

**COMPETENCIES AND WORK PERFORMANCE
OF PUBLIC SECTOR AUDITORS IN IRAQ:
THE CASE OF FEDERAL BOARD OF
SUPREME AUDIT**

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UNIVERSITI SAINS MALAYSIA

2022

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SUPREME AUDIT**

by

FAYYADH MARWAH JAWAD ABD HASAN

**Thesis submitted in fulfillment of the requirements
for the degree of
Doctor of Philosophy**

December 2022

ACKNOWLEDGEMENT

I wish to express my heartfelt gratitude to all those who made this project a huge success. I owe the success of this project firstly to my Mather, who has imparted my life in innumerable ways, to the spirit of my father and to my Brother Hussam, who has always been in the place of my Father. God bless them forever more. Also, I owe the success to my country Iraq; I hope security and safety for Iraq.

I equally appreciate my supervisors Dr. Zubir Azhar and Dr. Dayana Jalaludin for their invaluable insights, support and supervision throughout this study. It was my pleasure to work with them and could not complete the research without them. God bless them.

I would like to thank the School of Management's Dean, Professor Dr. Noor Hazlina Ahmad, Associate Professor Dr. Zamri Ahmad, and Dr. Khairul Anuar Mohd Shah for their valuable input, support, and kind assistant in this study.

I would also like to thank all my colleagues at the School of Management, Universiti Sains Malaysia for their assistance, invaluable discussion, suggestions and friendship. In particular, I would like to thank Aizza Anwar, Ashikur Rahman. I would thank to the staff of the School of Management for helping me in administrative matters and supplying resources needed for my research work. In particular I would like to thank Mrs Robitah.

I am extremely grateful to my mother and my sweet siblings for their unflinching support which has made this project a reality and a success. I love you all and God bless you always.

Heartfelt thanks and greatest appreciation go to all my friends especially for the friends who helped me. God bless all of you.

My sincere thanks go to all people in my life who helped me in some ways, their ceaseless love, assistance and support, brilliant contributions to my work and constant encouragement. God bless you all.

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LIST OF ABBREVIATIONS

AML	Anti-Money Laundering
AML/ CFT	Anti-money laundering/ counter financing of terrorism
CAATTs	Computer Assisted Audit Tools and Techniques
CAE	Chief Audit Executives
CBOK	The Common Body of Knowledge
CFT	Counter-Financing Of Terrorism
CMBs	Common Method Biases
COR	Council of Representatives
CSE	Computer Self-Efficacy
CSOS	Civil Society Organizations
EM	Expectation-Maximization
FATF	Financial Action Task Force
FATF	Financial Action Task Force
FBSA	The Federal Board of Supreme Audit
IIA	The Institute of Auditors
IPPF	International Professional Practices Framework
ISPPA	The International Standards for the Professional Practice of Auditing
PLS	Partial Least Square
SCT	Social Cognitive Theory
SPSS	Statistical Package of Social Sciences

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Appendix A	Questionnaire (English Version)
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KECEKAPAN DAN PRESTASI KERJA JURUAUDIT SEKTOR AWAM DI IRAQ: KES LEMBAGA AUDIT TERTINGGI PERSEKUTUAN

