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IFRS 9: Initiator of Changes in Management Accounting Processes

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From 1st of January 2018 all financial and non-financial organizations (except insurance companies), which have financial instruments, such as cash, receivables, debt or equity securities, in the statements of financial positions, had to replace the accounting under IAS 39 with IFRS 9. The replacement changes and has an impact on accounting processes, accounting routines, accounting policies, decision-making, and financial statements. The impact is also on shareholder value. In research on the case study of the Pension Company in Slovenia, we anticipate the changes because of the replacement. The purpose of the article is to present the changes in processes, decision-making, and accounting. Our contribution is to the growing literature on accounting, particularly on the replacement of IAS 39 with IFRS 9 and management accounting. It is important to understand the changes that the replacement brings to the corporate governance of the organizations.

Key words: international financial reporting standards, IAS 39, IFRS 9, accounting change, accounting processes, financial statements

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Introduction

In July 2014, the IASB (International Accounting Standards Board) published the final version of international financial reporting standard IFRS 9 – Financial instruments, which replaced the standard IAS 39 on 1st January 2018. The replacement changed the accounting processes, accounting and financial statements in the organizations, which uses international financial reporting standards, all over the world because of the novelties that IFRS 9 defines.

New IFRS 9 introduced a novel approach on a principle basis and strengthens the role of management accounting. IFRS 9 requires an accounting of the expected credit loss for financial instruments in an organization with the forward-looking approach. The forward-looking approach is a novelty in accounting. The information and

communication technologies of accounting systems should automatically support the calculation of expected credit losses (ECL) and should do the advanced calculations as well as present the effects of the current and future business performance that support decision making for management in advance at least on each reporting date or earlier.

The shift of accounting to a strategic level is essential because of the impact of ECL on the statement of profit and loss. In organizations, the transition from the operational to the strategic level of management accounting should occur and the accounting gains in the importance again when introducing IFRS 9. The regulators (EBA, EIOPA, and ESMA) support this transition (European Banking Authority 2017; Benston, Bromwich, and Wagenhofer 2006; Huian 2012; Onali and Ginesti 2014).

In the past, the accounting professionals and widespread 20th century's definition was that the accounting is an impartial and objective observer of independent economic facts (Solomons 1991, 28). In the 21st century, it still provides a true and fair value of financial data and upgrades the accounting to management accounting, which provides support to the managers at business planning, and preparation for business decisions in uncertain economic conditions (Horvat and Korošec 2014, 33). It participates in the planning of strategic decisions as well. With the introduction of IFRS 9, the management accounting is strengthened because of constant calculation of ECL before the decision is taken.

The purpose of the paper is to discuss the changes, which might and should occur because of the replacement of the standard and highlight the changes within the organization in its processes, structures and, in the end, in a significant impact on financial statements.

The paper is designed as a literature review and the case study of a Pension Company operating in Slovenia, one of the smaller member countries of the European Union. The paper explains changes in strategic planning and management accounting in financial institutions and recommends solutions to their management teams.

The paper is organized as followed: in section 2 we review the literature about the replacement of standard financial instruments, in section 3 we present methodology, then in section 4 we present and discuss the replacement of IAS 39 with IFRS 9, point out the key issues of implementation and stemming from the change, present the different business models of IFRS 9 and discuss the changes in accounting processes in pension company. In conclusion, we discuss replacement advantages and further possibilities of research.

Literature Review

IAS 39 was first introduced in October 1984 and reissued in December 2003 with the application in 2005 and was rule-based standard (it defined the accounting rules). It determined the accounting for financial instruments until the 31st of December 2017 except for insurers, which can postpone the accounting under IAS 39 until the 1st of January 2022, when the IFRS 17 for insurance contract will be introduced. IAS 39 determined four categories for financial instruments such as financial assets or liabilities. Each financial instrument had been classified at fair value through profit and loss (FVTPL), held to maturity (HTM), loans and receivables, and available for sale (AFS). The category of financial instrument was the basis for measurement which was at fair value through profit and loss for FVTPL category, or at fair value through other comprehensive income for AFS category or at amortized cost using effective interest method for HTM, loans and receivables categories (European Commission 2016, 272). Financial instruments should be impaired only if the objective evidence existed as a result of one or more events that had an impact on estimated cash flows (European Commission 2016, 283, 284).

After the financial crisis in 2008, the criticism of rules-based standards stresses out that IAS 39 may not be in line with environmental changes or with innovative transactions, where the rules are useless (Benston, Bromwich, and Wagenhofer 2006, 169). The new IFRS 9 is principle-based and the criticism of the principle-based standard relates to the lack of operational guidelines (Benston, Bromwich, and Wagenhofer 2006, 169). With the introduction of a principle-based standard IFRS 9, the comparison among organizations is no longer possible, because such standard requires determination of the assumptions and judgments made by the organization with the confirmation and verification from regulators and auditors (Benston, Bromwich, and Wagenhofer 2006). The same financial instrument could be measured differently in different organizations because the risk appetite of each organization is different. IFRS 9 introduced the accounting by the principles (IASB 2016, A321), although (Scapens 1994, 310) the rules allow more stable and predictable decisions that are taken in an unstable environment.

Some authors (Huian 2012, 28; Kusano and Sanada 2019; Frèrejacque 2014, 9) summarizes that IAS 39 was one of the causes of the financial crisis in 2008. The G20, the ECOFIN COUNCIL and the Committee on Financial Stability proposed the improvements of the stan-

Category	IAS 39	IFRS 9
The purpose of the standard	Applies to all financial instruments, with a few exceptions.	
The initial recognition	When the organization becomes a party to the contractual provisions.	
Initial measurement	The fair value including transaction costs (for financial assets that are not held for trading).	
Subsequent measurement	The fair value (FVTPL). Amortized cost. Cost (for the equity instrument with no reliable, fair value measurement).	Fair value through profit or loss (FVTPL). Amortized cost (AC). Fair value through other comprehensive income (FVOCI).
Classification categories	Fair value through profit or loss (FVTPL). Held to maturity (HTM). Loans and receivables. Available for sale (AFS).	Fair value through profit or loss (FVTPL). Amortized cost (AC). Fair value through other comprehensive income (FVOCI).
Reclassification	Reclassification shall be prohibited through profit or loss after initial recognition.	Change of the business model.
Equity instruments	All equity instruments classified as available for sale, are measured at fair value through other comprehensive income. Recycling of the changes.	Irrevocable choice to designate as fair value through other comprehensive income. No recycling.
Profit and losses	Usually through profit or loss.	
Impairment	Several models of impairment. Model of incurred losses.	A unified model of impairment for all financial instruments. The expected loss model.

NOTES Adapted from Huian (2012, 35).

dard of financial instruments with the emphasis on (Huian 2012, 28):

- the complexity of the IAS 39 for financial instruments,
- the extent to which the financial instrument is subject to fair value, and
- the procedure of recognition and measurement of financial instruments.

In table 1, we present a difference between IAS 39 and IFRS 9 in the purpose of the standard, initial recognition, and measurement of the initial classification, reclassification, investments in equities, profit or loss and impairment of financial instruments.

As we presented in table 1, in the purpose of the standard, the initial recognition, and in the measurement of financial instruments there is no difference between IAS 39 and IFRS 9. The biggest mod-

ifications are in the classification of financial instruments and subsequent measurement. The change is also in the impairment which replaced several models in IAS 39 to one unified model of impairment in IFRS 9.

IFRS 9 also introduces the new accounting within different business models which are the key triggers for the classification of financial instruments. A business model is a new term in accounting (Page 2014, 684; Girella, Tizzano, and Ferrari 2019; Di Fabio and Avallone 2018; Novak 2014; Lassini, Lionzo, and Rossignoli 2016) and is determined by IFRS 9 (International Accounting Standards Board 2009, 12) as:

- the nature of the business which includes the sector of operations, the primary markets and competitive position, the important features of the legal, regulatory and macroeconomic environment, the main products and services, business processes and distribution channels, the structure of the organization and its economic model,
- management's objectives and strategies for meeting the objectives,
- the resources, risks, and relationships,
- results of operations and prospects,
- key indicators for measuring organizational performance.

A business model is defined as a fact and it is determined by the performance of organization, evaluation and reporting to the key management and it is determined by management of organization's financial assets, held within chosen business model, in relation with the risks that affect the performance of the business model, the way of managing those risks, and with the compensations of the managers (Marshall 2015, 13). Management team determines the content and number of business models in the scope of IFRS 9 that are directed by managing the organization's assets in at least three different business models (Marshall 2015, 13; Di Fabio and Avallone 2018, 26):

- to generate the cash flow with collecting contractual cash flows,
- to sell financial assets or
- both.

Onali and Ginesti (2014, 636) note that investors embraced positively the accounting reform in financial instruments, particularly in the countries with bigger differences in the implementation of accounting rules and they are sure that IFRS 9 will solve all the

problems of the standard IAS 39. In another research Onali, Ginesti and Ballestra (2017) note that organizations with better information quality and lower information asymmetry have a positive impact on financial statements after adopting IFRS 9.

The IASB's Chairman in a speech he had in January 2016 to the European Parliament pointed out, that the biggest change in replacement of the standard is the introduction of a model of expected credit losses that require on-time recognition of the inevitable losses in financial statements, particularly in banks (Hoogervorst 2016).

Furthermore, IFRS 9 contributes to improvements in financial reporting, notably in the debt instruments, because of the impairment of financial assets that bring different but significant changes in accounting policies. Impairments base on the model of future losses. Consequently, the stakeholders should have information about the remarkable increase in credit risk (Marshall 2015, 1, 2). As a weakness, we can note the costs that incur due to the standard's implementation. However, Marshall (2015) estimates that the benefits outweigh the costs of the implementation. We can agree with benefits that relate to larger organizations (e.g. banks, insurers), but in small and medium-sized organizations the standard's implementation probably causes increased costs. US GAAP and IFRS 9 do not use the same principle for impairment, but the European organizations shall not have a competitive disadvantage because of the different models of impairment (Marshall 2015, 2).

The researches of IFRS 9 are rear due to the new introduction of the standard in 2018. Some authors have researched the impacts of impairments, reporting and business models (Frèrejacque 2014; Gebhardt 2015; Hashim, Li, and O'Hanlon 2016; Knežević, Pavlović, and Vukadinović 2015; Rebermark and Rydell 2013; Di Fabio and Avallone 2018; Girella, Tizzano, and Ferrari 2019; Pucci and Skærbæk 2019). Some other authors have researched the calculation of expected credit loss (ECL) with emphasis of the probability of default (PD) and loss given default (LGD) (Basel Committee on Banking Supervision 2015; Cohen and Edwards 2017; Edwards jr 2016; Hashim, Li, and O'Hanlon 2016; Kristof and Virag 2017; Novotny-Farkas 2015; Venter 2016; Seitz, Dinh, and Rathgeber 2018). The contribution of replacement of IAS 39 with IFRS 9 could also contribute to the simplification of processes and decision making (Brkovic 2017; Gornjak 2017).

In the paper, we discuss the changes due to the replacement of the standard for financial instruments in accounting, processes, structures of the organization. In the paper, we set the research question

which is how the accounting processes could modify or change the organization itself.

Methodology

The paper is based on a qualitative research approach with the case study as many researchers of management accounting suggest (Ahrens and Chapman 2006; Burns 2014; Kaplan 1984; Mat, Smith, and Djajadikerta 2010; Modell 2005; Schiller 2010; Siti-Nabiha and Scapens 2005; Vaivio 2008). Some of them even emphasize the use of case studies (Burns 2014; Burns and Scapens 2000; Humphrey and Scapens 1996; Kaplan 1984; Liguori and Steccolini 2012; Siti-Nabiha and Scapens 2005; Steen 2011). Vaivio (2008, str. 64) argued that the researches base on case studies are relevant in the case when the changes are introduced into the daily practices, activities, processes, values, and norms of the employees in an organization (Siti-Nabiha & Scapens, 2005, str. 45). The adopting changes in the scope of IFRS 9 are introduced into the daily practices and processes.

The paper bases on the case study research of pension company placed in Slovenia. Pension company is a specialized insurance company that can provide only one service – additional pension insurance. The business of pension company consists of the management of funds raised for additional pension and the payment of supplementary pension annuity to policyholders at a certain age. The main assets under management are primarily financial instruments (mainly debt instruments) which were the key category of the replacement of the standard for financial instruments, so the pension company is appropriate for the research.

We discuss the changes in organizational level by studying the pension company in Slovenia and comparing the existing processes and performance with the new, modified processes because of the replacement of the standard in the fields of classification, measurement, and impairment of financial instruments. The replacement of measuring the financial instruments requires modifications in recognition, classification, and measurement, impairment of financial instruments on assets and liabilities side. Those categories are measurable and have a significant impact on the financial statements of organizations. Additionally, the changes occur also in accounting and organizational processes, structures, and decision-making which is the main topic of the paper as discussed by different authors (Brunsson and Olsen 2018, 1; Burns and Scapens 2000; Steen 2011; Mat, Smith, and Djajadikerta 2010; Chenhall and Langfield-Smith 1998).

In the next section, we introduce the theoretical background of IFRS 9 which is the basis for the case study.

IFRS 9: Replacement of IAS 39

In this chapter, we present the key changes due to the replacement of the standard for financial instruments. The changes are in the introduction and implementation of the standard, in defining business models and in modifications of accounting routines, processes, and organizational structure.

IMPLEMENTATION OF IFRS 9

IFRS 9 introduces many modifications in operations and management in the organization. The implementation is a several month project. With the introduction of IFRS 9, organizations are facing with two key challenges (Moody's 2016, 9):

- the tactical challenge, which refers to the introduction of the new standard promptly because the replacement is demanding due to complex data by the 1st of January 2018, and
- the strategic challenge, which relates to the requirements of the standard by constant monitoring, reporting, and management of the ECL impact on business, mainly regarding the volatility of earnings.

The tactical challenge remained until the introduction of the new standard on the 1st of January 2018. After that date, the calculation of ECL and observation of impact to financial statements become the monthly routine. The strategic challenge remains because of constant monitoring, reporting and analyzing the expected credit losses on shareholders' value on a daily bases business and in future projections and simulations.

