

# INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT & MANAGEMENT

I  
J  
R  
C  
M



A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

*Indexed & Listed at:*

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.

Open J-Gate, India [link of the same is duly available at Inlibnet of University Grants Commission (U.G.C.)],

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 2501 Cities in 159 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

<http://ijrcm.org.in/>

# CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	ISSUES AND SUGGESTIONS FOR THE IMPLEMENTATION OF THE INDIA'S RIGHT TO INFORMATION ACT 2005 IN LIGHT OF THE LATIN AMERICAN COUNTRIES' EXPERIENCE <i>DR. PRATIBHA J.MISHRA</i>	1
2.	AN EMPIRICAL STUDY ON JOB STRESS IN PRIVATE SECTOR BANKS OF UTTARAKHAND REGION <i>MEERA SHARMA &amp; LT. COL. DR. R. L. RAINA</i>	7
3.	FOREIGN DIRECT INVESTMENT IN INDIA: AN OVERVIEW <i>DR. MOHAMMAD SAIF AHMAD</i>	14
4.	REFLECTIONS ON VILLAGE PEOPLE'S SOCIO - ECONOMIC CONDITIONS BEFORE AND AFTER NREGS: A DETAILED STUDY OF ARIYALUR DISTRICT, TAMIL NADU <i>DR. P. ILANGO &amp; G. SUNDHARAMOORTHY</i>	19
5.	THE CAUSAL EFFECTS OF EDUCATION ON TECHNOLOGY IMPLEMENTATION – EVIDENCE FROM INDIAN IT INDUSTRY <i>S.M.LALITHA &amp; DR. A. SATYA NANDINI</i>	25
6.	A STUDY ON ONLINE SHOPPING BEHAVIOUR OF TEACHERS WORKING IN SELF-FINANCING COLLEGES IN NAMAKKAL DISTRICT WITH SPECIAL REFERENCE TO K.S.R COLLEGE OF ARTS AND SCIENCE, TIRUCHENGODE, NAMAKKAL DISTRICT <i>SARAVANAN. R., YOGANANDAN. G. &amp; RUBY. N</i>	31
7.	AN OVERVIEW OF RESEARCH IN COMMERCE AND MANAGEMENT IN SHIVAJI UNIVERSITY <i>DR. GURUNATH J. FAGARE &amp; DR. PRAVEEN CHOUGALE</i>	38
8.	VARIABLE SELECTION IN REGRESSION MODELS <i>M.SUDARSANA RAO, M.SUNITHA &amp; M.VENKATARAMANAIH</i>	46
9.	CUSTOMER ATTITUDE TOWARDS SERVICES AND AMENITIES PROVIDED BY STAR HOTELS: A STUDY WITH REFERENCE TO MADURAI CITY <i>DR. JACQUELINE GIGI VIJAYAKUMAR</i>	50
10.	QUALITY AND SUSTAINABILITY OF JOINT LIABILITY GROUPS AND MICROFINANCE INSTITUTIONS: A CASE STUDY OF CASHPOR MICROCREDIT SERVICES <i>DR. MANESH CHOUBEY</i>	56
11.	INDIAN MUTUAL FUND MARKET: AN OVERVIEW <i>JITENDRA KUMAR &amp; DR. ANINDITA ADHIKARY</i>	63
12.	SMART APPROACHES FOR PROVIDING THE SPD'S (SECURITY, PRIVACY & DATA INTEGRITY) SERVICE IN CLOUD COMPUTING <i>M.SRINIVASAN &amp; J.SUJATHA</i>	67
13.	A COMPARATIVE STUDY ON ETHICAL DECISION-MAKING OF PURCHASING PROFESSIONALS IN TAIWAN AND CHINA <i>YI-HUI HO</i>	70
14.	THE INTERNAL AUDIT FUNCTION EFFECTIVENESS IN THE JORDANIAN INDUSTRIAL SECTOR <i>DR. YUSUF ALI KHALAF AL-HROOT</i>	75
15.	STUDY ON ROLE OF EFFECTIVE LEADERSHIP ON SELLING VARIOUS INSURANCE POLICIES OF ICICI PRUDENTIAL: A CASE STUDY OF SUBHASH MARG BRANCH, DARYAGANJ <i>SUBHRANSU SEKHAR JENA</i>	80
16.	AN EMPIRICAL STUDY ON WEAK-FORM OF MARKET EFFICIENCY OF NATIONAL STOCK EXCHANGE <i>DR. VIJAY GONDALIYA</i>	89
17.	THE GOLDEN ROUTE TO LIQUIDITY: A PERFORMANCE ANALYSIS OF GOLD LOAN COMPANIES <i>DR. NIBEDITA ROY</i>	94
18.	STUDY ON THE MANAGEMENT OF CURRENT LIABILITIES OF NEPA LIMITED <i>DR. ADARSH ARORA</i>	99
19.	QUALITY OF MEDICAL SERVICES: A COMPARATIVE STUDY OF PRIVATE AND GOVERNMENT HOSPITALS IN SANGLI DISTRICT <i>SACHIN H.LAD</i>	105
20.	DIVIDEND POLICY AND BANK PERFORMANCE: THE CASE OF ETHIOPIAN PRIVATE COMMERCIAL BANKS <i>NEBYU ADAMU ABEBE &amp; TILAHUN AEMIRO TEHULU</i>	109
21.	CUSTOMER KNOWLEDGE: A TOOL FOR THE GROWTH OF E-LEARNING INDUSTRY <i>DR. MERAJ NAEM, MOHD TARIQUE KHAN &amp; ZEEBA KAMIL</i>	115
22.	THE EFFECTS OF ORGANIZED RETAIL SECTOR ON CONSUMER SATISFACTION: A CASE STUDY IN MYSORE CITY <i>ASHWINI.K.J &amp; DR. NAVITHA THIMMAIAH</i>	122
23.	PERCEIVED BENEFITS AND RISKS OF ELECTRONIC DIVIDEND AS A PAYMENT MEDIUM IN THE NIGERIA COMMERCIAL BANKS <i>OLADEJO, MORUF. O &amp; FASINA, H T</i>	127
24.	INDO - CANADIAN TRADE RELATION IN THE MATH OF POST REFORM PERIOD <i>ANITHA C.V &amp; DR. NAVITHA THIMMAIAH</i>	133
25.	IMPACT OF BOARD STRUCTURE ON CORPORATE FINANCIAL PERFORMANCE <i>AKINYOMI OLADELE JOHN</i>	140
26.	WORK LIFE BALANCE: A SOURCE OF JOB SATISFACTION: A STUDY ON THE VIEW OF WOMEN EMPLOYEES IN INFORMATION TECHNOLOGY (IT) SECTOR <i>NIRMALA.N</i>	145
27.	SCHOOL LEADERSHIP DEVELOPMENT PRACTICES: FOCUS ON SECONDARY SCHOOL PRINCIPALS IN EAST SHOWA, ETHIOPIA <i>FEKADU CHERINET ABIE</i>	148
28.	EMOTIONAL INTELLIGENCE OF THE MANAGERS IN THE BANKING SECTOR IN SRI LANKA <i>U.W.M.R. SAMPATH KAPPAGODA</i>	153
29.	IMPACT OF CORPORATE SOCIAL RESPONSIBILITY PRACTICES ON MEDIUM SCALE ENTERPRISES <i>RAJESH MEENA</i>	157
30.	IMPACT OF CASHLITE POLICY ON ECONOMIC ACTIVITIES IN NIGERIAN ECONOMY: AN EMPIRICAL ANALYSIS <i>DR. A. P. OLANNYE &amp; A.O ODITA</i>	162
	<b>REQUEST FOR FEEDBACK</b>	168

