

Effect of Internal Audit Excellence Capability on Firm Goal Achievement of Hotel Businesses in Thailand

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Abstract

This research aims to explore the effects of internal audit excellence capability on firm goal achievement. The model was empirically tested by using the collected data of mail surveys from hotel businesses in Thailand. Internal auditors or the chief directors of the internal audit managers are the key informants. There were 290 returned questionnaires that were used in this analysis. The Ordinary Least Squares (OLS) regression was the method used for testing the hypotheses. The results revealed that each dimension of internal audit excellence capability has positively influenced its consequences which are business value, stakeholder reliability and firm goal achievement. Finally, contributions and suggestions are also provided for further research.

Keywords: Internal audit excellence capability, Business value, Stakeholder reliability, Firm goal achievement

1. Introduction

Over the recent years, organizations have taken more of an interest in the belief of corporate governance and have specified the great advantage exhibited by many research and studies on the role of internal audit in the development and improvement of firms and risk reduction efficiency of financial corruption. For that reason, many organizations are seeking it as a part of a wider strategy for enhancing operation practices and the assurance of an annual program preparing for a new global business environment. Therefore, internal audit excellence capability is the first order for internal audit quality management needs because it can fulfill the cautious and guarantee information for executive confidence. Internal audit has quality work for enhance reporting accurately and depict a fair picture of the organizational system and reported malfunctions to rectify with effectiveness.

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audit function plays an integral role in efficient corporate governance, as they can strengthen the internal control of organization by monitoring the risk and compliance requirements according to the Sarbanes-Oxley Act of 2002 (Alles, Kogan, & Vasarhelyi, 2008; Gramling et al., 2004). As a result, the Stock Exchange of Thailand sets conditions for Thai-listed companies as to internal audit functions for an assurance role in governance processes, especially in the area of internal control and risk management, including financial report reliability, stakeholder reliability and firm performance (Asare et al., 2008; Cohen, Krishnamoorthy, & Wright, 2008; SEC, 2003; Weidenmier & Ramamoorti, 2006). That is why an effective internal audit can protect a company from the internal failures causing loss in the organization. Thus, this research applies internal audit excellence from the concepts of ability and an efficiency of internal auditing that can use all aspects of managements, organization, and internal audit processes.

A review of past research has attempted to investigations for the excellence of the internal audit found that the specific capability such as about internal audit planning, internal control, internal audit process, operational risk and internal audit review have been studied. However there are no single study has attempted to look at all capability in the holistic model. There have limitedly research in the field of internal auditing. To fulfill these research gaps this research is to discover the holistic model of the internal audit excellence and its consequences. These have motivated researches to continue to develop improved models with research question. The purpose of this study is to test effects of internal audit excellence capability on the firm goal achievement of hotel businesses in Thailand.

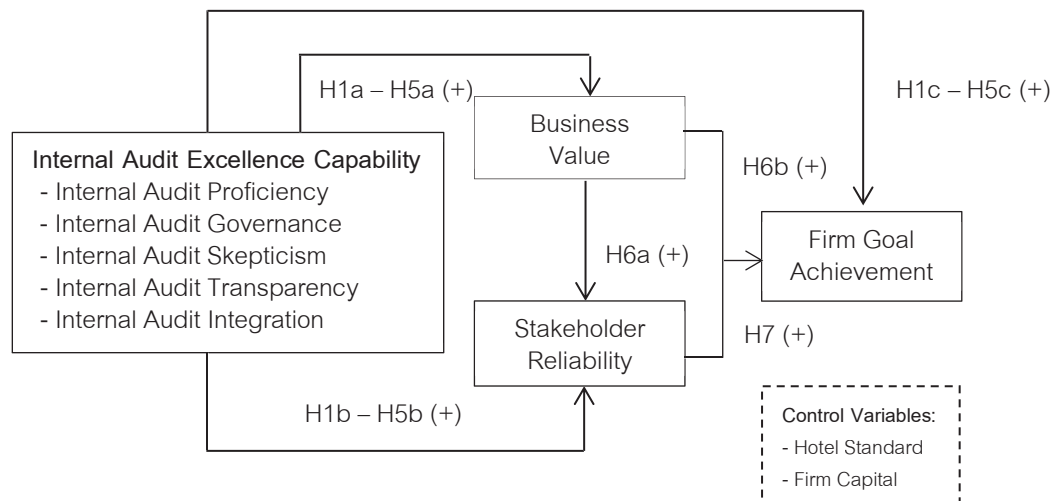
This research has extended from previous research which will help researcher obtain better understanding of the scope and the activities associated with internal audit excellence capability and allow researchers to test the consequences of internal audit excellence capability. Second, this research tests business value and stakeholder reliability which is the mediating effect of the relationship between internal audit excellence capability and firm goal achievement. Third, this research tests the effect of business value, stakeholder reliability and firm goal achievement. Lastly, offering a validated instrument to measure internal audit excellence capability, and by providing empirical evidence of the importance of internal audit excellence capability on firm goal achievement via business value and stakeholder reliability as mediator.