When an organization introduces IFRS 9 it has to take into account certain activities related to the timetables which are presented in figure 1 and are part of strategic challenges.

The organization, at the beginning of the introduction of IFRS 9, determines the financial investments' segmentation such as classification as equity or debt instruments, then determines sample structure for those instruments and identifies the assumptions, variables and defines the default. Then verifies the data quality and defines the data for development and validation. The development of modules for the analysis and testing is the next activity. The accounting of financial instruments is different in IAS 39 and IFRS 9, so the organization has to test and analyze the different outcomes which are the

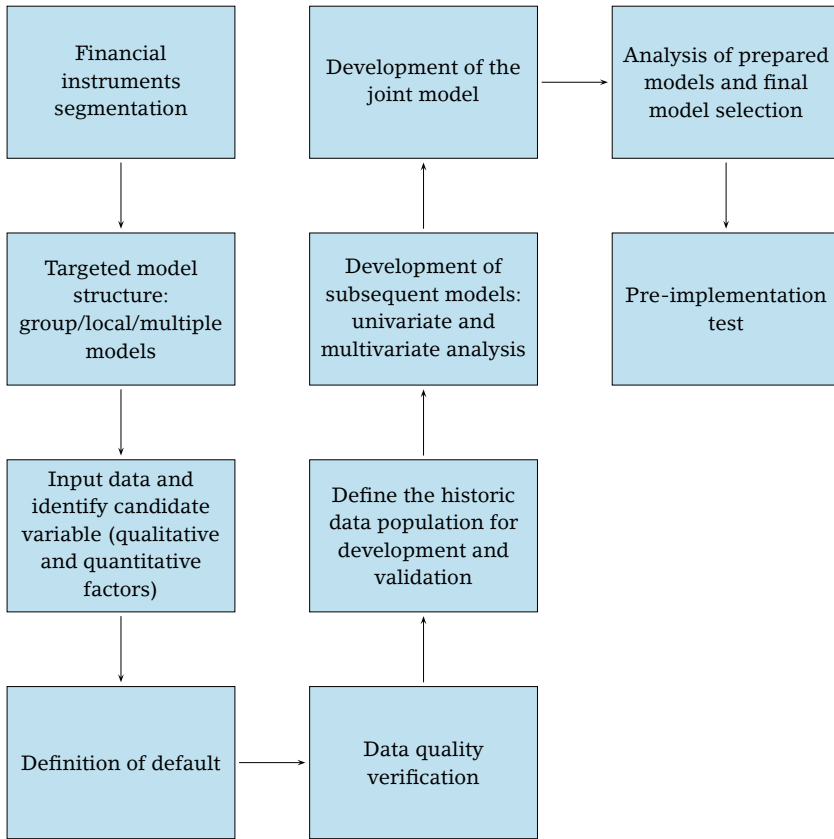


FIGURE 1 Building Activities for the Basis for IFRS 9 (adapted from Moody's 2016, 13)

result of replacement. As the testing result, the organization develops a typical model for IFRS 9 from the test module. The last activity is the selection of the final design and testing before the implementation (Moody's 2016, 13).

At the same time, with the establishment of the basis for IFRS 9, organizations have to determine business models, which are related to the classification of financial instruments and is a novelty in organization business. Until the introduction of IFRS 9, there was no need to use business model classifications.

We complete the discussion with the key processes at the introduction of IFRS 9 (establishment, determination of business models, policies, etc.) in an organization (Chou, Vassar, and Lin 2008, 42). The process of replacing the accounting of IAS 39 to IFRS 9 may be

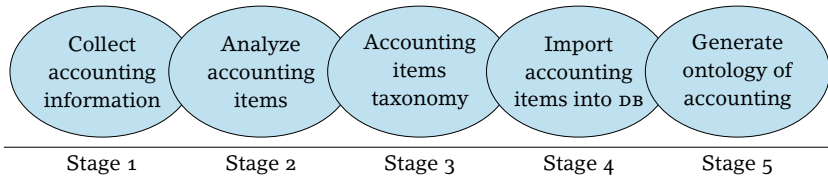


FIGURE 2 Designing Processes in Management Accounting Research (adapted from Chou, Vassar, and Lin 2008, 42)

divided into five key steps or stages, as presented in figure 3 (Chou, Vassar, and Lin 2008, 42):

1. collecting the existing accounting information (from an accounting information system or other data sources),
2. analyzing the existing accounting items (each accounting entry is distributed or classified because of the content of the items, the relationship between them and business),
3. a new accounting classification (taxonomy) of items, were using the results from analyzing and an elaborate model of interrelated items assigned taxonomy,
4. importing accounting items of IFRS 9 in the draft financial plan,
5. the creation of ontology of accounting for IFRS 9 (creates an accounting architecture that impact item).

The process of replacing the accounting within the scope of IFRS 9 is presented in figure 3.

As we presented earlier, we can summarize that the organization has to determine at least three business models for the classification of financial instruments. The process of establishing the business models according to IFRS 9 should focus on the collection of the necessary and relevant business information, such as accounting, sales, finances, etc. (stage 1), which then can be the basis for analysis and classification of financial instruments in the appropriate business model (stage 2). The organization determines how many different business models should use for the classification of financial instruments (stage 3). There should be at least three different business models for classification of financial instruments in accordance with IFRS 9 which are: (i) measured at amortized costs, (ii) measured through other comprehensive income or (iii) measured through profit and loss for debt instruments (stage 4). After setting the number and content of the business models for the existing financial instruments in the portfolio of the organization the organization creates an ontology of IFRS 9 (stage 5). This is a fundamental

process because the organization can later in the future reclassify the financial instruments only if the business model is changed.

After replacing the accounting of financial instruments, the organization focuses on building or upgrading the information system (IS), that should automatically support the decisions about classification according to IFRS 9. On each purchase day of financial instrument, the decisions about the choosing business model and SPPI test has to be performed.

Automation of the process according to IFRS 9 is essential for efficient operations of the organization and shall be carried out at the level of a strategic information system. Also, the information system should take into account the time, purpose and data integration for reporting, strategic decision-making, not only for managers but for the entire organization (Odar, Kavčič, and Jerman 2015, 85).

DIFFERENT BUSINESS MODELS OF IFRS 9 AND THE MEASUREMENT OF FINANCIAL INSTRUMENTS

The replacement of the standard, as a regulation, has an impact on the changes in recognition, measurement and accounting itself, transactions, and decision-making within the organization. As we mentioned, each company has to introduced at least three business models according to IFRS 9.

Decision tree for IFRS 9 is divided into two parts; the part that is associated with the decisions when replacing the standard or later, on the purchase or acquisition of financial instruments, as well as to the part which refers to reporting date, which can be a month, a quarter, a semester or a year.

For each financial instrument, the organization should select a business model. The decision of the selected business model includes information about a financial instrument, its characteristics, as well as information about the source of funding of financial instruments, which can be short-term or long-term.

As introduced in the previous chapter, when a financial instrument is purchased, it has to be classified in one of the selected business models according to IFRS 9. There are at least three business models. The first business model is for financial assets that are held for trade and measure through profit and loss. In this case, the price is a fair value from the market. All the changes in fair values are measured in profit or loss. The second business model is for the financial asset that is held to collect cash flows and for trade. Before the financial instrument is recognized in the statement of financial position, the organization needs to do the SPPI test and check, if the

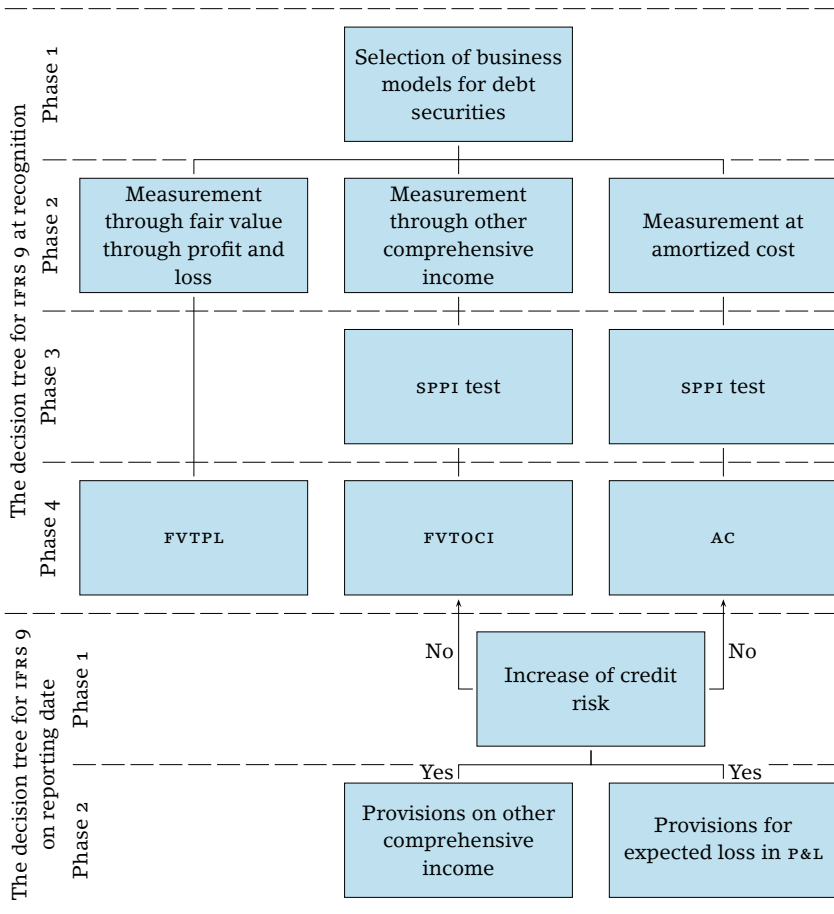


FIGURE 3 Decision Tree According to IFRS 9 at Recognition and Reporting Day

future cash flows are only payment of principal and interests. In this business model, the fair value is measured, but changes are reflected in other comprehensive income in the statement of financial position. The third business model is the valuation at amortized cost. The check of the SPPI test is necessary, and if the financial instrument passes the test, it means, that the future cash flows are only payment of principal and interest. If an instrument pays something else than just the interests (for example, conversion into shares), then it cannot be valued at amortized cost, but only through profit or loss because it fails the SPPI test. It is further necessary, that for a financial instrument, which passes both two tests, that the organiza-

tion calculates the ECL , with the previous calculations of PD , determination of LGD and calculation of EAD (exposure at default), with the use of the effective rate from the day of purchase. IFRS 9 introduced three stages of subsequent measurement of financial instruments at each reporting date. Usually, the financial instruments on recognition are measured at amortized cost and classified in stage 1 according to IFRS 9, which means the calculation of 12 months ECL . The 12 months ECL is provisioning on the obligation side in the statement of financial position, as well as the expense in the profit and loss account is recognized. With the accounting in the scope of IFRS 9, the organizations evaluate the credit risk twice, once within the purchase (the credit risk is included in the price of the financial instrument) and second with the calculation of ECL and the provisioning. At each reporting date, the check of credit risk and calculation of ECL is necessary due to IFRS 9. If credit risk increases significantly, the financial instrument is moved from stage 1 to stage 2. In stage 1 the 12 months ECL is calculated, while in stage 2 the lifelong ECL is calculated, which, in the long maturities, multiplies the 12 months ECL . If there is evidence of default the financial instrument is moved to stage 3 where the impairment is recognized. As we can assume, the increased credit risk is expressed in the accounting losses of financial instruments and includes a forward-looking approach.

The organization writes the criteria that define the changes in credit risk in accounting policy or regulation. Determining changes in the credit risk is based on reasonable and supporting information to the future (IASB 2016, A342). The organization, with defining the triggers for changes in credit risk, takes into account the assessment, that if the default risk has changed throughout the maturity of financial instruments, there is the change in ECL (IASB 2016, A343). In other words, it is necessary to check the PD , and from changes in PD , the new ECL is calculated with discounting future cash flows.

As we mentioned, in the process of determining the measurement of financial instruments, we do the $SPP1$ test if the financial instrument is in the business model at amortized cost or through other comprehensive income. The $SPP1$ test is performed for debt instruments. The standard specifies that a financial asset can be measured at amortized cost if both conditions are met (IASB 2016, A336):

- the financial asset is held within a business model, whose objective is to hold financial assets to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified

dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

SPPi test covers an overview of the prospectus and the characteristics of debt security. The checklist is a part of the process of recognition of financial instruments and is part of the financial information system and an automated process, except in part, where it is necessary to perform the qualitative and quantitative assessment to determine, whether there is a contract payment of solely principal and interests.

Before the purchase of a financial instrument, the organization has to check all possible scenarios, do the SPPi test and determine the impact on future profit or loss. Only well-supported accounting systems allow all the testing and checking, so it is necessary to verify the adequacy of internal accounting systems and the calculations at the time of implementation of IFRS 9.

Accounting Processes Change within an Organization

Because of the introduction of IFRS 9, accounting is changing and the change is usually related to accounting systems, regulations and norms (Liguori and Steccolini 2012, 27). Factors affecting the accounting changes, in theory, can be grouped into (Liguori and Steccolini 2012, 49–52):

- environmental factors – external factors,
- intra-organizational factors – factors within the organization and
- the organizational filtering of environmental factors affecting change.

Environmental or external factors are determined by regulative pressure (Liguori and Steccolini 2012, 49) that is in our research the regulation of IFRS 9. They are the first and primary triggers for radical and incremental changes in an organization. Any change in legislation can directly affect the introduction of new systems and structures. (Liguori and Steccolini 2012, 49) In the case of the replacement of the IFRS 9, the regulation of financial instruments in IFRS 9 triggers changes in the financial structures, processes, and systems, because the classification and measurement of financial instruments are changed completely.

External factors, however, are not sufficient to change the performance of the organization, so it is necessary to organize a group of employees within the organization to implement changes. The group has to have the support of the managers and suitable communication tools to communicate the changes, innovations and new ap-

proaches (Liguori and Steccolini 2012, 50). The intra-organizational introduction of external factors is also the key factor of the accounting change, which dictates the of speed and the introduction of the modification. The introduction of change is more effective if it includes the whole organization and all key employees from various organizational units, not just accounting or finance (Liguori and Steccolini 2012, 52).