## CHIEF PATRON

**PROF. K. K. AGGARWAL**

Chairman, Malaviya National Institute of Technology, Jaipur  
(An institute of National Importance & fully funded by Ministry of Human Resource Development, Government of India)  
Chancellor, K. R. Mangalam University, Gurgaon  
Chancellor, Lingaya's University, Faridabad  
Founder Vice-Chancellor (1998-2008), Guru Gobind Singh Indraprastha University, Delhi  
Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

## FOUNDER PATRON

**LATE SH. RAM BHAJAN AGGARWAL**

Former State Minister for Home & Tourism, Government of Haryana  
Former Vice-President, Dadri Education Society, Charkhi Dadri  
Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

## CO-ORDINATOR

**AMITA**

Faculty, Government M. S., Mohali

## ADVISORS

**DR. PRIYA RANJAN TRIVEDI**

Chancellor, The Global Open University, Nagaland

**PROF. M. S. SENAM RAJU**

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

**PROF. M. N. SHARMA**

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

**PROF. S. L. MAHANDRU**

Principal (Retd.), Maharaja Agrasen College, Jagadhri

## EDITOR

**PROF. R. K. SHARMA**

Professor, Bharti Vidyapeeth University Institute of Management & Research, New Delhi

## CO-EDITOR

**DR. BHAVET**

Faculty, Shree Ram Institute of Business & Management, Urjani

## EDITORIAL ADVISORY BOARD

**DR. RAJESH MODI**

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

**PROF. SANJIV MITTAL**

University School of Management Studies, Guru Gobind Singh I. P. University, Delhi