In this research will offer useful direction for measuring and implementing internal audit excellence capability and facilitate further research in this area. The research question of this work is how does internal audit excellence capability affect firm goal achievement via business value and stakeholder reliability as mediator?

2. Literature review and hypothesis development

This research proposes that internal audit excellence capability is positively associated with firm goal achievement. Business value, and stakeholder reliability are the mediating effects of the research. Inclusively, the conceptual model of this research is presented in Figure 1.

Figure 1: Research model of internal audit excellence capability and firm goal achievement



2.1 Internal audit excellence capability

Internal audit excellence capability is a key concept of this research. Internal audit function is an important role of organization, as it fulfills the conservative operation because the insurance information for the executive is the core internal audit objective. Especially, the main issues in the study are required for specialized proficiency skills and knowledge; the use of monitoring, supervision to ensure compliance with professional standards and the rules of regulatory authorities, transparency and reliability; and the ability to integrate the combined knowledge to create new knowledge in the internal audit (Arena & Azzone, 2009; Hurtt, 2010; Mard, 2011; Rossiter, 2011; Santos, Mendes, & Barbosa, 2011).

2.1.1 Internal audit proficiency refers to the ability to apply the knowledge to assess the adequacy of techniques, processes, methods, plans and procedures to keenly assess the ongoing review, to define the internal audit practice, and follow up the implementation of the audit to effectively achieve the audit goals. Internal audit proficiency is a process of internal audit in its entirety, and understands the operational processes, organizational structures and procedures that are set out in the action plan of the organization, all of which must have been designed and implemented for internal audits, inspection processes, and procedures that work as scheduled (Lin et al., 2011). Therefore, it requires ability, specialized knowledge and skills of the internal audits for objective monitoring of all activities of the internal audit practice of the organization (Srithanapun & Ussahawanitchakit, 2013). In addition, past research argues that more internal audit proficiency can affect the quality of the implementation of the organization such as in quality control, quality of service, response to the needs of customers, the quality of internal audit effectiveness, and firm goal achievement (Amirhossein & Raana, 2011; Fadzil, Haron, & Jantan, 2005; Mihret & Yismaw, 2007; Samuel & Afiah, 2013).

For the reasons mentioned in the above summary of this research, it defines internal audit proficiency as one dimension of the internal audit excellence capability, which includes the ability to

use experience, specialized knowledge, and skills that result in a performance. Therefore, the hypotheses are proposed as follows:

Hypotheses 1a-c: Internal audit proficiency has a positive influence on (a) business value, (b) stakeholder reliability, and (c) firm goal achievement.

2.1.2 Internal audit governance refers to the ability of an organization to define a contract or agreement that is assigned in the implementation of internal audit to comply with a standard and realize ethics, honesty, fairness, and adherence to ethical standards in accordance with internal audit. The organization that aims to maintain competition in the strategic value of an effective internal audit process must be supervised by a mechanism to assess quality through a clear and measurable indicators of performance-monitoring in order to continuously improve performance.

