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Internal auditors' selection for sustainable competitive advantage

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Abstract: This study aimed to investigate the factors in selecting internal auditors in public listed companies (PLCs) and non-public listed companies (Non-PLCs) and the role of internal auditors. Specifically, it aimed to look at the perceptions of specific coursework and topics, students' experiential activities, and student credentials and certifications in selecting university graduates as internal auditors. In addition, this study examined the benefits of the certified internal auditor (CIA) designation for future internal auditors and the soft skills needed for the early-career of internal auditors. It found that the important factors in the selection include the course of internal audit, internship, and internal auditing experience. These factors together demonstrated communication and leadership skills. Additionally, practising internal auditors viewed the importance of the internal audit function (IAF) and foresee that the benefits of the CIA qualification would provide career advantages between PLCs and Non-PLCs and the position of internal auditors. This study could help the Institute of Internal Auditors Malaysia (IIAM) develop competent internal auditors to ensure a sustainable competitive advantage.

Keywords: internal auditing; selection decision; early-career internal auditors; certification; skill development.

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1 Introduction

In recent years, there has been a growth in sustainable development in Malaysia, which is aligned with the 2030 Agenda for Sustainable Development. The 2030 Agenda is committed to ensuring the country's economic growth, provision of education, health and social welfare, and creation of job opportunities for the citizens. The establishment of the Sustainable Development Policies in Malaysia aims to promote long-term development, consistent with the Thirteenth Malaysian Plan (13MP), 2026–2030, which stipulates 17 Sustainable Development Goals (SDGs) and 169 targets. In implementing the SDGs, the private sector is one of the key stakeholders that may bear a significant amount of responsibility and perform a major role in sustainability (Rashed and Shah, 2021). Hence, companies must play an important role in ensuring sustainability by contributing to governance and environmental and social responsibility.

Sustainability could be an important concern for most companies. There are many ways to ensure how companies could sustain into the future, such as through stakeholder engagement, integrating companies with innovation, improving financial performance by cost reduction, developing customer loyalty, improving employees' loyalty and productivity, and improving risk management. Generally, companies' sustainability would also depend on the role of internal auditors, which is related to risk management,

internal control, and governance, and how they developed the internal audit (IA) function. In addition, the scope of the IA function is related to demonstrating integrity, competence, due professional care, and independence. The scope should align with the strategies, objectives, and organisations' risks. Adequate resources, quality, continuous improvement, and effective communication provide risk-based assurance with insightful, proactive, and future-focused information to promote the organisation's improvement. This achievement should be emphasised from the beginning of early education at the university level, which focuses on experience, internship, extra activities related to internal auditors, and credentials and certifications related to the internal auditors' education. Compared with Clune and Gramling (2012) that surveyed internal auditors in the US, this study is concerned with the Malaysian perspective. It could contribute to the attraction of the IA profession and certification, skills, and knowledge aligned with the aim of the Institute of Internal Auditors Malaysia (IIAM), Securities Commission (SC), and Bursa Malaysia.

Malaysians are concerned about the organisations' governance, risk management, and control scope. This issue can be seen in the principle discussed in the Malaysian Code on Corporate Governance (MCCG), guidance for an effective internal audit function (IAF), and the Bursa Listing Requirements, particularly for PLCs. Therefore, this study may provide ideas in the Malaysian context that may contribute to the non-PLCs. In addition, universities also could foresee the expectations of the industry. The industry expects the education related to specific coursework and topics, student experiential activities, student credentials and certifications, and the benefits of the certified internal auditor (CIA) designation for future internal auditors to align with the soft skills needed for the early career of internal auditors. This alignment ensures that future internal auditors adhere to the guidance developed by the SC.

Therefore, this study was concerned with the factors in selecting internal auditors. The factors examined in this study were coursework and topics, student experiential activities, student credentials and certifications, the benefits of the CIA designation for future internal auditors, and the soft skills needed for the early career of internal auditors. This study surveyed 218 internal auditors consisting of 111 executive internal auditors (e.g., Chief Audit Executives (CAEs) and internal audit managers) and 107 non-executive internal auditors (e.g., audit assistants, internal audit executives, and senior auditors). The findings were summarised as the important factors in selecting internal auditors, including the internal audit course, internship, and internal auditing experience. These factors demonstrate communication skills and leadership. Additionally, practising internal auditors see the importance of the IAF. They foresee that the benefits of the CIA qualification would provide career advantages between PLCs and non-PLCs and between executive internal auditors and non-executive internal auditors. This study could assist the accounting education area in increasing the number of internal auditors by making the internal auditing program more attractive and enhancing the knowledge and skills that should be embedded in the accounting courses in Malaysian universities, especially for the internal auditing program.

The remainder of this paper is structured as follows: Section 2 provides the literature review related to internal auditing, and Section 3 outlines the research design. The findings of this study are presented in Section 4. The final section summarises and concludes this paper.

2 Literature review

2.1 Internal auditing

Internal auditors must follow guidelines to effectively and efficiently perform their duties. They must first follow the IIA's International Professional Practices Framework (IPPF). The Institute of Internal Auditors Malaysia's Guidance for an Effective IAF and Bank Negara Malaysia's Guidelines on Minimum Audit Standards for Internal Auditors of Financial Institutions reflect the increased importance of internal audits. Other requirements for internal auditors in Malaysia include the Bursa Malaysia Statement on Internal Control – Guidance for Directors of Public-Listed Companies, Malaysia Code of Corporate Governance (MCCG) 2017, COSO Enterprise Risk Management (ERM) Framework 2017, and ISO31000 Risk Management Guidelines (2018). Internal audit is now mandatory for Malaysian listed companies. Stakeholders know that an independent mechanism is in place to assess the effectiveness of governance, risk management, and internal controls by having an IAF.

'Internal auditing' is defined as an independent objective assurance and consulting activity that adds value and enhances an organisation's operations. A systemic disciplined approach to assessing and improving risk management, control, and governance is useful to help an organisation achieve its aims. IA could become a corporate governance pillar and could be instrumental in combating mismanagement, inadequate risk management, and fraud (Lenz et al., 2018). Plant et al. (2017) determined the factors influencing IA's workplace learning success to develop professional internal auditors in South Africa. Lois et al. (2020) researched internal auditors employed in some of the largest audit institutions in Greece. Meanwhile, Fadilah et al. (2020) studied the effectiveness of implementing IA on *amil zakat* institutions, particularly in BAZNAS of the West Java local authority in Indonesia. Mertzanis, Balntas, and Pantazopoulos (2019) presented the views of internal auditors in Greece on the relationship between the IAF and corporate governance (CG) after several years of the European market integration and the aftermath of the sovereign debt crisis.

Ganesan et al. (2017) suggested that IAF is related to governance and sustainability practices. As suggested by O'Regan (2001), internal auditing needs to have specialist knowledge as a profession. Macdonald (1995, page 1) defined 'professions' as "occupations based on advanced, complex, esoteric, or arcane knowledge". Myers and Gramling (1997) had emphasised that, to be a CIA, the practitioner must own a bachelor's degree, passed a written professional examination, have the relevant professional auditing experience, follow the IIA's Code of Ethics, and complete the required continuing professional development programs. The IAF aids the public sector and government organisations improve their performance, particularly in terms of increasing the number of savings (Nazri et al., 2019).