ABSTRAK

Peranan juruaudit adalah sangat penting dalam sektor awam negara membangun kerana ia melibatkan penyediaan jaminan bebas dan objektif, serta perundingan tambah nilai kepada organisasi sektor awam. Walau bagaimanapun, peningkatan aktiviti penipuan dan rasuah dalam organisasi sektor awam, khususnya di negara membangun seperti Iraq telah menimbulkan keraguan mengenai keberkesanan fungsi audit. Lembaga Audit Tertinggi Persekutuan (FBSA) adalah pihak berkuasa utama Iraq yang bertanggungjawab memantau ketelusan institusi sektor awam dan menjalankan audit untuk menilai penubuhan dan keberkesanan tadbir urus korporat dalam organisasi sektor awam di Iraq. Sejak akhir-akhir ini, FBSA telah menghadapi pelbagai cabaran dari segi prestasi juruaudit yang mengakibatkan keyakinan dan kepercayaan orang ramai berada pada paras yang rendah. Peningkatan kes penipuan dan rasuah dalam sektor awam Iraq menuntut peningkatan tugas, prestasi kontekstual dan penyesuaian daripada para juruaudit FBSA. Objektif utama kajian adalah untuk mengkaji hubungan antara kecekapan juruaudit berpengaruh utama seperti pengetahuan, komunikasi dalaman yang berkesan, efikasi sendiri tugas, dan amalan efikasi sendiri komputer, dan prestasi juruaudit seperti prestasi tugas, prestasi kontekstual, dan prestasi penyesuaian juruaudit yang bekerja di FBSA, Iraq. Kajian ini juga mengkaji peranan penyederhana personaliti proaktif terhadap hubungan antara kecekapan juruaudit, dan prestasi juruaudit juruaudit. Analisis data kajian ini adalah berdasarkan SPSS dan PLS-SEM. Penemuan menunjukkan bahawa pengetahuan dan efikasi sendiri tugas mempunyai kesan positif yang signifikan terhadap prestasi

tugas, prestasi kontekstual dan prestasi penyesuaian. Komunikasi dalaman yang berkesan mempunyai kesan positif yang ketara hanya pada prestasi tugas, dan kesan ketara negatif terhadap prestasi penyesuaian. Komunikasi dalaman yang berkesan mempunyai kesan yang tidak ketara terhadap prestasi kontekstual. Keberkesanan sendiri komputer mempunyai kesan yang ketara hanya pada prestasi penyesuaian. Ia mempunyai kesan yang tidak ketara terhadap prestasi tugas dan prestasi kontekstual. Kajian selanjutnya mendedahkan bahawa personaliti proaktif mempunyai peranan sederhana dalam hubungan efikasi sendiri komputer dan prestasi tugas. Personaliti proaktif tidak mempunyai kesan penyederhana yang ketara ke atas perhubungan baki kecekapan juruaudit dan dimensi prestasi juruaudit. Dapatan kajian ini mencadangkan bahawa kecekapan juruaudit dikaitkan dengan prestasi juruaudit. Secara khususnya, kepimpinan FBSA harus mempertimbangkan pengetahuan, komunikasi dalaman yang berkesan, efikasi sendiri tugas, dan efikasi sendiri komputer juruaudit untuk mencapai prestasi yang lebih baik semasa melakukan tugas audit. Penemuan kajian ini telah menyumbang secara signifikan kepada literatur pengauditan sektor awam dengan menawarkan sumbangan teori melalui pembangunan dan ujian rangka kerja penyelidikan teori yang padu yang mensintesis pengetahuan, komunikasi dalaman yang berkesan, efikasi sendiri tugas, dan efikasi sendiri komputer sebagai kecekapan utama juruaudit dan kesannya terhadap tugas, kontekstual dan prestasi penyesuaian. Dari segi implikasi praktikal, kajian ini mendedahkan hubungan antara kecekapan juruaudit dan prestasi juruaudit. Penemuan kajian adalah berharga untuk FBSA, juruaudit, penggubal dasar, dan juga untuk penyelidik lanjut. Kajian itu akan menjadi peristiwa penting untuk meningkatkan pengetahuan dan pemahaman pengurusan kanan FBSA dan penggubal dasar Iraq mengenai kedudukan penyertaan juruaudit kompeten dalam memastikan ketelusan dan akauntabiliti sektor awam.

**COMPETENCIES AND WORK PERFORMANCE OF PUBLIC SECTOR
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ABSTRACT

The role of internal auditors is of high importance in the developing countries' public sector as it involves providing independent and objective assurance and consultancy that can add value to public sector organizations. However, increased fraudulent and corruption activities within public sector organizations, particularly in developing countries such as Iraq, have elevated doubts regarding the effectiveness of the audit function. The Federal Board of Supreme Audit (FBSA) is Iraq's leading authority to monitor the public sector institutions' transparency, and conduct audits to evaluate the establishment and effectiveness of corporate governance within public sector organizations. Of late, the FBSA has faced challenges in terms of internal auditors' performance which results in low confidence and trust of the public. The increased cases of fraud and corruption in the public sector of Iraq demand enhancement of FBSA internal auditors' performance. Therefore, the key objective of the study is to examine the relationship between key influential internal auditors' competencies, such as knowledge, effective internal communication, task self-efficacy, and computer self-efficacy, and internal auditors' performance, such as task performance, contextual performance, and adaptive performance of internal auditors working in the FBSA, Iraq. The model of the study is underpinned by the social cognitive theory. The study also examined the moderating role of proactive personality on the relationship between internal auditors' competencies and their performance. The data for this study has been collected from 250 internal auditors working in the

