



Investigating the Mediating Effect of Timeliness on the Relationship between Mental Health and Perfectionism on Honest Financial Reporting

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ABSTRACT

Paying attention to ethical principles and behavioral characteristics in the area of accounting and financial reporting in a way that leads to the expansion of honest reporting is growing. In this regard, the present study is an attempt to investigate the factors such as mental health, perfectionism and timely performing of accountants on honest financial reporting. The research data were obtained by using relevant questionnaires. The statistical sample of the study was 350 accountants of companies listed on the Tehran Stock Exchange in 2020. The research hypotheses were tested by structural equation modeling in PLS software. According to the results of the study, mental health and perfectionism are effective in providing timely information and honest financial reporting, and the effect of timely doing things on honest reporting has not been confirmed. managements should make arrangements to improve the level of mental health and create a sense of perfectionism in their accountants so that they can be more confident to improve the quality of financial reports.

Keywords:

Honest Reporting, Accounting, Timeliness, Mental Health, Perfectionism.

1. Introduction

Since many economic decisions are made based on financial statements of companies, presenting accurate, timely and complete financial and non-financial reports for use in decision-making and optimal allocation of resources and finally increasing wealth and welfare of society are crucial. Investigating the factors that affect fair and honest reporting can be of great help in this way and have many scientific and practical benefits. Honesty and integrity play vital roles in accounting because they allow investors to trust the information, they receive about companies in which they invest. Business managers rely on honest accounting to run their companies without fear of biased reporting. Honesty in accounting is the primary characteristic of the profession that allows financial decision-makers to make appropriate judgments. Mental health and perfectionism of accountants and financial managers are among the factors that fall into the category of mental and personality factors of financial statement preparers. Since mental states are part of each person's behavior and actions, they may be the source of part of each person's efforts for honest reporting. In the most comprehensive definition of the World Health Organization (2017), mental health means a state of complete well-being according to which people gain full knowledge of their abilities and skills, and adapt to environmental conditions and play their roles effectively in organization and society.

Thus, if a person can perceive his or her abilities and adapt to the normal pressures of life, he or she can avoid distorting reporting in the changing conditions of society. Perfectionism is another factor associated with honest reporting. It mainly involves constantly striving for maximum success and achieving great goals and eliminating weaknesses (Rasmussen, Elliott, & O'Connor, 2012).

Perfectionism as a multidimensional personality trait and style influences human behavior and is associated highly with other psychological characteristics of people. Little research had been conducted on it (Frost et al., 1991). Thus, high level of perfectionism enables the person to cope with a large number of psychological and interpersonal problems, and he or she can try to present reliable reporting in the changing conditions of society or avoid distortion in it. Timely reporting is another factor that seems to be important in the reporting process. The speed of reaction and making the right decision by investors

depends on timely access to information. According to the theoretical concepts of financial reporting in Iran, timeliness is one of the limitations of financial reporting that overshadows the full achievement of qualitative characteristics of reporting. Timely information is a set of information presented to decision makers before it loses its ability to influence decisions (Financial Accounting Standards Board, 2010). Timely performing of the affairs and timeliness depends on various factors, including the psychological characteristics of employees, and its final impact will be on reporting.

Given what was stated above, when people are mentally healthy, they show have perfectionist behaviors, or their behaviors are associated with less procrastination, resulting in honest and timely reporting. Review of the studies suggests that paying attention to the effect of mental health, perfectionism and procrastination on the level of honest reporting is essential to complete other studies. Hence, this study was an attempt to investigate the effect of mental health and perfectionism on the level of honest reporting of Iranian accountants with considering the mediating role of timely accountants.

