

# Factors Affected the Internal Audit Excellence Capability: Empirical Evidence from Hotel Businesses in Thailand

## ปัจจัยที่มีอิทธิพลต่อศักยภาพความเป็นเลิศการตรวจสอบภายใน: หลักฐานเชิงประจักษ์จากธุรกิจโรงแรมในประเทศไทย

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### Abstract

The purpose of this study is to discuss the concepts of factors that affect capability of internal audit from being excellence in Hotel in Thailand. Research population were internal audit director and manager of three to five-star hotels in Thailand totally 1,477 hotels. The research instrument was the questionnaires which ask about the factors affecting the internal audit's capability from being excellence of hotel businesses in Thailand. The questionnaire was mailed directly to people who have been appointed as internal auditors or the chief directors of the internal audit manager of business hotels in Thailand. There are 290 returned questionnaires that are used in this analysis. The data are analyzed using descriptive statistical methods and Ordinary Least Squares

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(OLS) regressions have been used for testing the hypotheses. The results indicated that there were a significant positive influence between the factors in the internal audit department and the internal audit excellence capability, including: internal audit well-roundedness, innovative culture, technology complementarity and competitive complexity. Finally, contributions and suggestions were also provided for further research.

## Keywords

Internal Audit Excellence Capability, Sustainability Vision, Internal Audit Well-Roundedness, Innovative Culture, Technology Complementarity, Competitive Complexity

## บทคัดย่อ

การศึกษานี้มีวัตถุประสงค์เพื่อศึกษาแนวคิดและอภิปรายผลของปัจจัยที่มีอิทธิพลต่อศักยภาพความเป็นเลิศการตรวจสอบภายในของฝ่ายตรวจสอบภายในจากธุรกิจโรงแรมในประเทศไทย ประชากรที่ใช้ในการวิจัย ได้แก่ ผู้อำนวยการหรือผู้จัดการฝ่ายตรวจสอบภายในของโรงแรมที่มีระดับมาตรฐานสามถึงห้าดาวในประเทศไทย จำนวน 1,477 โรงแรม เครื่องมือที่ใช้ในการวิจัย ได้แก่ แบบสอบถามเกี่ยวกับปัจจัยที่มีอิทธิพลต่อศักยภาพความเป็นเลิศการตรวจสอบภายใน ผู้ตอบแบบสอบถาม ได้แก่ ผู้อำนวยการตรวจสอบภายในหรือผู้จัดการฝ่ายตรวจสอบภายในโดยแบบสอบถามที่ส่งกลับมาทั้งหมดจำนวน 290 ฉบับถูกใช้ในการวิเคราะห์ การวิจัยใช้การวิเคราะห์ข้อมูลโดยใช้สถิติบรรยายและเชิงพรรณนาและการวิเคราะห์ความถดถอยในการทดสอบสมมติฐานการวิจัย ผลการวิจัยพบว่า ความรอบรู้ที่ดีของการตรวจสอบภายใน วัฒนธรรมเชิงนวัตกรรม ความสมบูรณ์ของเทคโนโลยี และความซับซ้อนในการแข่งขัน มีอิทธิพลในเชิงบวกกับศักยภาพความเป็นเลิศการตรวจสอบภายในอย่างมีนัยสำคัญทางสถิติ ทำยที่สุดในการศึกษาวิจัยครั้งนี้ ได้มีข้อเสนอแนะและแนวทางในการวิจัยในอนาคต

## คำสำคัญ

ศักยภาพความเป็นเลิศ การตรวจสอบภายใน วิทยาลัยที่ที่ยั่งยืน ความรอบรู้ที่ดีของการตรวจสอบภายใน วัฒนธรรมเชิงนวัตกรรม ความสมบูรณ์ของเทคโนโลยี ความซับซ้อนในการแข่งขัน

## Introduction

Nowadays, internal audit activity has evolved into a highly professional that extends to the assessment of the achievement of all phases of the firms operations, both financial and non-financial efficiently. Moreover, internal audit process adapting and guiding reviews for greater administrative also ensure that the organization is continuing to become effective in processes and competitive advantage. (Securities and Exchange Commission, 2003)