Several studies have been undertaken to investigate internal auditors in the Malaysian public sector. For example, Alias et al. (2019) researched internal auditors of selected government-linked companies (GLCs) in Malaysia to determine their professional competency levels in detecting unethical behaviours. They also examined the extent of the internal auditors' awareness of ethical issues in their companies. Abdurrahman et al. (2020) studied companies listed in Malaysia to investigate the association between IA and enterprise risk management. Similarly, Mustapha and Abidin (2017) explored the level of risk management practices and the role of IA in such practices in Malaysian

public universities. Al-Qadasi et al. (2019) examined the impact of the IAF budget on selecting industry-specialist auditors and audit fees, particularly in companies with family-controlled shareholders, a feature unique to Malaysia. Ahmi et al. (2016) discussed the level of information technology (IT) adoption by IAF in the Malaysian public sector, the types of IT applications implemented, and the purposes of its implementation.

2.2 Selection of internal auditors

Based on past studies involving the US (Clune and Gramling, 2012), South African (Plant et al., 2019), and Australian (Cooper et al., 1994) organisations, this study looked at the Malaysian perspective of IA. These studies would have similarities in the selection factors among practitioners. However, this study examined the respondents' perceptions of the selection factors, particularly of specific IA coursework and topics, student experiential activities, student credentials and certifications, the benefits of the CIA designation in various types of organisations, and the role of internal auditors. These factors could contribute to the enhancement of internal auditing in Malaysia, deterrence of corporate fraud, and assessment of whether company policies and procedures are followed. Internal audit is a mandatory requirement for all companies listed on the Bursa Malaysia, and there is guidance for an effective IAF. Therefore, the factors could assist the Malaysian organisations in sharing their views on the selection of junior auditors to enhance the resources in the IAF.

2.3 Factors in selecting internal auditors

2.3.1 Coursework and topics

As mentioned earlier, this study looked at the factors influencing the selection of internal auditors in Malaysian companies. Three factors were chosen: coursework and topics, students' experiential activities, and student credentials and certifications. The first factor is related to the education and training of future internal auditors. The Institute of Internal Auditors (IIA) Global designed an internal audit academic awareness program and internal auditing education partnership (IAEP) to help higher education institutions create learning opportunities for people interested in pursuing a career in internal auditing (Chamber, 2014). The IAEP is between the IIA and various universities to enhance the skills necessary for the internal audit profession (Hartanto and Apriani, 2014). Together with the IAEP, the IIA also integrated the Common Body of Knowledge (CBOK) into the internal audit education and training guidelines (Plant, 2015). Based on the IAEP and CBOK, it is believed that early education and career path knowledge could impact the competency and effectiveness of internal auditors.

Recruiting talent for internal auditing is a challenge (Iyer, 2016; Selim et al., 2014; IIA, 2015). Previous studies showed that IA is vital to organisations. Hence, it is critical to know the ways to recruit more talent to the profession (Bartlett et al., 2017). According to Clune and Gramling (2012), there is a need for academic research that focuses on preparing students to enter the internal audit profession. Specifically, there should be studies that analysed factors considered necessary for selecting entry-level internal auditors. These factors include internal audit coursework, governance, fraud knowledge, communication, and negotiation.

2.3.2 *Experiential activities*

The second factor related to experiential activities involves experience, internship, and extra activities related to internal auditors. Mubako and Mazza (2017) and Iyer (2016) stated that staffing challenges faced by the internal audit profession are due to the challenges of recruiting and retaining personnel. Researchers believed that other reasons related to profession and competency contributed to the personnel shortage. Development of skills and knowledge is another factor that the IIA has highlighted for competency. Plant, Barac, and Sarens (2019) revealed that internal auditors require adaptability, communication, critical thinking, time management, and teamwork skills. Other studies referred to these skills as 'soft' skills needed for internal auditors to be considered 'ready-to-work' (Hassall et al., 2005; Helliar et al., 2009; Howieson et al., 2014; Kavanagh and Drennan, 2008). Steyn (2020) showed that soft skills in first-level internal auditors in South Africa are developed in a small or moderate way. However, it also indicated that the soft skills of internal auditors in South Africa are considered either moderately essential or very important for effective work performance. This issue is also in line with the literature assessment results regarding the importance of soft skills to internal auditors at the entry-level. Equipping them with the necessary skills at the entry-level is part of education at higher education institutions. Hartanto and Apriani (2014) found that mastery of ethics, business governance, information technology, internal audit, and business communications are all associated with student activities at these institutions. These factors were all found to be influential in students' activities, such as accomplishing tasks on their own or in groups, using information technology, and comprehensively solving accounting problems.

2.3.3 *Credentials and certifications*

Another factor highlighted by the IAEP is credentials and certifications related to the internal auditors' education. Certification as an internal auditor is internationally accepted for the career path because it demonstrates competency in several areas, such as risk, control, and information technology. Dean et al. (2019) and Myers and Gramling (1997) mentioned that IA certification is essential to those who plan to pursue internal auditing as a career. Several studies done in Malaysia showed that certification is necessary for the recognition of IA as a profession. For example, Shan et al. (2019) studied internal auditor as a preferred career. Nazri et al. (2019) researched the effectiveness of internal auditors among GLCs. Similarly, Shamsuddin et al. (2014), Mahzan et al. (2012), and Mustapha and Abidin (2017), among others, studied the effectiveness of internal auditors in the government sector.

Srirejeki et al. (2019) revealed some interesting results on the accounting certification of their respondents. The respondents ranked CIA second on the list of professional certifications. Compared to the chief audit executives (CAEs) who do not have an internal audit certification, CAEs with an internal audit certification reported a significantly higher level of competency in all dimensions (Iyer, 2016). Vadasi et al. (2019) mentioned that professional credentials are crucial in the field of IA. The IIA is the most common source of the internal auditing professional certification, with the CIA being the most widely accepted. Based on the limited research on IA in Malaysia, there is a need to improve internal auditing as the preferred career in the country. The improvement is necessary because the need for companies to have an internal auditor has

been highlighted in the new Malaysian Code of Corporate Governance (MCCG) 2017 and by the Securities Commissions Malaysia.

3 Research design

3.1 Sample

The targeted population of this study was the internal auditing practitioners in Malaysia, with about 3046¹ members. The suggested sample size for this population was about 341² (Bougie and Sekaran, 2019). Therefore, cover letters were sent to 350 internal auditors at random, inviting them to participate in a survey for this study. The invitations were sent through LinkedIn to the Chief Audit Executives (CAEs), audit managers, assistant audit managers, senior audit managers, audit assistants, and internal audit executives. Only 218 (62%) agreed to participate in the survey as representatives of their employers. This study used voluntary participation to encourage high involvement because the participants were free to be involved broadly in the study (Kılınç and Fırat, 2017).

Seventeen of the surveyed internal auditors were selected for its second-phase online interviews. The second-phase online interview conducted in this study was considered important to enhance the current scenario in Malaysia that may fit the purpose of this study. The interview involved 17 internal auditors who agreed to participate after being invited by the researchers. They agreed once they understood the objective of this study, and they were voluntarily involved based on their role (as heads of their internal audit and senior managers) in selecting junior auditors. The second phase that involved voluntary participation would contribute to the research's validity and reliability due to the sincere and correct answers that could be achieved only with voluntary participation (Kılınç and Fırat, 2017). For the online interview session, 13 PLCs' and four Non-PLCs' internal auditors were willing to provide feedback on the selection factor issues. In this study, the PLCs' internal auditors were the heads of their internal audit groups (identified as IA1, IA2, IA3, IA4, IA5, IA7, IA8, IA9, IA11, IA12, IA13) and senior managers (identified as IA6, IA14). Similarly, the Non-PLCs' internal auditors comprised heads of internal audit groups (IA16, IA17) and senior managers (IA15, IA10).