Consistently, Srikrasem and Ussahawanitchakit (2009) found that organizations are strict with rules and regulations to achieve information security compliance management and ensure that the structure stays solid. The internal audit should be confident and have a role in corporate governance. Consistent with the research of Ninlaphay, Ussahawanitchakit, and Boonlua (2012) compliance with laws and regulations is not the only important factor that caused organizational risk reduction and organizational productivity enhancement. Besides, the laws and regulations are not comprehensive and have a gap that has caused error and corruption. Internal audit should be extended as a greater operational role in the management and provision of benefits and add value to the business, based on information from the internal audit governance system. For this reason, internal audit has to take a role in corporate governance in the patterns as a term assurance and consulting for enterprise management. Therefore, the hypotheses are proposed as follows:

Hypotheses 2a-c: Internal audit governance has a positive influence on (a) business value, (b) stakeholder reliability, and (c) firm goal achievement.

2.1.3 Internal audit skepticism refers to ways in which internal audit and assessment may indicate weaknesses that cover the operation of the organization and assess the situation noted in the internal audit, the adequacy in identifying surveillance of factors that threaten, and the potential negative consequences. Standards of audit practice, internal audit practice, and professional skepticism are important concepts that must be mentioned as always as to specifications and procedures for compliance (Hurt, 2010). The features of internal audit skepticism reflect on the question, and any doubt may indicate a weakness of internal control, risk, or fraud. Also, an assessment of the key issues may cause problems in the internal audit, according to Laohamethanee and Ussahawanitchakit, (2012).

In addition, McCoy et al. (2011) have found significant evidence that the work of the internal audit department has to support and encourage behavioral professional skepticism that is enhanced in the internal audit. On the other hand, while the internal audit function provides a useful recommendation based on internal control and risk assessment, management may ignore internal audit recommendations. Thus, internal audit skepticism is an internal audit excellence capability derived from internal audit skepticism

that is particularly relevant to the practice of internal audit, has potential, and achieves the ultimate goal of the organization. Therefore, the hypotheses are proposed as follows:

Hypotheses 3a-c: Internal audit skepticism has a positive influence on (a) business value, (b) stakeholder reliability, and (c) firm goal achievement.

2.1.4 Internal audit transparency refers to that process which is consistent and appropriate to the demonstrate openness in the internal audit's activities to promote credibility, integrity, and equity within internal audit. It includes the preparation and formulation of audit plans for which internal auditors must identify and document sufficient information and openness of the activities of internal audit, which can be determined. A study by Kaur and Mishra (2010) showed evidence that transparency is a key factor that has been accepted for good governance and should be supported in the management of the organization. Similarly, the Institute of Internal auditors has given meaning to transparency that describes it as the openness which gives access (Institute of Internal Auditors, (IIA) 2009).

In the same way, internal audit transparency is a faithful representation of the reliability of openness in the monitoring activities of their organizations. Consistent with Archambeault, DeZoort, and Holt (2008), the transparency of reporting on the internal audit can improve reliability for external stakeholders. Thus, internal audit transparency is ability to disclosure of information that enables knowledge to affect the decisions and judgments of the stakeholders about the internal audit function and the role of corporate governance. Therefore, the hypotheses are proposed as follows:

Hypotheses 4a-c: Internal audit transparency has a positive influence on (a) business value, (b) stakeholder reliability, and (c) firm goal achievement.

2.1.5 Internal audit integration refers to the ability to apply an integrated approach to the audit together as a system, integrating the knowledge of internal audit from various dimensions to create new knowledge and link a set of guidelines on goal objectives. It includes the capability to establish a team with diverse knowledge and different contribution for the creation of a new way to determine the most effective way. Integration means focusing on the ability to compile and synthesize existing knowledge gained from internal and external sources, which must have the ability to develop new knowledge to create. The integration is creative about developing high-quality services (Enberg, 2012; Kodama & Boundaries 2009). The past study of Sumritsakun and Ussahawanitchakit (2009) have found the strategic goals, the beginning of the integration process of strategic implementation, and the level of responsibility of a person that is from a different management system integration. Meanwhile, Ngorsiri and Ussahawanitchakit (2013) have evidence of internal audit integration that provides reasons for the reliability of financial reporting, optimization, operational audit, optimization, risk management and the increasing impact value in organizations. The other researchers revealed that an internal investigation into one integrated system of management has been integrated (Bernardo, Marti, & Stanislav, 2010). Therefore, the hypotheses are proposed as follows:

Hypotheses 5a-c: Internal audit integration has a positive influence on (a) business value, (b) stakeholder reliability, and (c) firm goal achievement.