Accounting changes are usually closely related to the change of accounting routines which are recorded in adopted manuals, instructions or policies. Usually, the accounting routines are more associated with financial stability than with change. (Steen 2011, 532, 536). In accounting, the replacement of a standard for a financial instrument is a huge change with the impact on the routines.

In 2000, the author of the Burns and Scapens (2000) published a framework for institutional changes of routines used by the management accounting, and they define the routines as (Steen 2011, 502, 506): 'how things are actually carried out and as processes that are typically in use.'

As we have already noted, IFRS 9 is based on principles which do not coincide with the definition of the routines in the performing tasks of the management accounting. Routines will be part of the business process in the bookkeeping, while management (strategic) accounting is becoming more complex, as it is more complex the measurement of the data in the financial statements because the expectations in the future are incorporated in measurements.

Successful implementation of IFRS 9 is associated with changes in all areas of the organization (strategy, objectives, current business, finance, accounting, sales). For a successful implementation, it is necessary to define clearly and communicate the changes because of the replacement of the standard, to set up an efficient organizational structure that supports all the changes in business processes (Suran 2002, 31).

Because of the new standard, the organizations change their business processes that are associated with the decisions making, as well as with accounting. Organizations take into account the different business models and measurement of financial instruments in the process of preparing the new strategy. The new strategy is required because the IFRS 9 changes the data in the financial statements. Before the formal replacement, new rules and strategy documents should be defined (strategic plan) as well as operational documents (business plan, policies, regulations, etc.). As a result of organizational changes in the formal processes (strategic plan, op-

erational plan, policies, regulations, guidelines) the organizations achieve better financial results and also improve business communication and have better control of processes (Valančiene and Gimžauskiene 2007, 16). Improvement of the processes focuses on attempts to change practices to be more responsive to customers and to improve performance in quality, time, speed and reliability while reducing production costs (Armistead 1999, 143). As recorded by Valančiene and Gimžauskiene (2007, 21), the importance of management accounting is a shift from the orientation on the shareholders to the focus on customers-employees-shareholders, where is constant monitoring, measuring and managing the strategic advantages of the organization and future results.

In the case study of Pension Company, we researched the changes in the business process in the scope of IFRS 9. The company has business processes divided into several partial sequence processes. As we added the processes related to IFRS 9 we acknowledge, that the business processes changed and expanded. we present business processes according to the existing and new accounting. The partial sequence business processes are:

- the beginning of the business process (the process begins with the payment of premiums for pension insurance and the allocation of assets to the personal accounts) – existing process,
- the allocation process (the process involves the analysis of the paid-in premiums, depending on the age of the insured people and the type of insurance) – new process,
- the testing process (the process involves a test of the business model for IFRS 9 and SPPI test) – new process,
- the process of investing (process includes investments of the premium in a variety of financial instruments as the result of the allocation and testing process) – existing process,
- support process (process includes all the supporting activities for recognition of financial instruments, such as bookkeeping, calculating the ECL) – existing and new process,
- the process of finalizing (is the process that takes place at each reporting date and covers the calculation of PD, EAD, ECL, allocating financial instruments from the stage 1 to stage 2, or from stage 2 to stage 3, or vice versa, etc.) – existing and new process.

If we connect business processes that are in place in the pension company, we can extract three main processes (Dvoršak 2014, 156):

- fundamental processes, in which the principal activity is carried

out and include the beginning of the business process and the allocation process,

- supporting processes that support the implementation of core activities and to include the testing process, support and finalizing and
- the management process covering the entire business regarding governance, management, and control of the business.

The business processes in the Pension Company had changed or supplemented with two additional processes because of the new standard: analysis of the allocation of premiums and the testing process of the selection of the business model and SPP1 test. Additionally, the supporting process and the process of finalizing are expanded with more data and calculations of the PD, EAD, and ECL.

The renewal of the business processes, which we have discussed in this chapter, we can define as business process management. Business process management covers a broader view than just the renovation of business processes, especially if the changes refer to the entire business cycle and introduce new or renewed business processes gradually, comprehensively and in real-time (Žabjek 2011, 67, 68).

With the implementation of IFRS 9, the organization (Kovačič and Bosilj-Vukšić 2005, 379):

- defines the new business models and business processes,
- establishes appropriate and effective strategies and mechanisms for change management,
- simultaneously solves the problems,
- builds an adequate system and mechanisms for continuous improvement and
- defines the strategy and methods of analysis, measurement and risk management.

Conclusions

Regulation of financial instruments in IFRS 9 triggers the changes in financial structures, processes, systems and decision making. Successful implementation is associated with changes in all areas of the organization such as strategy, objectives, current business, finance, accounting, sale, purchase. The new strategy is required because IFRS 9 changes the data in financial statements. As a result of organizational change in the formal processes such as strategic and operational plans, policies, and guidelines, the organization achieves

better control on the variation of financial results that are reflected in financial statements.

Organizations apply the replacement of the standard as an external factor, and radically change the business processes and information systems. Replacement of the standard changes current business in fields of accounting, finance, management, sales, purchase, information systems, and management. The organization classifies the financial instruments as equity of debt securities. Furthermore, it is necessary for the debt securities to determine at least three new business models according to IFRS 9: the collection of cash flows, the collection of cash flow and sales or collection for sale. Depending on the chosen business model, the financial instruments are measured at amortized cost or at fair value through the other comprehensive income or at fair value through profit or loss. Further, the measurement at amortized cost and through other comprehensive income requires the SPPI test which tests if the cash flows are solely payments of principal and interests. In each reporting date, the organization has to check the increase or decrease of credit risk and calculates the new ECL. ECL affects the financial result, so the decision about the financial instrument has to be made before the instrument is purchased.

The article contributes to management accounting science because the replacement of the standard never happened until 2018. The change at the organization and its structure was presented with the changes in the business processes. Business processes are added and expanded. Further research could be performed after the implementation of a new IFRS 9. The further qualitative or quantitative research should analyze the effectiveness of the replacement to organizational processes, decision-making and impact on financial statements.

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Organizational Trauma: A Phenomenological Study of Psychological Organizational Trauma and Its Effect on Employees and Organization

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Traumatology as scientific discipline has its roots in the early twentieth century. The rise of Psychoanalysis and the atrocities of two world wars, which victimized millions of soldiers and civilians worldwide, represent the foundation of Traumatology. Symptoms of *Posttraumatic Stress Disorder* (PTSD) were observed and studied systematically ever since. After introductory differentiations regarding the terminology of PTSD and resilience, this paper offers insight into organizational trauma. Both, the organizational context of trauma and the processes of transmitting traumata within organizations are described and analysed. This paper refers to a single case study, carried out in Austria during 2017/2018, investigating a collapsing mid-sized international bank and the traumatic impacts across its organizational structures. Narrative methods were used according to the study's research design, in order to explore how the traumatized employees 'storied' their experiences. Narrative thematic segments reveal how persons endure, cope with and eventually get over severe long-term traumatic experiences.

Key words: organizational trauma, posttraumatic stress disorder, resilience, coping strategies

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It was at the Salpêtrière, Europe's leading psychiatric hospital in Paris during the late 19th century, when French neurologist Jean-Martin Charcot started to investigate stressful traumatic events as potential origins of so-called hysterical symptoms. Among Charcot's international students was also Sigmund Freud; the later founder of Psychoanalysis continued his studies of hysterical phenomena, thereby also laying the foundations for further research during World War I and the post war years.

Trauma Theory Revisited

Multiple cases of soldiers with symptoms of Posttraumatic Stress Disorder (PTSD) were observed, ranging from hypersensitivity and panic attacks to amnesia, tinnitus and various symptoms of depression (Ringel and Brandell 2012). Merely some two decades later the catastrophic impacts of World War II started to bring about even deeper and chronic combat traumata of soldiers. On the part of civilians they resulted in countless severe and even life-long traumatization of many of the concentration-camp survivors. Eventually, the wars in Korea and Vietnam showed similar symptoms with regards to individuals confronted with overwhelming life events.

During the early 1960s' these first decades of scientific observations were synthesized to *five core components*, able to comprehensively describe traumata scientifically: a traumatic event creates a problem that cannot be solved in the immediate future. It surmounts an individual's psychological resources and problem solving capacities. It is perceived as potentially threatening regarding a person's life goals. The acute tension mounts to a peak and declines after that, and the event also awakens various unresolved problems from both, a person's near and distant past (Parad and Caplan 1960). *Psychological Trauma and Posttraumatic Stress Disorder (PTSD)* were included in the *Diagnostic and Statistical Manual of Mental Disorders* as of 1980 (American Psychiatric Association 1980).

In the course of the following decades the subsequent DSM-versions defined and differentiated *five major categories of symptoms*, thereby reflecting events that have the potential of being traumatic for the majority of people across most cultures and social classes (Ford et al. 2009): *Intrusion symptoms, dissociative, avoidance, and arousal symptoms*, as well as *persistent inability to experience significant positive emotions*. If at least nine different symptoms from any of the above mentioned categories prevail for more than three days, the criteria for *acute stress disorder* are met; in case of persisting severe problems, the criteria for PTSD are met (American Psychiatric Association 2013).

PTSD and Resilience: Terminology and Differentiation

Due to the detailed and clear terminology as of DSM-IV, it became possible to differentiate between recollecting, remembering and re-experiencing traumatic events (Wilson 1995), but also to distinguish between neurological and psychological hypersensitivity (Everly 1995). Single incident traumata were distinguished from complex

or repetitive traumatic events, in order to be able to describe the adverse effects on a person's psychobiological growth and the various risk-levels of developing PTSD (Ford et al. 2009). Since neurobiological long-term effects of stress events can lead to reversible but also to permanent vulnerability to future events (Post 1992), elevated responses to reminders or associations of traumatic experiences can occur years or even decades after the actual event. They can trigger most vivid recollections of these events (Kolk 2007). Initial assumptions that PTSD occurred only rarely, were revised during the last decades, showing that factors such as irreparability, unpredictability, and uncontrollability were central to developing PTSD (Ford et al. 2009; McFarlane and Girolamo 2007).

The probabilities of traumatic events to eventually lead to PTSD depend on various factors, such as age, sex and the actual underlying causes, from severe injuries to war or witnessing death. Resilience is among the factors that prevent PTSD from developing to its maximum impact. It is a person's 'ability to bend and not break' (Bridges 1995, 56); a process during which a person regains stability and levels of functioning, despite being confronted with severe adversity (Bhamra et al. 2011; Caza and Milton 2012). The phenomenon of resilience contains both, elements of personality traits but also individual resources that can be activated in view of traumatizing events, in order to adapt and to maintain mental stability (Vogus et al. 2014; Bonanno 2004). Being exposed to very stressful and highly disruptive events, but displaying average levels of normal functioning instead of developing PTSD, can be the result of two trajectories: some individuals recover more quickly, some are able to endure better and adjust more easily.

Resilience ranges from the absence of psychopathological symptoms in persons who experience extreme life events, to disruptive and critical working environments providing continuous stressors that can have unfavourable long-term effects. Another characteristic of resilience is the capability of individuals during periods of bereavement to maintain 'continuity in identity from the preloss past to the postloss present' (Bonanno, Papa, and O'Neill 2002, 195). Trauma Theory has been predominantly focusing on the symptoms of PTSD; the gradual shift towards the phenomenon of *maintaining baseline levels of daily routines and functioning*, has only been studied intensely during the past two decades (Bonanno and Mancini 2012). The exposure of different individuals to the same or to similar traumatic events in terms of proximity, intensity, and length of time, may lead to rather different reactions (Bonanno et al. 2015). At the same

time individuals may also display substantial differences regarding the capacity of endurance of the same stressors and comparable adversities. Developing resilience is not only important in an individual's personal and social life; it is also vital within today's organizations facing uncertain environments, disruptive processes and accelerating change (Bhamra and Burnard 2011).

The Organizational Context of Trauma

Individuals within organizations but also entire organizational structures with their vertical and horizontal differentiations can suffer from traumatic impacts on all of their levels. The various dimensions of disruptive effects caused by traumatic single events or traumata that develop over a long period of time can weigh upon both, the organizational structures and hierarchical systems. Their spillover effects can eventually take a heavy toll on the structural stability, flexibility and responsiveness of organizations. The dysfunctional patterns and perturbations caused by traumatic events and their potentially long-lasting organizational effects are challenges that organizations face, when coping with 'the unexpected' (Sutcliffe and Christianson 2012, 843).

The susceptibility to organizational trauma depends on various factors that lie within the organizations themselves, their functional structures, processes and systems. Organizational pathologies exist in almost every economic system. However, at the basis of any organizational functioning lie elements which enable organizations to develop effectiveness and efficiency in the first place. These underlying elements are circumscribable as organizational culture (Schein 2010), which encompasses all hierarchical levels, from the 'strategic apex' to the 'operating core' (Mintzberg 1983, 262).

Emerging stressors, declines of corporate controllability, and other developments that eventually lead to traumatic episodes or events, have negative impacts on organizational structures, well established corporate processes. However, traumatic events within organizations rarely occur in the form of natural disasters, without any signs or prior warnings. Such sudden and catastrophic events are rare exceptions, caused by e.g. technological failures in certain areas of complex, high-risk technologies (Reason 2016). In most cases of organizational disasters however, the path towards adversity and traumatic events can be described as an accumulation of small and medium-sized mistakes, overlooked minor problems, unsafe acts and shortcomings in the field of supervision (Sutcliffe and Christianson 2012; Kleber and Velden 2009).

Transmitting Trauma within Organizations

Compared with the individual reactions to traumatic stressors, the characteristics of organizational traumata carry similar symptomatic components. People who are close to or witnesses of victims of trauma, e.g. in cases of large-scale layoffs, can more easily become secondary victims of trauma. These empathic processes of transmitting trauma within structures of close collaboration have to be differentiated from organizational burnout and from regular stress that occur continuously and at average levels of pressure in today's business world. External and internal factors can contribute to emotional impacts, at times leading to full scale traumatic events; they can lead to emotional exhaustion, depersonalisation, the detachment from clients and co-workers, and also signs of significantly reduced performance (Venugopal 2016).

