organization. The process of the audit will depend on what aspect of the company is being audited, and what internal and external regulations are involved.

2.7 AUDIT FIRMS IN THAILAND

According to the financial and accounting laws in Thailand, all companies must establish financial policies to ensure the firm's financial reliability. At the end of the financial year, usually in March, the firms must present a financial statement , approved by certified personnel, to the Thai government to ensure that the business of

the firms complies with the regulations and federal laws of Thailand. To establish a fair investigation ethically, the firms may choose not to audit themselves; this is where auditing firms come in.

An audit firm is referred to as an organization, or a company hiring accounting scholars. After going through qualified examinations given by an audit company, the company will spend time training them about auditing, and finally they will become auditors. Today, there are countless organizations providing auditing services, but there are four leading auditing firms that are recognized as the best in the world. These four audit firms provide full audit service, tax service and financial related advisory service at a profession level. These four leading firms are (1) KPMG, (2) Pricewaterhousecoopers, (3) Ernst & Young, and (4) Deloitte Touche Tohmatsuk; these audit firms are also known as 'The big four.'