2.2 Business value refers to the organizations that extend the value of business organizations more than in economic value, and reinvent, and improve performance in both the short and long term to achieve the strategies, objectives, and goals. The current paradigm of internal audit has shifted from a focus on accountability, with the former aimed at improving future results (Mihret & Yismaw, 2007). In the transition from traditional audit to value-added by managing greater importance, the changes have resulted in the definition of the internal audit (Cooper et al., 2006). Similarly, the Institute of the Internal Audit (IIA) (2009) has provided a means of checking the internal consultation, assurance, and the freedom to achieve their objectives in the design activities of the enterprise to improve and increase the value of the enterprise. The internal audit function has been designed to maximize the value of the business and enable organizations to achieve their goals (Srichanapun & Ussahawanitchakit, 2013).

Consistent with Arena and Azzone (2009), and Roth (2003), the concept of increased value of internal audit processes have a direct impact on corporate performance. Meanwhile, business value affects stakeholder reliability as to confidence in the operations of the organization (Savcuk, 2007). These ideas lead to the hypotheses proposed as follows:

Hypotheses 6a-b: The higher business value is, it will have a positive influence on (a) stakeholder reliability, and (b) firm goal achievement.

2.3 Stakeholder reliability refers to the result in which organizations can increase the trust and credibility of the stakeholders who are involved with both internal and external staff, customers, the community and society. Without them, the financial information about the organization is not guilty of errors and bias from quality inspection reports and reputation to determine which organizations may receive it. The creation of a reliable stakeholder organization must have a corporate governance that contributes to the fairness of groups with management processes within the organization in terms of policy, strategy, internal audit, risk management and internal control, if it is to have transparency and reliability. Based on past findings, the financial statements of the organization are considered as the efficiency of the management of the organization (Hatfield et al., 2008).

Consistent with Waenkaeo and Ussahawanitchakit (2011), the research explained the reliability of stakeholders, such as in error and prejudice. The firm is designated as having the credibility and trust of the stakeholders involved, both inside and outside the firm, such as employees, customers and community. Moreover, in evidence from the prior research of Beyer and Sridhar (2006) shows that the reliability of stakeholders is affected by the quality of the inspection reports, and those are audited by a reputable number of employment companies. These ideas lead to the hypothesis proposed as follows:

Hypothesis 7: The higher stakeholder reliability is, will have a positive influence on firm goal achievement.

2.4 Firm goal achievement refers to an outcome that has shown the performance of firms both financial and non-financial. That arises from an ability of a firm to concentrate on planning and operations that increase steadily in market share, profitability and competitiveness in the long-term. It includes taking into consideration the need of stakeholders and all parties for both governance and accountability. Firm goal achievement is capable of operating in both financial and non-financial areas that are linked to the mission, vision and strategy of the organization's operations that are focused on achieving the goals of the organization. This is the development strategy for continuous change and sustainability (Pongpanpattana & Ussahawanitchakit, 2013). Likewise, review compliance, by monitoring implementation, monitoring and evaluation, in line with the expectations of the organization, aims to contribute to the effective and efficient implementation strategy that enables organizations to achieve their goals on the basis of the links of the organization's mission, vision and strategic goals (Zaccaro & Klimoski, 2002).

3. Methodology

3.1 Sample selection and data collection procedure

This research selects internal audit directors or internal audit managers in the selects hotel businesses in Thailand as the population. The sample of this research is chosen from the online database of Tourism Authority of Thailand, Ministry of Tourism and Sports, Thailand as of June 6, 2016.