**PROF. ANIL K. SAINI**

Chairperson (CRC), Guru Gobind Singh I. P. University, Delhi

**DR. SAMBHAVNA**

Faculty, I.I.T.M., Delhi

**DR. MOHENDER KUMAR GUPTA**

Associate Professor, P. J. L. N. Government College, Faridabad

**DR. SHIVAKUMAR DEENE**

Asst. Professor, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

***ASSOCIATE EDITORS***

**PROF. NAWAB ALI KHAN**

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

**PROF. ABHAY BANSAL**

Head, Department of Information Technology, Amity School of Engineering & Technology, Amity University, Noida

**PROF. A. SURYANARAYANA**

Department of Business Management, Osmania University, Hyderabad

**DR. SAMBHAV GARG**

Faculty, Shree Ram Institute of Business & Management, Urjani

**PROF. V. SELVAM**

SSL, VIT University, Vellore

**DR. PARDEEP AHLAWAT**

Associate Professor, Institute of Management Studies & Research, Maharshi Dayanand University, Rohtak

**DR. S. TABASSUM SULTANA**

Associate Professor, Department of Business Management, Matrusri Institute of P.G. Studies, Hyderabad

**SURJEET SINGH**

Asst. Professor, Department of Computer Science, G. M. N. (P.G.) College, Ambala Cantt.

***TECHNICAL ADVISOR***

**AMITA**

Faculty, Government M. S., Mohali

***FINANCIAL ADVISORS***

**DICKIN GOYAL**

Advocate & Tax Adviser, Panchkula

**NEENA**

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

***LEGAL ADVISORS***

**JITENDER S. CHAHAL**

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

**CHANDER BHUSHAN SHARMA**

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

***SUPERINTENDENT***

**SURENDER KUMAR POONIA**

## **CALL FOR MANUSCRIPTS**

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography; Development Planning; Development Studies; Econometrics; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript anytime** in ***M.S. Word format*** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com) or online by clicking the link **online submission** as given on our website ([FOR ONLINE SUBMISSION, CLICK HERE](#)).

## **GUIDELINES FOR SUBMISSION OF MANUSCRIPT**

1. **COVERING LETTER FOR SUBMISSION:**

DATED: \_\_\_\_\_

**THE EDITOR**  
IJRCM

**Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF.**

**(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)**

**DEAR SIR/MADAM**

Please find my submission of manuscript entitled ' \_\_\_\_\_ ' for possible publication in your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

**NAME OF CORRESPONDING AUTHOR:**

Designation:  
Affiliation with full address, contact numbers & Pin Code:  
Residential address with Pin Code:  
Mobile Number (s):  
Landline Number (s):  
E-mail Address:  
Alternate E-mail Address:

**NOTES:**

- a) The whole manuscript is required to be in **ONE MS WORD FILE** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
- b) The sender is required to mention the following in the **SUBJECT COLUMN** of the mail:  
**New Manuscript for Review in the area of** (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)
- c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
- d) The total size of the file containing the manuscript is required to be below **500 KB**.
- e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
- f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS:** The author (s) **full name, designation, affiliation (s), address, mobile/landline numbers, and email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.
6. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER**. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.
7. **HEADINGS:** All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
8. **SUB-HEADINGS:** All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.
9. **MAIN TEXT:** The main text should follow the following sequence:

**INTRODUCTION****REVIEW OF LITERATURE****NEED/IMPORTANCE OF THE STUDY****STATEMENT OF THE PROBLEM****OBJECTIVES****HYPOTHESES****RESEARCH METHODOLOGY****RESULTS & DISCUSSION****FINDINGS****RECOMMENDATIONS/SUGGESTIONS****CONCLUSIONS****SCOPE FOR FURTHER RESEARCH****ACKNOWLEDGMENTS****REFERENCES****APPENDIX/ANNEXURE**

It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed **5000 WORDS**.

10. **FIGURES & TABLES:** These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure. Sources of data should be mentioned below the table/figure.** It should be ensured that the tables/figures are referred to from the main text.
11. **EQUATIONS:** These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.
12. **REFERENCES:** The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:
  - All works cited in the text (including sources for tables and figures) should be listed alphabetically.
  - Use (ed.) for one editor, and (ed.s) for multiple editors.
  - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
  - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
  - The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
  - For titles in a language other than English, provide an English translation in parentheses.
  - The location of endnotes within the text should be indicated by superscript numbers.

**PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:****BOOKS**

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

**CONTRIBUTIONS TO BOOKS**

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

**JOURNAL AND OTHER ARTICLES**

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

**CONFERENCE PAPERS**

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19-22 June.