3.2 Research instrument

This study used a digital questionnaire to collect the needed data. Section A of the questionnaire contained 16 statements designed to obtain the respondents' perceptions of the selection factors, particularly coursework and topics, student experiential activities, and student credentials and certifications. For each statement, the respondents had to indicate their level of agreement using a five-point scale ranging from '-2' strongly disagree to '+2' strongly agree. The statements were adopted with modifications from Clune and Gramling (2012). Section B contained a total of 12 statements designed to obtain the respondents' perceptions of the benefits of the CIA designation using the same scale of agreement as Section A. The statements were adopted from Myers and Gramling (1997) and modified to suit this study. Section C contained 20 statements to investigate the importance of knowledge and skills among future internal auditors. The items were measured by the degree of importance ranging from '1' not important to '5' very important. The statements were modified from Iyer (2016) and Plant et al. (2019).

Finally, Section D gathered information on the internal auditors' profiles that consisted of age, gender, the highest level of education, employers, current position, and professional memberships.

3.3 Data collection

The links to the questionnaire were distributed to the internal auditors who agreed to participate in the survey through LinkedIn. The data was collected over four months, from January 2021 to April 2021. This method was suitable since the researchers could not meet the respondents and distribute the questionnaires face-to-face due to the movement control order (MCO) implemented in Malaysia. Prior to sending the link to the questionnaire, the questionnaire was discussed with a panel to validate the instrument. The panel comprised a research expert to comment on the development of the survey and two members of the IIAM plus the head of an internal audit group to validate the content.

Online interview sessions were conducted in April 2021 to investigate the feedback from volunteer participants. The interviews were conducted online individually based on the available time of each participant. In this study, the researcher conducted online interviews using semi-structured and open-ended questions to gather data. Prior to data collection, the researcher sent an official invitation to each participant, followed by a phone call to seek permission to start the data collection. Each interview session only took 40 minutes, and this study conducted data analysis as suggested by Miles et al. (2014), which consisted of both preparation and analysis of the data with the assistance of Atlas.ti, as shown in Figure 1. The data preparation was based on Miles et al. (2014), which started with processing raw data before the data were available for analysis. Field notes must be converted into expanded write up, either typed directly or transcribed from dictation. Then, the coding started with the first cycle coding, followed by pattern coding and derivation of more general themes through jottings and analytic memos. Since this study followed the suggestion by Miles et al. (2014), it started with the first cycle coding, initially summarising segments of data and utilising descriptive coding. Descriptive coding consists of labels assigned to the data to summarise the data using a word or short phrase. The coding was continuously made after completing each interview and transcription. The code was then attached to phrases based on sentence and paragraph levels.

4 Results and discussion

4.1 Demographic profile

Table 1 shows the demographics of the respondents. As shown in the table, 118 respondents (54.1%) are from PLCs, and 100 (45.9%) are from Non-PLCs. One hundred and eleven (111) respondents (50.9%) are executive internal auditors (Chief Audit Executives (CAEs), Internal Audit Managers), while 107 (49.1%) are non-executive internal auditors (Audit Assistants, Internal Audit Executives, Senior Auditors). Table 1 also shows that most of the auditors are 22–40 years old (68.35%), followed by 41–60 years old (28.89%). Most respondents (64.7%) owned a bachelor's degree. A limited number of respondents (14.2%) have a professional certificate. Almost all of the respondents (98.6%) are members of a professional body.

Figure 1 Sample of process for Atlas.ti (see online version for colours)

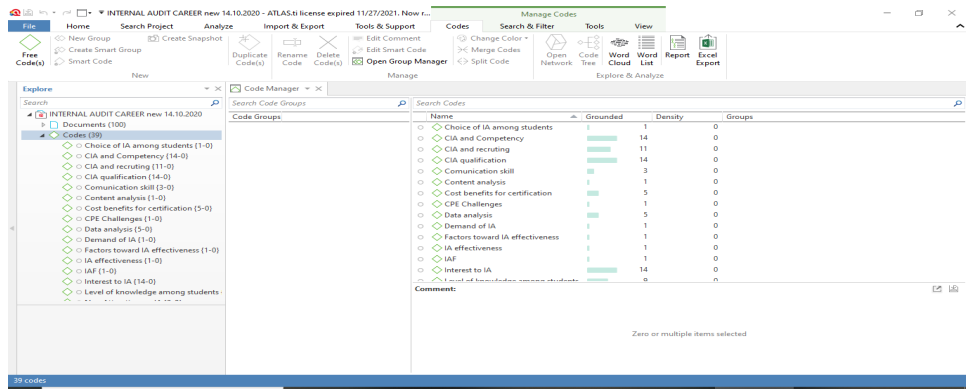


Table 1 Internal auditors' characteristic

		Frequency	Percentage (%)
Age	22–30 years	73	33.49
	31–40 years	76	34.86
	41–50 years	54	24.77
	51–60years	14	6.42
	61–70 years	1	0.46
Gender	Male	134	61.47
	Female	84	38.53
Education	Certificate/Professional Certificate	31	14.2
	Diploma	6	2.8
	Degree	141	64.7
	Master's Degree and PhD	40	18.3
Types of companies	Public Listed Company	118	54.13
	Non-Public Listed Company	100	45.87
Position in organisation	Executive internal auditor (Chief Audit Executive (CAE), Internal Audit Manager)	111	50.92
	Non-executive internal auditor (Audit Assistant, Internal Audit Executive, Senior Auditor)	107	49.08
Detailed Position in Organisation	Chief Audit Executive (CAE)	40	18.3
	Internal Audit Manager	71	32.6
	Audit Assistant	15	6.9
	Internal Audit Executive	68	31.2
	Senior Auditor	24	11.0

Table 1 Internal auditors' characteristic (continued)

		<i>Frequency</i>	<i>Percentage (%)</i>
Current Membership	Chartered Internal Auditor	26	11.93
	Chartered Accountant	95	43.58
	Member of IIAM	29	13.30
	Associate Member of Malaysian Tax Association	3	1.38
	Member of Board of Engineers Malaysia	33	15.14
	Certificate of Safety and Health Officer from NIOSH	19	8.72
	Certified Fraud Investigator	1	0.46
	Certificate of Business Continuity Plan	3	1.38
	Certified Member of the Chartered Institute of Management Accountants (CIMA)	1	0.46
	Certificate for Bank Auditor (CBA) from the Asian Institute of Chartered Bankers (AICB)	3	1.38
	Fellow Member of Association of Chartered Certified Accountants (FCCA)/Certified Member of the Institute of Internal Auditors (CMIIA)	1	0.46
	Currently, no membership	3	1.38
	Member of the Association of Certified Fraud Examiners (CFEs) or Certified Financial Planners (CFPs)	1	0.46

4.2 Preliminary analysis

The questionnaire contained 16 statements designed to obtain the respondents' perceptions of the specific coursework and topics, student experiential activities, and student credentials and certifications. Table 2 shows that the items are reliable and consistent because their Cronbach's alphas are more than 0.7. The statements to obtain the respondents' perceptions of the benefits of the CIA designation have an overall Cronbach's alpha of 0.9277 (see Table 2), indicating that the statements are reliable.