The questionnaires were directly distributed to 1,477 hotel businesses in Thailand; the number of successful questionnaire mailed was 1,412 surveys, 65 of the surveys are undeliverable because they were no longer in business or moved to unknown locations. After 12 weeks, a total of 297 responses were received. Of these, seven responses were returned and unusable. Of the surveys completed and received, only 290 are usable. The effective response rate is approximately 20.54%. According to Aaker, Kumer, and Day (2001), 20% response rate for a mail survey, without an appropriate follow up procedure, is considered acceptable.

3.2 Measurement

All of the variables were obtained from the survey. Independent variables include internal audit proficiency, internal audit governance, internal audit skepticism, internal audit transparency, and internal audit integration are measured by five items. Business value, and stakeholder reliability are measured by four items. Dependent variables include firm goal achievement is measured by five items. These constructs, derived from the literature review, are transformed into operational variables for precise measuring. In a sequence to measure each construct explained by the conceptual model, all variables gained from the survey are measured by a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). In addition, the control variables are hotel standard and firm capital. Hotel standard is measured by a dummy variable including 0 = three-star hotels and 1 = four and five-star hotels. Firm capital is measured by a dummy variable in which 0 is a firm with capital investment or operation capital of

lower or equal than 100,000,000 baht, and 1 is a firm that has a capital investment or operation capital more than 100,000,000 Baht.

3.3 Method

Exploratory factor analysis (EFA) is used to test the construct validity of the new scale, while confirmatory factor analysis (CFA) is used to test the construct validity developed from prior research (Carlo and Randall, 2002). Table 1 shows the results for both factor loadings and Cronbach's Alpha for multiple-item scales used in this research. Also the factor loadings of each item is expressed as 0.665 - 0.924, it is greater than the 0.40 cut-off, and statistically is significant indicating that there is construct validity (Nunnally & Bernstein, 1994). Moreover, Cronbach's alpha coefficients for all variables are presented as 0.843 - 0.921, which are greater than 0.70 as recommended by Hair et al.(2010). As a result, all constructs of this research have internal consistency reliability and the reliability of all variables is adopted. The ordinary least squares (OLS) regression analysis is used to test all hypotheses following the conceptual model. Five equation models are shown as follows:

$$\text{Equation 1: } \text{BUV} = \alpha_{01} + \beta_1 \text{IAP} + \beta_2 \text{IAG} + \beta_3 \text{IAS} + \beta_4 \text{IAT} + \beta_5 \text{IAI} + \beta_6 \text{HS} + \beta_7 \text{FC} + \epsilon_{01}$$

$$\text{Equation 2: } \text{STR} = \alpha_{02} + \beta_8 \text{IAP} + \beta_9 \text{IAG} + \beta_{10} \text{IAS} + \beta_{11} \text{IAT} + \beta_{12} \text{IAI} + \beta_{13} \text{BUV} + \beta_{14} \text{HS} + \beta_{15} \text{FC} + \epsilon_{02}$$

$$\text{Equation 3: } \text{FSV} = \alpha_{03} + \beta_{16} \text{IAP} + \beta_{17} \text{IAG} + \beta_{18} \text{IAS} + \beta_{19} \text{IAT} + \beta_{20} \text{IAI} + \beta_{21} \text{BUV} + \beta_{22} \text{STR} + \beta_{23} \text{HS} + \beta_{24} \text{FC} + \epsilon_{03}$$

Where FSV is Firm Goal Achievement; BUV is Business Value; STR is Stakeholder Reliability; IAP is Internal Audit Proficiency; IAG is Internal Audit Governance; IAS is Internal Audit Skepticism; IAT is Internal Audit Transparency; and IAI is Internal Audit Integration as measured by equity; ϵ is error term.

4. Results and discussion

The main point of the study is to examine the impacts of internal audit excellence capability, firm goal achievement via business value and stakeholder reliability as a mediator. Table 2 demonstrates the descriptive statistics and correlation matrix between the independent and dependent variables. Correlation coefficients of variables are ranging from 0.356 - 0.785. However, these correlation coefficients are less than 0.80. Therefore, as suggested by Berry and Feldman (1985), the multicollinearity problems are not a concern for this analysis. In this investigation, the maximum value of VIF range from 3.926 to 3.969, being less than 10, indicating that there are no significant multicollinearity problems confronted (Hair et al., 2010). However, the exploratory results are correlating between variables and expecting direction of them as conducting hypothesis testing by OLS regression analysis below is shown.

