

Documents

Ismail, S., Mokhtar, N., Ahmad, H.

Factors influencing readiness to implement digital audit among internal auditors of the Malaysian public sector (2024) *Accounting Research Journal*, 37 (5), pp. 540-556.

DOI: 10.1108/ARJ-01-2024-0033

Department of Accounting, Kulliyah of Economics and Management Sciences, International Islamic University Malaysia, Kuala Lumpur, Malaysia

Abstract

Purpose: This paper aims to examine the factors that influence the readiness of public sector internal auditors of the Accountant General's Department (AGD) in Malaysia to implement digital audit. Design/methodology/approach: This study used an online questionnaire survey that was administered to a population of 124 internal auditors of the AGD, Malaysia. The readiness was measured in two ways: change commitment (CCOM) and change efficacy (CEFF), whereas the predictors of readiness encompass three factors: change valence, task knowledge and task availability. A partial least squares modelling using the SmartPLS 4 version was used to test the hypotheses. Findings: The results reveal that change valence, task knowledge and task availability are positively significant factors influencing the CCOM of the AGD to implement digital audit. However, change valence is the only factor influencing CEFF. Originality/value: This study offers useful empirical evidence on determinants of readiness to implement digital audit among internal auditors in the public sector, which is crucial towards supporting the Malaysian Government's digital transformation agenda. © 2024, Emerald Publishing Limited.

Author Keywords

Digital audit; Digital transformation; Internal auditors; Public sector; Readiness

References

- Aboudzadeh, N., Shoshtari, A., Hashemnia, S.
Crisis management: planning for the inevitable
(2014) *Management Science Letters*, 4 (6), pp. 1191-1196.
- Ahmad, H., Mokhtar, N., Ismail, S.
Bibliometric study and review of digital audit practices in the public sector of other countries
(2023) *IPN Journal of Research and Practice in Public Sector Accounting and Management*, 13 (2), pp. 37-60.
- Ahmi, A., Kent, S.
The utilisation of generalized audit software (GAS) by external auditors
(2012) *Managerial Auditing Journal*, 28 (2), pp. 88-113.
- Alisherovich, T.S., Isoqovna, A.G.
Organizing fundamentals of digital audit in the international practice
(2022) *Miasto Przyszłości*, 24, pp. 424-426.
- (2006) *Audit evidence*,
Statement on Auditing Standards 106. AU Section 326, AICPA, New York, NY
- Antipova, T.
Digital public sector auditing: a look into the future
(2019) *Quality-Access to Success*, 20, pp. 441-446.
- (2017) *Digital audit strategy 2017: supporting world-class audit*,
(accessed: 29 March 2023)
- Bilgiç, D., Camgöz Akdağ, H.
Digital transformation readiness factors in healthcare

(2023) *Hospital Topics*, 101 (3), pp. 199-207.

- Bonyuet, D.
Overview and impact of blockchain on auditing
(2020) *The International Journal of Digital Accounting Research*, 20, pp. 31-43.
- Brown, C.E., Wong, J.A., Baldwin, A.A.
A review and analysis of the existing research streams in continuous auditing
(2007) *Journal of Emerging Technologies in Accounting*, 4 (1), pp. 1-28.
- Byrne, B.M.
(2008) *Structural Equation Modeling with EQS: Basic Concepts, Applications, and Programming*,
Psychology Press, New York, NY
- Byrnes, P.E., Al-Awadhi, A., Gullvist, B., Brown-Liburd, H., Teeter, R., Warren, J.D., Vasarhelyi, M.
Evolution of auditing: from the traditional approach to the future audit
(2018) *Continuous Auditing (Rutgers Studies in Accounting Analytics)*, pp. 285-297.
Chan, D.Y., Chiu, V. and Vasarhelyi, M.A., and, (Eds), Emerald Publishing Limited, Leeds
- Calvert, M.
(2021) *Assessing organizational readiness for digital transformation*,
(accessed, Western University: 29 March 2023
- Chan, D.Y., Vasarhelyi, M.A.
Innovation and practice of continuous auditing
(2011) *International Journal of Accounting Information Systems*, 12 (2), pp. 152-160.
- Cho, S., Vasarhelyi, M.A., Sun, T., Zhang, C.
Learning from machine learning in accounting and assurance
(2020) *Journal of Emerging Technologies in Accounting*, 17 (1), pp. 1-10.
- Chwiłkowska-Kubala, A., Cyfert, S., Malewska, K., Mierzejewska, K., Szumowski, W.
The impact of resources on digital transformation in energy sector companies. The role of readiness for digital transformation
(2023) *Technology in Society*, 74, p. 102315.
- Dagilienė, L., Klovienė, L.
Motivation to use big data and big data analytics in external auditing
(2019) *Managerial Auditing Journal*, 34 (7), pp. 750-782.
- Danielsen, F.
Benefits and challenges of digitalization: an expert study on Norwegian public organizations
(2021) *DG. O2021: The 22nd Annual International Conference on Digital Government Research*, pp. 317-326.
- Dasari, M., Garbett, M., Miller, E., Machaín, G.M., Puyana, J.C.
Implementation of a hospital electronic surgical registry in a lower-Middle-income country
(2016) *World Journal of Surgery*, 40 (12), pp. 2840-2846.
- Earley, C.E.
Data analytics in auditing: opportunities and challenges
(2015) *Business Horizons*, 58 (5), pp. 493-500.
- Ferri, L., Spanò, R., Ginesti, G., Theodosopoulos, G.
Ascertaining auditors' intentions to use blockchain technology: evidence from the Big 4 accountancy firms in Italy
(2020) *Meditari Accountancy Research*, 29 (5), pp. 1063-1087.

