

CHAPTER FIVE

CONCLUSIONS, DISCUSSION AND RECOMMENDATIONS

This chapter presents (1) a summary of the study, (2) a summary of the findings, (3) discussions, (4) conclusions, and (5) recommendations for further research.

5.1 SUMMARY OF THE STUDY

This section summarizes the objectives of the study and subjects, materials, and procedures.

5.1.1 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 the way to improve the internal auditors' communication capabilities.

5.1.2 Subjects, Materials, and Procedures

The subjects of this study are five Thai internal auditors who work in Bangkok in different organizations varying in type and size, and have various positions and different years of experience in the internal audit profession.

The materials used in this study consist of documents and interview sheets. The documents include textbooks and other materials issued by the Institute of Internal Auditors and other internal audit professionals and associations, research studies of the Institute of Internal Auditors Research Foundation, surveys conducted by international business consulting firms, and electronic books on the internet and other on-line articles and journals

The procedure began with the review of literature related to the areas of study; the research questions and objectives were subsequently determined in order to delimit the scope of the study. A qualitative content analysis was conducted on

information obtained from the literature review. The interview was conducted using intentionally open-ended questions related to the research questions in order to gain more in-depth and specific information from the internal auditors.

5.2 SUMMARY OF THE FINDINGS

The results of the study can be summarized as follows:

5.2.1 Background of the Respondents

The respondents are Thai internal auditors working in different types of organizations: a food manufacturing organization, a restaurant, a department store, a telecommunications organization, and a refinery. They also work in different organizations varying in numbers of employees: less than 500 employees, 500 – 1,000 employees, 1,000 – 2,000 employees, and more than 2,000 employees. Most of them are in the position of internal audit staff, and one of them is an internal audit manager. Three of them have less than ten years experience in the internal audit profession, and two of them have more than ten years of internal audit experience.

5.2.2 The Degree of Efficiency in Communication Skills

Most of the respondents (4 out of 5) perceived that their proficiency in conveying and translating a message to another person was good, which means their proficiency was better than other internal auditors'. The main supporting reasons were that 1) one of them mostly got positive feedback from the message receiver; 2) one of them explained more when asked by the message receiver; 3) one of them was concerned with knowledge and experience of the message receiver; and 4) one of them adapted her communication style to suit the message receiver.

Only one respondent perceived that her proficiency in conveying and translating a message to another person was outstanding, which means her proficiency was much better than other internal auditors'. The main supporting reason was that she used feedback to ensure the message receiver clearly understood the message she sent.

Most of the respondents (3 out of 5) perceived that their proficiency in conveying and translating a message to two or more people was fair, which means their proficiency was as good as other internal auditors. The main supporting reasons were that 1) three of them were so nervous that they sent a message incompletely

when attending a formal meeting with top management and other people; and 2) one of them found that it was difficult to send a message to two or more people having different frames of reference.

Only two respondents perceived that their proficiency in conveying and translating a message to two or more people was good, which means their proficiency was better than other internal auditors'. The main supporting reasons were that 1) one of them was concerned with different knowledge and experience of the message receivers; and 2) one of them adapted her communication style to suit the message receivers.

Most of the respondents (4 out of 5) perceived that their proficiency in receiving and acknowledging a message from another person was good, which means their proficiency was better than other internal auditors'. The main supporting reason was that three of them asked for more information from the message sender immediately when they did not understand a message.

Only one respondent perceived that her proficiency in receiving and acknowledging a message from another person was outstanding, which means her proficiency was much better than other internal auditors'. The main supporting reason was that she asked for more information from the message sender immediately when she did not understand a message.

Most of the respondents (3 out of 5) perceived that their proficiency in receiving and acknowledging a message from two or more people was good, which means their proficiency was better than other internal auditors'. The main supporting reasons were that 1) two of them were able to receive a message well in formal meetings because of formal meeting procedures and minutes of meetings; 2) one of them asked for more information from the message sender immediately when they did not understand a message; and 3) one of them used information technology equipment, such as voice recorder, to record the message to get all the information completely.

Only two respondents perceived that their proficiency in receiving and acknowledging a message from two or more people was fair, which means their proficiency was as good as other internal auditors'. The main supporting reason was

that they found it difficult to ask for more details when receiving the message from two or more people.

5.2.3 The Areas of Communication Capabilities for Improvements

The area of communication capabilities which most of the respondents (4 out of 5) required improvement on was ‘ability to communicate with all parties clearly.’ The main supporting reason was that three of them had insufficient knowledge, skills, and capabilities relevant to business administration, and working procedures audited, so they were unable to write audit reports clearly in part of recommendations for problem solving.

