



The behavioral impact of the audit process and its role in information quality

Shaymaa Yas Khudhair

University of Al-Qadisiyah / College of Education for Women

shaymaa.khudhair@gmail.com

Abstract

The research aims to identify the impact of the behaviors in internal auditing and its role in raising the level of quality of accounting information. To achieve the research objective, the elements of the behavioral approach in activating internal auditing were analyzed. The descriptive analytical approach was relied upon for all that was obtained from previous studies and references, and the information obtained through the questionnaire list that was distributed to a sample of employees in commercial banks, numbering 500 individuals related to obtain information that can be used to achieve the research objective. Through data analysis, a set of results were reached, the most important of which is the existence of a relationship between the behaviors and internal auditing, as there is a statistically significant relationship between the behaviors in activating internal auditing, as there is a link between behaviors and internal auditing to improve the efficiency and quality of information, and that the behavioral impact in internal auditing will contribute to raising the level of quality of accounting information. The research recommended the need to pay attention to studying human behavior by professional organizations and scientific bodies, as well as activating the policy of reporting violations and unethical and illegal behaviors.

Keywords: Behavioral approach, Internal audit, Information quality

الأثر السلوكي لعملية التدقيق ودوره في جودة المعلومات

شيماء ياس خضير

جامعة القادسية / كلية التربية للبنات

shaymaa.khudhair@gmail.com

المخلص

يهدف البحث إلى التعرف على أثر السلوكيات في التدقيق الداخلي ودورها في رفع مستوى جودة المعلومات المحاسبية، ولتحقيق هدف البحث تم تحليل عناصر المدخل السلوكي في تفعيل التدقيق الداخلي، وتم الاعتماد على المنهج الوصفي التحليلي لكل ما تم الحصول عليه من الدراسات والمراجع السابقة، والمعلومات التي تم الحصول عليها من خلال قائمة الاستبانة التي تم توزيعها على عينة من العاملين في البنوك التجارية والبالغ عددهم 500 فرد ذات علاقة للحصول على المعلومات التي يمكن الاستفادة منها لتحقيق هدف البحث. ومن خلال تحليل البيانات تم التوصل إلى مجموعة من النتائج أهمها وجود علاقة بين السلوكيات والتدقيق الداخلي، حيث توجد علاقة ذات دلالة إحصائية بين السلوكيات في تفعيل التدقيق الداخلي، كما يوجد ارتباط بين السلوكيات والتدقيق الداخلي لتحسين كفاءة وجودة المعلومات، وأن التأثير السلوكي في التدقيق الداخلي سيساهم في رفع مستوى جودة المعلومات المحاسبية، وأوصى البحث بضرورة الاهتمام بدراسة السلوك البشري من قبل المنظمات المهنية والهيئات العلمية، وكذلك تفعيل سياسة الإبلاغ عن المخالفات والسلوكيات غير الأخلاقية وغير القانونية.

الكلمات المفتاحية: النهج السلوكي، التدقيق الداخلي، جودة المعلومات



Introduction

The business sector has become increasingly interested in adopting the behavioral approach in the fields of business administration, accounting, and auditing. What these fields have in common is the need to distinguish between acceptable and unacceptable behavior from an ethical standpoint. This has been confirmed by many scientific, experimental, and field studies (Ahmed, 2012). Many studies in the last century focused on the behavioral aspects of auditing, especially internal auditing, especially after analyzing the causes of the global crisis and the subsequent collapse of most companies. It became clear that this was linked to the behavioral failures of individuals (Ahmed, 2020). Major US audit firms were blamed for not disclosing this. Many doubts and questions were raised about the extent of auditors' responsibility for the collapse of these companies (Issa, 2008). The credibility of audit reports on companies' financial statements, and also the quality of the outputs of the audit process (Ahmed, 2020). On the other hand, companies are keen to achieve the quality of accounting information to meet the needs and requirements of information users (Al-Harbi, 2021). Companies seeking to achieve excellence must adopt effective mechanisms to achieve this, especially in internal auditing to achieve added value to information (Al-Khuder, 2021; Ahmed, & Shehata, 2015). Information derives its importance from the fact that it contributes to changing the estimates of decision makers and reducing uncertainty (Hassan, & Yaqoub, 2019).

Since internal auditing plays an important role in governance through monitoring objectives, evaluating governance procedures and structures, internal control systems, and improving operational performance (Al-Jumaili, 2019). Therefore, there has been increased interest in studying the relationship between governance mechanisms and their impact on behaviors and performance quality (Kachouri, & Jarbou, 2017). The relationship between internal auditing and individual behavior is represented by the extent to which auditors adhere to auditing procedures, rules and standards, as employees are affected negatively or positively by the established auditing regulations and standards, and there is a strong link between internal auditing and the behavioral theories of other units. This is reflected in the relationship of individuals working in internal auditing with the rest of the individuals working in other units (Ahmed, 2012). Which usually generates a negative view towards the internal auditor. Since the behavioral aspect is linked to governance mechanisms represented by internal audit, we must identify the extent of its impact on internal audit, especially after most of the companies' failures have been attributed to behavioral defects especially since the lack of focus on the ethical dimensions in preparing reports means that it is really difficult to determine who is responsible (Iwu-Egwuonwu, 2011).

First: Research Problem



The success of internal auditing depends primarily on the behavioral quality of its members, as behavioral orientation is one of the essential aspects of any attempt to raise the quality of internal auditing in a way that affects the level of quality of accounting information, so there is a need to study the impact of the behavioral approach in activating the efficiency of internal auditing due to its significant impact on accounting information.