FBSA in early 2021, and the data analysis has been performed using the SPSS and SmartPLS software. The findings revealed that knowledge and task self-efficacy have a positive impact on task, contextual, and adaptive performance. Effective internal communication has a positive impact only on task performance and a negative impact on adaptive performance. Effective internal communication has an insignificant impact on contextual performance. Computer self-efficacy has a positive impact only on adaptive performance. It has an insignificant impact on task and contextual performance. The studies further revealed that the proactive personality has a moderating role in the relationship of computer self-efficacy and task performance. A proactive personality has no significant moderating impact on the relationships of remaining internal auditor competencies and internal auditor performance dimensions. The findings of this study suggested that the competencies of internal auditors are linked with their performance. In particular, the FBSA's leadership should consider the knowledge, effective internal communication, task self-efficacy, and computer self-efficacy of internal auditors to achieve high performance. The findings of this study significantly contribute to the public sector auditing literature by offering theoretical contribution through developing and testing a cohesive theoretical research framework that synthesizes knowledge, effective internal communication, task self-efficacy, and computer self-efficacy as the competencies of auditors and their effect on the task, contextual, and adaptive performance. In terms of practical implications, the study uncovers the link between the internal auditors' competencies and internal auditors' performance. The findings of this study are valuable for the FBSA, auditors, and policymakers, as well as for future researchers. The study will be a milestone for the enhanced knowledge and understanding of senior management of the FBSA and

Iraqi policymakers regarding the participatory position of competent auditors in ensuring transparency and accountability of the public sector.

CHAPTER 1

INTRODUCTION

1.1 Research Background

The auditing legislation mandates the rules for an effective financial administration of a nation based on the appropriate financial standards and procedures (Andrews, 2010). In the past few years, the importance of enhancing auditing practices in the public sector has been realized (Haija et al., 2021; Jeppesen, 2019; Montecalvo et al., 2018). In this perception, numerous studies have been conducted to define the key elements needed to maximize the value of the public sector auditing activity (Hamawandy et al., 2021; Langella et al., 2021; Saeed et al., 2020). Meanwhile, the institute of internal auditors (IIA) emphasized that auditing in the public sector should be constituted appropriately in order to empower their entities. This may enable them to accomplish the duties of the auditors transparently to the public while attaining their objectives effectively, economically, and ethically (DeHart-Davis, 2018).

It was acknowledged that the notion of auditor performance is closely related to the purpose of developed auditing practices (Rana et al., 2022). Hurtt, Brown-Liburd, Earley, & Krishnamoorthy (2013) showed that the performance factors are resolute by the ability, motivation and opportunity attained by the auditor. Thus, an outstanding performance from the auditors is essential in order to achieve an excellent audit outcome. According to Xiao, Geng, & Yuan (2020), the probability of audit adjustment can be enhanced by increasing the effort in the audit process, thus hindering the earning management and promoting the audited financial statements. Earlier studies indicated that an improvement in audit performance could be due to the auditor's persistent effort. It was suggested that by providing some monetary incentives

to the auditors, their dedicated efforts and hence the audit performance could considerably be improved. Masita, Su'un, & Sari (2021) argued that the competencies of the auditors could appreciably affect their performance, indicating a higher competence for more professional auditors. Despite many studies on the competencies and work performance of public sector auditors in developed industrial nations, a careful investigation regarding the federal board of supreme audit in the context of Iraq remains deficient.

This work focuses on the performance of the Iraqi public sector auditors. In addition, the integrity of various organizations in the Iraqi public sector became more doubtful than the private sector because they hold a substantial amount of public funds (Salih & Almajdob, 2019a). To monitor the proper management of public funds, an external and independent auditory institute is urgently required that can represent an unbiased third party and be responsible for reviewing the public organizations' financial records. In this regard, the Federal Board of Supreme Audit (FBSA) emerged as a key organization responsible for monitoring and auditing the transparency of public funds. The FBSA is considered an independent and impartial professional body in the Iraqi public sector.