Table 2 Reliability analysis

	<i>Cronbach's Alpha</i>	<i>No. of Items</i>	<i>Section</i>
Specific coursework and topics	0.8583	7	A
Student experiential activities	0.7464	5	A
Student credentials and certifications	0.7087	4	A
Perceived benefits of CIA designation	0.9277	12	B

4.3 Factors in selecting recent university graduates in internal auditing

4.3.1 Specific coursework and topics

Table 3 shows the seven factors related to coursework and topics. All factors are considered important as the mean scores are greater than 0. In this scenario, the internal auditors are concerned mainly on three matters: the need to understand external and internal auditing, completing a course in ethics and organisational governance, and completing an internal audit course. The coursework that is also considered important is business communication, IT, and fraud. The least important coursework is negotiation. These results indicate that internal auditors view the IIA-suggested courses as important. Thus, this study suggests that students consider courses related to governance and internal audit. Furthermore, they must be able to differentiate between internal and external audits.

Table 3 One sample T-test for specific coursework and topics

<i>Specific coursework and topics</i>	<i>SD D N A SA</i>					<i>Mean</i>	<i>Std. Dev</i>	<i>p-value</i>
	<i>-2</i>	<i>-1</i>	<i>0</i>	<i>1</i>	<i>2</i>			
1 Completed a course in information technology (IT)	5	13	56	62	82	0.839	0.982	0.000
2 Completed a course in ethics and/or organisational governance	2	8	43	88	77	1.055	0.883	0.000
3 Completed at least one internal audit course	0	7	55	79	77	1.037	0.858	0.000
4 Understands the difference between external auditing and internal auditing	2	7	27	61	121	1.339	0.882	0.000
5 Completed a course in fraud and/or forensics	7	11	64	79	57	0.771	0.999	0.000
6 Completed a course in business communications for internal auditors	6	10	54	83	65	0.876	0.983	0.000
7 Completed a course in negotiations	7	16	68	73	54	0.693	1.026	0.000

Key: SD = Strongly Disagree, D = Disagree, N = Neutral, A = Agree, SA = Strongly Agree.

This study further tested the difference in the perception of the specific coursework and topics among different organisations (PLCs and Non-PLCs) and the role of internal auditors in the organisations. The results are shown in Table 4. The results show no significant difference in the perception of the specific coursework and topics among the respondents from the PLCs and Non-PLCs. Hence, both types of organisations agree with the importance of coursework and topics that should be provided to students prior to joining internal auditing. Surprisingly, there are differences in how executive internal auditors perceived the need to complete a course related to fraud or forensics (p-value = 0.026), where there is a difference in mean for executive internal auditors

(mean = 0.856) compared to non-executive internal auditors (mean = 0.682). There is also a significant difference in the need to have knowledge in negotiations (p-value = 0.033) for executive internal auditors (mean = 0.811) compared to non-executive internal auditors (mean = 0.570). This finding may differ based on different experiences gained, where they might believe that knowledge would develop through their working environment. In other words, internal auditors who have the role of making decisions on hiring future internal auditors perceive fraud or forensic knowledge in negotiations differently. However, the respondents seem to have similar perceptions on other matters, whether from PLCs or Non-PLCs and executive or non-executive internal auditors prior to engaging with internal auditing.

Table 4 Independent sample T-test for specific coursework and topics

	<i>Types of companies</i>	<i>Mean</i>	<i>P-value</i>	<i>Position in organisation</i>	
				<i>Mean</i>	<i>P-value</i>
Completed a course in information technology (IT)	Public Listed Companies	0.805	0.094	Executive internal auditors	0.847 0.758
	Non-Public Listed Companies	0.880		Non-executive internal auditors	0.832
Completed a course in ethics and/or organisational governance	Public Listed Companies	1.076	0.287	Executive internal auditors	1.045 0.726
	Non-Public Listed Companies	1.030		Non-executive internal auditors	1.065
Completed at least one internal audit course	Public Listed Companies	0.907	0.576	Executive internal auditors	1.081 0.267
	Non-Public Listed Companies	1.190		Non-executive internal auditors	0.991
Understands the difference between external auditing and internal auditing	Public Listed Companies	1.263	0.652	Executive internal auditors	1.315 0.622
	Non-Public Listed Companies	1.430		Non-executive internal auditors	1.364
Completed a course in fraud and/or forensics	Public Listed Companies	0.602	0.493	Executive internal auditors	0.856 0.026*
	Non-Public Listed Companies	0.970		Non-executive internal auditors	0.682
Completed a course in business communications for internal auditors	Public Listed Companies	0.831	0.554	Executive internal auditors	0.901 0.168
	Non-Public Listed Companies	0.930		Non-executive internal auditors	0.850
Completed a course in negotiations	Public Listed Companies	0.559	0.098	Executive internal auditors	0.811 0.033*
	Non-Public Listed Companies	0.850		Non-executive internal auditors	0.570

*Significant at p-value of 5%.

4.3.2 Student experiential activities

Table 5 lists five factors related to student experiences. The respondents indicated that all the factors are important when selecting graduates for an internal audit position (mean > 0). The five experiential factors deemed important include communication and leadership skills. The least important factors are general business experience, internal audit experience, interaction with faculty, and having internal audit certification or experience. The results suggest that internal auditors in Malaysia are currently concerned about the need to have strong communication and leadership skills. However, most internal auditors are unsure whether the academicians teaching future internal auditors should have the experience or certification in internal auditing.

Table 5 One sample T-test for student experiential activities

		<i>SD</i>	<i>D</i>	<i>N</i>	<i>A</i>	<i>SA</i>			
<i>Student experiential activities</i>		-2	-1	0	1	2	<i>Mean</i>	<i>Std. Dev</i>	<i>p-value</i>
1	Has demonstrated strong oral and written communication skills through work experience and/or extracurricular activities	0	2	30	109	77	1.197	0.701	0.000
2	Has demonstrated strong leadership skills through work experience and/or extracurricular activities	1	2	40	104	71	1.110	0.760	0.000
3	Has some business experience outside of internal audit	4	18	74	75	47	0.656	0.968	0.000
4	Has worked as an intern or professional in an internal auditing position	11	14	67	78	48	0.663	1.053	0.000
5	Has interacted with at least one faculty member who has the experience and/or certification in internal auditing	13	23	84	61	37	0.394	1.074	0.000

Key: SD = Strongly Disagree, D = Disagree, N = Neutral, A = Agree, SA = Strongly Agree.

The results in Table 5 also suggest the need to be involved with any extracurricular activities to obtain leadership skills. They also show the need for strong communication and writing skills. These results are aligned with the courses outlined under the IAEP program. This program emphasises the communication skills of internal auditors. It is important to continue to handle internal audit work professionally and do what is best for the company and the team. The team members may have varying struggles, pressures, and perspectives based on their professional and personal backgrounds. Therefore, it is crucial to have leaders who can overcome such problems and situations. Internal audit leaders would benefit from resourceful practitioners who could perform much more when they are interested in creating solutions rather than being told what to do. According to the global curriculum for internal audit under the IAEP program, an internship may improve the potential internal auditor's experience.

Further analysis shows no significant difference in the perception of the student experiential activities among the respondents from the PLCs and Non-PLCs (see Table 6). This finding indicates that future graduates interested in joining the

profession as a junior internal auditor in PLCs or Non-PLCs should gain early experience as a preparation for risk management, control, and governance.