**UNPUBLISHED DISSERTATIONS AND THESES**

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

**ONLINE RESOURCES**

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

**WEBSITES**

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>

## THE INTERNAL AUDIT FUNCTION EFFECTIVENESS IN THE JORDANIAN INDUSTRIAL SECTOR

**DR. YUSUF ALI KHALAF AL-HROOT**  
**ASST. PROFESSOR**  
**ACCOUNTING DEPARTMENT**  
**FACULTY OF BUSINESS & ADMINISTRATION**  
**PRINCESS NORA BINT ABDULRAHMAN UNIVERSITY**  
**KINGDOM OF SAUDI ARABIA**

### ABSTRACT

*This study aims to investigate the factors contributing to the internal audit function effectiveness in the Jordanian industrial sector. Data was collected from responses to a questionnaire distributed to head of internal auditors, internal auditors and other staff of internal audit departments in the industrial sector in Jordan. The study concluded that the internal audit function in the industrial sector in Jordan is curtailed by understaffing and hampered by inadequate support from top management while, the auditors seldom extend their full cooperation. However, internal audit quality and management support are two attributes that strongly influenced the internal audit effectiveness. The auditors themselves lack appropriate knowledge and training on effective auditing approaches.*

### JEL CODE

M420

### KEYWORDS

Audit function, effectiveness, internal, Jordan.

### INTRODUCTION

The globalization of economy, technological advancements, and complexity of business and allegations of fraudulent financial reporting have recently sharpened the ever-increasing attention to internal controls and internal auditing (Karagiorgos et al., 2009). This developing role of the internal auditing is also reflected in its current definition, i.e. "internal auditing is an independent, objective assurance and consulting activity designed to add value and improve a company's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes" (Savcuk, 2007). An effective internal audit function will add value and improve an organization's operations. Oxford Dictionary defines effective as having an effect or able to bring about the result intended. Dittenhofer (2001) and Omar, et al. (2007) defined effectiveness as the achievement of the objectives and goals. Beckmerhagen, et al. (2004) stated that in order to adequately measure audit effectiveness, evaluation must not be done only on results of the audit against the planned objectives, but also the audit process (planning, execution to reporting and follow-up) and resources (auditor independence and competence). Omar, et al. (2007) explained that the effectiveness concept in the public sector focuses on the outcome or impact of a program or activity rendered to the public. A program is said to be effective if its outcome met its objective(s). Sterck and Bouckaert (2006) mentioned that the implementation of internal audit function in the public sector is most effective when there is (1) legal requirement for the establishment of internal audit function, (2) strategy for the development of competency of internal audit function staff, (3) support from top management and existence of audit committee, and (4) central unit for the advancement of the internal audit function. Once, the implementation of internal audit function is successful, building it to be effective is another challenge that needs to be overcome. Six main themes have been identified by (Van-Gansberghe, 2005) as crucial in building an effective internal audit function and they are: perception and ownership, organization and governance framework, legislation, improved professionalism, a conceptual framework, and resources. Based upon a case study of a large public sector of a higher educational institution, Mihret and Yismaw (2007) identify factors within an organization that impact on audit effectiveness. The results show that organizational setting and the auditors' attributes do not have a strong impact on audit effectiveness. However, internal audit quality and management support are two attributes that strongly influenced the internal audit effectiveness. A major part of external auditors trust to the results of internal audit activity, and this confidence is going to grow quite fast in the next future (Ward, D.D. & Robinson, J.C., 1980). Schneider (1984) realized a descriptive model study through he examined three major factors of internal auditing that have big influences over the confidence of external audit in the internal auditing: (1) objectivity (2) competence and (3) work performed. The results obtained by Schneider showed that, from external auditors' point of view, the most important factor is the quality of the work performed by internal audit, next important factors being competence and objectivity. The competence is defined by Arens and Loebbecke (1991) as being that quality of a person that accepts a professional engagement and which also has the necessary technical knowledge in order to fulfill that engagement.

**TABLE 1: STUDIES AND FINDINGS IN THE INTERNAL AUDIT QUALITY**

Study	Findings
Brown, R.P. (1983)	Independence/objectivity /Work performed
Schneider, A.(1984)	Work performed ,Competence
Tiessen, P. & Colson, R.H. (1990)	Competence, Work performed
Maletta, M. (1993)	Competence, Objectivity
Haron H. et al., (2004)	Work performed, Competence

Source: Haron H. et al. (2004)

Finally, internal audit effectiveness as measured by management's acceptance and implementation of internal audit findings and recommendations may impact on external auditors' reliance on internal audit work. As the extent of internal audit effectiveness exhibits variation across organizations (Mihret and Woldeyohannis, 2008; Mihret and Yismaw, 2007; Roth, 2000), the level of external auditors' reliance on internal audit work may also vary accordingly. Consequently, higher levels of acceptance of internal audit recommendations by the management may lead to higher levels of external auditor reliance than a situation where internal audit is less effective.

The objective of this study is to investigate the factors contributing to the internal audit function effectiveness in the Jordanian industrial sector.