However, the FBSA auditors must ensure the added risk factors in the public sectors and properly manage the audit activities. It is worth noting that the FBSA recruits fully resourceful and professionally competent auditors who can reliably serve the public sector for sustainable growth, offering the value-added services vital to effective and empowered management (Salih & , 2019a).

“Scope of the Board Work It comprises the following parties: State offices and Govt. sector which deals with the public wealth in taxing, expending, planning,

exchanging, trading, or service producing are subjected to the Financial Control” (FBSA, 2022). The organizational chart of FBSA is presented below:

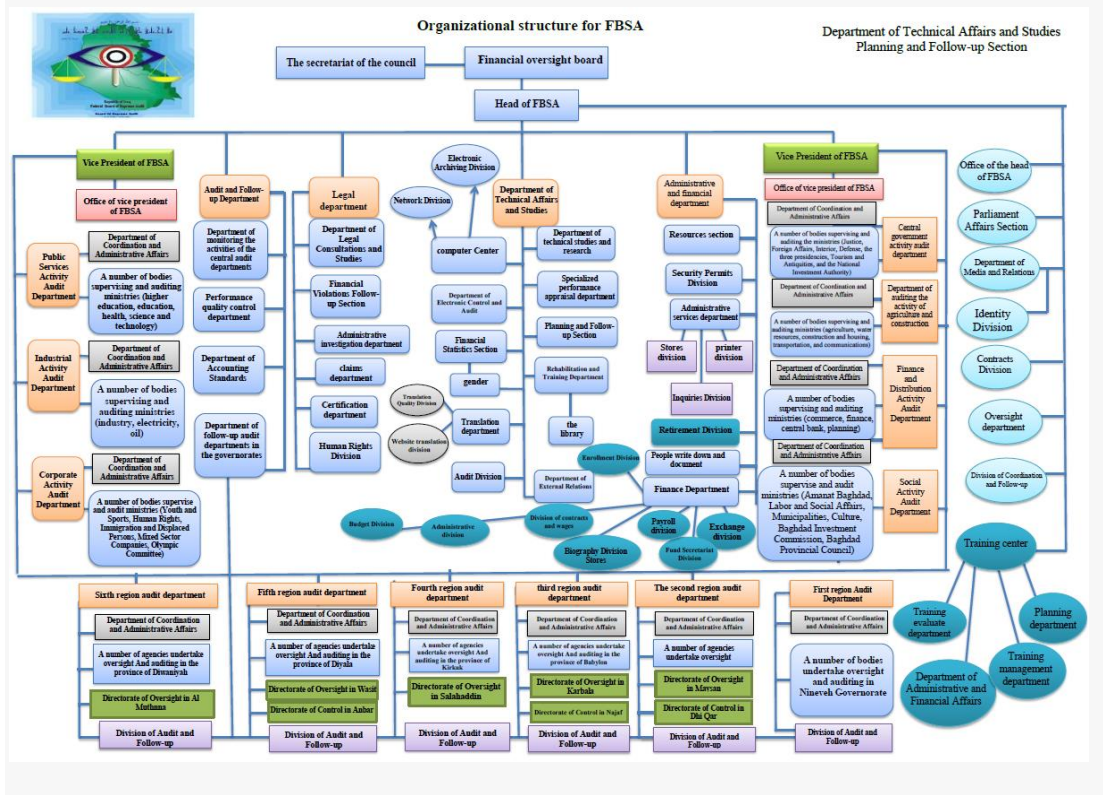


Figure 1.1 Organizational Chart of FBSA

The Federal Board of Supreme Audit (FBSA), which serves as Iraq's main auditing body, is crucial to guaranteeing the transparency of public finances, institutions, and employees. The strategic plan of the board offers a direction for institutional strengthening to assist the FBSA in carrying out this responsibility. The FBSA has an important responsibility of maintaining public funds, combating administrative and financial corruption as well as improving administrative systems of the State institutions so as to promote transparency and integrity.