Organizations can develop systemic traumata that prevent them from functioning properly; in part because its members affected by traumatic events develop defence mechanisms that also display group effects (Kahn 2003). Yet, the clinical indications, from intrusion symptoms, to avoidance and arousal symptoms, up to dissociative tendencies need to prevail also in organizational structures, in order to meet the criteria of acute stress disorder (Kira, Fawzi, and Fawzi 2013).

The Impacts of Traumata Across Organizational Structures

Huge technological, legal or market specific changes may happen at a rapid pace, requiring fast improvisation, adaptation, fluidity, and utmost flexibility in today's globalized 'competitive, high-velocity environments' (Brown and Eisenhardt 1997, 32). Significant turning points in organizational life-cycles such as large-scale mergers are therefore able to lead to substantial conflicts and subsequently to traumatic episodes. Yet, there are also overwhelmingly huge workloads together with increasing complexities of tasks and jobs, which are among the causes of severe and long lasting traumata. Lacks and shortcomings, uncertainties from unclear responsibilities or insufficiently defined roles also contribute to emotional exhaustion (Daft, Murphy, and Willmott 2014). They may even cause cumulative effects: symptoms such as depersonalisation and detachment from both clients and from positive cooperative behaviour in general; losses of trust and loyalty, eventually transforming an open and empathic corporate culture into a working environment dominated by stress and anxiety (Kahn 2003). Adversity from internal sources

can originate due to a number of very different reasons, among which there are e.g. mergers, exceedingly fast growth, lack of control mechanisms, inadequate risk management, changes in management followed by abrupt changes in strategies, goal incompatibilities and the like. Negative social support within organizations, due to a lack of interpersonal bonds and relationships can also lead to substantial increases of overall stress factors, similar to job insecurity (Venugopal 2016).

Leadership in times of adversity therefore plays an important role that extends beyond sound managerial competencies and technical controlling of processes and functions. Positive stress interventions can help employees to get back to normal levels of efficiency and performance (Bass and Avolio 1993). However, when putting the focus upon single trauma types in an organizational context, it has to be taken into account that these traumata might not be the only ones, nor the first ones an individual has experienced in his or her lifetime. Bi-dimensional approaches and assessments need to be taken into account in order to cope with potential *polyvictimizations* (Kira, Fawzi, and Fawzi 2013), i.e. traumata during childhood and systematically induced traumatic stress during a later stage in life or in an organizational context.

In cases of severe adversity and high levels of conflict, the breadth of resources provided by an organization are as important as the speed of delivery of these resources to the employees. Successful organizational trauma support means compassion and comfort delivered by companies to their staff, in order to heal gradually and prevent potential retraumatization (Wilke 2012). The costs of hiring a team of grief counsellors for a certain period of time are generally lower than the negative effects of employees not being supported adequately: lower performance levels, lower standards of customer service, increasing error-proneness and costly error rates, decreasing levels of employee loyalty towards the company, and potential multiplier effects regarding negative communication can generally be associated with higher costs in the long term (Dutton et al. 2002). These developments need to be considered in terms of risk management, since they can have contagious effects on other employees across entire corporate networks. Globalized economic systems and communication structures close to real-time have the potential to accelerate the spillover effects of traumata, so that they can epidemically grow and negatively amplify to full-scale problems in multiple organizational areas (Hatch and Cunliffe 2006; Hormann and Vivian 2005).

Single Case Study of a Banking Drama

This paper refers to the author's single case study regarding *organizational trauma*. It is based upon conducted interviews and the respondents' stories aggregated to narratives, telling a bank's history as seen by its employees. Together with the economic and organizational hard-facts they correspond to the acts of a theatrical drama, in the sense of a *banking tragedy in five acts*. Times of economic success and continuity were interrupted by unforeseen events, unpredictable traumatic episodes and long periods of severe adversity. A short version of the bank's history serves as introduction to the actual survey results:

The current financial institution had been founded as a small regional bank in Carinthia, back in 1896. For about one century the bank focused primarily on public-sector financing in Carinthia, the southernmost province of Austria. The bank grew slowly but steadily, especially during the post-war decades, after Austria regained full independence as of 1955. The 1992 changes of the bank's top management marks the beginning of rapid expansion to Southeast Europe, thereby relying on the province's guarantees, enabling the bank to have a top rating in the international financial industry. The bank grew from a regional bank to an international finance group, becoming active in Germany, Italy, Bulgaria, Hungary, the Ukraine, Slovenia, Croatia, Serbia, Montenegro and Macedonia, thereby increasing its balance sheet total more than twenty fold.

The first substantial difficulties began to appear in 2006, when Austria's banking supervisory authorities determined that trading losses of more than € 300 million were not visible correctly in the bank's annual reports. New European Union rules that banned government guarantees for banks effectively outlawed the bank's business model. In 2007 one of the large Bavarian based banks purchased the majority, subsequently increasing its share to 67%. The European financial crisis of 2007/2008 started to spread within the banking sector; the financial organization at issue needed substantial amounts of additional capital in order to compensate for the billions of looming bad loans, predominantly accumulated in Southeast Europe.

In 2009, the Austrian authorities formed a special investigation unit, tasked with checking all investments and the entire loan portfolio of the bank in question. In order to avert a major collapse with a potential impact upon the entire Austrian banking sector, the financial institution was nationalized by the Austrian government at

the end of 2009. According to estimates, the amount of bad loans had exceeded the amount of € 10 billion, several restructuring plans and changes of management followed. In 2014 its banking license was terminated by the Austrian Financial Market Authority (FMA). The bank has since been continued as a partial wind-down unit, i.e. the bank was split into a domestic Austrian unit, sold to an international financial holding company in 2013, a Balkans banking unit, sold to a US-private equity fund and the EBRD during 2014, and a so-called 'bad bank.' It was intended to wind down the entire bad bank with all its portfolios over a period of years; however the winding-down measures have continued to date. The entire amount that the Austrian taxpayer will have to pay is still unknown at this point in time, according to analysts and media reports estimates are in the range of some € 10 to 12 billion, according to official statements the wind-down might end around 2020 or later.

Research Design and Methodology

Qualitative analysis with its foundations in the *Constructivist Theory* and in *Phenomenology* has been chosen, in order to be able to focus on the individuals affected by adversity (Eberle 2014). The research design uses the *narrative method*, focusing on the similarities and differences within thematic segments of the texts, in order to receive a comprehensive representation of the reality of organizational trauma. *Qualitative analysis* is a method of systematically describing and interpreting the contents of qualitative data (Schreier 2014). It has its foundations in the *Constructivist Theory*, whose interpretive paradigms have stated that knowledge is *not* found or discovered per se, but is socially constructed (Schwandt 2003). *Individual narratives* are constructed as expressions of persons' cognitive and emotional states, thereby including subjective interpretations of events, taking into account aspects of interpersonal, cultural and social relations, in order to generate a social construction of contents (Esin, Fathi, and Squire 2014). Their central paradigms of creating and co-creating knowledge by interacting with others, by participating in their tales, carry the criteria of *trustworthiness*, *credibility* and *confirmability* (Riessman 2008).

Methodically, this approach corresponds with interpretive case-studies, making use of narratives, arguing that cognitive and emotional records gain verbal expression and are being transformed into valid, reliable and confirmable (Denzin and Lincoln 2003; Creswell 2009) statements. Hence, qualitative research 'locates the observer in the world,' trying to 'make sense of, or to interpret, phenomena

in terms of the meanings people bring to them' (Denzin and Lincoln 2003, 4). Creating meaning, or as narrative psychology phrases it, *meaning making* concerns both, the respondent and the person doing the research (Josselson and Lieblich 2015). The respective study is embedded in the *interpretive theory* of the humanities, focusing on the subtle distinctions between the actual spoken words, their context and subtexts, derived from the scientific field of *Phenomenology*. Subjective impressions and assumptions regarding objects and phenomena in their mode of appearing are being gathered and analysed, presuming that consciousness in a phenomenological sense is always consciousness *of* something (Creswell 2009; Shinebourne 2011). Lived experience stands for the embeddedness of people, objects and phenomena in a sociocultural, political, economic and historical context, thereby leading the interpretation to both critical and empathic descriptions (Riessman 2008).

Narrative Analysis – Storying Experiences

Narrative analysis as a method includes various approaches, which enable the researcher to explore how respondents *story* their experiences (Esin, Fathi, and Squire 2014). By narrating those events *retrospectively*, the diversities and multifaceted differences and layers of the experiences become visible. The phenomenon of organizational trauma becomes evident, when those aspects are revealed that cause and lead to traumata but also make persons endure, survive and eventually get over traumatic experiences. In order to proceed phenomenologically and stay oriented towards the phenomenon trauma, the researcher needs to identify meaning units within the text (Gill 2014). These *meaning units* are called *narrative segments* in the respective study, since they are thematic segments, based upon the experience of events or circumstances that were narrated by the respondents.

The *principal method applied* follows the studies of Donald E. Polkinghorne (1988; 1997; 2003; 2015), and his guidelines for developing a narrative that enables the researcher to 'synthesize or configure events into an explanation' (Polkinghorne 2003, 16). *Narrative* as a term refers to both, the respondents' processes of producing an individual story verbally, and to the cognitive scheme of his or her story. The narrative therefore is not just a compilation of happenings. Persons and their perceptions of events have to be interwoven into a whole that unfolds and develops through time (Polkinghorne 1988). In the resp. study, it is the *plot* that delivers the systemic unity of the *narrative*. A so-called *banking drama in five acts* became visible due

to continuously linking the responses of different personalities to narrative segments, which synthesized and integrated, thereby producing a consistent description.

The collection of data and information was accomplished by one-on-one interviews, therefore all information provided had to be recognized as being filtered through the subjective experience of the respondents, who were not equally articulate and did not necessarily share the same values (Creswell 2009). In order to comply with the demands of *sampling strategies* in qualitative analysis, the interviewees had to be chosen very carefully. As opposed to quantitative research, where random sampling helps to avoid *potential bias-issues* of the respondents, the sampling strategy in qualitative research takes the opposite path. It focuses on individuals who are able to provide highly biased information (Rapley 2014). For this reason, it is of utmost importance that the events and their effects – in this case living through adversity and coping with trauma – were being understood by the respondents.

Sampling Strategy and Triangulation

The resp. study also shows, how the relatively small population of the bank's employees had to be carefully classified and assessed, in order to generate a representative high-quality sample, an 'information-rich case' (Rapley 2014, 56). The sampling decisions were based upon criteria such as the functional and hierarchical roles within the bank, the track record and international banking experience. Interviewees of this study were selected from a group of key employees, i.e. banking experts, over-performers, and/or high potentials with a significant track record of relevant functions and experiences. Each of the interviews lasted some 60 to 90 minutes, conducted according to predefined discussion guidelines, recorded, transcribed, and coded systematically, according to their contents.

The concept and the various processes of *triangulation* are able to ensure that information is being gathered, compared, and confirmed or disconfirmed; e.g. from different researchers, from different sources, or by means of different methods. This approach leads to a reduction of uncertainties in qualitative research and to an increase of validity of the obtained answers and results. One of these methods that was applied in the resp. study, is 'member checks' (Guba 1981, 83), also dubbed 'circling' (Guba and Lincoln 1991, 257). Both of these descriptive terms indicate that the collected information from a respondent is being circulated among some or all of the other interviewees. It is being checked among the members of the

group of respondents, in order to be confirmed, critically questioned or even disconfirmed.

When replies were taken back to the other respondents, the main purpose was to check them regarding *plausibility*, *applicability*, and *consistency* but also regarding the initial interpretations and conclusions (Krefting 1991). As opposed to *multiple-case studies* or *cross-case analysis*, the resp. *single-case study* focuses on a *single real-world case*. In order to ensure internal and external validity, multiple sources of evidence were included in the process of data collection (Yin 2018). The rationale behind using multiple sources of evidence is the strategic goal of reliable and valid methods, which ‘essentially provide multiple measures of the same phenomenon’ (Yin 2018, 128), in order to render the narrative as accurately as possible. The *triangulation* of both data and theories enables single-case studies to strengthen the validity and reliability of the survey. By following these principles, the strengths of a single-case method are able to explain temporal sequences and causal relations in the complex processes of organizational trauma.

Narrative Analysis: Coping With Trauma

When the bank’s problems started to become visible during the mid-2000 years, they were initially ignored and attributed to the spheres of rumours and bad media coverage. The long path from self-motivation to fears, frustrations, internal and external stressors, altogether resulting in trauma, was just about to begin. *Denial* was one of the first and most frequent reactions among employees. During the years after the nationalization of the institution and the beginning of massive restructuring the *intensities of denial* started to vary. Later, the *forms of denial* and also the *denial of responsibility* started to shift, depending on the position and location of the employees. After more and more people started to gradually accept that the organization was in the most serious of troubles, denial could not be kept up any longer. Employees were struggling with numerous of the shattering facts, entering into processes of having to accept a new reality. Most of the respondents designated the term *chaotic* to the period between 2011 and 2016, whereby the emotions gradually shifted from irritation, disappointment and insecurity to chaos and panic, followed by a loss of perspective and eventually resignation.

Deteriorating Work Atmosphere

An increase of erratic internal and external waves of pressure followed. Splitting and winding down an entire organization within

a tight legal, economic and political framework of local and governmental authorities was perceived as extreme *external pressure*. Huge workloads under these circumstances – a looming atmosphere of general suspicion – pushed many of the remaining employees to their resilience borders. The *internal pressure* and stress was predominantly perceived as a *function of external pressure* and had many shapes and facets. Loss of mutual trust and the implementation of processes, in which employees were given a 6 to 12 or even 18 months notification in advance as to when their appointments would end, slashed their motivation. Putting employees on a long-term dismissal list, but at the same time implicitly expecting that all work would get done flawlessly, led to a substantial increase of internal tensions and pressure.