1.1. Theoretical framework

The study of presenting fair and accurate financial reports has long been considered in the area of accounting knowledge and identifying the effective factors in it has always been an important point for researchers. Honest reporting leads to making right decisions and optimal allocation of resources. Based on the modified agency theory, in addition to maximizing monetary benefits, individuals seek to increase their psychological and spiritual satisfaction in their decision-making, and this will result in increased reporting preferences (Evans et al., 2001). Thus, in addition to organizational structures, individual characteristics and mental health of decision makers are also effective in honest reporting. Mental health means emotional and psychological health, in a way that a person can use his or her thoughts and abilities, function properly in society and meet the normal needs of every life. A person who can overcome the usual pressures in the daily work environment and engage in ethical professional activities can be introduced as a person with mental health. In addition to mental health, some other psychological characteristics such as perfectionism

and striving to be timely are also influential in the reporting process of companies.

Schafran et al. (2002) consider clinical perfectionism as high dependence on self-assessment following personal and self-imposed imperative criteria, at least in one important area, as opposed to its negative consequences. Based on the available results, there are many differences in the concept of perfectionism. In some concepts, it indicates a positive characteristic and in others, it indicates a negative characteristic (Frost et al., 1991). Perfectionism can be examined in three aspects. Self-centered perfectionism, other-centered perfectionism, socially induced perfectionism that all affect these three aspects of man and cause anger, anxiety, depression and guilt. Perfection is effective, effective and desirable when it is in line with the interests of society and maximizes human capabilities, and it is undesirable and destructive when man uses it to dominate others. In addition to perfectionism, the effort to do affairs timely, which is one of the most important emotional characteristics affecting human professional behaviors in the organization, was investigated in the present study. Timeliness is one of the characteristics of information relevance and means that financial information is available to users when they have the opportunity to make decisions, judgments and timely action on the desired issue. In other words, financial information should be made available to users so that users can make judgments or decisions. Therefore, if the information is closer to date of occurrence of the relevant events, the information will be more timely (Poorheydari et al., 2015) and it is the responsibility of financial managers and accountants of companies. Timeliness is related to people's procrastination. Timely presenting financial statements plays a major role in the value of company (Blankley et al., 2014) and reducing financial information asymmetry. This issue is crucial in the current era of communication, because technology, media and the virtual world have created a serious challenge for information reliability.

Furthermore, recent regulatory changes in many countries (such as the United States, the United Kingdom, and Australia) indicate that timely financial reporting is a priority for legislators and regulators. Given the importance of timely presenting financial reports to its stakeholders in different countries, there are mandatory requirements (Clatworthy and Paul, 2016). Procrastination means slowness in performing what we intend to complete (Ellis and Null, 2018). Jackson et al. (2005) define procrastination as an irrational tendency to

delay defined and specified operations. Time management theory considers the weakness of time management as one of the characteristics of procrastinators. The cognitive, emotional, and behavioral components of procrastination have a variety of complexity and manifestations, and it is generally thought that the level of procrastination can negatively affect the level of ethical decision-making, and people with lower procrastination levels can make better professional decisions. However, theoretically, mental health, perfectionism, and performing affairs timely seem to be important issues in fair reporting. The question now is whether mental health and perfectionism affect the timely performing of affairs and thus improve the reporting process. To answer this question, various studies have been conducted, some of which will be mentioned below.

2. Literature Review

In a study on the factors affecting opportunistic reporting, Desai et al. (2020) found that environmental pressures and personal characteristics lead to opportunistic reporting and reduced honesty in reporting. Thus, if people are not pressured to do affairs, the possibility of opportunistic reporting in the organization is reduced and honest reporting is done by reducing the possibility of performing affairs late and with delay. Chang et al. (2019) investigated the dimensions of perfectionism and its effects on the organization. He concluded that perfectionism disrupts the performance of the person in the organization and leads to biased behaviors, and in some cases, it is opposed to fair behaviors

Heba & Douglas (2018) found that information system precision increases honesty in managerial reporting and that this positive precision effect is weaker under low information system accuracy. A supplemental analysis suggests that our data are generally similar to HRT's data in our two low accuracy conditions and that their negative precision result is attributable to an unusual period effect in their coarse information system condition.