Table 6 Independent sample T-test for student experiential activities

	<i>Types of organisations</i>	<i>Mean</i>	<i>P-value</i>	<i>Position in organisation</i>	<i>Mean</i>	<i>P-value</i>
Has demonstrated strong oral and written communication skills through work experience and/or extracurricular activities	Public Listed Companies	1.178	0.722	Executive internal auditors	1.225	0.403
	Non-Public Listed Companies	1.220		Non-executive internal auditors	1.168	
Has demonstrated strong leadership skills through work experience and/or extracurricular activities	Public Listed Companies	1.076	0.639	Executive internal auditors	1.099	0.885
	Non-Public Listed Companies	1.150		Non-executive internal auditors	1.121	
Has some business experience outside of internal audit	Public Listed Companies	0.686	0.459	Executive internal auditors	0.685	0.345
	Non-Public Listed Companies	0.620		Non-executive internal auditors	0.626	
Has worked as an intern or professional in an internal auditing position	Public Listed Companies	0.610	0.379	Executive internal auditors	0.631	0.044*
	Non-Public Listed Companies	0.660		Non-executive internal auditors	0.636	
Has interacted with at least one faculty member who has experience and/or certification in internal auditing	Public Listed Companies	0.356	0.790	Executive internal auditors	0.360	0.000*
	Non-Public Listed Companies	0.440		Non-executive internal auditors	0.430	

*Significant at p-value of 5%.

However, there are different perceptions among executive (mean = 0.631) and non-executive internal auditors (mean = 0.636), where they perceived differently the need to have internship experience in internal auditing (p-value = 0.044). In addition, there is a different perception on the need to interact with experienced or professional internal auditors (p-value = 0.000) among executive (mean = 0.360) and non-executive internal auditors (mean = 0.430). These findings may indicate that they believe that there is a

need to consider an internship in internal auditing and communication with anyone that has experience and certification.

4.3.3 Competency related to skills

Table 7 shows that internal auditors need competency related to governance, risk, compliance, critical thinking, communication, and report writing. The less important skills are negotiation, investigation, business judgement, and innovation. Steyn (2020) found that negotiation, persuasion, and conflict resolution skills are also important. The findings that knowledge and skills are important are aligned with the recommendations by Newman and Comfort (2018), which stated that the competence of internal auditors is a prerequisite if internal audit is to be effective. Gamayuni (2018) also suggested that knowledge, behaviour, technical skills, and abilities are important dimensions of auditors' competence.

Table 7 Competency related to skills

	<i>Competency related to skills and certification</i>	<i>Mean</i>	<i>Rank</i>
1	Governance, risk, and compliance	4.70	1
2	Critical thinking	4.63	2
3	Communication	4.62	3
4	Report writing skill	4.60	4
5	Analytical thinking skill	4.61	5
6	Teamwork	4.56	6
7	Logical thinking skill	4.55	7
8	Ethics	4.54	8
9	Time management	4.51	9
10	Self-management	4.50	10
11	Internal audit delivery	4.53	11
12	Adaptability	4.50	12
13	Presentation skill	4.48	13
14	Collaborative auditing, rapport, and leadership in IA	4.46	14
15	Collaboration	4.43	15
16	Management	4.43	16
17	Negotiation skill	4.35	17
18	Investigation skill	4.46	18
19	Business judgement	4.38	19
20	Innovation	4.31	20

4.3.4 Student credentials and certifications

Table 8 presents four factors related to student credentials and certifications. The respondents indicated that three of the factors are important, with mean scores greater than 0. The crucial factors are having an accounting degree, planning to take the CIA exam, and completing a formalised internal audit program, such as having a

concentration of courses or certificate in internal auditing. The fourth factor, having a graduate degree in business, is considered unimportant as an internal audit credential (mean = 0.381).

Table 8 One sample T-test for student credentials and certifications

<i>Student credentials and certifications</i>		<i>SD</i>	<i>D</i>	<i>N</i>	<i>A</i>	<i>SA</i>	<i>Mean</i>	<i>Std. dev.</i>	<i>P-value</i>
		-2	-1	0	1	2			
1	Has an undergraduate or graduate degree in accounting	8	12	60	73	65	0.803	1.044	0.000
2	Has begun studying, or plans to study, for the CIA exam	4	17	75	71	51	0.679	0.978	0.000
3	Completed an internal audit track/concentration/certificate at the undergraduate or graduate level	11	14	69	81	43	0.601	1.035	0.000
4	Has a graduate degree in business (other than accounting)	15	18	83	73	29	0.381	1.042	0.000

Key: SD = Strongly Disagree, D = Disagree, N = Neutral, A = Agree, SA = Strongly Agree.

The internal auditors in this survey did not focus on the CIA credential and other formal internal audit programs. They seemed to have no specific requirement on this matter. This finding indicates that the internal auditors are unconcerned about this issue at the start of their careers. Internal auditors may advance their careers by demonstrating their knowledge of the subject matter and dedication to the profession through certification. An auditor can learn and practice time management skills similar to those used in an audit when preparing for a credential, providing a strong base that could enhance workplace performance and productivity. Immersion in a qualification study program also increases an auditor's learning capacity and stimulates interest. As a consequence, an environment for on-the-job training could be created when graduates enter the internal auditing profession in the future.

Table 9 shows a partial significant difference in the perception of student credentials and certifications among the respondents from the different organisations and positions in the organisation. The results suggest that both PLCs and Non-PLCs see the importance of business graduates and accounting graduates with interest in professional certification. Not every internal auditor perceived the importance of graduates having an accounting degree (p-value = 0.034), which show different means between the executive (mean = 0.775) and non-executive internal auditors (mean = 0.832). Some respondents from Non-PLCs (mean = 0.710) compared to PLCs (mean = 0.653) might perceive planning to begin CIA certification differently (p-value = 0.030). In addition, there are differences in the need to complete internal audit certification (p-value = 0.030) between respondents from PLCs (mean = 0.559) and Non-PLCs (mean = 0.650). In addition, respondents from executive (mean = 0.775) and non-executive internal auditors (mean = 0.421) show significantly different perceptions in completed internal audit certification at undergraduate (p-value = 0.011).

Table 9 Independent sample T-test for student credentials and certifications

	<i>Types of organisations</i>	<i>Mean p-value</i>		<i>Position in organisation</i>	<i>Mean p-value</i>	
Has an undergraduate or graduate degree in accounting	Public Listed Companies	0.746	0.914	Executive internal auditors	0.775	0.034*
	Non-Public Listed Companies	0.870		Non-executive internal auditors	0.832	
Has begun studying, or plans to study, for the CIA exam	Public Listed Companies	0.653	0.030*	Executive internal auditors	0.685	0.286
	Non-Public Listed Companies	0.710		Non-executive internal auditors	0.673	
Completed an internal audit track/concentration/certificate at the undergraduate or graduate level	Public Listed Companies	0.559	0.030*	Executive internal auditors	0.775	0.011*
	Non-Public Listed Companies	0.650		Non-executive internal auditors	0.421	
Has a graduate degree in business (other than accounting)	Public Listed Companies	0.314	0.635	Executive internal auditors	0.495	0.351
	Non-Public Listed Companies	0.460		Non-executive internal auditors	0.262	

*Significant at p-value of 5%.

4.3.5 Perceived benefits of CIA designation

Based on the survey results shown in Table 10, most respondents show a positive perception of the benefits of gaining the CIA designation, with mean scores greater than 0. Although they did not know the benefits of gaining the CIA qualification, most respondents realise that recruiting for the top position, advancing within the function, increasing the competency, and enhancing the internal audit reports are important. Organisations may prioritise individuals with the CIA designation when transferring internal auditors to other departments, believing that placing CIAs in different positions would improve the organisations' overall internal control structure. The statements have positive means, indicating that the CIA designation is perceived to be beneficial. In conclusion, the respondents believe that the CIA qualification is essential for internal audit career advancement. However, the respondents are unsure whether the CIA designation is relevant for recruitment and advancement in a non-internal audit department. Although the respondents agree that being a CIA is essential for promotion in other departments, it does not appear that hiring for management positions in other departments is dependent on whether or not the auditor is a CIA.