Many previous studies have confirmed that the causes of the collapses and financial scandals that affected companies and banks during the global financial crisis are due to unethical behavior in manipulating and fraudulently publishing financial statements. Therefore, it is necessary to provide the appropriate environment for internal auditing to work and achieve the required goals. As the decline in auditors' performance may be due to the lack of control and guidance of auditors' behavior, or the failure to identify the variables affecting their behavior at the level of the individual or the establishment as a whole, and it may be due to the behavioral relationships of auditors while performing their work, which represents the essence of the research, as the behavioral approach can be used, which depends on studying behavioral aspects to achieve the goals of internal auditing and thus achieve the quality of accounting information. Therefore, the research problem can be formulated in the following question:

What is the role of the behavioral approach in activating internal auditing and what is its impact on the quality of accounting information?

Second: Research objective

The research aims to identify the impact of the elements of the behavioral approach to internal auditing and its role in raising the level of quality of accounting information.

Third: The importance of the research

The importance of the research stems from the importance of behavioral concepts, and auditors' understanding of human behavior doubles the chances of success. Behavioral concepts are also necessary to meet the requirements of information users and to improve the auditor's personal judgment when preparing reports by testing behavioral concepts. To activate the role of internal auditing in raising the level of information quality, this requires identifying the sciences that study human behavior and analyzing the aspects related to the psychological impact of the auditor. The research also has scientific importance in trying to analyze the relationship between the behavioral approach and internal auditing and its impact on raising the level of accounting information quality.

Fourth: Research hypotheses

Through the research problem, the research hypothesis was formulated as follows:



There is no statistically significant relationship between the directions of the behavioral approach to internal auditing to raise the level of accounting information quality.

Fifth: Research methodology

The researcher relied on the descriptive analytical approach for everything obtained from previous studies and references, and also used the inductive approach to analyze the information that was collected using the questionnaire list to identify the impact of the elements of the behavioral approach in internal auditing and its impact on raising the level of accounting information quality.

Sixth: Previous studies

1- Study of (Dickerson, 2003): "Behavioral Approach to Analyzing Corporate Failures"

The study aimed to analyze the collapses and failures that befell companies and used the descriptive analytical approach to analyze the collapses that befell Enron and WorldCom companies, and concluded that laws and legislation are not sufficient to explain financial disturbances, and that the behavioral trends of actors may be a reason for the failure of laws and regulations to protect companies from the possibility of failure.

2- Study of (Suto, M., 2005): "Behavioral biases of Japanese institutional investors Fund management and corporate governance"

The study aimed to identify the behavioral biases of investment fund managers and relied on a questionnaire distributed to a sample of investment fund managers in 2003. After collecting and analyzing the data, it was concluded that there are behavioral biases of investment fund managers, and behavioral biases are greater in insurance companies, and behavioral biases were a major reason for the weakness of governance mechanisms.

3- Study of (González, et al., 2006): "Herding Behavior Inside the Boaran experimental approach"

The study aimed to measure the effect of herding behavior within the board of directors and used a model to test herding behavior within board of directors meetings. Herding behavior occurs when a traditional decision needs to be made and individuals are ignorant or lack information related to the decision, as lack of self-confidence makes them tend to ignore their own information and knowledge, which may be the best, and follow the opinions of others, thinking that they know better. After analyzing the data, it was concluded that the presence of herding behavior within board of directors meetings, and that understanding the personal mechanisms and behaviors of officials on the board of directors contributes to improving governance mechanisms and contributes to reducing herding behavior.



4- study of (Abu Rishah and Al-Sa'eed, 2012): "The impact of good corporate governance practices on financial reporting quality: Empirical evidence from Jordanian listed companies"

The study aimed to analyze the relationship between governance practices and the quality of financial reports. It relied on the descriptive analytical approach to analyze the companies listed on the stock exchange (167 companies). It used questionnaires distributed to the study sample, which numbered 160 forms, on the parties related to those companies. The study concluded that good governance practices affect the quality of information in financial reports and that the relationship between the governance mechanisms that were studied, including internal auditing, is of great importance in achieving the quality of financial reports.

5- Study of (Al-Sufy, et al., 2013): "Corporate governance and its impact on the quality of accounting information in the industrial community shareholding companies listed in Amman financial market-Jordan"

The study aimed to verify the extent of the impact of governance mechanisms on the quality of information, and the study relied on the descriptive analytical approach to analyze the data obtained through distributing questionnaire lists to the study sample consisting of 50 industrial companies in the Amman Stock Market to identify the impact of applying the principles and mechanisms of governance on the quality of information, and the study concluded that the effective application of governance mechanisms has a significant impact on the quality of accounting information.

6- Study of (Jafal, 2015): "The impact of behavioral accounting theories on the structure of the interaction of disclosure and measurement"

The study aimed to analyze the impact of behavioral accounting theories on the structure of the interaction of accounting disclosure and measurement. The descriptive approach was relied upon in analyzing the data and reaching the results represented by the fact that measurement is part of disclosure, and that any conflict in the orientations of behavioral forces may lead to a media gap between what is required to be disclosed and what has been disclosed.

7- Study of (Akeju and Babatunde, 2017): "Corporate Governance And Financial Reporting Quality In Nigeria"

The study aimed to verify the relationship between governance and the quality of financial reports. It relied on analyzing the annual report data of a sample of 40 companies listed on the Nigerian Stock Exchange during the period between 2006 and 2015. It concluded that there is a positive relationship between internal governance mechanisms represented by internal auditing and the quality of financial reports.