In particular, for the Public Company Accounting Oversight Board (PCAOB) and the Institute of Internal Auditors (IIA), internal 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, Maletta, Schneider & Church 2004). Many organizations are seeking the best of internal audit capability as a part of a wider strategy for enhancing operational practices and assurances of an annual program in preparing for a new global business environment (Elliott, Dawson & Edwards, 2007). Particularly, internal audit is designed to point to deficiencies and blunder in ways that help the organization to adjust or preempt their recurrence. To clearly understand the role of internal audit excellence capability, excellence is a capability of the firm to use the internal audit process for performance evaluation. Management is concerned with the environment and the needs of people in the main unit, rather than seeking a way of excellence by focusing on the management to use of the different existing agencies, such as the difference between the regulation and control of the process, or the differences between the goals of the organization. Therefore, in the context of the schedule managed by the external environment and other factors, it affects the operation of the organization's success (Anderson & Lanen, 1999). The success depends on the right to organize a match between the features of the enterprise's internal organization and the external environment that is consistent (Scott, 1992). It works on the structure of the organization from internal and external factors that affect and determine the behavior of managers that affect the organization. (Kueket, Janjarasjit & Raksong, 2014)

This research proposes internal audit excellence capability to be established by internal and external environment factors. In particular, most operations determine factors in the context of the relationship between the external environment and external affecting the function of internal audit (Anderson, Margaret, Karla, & Rittenberg, 2012 ; Wallace & Kreutzfeldt, 1991). As mentioned these are two context factors that are namely, internal and external environment. Firstly, to explain the context of internal audit excellence capability is established and enhanced by an external factor such as technology complementarity and competitive complexity. Second, the internal environment factor such as sustainability vision, internal audit well-roundedness and innovative culture. The factors are required analysis of the system to suit the corporate environment and the external environment, as organizations must be consistent. (Gingsberg & Venkatraman, 1985) The primary reason for the development, growth and survival of the organization depends on the fit between the corresponding ability within the organization and the perfect environment. (Summer et al., 1990) The needs for implementation of the internal audit department in the hotel business has developed from the demand of organizations to improve operational efficiency in order to



achieve the cause of excellence in business and contribute to an organization’s survival. Especially, the current negotiations to liberalize services sectors, tourism and hotel businesses, and the business services industry, which is a very important role in the economy, is bringing more strengths in finance and technology, and providing comprehensive services with branches in several countries, resulting in more intense competition. Particularly, management would have been the best way for appropriate environmental management in each organization. Thus, this research focused on the factors in the internal audit department which affects the internal audit excellence capability, so the study seeks to answer the following questions: Does the factors in the internal audit department (sustainability vision, internal audit well-roundedness, innovative culture, technology complementarity, and competitive complexity) affect the internal audit excellence capability in hotel businesses in Thailand?

**Research Objectives**

The main research objective of this study is to investigate the affects of sustainability vision, internal audit well-roundedness, innovative culture, technology complementarity, and competitive complexity on internal audit excellence capability.

**Literature Review and Hypothesis Development**

This section emphasizes the affects of the factors (sustainability vision, internal audit well-roundedness, innovative culture, technology complementarity, and competitive complexity) on internal audit excellence capability based on the preceding discussion of the literature, as shown in Figure 1.

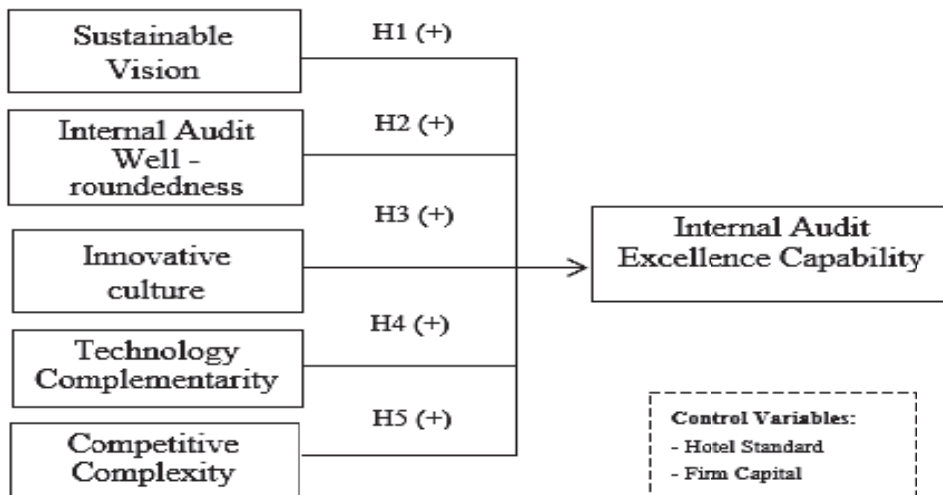


Figure 1: Conceptual Model of the Relationships between the Variables

Source: Khammongkol (2017)