The notion of a competent auditor must be correlated to the development of auditing competencies that incorporate new value creation. Generally, this competence encompasses diverse aspects like knowledge, internal communication, task self-

efficacy, and computer skills. Additionally, these aspects must focus on the auditors' expectations and the public sector, which needs to improve productivity and trustworthiness in the financial procedures (Ooijen et al., 2019). This is more particular for FBSA as it is responsible for performance evaluation for all state offices and government sector deals with the public wealth.

Hadisantoso et al. (2017) demonstrated that an improvement in the auditor's performance is directly related to his or her developed competence. Principally, the ability of an auditor to recognize various shortcomings and mistakes in the financial statement of an organization is determined by the education level and knowledge of the auditor. Thus, auditors with a high level of education and refined skill might have excellent auditing competencies, enabling them to achieve high auditing performance and proficient actions in the enterprise (Pan & Seow, 2016). The public sector auditors need to continuously improve their knowledge, skills, and competencies because of contemporary workplace changes (Al-Sukker et al., 2018).

In addition, the empirical evaluation regarding the predictors of the auditors' performance and their competencies in the public sector (Supriyatin et al., 2019), like FBSA, has been lacking. Abdullah (2019) conducted a study on the Iraqi public sector and observed the omnipresence of public mismanagement, widespread corruption, and fraud activities in the Iraqi financial sector despite some monitoring and auditing institutions. It was concluded that all the existing public auditing bodies require further development with improved work performance. Caruana & Kowalczyk (2021) branded the necessity to appreciably enhance the auditors' knowledge, accountability, competency, skills, and objectivity, thus improving the audit quality in the public sector. Based on these facts, the present study intends to examine the effects of auditors' competencies like knowledge, internal communication, task self-efficacy,

and computer self-efficacy on their performance related to task, context, and adaptability in the FBSA.

An all-inclusive critical overview of the existing state-of-the-art literature enabled the present researchers to identify various interesting aspects linked to the auditing competencies and their impact on the auditors' performance in the organization. Few statistical evaluations performed by the FBSA auditors could clearly exemplify the situation in the public sector. The studies conducted by Qader et al. (2021) and Salih & Almajdob (2019) indicated that the public sectors in the redeveloping nations have slower growth of the auditing competencies as opposed to the developed countries.

Currently, the auditing competencies of the auditors in the Iraqi public sector cannot attain high performance without leveraging the transformation of skills and resources into competitive auditing productivity. Particularly, a developing nation like Iraq, full of instability, cannot guarantee high performance of the public auditors by merely focusing on the traditional practices of competence development during education. This may be due to the disruption of businesses, volatile economic conditions, and high corruption rates (Abdullah, 2019).

Considering the need to improve the competencies and work performance of public sector auditors in Iraq, this work proposes that proactive personnel must be employed in the organization to moderate the relationship between auditors' competencies and performance. Someone with a high level of conscience ought to perform well. Therefore, having qualities like attention to detail, organization, and dependability are essential for carrying out auditing responsibilities (Mansour et al., 2020). It was suggested that the proactive personality of an auditor is a key factor for

using positive and problem-based strategies to ensure better auditing practices, thus improving overall job performance (Peecher et al., 2020). Certainly, the proactive personality of the auditors is a significant component in utilizing the required competencies for supporting their task, contextual, and adaptive performances.

1.2 Problem Statement

Velte (2017) and Nehme, AlKhoury, & Al Mutawa (2019) indicated that weaknesses in auditing practices could considerably affect the work performance of auditors in public organizations. In Iraq, there is a growing public outrage about the government's waste of public funds, corruption, excessive recurring expenses, and inefficient budget performance by various government institutions. This increased pressure on the Supreme Audit Institutions (SAIs) to decrease audit failure in order to support economic progress (Salih & Almajdob, 2019b). In this rationale, the FBSA can ensure the reliability and fairness of the financial information wherein the public organizations may readily use such information to improve their financial practices, safeguarding the public interests from corruption (Fayyadh et al., 2021; Mutlag et al., 2022). Regrettably, the FBSA is unable to provide the desired auditors' performance due to the lack of their overall competencies' development (Abdullah, 2019; Salih & Almajdob, 2019a).