In addition, there were three areas of communication capabilities for which three of the respondents (3 out of 5) required improvement:

1) Ability to communicate with all parties concisely; the main supporting reason was that they often wrote lengthy audit reports.

2) Ability to communicate with all parties constructively; the main supporting reason was that two of them had insufficient skills and capabilities relevant to business processes, so they could not propose recommendations constructively.

3) Ability to communicate with all parties timely; the supporting reason was that they sometimes did not finish their assignments on time because 1) the assignments were interrupted by incidents; 2) the process owners were busy; and 3) there were many people that the respondent needed to communicate with in the audit process.

Moreover, there were other areas of communication capabilities which the respondents also required improvements on as follows:

1) Ability to listen to the requirements of the board and senior management or the engagement clients

2) Ability to communicate the internal audit activity’s plans and resource requirements to senior management and to the board for review and approval

3) Ability to report periodically to the board and senior management on the internal audit activity’s purpose, authority, responsibility, and performance relative to its plan

4) Ability to share information and coordinate activities with other internal and external providers of relevant assurance and consulting services to ensure proper coverage and minimize duplication of efforts

5) Ability to communicate with all parties completely

However, there were five areas of communication capabilities which none of the respondents required improvements on 1) Ability to communicate with the process owner to gather information about the process, system, or other subject matter; 2) Ability to discuss with the process owner in order to analyze, evaluate, and conclude opinions on information about the process, system, or other subject matter; 3) Ability to communicate results to the parties who can ensure that the results are given due consideration; 4) Ability to communicate with all parties accurately; and 5) Ability to communicate with all parties objectively.

5.2.4 The Suggestions to Improve the Communication Capabilities

The suggestions to improve the areas of communication capabilities which most of the respondents required improvements on were as follows:

1) Ability to communicate with all parties clearly: the respondents suggested that they should attend training courses providing business administration knowledge, study working manuals of the audited department, ask their supervisors or other audit team members, and surf the internet to gain sufficient knowledge, skills, and capabilities relevant to business administration, and working procedures audited in order to write audit reports clearly when giving recommendations for problem solving.

2) Ability to communicate with all parties concisely; the respondents suggested that they should study textbooks about audit report writing, attend training courses providing business administration knowledge or audit report writing, study working manuals of the audited department, ask their supervisors or other audit team members, and surf the internet in order to write audit reports more concisely.

3) Ability to communicate with all parties constructively; the respondents suggested that they should attend training courses providing business administration knowledge, study working manuals of the audited department, ask

their supervisors or other audit team members, and surf the internet in order to propose recommendations to solve problems more constructively.

4) Ability to communicate with all parties timely; the respondents suggested that they should 1) work hard to finish their work on time, 2) report working problems to their supervisors; 3) schedule working time considering unexpected audit results; and 4) request for time extension if needed.

In addition, there were suggestions for other areas of communication capabilities which the respondents also required improvements on as follows:

1) They should be confident and should not be so serious or nervous when communicating with the board and senior management in order to improve the following abilities:

a. Ability to listen to the requirements of the board and senior management or the engagement clients

b. Ability to communicate the internal audit activity's plans and resource requirements to senior management and to the board for review and approval

c. Ability to report periodically to the board and senior management on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.

2) They should prepare themselves by studying information to be discussed in advance in order to improve 'ability to share information and coordinate activities with other internal and external providers of relevant assurance and consulting services to ensure proper coverage and minimize duplication of efforts.'

3) They should obtain sufficient information about working procedures audited by studying working manuals of the audited department, asking their supervisors or other audit team members, attending the training courses, and surfing the internet in order to improve 'ability to communicate with all parties completely.'

5.3 DISCUSSION

This section concerns the discussions on the perception of the respondents on their communication skills and capabilities.

5.3.1 According to the self assessment results on the respondents' degrees of efficiency in communication skills, most of the respondents perceived that their proficiency in communicating with another person was better than their proficiency in communicating with two or more people. The more parties involved in the communication process, the more problems are needed to be coped with. However, effective communication both on a person-to-person basis and with larger groups in the organization is a key component to internal audit success.

In addition, most of the respondents perceived 'feedback taking and feedback giving' as favorable factors for proficiency in communication. This indicates that the respondents assessed their communication skills based upon the complete communication process because Krietner (2004) indicated that the communication process is not complete until the receiver acknowledges the message via verbal or nonverbal feedback to the sender. Both the sender and the receiver can learn from the questions and comments made by the receiver in response to a series of message. This is called 'feedback.'

Moreover, one respondent was concerned with knowledge and experience of the message receiver and another respondent adapted her communication style to suit the message receiver. This can be implied that they tried to put themselves in the receiver's perspective and to consider how a message will be received – this is sometimes referred to as 'empathy.' The communicator should do everything practical to understand how the receiver thinks and feels, and then to communicate in an appropriate manner with proper consideration of the perceptions and related feelings of the recipient.