**Sustainable Vision** refers to a set of goals or intentions of a good planning. In the future, in terms of the fundamental objectives or strategic direction, the benefit of doing business in the long-term reflects the priorities and values of the organization. This sustainability vision is very important for organizations to contribute to the goals and objectives. Especially, Altiok (2011) has stated the vision demonstrates the firm's future policies and fundamentals that reflect a clear understanding of the current situation and the future for the purpose of the policy of the firm. In the same way, Pothong & Ussahawanitchakit (2011) proposed that the vision of management for long-term sustainability has a positive impact on sustainable accounting. Therefore, sustainability vision is an important factor as one factor that affects internal audit excellence capability made possible by the circumstances of each organization in the policy plan for sustainability vision. Thus, the hypotheses are proposed as follows:

**Hypothesis 1:** Sustainable vision has positive influence on internal audit excellence capability.

**Internal audit well-roundedness** refers to attainments in the knowledge of a wide range of skills, knowledge, prudence, reason; and understanding of the internal audit standards such as in accounting, legality, regulators, risk, control, and information technology. Accordingly, the audit by internal auditors must have the knowledge to work with several talented persons and other knowledge required to monitor the operations. Consistent with the Struweg & Meintjes (2008), researchers argue that the internal audit profession requires knowledge that is needed to affect the practice skills and capabilities for other key operational responsibilities. Furthermore, there are many researchers, namely Arena & Azzone (2009) ; Aguolu (2009) who confirmed that the audit was based on the skills and knowledge for a wider understanding of the complexity of the process under the organization's control, and were subjects to change. In addition, Abdolmohammadi (2012), Garcia-Benau & Zorio (2004) stated that the effective monitoring of internal auditors must have an internal audit that requires knowledge and professional well-roundedness. These ideas lead to the hypotheses proposed as follows:

**Hypothesis 2:** Internal audit well-roundedness has positive influence on internal audit excellence capability.

**Innovative culture** refers to an organization that needs to indoctrination; developing new practices, ideas, or new perspectives; and the application of new forms by creating new ways to build faith. The determining innovation is the intellectual agility that can be associated with the ability to develop new things. The ability to develop and apply their knowledge and skill abilities create new knowledge (Roos, Roos, Edvinsson & Dragonetti, 1997). Organization guideline is



developing to foster an innovative culture of innovation, challenge, and the best way to make them stronger. The findings of Hult, Hurley & Knight (2004), Kohli & Jaworski (1993) ; Keskin (2006) found a positive relationship between innovation and the efficiency of the organization. Therefore, innovative culture, as a part of organizational knowledge, is defined as an innovative organization with attitudes, beliefs, values and behavior of the involved companies in the creation, development and application of knowledge in new ways (Girdauskiene & Savaneviciene, 2007 ; Saeid & Mehdi, 2010). Therefore, innovative culture is a key factor in the implementation of the knowledge of new methods that can be developed to the level of internal audit, and is based on innovation. These ideas lead to the hypotheses proposed as follows:

**Hypotheses 3:** Innovative culture has positive influence on internal audit excellence capability.

**Technology complementarity** refers to relying on system resources, information technology, and networks that are highly stable and complete, to arrange applications and be helpful in providing information that is quick to implement and improve coordination. The growth of technology complementarity, in part, strengthens the ability of learning and knowledge in the operation of the organization, such as in increased speed, expanded memory, and reduce errors in communication (Wissner, 2011). Technology used to support the activities of the internal audit of such technology enables one to continuously monitor these benefits to improve the efficiency of the internal audit activity (Vasarhelyi, Teeter & Krahel, 2010). Meanwhile, there are also many other researchers who have confirmed the use of technology complementarity in the audit, including Gonzalez, Sharma & Galletta (2012) ; Masli, Gary, Richardson & Juan (2010) ; Kim, Mannino & Nieschwietz (2009) who described the context of the use of technology complementarity of the internal audit. These ideas lead to the hypothesis proposed as follows:

**Hypothesis 4:** Technology complementarity has positive influence on internal audit excellence capability.

**Competitive complexity** refers to organizations that are recognized the differences in race, diversity, complexity, and uncertainty in the change of environmental factors of component changes that affect the momentum in the corporate strategic plan, and that face and influence the performance improvement achieved. In business, the sector has to modify the methods and business processes to increase efficiency by responding to the changing of needs customers to gain more competitiveness by concentrating on more complex competition that has focused on helping companies improve performance to meet the changing competitive complexity



(Pongpanpattana & Ussahawanitchakit, 2013). Moreover, Wiersema & Bantel (1993) suggested that the strategic decisions to consider the complexity of the environment are important factors that must be considered in the decision of each period. Zheng, Yang & Mclean (2010) suggest that in the environment for today's competitive business, companies must have the ability of innovation to gain competitive advantage. Competitive complexity can affect the performance of internal audit, in which previous research has been concluded about the internal audit function. Thaweechan & Ussahawanitchakit (2011) have found evidence that the competitive environment affects the firm's decision. These ideas lead to the hypothesis proposed as follows:

**Hypothesis 5:** Competitive complexity has positive influence on internal audit excellence capability.

**Internal audit excellence capability** is a dependent variable. Internal audit excellence capability is a framework that identifies the fundamentals needed for effective internal auditing in the business. It is recognized that the present management of successful business often uses the performance of the internal audit to manage activities in all operational aspects of the evaluation of the organization (Al-Jabali, Abdalmanam & Ziadat, 2011). To achieve these objectives, firms undertake processing, control, and a management through the internal audit. It is able to demonstrate the firm's ability to improve a performance management enterprise that can define measures for improving processes, practicing, and controlling (Henderson, Davis & Lapke, 2013 ; Kueket, Janjarasjit & Raksong, 2014). Internal audit excellence capability is the competency to help certify that engagements run smoothly, identify opportunities for improvements to the internal audit management and control the environment (Rife, 2006). Thus, excellence internal audit is designed to add value and improve the operation of the organization, with independence and reliability as well as counseling to support the operations of the organization as a system by using assessment, controlling methods, improving the efficiency of risk reduction, and leading to the achievement of organizational goals (Kueket, Janjarasjit & Raksong, 2014).

## Methodology

### 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 1,477 hotel business from the online database of Tourism Authority of Thailand, Ministry of Tourism and Sports, Thailand as of June 6, 2016. For the sample size, this research adopted Yamane (1973) calculation to calculate the sample size. Calculation sample sizes are as follows:



$$\text{Formula } n = \frac{N}{1 + Ne^2}$$

Where; n = Sample size, N = Number of population, e = Acceptable error = 0.05

$$n = \frac{1,477}{1 + (1,477 \times 0.05)^2}$$

$$n = 314$$

Thus, based on the formula for determining sample size with 95% confidentiality, and a population of 1,477 hotel businesses, a sample size of 314 would be needed to represent the population. However, according to Aaker, Kumar & Day (2001), a 20% response rate for a mail survey, without an appropriate follow-up procedure, was used to calculate the sample sizes for a population as follows:

$$n = 314 \times \frac{100}{20} = 1,570$$

From the calculation, for achieve 314 required sample as a 20% response rate, the sample size for the mail survey should equal 1,570. However, the number of hotel business populations was only 1,477 firms. Thus, it was necessary to determine all the population as the sample size for the mail survey in this research. Removing the undeliverable from the original 1,477 mailed, the valid mailing is 1,412 surveys, from the 297 responses returned. Additionally, there were only 290 usable surveys that were completed and received. The effective response rate is approximately 20.54%.

$$\frac{290}{1,412} \times 100 = 20.54$$

According to Aaker, Kumer & Day (2001), 20% response rate for a mail survey, without an appropriate follow up procedure, is considered acceptable.

## Measurement

In order to achieve the objectives of the study, a questionnaire was developed which included the factors in the internal audit department which affects the internal audit excellence capability, after referring to the theoretical literature and previous studies related to the subject of the current study, as well as by reviewing the relevant research tools. The tool was formed to obtain contained content that measured key variables of the study. A five point Likert scale has been



adopted to determine the degree of agreement of each item of the questionnaire, where (5) = "strongly agree", (4) = "agree", (3) = "neutral" (2) = "disagree", and (1) = "strongly disagree". In addition, the control variables were 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.