Table 1: Results of measure validation

Variables Factor	Loadings Range	Cronbach's Alpha
Firm Goal Achievement (FSV)	0.679-0.860	.864
Business Value (BUV)	0.790-0.894	.843
Stakeholder Reliability (STR)	0.800-0.922	.909
Internal Audit Proficiency (IAP)	0.767-0.859	.872
Internal Audit Governance (IAG)	0.665-0.842	.844
Internal Audit Skepticism (IAS)	0.752-0.898	.868
Internal Audit Transparency (IAT)	0.796-0.870	.891
Internal Audit Integration (IAI)	0.821-0.924	.921

Table 2: Descriptive statistics and correlation matrix

Variables	BUV	STR	FSV	IAP	IAG	IAS	IAT	IAI	HS	FC
Mean	3.797	3.931	4.229	4.090	3.937	4.116	3.925	3.914	n/a	n/a
S.D.	0.500	0.552	0.516	0.534	0.527	0.556	0.593	0.544	n/a	n/a
BUV	1									
STR	.648***	1								
FSV	.739***	.720***	1							
IAP	.444***	.424***	.367***	1						
IAG	.492***	.468***	.502***	.723***	1					
IAS	.444***	.499***	.356***	.666***	.719***	1				
IAT	.538***	.599***	.583***	.714***	.736***	.767***	1			
IAI	.529***	.543***	.453***	.690***	.722***	.785***	.782***	1		
HS	.063	.088	.066	.125**	.138**	.120**	.156***	.113	1	
FC	.162***	.063	.163***	.078	.092	.042	.021**	.036	.133*	1

p < .05, *p < .01

Table 3 present the results of OLS regression analysis of the relationships between internal audit excellence capability and consequences.

Firstly, the evidence in Table 3 relates to internal audit proficiency (Hypotheses 1a – 1c). The findings show internal audit proficiency has positive influences firm goal achievement (H1c: $\beta_{16} = .369$, $p < .01$). This is consistent with prior studies which suggest that the relationship of internal audit proficiency can affect the quality's implementation of the organization such as quality control, quality of service, response the customer needs, the quality of internal audit effectiveness, and firm goal achievement (Amirhossein & Raana, 2011; Fadzil, Haron, & Jantan, 2005; Mihret & Yismaw, 2007; Samue& Afiah, 2013). **Hence, Hypothesis 1c is supported.** However, internal audit proficiency has no significant effects on business value (H1a: $\beta_7 = -.038$, $p > .10$), and stakeholder reliability (H1b: $\beta_8 = -.079$, $p > .10$). The possible reason is the internal audit proficiency is an internal audit process that monitors the implementation of the

internal audit and the internal auditor's evidence search process, which is based on the individual differences in internal audit well-roundedness. According to prior studies, suggest that the firms may have good internal audit practices; but, if they lack knowledge and understanding of practice, it will leads to an outcome that has errors and is unreliable (Ninlaphay, Ussahawanitchakit, & Boonlua, 2012). **Hence, Hypotheses 1a and 1b are not supported.**

Secondly, the results relate to internal audit governance (Hypotheses 2a – 2c) have a significant influence on business value (H2a: $\beta_2 = .164$, $p < .10$) and firm goal achievement (H2c: $\beta_{17} = .347$, $p < .01$). This result suggests that internal audit has to take a role in corporate governance in term of assurance and consult for enterprise management. They lead, manage, and monitor the activity of the organization in order to maintain strategic added-value of the firm (Goodwin-Stewart & Kent, 2006; Rossiter, 2011; Srikarsem & Ussahawanitchakit, 2009; The Institute of Internal Auditors, 2009). **Hence, Hypotheses 2a and 2c are supported.** However, internal audit governance also has no significant effects on stakeholder reliability (H2b: $\beta_9 = -.023$, $p > .10$). This result, relates to prior study suggests that compliance with laws and regulations are not comprehensively, which the gap occurred that caused error and corruption (Ninlaphay, Ussahawanitchakit, & Boonlua, 2012). **Hence, Hypothesis 2b is not supported.**