8- Study of (Gebrayel et al., 2018): "Effective association between audit committees and the internal audit function and its impact on financial reporting quality: Empirical evidence from Omani listed firms"

Study objective: The impact of the relationship between internal audit and the quality of financial reports. The descriptive analytical approach was adopted and the least squares method was used, on a sample of (71) companies listed on the Muscat Stock Exchange for the period from (2013-2014). The study concluded that there is no significant relationship between governance mechanisms except for internal audit, as it has a positive impact on the quality of financial reports.

9- Study of (Al-Harbi, 2021): "The impact of corporate governance on the quality of financial reports: An applied study on banks listed in the Saudi Stock Exchange."

The study aimed to identify the impact of corporate governance on the quality of financial reports and used the descriptive analytical approach in analyzing the data. The study concluded that there is an impact in applying some governance mechanisms (internal audit) on the quality of financial reports.

Many of the studies reviewed addressed the subject from different aspects. Some studies analyzed the relationship between governance and its ability to achieve the quality of accounting information. While others analyzed the relationship between governance mechanisms and the quality of reports and financial statements, considering that the quality of reports and financial statements means the quality of accounting information. All of these studies attempted to demonstrate the use of governance mechanisms separately and their impact on the quality of financial statements and accounting information, especially internal mechanisms, the most important of which is internal auditing. There is no doubt that internal auditing has a strong impact on achieving the quality of information. The results of some studies also indicated a strong relationship between the quality of internal governance mechanisms, especially internal auditing, and the quality of information and financial statements. Some studies provided evidence that good governance mechanisms affect the quality of information. Some studies recommended the importance of activating governance mechanisms, especially internal auditing, due to their positive impact in protecting establishments and preventing them from being manipulated and thus collapsing, as the behavior of individuals is affected by the quality of information when using it in decision-making.

Other studies have shown the necessity of using the behavioral approach to governance mechanisms because of its role in understanding behavior and focusing on the psychological aspects of the human element to reduce the occurrence of collapses. Ignoring the behavioral aspect is a cause of deviation and fraud in financial statement information, which affects the value of the disclosed



information and thus the trend towards practicing earnings management, which is one of the most important forms of behavioral deviation that affects the quality of information.

It also addressed behavioral biases and deviations and their impact on governance mechanisms and the recognition that such biases and deviations are a cause of weak governance mechanisms, which weakens the mechanisms of internal control and auditing and provides a suitable environment for tampering with accounting information.

Despite the importance of this, we did not find studies that addressed the impact of the behavioral role of internal auditing and how it contributes to improving the quality of information, so we head through this research in this direction to clarify the behavioral role in activating internal auditing in order to achieve raising the level of information quality.

SECTION TWO

The behavioral approach and its role in internal auditing

The human element is considered one of the most important real resources that affect the efficiency and effectiveness of establishments, which means that there is an impact of human behavior on the quality of performance, and its impact is reciprocal between the two parties to avoid many errors and risks expected to occur in the future. The behavioral aspect combines the concepts and principles of the various human sciences that focus on understanding and interpreting human behavior and trying to benefit from them to predict the available forms of human behavior (Alotaibi, et al., 2021). This was given attention after the financial collapses of many establishments, the most important causes of which were behavioral problems, so interest in the behavioral approach and its related sciences increased (Natalis, 2022).

Since there is a link between the behavioral aspect and governance mechanisms represented by internal auditing, it is necessary to identify the extent of the impact of the behavioral trend on internal auditing (Iwu-Egwuonwu, 2011). Where the human behavior of the auditor is understood, whether individual or collective, and the tools that influence this behavior are identified and directed towards achieving the intended goals that work to achieve governance goals efficiently and effectively (Gebrayel et al., 2018). On the other hand, studying behavior is of great importance in understanding behavior and dealing with it, knowing its motives, and trying to control and control it, and thus the possibility of predicting it (Natalis, 2022).

2-1 Definition of behavioral approach

The definition of behavioral approach can be summarized as a set of behavioral concepts and behavioral variables that play a prominent role in studying, predicting and directing human behavior (Al-Harbi, 2021). It represents a set of behavioral



concepts, behavioral trends, behavioral factors, or behavioral variables, including dependency, perception, anxiety, participation, motivation, learning, communication, values, personality, and decision-making. Behavioral concepts are appropriate for accountants' uses, in addition to being the most common behavioral concepts in behavioral accounting (Alotaibi, et al, 2021). Some believe that using behavioral concepts to explain, understand, control and direct human behavior in a way that achieves the general goals of organizations (Aqili, 2019). These concepts play a vital role in determining the internal values of establishments, as behavioral patterns affect all decisions made by people that contribute to achieving the objectives of establishments and thus the objectives of governance. Also, the quality of the behavioral level is the way to raise the quality of performance and thus affects the quality of accounting information (Al-Harbi, 2021).

2-2 Objectives of the behavioral approach

The behavioral approach is characterized by being the approach that highlights all aspects, both positive and negative, in order to benefit from the positive aspects in identifying the characteristics of behavior and the factors influencing it, interpreting them, and identifying the factors that help direct behavior to achieve goals. Therefore, it can be considered that the general goal in studying the trend or behavioral approach is to provide behavioral students with a greater ability to understand human behavior and the possibility of dealing with it, and not to create ideal human forces, and there are a set of goals for the behavioral approach as follows (Natalis, 2022):

- Understanding, interpreting and dealing with human behavior.
- Increasing the ability to predict, control and manage behavior.
- Planning and developing solutions to develop and improve behavior.
- Studying, understanding and predicting human behavior increases the ability to deal with, understand, modify and bring behavior to a certain level to achieve specific goals.