5.3.2 According to the areas of communication capabilities which required improvements, most of the respondents were very concerned with their audit report writing skills, especially when proposing recommendations. The audit report is the internal auditors' principal product in which they express their opinions, present the audit findings, and discuss recommendations for improvements. To ensure that the recommendations presented in the audit report are practical, the internal auditors have to involve several processes including draft discussion with audit management and then with management teams of the audited process, formal draft preparation and final report distribution. Therefore, the internal auditors need to improve several

communication skills and capabilities, including writing, listening, and speaking skills, in order to write the audit reports more clearly, more concisely, and more constructively.

In addition, it is obvious that most of the respondents were concerned with communicating with superiors because they were serious and nervous when communicating with the board and senior management. This was because they gave consideration to the power relationship of sender and receiver; that is, communication with top management will be different from with an audit supervisor. In this case, the respondents could identify 'anxiety from the power relationship' as a communication problem, so they are likely to cope with this problem pertinently.

5.3.3 According to the suggestions to improve the communication capabilities, most of the respondents focused on attending training courses, studying textbooks and working manuals, consulting supervisors or other audit team members, and surfing the internet to gain sufficient knowledge, skills, and capabilities to write the audit reports, especially when giving recommendations for improvements, more clearly, more concisely, and more constructively. However, not only did they recommend the typical ways to improve audit report writing, they also specified the areas of knowledge to be improved, which comprised of business administration, and working procedures of department audited.

In addition, they suggested to be confident and not to be so serious or nervous when communicating with superiors, including the board and senior management.

5.3.4 According to the areas of communication capabilities to be improved, none of the respondents perceived communication with the process owner as the areas for improvements. This is relatively opposite to theoretical aspects of communication skills for the internal audit profession. According to Vallabhaneni (2005), the internal auditor's work can be taken as a criticism and all aspects of sending solutions – which is the person receiving the solution can misinterpret the solution as ordering, threatening, demoralizing, and advising or a basic insult to other person – especially in the process of discussion with the process owner to analyze, evaluate, and conclude opinions on information about the process, system, or other subject matters. The internal auditors should be mindful of all roadblocks that can

block effective communication. As far as auditor – auditee (or process owner) relationships are concerned, the internal auditors who accept and respect an auditee tends to be more at ease around them, and it is much easier to agree or disagree with the auditee about audit findings, values, and other issues and the internal auditors will be able to complete their engagements on a win-win basis.

5.4 CONCLUSIONS

The following conclusions can be drawn from the summary of findings and the discussion above.

5.4.1 The respondents perceived their proficiency in communicating with another person as outstanding and good, but perceived their proficiency in communicating with two or more people as good and fair. The favorable factors for their proficiency in communication are feedback taking, feedback giving, and empathy or consideration of the perceptions and related feelings of the receiver.

5.4.2 The areas of communication capabilities which most of the respondents required improvements on are audit report writing skills, especially when proposing recommendations, in order to write the audit reports more clearly, more concisely, and more constructively. In addition, they also required improvements in communication with superiors which often created ‘anxiety from the power relationship’

5.4.3 Most of the respondents suggested the way to write the audit reports, especially when giving recommendations for improvements, more clearly, more concisely, and more constructively was by attending the training courses, studying textbooks and working manuals, consulting supervisors or other audit team members, and surfing the internet to gain sufficient knowledge, skills, and capabilities about business administration, and working procedures of the department audited. They also suggested to be confident and not to be so serious or nervous when communicating with superiors, including the board and senior management.

5.4.4 None of the respondents perceived communication with the process owner as areas for improvement. However, auditor – auditee relationship should be concerned to complete the internal auditors’ engagements on a win-win basis.

5.5 RECOMMENDATIONS FOR FURTHER RESEARCH

Based on the findings and conclusions of this study, the following recommendations are made for future research.

5.5.1 Communication skills for the internal auditors are one of the important factors influencing success in the careers of the internal audit profession because the internal auditors need to communicate with almost all people in the organization. Therefore, more research studies concerning communication skills of the internal auditors should be conducted. However, subjects to be studied can be other parties in the internal audit process, such as senior management, process owners, and other internal auditors, who can provide feedback on the internal audit skills and capabilities.

5.5.2 The numbers of respondents or research samplings should be big enough to represent all internal auditors in Thailand; however, the internal auditors are so dispersed that it is difficult to collect data from them. Therefore, the Institute of Internal Auditors of Thailand (IIAT) should take responsibility for conducting research studies concerning the internal audit profession because it is the center of the profession where the professional internal auditors share experiences and knowledge for professional development.