Running down the staff numbers in a drastic manner led to fierce competition, aggressiveness, frustration, and anger. Feelings of fear, of being left alone, as well as a general lack of trust became stronger. However, after the fifth rotation of management, of strategies, and priorities, many employees burned out, gave up, and detached themselves emotionally from both people and structures. Furthermore, the stressors were such that the number of sick leaves rose drastically; the reasons behind these developments were multifarious: physical, psychosomatic, emotional and mental exhaustion, a complete lack of trust and positive feedback, internal and external pressure, aggression and fear, just to name a few. The physical and psychological results of such traumatic overexertion led to depression, lethargy, burnout phenomena, emotional and social detachment, finally resulting in minor and major health problems. Among the symptoms reported by the interviewees were severe sleeping disorders, circulation problems, dangerous rises in blood sugar, putting on weight, concentration problems, mild but also severe forms of depression, as well as an increase in relationship and partnership issues. Only a very small number of employees was able to stay physically and mentally unharmed and intact.

Variants of Coping with Trauma

With a few exceptions, the remaining employees and their management were psychologically on their own. Those staff members who were able to rely on a strong background of supportive families and friends were generally better off; but many people within the bank's international network of organizations worked as expatriates, i.e. family and friends were often not available, at least not physically. Coping with organizational trauma for these people meant that

they had to 'process everything inside and alone, which was painful, stressful and lonely' ('R' for replies given by individual respondents of the respective study).

Without professional support, most people tried to invent and establish their own 'survival strategies' (R), in order not to be hit by the ongoing organizational trauma. Some of the respondents developed insight into the traumatic events and episodes only after they had left the bank, 'while you are inside [a period of traumatizing events], you do not see and understand what is going on with you. You think that you know, but that is an illusion' (R). Some of the 'survival strategies' were mechanistic, some were cognitive and yet others were emotional approaches. Others shifted their focus of work on short-term goals, and yet others stopped socializing with former colleagues, 'in order to protect my energy' (R).

When the organizational systems were collapsing, one of the respondents observed coping strategies of colleagues. They consisted of efforts to become 'over-positive, over-productive, or over-motivated' (R), in order to counterbalance and compensate for the actual loss of perspective and positive feedback by investing even more self-energy into the given situation. Yet, another form of coping with the ongoing traumatic events was to detach oneself from the workplace and to 'fade out everything' (R). However, this behaviour of total detachment frequently led to a situation, in which the respective persons became mentally 'unable to terminate the contract' (R), and were partly relieved, when the bank eventually took the decision of terminating their employments.

Among the *coping strategies* of employees, who had at least some professional or scientific information regarding organizational trauma, burnout, resilience, conflict resolution and the like, were different perceptions and approaches. Due to their academic background or in-service training during their professional careers, they perceived that the vast majority of employees 'simply did not know what to do' (R), when the organizational systems crumbled. With the exception of those pre-trained and pre-informed employees, 'people were unaware of most of these things and functioned in an auto-pilot way' (R), according to one of the respondents, a senior HR-professional.

As a consequence of this, one of the suggested paths in order to cope with or at least mitigate the worst impacts of trauma on an organizational level, was to inform and train the remaining staff in the fields of self-awareness, self-compassion, mindfulness, and resilience. 'You cannot support someone "from an empty cup"' (R), was one of the metaphors used to describe that a stable and resilient self.

Together with the basics of psychological skills, a framework of emotional intelligence and empathy, it is a foundation for interpersonal help within collapsing organizations.

Another aspect that put additional pressure onto coping strategies was the massive media coverage across time. The importance of *good and stable social contacts* was therefore emphasized by most of the respondents. Those who didn't have a strong social support from their socioenvironment were generally perceived as having bigger problems in establishing coping strategies and detaching themselves from organizational trauma as it evolved. Those who turned to external support, did that mostly *after* their employments and due to the fact that their posttraumatic symptoms didn't subside. 'After one year of pills and self-fight' (R), one respondent confessed, 'I found it hard to accept that I needed external support' (R).

Reflecting the Periods of Adversity

When reflecting upon their experiences the respondents of the resp. study gave several pieces of advice. One part addressed the staff, the other one the leadership of organizations. Having lived through organizational trauma the respondents recommended employees to 'try to revert to internal or external support as soon as possible' (R), because long-lasting developments such as the one they had gone through drained 'energy and health' out of everyone involved in an extreme manner. Employees should 'not pretend to be able to constantly perform at or beyond their maximum energy level' (R); they should at all times be aware of their individual capacity limits, and they should start to look for another job *before* their physical and mental energy reserves become depleted. The importance of social contacts was emphasized by almost all of the interviewees as being essential in order to literally ride out the heavy storms of organizational trauma. What some of the respondents added, was that every employee should try to keep his or her life aside from the respective company, besides her or his job, 'being a member of the system, but not a part' (R). Watching one's limits, listening to one's feelings, not letting the system control oneself, and believing in oneself were general statements that do not go without certain vagueness; however, these recommendations were formulated straight from a position of unmediated traumatic experience.

Similar to this, some of the respondents claimed, that their 'subjective risk-awareness and the ability to prioritise' (R) had improved significantly, and that they had transformed their bitter experiences into a deeper and more profound insight into human nature. Fur-

thermore, various social skills were mentioned, such as ‘connecting to people,’ as well as an enhanced capacity of handling one’s private and professional life, thereby balancing out the different demands and challenges. Having fought through adversity had also improved the self-awareness, self-respect, and self-confidence of some of the respondents to at least the pretrauma-levels.

Discussion and Conclusion

All of the research participants of the resp. study initially displayed high levels of motivation and preparedness to invest plenty of energy and significant personal dedication to the demanding tasks they were confronted with. Most of them had good managerial and social skills, they were extraverted personalities pursuing their individual career paths. It was only with time that these interviewees – without exception key employees of the bank – found out that they had underestimated the forces and pressures of organizational change that transformed into a long-term nightmare of adversity, resulting in traumatizing events that affected almost all of them. Trauma theory categorizes such sequences of adversity as *impersonal* traumatic events, since they are happening to the victim almost always without direct and causal involvements of persons. These aspects of anonymity frequently aggravate and complicate the processes of understanding and of rationalizing.

Despite the fact that the so-called pretrauma reality schemes were fully intact at the beginning, the capability of managing emotional distress started to fade and intense, across time even overwhelming feelings of fear, anger, unreality, shame, and guilt prevailed. Trauma theory shows that confrontations with sudden traumatizing events and the threat of additional adversity in the future keep increasing the state of anxiety (LaBar 2016); they are physically and mentally exhausting, in parts due to the huge cognitive dissonance between the actual state of traumatization and the desired state of positive pretrauma expectations. The long term gap between highly incompatible cognitions lead to chronic and hidden sicknesses to reappear, also increased sleeplessness and feelings of depression, emotional exhaustion and depersonalisation.

Getting negative national and international media coverage in addition to the above-mentioned reality, worsened the situation beyond bearable levels. The experience of daily micro traumata and having to remain reachable at virtually all times, drained enormous amounts of energy from each and every employee, also from the highly self-motivated ones.

The switch from denial to chaos and resignation, from self-motivation to emotional emptiness and depression cannot be managed en passant. Serious issues that affect the entire staff of an organization need leadership action, such as deciding to take on professional help. The argument of insufficient financial resources to hire external coaches and psychological help is common but not valid. The fact that emotional stability leads to higher performance, less errors, less sick-leaves, i.e. higher overall productivity, justifies such investments. If an organization's management leaves its employees on their own, the stressors may lead to physical, psychosomatic, or mental exhaustion, thereby putting massive pressure on productivity.

External experts teaching mental and physical techniques in the fields of resilience as well as the deregulation of emotions and impulses are able to help with situations of chaos, fear, insecurity, passiveness, internal and external pressure. They can also offer valuable support in situations where the majority of the staff has underestimated the complexity, the pressure and scale of economic transformation processes, their potential adversities and negative consequences with regards to mental, physical, and motivational exhaustion. Times of adversity and organizational trauma often go hand in hand with unprecedented changes of management (Kelloway et al. 2005). This makes it even more important to include external psychological support into all of the transformational or change-related strategic planning. In cases of friendly or hostile takeovers, in cases of dynamic changes and huge reorganizations, planning and providing of sufficient resources seems mandatory.

In view of the results of the resp. study, it seems unnecessary that employees have to cope with organizational trauma all by themselves, their partners, friends, and colleagues at work. They are technically trained to fulfil business related tasks; as individuals they are more or less socially skilled, but they are not properly trained to *mentally* or *emotionally* endure or solve lengthy situations of collapsing organizations. Such skills have to be brought into organizations, in order to also educate leaders and managers as role models for all other employees, regarding resilience, mindfulness and other psychological basic skills (Powley 2012; James and Wooten 2012). These external supports should not stop during the immediate aftermath of trauma but be extended to help with all of the potential posttraumatic symptoms, from restlessness to worry, intrusive thoughts, continuously reflecting the past and the like. The improvement of business practices by supporting coping techniques means that compa-

nies become aware and also prepared – organizationally and emotionally – to cope with traumata; a step which is in line with the approaches of modern risk management and strategic planning.

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The Influence of Audit and Hospital Council on Financial Statements' Results in Slovenian Hospitals

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This study focuses on the connection of frequency of monitoring financial statements by internal auditors and by hospital councils with the efficiency of operations in Slovenian hospitals. The aim of the hospital is not making profit; however, it has to be economical to operate, which means that it must generate a surplus of revenues over expenditures, which is reflected in the annual financial statements. The financial statements are the responsibility of management. Founder of the hospitals is Republic of Slovenia, all the founder's rights and obligations are exercised by the Government of the Republic of Slovenia. In Slovenia there are 26 public hospitals (the population) and they are divided into ten general hospitals, seven specialist hospitals, five psychiatric hospitals, two maternity hospitals and two clinical centres. The State budget and the Health Insurance Institute of Slovenia (HIIS) are the main sources of public financing Slovenian hospitals. Sources of financing hospitals are also evident in annual financial statements of each hospital. In the study, the 25 Slovenian public hospitals (the sample), which mostly represent Slovenian health system, have been analysed. We collected data with the survey questionnaire and from their published financial statements for 2014. For testing two hypotheses, we used contingency table and Chi-Square test. The results showed that the frequency of internal audits is not connected with the efficiency of operations in Slovenian hospitals, but the frequency of hospital council's supervision is connected with the efficiency of operations. Hospitals with more often monitoring of results in financial statements by hospital councils have surpluses in revenues (making profit). Findings suggest to focus on quality not only on frequency of internal audits and to propose to hospitals with surpluses in expenditures to have more often monitoring by hospital councils. Findings suggest to hospitals to focus on quality of planning revenues and costs. The paper suggests to health policy makers to develop hospital's corporate governance. The effective corporate gover-

nance in hospitals, with clear responsibilities of managers, auditors and councils, might effects on fiscal stability of the health system and the balance between all hospital's stakeholders.

Key words: internal audit, management, financial statements, income statement, hospitals

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Introduction

In the area of health care the state must constantly worry about its financial balance and sustainability. This study offers evidence about practices of monitoring the financial statements by internal financial auditors and hospital councils in Slovenian hospitals. We decide for this study, because among the four main priorities of the Slovenian Ministry of Health is strengthening public health having regard to its financial balance and sustainability and increasing the responsibilities of directors and councils of public hospitals (Čander 2016).

Slovenian hospitals as public institutions, which will be our object of study, are public health institutions and form part of a network of health services, providing residents to exercise their rights to health care services at the secondary level. Secondary level includes specialist outpatient and inpatient activity and comprising an in-depth diagnosis of the disease or other medical conditions and the implementation of ambulatory rehabilitation as the continuation or complement of Primary Care (Računsko sodišče Republike Slovenije 2014; Čander 2016).

Founder of the hospitals is Republic of Slovenia, all the founder's rights and obligations are exercised by the Government of the Republic of Slovenia. In Slovenia there are 26 public hospitals and they are divided into ten general hospitals, seven specialist hospitals, five psychiatric hospitals, two maternity hospitals and two clinical centres. Clinical Centre Ljubljana and Maribor and Institute of Oncology, Clinic Golnik and Psychiatric Clinic Ljubljana, implement their activity also at the tertiary level, which includes in addition to the general tasks' activities such as scientific research and educational work.

The State budget and the Health Insurance Institute of Slovenia (HIIS) are the main sources of public financing Slovenian hospitals. Sources of financing hospitals are also evident in annual financial statements of each hospital. Evaluation can be made in monetary or non-monetary terms (Milost 2012, 830). The aim of the occupation of the public institution is not making profit, however, it has to

be economical to operate and to ensure the positive result of efficiency of operations, which means that it must generate a surplus of revenues over expenditures, which is reflected in the financial statements. They are showing the economy of operation (namely from the difference between revenues and expenditures), they are under the responsibility of management and formally monitored by the hospital council and financial internal auditor. We could say, that board of management, board of hospital council and internal auditor, they are all part of aspects of the so-called corporate governance. As developed by the Organisation for Economic Co-operation and Development (OECD) 2001: Corporate governance is about the procedures and processes according to which an organisation is directed and controlled (Tricker 2015, 30). An effective system of corporate governance requires an effective financial reporting system (Baker and Wallage 2000, 173). Authors of study (Joseph et al. 2011) made 12 recent literature review or meta-analysis papers and summarized selected results from recent empirical research papers, reviewed the findings of over 250 studies and confirmed, that board and audit committee issues are in central focus primarily as part of corporate governance focus.

The health sector is facing a major challenge of change and is integrated into 'wedge' progress of scientific medicine, health policy and is faced with restrictions by the payer of public health services on the one hand and the growing needs and wishes of the users of health services on the other hand (Ule 2003, 52; Čander 2016, 2).

In Slovenian hospitals we have two main formal ways of monitoring the financial results of Slovenian health care system, especially by internal audit and supervision by hospital council, which should ensure the positive result of efficiency of operations (surplus of revenues over expenditures in income statement). Namely, management is responsible for the financial statements, so monitoring the financial statements means monitoring the managers how they financially lead the hospital.

The aim of the occupation of the public institution is not making profit, however, it has to be economical to operate, which means that it must generate a surplus of revenues over expenditures, which is reflected in the financial statements. The financial statements are showing the economy of operation (namely from the revenue and expenditure). The financial statements are due to economy of operation monitored by the hospital council board. The hospital council board is composed of representatives of the founder, representatives of the staff and representatives of users and the interested public

(Article 29 of the Law on Institutions). Management of the hospital organizes and manages the work and operations of the institution, presents and represents the institution and is responsible for the legality of the institution and financial statements. The research among 400 executives in United States states that surprisingly 78% of that sample admits to sacrificing long-term value in favour of smooth earnings (Graham, Harvey, and Rajgopal 2005, 3). So, we consider that monitoring the financial statements by the hospital councils is very important (Horvat 2014).