There are several levels and variables of behavior that have been identified according to the behavioral approach

- At the individual level, which focuses on explaining and understanding individual behavior and determining its suitability to the variables affecting it, such as integration into work, as it is considered the psychological capital of establishments (Alotaibi, et al, 2021).
- At the group level, which is concerned with explaining and understanding the behavior of the groups to which the individual belongs, and determining its trends and its impact on the establishment).
- At the organizational level, which is concerned with studying the relationship between individuals and the establishment, as the relationship between individuals



varies and differs from one individual to another, such as learning and belonging (Al-Harbi, 2021), competition between companies, and economic conditions (Alotaibi, et al, 2021).

2-3 Internal auditing and the possibility of relying on the behavioral aspect

At the present time, the behavioral aspect is being studied for its importance in the possibility of directing human behavior that is easy to manipulate or misuse, and achieving effectiveness in the practical aspect requires good ethical behavior for individuals (Arjoon, 2017), especially in the financial aspects, at a time when laws, legislation and oversight are necessary to achieve the effectiveness of internal auditing, but without studying the behavioral aspect of individuals working in financial units, especially internal audit units, it is considered one of the things that are difficult to dispense with, as there is a need to analyze the behavioral trend to activate internal auditing and improve the strategy of supervisory work and develop supervisory concepts, and to explain the behavioral aspects that affect important decision-making, as well as directing behavior to achieve the goals of internal auditing (Krishnamurti, et al. 2017). Therefore, the behavioral role of individuals in activating internal auditing cannot be overlooked as it is vital and necessary for protection because it ensures the integrity of work behaviors and directs them.

2-4 Analysis of the relationship between behavioral orientation and internal auditing

Internal auditing is considered one of the most important pillars of effective governance, because internal auditing plays a vital role in providing good accounting services and information to users of financial statements (Natalis, 2022), because it is the first line of defense to reduce corruption (Dittenhofer, et al., 2010). Therefore, attention was paid to the behavioral aspects of internal auditing in the mid-twentieth century, especially with regard to the psychological effects on the behavior and actions of internal auditors of internal audit operations, and the resulting results, recommendations and decisions that may reflect different trends and positions, whether inside or outside the facility. The following are some of the behavioral aspects of the internal auditor (Endaya & Hanefah, 2016):

1- Personal characteristics of the internal auditor: Personal characteristics, whether at the individual or group level, affect the auditor's work and the effectiveness of internal auditing.

2- The audit function is a behavioral function: The internal audit function has an important role in corporate governance as it is one of the behavioral control tools (Al-Hafeyan, 2017; Othman, 2016) because it seeks to improve the behavior of employees in establishments and reduce work risks, because it monitors and evaluates human behavior and behavior. Providing realistic information about the performance and behavior of employees in the establishment is one of the most



important goals of internal auditing (Al-Harbi, 2021), as it influences behavior and subjects individuals or their behaviors to evaluation to avoid potential risks from that, and this is done either by a responsible person or a committee at a higher organizational level or by the audit manager himself (Natalis, 2022).

3- Internal audit and individual behavior: There is a link between internal audit plans and the behavior of individuals working in auditing in terms of their commitment to internal control procedures, rules and standards, as individuals are negatively or positively affected by internal audit regulations and standards (Nieken, et al., 2011). Here, the auditor must realize the importance of individuals working for any job.

4- The auditor's ability to form relationships: According to behavioral theories, there is a relationship between auditing and other units, as there is a relationship between auditors and individuals working at different administrative levels, and there must be positive, cooperative relationships with all parties associated with them, whether inside or outside the facility (Hassan, & Yaqoub, 2019). The success of auditors' work is linked to the quality of these relationships, which can be identified as follows (Dittenhofer, et al., 2010):

- The auditor's relationship with those working with him in the audit department.
- The auditor's relationship with the audit manager.
- The auditor's relationships with the rest of the individuals working in other units.
- The auditor's relationships with the board of directors.
- The auditor's relationship with the entity being audited.
- The auditor's relationship with the external auditor.
- The auditor's relationship with the audit committees.

The process of managing relationships and convincing individuals that the primary goal of internal auditing is to help the organization achieve success and this requires identifying areas through which assistance can be made in achieving common goals for the organization's auditor is considered one of the most important behavioral roles of auditing.

2-5 Analyzing the behavior of the internal auditor during the implementation of the audit process

The internal auditor must, during the implementation of his work, take into account a set of matters (Tresh, 2017) that will form an idea about his personality and create a certain impression among individuals when he performs the audit process, which usually this idea is based on the behavior and actions of the auditor. Among the matters that must be taken into account are the individual differences between individuals regarding scientific experience and scientific background. The power possessed by the auditor must be used to intimidate and terrorize the parties subject to the audit process because this behavior leads to spoiling the relationship between the two parties and thus difficulty in dealing with each other and the



results are unsatisfactory, which affects the effectiveness of performance (Dittenhofer, et al., 2010). Therefore, attention must be paid to behavioral concepts that work to improve the image of auditing.

We understand from this that the audit function is a behavioral function in itself before it is a control function, as behavioral control improves the behavior of the actors of governance mechanisms, whether it is the behavior of individuals working in auditing or the entity being audited, and attention is paid to the relationships that arise between them because they are all considered governance mechanisms. Therefore, attention must be paid to the behavioral aspect of the auditor because of its vital and effective role in increasing the effectiveness of internal auditing and thus the effectiveness of governance mechanisms.