### LITERATURE REVIEW

The growing importance of internal auditing as an economic factor has led to systematic research into the factors that improve the performance of internal auditing. In line with this, Albercht et al. (1988) investigated a theoretical framework in regard with the effectiveness of internal audit. Basic output was the existence of four areas that the directors of internal audit departments could develop to enhance effectiveness: an appropriate corporate environment, top management support, high quality internal audit staff and high quality internal audit work. Hence, Asairy (1993) evaluated the effectiveness of internal audit in Saudi joint stock companies. The researcher used a questionnaire, which he sent to the directors of internal audit departments, senior company management and external auditors from 38 companies. The author argued that internal audit was affected by the support they received by the external auditors. Regarding

the effectiveness of internal audit, Asairy stated that education, training, experience and professional qualifications of internal auditors influenced the effectiveness of internal audit. Unlike the aforementioned researchers, Dittenhofer (2001) assessed the effectiveness of internal audit via a new technique, which is named "results examination". This method involves identifying the auditee's objectives, establishing the criteria that could signify their achievement and using the established criteria to determine whether and to what degree the auditee's actions have resulted in the achievement of objectives. Despite the fact that this approach is more results-oriented, its success depends on the measurability and subjectivity of the criteria chosen (Balzan and Baldacchino, 2007). Moreover, a four-step internal audit evaluation program developed by Cangemi and Singleton (2003). This evaluation method is based in compliance with the department, corporate and professional internal audit standards. For example, this evaluation program involves making a summarized review of all internal audit assignments, a detailed review of randomly selected assignments, an annual self assessment conducted by the quality assurance coordinator and a tri-annual external review. Some audit committees do informal evaluations while others conduct formal, written documented appraisals (Protiviti Inc., 2004). A survey of 118 audit committee members by DeZoort (1997) found that they generally acknowledge their responsibility to review the effectiveness of the internal audit function and that this responsibility is generally stated in their companies' proxy statements. An analysis of 100 audit committee charters by Bailey (2007) reveals that 98% require audit committee review of the performance of the internal audit function. Papastathis (2003) investigated the factors that led to internal audit success. In his comprehensive review, the author concluded that the effectiveness of internal control system is determined by the activities, their complexity, the specialization of personnel and the will of Administration. Similar to other studies, Van Gansberghe (2005) also examined the effectiveness of internal audit. According to his perspective, perceptions and ownership, organization and governance framework, legislation, improved professionalism, conceptual framework and resources are revealed as basic factors influencing internal audit effectiveness. In contrast to previous findings, Mihret and Yismaw (2007) and Halimah et al. (2009) the two studies introduced a new approach for the evaluation of the internal audit effectiveness by identifying factors within an organization that has an impact on audit effectiveness. As a result, the model considered four potential factors – internal audit quality, management support, organizational setting, and auditee attributes to describe audit effectiveness, and revealed the way the interaction of these factors improves audit effectiveness. More recently, BoGa-Avram and Palfi (2010) examined the efficiency and the effectiveness of internal audit. The main output from their research was the fact that there is a large amount of methods and instruments that could combine qualitative with quantitative elements. However, the researcher stated, "the choice of used method depends on the settlement of the main objective of trying to obtain the best reflection of internal audit's relevancy and efficiency, in order to obtain a good developing of internal audit department". In Jordan, there aren't any studies that examined the effectiveness of internal audit function in the industrial sector.

**RESEARCH DESIGN**

**SAMPLE AND SURVEY DEVELOPMENT**

To achieve the study objectives the research uses the exploratory research methods of research questionnaires. This method of data collection was considered appropriate because the information sought is not publicly available and internal auditors are in a good position to know the answers to the questions asked. To enhance the survey response rate preliminary contact was made with potential respondents ahead of sending the questionnaire. The questionnaires were sent to the remaining sample of 73 companies (industry sector), copies of the survey instrument were sent to: the director of internal audit (CAE). Cover letters and surveys, along with postage paid return envelopes, were mailed directly to each of the business executives at each of the 73 company. The research was conducted in the period from August to December 2012. A pilot test of the questionnaire was conducted prior to its administration, using academic staff with accounting experience. Constructive feedback was received and appropriate amendments are incorporated into the questionnaire. The first part of the amended questionnaire comprised of some demographic questions concerning gender, age, highest educational level, professional qualification and experience of the respondent. The second part of the questionnaire consists of questions related to the respondent's workplace. The third section of the questionnaire seeks information related the important factors that might contribute to the effectiveness of internal audit function. In this particular section, two open-ended questions were directed to the respondents to solicit their opinions on both issues and the questions are as follows: (1) "If you are an internal auditor in a industry sector organization, what are the main problems normally faced by the internal audit function?" and (2) "In your opinion, what are the important factors that will contribute to the effectiveness of an internal audit function?".