In Table 11, there is also a difference in the perception of the benefits of the CIA designation among the respondents from the PLCs and Non-PLCs. There is a significant difference in the scores for the PLCs (mean = 0.56) and Non-PLCs (mean = 0.78) on the CIA designation providing benefits in obtaining a higher position within the industry (p-value = 0.008). On the other hand, the respondents show significantly different perceptions of the importance of the CIA designation in obtaining a higher position

within the organisation (p-value = 0.053) when comparing PLCs (mean = 0.517) with Non-PLCs (mean = 0.740). At the same time, there is a significant difference in the scores for PLCs (mean = 0.53) and non-PLCs (mean = 0.74) for external mobility with other positions (p-value = 0.021). However, there is no significant difference for other benefits of the CIA designation among the respondents from the PLCs and Non-PLCs and between the executive and non-executive internal auditors. This finding implies that the CIA designation is perceived to indicate a significant level of difference for obtaining a higher position within the respondents' industry, organisations, and external mobility for other positions compared to other benefits due to the Malaysian nature and complexity of the business and industry.

Table 10 One sample T-test for CIA designation (Qualification)

<i>CIA designation is (will be) important in</i>		<i>SD D N A SA</i>					<i>Mean</i>	<i>Std. Dev</i>	<i>p-value</i>
		<i>-2</i>	<i>-1</i>	<i>0</i>	<i>1</i>	<i>2</i>			
1	Recruiting for top internal audit position	3	8	40	60	107	1.19	0.955	0.000
2	Recruiting for other internal audit positions	5	15	67	73	58	0.75	0.999	0.000
3	Advancing within internal audit	2	10	32	89	85	1.12	0.889	0.000
4	Internal audit positions	3	13	56	62	84	0.97	1.004	0.000
5	Advancing in other departments	15	35	76	56	36	0.29	1.129	0.000
6	Recruiting for management positions in other departments	14	38	71	57	38	0.31	1.141	0.000
7	Obtaining higher positions within respondent's industry	9	18	64	74	53	0.66	1.062	0.000
8	Obtaining higher position within respondent's organisation	9	17	65	84	43	0.62	1.019	0.000
9	External mobility in other positions	12	13	66	81	46	0.62	1.054	0.000
10	Signifying a higher level of competence	7	8	33	87	83	1.06	0.984	0.000
11	Line management's acceptance of recommendations	3	5	69	76	65	0.89	0.907	0.000
12	Enhancing the perceived quality of internal audit reports	4	4	46	80	84	1.08	0.912	0.000

Key: SD = Strongly Disagree, D = Disagree, N = Neutral, A = Agree, SA = Strongly Agree.

Table 11 Independent sample T-test for CIA designation (qualification)

	<i>Types of organisations</i>	<i>Mean</i>	<i>p-value</i>	<i>Position in organisation</i>	<i>Mean</i>	<i>p-value</i>
CIA designation is (will be) important in recruiting for top internal audit position	Public Listed Companies	1.237	0.651	Executive internal auditors	1.198	0.638
	Non-Public Listed Companies	1.140		Non-executive internal auditors	1.187	
CIA designation is (will be) important in recruiting for other internal audit positions	Public Listed Companies	0.822	0.978	Executive internal auditors	0.739	0.643
	Non-Public Listed Companies	0.670		Non-executive internal auditors	0.766	
CIA designation is (will be) important in advancing within internal audit	Public Listed Companies	1.178	0.181	Executive internal auditors	1.126	0.561
	Non-Public Listed Companies	1.060		Non-executive internal auditors	1.121	
CIA designation is (will be) important in internal audit positions	Public Listed Companies	0.983	0.294	Executive internal auditors	0.964	0.821
	Non-Public Listed Companies	0.950		Non-executive internal auditors	0.972	
CIA designation is (will be) important in advancing in other departments	Public Listed Companies	0.127	0.600	Executive internal auditors	0.162	0.700
	Non-Public Listed Companies	0.480		Non-executive internal auditors	0.421	
CIA designation is (will be) important in recruiting for management positions in other departments	Public Listed Companies	0.153	0.286	Executive internal auditors	0.216	0.320
	Non-Public Listed Companies	0.490		Non-executive internal auditors	0.402	
CIA designation is (will be) important in obtaining higher positions within respondent's industry	Public Listed Companies	0.559	0.008*	Executive internal auditors	0.676	0.604
	Non-Public Listed Companies	0.780		Non-executive internal auditors	0.645	
CIA designation is (will be) important in obtaining a higher position within respondent's organisation	Public Listed Companies	0.517	0.053*	Executive internal auditors	0.613	0.519
	Non-Public Listed Companies	0.740		Non-executive internal auditors	0.626	
CIA designation is (will be) important in external mobility in other positions	Public Listed Companies	0.525	0.021*	Executive internal auditors	0.703	0.945
	Non-Public Listed Companies	0.740		Non-executive internal auditors	0.542	

Table 11 Independent sample T-test for CIA designation (qualification) (continued)

	<i>Types of organisations</i>	<i>Mean</i>	<i>p-value</i>	<i>Position in organisation</i>	<i>Mean</i>	<i>p-value</i>
CIA designation is (will be) important in signifying a higher level of competence	Public Listed Companies	1.017	0.118	Executive internal auditors	1.099	0.696
	Non-Public Listed Companies	1.110		Non-executive internal auditors	1.019	
CIA designation is (will be) important in line management's acceptance of recommendations	Public Listed Companies	0.898	0.447	Executive internal auditors	0.883	0.822
	Non-Public Listed Companies	0.890		Non-executive internal auditors	0.907	
CIA designation is (will be) important in enhancing the perceived quality of internal audit reports	Public Listed Companies	1.042	0.844	Executive internal auditors	1.027	0.940
	Non-Public Listed Companies	1.130		Non-executive internal auditors	1.140	

*Significant at p-value of 5%.

4.4 *Additional analysis*

4.4.1 *Different backgrounds of internal auditors*

Internal auditors can come from different academic backgrounds based on the supplemental information from the interviews with the heads of the internal auditor groups. Due to the current business environment, internal auditors could come from non-business and accounting backgrounds, such as engineering, quantity surveying, and information technology. The results of the interview sessions indicate that non-business graduates could be hired into the IAF. Table 12 presents the feedback from eight (8) heads of internal auditor groups in the Malaysian PLCs.

4.4.2 *Selection process*

In this study, one of the issues raised is the selection process of the internal auditors, as highlighted in Table 13. The respondents have various views on selecting future graduates for internal audit careers. Respondent IA2 was concerned about knowledge gain and the applicants' integrity. IA4 also raised the concern about skills. IA3, IA7, and IA12 raised the concern about the applicants' attitudes. Additionally, IA4, IA5, and IA7 raised the view that internal audit courses should be promoted during undergraduate studies, but it is not one of the important requirements in the selection process. Therefore, these findings provide an idea to future graduates on what to expect from the industry.