Since internal auditing is considered the main source of reliable information by providing neutral technical reports on the financial statements that external parties rely on in making their decisions, such as the external auditor, for example, whose work depends on the work of internal auditing to reduce the efforts made to perform the same work, where the work here is comprehensive and integrated by both parties on the condition that independence is achieved, which may be in doubt. The external auditor examines and evaluates the internal control system in the facility with the aim of providing a neutral technical opinion, and here professional doubt appears in the independence of the auditor as one of the behavioral aspects (Mohamed, et al., 2020).

Professional doubt is a mental thinking that drives the auditor's behavior. It is considered a type of caution and care, as there is doubt about the validity of the reports submitted for auditing, whether they reflect the truth, because professional skepticism is based on a critical evaluation of the evidence provided, and inquiring whether the information and evidence obtained suggest the presence of distortion, fraud, or manipulation of data. It is necessary to be prepared and ready if the evidence provided contradicts each other and to carry out the process of fundamental evaluation of it. Here, the auditor must enjoy complete independence to express an impartial technical opinion in his report, because if he fails to practice it, this may result in the failure of the audit process (Arjoon, 2017), especially after the emergence of financial scandals at the beginning of the twenty-first century, where many studies indicated that most cases were attributed to the failure of auditing processes, the most important reasons for which were the low level of professional skepticism among auditors (Natalis, 2022).

Some studies agreed on the sources of professional doubt, as it is possible to distinguish between two types of sources of professional doubt. There is acquired professional doubt, meaning that it results from the auditor's acquisition of his previous experiences, and doubt resulting from the auditor's personal qualities or characteristics, which is called trait doubt or doubt related to personal tendencies



and inclinations. The auditor's professional doubt is affected by his individual personal characteristics, motives and variables about a specific situation (Arjoon, 2017). There are a set of characteristics that the auditor's professional doubt must have. The first, according to auditing standards, is that the auditor maintains the behavior of professional doubt throughout the audit process and is aware of the possibility of distortion resulting from fraud, even if the entity subject to the audit enjoys honesty and integrity of management. Therefore, the second characteristic must be available, which is self-confidence and autonomy (Natalis, 2022) and suspending personal judgment, questioning the mind and searching for knowledge, and verifying the human aspects to understand the personality of individuals and know the pressures affecting them to commit fraud (Arjoon, 2017).

SECTION THREE

Internal Auditing and Information Quality

Internal auditing is the main source of reliable information that most beneficiaries rely on by submitting their independent reports on the financial statements. The auditing process is part of a comprehensive program designed to meet the organizational needs of management to achieve goals and avoid risks. Given the importance of the auditing process, auditors must be selected, evaluated, and their behavior evaluated to ensure the best performance. The evaluation process must be comprehensive.

The success of internal auditing work does not depend on paying attention to the characteristics of the work being reviewed only, but extends to the characteristics of the working individuals (the auditors themselves) (Muqled, et al., 2019) and the quality of information (Gebayel et al., 2018). Therefore, it is required for the auditor to have sufficient knowledge to understand the behavioral competencies of individuals in addition to his scientific and practical qualifications because the results of the auditing process are affected by many related parties, whether internal or external, such as senior management, the entity subject to auditing, and the external auditor, whose behaviors and actions are reflected in the results of the auditing work.

Information Quality Information quality means that the information is appropriate, achieves its purpose, and meets the needs and expectations of users. It must have a set of qualitative characteristics that accounting information must have and make the decisions based on it correct and accurate decisions. This is what is meant by "information quality". The following are some of the characteristics (Al-Khuder, 2021).

- Honest representation: The information must honestly express the financial transactions that actually occurred in order to be reliable, as the information is



objective in that it expresses the phenomena it represents and can be referred to in books and records.

- Relevance: The information must be related to the decisions made about it. If the information is appropriate and correct, the decisions based on it will be correct. However, if it is inappropriate, the decisions based on it will be misleading. Accounting standards have indicated that appropriate information is the information that is capable of making a difference in decisions through its ability to create future predictions, or correct or enhance previous predictions.

- Neutrality: By neutrality, we mean that the information is not biased towards a certain direction, so that it does not serve a certain party at the expense of another party.

- Free from errors: That is, the information is free from errors that will affect the decisions based on it.

- Honest representation: That is, the information is representative of reality and of processes supported by documents and events that have actually taken place based on a real exchange and documents indicating their occurrence without any distortion.

- Comparability: That is, the information is comparable whether vertically or horizontally. By vertical comparison, we mean comparing a specific financial period with other periods for the same establishment, while horizontal comparisons are comparing the establishment's performance with other establishments similar to it in activity.

- Verifiability: That is, the information achieves the same results using the same methods, regardless of the differences between the individuals who carry out the measurement process using the same measurement methods, that is, the extent to which there is a high degree of consensus among independent accountants when they use the same measurement methods and come up with similar results for economic events.

- Appropriate timing: The information available must be appropriate for making a decision at the appropriate time when the information has an impact on the decision, as information loses its value over time.

- Understandability: The information must be easy, clear, and free from complexity and difficulty, and must be in a form that is easy and understandable to all users.

Auditing Process Areas

There are key areas of work that must be taken into consideration when conducting audits (Dittenhofer, et al., 2010):

- Selecting, supervising and understanding the working individuals enhances the effectiveness of the audit as adherence to professional standards.

- Confronting individuals at various levels related to it, who must be influenced and understood, because it enables the auditor to obtain all the information



necessary to achieve his goals efficiently and effectively, because his effectiveness depends on his success in that.

- Ensuring that there is no overlap between operations and working individuals. Management will have all the information and a complete idea of the results and recommendations before the audit reports are submitted (Gebrayel et al., 2018).
- Every issue addressed and every result reached must be taken into account in terms of its impact on individuals.