**RESULTS AND ANALYSIS**

Table 2 reviews survey question asked for the respondents to identify their job title. The options provided were: chief audit executive (CAE) to complete the survey, of the 73 respondents, 38 or almost 52.1% of survey takers indicated that they are the Chief Audit Executive (CAE) of their organization. All "other" responses identified themselves as some audit position. The audit positions identified through the "other" category include internal auditors 9.6% or senior auditor 31.5% (Equivalent to the position of Director of Internal Audit or CAE in other companies), assistant internal auditor or staff auditor 6.8%.

**TABLE 2: RESPONDENT JOB TITLE**

position level		Chief executive auditor	38	52.1%
	<b>Others</b>	Internal audit supervisor or senior	23	31.5%
		Internal auditor	7	9.6%
		Assistant auditor or staff auditor	5	6.8%
		<b>Total</b>	<b>73</b>	<b>100.0%</b>

**TABLE 3: RESPONDENT EDUCATION LEVEL**

Qualifications/ Education level			
	PhD	1	1.4%
	Master degree	3	4.1%
	Bachelor	69	94.5%
	Others	0	0.0%
<b>Total</b>		<b>73</b>	<b>100.0%</b>

Table 3 the majority of respondents have Bachelor Degree almost 94.5%, and the number of respondent holding PhD and Master Degree 4 of the sample that's almost 5.5% ; this indicates that the companies are discouraging the employees to have a high degree of qualification.

**TABLE 4: PROFESSIONAL CERTIFICATE**

Demographic object	The valid items	Frequency	Percentage
Professional certificate	CIA	4	5.5%
	CPA	6	8.2%
	CMA	3	4.1%
	Jordan CPA	8	11.0%
	Without certificate	52	71.2%
<b>Total</b>		<b>73</b>	<b>100.0%</b>



The majority of respondents haven't professional certifications; CIA holders with a percentage of 5.5 %, CPA holders 8.2 %, and Jordan's CPA holders 11 % with accumulated percentage 34.7%. This indicates that the companies don't care about the professional certifications as shown in table 4. In other words, corporate governance or audit committee should reconsider the method of appointment.

**TABLE 5: EXPERIENCE**

Experience	1-5 years	35	47.9%
	6-10 years	30	41.1%
	More than 10 years	8	11.0%
Total		73	100.0%

As shown in table 5, a large number of respondents have experience less than six years with a percentage 47.9%; this maybe indicates a cause weakness in the internal audit department.

**TABLE 6: EDUCATION AND TRAINING**

Education and training	Frequently	10	13.7%
	Occasionally	21	28.8%
	Planned	11	15.1%
	Not Done	24	34.2%
	Others	7	8.2%
Total		73	100.0%

As shown in table 6 a large percentage of respondents indicate that training not done with 34.2%.

**TABLE 7: ORGANIZATION SIZE**

Number of Employees	Responses	Percentage
Fewer than 100	3	4.1%
101 to 200	42	57.5%
201 to 300	15	20.5%
301 to 400	8	11.0%
more than 400	5	6.8%
Total	73	100.0%

Table 7 shows number of people employed by the entire organization, Which is the first main measures to describe the size of the participating organizations. Respondents were given five ranges of total employees to select from. Almost 89% of the respondents were from organizations employing between 101 to 400 employees, and all but two of the respondents were from organizations with more than 400 or fewer than 100 employees.

**TABLE 8: NUMBER OF AUDITORS**

Number of Auditors	Responses	Percent
1	11	15.1%
2 to 5	41	56.2%
6 to 10	16	21.9%
more than 11	5	6.8%
Total	73	100.0%

Table 8 shows the second measurement of organization size used by the survey is the number of auditors authorized within the organization, including the Chief Audit Executive (CAE) or equivalent position. As before, respondents selected their answer from a list of ranges provided on the survey. Seventy-eight percent of the respondents reported staffing levels in the 2-10 range. It is important to note, however, that there were five respondents from audit organizations with more than 11 auditors; these larger audit departments are likely to be more mature and have more developed performance measures.

**TABLE 9: CAE REPORTING RELATIONSHIPS**

	Functionally		Administratively	
	Responses	Response Percent	Responses	Response Percent
Audit Committee /board	53	72.6%	10	13.7%
CEO	11	15.1%	47	64.4%
CFO	9	12.3%	16	21.9%
Others	0	0.0%	0	0.0%
Total	73	100.0%	73	100.0%

The majority of respondents selecting board members or an audit committee as shown in table 9, with many also reporting to a Chief Executive Officer (CEO).