Repeated studies indicated that corruption (especially among the top government officials) in the Iraqi public sector is persistent, appearing as a potential threat to economic development and good governance in the nation (Abdullah, 2019; Daban Sabir, 2022; Dodge & Mansour, 2021). Therefore, the auditing procedures and system must be upgraded to be consistent with international standards following the modernized auditing performance protocols. The earlier investigations indicated

ineffective auditing in the Iraqi public sector due to the lack of competent auditors, which eventually contributed negatively towards the increase of fraud and corruption in state-owned enterprises.

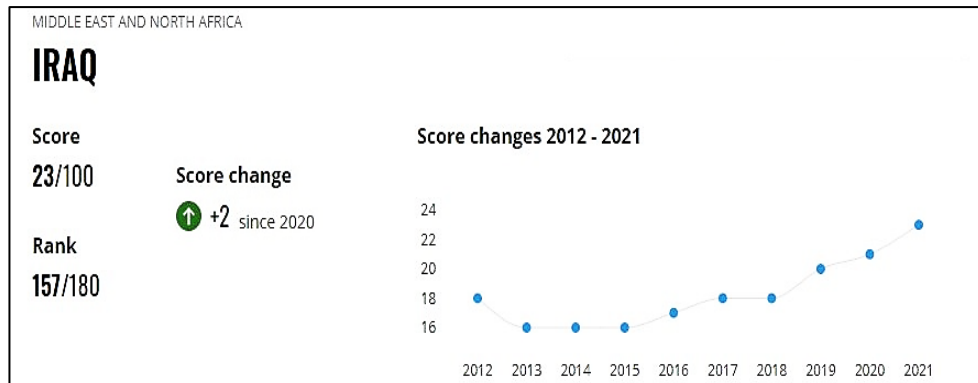


Figure 1.2 Corruption Perceptions Index of Iraq during 2012-2021 (Lee, 2022)

Furthermore, the transparency and mechanisms of auditing performance in Iraq are still in their infancy. The Corruption Perceptions Index (CPI) ranking of Iraq was 18 in 2018 and then slowly rose to 23 in 2021, indicating some attempts to fight against corruption in the country. The above figure displays a wider view of the scores and ranks of Iraq corruption indices according to the CPI ranking during 2012-2021. Clearly, the high level of corruption in Iraq cannot be controlled and lowered appreciably immediately by the auditing institutions like FBSA unless some tough measure is taken. To perform their audit activities meticulously, the auditors serving in FBSA must achieve improved competencies, including knowledge and self-efficacy skills. In order to draw the attention of the policymakers in Iraq regarding the importance of developing the competencies of the auditors, this study can offer a new empirical analysis in the Iraqi public auditing sector for the first time. It is important to mention that most of the previous studies focused on developed countries. Consequently, the previous findings in the literature may not be applicable and

generalized in the context of Iraq because it is a developing country with regulatory bodies still under reform. This study also examines another fundamental question that emerged in the public auditing sector related to the development of auditing resources through which the advantages can effectively be achieved and upheld.

Following the previous arguments on the implications of the proactive personality on auditing competencies and performance, it became inevitable to renew them (McKnight & Wright, 2011; Vermooten et al., 2019). Based on the existing research gaps, this work intends to enrich the previous body of knowledge with the required competencies for renewing auditing performance in public sectors. In addition, it aims to examine relationships among the variables to determine the mechanism through which these competencies can contribute to the benefits of the auditors' performance.

Many studies indicated the significance of auditing competencies as a knowledge resource, thus acting as a cornerstone for undertaking auditing performance (Ayinde et al., 2021). In addition, some reports emphasized the relationship between the auditors' competencies and work performance (Cheung & Lai, 2022; Hadisantoso et al., 2017; Masita et al., 2021). It was argued that the administrators of various auditing authorities in Iraq were unable to effectively enhance the auditors' competencies (Salih & Almajdob, 2019a). Thus, the primary inequities come from the knowledge gap between the auditing competencies wherein the performance of the public sector is mainly threatened by financial manipulation, indicating the need for competencies' improvement (Abed et al., 2022; Alzabari et al., 2019; Hamshari et al., 2021; Kaur et al., 2022; McVay & Szerwo, 2021; Rizqia & Lastiati, 2021; Woods et al., 2020).