- Ferry, L., Radcliffe, V.S., Steccolini, I.
The future of public audit
(2022) *Financial Accountability and Management*, 38 (3), pp. 325-336.
- Fornell, C., Larcker, D.F.
Evaluating structural equation models with unobservable variables and measurement error
(1981) *Journal of Marketing Research*, 18 (1), pp. 39-50.
- Fossati, E.
(2020) *The ECALab – our in-house incubator for applying data analytics, data visualisation and process mining to audit*,
European Court of Auditors
- Giang, N.T.H., Hai, P.T.T., Tu, N.T.T., Tan, P.X.
Exploring the readiness for digital transformation in a higher education institution towards industrial revolution 4.0
(2021) *International Journal of Engineering Pedagogy (iJEP)*, 11 (2), pp. 4-24.
- Hair, J., Hult, G.T.M., Ringle, C.M., Sarstedt, M.
(2002) *PLS-SEM book: a primer on pls-sem*,
(3rd Ed.), Sage, Thousand Oaks
- Halbouni, S.S., Obeid, N., Garbou, A.
Corporate governance and information technology in fraud prevention and detection: evidence from the UAE
(2016) *Managerial Auditing Journal*, 31 (6-7), pp. 589-628.
- Hall, D., Lutsey, N.
(2019) *Estimating the infrastructure needs and costs for the launch of zero-emission trucks*,
ICCT
- Halpern, N., Mwesiumo, D., Suau-Sanchez, P., Budd, T., Bråthen, S.
Ready for digital transformation? The effect of organisational readiness, innovation, airport size and ownership on digital change at airports
(2021) *Journal of Air Transport Management*, 90, p. 101949.
- Henseler, J., Dijkstra, T.K., Sarstedt, M., Ringle, C.M., Diamantopoulos, A., Straub, D.W., Ketchen, J.D.J., Calantone, R.J.
Common beliefs and reality about PLS: comments on Rönkkö and Evermann (2013)
(2014) *Organizational Research Methods*, 17 (2), pp. 182-209.
- Hoa, N.T.X., Tuyen, N.T.
A model for assessing the digital transformation readiness for Vietnamese SMEs
(2021) *Journal of Eastern European and Central Asian Research (JEECAR)*, 8 (4), pp. 541-555.
- Hu, L.-T., Bentler, P.M.
Cutoff criteria for fit indexes in covariance structure analysis: conventional criteria versus new alternatives
(1999) *Structural Equation Modeling: A Multidisciplinary Journal*, 6 (1), pp. 1-55.
- Ismail, S., Siraj, S.A., Baharim, S.
Implementation of accrual accounting by Malaysian federal government: are the accountants ready?
(2018) *Journal of Accounting and Organizational Change*, 14 (2), pp. 234-247.
- Issa, H., Sun, T., Vasarhelyi, M.A.
Research ideas for artificial intelligence in auditing: the formalization of audit and

workforce supplementation

(2016) *Journal of Emerging Technologies in Accounting*, 13 (2), pp. 1-20.

- Kokina, J., Davenport, T.H.
The emergence of artificial intelligence: how automation is changing auditing
(2017) *Journal of Emerging Technologies in Accounting*, 14 (1), pp. 115-122.
- Kovalenko, S.N., Kalutskaya, N.A., Bolvachev, A.I., Prodanova, N.A., Sotnikova, L.V., Shevchenko, O.P.
Artificial intelligence in the accounting profession
(2021) *Laplace EM Revista*, 7, pp. 378-383.
- Kruskopf, S., Lobbas, C., Meinander, H., Söderling, K., Martikainen, M., Lehner, O.
Digital accounting and the human factor: theory and practice
(2020) *ACRN Journal of Finance and Risk Perspectives*, 9 (1), pp. 78-89.
- Limani, Y., Hajrizi, E., Stapleton, L., Retkoceri, M.
Digital transformation readiness in higher education institutions (HEI): the case of Kosovo
(2019) *IFAC-PapersOnLine*, 52 (25), pp. 52-57.
- Marr, B.
(2018) *How is AI Used in Education – Real World Examples of Today and a Peek into the Future*,
Forbes Magazine, Forbes
- Melin, C., Toezay, G.D.
The effects of digitalization on the audit profession – a comparative study between one
(2022) *Information Systems*, 22, pp. 44-59.
- Nayak, M.S.D.P., Narayan, K.A.
Strengths and weaknesses of online surveys
(2019) *Technology*, 6 (7), pp. 0837-2405053138.
- Nazarova, K., Nezhyva, M., Hotsuliak, V., Novikova, N., Fedorenko, O.
Digital audit as an imperative for Ukraine's way out from the COVID-crisis and a tool to increase the competitiveness of the state
(2021) *SHS Web of Conferences*, 100, p. 01001.
- Noël, F.
(2020) *IT audit at the ECA – assessing the digital environment in policy areas*,
Medium
- Nordin, N.
Assessing emotional intelligence, leadership behaviour and organizational commitment in a higher learning institution
(2012) *Procedia - Social and Behavioral Sciences*, 56, pp. 643-651.
- Otia, J.E., Bracci, E.
Digital transformation and the public sector auditing: the SAI's perspective
(2022) *Financial Accountability and Management*, 38 (2), pp. 252-280.
- Pan, G., Seow, P.S.
Preparing accounting graduates for digital revolution: a critical review of information technology competencies and skills development
(2016) *Journal of Education for Business*, 91 (3), pp. 166-175.
- Pathak, J., Lind, M., Abdolmohammadi, M.
E-Commerce audit judgment expertise: does expertise in system change management and information technology auditing mediate E-Commerce audit