Table 12 View on background of internal auditors

<i>Respondents' ID</i>	<i>Quotation</i>
IA1	Any degree will do, but accounting/auditing has the advantage over others
IA2	Mostly technical skill like civil, mechanical, legal, and IT, depends on industry and assignment requirement
IA3	We do tech audits, so engineering and QS and other tech-related background students are considered
IA4	We do, especially with engineering majors and quantity surveyors
IA5	We hire non-business majors, e.g., IT-related, engineering (civil, mechanical, electrical), and quantity surveying
IA6	You can graduate in any field actually, because contrary to popular belief, internal auditors don't just review accounts or financials. Rather we audit business processes
IA7	I will not mind if there are any applicants from other academic backgrounds, for example, biotechnology, pharmaceuticals. Currently, the ones I have got in my team come from a traditional accounting background, as mostly these apply for open positions. In fact, I would say almost all in fact who apply. So actually, nowadays, it's good to get a mix of different backgrounds. Different backgrounds give different types of views in terms of risk management or even types of recommendations, so it is good to get a mix
IA8	Basically, in my selection process, I prioritise accounting graduates. However, I do take engineers and IT graduates as well for more technical reviews and a mixture of finance, engineering, and IT staff to perform various audit reviews and consulting work

Table 13 View on selection process

<i>Respondents' ID</i>	<i>Quotation</i>
IA2	Good general knowledge can properly balance logic and reality, have an inquisitive mind to know more, not bored to learn, try to see the bigger picture, and have the integrity to differentiate between personal and professional
IA3	Quite interesting, may come as important, as the students, if they decide to join an IA outfit, must discover for themselves what is their passion, and do they fit as an auditor. However, if it is promoted, that could be handy for IA outfits everywhere
IA4	The required skills and knowledge for internal auditor hires will mostly be the same for both assurances and consulting as we would rotate auditors between the two functions. It shall be an additional advantage if college or university promote internal audit course but not as important as the student's achievement during their studies
IA5	Not important if the student comes from a college or university that promotes the internal audit profession unless the student learnt auditing as part of the subject (elective)
IA7	Not important, need to fulfil the requirements to become internal auditors. I feel that as long as a person is interested and committed, then he/she can learn on the job. It's good to have such a facility in the universities. If they do make IA a career choice in the future, then by the time they graduate, they will have some idea of internal auditing and what it is about

Table 13 View on selection process (continued)

<i>Respondents' ID</i>	<i>Quotation</i>
IA12	Number one that I mentioned just now is to know how to behave and manage themselves in terms of their appearance because attitude very important. So basically, the appearance of a candidate that you should know the proper attire, where you need to wear to formal attire attending the interview and because of that we go for punctuality that candidate should control when attending the interview. And when they confirm with me to come on a certain date and time, they should be able to come on the date and come early, which is more on discipline

4.4.3 *Internship and experience for internal auditors.*

The results of the interviews on issues of internship and experience in internal audit practice are shown in Table 14. The respondents raised their views on the importance of gaining experience from an internship. However, internship in internal audit is not seen as compulsory for an internal audit career. Most of the respondents raised their concerns about experience, but not necessarily from internship. Most of them interchangeably raised views about experience and internship. However, internship is not only required for the internal audit practice.

Table 14 View on internship and experience in internal auditing

<i>Respondents' ID</i>	<i>Quotation</i>
IA9	The aptitude of the candidate for the IA role is important. That is a point of consideration even for the selection of experienced auditors
IA2	They should, as the internal audit experience will expose them to various types of people, positions, knowledge, and tasks to make them prepare themselves for what it is like to be an auditor. There are pros and cons when choosing this path
IA3	An internship would be helpful but not a necessity. An understanding of the role of IA would suffice to start with. However, if that could be done, IA could be promoted as a mainstream career
IA4	At least the students are exposed to practical experience on how internal auditors carry their work daily. They could see the interaction between auditors and auditee during formal and informal settings and relate this with what they learned in college/university. It would also benefit students to appreciate the concept of internal controls, risk management, and governance, and how it is applied by internal auditors and management interchangeably
IA5	An advantage during the selection process for the student that had attended an internal audit internship prior to joining. Operational working experience is an advantage before joining an audit
IA 15	Not necessary, they should get more experience in any field
IA6	Not necessary, but it's good if they have internship experience
IA7	It will be great if they could have some form of internship with pure IA jobs prior. At least let them try it out and see if they enjoy doing it as a career path. Additionally, they will come with a little bit of experience so they can hit the ground running

4.4.4 Need to have a certified internal audit (CIA) qualification.

Table 15 presents the results of the interview relating to the CIA qualification. The results indicate that the respondents prefer that internal auditors gain any professional certificate. However, it is not compulsory for internal auditors to have professional certificates (CIA or others), as mentioned by ten respondents. This outcome is aligned with the International Professional Practices Framework (IPPF) that encourages practitioners to improve their knowledge and skills for the practice of internal auditing that demonstrates competency and professional care. Apart from certification, other matters, such as experience and skills, are also essential in adding value to the organisation.

Table 15 View on CIA qualification

<i>Respondents' ID</i>	<i>Quotation</i>
IA9	I believe that all professional internal auditors should pursue the relevant IIA certifications, especially the CIA qualification. There are several other IA related qualifications besides CIA that includes CISA, CRMA and CCSA
IA10	I believe everyone needs to pursue the CIA certificate regardless of the area of IA you are in
IA11	CIA is a necessary qualification but depending on the department capacity. Another qualification is important too. They are not equal
IA4	Yes, such professional certification gives credibility and confidence to IA practitioners in carrying out their functions. One of the IA Core Principles is to demonstrate competence and due professional care. This can be achieved when the internal auditor is equipped with knowledge of certain standards because it guides the auditors on how to perform their roles and responsibilities. Therefore, apart from Certified Internal Auditor, internal auditors are also encouraged to obtain certificates in CISA, i.e., Certified Information System Auditor other than those related with their backgrounds such as MACPA, ACCA or IR (Professional Engineer)
IA5	I highly encourage staff to obtain a professional certificate
IA7	I currently see no need for alignment with the CIA, but looking into the future, it will be good for IA practitioners to get the CIA designation once this industry gets more mature, especially from a Malaysian perspective. I encourage my staff and mentor them to take up additional exams, and some have completed the CIA, CISA, ACCA, CA (M), and CPA Australia. I always tell them it's a key to open up more doors and opportunities when the time comes. But I never force them, for everyone's future is up to them to decide
IA13	The professional certificate is highly encouraged but not specific to the CIA. that's just one of them
IA8	The CIA is essential for IA practitioners as it covers the IPPF and other audit skills needed to be a good Practitioner or Consultant
IA14	A professional certificate, in my opinion, I think correct. Acquire some practical experience first and then go for a professional certificate. Professional certificate if you don't have or you have, but you don't know the audit technique, it cannot be. It is the purpose because the professional certificate will enhance your knowledge, not only skills. It is just more on knowledge on the principles, on the theory part of an audit. But if you have practical experience better after few years then you can go for the professional certificate is better for me

Table 15 View on CIA qualification (continued)

<i>Respondents' ID</i>	<i>Quotation</i>
IA12	A professional certificate is an additional advantage that they should have. When we accept the candidate, we will screen the candidate. Certification yes is an additional advantage because if you have the only certification, but you don't have the quality what we are looking for, you don't match with our requirements, we would not hire that staff. The potential for the candidate for the interview is very high if they apply for the job

4.4.5 *Needed knowledge and skills*

The IIA IPPF defines the skills and attributes necessary to be an effective internal auditor. The findings in Table 16 are from the 14 respondents who raised the need to have knowledge and skills that are aligned with the IIA IPPF's needs. The findings in Table 16 also show a few related technologies that future graduates should be aware of, such as data analytics, the internet of things (IoT), artificial intelligence (AI), cybersecurity, cryptocurrency, and robotic process automation (RPA). In addition, the respondents also raised issues on other skills, such as critical thinking skills, communication skills, interpersonal skills, presentation skills, negotiation skills, problem-solving skills, and ability to adapt to the organisation scenario. Comparably, Plant et al. (2019) also raised issues on adaptability, communication, critical thinking, time management, self-management, and teamwork skills.