1.3 Research Objectives

Motivated by the existing knowledge gap in the existing state-of-the-art literature, this study determined the effects of the auditors' competencies moderated by the proactive personality for better auditing performance in Iraqi public auditing sectors. The following research objectives are set for bridging the research gaps.

- 1- To examine the effect of auditor's knowledge on the auditor's task, adaptive and contextual performance in FBSA, Iraq.
- 2- To assess the effect of auditor's effective internal communication on auditor's task, adaptive and contextual performance in FBSA, Iraq.
- 3- To examine the effect of auditor's task self-efficacy on auditing task, adaptive and contextual performance in FBSA, Iraq.
- 4- To assess the effect of auditor's computer self-efficacy on auditing task, adaptive and contextual performance in FBSA, Iraq.
- 5- To study the moderating role of proactive personality on the relationship between auditor's competencies and auditor's performance in FBSA, Iraq.

1.4 Research Questions

The main goal of this study is to establish a correlation between the undertaken research variables, thus resolving the issues identified in the previous literature. In this standpoint, the following research questions are set:

1. Does the auditor's knowledge has an effect on the auditor's task, adaptive and contextual performance in FBSA, Iraq?
2. Does the auditor's effective internal communication has an effect on auditor's task, adaptive and contextual performance in FBSA, Iraq?

3. Does the auditor's task self-efficacy on auditing task, adaptive and contextual performance in FBSA, Iraq?
4. Does the auditor's computer self-efficacy on auditing task, adaptive and contextual performance in FBSA, Iraq?
5. Does the proactive personality has a moderating effect on the relationship between auditor's competencies and auditor's performance in FBSA, Iraq?

1.5 Research Scope

The scope of the current study includes the impact of auditors' competencies on the work performance of the auditors working in FBSA, Iraq. This study tried to determine a correlation between auditors' competences and performance to achieve the proposed research objectives. The direct impacts of the auditors' competencies on the work performance of the auditors and the moderation of the proactive personality were analyzed. Moreover, this study will examine the moderating role of proactive personality on the relationship between auditors' competencies and auditor's performance in the context of FBSA.

The quantitative method is used a close-ended survey questionnaire serving as the primary data collection instrument. Data were collected by sending the survey questionnaire to the auditors working in the Iraqi FBSA. The data was first collected in one to three months and then analyzed using the assessment model indicated in the formulated research design.

1.6 Research Significance

This study combined both theoretical and practical significances, thus indicating a substantial modification from the traditional approach of auditing

practices to develop the competencies of the Iraqi auditors' performance. It introduced several fundamental concepts and added new knowledge to the existing literature. In brief, the current research opened new directions for future scholars to navigate this upcoming field, enhancing the auditors' competencies. To sum up, the significance of the current research can be verbalized both theoretically and practically with an emphasis on performance evaluation.

1.6.1 Theoretical Significance

The unique nature of the auditors' performance and its relationship with the competencies made it possible to track their constant development. Therefore, this work can certainly contribute to the theoretical knowledge domain of the previous literature, providing a broader understanding of the nature and relationship between the primary constructs of the study. An in-depth literature review showed the necessity of re-conceptualization and continuous evaluation of the correlation between these components and their effects on the public auditors' work performance (Ayinde et al., 2021; Cheung & Lai, 2022; Hadisantoso et al., 2017). Concisely, this study is believed to contribute to understanding the inherent relationship between the auditors' competencies and work performance before implementing a moderator in conducting a theoretical investigation into the present literature.

A vast amount of relevant literature has critically been reviewed in terms of the implementation of dominant theories such as social cognitive theory and the theory of performance. It is important to mention that the social cognitive theory is mainly used to regulate the descriptions and procedures in the current study, contributing to the authentication of the developed conceptual framework for improved competencies of the auditors in the public sectors of Iraq. Finally, the perspective of the social cognitive

theory indicated that the present investigation could extend the previous literature findings (e.g. Abid et al., 2021; Peecher et al., 2020) by examining the impact of the proactive personality of the auditors to enhance the correlation between their competencies and work performance.