#### Test of Non-Response Bias

To test non-response bias and to detect and consider possible problems with nonresponse errors was investigated by t-test that followed to Armstrong & Overton (1977). The researcher was compared early and late responses about number of employees, the period of time in operation, the capital investment, and the customer groups of business. The results were not significant between early and late responses. Therefore, it was implied that these received questionnaires show insignificant non-response bias for the analysis in this research.

#### Method

For this research, 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 & Randall, 2002).

Table 1

Results of Measure Validation

Variables Factor	Loadings Range	Cronbach's Alpha
Internal Audit Excellence Capability (IEC)	0.665-0.924	.963
Sustainable Vision (SUV)	0.688-0.880	.859
Internal Audit Well - roundedness (IWR)	0.803-0.872	.846
Innovative Culture (INC)	0.742-0.907	.861
Technology Complementarity (TEC)	0.655-0.940	.824
Competitive Complexity (COC)	0.837-0.916	.900



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 are expressed as 0.655-0.940, 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 0.824 - 0.963, which are greater than 0.70 as recommended by Hair, Black, Babin, & Anderson (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:

$$\text{Equation 1: IEC} = \alpha_{01} + \beta_1\text{SUV} + \beta_2\text{IWR} + \beta_3\text{INC} + \beta_4\text{TEC} + \beta_5\text{COC} + \beta_6\text{HS} + \beta_7\text{FC} + \epsilon_{01}$$

## Results

The main point of the study is to find the effects of the factors (sustainability vision, internal audit well-roundedness, innovative culture, technology complementarity, and competitive complexity) on internal audit excellence capability.

**Table 2**

Descriptive Statistics and Correlation Matrix

Variables	IEC	SUV	IWR	INC	TEC	COC	HS	FC
Mean	3.797	4.090	3.937	4.116	3.925	3.914	n/a	n/a
S.D.	0.500	0.534	0.527	0.556	0.593	0.544	n/a	n/a
IEC	1							
SUV	.658***	1						
IWR	.725***	.785***	1					
INC	.679***	.682***	.780***	1				
TEC	.652***	.596***	.607***	.569***	1			
COC	.642***	.589***	.549***	.542***	.637***	1		
HS	.146**	.085	.125**	.031	.139**	.133**	1	
FC	.059	.139**	.029	.066	.107	.005	.133**	1

\*\* p < .05, \*\*\* p < .01

Table 2 demonstrates the descriptive statistics and correlation matrix between the independent and dependent variables. Correlation coefficients of variables are ranging from 0.542 - 0.785. However, these correlation coefficients are less than 0.80. Therefore, as suggested by Berry & Feldman (1985), the multicollinearity problems are not a concern for this analysis. In this investigation, the maximum value of VIF range from 1.069 to 4.157, being less than 10, indicating that there are no significant multicollinearity problems confronted (Hair, Black, Babin & Anderson, 2010).

Table 3 presents the results of OLS regression analysis of the relationships between the factors in the internal audit department and internal audit excellence capability. Firstly, the evidence in Table 3 relates to sustainability vision (Hypotheses 1). The findings show sustainability vision that also has no significant effects on internal audit excellence capability (H1:  $\beta_1 = .036$ ,  $p > .10$ ). **Hence, Hypothesis 1a is not supported.** Secondly, the findings of internal audit well- roundedness (Hypotheses 2) have significant influence on internal audit excellence capability (H2:  $\beta_2 = .313$ ,  $p < .01$ ). Thirdly, the results relate to innovative culture (Hypotheses 3). The findings show that innovative culture significantly and positively affects internal audit excellence capability (H3:  $\beta_3 = .179$ ,  $p < .01$ ). Fourth, the results related to technology complementarity (Hypotheses 4) have a significant influence on internal audit excellence capability (H4:  $\beta_4 = .188$ ,  $p < .01$ ). Lastly, the results relate to competitive complexity (Hypotheses 5). The findings show that competitive complexity has a significant influence on internal audit excellence capability (H5:  $\beta_5 = .227$ ,  $p < .01$ ). **Hence, Hypotheses 2, 3, 4 and 5 are supported.**



Table 3

The Results of the regression analysis of the influence of sustainability vision, internal audit well-roundedness, innovative culture, technology complementarity, and competitive complexity on internal audit excellence capability

Independent Variables	Dependent Variables <sup>a</sup>
	IEC H1-H5
Sustainable Vision (SUV: H1)	0.036 (0.064)
Internal Audit Well - roundedness (IWR: H2)	0.313*** (0.072)
Innovative Culture (INC: H3)	0.179*** (0.059)
Technology Complementarity (TEC: H4)	0.188*** (0.051)
Competitive Complexity (COC: H5)	0.227*** (0.050)
Hotel Standard (HS)	0.082 (0.073)
Firm Capital (FC)	0.018 (0.074)
Adjusted R <sup>2</sup>	0.638
Maximum VIF	4.157

$p < .01$ , <sup>a</sup> Beta coefficients with standard errors in parenthesis

## Discussion

This research finds that factors in the internal audit department have strongly promoted successful internal audit excellence capability utilizing.