The results of Boster, Majerczyk and Tian (2018) studies suggest that an unintended consequence of profit sharing (decreased honesty) can be mitigated through interdependency from pooled plans. The results have practical implications, given that organizations have flexibility in establishing both the size and scope of their profit sharing plans. Our study

also contributes to our understanding of reporting behavior, particularly in multi-agent settings.

In a study entitled “The effect of procrastination on performance”, Awenji (2013) examined the effect of procrastination on performance. The results showed that delaying performing the tasks weakened the level of performance of the sample. Stead et al. (2013) examined the relationship between procrastination, stress and mental health. He stated that the results of previous findings have shown that procrastination and a low level of timeliness are associated with poor mental health and significantly predict help-seeking behaviors.

The results of his study also revealed that stress is associated with poor mental health. Age and gender were also directly associated with mental health and mental health supportive behaviors. It was also found that the level mental health and supportive tendencies of mental health decreases with increasing procrastination. Lou and Rickers (2012) believed that the presence of positive and negative emotions is effective in the tendency of subordinates to accept or reject unethical proposals. Positive emotions (such as mental health and perfectionism) reinforce moral actions, and negative emotions (such as procrastination) increase unfair behaviors. Kapan (2010) investigated the relationship between perfectionism and timely performing of affairs. The results revealed that some types of perfectionism significantly predict the speed of performing affairs and the timeliness of people. Salehi and Jabatmakan (2017) investigated the factors that may affect the timeliness of financial statements. Results revealed that the complexity of accounting information does not have a significant effect on the time of preparation of financial statements by companies but leads to increased delays in duration of the audit process. On the other hand, delays in presenting audited financial statements increase information asymmetry.

Mehrani et al. (2020) stated that the timely presenting financial information in annual reporting as an information advantage has always been the focus of investors. This feature can directly overshadow the effectiveness of disclosure of external information under the influence of management ability. The results of the mentioned study showed that capable managers have a passive effect on the delay of profit announcement and audit report and as a result, cause more timely disclosure of financial information. In addition, increasing the ability of managers has a positive effect on the

timeliness of financial reporting and timely publication of financial information news leads to a reduction in information asymmetry between the company and investors. A review of domestic studies suggests that little research has been conducted on this issue in Iran, and there is a need for further research in this regard and to fill the existing research gap.

3. Research Hypotheses

Accountants with good mental health and perfectionism have more confidence in their perceived abilities and are more resilient to the pressure to engage in immoral behaviors, and take professional approaches and do the affairs timely (Rickers and Samuelson, 2016). These cases became the basis for formulating the first and second hypotheses:

Hypothesis 1: Accountants with higher levels of mental health perform financial actions more timely.

Hypothesis 2: Accountants with a higher level of perfectionism perform financial actions more timely.

According to Rasmussen et al. (2012), financial managers and accountants who perform their financial and executive actions timely are generally people who have a higher job commitment and are less likely to engage in approaches that lead to distorted reporting. Accordingly, the third hypothesis of study is stated in this way:

Hypothesis 3: Accountants who perform affairs timely are less likely to report distorted reports.

Perfectionism as a multidimensional personality trait and style affecting human behavior along with mental health is associated with a large number of psychological and interpersonal problems, including timely performing of tasks (Frost et al., 1991). Therefore, high level of mental health and perfectionism enables the person to cope with a great number of psychological and interpersonal problems, perform the affairs and tasks timely, and thus take more steps to present a report without distortion. Hypotheses 4 and 5 examine the mediating role of timely performing of affairs on mental health and perfectionism on the presenting distorted reports.

Hypothesis 4: Accountants with a higher level of mental health are less likely to report distorted reports by performing affairs timely.

Hypothesis 5: Accountants with a higher level of perfectionism are less likely to present distorted reports by performing affairs timely.

