

INTERNAL AUDIT PROFESSIONALISM AND FIRM SURVIVAL: AN EMPIRICAL EXAMINATION OF HOTEL BUSINESSES IN THAILAND

Pennapa Kueket, Phapruke Ussahawanitchakit
Mahasarakham Business School
Mahasarakham University, Thailand

ABSTRACT

The objective of this study is to examine the relationships between internal audit professionalism and firm survival through the mediating effect of risk control efficiency, financial information transparency and corporate governance. In addition, the association of internal audit learning, employee comprehensive knowledge, internal audit ethics, and environmental uncertainty with internal audit professionalism is investigated through internal audit experiences as moderators. Internal audit professionalism focuses on organizational level, consisting of best internal audit practice, professional moral mindset, audit responsibility awareness and stakeholders need concern. The instrument used was a questionnaire for data collection. Here, 125 internal audit directors or internal audit managers from business hotels in Thailand were selected as key informants of this study. The results present that internal audit professionalism as a positive effect on firm survival.

Keywords: *Internal Audit Professionalism; Best Internal Audit Practice; Professional Moral Mindset Audit Responsibility Awareness; Stakeholders Needs Concern; Risk Control Efficiency; Financial Information Transparency; Corporate Governance Achievement; Firm Survival; Internal Audit Learning; Employee Comprehensive Knowledge; Internal Audit Ethics; Environmental Uncertainty; Internal Audit Experience*

1. INTRODUCTION

The rapid changes occurring are in the current environment, such as in economy, society, technology and competition, which influence the survival in business operations. Under environment uncertainty, business operations are related to risk. Therefore, a business must know how to build an operation for it to survive. It is governance and operations by corporate social responsibility, and in disclosure of financial and risk management which increases its belief that the business can survive (Hopwood, Unerman and Fries, 2010). In addition, professionalism must be in operations to achieve goals.

The internal audit department provides services to management and various departments within the organization by confidential consulting which is independent and fair. Added value orientation and improvement of the organization ensures effectiveness redundant by checking the accuracy, reliability, and completeness of financial reports and non-financial, operational, efficient use of resources and suggestions to improve operational efficiency and effectiveness. The responsibility of the internal audit department related to the audit, evaluation risk management, internal control, corporate governance, worthwhile operations, and enterprise information systems, including various performances. The operation of the internal audit department should function with great caution, carefully as professional, determining the purpose of authority and responsibility for conducting an internal audit by consistent standards for the professional practice of internal auditing, the institute of internal auditors. The internal audit department is governed by the internal audit director who has an important role to promote and support personnel with knowledge, skills and abilities required to practice, including experience in the work. In addition, the operations of the internal audit department must take into account success achievement, complexity of the task, the adequacy and effectiveness of risk management, control and governance, and operation by the rules and regulations to be adopted by ethical general practitioners. The audit has been recognized as an important organization. However, operating with professionalism is important (Fogarty and Kalbers, 1988) and the demand is for professionalism in terms of the current operations. The internal auditor (Reynolds and Mary, 2000) and professions get attention and support so that internal audit professionalism leads to the achievement of organizational goals. Professionalism cannot ignore it. In addition, the current operations of the internal audit, focuses stakeholders of all parties, the use of independent judgment functional independence, professionalism, knowledge, and ethics (Izraeli and BarNir, 1998). The executive is aware of the internal audit and understands and accepts the responsibility. He is aware of the importance of the internal audit function within the organization, and makes improvement and enhancement for the operations. Internal audit practices functionally reflect the knowledge, skill,