The role of internal auditing in achieving information quality

Internal auditing contributes to establishing a basic rule for professional and ethical discipline and establishing principles, transparency and integrity (Fouda, et al., 2019). Since the responsibility of executive management enhances ethical behavior and encourages reporting any suspicions of errors or material distortion or exploiting loopholes in accounting methods to improve the status of the facility, internal auditing has an important role in reducing fraudulent behavior, manipulation or profit management, and it also has a major role in reducing incorrect accounting practices because it is an undesirable behavior. It also has great importance in the regularity of accounting and administrative operations as well as the information provided in financial reports, so the role of internal auditing in achieving the quality of accounting information cannot be overlooked (Al-Hardan, 2020). Internal auditing contributes to improving operations, activating other governance mechanisms, correcting existing errors, and providing guidance to improve the quality of information, as can be explained as follows: (Kaawaase, et. al, 2021):

- Exerting the necessary professional care in the personal qualities of the auditor such as integrity, honesty, and efficiency. Which helps him to discover errors in the financial statements and report them in order to reduce duplication of information and asymmetry of information provided to the beneficiaries.
- Verifying the validity of the document set used and the efficiency of the control systems on it, to verify the quality of data and information that are inputs to the financial statements. And evaluating the internal control system.
- Reducing profit management and practicing creative accounting by verifying the extent of consistency in applying known accounting policies, and the efficiency of the internal control system. And emphasizing adherence to the established policies and procedures.
- Facilitating the process of self-assessment of risks and control systems for the relevant parties.

Therefore, the role of internal audit is not limited to implementing its roles as a confirmatory and advisory element and detecting errors and manipulation in the financial statements, but rather it has come to include all activities and systems used in the facility, and assisting management in evaluating performance and



discovering the risks surrounding it and trying to avoid them, in a way that ensures achieving efficiency and effectiveness of performance (Krishnamurti, et al. 2017) and achieving the quality of accounting information, through the following:

- Evaluating internal control systems
- Discovering errors, deviations and risks to which the facility is exposed through its advisory role
- Providing advice to the Board of Directors to avoid risks and try to avoid them in the future
- Emphasizing the provision of error-free information that honestly and faithfully expresses the real status of the facility (Kaawaase, et. al, 2021).

SECTION FOUR

Field Study

4-1- Research Community and Sample:

The research community represents all working individuals, approximately 500 individuals related to the research variables. A random sample of approximately 250 individuals was selected from among them, and a questionnaire list was designed that included a set of questions about the research variables, and distributed to the research sample. The answers were obtained in approximately 200 forms, while 50 forms were excluded for being unsuitable for use.

4-2- Validity and reliability:

Validity and reliability: Validity means testing data collection tools to ensure the degree of consistency and obtain identical results if they are used again. As for reliability, it means that if the measurement processes for the same individual were repeated, the same results would appear. The Cronbach's alpha scale was used to ensure the stability of validity and reliability, as shown in Table No. (1), and it was found that there was internal consistency in the answers of the sample members to the questionnaire variables, and the level of stability and validity of the questionnaire was very high, as the stability coefficient reached greater than 60%, while validity was greater than 80% (which represents the root of stability).

Table No. (1): Measuring the validity and reliability of the questionnaire using Cronbach's Alpha

Variable	Number of statements	Alpha coefficient	Validity coefficient
Behavioral trend	10	0.675	0.821
Internal audit	10	0.692	0.831
Information quality	10	0.698	0.835



4-3 Demographic variables of the research sample:

The demographic variables include gender, age, academic qualification, years of experience, and the results are shown in Table No. (2)

Table No. (2): Description of the study sample

Demographics	Categories	Frequency	Percentage
Gender	Males	75	37.5%
	Females	125	62.5%
	Total	200	
Age	25-30	60	30%
	30 -35	70	35%
	35-40	25	12.5%
	40+	45	22.5%
	Total	200	
Educational Qualification	Bachelor's	100	50%
	Higher Diploma	35	17.5%
	Master's	40	20%
	Doctorate	25	12.5%
	Total	200	
Years of Experience	Less than 5 years	20	10%
	5 -10	28	14%
	10 - 15	45	22.5%
	15 - 20	32	16%
	20+	75	37.5%

Regarding the gender variable, the percentage of reliance on females was higher than males. As for the age variable, most of the age groups were between 25-30, while the 30-35 age group was the most common, followed by the 40 and over age group. The reason may most likely be due to the interest in young groups because they are more energetic and active than others. As for the academic qualification, it was found that the percentage of bachelor's degree holders was the highest category, followed by master's degree, then diploma, then doctorate. As for the years of experience, the highest percentage was for the group of more than 20 years, which indicates that the individuals of the selected sample are an educated group with conscious experience in supervisory work.

4-4 Statistical analysis In order to test the research hypotheses



Statistical analysis of the data was carried out using the SPSS program, in order to identify the form and nature of the data and to identify the value of the arithmetic averages and standard deviations of the study variables. This is shown in Table No. 3.

Table No. (3) Measuring the arithmetic means and standard deviation of the research variables

Variable	Mean	Standard Deviation	Coefficient of Variation
Behavioral Aspect Axis	4.32	0.47	10.9%
Internal Audit Axis	4.50	0.51	11.3%
Information Quality Axis	4.37	0.48	10.8%

It is clear from the results in the table above that the values of the arithmetic means for all variables were greater than the value of the hypothetical arithmetic mean (3). This means that there is a complete awareness among the sample members of the research variables.