Thirdly, the results relate to internal audit skepticism (Hypotheses 3a – 3c). The evidence exposes that internal audit skepticism has positive effects on firm goal achievement (H3c: $\beta_{18} = .302$, $p < .01$). This result relates to prior study, suggests that high internal audit skepticism quality leads to confidence and reliable information and improving operational excellence (McCoy et al., 2011). **Hence, Hypothesis 3c is supported.** Conversely, internal audit skepticism has no significant influences on business value (H3a: $\beta_3 = -.097$, $p > .10$) and stakeholder reliability (H3b: $\beta_{10} = .068$, $p > .10$). This result is similar to the work of Vasarhelyi et al. (2012) indicated that uncertainty awareness and correction has no significant positive effect on transaction error detection. **Hence, Hypotheses 3a and 3b are not supported.**

Fourthly, the results related to internal audit transparency (Hypotheses 4a – 4c), indicated that internal audit transparency has significant effects on business value (H4a: $\beta_4 = .313$, $p < .01$), stakeholder reliability (H4b: $\beta_{11} = .323$, $p < .01$) and firm goal achievement (H4c: $\beta_{19} = .393$, $p < .01$). In this sense, prior research suggested that transparency is a key factor that has supported in the management of the organization. (DeBoskey & Gillett, 2013; Hermalin & Weisbach, 2007; Kaur & Mishra, 2010; Pongpanpattana & Ussahawanitchakit, 2013). However, the finding illustrates that transparency is a factor that has a positive influence on the increased value of the firm and its confidence in the risk management report (Weiner, 2013). **Hence, Hypotheses 4a, 4b, and 4c are supported.**

Finally, there are results relating to internal audit integration (Hypotheses 5a – 5c). The results indicate that internal audit integration positively relates to business value (H5a: $\beta_5 = .264$, $p < .01$), stakeholder reliability (H5b: $\beta_{12} = .162$, $p < .05$) and firm goal achievement (H5c: $\beta_{20} = .139$, $p < .10$).

This result suggests that the auditing integration method can help managers find the substantive mistakes in financial statements and their responsibility to reduce the acceptable risks at an acceptable level (Bernardo et al., 2010; Bierstaker & Arnold, 2004; Chen, Chen, & Chu, 2009) leading to fewer risks and increasing the quality of the work. *Hence, Hypotheses 5a, 5b, and 5c are supported.*

Table 3: The results of the regression analysis for effects of each dimension of internal audit excellence capability on its consequences

Independent Variables	Dependent Variables ^a		
	BUV	STR	FSV
	H1a-H5c	H1a-H5c ,H6a	H1a-H5c ,H6b, H7
Internal Audit Proficiency (IAP: H1a-1c)	-0.038 (0.089)	-0.079 (0.077)	0.369*** (0.077)
Internal Audit Governance (IAG: H2a-2c)	0.164* (0.095)	-0.023 (0.083)	0.347*** (0.061)
Internal Audit Skepticism (IAS: H3a-3c)	-0.097 (0.087)	0.068 (0.075)	0.302*** (0.076)
Internal Audit Transparency (IAT: H4a-4c)	0.313*** (0.091)	0.323*** (0.080)	0.393*** (0.061)
Internal Audit Integrations (IAI: H5a-5c)	0.264*** (0.091)	0.162** (0.080)	0.139* (0.069)
Business Value (BUE: H6a-6b)		0.461*** (0.052)	0.414*** (0.043)
Stakeholder Reliability (STR: H7)			0.374*** (0.044)
Hotel Standard (HS)	-0.082 (0.098)	-0.017 (0.085)	-0.061 (0.063)
Firm Capital (FC)	0.287*** (0.097)	-0.032 (0.086)	0.148** (0.063)
Adjusted R ²	0.333	0.500	0.726
Maximum VIF	3.926	3.967	3.969

* $p < .10$, ** $p < .05$, *** $p < .01$, ^a Beta coefficients with standard errors in parenthesis