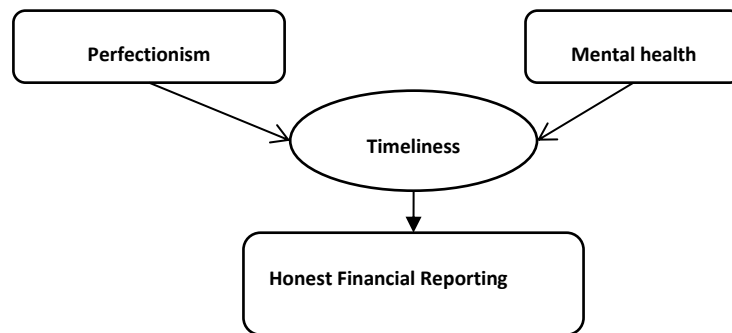


Figure 1. Conceptual model for testing research hypotheses

4. Methodology

The aim of this study is to investigate the effect of timely performing of affairs, mental health and perfectionism on financial reporting of accountants. Therefore, this study is applied in terms of aim, and descriptive and correlational in terms of data collection method. To collect data, Perfectionism Questionnaire (Morgan Lowes et al., 2019) to assess perfectionism, and WHO Questionnaire (2017) to assess mental health, and Tuckman Questionnaire (1991) to assess timeliness, and Rickers-Samuels Questionnaire (2016) to assess honest financial reporting were used. To test the research hypotheses, a sample of senior accountants of companies listed on the Tehran Stock Exchange in 2020 was selected. A convenience random sampling method was used given the nature of research, the large size of the population and the impossibility of examining the entire statistical population. The sample size was determined to be 350 people using Morgan table and for this purpose, the same number of questionnaires were collected.

To test the hypotheses and the research model, first the data obtained from the distributed questionnaires were analyzed using descriptive statistical methods (for example, mean and standard deviation). In the inferential section, to test the research hypotheses, the data were analyzed using the conceptual model shown in (Figure 1) through structural equation modeling in PLS software. In this research, honest reporting is considered as a dependent latent variable. This index is equal to the scores that subjects give in response to the Ethical Decision Making Questionnaire as an honest reporting index. Independent latent variables including perfectionism, mental health, and performing affairs timely have also been used as mediating variables in

some hypotheses. For perfectionism, three dimensions of self-oriented, other-oriented and community-oriented have been considered, and for mental health, three dimensions of mental health, physical health and social functioning have been considered and for the timeliness, two dimensions of individual and organizational procrastination have been considered.

5. Results

In the analysis of results, first, the appropriateness of data for factor analysis was investigated by KMO method. If the KMO coefficient is less than 50%, the data will not be desirable for factor analysis, and if the value is between 50 and 69%, factor analysis can be done with more caution. In the case where the value of this coefficient is greater than 70%, the correlations between the data will be desirable for factor analysis. Also, the Bartlett test is used to ensure the appropriateness of the data (correlation matrix that is the base of analysis) is not equal to zero in the population and to ensure sampling adequacy. The results shown in Table 1 indicate the appropriateness of the correlations between the data for factor analysis and the sampling adequacy.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.823
Bartlett's Test of Sphericity	Approx. Chi-Square	13123.740
	df	861
	Sig.	.000

Given the KMO value (greater than 70%) and the significance number of Bartlett test (significance level

less than 5%), it can be stated that the data are appropriate for performing factor analysis. Examining the initial communalities shows the commonality of one variable (item) is equal to the square of multiple correlation (R^2) with the factors. These cases include examining communalities before extracting factors and showing that all initial communalities are equal to one. The larger the extracted communality values (greater than 0.5), the better it describes the factors. Analysis of research data also indicated that the communalities value of questions was more than 0.5, which indicates the appropriateness of all questions in the factor analysis process.

The analysis of total variance explained also suggests that the questions of the questionnaire consist of 9 factors and these factors explain about 67% of the variance, indicates the appropriate validity of the

questions. Then, rotated factor matrix was examined. This matrix identifies the correlation between the questions or variables and the factor, which is clarified based on the degree of correlation. In this matrix, the factor loads (factor scores) of each variable are greater than 0.5 and are placed under the umbrella of the desired factor. The higher the value of this coefficient, the greater the relevant factor has a role in the total variance of the desired variable.