Table 16 View on knowledge and skills

<i>Respondents' ID</i>	<i>Quotation</i>
IA9	This includes having analytical and critical thinking skills, communication skills, and knowledge of the business as important as knowledge. This would determine if the audits can formulate the right recommendations and solutions to the audit observations. These basic IA skills are tested in the CIA examinations. Other skills necessary today relate to digital and technology, where we now embark on analytics, IoT, and AI in audit testing and analysis. Agile auditing is another new area for internal auditors
IA10	It will be IT related skills, business acumen, apart from the common IA knowledge. For universities, it should be more focused on the basics of IA and the ethical need of IA to uphold integrity, plus the broader side of IA becoming insight for management, etc
IA2	To add midlevel skills in excel, words, and powerpoint. Also required for reporting purpose and confidence in delivering their solid evidence
IA3	Data analytics and other tech-related skills and also communication skills, auditors should be polymaths. Tech and data analytics and communication. They must be able communicators and familiar with tech

Table 16 View on knowledge and skills (continued)

<i>Respondents' ID</i>	<i>Quotation</i>
IA4	Data Analytics, Cyber Security knowledge, Business Acumen, Communication skills and Interpersonal skills are among the essential skills in the future. It will be beneficial if students are exposed to big data analytics and data visualisation tools because most of the company's processes are now system-based. Additionally, we are also moving towards cryptocurrency, artificial intelligence, and robotic process automation. Even in audit works, most activities are system-based, and there are no more papers being produced or kept. Exceptions may be in the area of investigations. Nevertheless, to complement the knowledge in system or data analytics, students must be trained on business acumen and comprehend the plausible relationship between one set of data to another. Then comes the communication and interpersonal relationship skills to ask the right questions and convey the right message to the target audience
IA5	Critical thinking and problem-solving, Data analytic, Business acumen/savvy, Communication (Presentation, negotiation etc) and Interpersonal Skill
IA 15	Minimum problem-solving skills, able to use MS excel for analysis and a fast learner
IA6	Basic proficiency of Microsoft Office applications, basic communication skills (email and report writing, presentation skills)
IA7	I strongly believe that a good university education is an important part of developing an initial knowledge into IA/Risk Management/Corporate Governance. Apart from the theoretical part of IA, we should also strive to input the following into the syllabus of how to sell ideas, how to think, how to negotiate, how to face failure, how to manage time, how to communicate well and make an impact, and how to collaborate and work in a team or independently
IA16	More on interpersonal skills – critical thinking, verbal and written communication, time management and stakeholder management. Others can learn OJT, but basic knowledge is welcomed, e.g., IPPF, Corp. Governance, Risk Management, Internal Controls
IA13	The most important knowledge and skills have always been those related to the business if they venture into a new business, for example, fintech, starts using big data, etc. Then the knowledge to keep up with them is the most important from internal audit's perspective, the skills to use new technology like RPA and AI is important to be implemented in IA itself now, not even in the future
IA14	From an internal auditor's perspective, my expectation is my team member department. I think the first the most important thing is your computer skills. How you use Microsoft word, how you do analysis in Microsoft excel. Because audit more on the first step is, of course, need to know the account, the audit principle. Besides that, your skill, how you want to analyse because from the analysis you have the conclusion. So, you mostly nowadays fresh grad don't know well in Microsoft word. That is my personal opinion. The basic thing you need to know the computer skill then only we can groom you how to acquire the technique of audit

Table 16 View on knowledge and skills (continued)

<i>Respondents' ID</i>	<i>Quotation</i>
IA12	Number 1 is attitude, and second is discipline. That is, before we accept the competencies, whether the auditor's knowledge because the fresh graduate we know that doesn't have the skills competencies. But they may have some knowledge. With that knowledge, we can grow to have some competencies skills later. So when you accept, we did not have high expectations of the competencies part. We can see the result of the papers they have, but to translate into formal candidates because we can see the potential and every candidate are unique, and they need to have the strength during interview session is very important
IA17	Internal auditors must be rational. Very good in attitude to adapt the environment. Have alignment skills. Understand and identify what the organisation need. This is very important. It is very challenging from private to government

5 Conclusion, limitations, and future research

This study surveyed experienced internal auditing practitioners in PLCs and Non-PLCs in Malaysia. It contributes to the selection process of future internal auditors by identifying factors that influence the selection process. The factors are the perception of the future of the internal audit profession, the benefits of the CIA designation, and the soft skills needed for the early career of internal auditors. According to the internal auditors surveyed in this study, students should understand the difference between external and internal auditing, ethics, and governance before joining as internal auditors. In addition, the respondents were concerned about integrity, skills and attitudes, and the importance of internal audit courses. Experiential activities are another factor related to the proficiency of oral and written communication and leadership skills that could be gained through any work experience and extracurricular activities. These factors are aligned with the objectives of the IAEP program.

The respondents of the interview sessions were also concerned about experience and internship, which could develop the internal auditors' skills and knowledge. This study's respondents also believed that credentials and certifications of students are important to start a career as internal auditors. Future internal auditors could be from the accounting graduates, and most interview respondents raised the need for professional certification, preferably the CIA. This outcome is consistent with Clune and Gramling (2012), which showed that internal audit coursework, internship experience, communication and leadership skills, an accounting degree, and a high GPA are all important factors in the hiring decisions for internal auditors. Hartanto and Apriani (2014) also showed that students' credentials and certifications should be considered in the hiring decisions. However, the study showed no order of importance on high GPA, having studied or planned to study for the CIA exam, having the CIA qualification, or having a bachelor's degree in business.

Regarding the CIA qualification, the respondents from PLCs and Non-PLCs have differing views on the qualification providing a better position and external mobility. Finally, the internal auditors ranked the need to be competent in governance, risk and compliance, critical thinking, communication, and report writing skills. These competencies are consistent with Plant et al. (2019). Therefore, this study has shown the

possibility of improving the internal audit area and ensuring companies' sustainability through the IA career development. This study is also consistent with the need to develop a career path in CBOK (Iyer, 2016; Plant et al., 2019).

This study suggests that practitioners should share the concern on the principles in guidance to improve the effectiveness of the IAF that meets the regulators' requirements, particularly those relating to governance, risk management, and control. Currently, the SC and Bursa Malaysia have developed guidance for effective IAF, but it should be improved to be aligned with the current scenario. The guidance and the IIAM's initiative focus on how they should educate and promote an effective IAF that could be incorporated into the curriculum among higher education institutions in Malaysia. Malaysian educators should be concerned about important coursework and topics, experiential activities, credentials and certifications, and knowledge and skills for internal auditors. The findings from this current study could contribute to the educators meeting the expectations of practitioners in Malaysia.

This study has several limitations. Firstly, it focused on exploring the selection factors of internal auditors. Future studies should focus more on specific internal audit areas, such as governance, internal control, and risk management related to the selection of internal auditors. Secondly, this study was limited to internal auditors as practitioners and did not involve any feedback from future graduates. Therefore, future studies could expand the research to include the students' interest in certification and a career as internal auditors. Furthermore, this study has only compared internal auditors of Malaysian PLCs and Non-PLCs in general and has not focused on specific industries in Malaysia. Therefore, research on the preference of the selection factors should also be investigated among different company sizes and between industries.

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Notes

¹3046 mentioned through The Institute Internal Audit Malaysia as at January 2021.

²341 randomly taken from the Table for Determining Sample Size, if population is 3000, the sample will be 341.