**TABLE 10: THE MAIN PROBLEMS FACED BY THE INTERNAL AUDIT FUNCTION IN THE**

Low grading of position of head of internal auditors	13	17.8%
Staff lack of competency/knowledge on auditing techniques	10	13.7%
Lack of experience staff in the IAF	10	13.7%
Lack of training	8	11.0%
Internal audit function does not have full support /commitment from top management	8	11.0%
Action on audit findings and recommendations not taken by audit committee/management	7	9.6%
Lack of audit staff	6	8.2%
Lack of independence	5	6.8%
lack of understanding of the role of internal audit function in an organization	3	4.1%
Negative perception from audit committee	2	2.7%
Limited/lack of resources	1	1.4%
Total	73	100.0%

TABLE 11: INTERNAL AUDIT QUALITY

Educational background Certification Training and development Knowledge Experience	<b>Competence</b>
Reporting relationship Mandate to investigate any area Freedom from conflicting duties	<b>Objectivity</b>
Audit planning Scope of audit	<b>Quality of work performed</b>

As shown in table 10, the internal audit quality is ranked as the most important factor in contributing to the effectiveness of internal audit function with accumulated percentage 56.2 % (17.8, 13.7%, 13.7%, and 11%), internal audit quality reviewed in table 11 and it includes Competence, Objectivity, and Quality of work performed. Support of top management is significant to ascertain adequate consideration and actions are taken up on internal audit findings and recommendations. The respondents also emphasize that without the support from the top management it is difficult for internal auditors to strengthen the internal audit function in an organization. Respondents expect that top management will facilitate the internal audit departments with supplying adequate audit staff, better resources and remuneration to attract skilled and experienced staff. Consistent with prior studies, the importance of support of top management is also highlighted by other researchers such as (HUNG & HAN, 1998; NAD, 2007; Van-Gansberghe, 2005). They pointed out that the functioning of the internal audit depends largely on the attention paid and support from the top management.

## CONCLUSIONS

The findings of the study reveal that a majority of the respondents (56.2 %) perceive internal audit quality is the most important factor that will contribute to the effectiveness of internal audit function. This is consistent with the results of a case study carried out by Mihret and Yismaw (2007), and Halimah et al. (2009). The study also showed that internal audit quality strongly influenced the internal audit effectiveness. For the purpose of this study, internal audit competence, objectivity and quality of work performed are classified as internal audit quality as these factors are the important criteria used by external auditors in evaluating the internal audit quality. These quality factors of the internal audit function are prescribed by the external auditing standards (SAS 65 AICPA, 1997) and they have been studied.

This study identifies the major problems faced by internal audit function in the industry sector organizations and hopes to provide useful insight on the factors contribute to the effectiveness of internal audit as perceived by the participants of the symposium. Overall, the findings of the study show that the lack of audit staff is ranked as the major problem faced by internal auditors in conducting an effective internal auditing. This needs utmost consideration and attention of related parties such as the top management and the audit committee in their effort for sound governance and accountability in their organizations. The findings of this study are consistent with the previous studies that highlight the importance of internal audit quality to enhance the effectiveness of internal audit function. As such, it is essential to highlight and emphasize on internal audit competence, objectivity and quality of work performed. Otherwise, internal audit function will face difficulties in achieving its' effectiveness. Overall, it can be concluded that the change and improvement of internal audit function in the industry sector will be a lengthy and slow process if existing problems are not overcome. Hence, effectiveness of internal audit function will be easy to say than done.