Table 2 shows the descriptive statistics of all research variables in terms of statistical indices, which indicate descriptive parameters for each variable separately.

Then, the researchers tested the hypotheses using PLS software. In this regard, to examine the fit of model, measurement model fit, structural model fit and the model general fit were used.

Table 2: Descriptive statistics of research variables

Variance statistic	Standard deviation statistic	Mean standard error	Maximum statistic	Minimum statistic	Observation statistic	متغير	
0.524	0.7241	0.0387	2.7804	5.00	1.21	350	Perfectionism
0.516	0.7185	0.0384	2.6478	4.08	1	350	Mental health
0.575	0.7586	0.0406	3.4275	5.00	1	350	Timeliness
0.827	0.9092	0.0486	2.7731	5.00	1	350	Honest Financial Reporting

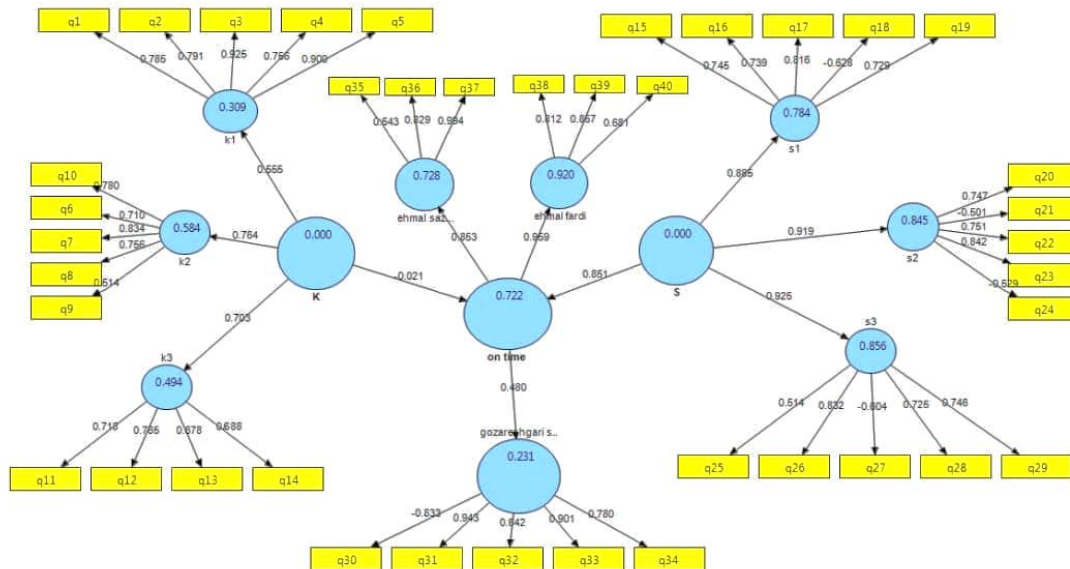


Figure 2: Structural model of research hypothesis along with standard coefficients of factor loads

