

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

The internal audit profession has been developed over the years and is now a fully developed profession (Pickett, 2005). Since the Institute of Internal Auditors (IIA) was launched by a number of internal auditors from several organizations in 1942, the professional internal auditors' experiences and knowledge have been shared to form the foundations of their professional development. Consequently, tools and techniques for internal auditing have been created and changed over subsequent years in order to fit the internal auditors' roles, which have been affected by influences such as technology, globalization, corruption, fraud, changes in regulations, and expectations of the organizations' stakeholders (The Institute of Internal Auditors Research Foundation, 2008). Although most of the internal audit profession's body of knowledge is the tools and techniques influenced by those internal and external factors, Courtemanche (1986) believed that the internal audit profession's most critical need today was not better tools and techniques but improved communication skills. In addition, Moeller & Witt (1999) stated that communication is an important element of every phase of internal audit activities. Therefore, this study will find out the key communication skills for the internal audit profession and the perception of internal auditors on their communication skills and capabilities.

1.2 STATEMENT OF THE PROBLEM

This study aims to answer the following questions:

1) Main Question

How do internal auditors perceive their communication skills?

2) Sub-Questions

1. To what extent are internal auditors efficient in their communication skills that suit their careers?

2. Which areas of their communication capabilities currently require improvements?

3. What do they suggest to improve those areas of their communication capabilities?

1.3 OBJECTIVES OF THE STUDY

The objectives of this study are as follows:

- 1) To find out how internal auditors perceive their communication skills.
- 2) To examine the degree of efficiency in key communication skills of internal auditors that can enhance the effectiveness of internal audit functions.
- 3) To find out the areas of communication capabilities which the internal auditors currently require improvements.
- 4) To seek their suggestions on ways to improve the internal auditors' communication capabilities.

1.4 DEFINITIONS OF TERMS

In order to understand the terms used in this study, the definitions of terms are provided as follows:

Internal auditor refers to a person who performs an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It is performed in diverse legal and cultural environments; within organizations that vary in purpose, size, complexity, and structure; and by persons within or outside the organization.

Communication skills refer to proficiency in communication with another person, or two or more persons. Communication refers to conveying, translating, receiving, and acknowledging the message via a medium between two persons or among three or more persons.

Efficiency in communication skills refers to the degree to which a person masters communication skills. It can be divided into 4 degrees of efficiency: outstanding, good, fair, and poor.

Areas of communication capabilities refer to abilities to adopt and apply communication skills when having to communicate with different parties in different phases of internal audit activities.

1.5 SCOPE OF THE STUDY

The study of key communication skills for the internal audit profession focuses on textbooks and other materials issued by the Institute of Internal Auditors, the research studies of the Institute of Internal Auditors Research Foundation, the surveys conducted by international business consulting firms, including Protiviti Incorporated and PricewaterhouseCoopers International Limited, and other related theories and concepts from various textbooks, articles, journals, and other materials.

For the study of the perceptions of internal auditors on their key communication skills, their communication capabilities for improvements, and their suggestions to improve those capabilities, the researcher closely investigates five Thai internal auditors working in different environments - varied by type and size of the organizations - and having different positions and years of experience in the internal audit profession.

1.6 SIGNIFICANCE OF THE STUDY

As this study provides worldwide perspectives on key communication skills as personal attributes affecting internal auditors' competency and perceptions of five participants who are native internal auditors in Thailand, the internal auditors can use information gained from this study as guidelines for improving their skill sets to achieve sustainable success in their careers. The company boards of directors, the audit committees, and the company executives can apply the results of this study to develop indicators to assess performance of their internal auditors. The findings can also be beneficial to professional internal audit associations or institutions in contributing their views on practices and issues about internal auditing. Moreover, continuing professional development programs for the internal audit profession can be based on contents of this study.

In addition to all benefits mentioned above, this study can be valuable for further research studies in the future.

1.7 ORGANIZATION OF THE STUDY

This study is divided into five chapters. Chapter One includes the background of the internal audit profession, the statement of the problem, the objectives of the study, the definitions of terms, the scope of the study, and the

significance of the study. Chapter Two is designed to review theories and research studies relevant to the key communication skills for the internal audit profession, the roles of an internal auditor, and the theoretical aspects of various communication skills. Chapter Three provides the subjects of the study, the materials used in the study, the procedures of the study, and the data analysis. Chapter Four presents the results of the study. Chapter Five includes the summary of the study, discussion, conclusions, and recommendations. In the appendix, the interview sheet, which was used for in-depth interview, is also included.