4-5 Testing the research hypotheses:

To test the research hypothesis, the simple linear regression coefficient and the coefficient of determination were measured, and the results of the data analysis were as follows:

- The results of measuring the regression coefficient for the research variables "internal audit behaviors and information quality" showed that there is a statistically significant and moral effect of internal audit behaviors and information quality, as shown in Table No. (4)

Table No. (4) Measuring the regression coefficient for the research variables

Independent variable \ Dependent variable	Behavioral approach to internal auditing				
	R2	F	B	a	significance level
Quality of information	43.3	20.36	0.617	1.654	Significant
	43.3	20.36	0.617	1.654	significant

R²: Coefficient of determination, F: Value calculated for Fisher's test,

B: Beta coefficient, a: Constant term of regression curve



Table No. (4) shows that there is a statistically significant and moral effect of internal audit behaviors and information quality, as the calculated value (f) appeared greater than its tabular value at a significance level of (0.05), and the value of (B) appeared less than 1, which indicates that internal audit behaviors have an effect on information quality. As for the value of R^2 , it indicates that (43.3%) of the total variance in information quality is determined by the research sample of internal audit behaviors, and the remaining percentage of (56.7) represents the percentage of the effect of other unknown variables. From noting the value of (a) that appeared greater than zero, which means that there is a good relationship between internal audit behaviors and information quality and that there is great interest in information quality by an amount of (1.654)

We conclude from this that the more interest in internal audit behaviors, the better the quality of information, as interest in monitoring the behaviors of individuals working in internal audit contributes to reducing the practice of some behaviors and opportunism that are harmful to human behavior, which affects the success of the auditor and the achievement of his goals in providing good and effective information.

This means rejecting the null hypothesis “There is no statistically significant relationship between internal audit behaviors and raising the level of information quality” and accepting the alternative hypothesis “There is a statistically significant relationship between internal audit behaviors and raising the level of information quality.”

Results

- Most studies indicated that most of the cases that caused financial crises were non-financial aspects, but rather behavioral aspects. And that most of the cases were attributed to failure in auditing operations, the most important reason for which was the low level of professional skepticism among auditors, which is considered one of the behavioral concepts in auditing.
- The behavioral aspect leads to increasing the responsibility of internal auditing in terms of its impact on the efficiency of performance in the facility.
- The behavioral aspect helps shed light on the relationships within the internal audit function itself and its impact on the efficiency of the examination and evaluation process carried out by the internal auditor to serve management.
- The ability of internal auditing to assist the board of directors in directing behavior to achieve goals by providing high-quality and effective information.
- The existence of a relationship between internal audit work behaviors and information quality, as there are links between behavioral trends and internal auditing that ensure improving the efficiency and quality of information.

Recommendations

Based on the research results, the researcher can recommend the following:



- Paying attention to studying behavioral trends due to their importance in directing human behavior that can be easily manipulated or misused, as achieving effectiveness requires good ethical behavior for individuals.
- Paying attention to studying the human element, which is considered the intellectual capital of the facility, and neglecting this may cause a delay in performance and thus failure to achieve goals.
- Management's interest in its behavior with internal audit bodies due to its psychological impact on the auditor and his behavior while performing his work and its reflection on the auditing process, as well as trying to develop appropriate tools and procedures to create an ethical work environment that works to improve the quality of preparing financial reports and the quality of information.
- The necessity of paying attention to human behavior and its control by special professional organizations, to understand its motives in a way that contributes to predicting it and directing it towards achieving goals.
- Individuals must be made aware of the importance of activating the policy of reporting errors and unethical or illegal behavior through various media outlets.

References

- Abu-Risheh, K. E., & Al-Sa'eed, M. A. (2012). The impact of good corporate governance practices on financial reporting quality: Empirical evidence from Jordanian listed companies. *Corporate Ownership and Control Journal*, 9(4), 178-186.
- Ahmed, I. M. R. (2020). The relationship between corporate governance mechanisms and the level of optional disclosure and its interactive impact on the company's performance: an applied study on companies restricted in the Saudi stock market. Accounting Thought: Ain Shams University - Faculty of Commerce - Accounting and Review Department, 24 (4), 1-51.
- Ahmed, H., & Shehata, M. (2015). *The impact of corporate governance on research and development voluntary disclosure: UK evidence* (Doctoral dissertation, Durham University).
- Ahmed, M. A. (2012). The negative view of the internal review of the reasons and the causes. *Unpublished Master Thesis*. Sudan Open University.
- Akeju, J. B., & Babatunde, A. A. (2017). Corporate governance and financial reporting quality in Nigeria. *International Journal of Information Research and Review*, 4(2), 3749-3753.
- Al-Hafeyan, H. A. M. (2017). The Role of Internal Auditing in Reducing the Expectation Gap in Auditing. *Unpublished Master's Thesis*. University of Shendi - College of Graduate Studies and Scientific Research. Sudan.
- Al-Harbi, A. W. (2021). The impact of corporate governance on the quality of financial reports: an applied study on the banks listed in the Saudi financial market



"Tadawul". *Journal of the Islamic University for Economic and Administrative Studies*. 29 (3), 223-253.

Al-Hardan, M. A. (2020). The impact of internal audit procedures on the quality of accounting information in Kuwaiti commercial banks. *Ramah Journal for Research and Studies*. 43, 23-41.

Al-Jumaili, T. J. S. (2019). Internal corporate governance mechanisms and their impact on reducing financial fraud in Iraqi commercial banks. *Unpublished master's thesis*. Al al-Bayt University.

Al-Khuder, A. S. M. (2021). Modern trends for internal review and their impact on the quality of the published financial reports: a field study on a sample of Sudanese banks. *Al-Qalzam Journal for Economic and Social Studies: Research and Studies Center for the Red Sea Basin countries*. 2, 235-272.