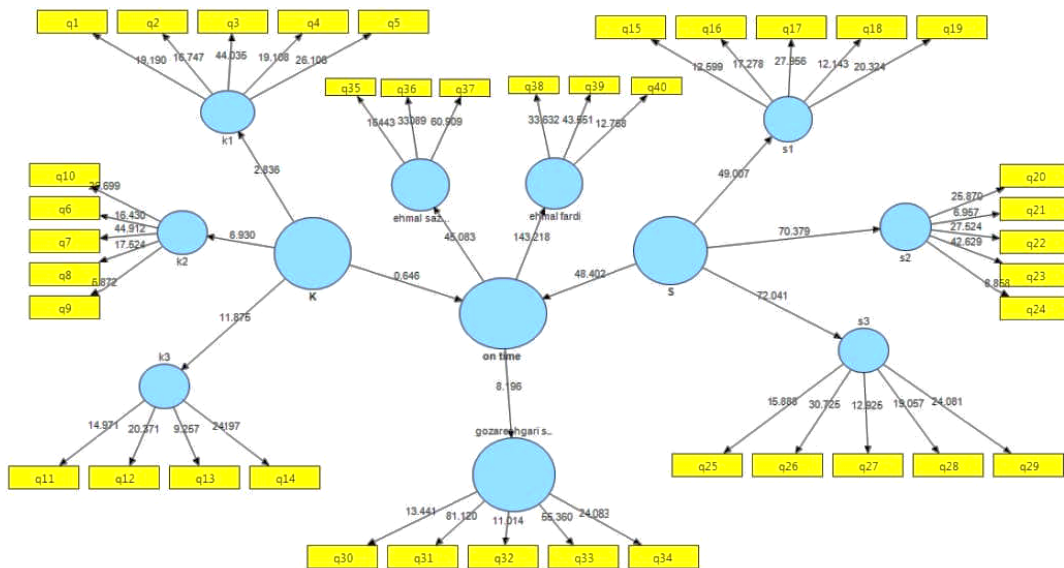


Figure 3: Structural model of research hypothesis along with significant coefficients

To evaluate the reliability of the research measurement model, the researcher examined factor load coefficients, Cronbach's alpha coefficients and composite reliability. The criterion for the appropriateness of the factor load coefficients is 0.4. In Table 3, all numbers of factor load coefficients in the

questions are greater than 0.4, which indicates the appropriateness of this criterion.

Considering that the appropriate value for Cronbach's alpha and combined reliability is 0.7 and according to the findings of Table 4, these criteria have adopted a suitable value for latent variables, it can be confirmed that the reliability of the research is appropriate.

Table 3: Factor load coefficients

Factor loading	Coefficients	Factor	Factor loading	Coefficients	Factors
0.853	B31	social functioning	0.774	A11	Self-centered perfectionism
0.880	B32		0.928	A12	
0.877	B33		0.895	A13	
0.887	B34		0.847	A14	
0.789	B35		0.938	A15	
0.812	C11	individual procrastination	0.908	A21	other-centered perfectionism
0.836	C12		0.880	A22	
0.925	C13		0.809	A23	
0.880	C14		0.940	A24	
0.814	C21	organizational procrastination	0.947	A25	
0.836	C22		0.884	A31	
0.813	C23		0.902	A32	
0.809	C24	Honest Financial Reporting	0.924	A33	mental health
0.883	D1		0.896	A34	
0.913	D2		0.727	B11	
0.895	D3		0.902	B12	
0.815	D4		0.906	B13	
0.776	D5		0.874	B14	physical health
			0.897	B15	
			0.836	B21	
			0.902	B22	
			0.874	B23	
			0.809	B24	
			0.762	B25	

Table 4: Results of Cronbach's alpha and composite reliability of latent research variables

composite reliability CR>0.7	Cronbach's alpha Alpha >0.7	latent variables
0.944	0.925	Self-centered perfectionism
0.954	0.939	other-centered perfectionism
0.946	0.923	socially induced perfectionism
0.936	0.914	mental health
0.927	0.901	physical health
0.935	0.912	social functioning
0.922	0.886	individual procrastination
0.890	0.836	organizational procrastination
0.933	0.909	honest financial reporting

The second criterion for examining the fit of measurement models is convergent validity, which examines the degree of correlation of each structure with its questions. Since appropriate value for AVE is 0.4 and according to the results of Table 5, this criterion has a suitable value for latent variables, so the appropriateness of the convergent validity of the research was confirmed.