The Slovenian Public Finance Act is a formal basis for the financial internal control of financial and accounting operations of public institutions and it defines that internal auditing provides an independent verification of financial operations and controls to the management and to the hospital's council to improve their effectiveness. On this basis, Minister of Finance, issued the Regulation on Guidelines for the Harmonious Functioning of the Public Internal Financial Control. One of the studies concluded that organisations which was invested on effective internal control systems had more improved financial performance compared to those manufacturing firms that had a weak internal control system (Njeri 2014). We have to emphasize that internal auditing in public institutions such hospitals in Slovenia is the formal obligation (Horvat 2014).

Considering the theoretical facts and facts from the law, two main control entities of hospital's results in financial statements are internal financial auditor and the hospital council. In the center of our research we set these two priorities:

- connection of financial internal audit and economy of operations and
- connection of the hospital council and economy of operations.

This not only has a significant impact on the economic efficiency of hospitals, but ultimately affects the whole system of healthcare provision (Pirozek et al. 2015, 1086).

According to our cognition, such research of the health system was not made yet in Slovenia. The mission of our study is to identify the monitoring role on economy of operations (surplus of revenues over expenditures) of internal audit and hospital councils in Slovenia. Internal audit according to their rules is focused on the control of many operations, in the strict sense, we focus just on control over the financial statements. The hospital council has a wide variety of control tasks, because we are put in the forefront the financial statements and economics of hospitals operations, we focus just on one

of the supervisory tasks of the hospital council, that is monitoring of financial statements and economy of operations. This are two main limitations of the research.

Methods

With the research of monitoring the hospital's financial operations and financial statements in the institutions of the Slovenian health system by the internal audit and hospital council, first our purpose is to determine how many internal audits were carried out in Slovenian hospitals during the calendar year 2014 and to verify the connection of frequency (number) of conducted internal audits with the efficiency of operations in the hospitals. Second our purpose is to determine the frequency of monitoring main financial areas in hospital by hospital councils and then to verify the connection of the frequency of monitoring the financial statements by hospital councils with the efficiency of operations.

Therefore, we develop two hypotheses:

HYPOTHESIS 1 The frequency of implementation of internal audits of financial operations in general hospitals, specialized hospitals, psychiatric hospitals, maternity hospitals and university medical centres in Slovenia has impact on positive efficiency of operations in those institutions.

HYPOTHESIS 2 The frequency of monitoring financial statements by hospitals' councils in general hospitals, specialized hospitals, psychiatric hospitals, maternity hospitals and university medical centres in Slovenia has impact on positive efficiency of operations in those institutions.

Economy of operation is an indicator of data from the registered financial statements for the calendar year 2014 (more precisely from the income statement of revenue and expenditure). In Slovenia, reporting transparency is guaranteed via the Agency of the Republic of Slovenia for Public Legal Records and Services – AJPES (Dolinšek, Tominc, and Lutar-Skerbinjek 2014, 843). Efficiency of operations is measured as an indicator of difference between total revenues and total expenditures of each hospital. If the hospital has a surplus of revenues (making profit), we gave it the value 1. If the hospital had a surplus of expenses (making loss), we gave the hospital the value 0. If the revenues are greater than expenses, the indicator of efficiency of operations is positive (hospital creates a so-called profit), otherwise the indicator is negative (hospital creates a loss).

We have assumed that frequent internal audits and hospital councils' supervisions are leading to better final financial results in financial statements, it means that hospital is making surplus of revenues or the so-called profit. We also assumed that hospital could have one to five or more internal audits in a calendar year and never, rare (once a year), often (once in half of the year), very often (quarterly on the year) and regularly (each month) of hospital council' supervisions in a calendar year.

With first hypothesis we want to verify whether the frequency of internal audits of hospital's operations is connected with the positive efficiency of operations respectively the difference between all hospital's revenues and all expenditures, which is a crucial performance indicator of mentioned institutions. Since they are non-profit organizations, we cannot analyse profit, because in health institutions in Slovenia their primary objective is not increasing the capital value of institutions but to invest surplus funds from operations in the development and modernization of health care institutions.

The first hypothesis has been verified with the contingency table and Chi-Square test. We verified the relationship between nominal variables by which we verify whether there is a correlation between the number of internal audits and operational efficiency of Slovenian hospitals. Here we have a categorical variables with more than two values, which in this case is called contingency, data can be represented by the contingency table. The hypothesis was tested at the 5% level of risk.

Hospitals councils are consisted of members representing the owners (the state) and members representing users (patients), employees and payers (HIS). Such a heterogeneous structure have not common interests and goals about hospitals operations. Therefore, the second hypothesis assumed that hospital councils do control of the financial statements which ended by surplus of revenues.

The second hypothesis has been verified with the contingency table and Chi-Square test on the relationship between nominal variables, which has been verified a correlation between frequency of control of financial statements done by hospital councils and operational efficiency of Slovenian hospitals. These hypotheses were also tested at the 5% level of risk.

The basic element was a hospital, which in our case was the subject of the study. We surveyed directors of hospitals (asking them to fulfil the survey or to give to fulfil the survey to their financial directors or assistant of director for financial matters) of all the 26 hospitals in Slovenia. We interviewed the entire population of hospitals

TABLE 1 The Number of Hospitals with the Surplus of Revenues and with the Surplus of Expenditures in 2014

Surplus of expenses (loss)	Surplus of revenues (profit)	Total
7	19	26

on public health care system in Slovenia. The survey questionnaire was addressed to all 26 hospitals in Slovenia, for the period from 25/04/2016 to 30/05/2016. One of the ten general hospitals in that period has not fulfilled the survey, so that the sample survey represented 25 hospitals in Slovenia, which represents 96.15% of the population. Under the assumption that the sample is representative of the population, findings may be generalized (Arzenšek, Košmrlj, and Trunk Širca 2014, 190). The survey questionnaire contained closed questions with pre-prepared answers yes or no, or claims based on a five-point Likert scale. Reliability of the questionnaire was tested using Cronbach's alpha coefficient, that is in each case amounted to more than 0.7, which indicates that the questionnaire is reliable.

To a questionnaire was answered by 19 females and 6 males. Answered are the following:

- 8% of the managers (directors),
- 40% of financial directors and
- 52% of the assistants of directors for financial matters.

Results

The research results we reached by theoretical and experience background and statistical hypothesis testing. Hospitals are public institutions and their financial statements are monitored by internal auditors and hospital council. Namely, hospitals are public institutions, which are mostly financed by public money (from state). The research implies the relationship between the monitoring subjects (internal auditors and hospital councils) and efficiency of operations.

First, we collected from the publicly published financial statements of all hospitals the values of efficiency of operations of each hospital. As it has been seen in the table 1, 19 hospitals had surplus in revenues (a profit) and seven hospitals had surplus in expenses (a loss). One hospital with the surplus in revenues was not part of the sample.

Next, with the survey among hospitals we collected the answers from the hospitals on the question, how many internal audits of their financial operations each hospital had in the calendar year 2014.

We made the contingency table (table 2) which shows that one

TABLE 2 Contingency Table: Relation of the Number of Internal Audits of Hospital's Financial Operations and the Efficiency of Operations in 2014

Number of internal audits	(1)	(2)	(3)
None	1	0	1
One	6	11	17
Two	0	1	1
Three	0	2	2
Four	0	3	3
Five or more than five	0	1	1
Total	7	18	25

NOTES Column headings are as follows: (1) surplus of expenses, (2) surplus of revenues, (3) total.

TABLE 3 Chi-Square Test

Item	(1)	(2)	(3)
Pearson Chi-Square	5.742*	5	0.332
Likelihood ratio	7.573	5	0.181
No. of valid cases	25		

NOTES Column headings are as follows: (1) value, (2) degrees of freedom, (3) asymptotic significance (2-sided). * 11 cells (91.7%) have expected count less than 5. The minimum expected count is 0.28.

hospital in Slovenia in 2014 did not carry out any internal audit and this hospital had a surplus of expenses, 17 hospitals in the same year carried out one internal audit in year 2014 and eleven of them had surplus of revenues. Seven hospitals had two or more internal audits and they had surplus of revenues.

From the results of Chi-Square Tests (table 3) we saw that there was no statistically significant correlation between the variables. The Chi-Square value is 5.742 and $p = 0.332$. The statistical analysis has shown that the number of internal audits is not connected with the efficiency of operations. We can not confirm the first hypothesis. We can affirm that the frequency of internal audits of financial operations in general hospitals, specialized hospitals, psychiatric hospitals, maternity hospitals and university medical centers in Slovenia is not connected with the positive efficiency of operations of those institutions.

In next step, with the survey among hospitals we collected the frequency of monitoring of financial operations in different areas, made by hospital council in 2014. We collected data for these financial areas: financial plans, financial statements, accounting analysis, financial analysis and financial risks. We made frequency table and

TABLE 4 The Frequency Table and Point Analysis of Frequency of Monitoring the Main Financial Operation's Areas by the Hospital Councils in 2014

Item	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Financial plans	0	1	6	3	15	107	1
Financial statements	1	1	7	3	13	101	2
Accounting analysis	1	4	9	2	9	89	3
Financial analysis	1	5	9	4	6	84	4
Financial risks	0	8	7	3	7	84	4

NOTES Column headings are as follows: (1) never, (2) rarely, (3) often, (4) very often, (5) regularly, (6) points, (7) rang.

TABLE 5 Contingency Table: Relation of the Frequency of Monitoring of Financial Statements by Hospital Council and Surplus in Revenues/Expenses in 2014

Frequency of monitoring	(1)	(2)	(3)
Never	0	1	1
Rarely	1	0	1
Often	5	2	7
Very often	0	3	3
Regularly	1	12	13
Total	7	18	25

NOTES Column headings are as follows: (1) surplus of expenses, (2) surplus of revenues, (3) total.

point analysis. As seen in table 4, hospital councils are the most often controlling financial plans and financial statements and at least financial risks. In our study we are interested in controlling financial statements.

Next, we made a contingency table (table 5) with the relation of frequency of financial statements monitoring by hospital councils and surpluses in revenues/expenses in 2014. As it follows from table, slightly more than half of hospitals, had regular monitoring of financial statements and 12 of them had surplus in revenues. Three of hospitals had very often monitoring of financial statements and they had surplus in the revenues. Seven hospitals had regular monitoring of financial statements, but five of them had surplus in expenses. The rest two of hospitals, had rare or never monitoring, one was with the surplus of revenues and one with the surplus of expenses.

Based on the data from table 6, the statistical analysis has shown a statistically significant correlation between the variables. We verified whether there is a correlation between the frequency of control of financial statements by the hospital councils and value of surpluses

TABLE 6 Chi-Square Test

Item	(1)	(2)	(3)
Pearson Chi-Square	13.335*	4	0.010
Likelihood ratio	14.221	4	0.007
No. of valid cases	25		

NOTES Column headings are as follows: (1) value, (2) degrees of freedom, (3) asymptotic significance (2-sided). * 8 cells (80.0%) have expected count less than 5. The minimum expected count is 0.28.

(profit or loss). The Chi-Square value is 13.335 and $p = 0.01$. The second hypothesis has been tested at a 5% level of risk. The significance is lower than 0.05. Monitoring by hospital councils has impact on positive efficiency of operations. We can confirm the second hypothesis and say that the frequency of monitoring of financial statements by hospital councils is connected with the positive result (profit) in hospitals' financials statements.

Discussion

We have presented and explored two ways of control of financial statements in hospitals. The first method of control is done by internal audit, it is mandatory, but frequency of audits has not an impact on positive efficiency of operations, which is actually consistent with previous studies (Dobija 2015, 124), where the actual practices related to the reviewing of financial policies and alternative accounting treatments are mixed and range from no monitoring to a more substantial overview. To understand the results better, the authors compared them with the primary data gathered in the literature review (Cuvada, Bobek, and Maček 2017, 142). We took into account information related to every assumption made in the beginning of the research and drew the final conclusion about the relation of used variables (Bobek and Maček 2014, 7). We suggest hospitals should give greater emphasize on the quality and not on number of internal audits in hospitals. Slovenian National Guidelines for Internal Auditing is implemented by the internal audit as a tool by which the management of the public institution from an independent source gets the assurance that internal controls meet the objectives of the internal control and that the risks are controlled at an acceptable level. Subject of internal auditing are all systems, processes, events and activities of budget user (Edwards 2002, 51). Internal auditing should be a meaningful independent assurance device in operating of the corporate governance 'mosaic' (EEckloo et al. 2004, 1).

The second way of monitoring financial results in hospital is done

by hospitals councils and they have an impact on positive efficiency of operations. Hospitals whose financial statements are frequently controlled by the hospital council, have surplus of revenues. Hospitals with a negative financial result (loss) should have more frequent monitoring by the hospital councils and we suggest them qualitatively financial planning of revenues and expenses.

Public sector should attempt to adopt private sector governance practices in the belief that this will lead to greater efficiency in achieving outcomes (Roussy 2015, 237). Due to the unique societal position of hospitals – which involves a large diversity of stakeholders – the claim for autonomy of various highly professional groups and the lack of clear business objectives, principles of corporate governance cannot be translated into the hospital sector without specific adjustments. However, irrespective of these contextual differences, corporate governance can provide for a comprehensive ‘frame of reference,’ to which the hospital sector will have to give its own interpretation (Ministrstvo za finance Republike Slovenije 2003). Namely, over the past two decades, the corporate governance literature in accounting and auditing has grown rapidly (Joseph et al. 2011, 1).

It would be recommended in future to give a greater importance to the key components of corporate governance, which in hospitals already exist but need to be strengthened, that means: greater role of management responsibility for efficiency of operations, greater quality of internal audits and greater responsibility of hospital councils for financial statements.