1. Internal audit well- roundedness have significant influence on internal audit excellence capability. Based on the result, it is possible that internal audit well-roundedness that is successful in business knowledge and well-rounded skills in the approach to plan appropriate resources, contribute to the development of new initiatives to be responsible for the performance of complex tasks; or it may participate in the planning, evaluation and coordination which affect the operation of the firm. The result is similar to Abdolmohammadi (2012) ; Garcia-Benau & Zorio (2004) who

stated there is evidence that the effective monitoring of internal auditors must have an internal audit that requires knowledge and professional well-roundedness.

2. Innovative culture significantly and positively affects internal audit excellence capability. The study of Chang & Lee (2007) ; Hung, Yang, Lien, & McLean (2010) ; Vakola & Rezgui (2000) concluded that the innovative new ideas in product development, process development, or new perceptions to a person, group, or organization. In this sense, prior research suggested that the innovative culture as a part of organizational knowledge is defined as an innovative organization with attitudes, beliefs, values and behavior of the involved companies in the creation, development and application of knowledge in new ways (Girdauskiene & Savaneviciene, 2007 ; Saeid & Mehdi, 2010).

3. Technology complementarity used to support the activities of the internal audit of such technology enables one to continuously monitor these benefits to improve the efficiency of the internal audit activity (Gonzalez, Sharm, & Galletta, 2012 ; Masli, Gary, Richardson & Juan, 2010 ; Vasarhelyi, Teeter & Krahel, 2010). The result is similar to Kim, Mannino & Nieschwietz (2009) who studied the use of technology in the internal audit and described the useful context in improving the effectiveness of internal auditing activities.

4. Competitive complexity is a key factor in the implementation of advocacy strategies under competitive conditions, changing environmental conditions that can be useful in improving the efficiency of the internal audit activity to encourage internal audit excellence capability. In this sense, prior research suggested that the internal audit process in a volatile business environment has more competition. It is important for strategic planning and internal audit because it leads the organization faces a high risk, especially for competitive complexity, that is a key factor affecting the function of the internal audit (Pongpanpattana&Ussahawanitchakit, 2013 ; Thaweechan & Ussahawanitchakit, 2011).

5. However, sustainability vision that also has no significant effects on internal audit excellence capability. This could be because the primary goal of sustainability should be operated within optimal capacity. It asks for a dynamic equilibrium between humankind and natural systems (Cairns & Saier, 2010). It is possible that the effect of this sustainable vision is difficult to plan for an effective course of action leading to a firm that cannot perceive a real contribution, and seeks for the challenges of problem-solving in a sustainable manner so as to generate continuing development.

Thus, this finding asserts the appropriateness of internal audit excellence capability of an organization depends on the ability of an organization to adapt to the changing external circumstances or internal factors, firm must pay more attention in requiring best strategy to increase a powerful operational process that match up to external factor and internal factor.



## Conclusion & Suggestion

1. The results reveal that factors in the internal audit department (internal audit well - roundedness, innovative culture, technology complementarity, and competitive complexity) have a positive effect on the internal audit excellence capability. This result suggests that the above mentioned factors influence in the implementation of advocacy strategies under competitive conditions, changing environmental conditions that can be useful in improving the efficiency of the internal audit activity to encourage internal audit excellence capability.

2. This study is considered to be the first in hotel businesses Thailand discussing the factors affecting internal audit excellence capability in the internal audit department, this study will aid the internal auditors to understand the factors that might affect their capability, and it will enhance their integrity and hotel businesses credibility. The firm has to carefully apply internal audit excellence capability in order to fit with the situation, context, and industry type. Especially, firms should concentrate on developing internal audit experience. For instance, they should actively promote in-house training programs and seminars to increase the existing knowledge and gain new specific knowledge in order to improve skills, abilities and experience of the internal audit staff. 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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