To investigate the fit of the structural model in this study, since the t-coefficients for the hypotheses were greater than 1.96, except for the second hypothesis of

the study, their significance was confirmed at the 95% confidence level. The second criterion for examining the structural model fit is the multiple correlation coefficients (R^2) related to the latent endogenous (dependent) variables of the model, which show the effect of an exogenous variable on an endogenous variable and three values of 0.19, 0.33, and 0.67 are considered as the criterion values for weak, medium and strong values. The calculated value for the endogenous structures of the study confirmed the appropriateness of the structural model fit.

Table 5: Results of convergent validity of latent research variables

Mean extraction variance AVE> 5/0	latent variables	Mean extraction variance AVE> 5/0	latent variables
0.741	social functioning	0.771	Self-centered perfectionism
0.747	individual procrastination	0.807	other-centered perfectionism
0.669	organizational procrastination	0.813	socially induced perfectionism
0.736	honest financial reporting	0.746	mental health
		0.719	physical health

Table 6: Results of R^2 criterion for endogenous structure

R^2	latent variables	R^2	latent variables
0.722	social functioning	0.603	Self-centered perfectionism
0.725	individual procrastination	0.715	other-centered perfectionism
0.664	organizational procrastination	0.599	socially induced perfectionism
0.281	honest financial reporting	0.588	mental health
		0.589	physical health

To examine the general research model fit, GOF criterion was used that three values of 0.01, 0.25 and 0.36 were introduced as weak, medium and strong values for GOF. This criterion is calculated using the following formula:

$$GOF = \sqrt{\overline{communalities} \times \overline{R^2}}$$

$\overline{Communalities}$ is obtained from average variance extracted and R^2 is obtained from square of multiple correlation of latent variables of the study. GOF value was obtained at 0.597, indicates very good fit for the general model.

جدول ۷: نتایج برازش مدل کلی

GOF	R ²	Communality
0.676	0.610	0.750

Table 8: Results of direct relationship and significance coefficients of sub-hypotheses of the research model

result	T-Value	ضریب استاندارد شده (β)	The relationships between research variables	Hypothesis
Confirmation of the hypothesis	3.794	0.221	Mental health with Honest Financial Reporting	1
Confirmation of the hypothesis	5.456	0.351	Perfectionism with Honest Financial Reporting	2
Confirmation of the hypothesis	3.062	-0.156	Mental health with timeliness	3
Confirmation of the hypothesis	9.576	-0.473	Perfectionism with timeliness	4
Reject the hypothesis	0.247	-0.012	Perfectionism with Honest Financial Reporting	5

Based on Figures 2 and 3, the standardized coefficient (path coefficient) between the two variables of mental health and timely financial action is $\beta = 0.851$ and the significance coefficient (T-value) between these two variables is $T = 48.40$ (more than the absolute value of 1.96). Thus, it can be concluded that accountants with a higher level of mental health perform financial actions timely, so the first hypothesis was confirmed. Also, the standardized coefficient between the two variables of perfectionism and timely financial action is -0.021 and the significant coefficient between these two variables was $T = 0.646$. Therefore, the second hypothesis of the research was confirmed. According to Figures 2 and 3, the standardized coefficient between the two variables of timely financial action and honest financial reporting was $\beta = -0.480$ and the significant coefficient between these two variables was $T = 8.196$. Hence, it is confirmed that accountants who perform the affairs timely less likely to submit distorted reports, which confirms the third hypothesis of the research. Also, the fitted model shows that the standard coefficient between the two variables of mental health and timely financial action is $\beta = 0.851$ and the significance coefficient (T-Value) between these two variables is $T = 48.40$ (more than the absolute value of 1.96).

Also, the value of standardized coefficient between the two variables of timely financial action and honest financial reporting was $\beta = -0.480$ and the significant coefficient between these two variables was $T = 8.196$. Thus, it can be concluded that accountants with higher mental health are less likely to submit distorted reports by performing affairs timely. Hence, the fourth

hypothesis of the research is confirmed. Also, the fitted model shows that the value of standardized coefficient between the two variables of perfectionism and timely financial action is -0.021 , and the significant coefficient between these two variables was $T = 0.646$. Also, value of the standardized coefficient between two variables of timely financial action and honest financial reporting was $\beta = -0.480$ and the significant coefficient between these two variables was $T = 8.196$. Therefore, it can be concluded that accountants with a higher level of perfectionism are less likely to submit distorted reports by performing affairs timely. Hence, the fifth hypothesis of the research is confirmed.