Conclusion

Good governance in public hospitals leads to good management, good stewardship of public wealth, good public engagement and, ultimately, better outcomes for citizens and service users (Wadie 2013). As Slovenian directors of public hospitals are also directors of public hospitals for example in New Zealand, they should be aware of their shortcomings in meeting government expectations in respect to financial performance and social responsibility in the hospital (Perkins, Barnett, and Powel 2000, 9).

We believe that the presentation of the influence of internal audit and hospital councils in connection with the positive surpluses in financial statements is useful on micro level for leading and monitoring the hospitals and also on macro level for Slovenian health care system. As a result of multiple developments in health care policy, hospital administrators, policy makers and researchers are increasingly challenged to reflect on the meaning of good hospital gover-

nance and how they can implement it in the hospital organisations (Eecklo et al. 2004, 1). The effectiveness of the corporate governance of hospitals might affect on the fiscal stability of the health system and, indirectly, health policy for the whole country (Pirozek et al. 2015).

This paper may have implications for improving the overall quality of hospital governance. In the future, we recommend to extend the survey to monitoring other financial areas in hospitals, for example financial plans or financial risks, to the independence of internal financial auditors, and to areas of implementing of managers' responsibilities.

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Flow at Work, Work Satisfaction and Big Five Personality Traits among Slovenian Primary School Teachers

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In this paper we assessed the connection between flow at work, work satisfaction and personality traits among 890 teachers from Slovenian public primary schools. We assumed flow at work was positively correlated to work satisfaction. Furthermore, flow at work was hypothesized to be positively correlated to extraversion and conscientiousness. Alternatively, flow at work was hypothesized to be negatively correlated to emotional stability. Three questionnaires: BAIJS, FLOW-w and 10-Item Personality Scale were applied. The main findings were that teachers who are satisfied with their work have repeatedly experienced a state of flow in their workplace. Likewise, state of flow has been more likely experienced by teachers with higher levels of extraversion, agreeableness, openness and conscientiousness. Teachers with low emotional stability have been less likely to experience flow at work as teachers with higher emotional stability. Implications of these findings are being discussed.

Key words: flow at work, work satisfaction, big five personality traits, primary school teachers, Slovenia

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Theoretical Background

Teachers' work is one of the more demanding professions. As their working lives are prolonged, it is important to investigate factors that are related to their job satisfaction, as this affects teachers' attitude to work and to students. Job satisfaction promotes well-being of teachers and, consequently, well-being of their students. Many factors relate to job satisfaction. In this article, we have focused primarily on flow at work, as it is one of the less researched psychological concepts in Slovenia. We also investigated how teachers' personality

traits are related to flow at work and how they can, in conjunction with flow at work, encourage the creation of a better working atmosphere.

In this study we examined the importance of concepts of flow at work, personality traits and job satisfaction. We wanted to test the degree of correlation between flow at teachers' work and personality traits (namely extraversion, neuroticism and conscientiousness). We also tested whether teachers' flow at work was related to their job satisfaction.

FLOW AT WORK

The flow was first defined in 1975 by Mihaly Csikszentmihaly as an optimal experience where individual is fully involved in the present moment and in the current activity. Csikszentmihaly began to investigate flow while observing painters who persisted in painting, regardless of hunger, malaise and heat. Csikszentmihaly continued his research on a sample of chess players, mountaineers and dancers and found that intrinsic motivation was present in all and that the activity they performed was autotelic (Nakamura and Csikszentmihaly 2005). Intrinsic motivation involves participating in an activity solely because of one's own pleasure and satisfaction experienced during the task (Kopperud and Straume 2009). Autotelic activity is an activity that is rewarding in itself and enables individuals to visualize their goals and the effects of the activity (Branković, Hadžikadunić, and Mijanović 2017).

Flow at work is described as a subjective experience of being fully aware of one's skills and abilities, facing challenges in line with the abilities, obtaining feedback on one's work, and adjusting further behavior based on that information. During flow, one is deeply concentrated on the task, has a complete sense of control, and performs the task effortlessly (Fullagar, Delle Fave, and Van Krevelen 2017). People who experience flow often describe it as a condition of being one with the work task and fully committed to it. There is a clear awareness of the work goals, knowledge of the details that are important for the successful achievement of the goal. Flow at works is also characterized by distorted perception of time; while some people report faster passing of time, others report that during work activity the time stopped (Smolej Fritz and Avsec 2007). It is also important for the state of flow that one is freed from the 'inner voice' or 'inner critique' that is characterized by questioning oneself regarding expectations being or not being met or whether one's behavior conforms to social norms.

A state of flow is expected to occur when one is actively involved in a particular interaction with the environment, which may be physical, emotional or intellectual. Often, one experiences flow in various games and sports. It is important that one's abilities are aligned with the challenge. Low ability and challenge being too high cause anxiety. In case the challenge is not too demanding and the ability is high too, one gets bored. The unpretentious challenge and low abilities, however, cause the experience of apathy (Csikszentmihaly 2014). Apathy has been described as a negative and psychologically disturbing condition, accompanied by the perception of low challenges, lack of concentration and involvement, and limited mobilization of individuals' energy resources (Bassi and Delle Fave 2000; Delle Fave and Massimini 2005). Hence, there must be a match between skills and challenges in the work of teachers. If teachers have too few challenges, the principal must make sure that the challenge is upgraded to make the teacher's work more interesting. It is important that the principal is familiar with the type of task that motivates the teacher and encourages him or her to perform better. If the teacher is overworked and unable to reach the goal, it is the principal's job to reduce the challenge and provide sufficient support for that teacher. Three types of support exist, namely (1) emotional support to enhance the morale and to balance anxiety experienced by the teacher, (2) support with resources such as assigning an assistant and (3) providing additional training that enhances the teacher's abilities (Seemann and Seemann 2015).

The literature on circadian rhythms in humans suggests that the state of flow does not occur accidentally, but in the form of a curve or in a U-shape, where the tops represent beginnings and ends of the working day (Van Dongen and Dinges 2000). While studying surgeons, chess players and mountaineers, Csikszentmihaly also found that their state of flow did not occur during undemanding activities but during more difficult activities that expanded one's abilities and contained elements of novelty and the discovery of something new (Debus et al. 2014).

During flow, people exercise above-average abilities to accomplish above-average tasks. But flow is not only based on the characteristics of the task or activity, but also on the amount of personal and energy resources that a person is able to put into the task (Debus et al. 2014).

WORK SATISFACTION

Job satisfaction is a term that explains the degree to which one is satisfied with his or her work. Dimec et al. (2008) distinguish between

(1) general job satisfaction, which is defined as the general attitude of the employee towards work and (2) satisfaction with individual aspects of the work situation, such as promotion options, satisfaction with one's coworkers, work tasks, resources, leadership, autonomy at work, work schedule etc.

There are several theories that attempt to define the concept of job satisfaction (Judge and Klinger 2008). The factors of job satisfaction can be classified into three categories: (1) situational theories that interpret job satisfaction as a consequence of the nature of work and other environmental aspects, (2) dispositional theories that place the source of satisfaction in the employee's personality characteristics. Furthermore, interactive theories (3) define job satisfaction as a consequence of specific situational factors and personality traits of an individual.

Demerouti (2006) claims that experiencing flow is driven by many factors, such as goal clarity, giving and receiving feedback, a sense of control, and a good balance between ability and challenge. Likewise, the core of motivational characteristics of work are the diversity of tasks, characteristics of work, autonomy, and receiving feedback (Demerouti 2006). These factors have also been proven to be predictors of job satisfaction. Although work satisfaction is a broader construct compared to flow, the factors contributing to the two are similar, so we conclude that they are related (Demerouti 2006). We claim that an individual who is satisfied with his or her work is more likely to experience flow at work (Straume 2004).

BIG FIVE PERSONALITY TRAITS AND STATE OF FLOW

The five-factor personality model covers five relatively stable personality dimensions: extraversion, neuroticism, agreeableness, openness and conscientiousness. Extraversion is characterized by a tendency to socialize with people; a person with a high degree of extraversion is predominantly eloquent, energetic and warm. Neuroticism (or low degree of emotional stability) encapsulates predominant emotional states of people; people with high levels of neuroticism tend to experience unpleasant emotions such as anxiety, anger, shame or guilt and can be distracted or stressed-out more easily than people with high levels of emotional stability. Openness describes an extent to which people are inclined to unconventional experience. People with high level of openness are creative, have a lively imagination, are curious, unconventional, and independent thinkers. Alternatively, people with low levels of openness tend to be more rigid, conventional and tend to follow rules and rely on habits.

Agreeableness relates to the nature of individuals' relationships with other people; a person with a high level of agreeableness is friendly and empathic, gentle, likes to work with people, knows how to forgive and is understandable. Conscientiousness relates to level of accuracy, reliability, responsibility and persistence that is typical for a person. It is closely related to performance at work (Judge et al. 1999).

Extraversion and Flow at Work

Relation between flow and extraversion was confirmed by Bassi et al. (2013). A study on a sample of adolescents found that adolescents who achieve higher scores on the extraversion scale experience more flow and experience is more intense in schoolwork such as problem solving, finding the best solutions, etc.

Neuroticism and Flow at Work

One's state of flow can only occur if one's abilities are high enough to reach the goal. Flow cannot be experienced by a person who is overly phlegmatic and apathetic, nor by an individual who is frustrated and anxious (Culbertson et al. 2014).

People who predominately experience a positive affect have increased flexibility and creativity in how they face challenges. People with low emotional stability experience more negative effect, which means they are less likely to experience flow in comparison to people with predominant positive affect (Judge et al. 1999).

A neurotic personality trait is characterized by psychological discomfort, which is an emotional state that impedes the experience of flow. High levels of self-criticism and sense of vulnerability of individuals with low levels of emotional stability are expected to affect achievement and perception about one's own abilities, as well as the cognitive and affective experiences that are elements of flow (Mesurado and Richaud de Minzi 2012). Culbertson et al. (2014) also found a negative correlation between anxiety and job satisfaction in the study and concluded that an anxious person is not capable of experiencing flow.

Openness and Flow at Work

The connection between openness and flow has not been supported yet. We conclude that at the moment, there is no research showing an association between the personality dimension of openness and flow at work.

Agreeableness and Flow at Work

Ross and Keiser (2014) state agreeableness is negatively related to experiencing a state of flow due to high levels of modesty in individuals who are high in agreeableness. Alternatively, agreeableness and flow have been positively correlated in a study by Bassi et al. (2013). Chu et al. (2013) could not find support that agreeableness mediates flow experience and job performance.

Conscientiousness and Flow at Work

It is likely that high levels of conscientiousness involve emotional and motivational mechanisms that encourage one to experience a state of flow. Individuals with high levels of conscientiousness are more dedicated to their work and more persistent. Bakker, Demerouti, and Brummelhuis (2012) examined the link between experiencing flow at work and job performance. They found that flow at work was a predictor of better work performance for employees with a high level of conscientiousness. Furthermore, Chu et al. (2013) found that conscientiousness trait mediates between flow experience and job performance.

HYPOTHESES

Based on the literature review the following hypotheses (H) were formed:

H1 *Flow at work and job satisfaction are positively correlated.*

The core of motivational characteristics of work are the diversity of tasks, characteristics of work, autonomy, and receiving feedback (Demerouti 2006). These factors have also been proven to be predictors of job satisfaction. Although work satisfaction is a broader construct compared to flow, the factors contributing to the two are similar, so we concluded they are related (Demerouti 2006). We claimed that individuals who are satisfied with their work are more likely to experience flow at work (Straume 2004).

H2 *Extraversion is positively correlated to flow at work.*

Relation between flow and extraversion was confirmed by Bassi et al. (2013). A study on a sample of adolescents found that adolescents who achieve higher scores on the extraversion scale experience more flow. The link between extraversion and flow at work has also been empirically confirmed by Bassi et al. (2013). In addition, Chu et al. (2013) found extraversion trait mediates between flow experience and job performance.

H3 Low emotional stability is negatively correlated to flow at work.

According to Culbertson et al. (2014) flow is unlikely to be experienced by individuals who are frustrated and anxious. We claim that neuroticism, through negative effect, is negatively correlated to flow at work. People with low emotional stability experience more negative effect, which means that they do not experience as much flow as people with predominant positive affect (Judge et al. 1999). High levels of self-criticism and sense of vulnerability of individuals with low levels of emotional stability are expected to affect perception about one's own abilities, as well as the cognitive and affective experiences that are elements of flow (Mesurado and Richaud de Minzi, 2012).

H4 Conscientiousness is positively correlated to flow at work.

Research focusing on examining the relationship between the personal dimension of conscientiousness and flow at work leads to the conclusion that these constructs are positively correlated (Bassi et al. 2013; Demerouti 2006). Individuals with high levels of conscientiousness are more dedicated to their work and more persistent. Bakker, Demerouti, and Brummelhuis (2012) examined the link between experiencing flow at work and job performance. They found that flow at work was a predictor of better work performance for employees with a high level of conscientiousness. Furthermore, Chu et al. (2013) found that conscientiousness trait mediates between flow experience and job performance.

Methods

In the following sections sample is presented. In addition, materials and procedure in the study are described.

SAMPLE

Primary school teachers of 450 Slovenian schools were invited to participate, with a total of 17,928 teachers at Slovenian elementary schools (Statistical Office of the Republic of Slovenia 2019). Non-probability, convenience sample was used, since only those individuals whom survey was transferred by administration were able to participate (Blum and Goodman 1996). A total of 989 participants participated in the survey, but 99 of them did not complete the questionnaire, so they were eliminated. From 890 participants remaining, 810 were female and 80 were male. The age of the participants ranged from 25 to 60 years and they were all employed at Slovenian elementary schools.

TABLE 1 Descriptive Statistics of the Questionnaire Topics

Construct		(1)	(2)	(3)	(4)	(5)
Big five	Extraversion	890	2.00	10.00	7.40	1.63
	Neuroticism	890	2.00	10.00	5.19	1.49
	Agreeableness	890	3.00	10.00	7.78	1.17
	Conscientiousness	890	4.00	10.00	8.33	1.27
	Openness	890	2.00	10.00	7.13	1.64
Flow at Work		890	4.00	20.00	15.36	2.31
Bias		890	28.00	85.00	62.39	7.78

NOTES Column headings are as follows: (1) numerus, (2) minimum, (3) maximum, (4) arithmetic mean, (5) standard deviation.