Alotaibi, D. A. A., Al-Kawaz, S. M. J., & Abbas, A. A. (2021). Improving product quality under the application of lean accounting tools within the behavioral approach. *International Journal of Economics and Financial Issues*, 11(2), 76-87.

Al-Sufy, F. J., Almbaideen, H. I. M., Al_abbadi, H. M., & Makhoulf, M. H. (2013). Corporate governance and its impact on the quality of accounting information in the industrial community shareholding companies listed in Amman financial market-Jordan. *International Journal of Humanities and Social Science*, 3(5), 184-195.

Aqili, K. I. A. (2019). Supporting the cost leadership accounting system through the behavioral approach: A theoretical and applied study. *Journal of Contemporary Business Research: Sohag University-Faculty of Commerce*, 33(1), 133–176.

Arjoon, S. (2017). Virtues, compliance, and integrity: A corporate governance perspective. *Handbook of Research on Teaching Ethics in Business and Management Education*, 995-1002.

Dickerson, A. M. (2003). Behavioral Approach to Analyzing Corporate Failures. *Wake Forest L. Rev.*, 38, 1.

Dittenhofer, M. A., Ramamoorti, S., Ziegenfuss, D. E., & Evans, R. L. (2010). *Behavioral dimensions of internal auditing: A practical guide to professional relationships in internal auditing*. Institute of Internal Auditors, Research Foundation.

Endaya, K. A., & Hanefah, M. M. (2016). Internal auditor characteristics, internal audit effectiveness, and moderating effect of senior management. *Journal of Economic and Administrative Sciences*, 32(2), 160-176.

Fouda, S. E., & Al -Yamani, Z. A. M., & Al -Shafi'i, Y. Z. S. (2019). Mechanisms for activating the role of the auditor in reviewing the financial statements of Egyptian NGOs: a field study. *Contemporary Commercial Studies Journal: Kafr El -Sheikh University - Faculty of Commerce*, 7, 652-692.



- Gebrayel, E., Jarrar, H., Salloum, C., & Lefebvre, Q. (2018). Effective association between audit committees and the internal audit function and its impact on financial reporting quality: Empirical evidence from Omani listed firms. *International Journal of Auditing*, 22(2), 197-213.
- González, M., Modernell, R., & París, E. (2006). Herding behaviour inside the board: An experimental approach. *Corporate Governance: An International Review*, 14(5), 388-405.
- Hassan, M. F. H., & Yaqoub, F. A. (2019). The faithful representation of accounting information according to the requirements of presenting financial statements under the international standard (IFRS-15) Revenue from contracts with customers. *Journal of Accounting and Financial Studies(JAFS)*.
- Issa, S. K. M. (2008). The impact of the quality of external review on the processes of profit management" *Journal of the Faculty of Commerce for Scientific Research - Alexandria University*. 2(45).
- Iwu-Egwuonwu, D. R. C. (2011). Behavioral Governance, Accountability and Corporate Governance Quality. *Journal of Economics and International Finance*, 3(1), 1–12.
- Jafal, Khaled. (2015). The impact of behavioral accounting theories on the structure of the interaction of disclosure and measurement. *Journal of Economic Sciences and Management Sciences: University of Algeria-College of Economic and Commercial Sciences and Management Sciences*, A.1, 229-245.
- Kaawaase, T. K., Nairuba, C., Akankunda, B., & Bananuka, J. (2021). Corporate governance, internal audit quality and financial reporting quality of financial institutions. *Asian Journal of Accounting Research*, 6(3), 348-366.
- Kachouri, M., & Jarboui, A. (2017). Exploring the relation between corporate reporting and corporate governance effectiveness. *Journal of Financial Reporting and Accounting*, 15(3), 347-366.
- Krishnamurti, C., Shams, S., & Chowdhury, H. (2017). Empire building and corporate social responsibility. In *Asian Finance Association (Asian FA) 2017 Conference*. www.ssrn.com.
- Mohamed, M. N. F., Barakat, M. I. M. A., & Mustafa, M. M. I. (2020). The role of professional skepticism in supporting the external auditor to reduce innovative accounting practices. *Journal of Contemporary Business Research: Sohag University - Faculty of Commerce*, 34(3), 261-290.
- Muqled, M. M. A. , & Al -Bassiouni, M. H. , & Faris, Z. S. H. (2019). The role of the internal references to activate the principles of the ruler of the companies and the positive effects reflected on the performance of the companies: a theoretical study. *Financial and Commercial Research Journal: Port Said University - Faculty of Commerce*,1, 25-51.



- Natalis, N. (2022). Behavioral strategy analysis using the fraud diamond theory approach to detecting corporate fraud in Indonesia. *International Journal of Business and Management Invention (IJBMI)*, 9(4), 66-74.
- Nieken, P., Sadrieh, A., & Zhou, N. (2011). *Overconfidence and Managers' Responsibility Hoarding* (No. 368). SFB/TR 15 Discussion Paper.
- Othman, Q. A., & Ali, A. (2016). The impact of corporate governance on the quality of financial reports: An experimental study on companies listed in Arab financial markets. *Unpublished Master's Thesis*. Faculty of Economics. Tishreen University. Syria.
- Suto, M., & Toshino, M. (2005). Behavioural biases of Japanese institutional investors: Fund management and corporate governance. *Corporate Governance: An International Review*, 13(4), 466-477.
- Tresh, N. (2017). The relationship of internal audit implementation and enhancement of their acceptance by persons whose work is subject to review. Case Study. *Economic Books Journal*. 8,(1), 218-233