6. Discussion and Conclusions

Honesty is important in financial reporting for ethical, financial and legal reasons. A financial report that deliberately provides misleading information leads stakeholders to make decisions based on fraudulent numbers. Lenders, government agencies and other stakeholders have the right to accurate information when assessing your tax liability or deciding whether or not your business is a worthy investment. It is your responsibility as a business owner to ensure that this information reflects the best possible representation of your company's financial operations. Conducting a research on the factors that lead to high quality, honest, accurate and timely reporting has always been important. The present study was an attempt to investigate some of the most important factors affecting fair financial reporting. According to the

research literature, factors such as mental health, perfectionism and timeliness were selected and their effect on honest financial reporting was examined. Results suggest that accountants who have higher levels of mental health, perform financial actions more timely, and perform the affairs more timely are less likely to submit distorted reports. Accountants with higher levels of mental health and perfectionism are also less likely to submit distorted reports through timely performing of the affairs. Accountants with the desired level of mental health and perfectionism have more confidence in their skills and abilities, and they will be less afraid of not obeying the unethical orders of their superiors, and will make professional decisions (Rickers & Samuelson, 2016). It is believed that financial managers and accountants who perform their financial and executive actions timely are generally people who have a higher job commitment and are less likely to engage in actions that lead to misleading and distorted reports. Mental health and perfectionism also indirectly affect the provision of high quality reporting through performing the affairs timely. These people will work harder to cope with problems, and they will make more efforts in providing reliable, undistorted reporting in today's turbulent business environment.

Mental health encourages accountant to perform affairs correctly and report fairly. People with mental health do not seek benefits by sacrificing their honesty and integrity (Evans et al., 2001). A perfectionist person seeks timely reporting by performing the affairs timely, and the positive and constructive aspect of perfectionism guide the person to take action in line with benefits and interests of society and stakeholders and it maximizes the ability of the accountant (Desai et al., 2020).). However, perfectionism has both positive and negative aspects (Shafran et al., 2002).

According to the results of this study in the area of accounting, its positive aspect is more prominent and shows an innate tendency to maintain and improve the conditions. The result of the present study can be explained based on Adler's theory of perfectionism, which states that man strives to achieve perfection and perfection is constructive when it is in line with the person's interests and abilities. In addition to perfectionism, the present study sought to find some reasons for the timely performing of affairs by accountants and its outcomes. Based on a research conducted by Jackson et al. (2005), performing affairs timely is more common among accountants who have

higher mental health, and this group of accountants report timely. Also, accountants who tend to perform things timely are not interested in other things other than the desired task and do not engage in immoral behaviors. Some factors may limit the results of the research. Subjects may provide what they should be, not what they really are in completing the questionnaire. For example, in completing honest reporting scenarios, accountants might consider what they wish to be in providing the response.

The fraud case shows how poor reporting can affect corporate reputation as much as its bottom line. Misleading accounts undermine the confidence of investors and other stakeholders to the point where financial support can dry up and the franchise is lost. In some case, news of the scandal wiped £2bn off the company's share price.

According to the results of this study, it is recommended that tests related to mental health to be taken from people in hiring the accountants. Also, given senior managers' knowledge of subordinates, it is recommended not to hire people with lower levels of mental health and perfectionism for critical positions that lead to financial reporting and to strengthen the internal controls in this area. In addition, in the organization, accountants and financial managers who have low tendency to perform affairs timely should be identified and less involved in issues related to the preparation of financial statements. This research can also be extended to provide trainings that promote mental health and other positive characteristics that lead to honest decisions and strengthen internal controls according to the individual characteristics of accountants.

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