Materials and Procedure

A questionnaire was compiled from three constructs: job satisfaction, flow and personality (The Big Five model). The questionnaire included four job satisfaction questions, which were adapted from The Brief Index of Affective Job Satisfaction (BIAJS) by Thompson and Phua (2012). 17 questions were applied to check flow at work (FLOW at Work; Jackson and Marsh 1996). Personality traits were examined with 10 questions based on the article by Rammstedt and John (2007). The questionnaire was applied in Slovene language. All questions were presented to the participants in the form of a 5-point scale, where 1 meant 'I disagree' and 5 'strongly agree.' Questionnaire was transformed into e-form and sent to administrators of Slovenian public schools. After receiving the questionnaires, those with missing values were removed from the sample. For analysis purposes, SPSS program was applied.

Results

First, descriptive statistics of the instruments used in the research is presented.

Table 1 shows that minimum and maximum scores in all three parts of questionnaire as well as average scores and standard deviations. It can be seen that regarding to personality the lowest average score was obtained in neuroticism and the highest average score in conscientiousness.

RELIABILITY AND NORMALITY OF DISTRIBUTION OF THE INSTRUMENTS

Next, reliability measures (Cronbach's alpha) and normality of distribution are presented (Kolmogorov-Smirnov test).

TABLE 2 Reliability and Normality of Distribution of the Instruments

Questionnaire		(1)	(2)
10-Item Personality Scale	Extraversion	0.634	0.000
	Neuroticism	0.525	0.000
	Agreeableness	0.783	0.000
	Conscientiousness	0.429	0.000
	Openness	0.530	0.000
Flow-W questionnaire		0.882	0.000
Brief index of affective job satisfaction		0.817	0.000

NOTES Column headings are as follows: (1) α coefficient, (2) normality of distribution.

The reliability of the instruments used varies, ranging from 0.429 to 0.882. All subscales of the Big Five questionnaire proved to be less reliable, conscientiousness ($\alpha = 0.429$) is the least reliable of all. For improvement, SPSS program offered us the opportunity to remove one of the questions on all personality subdimensions, but this would mean that each personality trait would be represented by only one question, so we decided to leave the questionnaire in its original form. The most reliable was FLOW-W questionnaire ($\alpha = 0.882$). For all instruments, a distribution that deviates significantly from the normal distribution was found. Because of this, we decided to use the Spearman correlation tests in order to test hypotheses.

THE RELATIONSHIP BETWEEN JOB SATISFACTION AND FLOW AT WORK

H1 assumed job satisfaction and flow at work were positively correlated. The correlation coefficient is 0.671 and it ranges between 0.3 and 0.69, which means that work-related job satisfaction and flow at work are moderately positively correlated.

THE RELATIONSHIP BETWEEN EXTRAVERSION AND FLOW AT WORK

H2 assumed extraversion and flow at work were positively correlated. The correlation coefficient is 0.221 and it ranges from 0.1 to 0.29, so we conclude that extraversion is weakly positively correlated to flow at work.

THE RELATIONSHIP BETWEEN NEUROTICISM AND FLOW AT WORK

H3 proposed conscientiousness and flow at work were negatively correlated. The correlation coefficient is -0.270 and it ranges be-

tween -0.29 and -0.1 , so we conclude that neuroticism is weakly negatively correlated with flow at work.

THE RELATIONSHIP BETWEEN CONSCIENTIOUSNESS AND FLOW AT WORK

H4 assumed positive relationship between conscientiousness and flow at work. The correlation coefficient (0.366) shows conscientiousness is moderately positively related to flow at work.

Conclusions

In this study, we examined how flow at work is related to job satisfaction. Furthermore, we were interested in relationship between flow at work and three dimensions of the Big Five model (namely extraversion, neuroticism and conscientiousness).

Results show that flow at work and job satisfaction are positively correlated (H1). The results are consistent with those of Demerouti (2006), who concluded that the factors contributing to the two constructs are similar. High intrinsic motivation encourages both experiencing the flow at work and the fact that the individual is satisfied with his or her work. The results are also consistent with Straume (2004), who demonstrated a positive correlation between flow at work and job satisfaction. Thus, more satisfied teachers are more likely to experience flow at work.

Additionally, a weak positive association between extraversion and flow at work was found. The results are consistent with the findings reported by Bassi et al. (2013) in their research. Thus, we can confirm H2.

Flow at work and neuroticism were negatively correlated. Thus, a person with a higher level of emotional stability is more likely to experience flow at work than a person with a lower level of emotional stability. This is in line with the findings of several studies that find that neuroticism and flow at work are negatively correlated. The results of this study match the studies of Birch and Kamali (2001) and Culbertson et al. (2014), who found that a person who is prone to anxiety experiences a lesser degree of flow at work. H3 has thus been confirmed.

H4 was confirmed as well. It was found that there was a moderate positive correlation between flow at work and conscientiousness. The findings are in line with the results of Bassi et al. (2013), who found that conscientiousness encompasses personality traits associated with promoting work-related passion such as dedication and perseverance, participation in difficult challenges, constructive

problem solving, job satisfaction, and internal and external motivation. It is likely that if an individual has a highly expressed personality dimension of conscientiousness, he or she is more intrinsically motivated, which in turn promotes experiencing a state of flow. In addition, our results are consistent with Demerouti (2006) and Bakker, Demerouti, and Brummelhuis (2012) who showed that people with higher degrees of conscientiousness are more successful at work and, as a result, experience flow repeatedly.

We also tested the relationship between flow at work and openness. A weak correlation between the two constructs was found, thus showing a possibility of further investigation of the relationship. We also found a weak positive correlation between agreeableness and flow at work. Previous research was not unified on whether a relation between flow and agreeableness is positive or negative.

It is important for leaders to realise that well-being at work is connected to personality traits, so employees with certain personality structures are more likely to experience job satisfaction and flow at work. Hence, principals should pay more attention to HRM practices (namely human resource selection and retention practices). Furthermore, it is important to monitor job satisfaction and flow at work in primary schools and make possible changes in the way teachers work and socialise.

Furthermore, principals in Slovenian public primary schools are in charge of creating a positive atmosphere in order for the teachers to experience high levels of job satisfaction. Semi-official and in-official gatherings (such as sport or cultural events, celebrations, trips) organised for the teachers as well as annual interviews with teachers can improve teachers' work attitudes as well as (indirectly) flow at work. Further research in this area should primarily improve the reliability of the Big Five model questionnaire. It is imperative that the personality questionnaire is expanded and improved. It would also be necessary to change the method of sampling in order to get more reliable results and to be able to generalize results to the entire population of Slovenian primary school teachers.

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Abstracts in Slovene

MSRP 9: sprožilec sprememb v procesih poslovnega računovodstva

Mojca Gornjak

Od 1. januarja 2018 vse finančne in nefinančne organizacije (razen zavarovalnic), ki imajo kot naložbo finančne instrumente v izkazu finančnega položaja, kot so denar, terjatve, dolžniški ali lastniški vrednostni papirji, so nadomestile računovodenje po MRS 39 z MSRP 9. Zamenjava računovodenja spreminja in ima vpliv na računovodske procese, računovodske rutine, računovodske politike, odločanje in računovodske izkaze. Vpliv ima na vrednost za delničarje. V raziskavi študije primera pokojninske družbe v Sloveniji predvidevamo, da bo zamenjava povzročila spremembe v organizaciji. Namen članka je predstaviti spremembe v procesih, odločanju in računovodstvu. Članek prispeva predvsem k literaturi o računovodstvu zamenjave MRS 39 z MSRP 9 in poslovnem računovodstvu. Pomembno je razumeti spremembe, ki jih zamenjava prinaša v korporativno upravljanje organizacij.

Ključne besede: mednarodni standardi računovodskega poročanja, MRS 39, MSRP 9, računovodske spremembe, računovodski procesi, računovodski izkazi

Management 14 (2): 95–116

Organizacijska travma: Fenomenološka študija psihološke organizacijske travme in njenega vpliva na zaposlene in organizacijo

Larissa Winter

Travmatologija kot znanstvena disciplina ima svoje korenine v zgodnjem dvajsetem stoletju. Njen temelj predstavljata vzpon psihoanalize in grozodejstva dveh svetovnih vojn; oboje je pustilo posledice na milijonih žrtev, tako med vojaki kot civilisti, po vsem svetu. Simptome posttravmatske stresne motnje (PTSD) so od takrat dalje opazovali in preučevali sistematično. Poleg uvodnih razlik glede terminologije PTSD in odpornosti ta študija omogoča celovit vpogled v področje organizacijske travme. Opisani in analizirani so tako organizacijski kontekst travme, ko tudi procesi prenosa travm znotraj organizacij. Prispevek se nanaša na študijo primera, izvedeno v Avstriji v letih 2017/2018, ki se je osredotočila na preučevanje propada srednje velikih mednarodnih bank ter kasnejše travmatične posledice znotraj njihovih organizacijskih struktur. Pripovedne metode so bile uporabljene v skladu z raziskovalno zasnovano študije, z namenom raziskovanja načina, na katerega so travmatizirani zaposleni »ubesedili« svoje izkušnje. Pripovedni tematski odlomki razkrivajo, kako ljudje hude dolgoročne travmatične izkušnje zdržijo, se z njimi spoprijemajo in jih sčasoma prebolijo.

Ključne besede: organizacijska travma, posttravmatska stresna motnja, odpornost, strategije spoprijemanja
Management 14 (2): 117–136

Vpliv notranje revizije in sveta zavoda bolnišnice na rezultate v računovodskih izkazih slovenskih bolnišnic

Tatjana Horvat and Darko Čander

Študija se osredotoča na raziskavo povezanosti »pogostosti nadzora računovodskih izkazov« s strani notranjih revizorjev in s strani svetov zavodov z »ekonomičnostjo poslovanja slovenskih bolnišnic«. Namen bolnišnice ni ustvarjanje dobička, kljub temu pa mora poslovati ekonomično, to pomeni ustvarjati presežek prihodkov nad odhodki, kar se kaže v letnih računovodskih izkazih. Za sestavitev in rezultate v računovodskih izkazih je odgovorno najvišje poslovodstvo (management) bolnišnice. Vsi omenjeni subjekti so del vsebin o upravljanju bolnišnic. Ustanovitelj bolnišnic je Republika Slovenija, vse pravice in obveznosti ustanovitelja izvaja Vlada Republike Slovenije. V Sloveniji je 26 javnih bolnišnic, med njimi je deset splošnih bolnišnic, sedem specialističnih, pet psihiatričnih, dve porodnišnici in dva klinična centra. Državni proračun in Zavod za zdravstveno zavarovanje Slovenije (zZZS) sta glavna vira javnega financiranja slovenskih bolnišnic. Viri financiranja bolnišnic so razvidni tudi v letnih računovodskih izkazih vsake bolnišnice. V raziskavi smo analizirali 25 slovenskih javnih bolnišnic (vzorec), ki v večini predstavljajo slovenski zdravstveni sistem. Podatke smo zbrali z anketnim vprašalnikom in iz njihovih objavljenih letnih računovodskih izkazov za leto 2014. Za preverjanje hipotez smo uporabili kontingenčno tabelo in hi-kvadrat test. Rezultati so pokazali, da ne obstaja povezanost med pogostostjo notranje revizije znotraj enega leta in ekonomičnostjo poslovanja, obstaja pa povezanost med pogostostjo nadzora računovodskih izkazov bolnišnic s strani sveta zavoda. Bolnišnice, ki imajo znotraj leta bolj pogoste nadzore računovodskih izkazov s strani sveta zavoda, ustvarjajo presežek prihodkov oziroma dobiček. Na podlagi rezultatov raziskave priporočamo notranji reviziji, naj se osredotoči na kakovost, na primer na neodvisnost, in ne na pogostost notranje revizije. Bolnišnicam, ki imajo presežek odhodkov oziroma izgubo, priporočamo bolj pogoste nadzore računovodskih izkazov s strani sveta zavoda in kakovostno finančno načrtovanje. Oblikovalcem zdravstvene politike predlagamo, naj razvijejo korporativno upravljanje bolnišnic. Učinkovito korporativno upravljanje v bolnišnicah z jasnimi odgovornostmi managementa, revizorjev in svetov zavoda lahko vpliva na fiskalno stabilnost zdravstvenega sistema in ravnovesje med vsemi zainteresiranimi stranmi v bolnišnici.

Ključne besede: notranja revizija, management, računovodski izkazi, izkaz poslovnega izida, bolnišnice

Management 14 (2): 137–149

Zanos pri delu, zadovoljstvo z delom in osebnostne lastnosti med slovenskimi osnovnoškolskimi učitelji

Maša Tavčar in Ana Arzenšek

V članku smo ugotavljali povezanost med zanosom pri delu, zadovoljstvom z delom in osebnostnimi lastnostmi med 890 osnovnoškolskimi učitelji iz slovenskih javnih osnovnih šol. Predpostavljali smo, da je zanos pri delu pozitivno povezan z zadovoljstvom z delom. Poleg tega smo domnevali, da se zanos pri delu pozitivno povezuje z ekstravertnostjo in vestnostjo ter negativno povezuje s čustveno stabilnostjo. Uporabljeni so bili trije javno dostopni vprašalniki, in sicer BAIS, A FLOW-w in 10-Item Personality Scale. Ugotovitve kažejo, da so učitelji, ki so zadovoljni s svojim delom, na delovnem mestu pogosto doživljali stanje zanosu. Podobno je bilo stanje zanosu bolj pogosto doživeto pri učiteljih, pri katerih se kažejo višja stopnja ekstravertnosti, sprejemljivosti, odprtosti in vestnosti. Učitelji z nizko stopnjo čustvene stabilnosti so manj verjetno doživljali zanos pri delu kot učitelji z visoko stopnjo čustvene stabilnosti. Podana je razprava o implikacijah rezultatov raziskave.

Ključne besede: zanos pri delu, zadovoljstvo z delom, velikih pet faktorjev osebnosti, osnovnoškolski učitelji, Slovenija

Management 14 (2): 151–163