## REFERENCES

- Albrecht, W.S., Howe, K.R., Schueler, D.R. and Stocks, K.D., 1988, 'Evaluating the Effectiveness of Internal Audit Departments', Institute of Internal Auditors, Altamonte Spring, FL.
- Aldridge, R. and Colbert, J., 1994, 'Management's Report on Internal Control, and the Accountant's Response', *Managerial Auditing Journal*, 9, 7, pp. 21-28.
- Asairy, S.M., 1993, 'Evaluating the extent of effectiveness of internal auditing: an applied study on Saudi joint stock companies', MSc dissertation, King Abdul'aziz University.
- Balzan, L. and Baldacchino, P.J., 2007, 'Benchmarking in Maltese internal audit units', *Benchmarking: An International Journal*, 14, 6, pp. 750-767.
- BoĠa-Avram, C. and Palfi, C., 2010, 'Measuring and assessment of internal audit's effectiveness', *Economic Science Series, Annals of the University of Oradea*, 18 3, pp. 784-790.
- Bowrin, A., 2004, 'Internal control in Trinidad and Tobago religious organizations', *Accounting, Auditing and Accountability Journal*, Emerald Group Publishing Limited, 17, 1, pp.121-152.
- Cai, C., 1997, 'On the functions and objectives of internal audit and their underlying conditions', *Managerial Auditing Journal*, 12, 4, pp. 247-250.
- Candrea, P. J., 2006, 'Controlling Internal Controls', *Public Administration Review*, pp. 463 - 465.
- Cangemi, M.P. and Singleton, T., 2003, *Managing the Audit Function: A Corporate Audit Department Procedures Guide*, 3rd ed., Wiley, Hoboken, NJ.
- Carmichael, D.R., Willingham, J.J. and Schaller, C.A., 1996, *Auditing concepts and methods. A Guide to current theory and practice*, 6th edition, McGraw-Hill ed., pp. 217-218.
- Dittenhofer, M., 2001, 'Internal auditing effectiveness: an expansion of present methods', *Managerial Auditing Journal*, 16, 8, pp. 443-50.
- Drogalas, G., Soubeniotis, D. and Fotiadis, Th., 2005, 'Conceptual Framework of Internal Auditing: theoretical approach and case study analysis', *Dioikitiki Enimerosi*, pp. 52-65.
- Halimah N. A ,Othman, and Rohana Othman;Kamaruzaman Jusoff,2009, 'The Effectiveness of Internal Audit in Malaysian Public Sector', *Journal of Modern Accounting and Auditing*, Vol.5 No.9,pp. 53-62.
- Karagiorgos, T., Drogalas, G., Eleftheriadis, Ø. and Christodoulou, P., 2009, 'Efficient Risk Management and Internal Audit', *International Journal of Management Research and Technology*, 3, 2, Serials Publications, pp. 429-436.
- Karagiorgos, T., Drogalas, G., Gotzamanis. and Tampakoudis, I., 2009, 'The Contribution of Internal Auditing to Management', *International Journal of Management Research and Technology*, 3, 2, Serials Publications, pp. 417-427.
- Konrath, L.F., 1996, *Auditing concepts and applications*, 3rd edition, West Publishing Company, United States of America, pp. 730.
- Kramer, joel, 2012, '10 big things for small audit departments', <http://www.knowledgeleader.com/KnowledgeLeader> access date 13/1/2012.
- Mihret D. G. and Yismaw A. W., 2007, 'Internal audit effectiveness: an Ethiopian public sector case study', *Managerial Auditing Journal*, 22, 5, pp. 470-484.
- Myers, P.M. and Gramling, A.A., 1997, 'The perceived benefits of certified internal auditor designation', *Managerial Auditing Journal*, 12, 2, pp. 70-9.
- Rezaee, Z., 1995, 'What the COSO report means for internal auditors', *Managerial Auditing Journal*, 10, 6, pp. 5-9.
- Rittenberg, L. E., 2006, 'Internal control: No small matter', *Internal Auditor*, 63, 5, pp. 47-51.
- Savcuk, O., 2007, 'Internal Audit Efficiency Evaluation Principles', *Journal of Business Economics and Management*, 6, 4, pp. 275-284.
- Sawyer B.L., 2003, *Sawyer's Internal Auditing The practise of Modern Internal Auditing*, The Institute of Internal Auditors, 5 th edition, ISBN 0-89413-509-0, 120-121.
- Sigala, M., 2003, 'Developing and benchmarking internet marketing strategies in the hotel sector in Greece', *Journal of Hospitality & Tourism Research*, 27, 4, pp. 375-401.
- Taylor, D.H. and Glezen, W.G., 1991, *Auditing: Integrated Concepts and Procedures*, 5th edition, John Wiley & Sons Inc, U.S., pp. 5-29.

26. Van Gansberghe, C.N., 2005, 'Internal auditing in the public sector: a consultative forum in Nairobi, Kenya, shores up best practices for government audit professionals in developing nations', *Internal Auditor*, 62, 4, pp. 69-73.
27. Yang, D.C. and Guan, L., 2004, 'The evolution of IT auditing and internal control standards in financial statement audits The case of the United States', *Managerial Auditing Journal*, 19, 4, pp. 544-555.
28. Yusuf Ali Al-hroot, 2012, 'THE RELATIONSHIP BETWEEN THE INTERNAL AUDIT FUNCTION AND CORPORATE GOVERNANCE: EVIDENCE FROM JORDAN', *INTERNATIONAL JOURNAL OF RESEARCH IN COMPUTER APPLICATION & MANAGEMENT*, VOL. NO. 2 (2012), ISSUE NO. 6 (JUNE), pp. 27-32
29. Zain, M.M., Subramaniam, N. and Stewart, J., 2006, 'Internal Auditors' Assessment of their Contribution to Financial Statement Audits: The Relation with Audit Committee and Internal Audit Function Characteristics', *International Journal of Auditing*, Blackwell Publishing Ltd, 10, pp. 1-18.



## **REQUEST FOR FEEDBACK**

**Dear Readers**

At the very outset, International Journal of Research in Commerce, IT and Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail i.e. [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com) for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com).

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

**Academically yours**

Sd/-

**Co-ordinator**

## ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

### *Our Other Journals*