In addition, the evidence in Table 3 indicates that business value has significant and positive relationships to stakeholder reliability (H6a: $\beta_{13} = .461$, $p < .01$) and firm goal achievement (H6b: $\beta_{21} = .414$, $p < .01$). This result suggests that hotel businesses must conduct benefit analysis as they hold an internal audit to ensure that the benefits of business value are more important than their costs and maximized profits. These results are consistent with Arena and Azzone (2009), and Roth (2003) who found that the concept of increased value of internal audit processes have a direct impact on corporate

performance. Likewise, stakeholder reliability has significant and positive relationships to firm goal achievement (H7: $\beta_{22} = .374$, $p < .01$). This finding is similar to Pongpanpattana and Ussahawanitchakit (2013), and Waenkaeo and Ussahawanitchakit (2011) who found that the reliability of the stakeholders of higher quality audit reports, which is more and more famous in monitoring the firm financial data without error bias, and gaining the trust of society and developing strategy for continuous change and sustainability. *Hence, Hypotheses 6a, 6b and 7 are supported.*

Firm capital has significant and positive effects on business value and firm goal achievement. This result according to prior study suggests that the firm capital relates to the competition and strategic decisions (Thipsri & Ussahawanitchakit, 2009). This is consistent with Srichanapun and Ussahawanitchakit (2013) who found that the larger firms appear to invest more in terms of hierarchy and complex performance, it reflects a clear understanding of the future objectives of the company.

5. Contribution and future research directions

This research adds to the knowledge and the literature to provide a clear understanding of the internal audit excellence capability that has a significant influence on firms requirement to improve business value, stakeholder reliability and firm goal achievement. Particularly, the executives who are responsible should thoroughly understand, grow, and apply internal audit excellence capability (internal audit proficiency, internal audit governance, internal audit skepticism, internal audit transparency and internal audit integration) by developing knowledge and internal audit practice within the internal audit work for firm goal achievement. This research adds to the knowledge and the literature to provide a clear understanding of the internal audit excellence capability that has a significant influence on firms requirement to improve business value, stakeholder reliability and firm goal achievement. More importantly, the results reveal that an organization should not neglect the importance of developing the audit excellence capability which is to develop, improve and change the form of the internal audit guidelines to better determine current standards. Moreover, the executive should provide the appropriate resources to support internal audit task and should also plan to develop and improve their other strategies to increase the levels of organizational growth and lead to long-term competitive advantage.

According to the results of this study, the need for further research is apparent. The results of this research, some of the research hypotheses are not statistically significant. For example, internal audit proficiency has no significant effect on its consequents excluding business value and stakeholder reliability. Thus, future research should employ other methods, including considering to use inductive research or in-depth interviews with internal auditor directors/managers in each firm, in order to create and confirm true construct measurements and all relationships of this model. Also, future research should confirm the usefulness of the scale by applying it to a distinct population (i.e., food processing businesses, finance businesses) or collecting data from a larger population in other countries in order to widen the aspect and generalizations.

6. Conclusion

This research attempts to determine whether internal audit excellence capability has relevant significance. The results reveal that each dimension of internal audit excellence capability has positively influenced its consequences which are business value, stakeholder reliability and firm goal achievement. Similarly, business value has positive relationships with stakeholder reliability. Furthermore, business value and stakeholder reliability have positive relationships with firm goal achievement. Moreover, the results of this research expand the implementation of the internal audit excellence capability, especially in internal audit transparency and internal audit integration. Particularly, the internal audit transparency by administer the implementation to openness the source of the data, fully to promote of credibility, integrity, and recognize. Also, internal audit integration by encouraging employees for focusing on an integrated approach to the audit together as a system, integrating the knowledge of internal audit from various dimensions to create new knowledge and link a set of guidelines on goals objectives for increase business value and stakeholder reliability for attain firm goal achievement. Thus, internal audit excellence capability can help for the efficient management of the firm and support the achievement of set targets that are objective. Furthermore, the findings may be useful guideline for regulators and organizations to strengthen their internal audit department by enhancing the excellence capability of internal audit.

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