judgment expertise?

(2010) *Informatică Economică*, 14 (1), pp. 5-20.

- Pilos, S.
Auditing the digital reality
(2020) *Journal Big Data and Digital Audit*, pp. 33-34.
- Plesner, U., Justesen, L., Glerup, C.
The transformation of work in digitized public sector organizations
(2018) *Journal of Organizational Change Management*, 31 (5), pp. 1176-1190.
- Rai, A., Tang, X.
Leveraging IT capabilities and competitive process capabilities for the management of interorganizational relationship portfolios
(2010) *Information Systems Research*, 21 (3), pp. 516-542.
- Ringle, C.M., Becker, J.M., Cheah, J.H., Sarstedt, M.
PLS-SEMs most wanted guidance
(2022) *International Journal of Contemporary Hospitality Management*, 35 (1), pp. 321-346.
- Rubenstein, M., Cornejo, A., Nagpal, R.
Programmable self-assembly in a thousand-robot swarm
(2014) *Science*, 345 (6198), pp. 795-799.
- Shea, C.M., Jacobs, S.R., Esserman, D.A., Bruce, K., Weiner, B.J.
Organizational readiness for implementing change: a psychometric assessment of a new measure
(2014) *Implementation Science*, 9 (1), pp. 1-15.
- Silva, R.P., Saraiva, C., Mamede, H.S.
Assessment of organizational readiness for digital transformation in SMEs
(2022) *Procedia Computer Science*, 204, pp. 362-369.
- Stoianova, O., Lezina, T., Ivanova, V.
Corporate culture: impact on companies' readiness for digital transformation
(2020) *International Conference on Digital Economy*, pp. 13-26.
Springer International Publishing, Cham
- Suffield, M.
(2020) *Auditors of the future – what are the skills needed in a digital age?*,
European Court of Auditors
- Tarek, M., Mohamed, E.K., Hussain, M.M., Basuony, M.A.
The implication of information technology on the audit profession in developing country: extent of use and perceived importance
(2017) *International Journal of Accounting and Information Management*, 25 (2), pp. 237-255.
- Turta, T.A.
(2011) *Organizational readiness for change in the transformation towards service business*,
(Masters thesis)
- Veerankutty, F., Ramayah, T., Ali, N.A.
Information technology governance on audit technology performance among Malaysian public sector auditors
(2018) *Social Sciences*, 7 (8), p. 124.
- Vitale, A.S.
(2021) *The End of Policing*,

Verso, Brooklyn

- Weiner, B.J.
A theory of organizational readiness for change
(2009) *Implementation Science*, 4 (1), pp. 1-9.
- (2023) *Centre for the fourth industrial revolution Malaysia to accelerate green transition, digital transformation*,
World Economic Forum
- Yusof, M.M., Aziz, K.A.
Evaluation of organizational readiness in information systems adoption: a case study
(2015) *Asia-Pacific Journal of Information Technology and Multimedia*, 4 (2), pp. 69-86.
- Field, A.
(2009) *Discovering Statistics Using SPSS*,
Sage Publications, Thousand Oaks, CA
- Flowerday, S., Blundell, A.W., Von Solms, R.
Continuous auditing technologies and models: a discussion
(2006) *Computers and Security*, 25 (5), pp. 325-331.
- Hebert, D., Lindsay, M.P., McIntyre, A., Kirton, A., Rumney, P.G., Bagg, S., Bayley, M., Glasser, E.
Canadian stroke best practice recommendations: stroke rehabilitation practice guidelines, update 2015
(2016) *International Journal of Stroke*, 11 (4), pp. 459-484.

Correspondence Address

Ismail S.; Department of Accounting, Malaysia; email: suhaiza@iium.edu.my

Publisher: Emerald Publishing

ISSN: 10309616

Language of Original Document: English

Abbreviated Source Title: Account. Res. J.

2-s2.0-85201718343

Document Type: Article

Publication Stage: Final

Source: Scopus

ELSEVIER

Copyright © 2024 Elsevier B.V. All rights reserved. Scopus® is a registered trademark of Elsevier B.V.

 RELX Group™