1.6.2 Practical Significance

The main motivation of this study was to provide comprehensive practical evidence of the current situation associated with the components of auditing competencies and auditors' performance. This study dealt with auditing competencies to evaluate and classify the influences of elements of competence on the auditor's work performance. Consequently, it showed how the field might focus on a certain factor of auditing competence to initiate a better performance in the unstable economic settings of Iraq. In the case of auditing practice, this study portrayed the effectiveness of the auditors' competencies and their influence on auditors' performance of the Iraqi FBSA auditors. The study's conceptual framework can guide the senior personnel in the management for further improvement of the overall competencies of the FBSA auditors in Iraq. In the auditing research field, this study may be the first step in exposing the auditors of Iraq to the link between their competencies and influence on the task, contextual and adaptive performance under the moderating role of proactive personality.

The findings of this study aimed to assist the policymakers in developing the proper audit intervention, awareness, and assistance programs. Being better informed of the nature and extent of the competencies among the auditors, for example, the policymakers can strategize and prioritize their plans and actions for enhancing auditors' performance in Iraq. From this standpoint, it may offer various practical

evidence for other researchers and beneficiaries on the implementation of the proactive personality to enhance auditing performance in the public auditing industry. They can further follow it by launching public policies and educational programs related to auditing competencies and work performance. Since this study is naturally groundbreaking with respect to the FBSA in Iraq, it might prompt other scholars to expand further research on effective auditors' competencies and their relationship to auditing performance.

1.7 Definitions of Key Terms

The upcoming sub-sections enlighten the conceptual definitions of the key terminologies employed in this study.

1.7.1 Auditors' Competence

Sari & Susanto (2018) stated that it is the professional skill of an auditor that is obtained through formal education and professional assessments, in addition to training programs.

1.7.1(a) Knowledge

Knowledge of auditors is defined by Lauer & Tanniru (2001) as an evaluation of a firm's intangible assets followed by an inquiry into what knowledge is needed, what knowledge is missing, and what knowledge currently exists to accomplish the purpose of the business. Additional research by van Uden, Knobens, & Vermeulen (2017) has shown that knowledge competency is an essential component of human capital and a critical asset for an organization's success.

1.7.1(b) Effective Internal Communication

As a collective endeavor of the group's members, Welch (2013) describes internal communication of audit as an evaluation of the efficacy with which your institution communicates and interacts with your staff. Sjöberg & Madsen (2014) define internal communication of audit as intended to evaluate the effectiveness with which your institution engages and interacts with its workforce.

1.7.1(c) Task Self-Efficacy

The concept of task self-efficacy indicates an individual's belief in their ability to carry out the required actions in a given situation (Cressman & Dawson, 2011). thus, it developed as a key component of effective self-management, which is associated with better performance outcomes in several studies such as (Hackett & Campbell, 1987).

1.7.1(d) Computer Self-Efficacy

Computer self-efficacy is correlated to auditors' willingness to use the electronic working system. According to Handoko, Lindawati, & Mustapha (2021), computer self-efficacy refers to auditors' ability to use auditing software to complete audits, generate audit data and, evaluate the results and automate the auditing process.

1.7.2 Auditors' Performance

When it comes to auditing, performance refers to the auditors' conduct or attitude in the workplace that is directly connected to job activities, such as completing monitoring of financial tasks Hadisantoso et al. (2017). Putri & Wirawati (2020)

indicated that auditor performance is an outcome of completing a monitoring task within specific time constraints.

1.7.2(a) Task Performance

Specific task outcomes in terms of quality and quantity are defined as task performance. The effectiveness of job-related activities that have an impact on the professional core of an organization, either directly or indirectly, is also characterized as task performance (Fuller & Kaplan, 2004).

1.7.2(b) Contextual Performance

Díaz-Vilela et al. (2015) designated that the behaviors, which aren't related to work but have a substantial influence on the organizational, social, and working settings in which they are carried out, are referred to as contextual performance and sometimes referred to as citizenship performance.

1.7.2(c) Adaptive Performance

The term adaptive performance indicates a person's willingness or capacity for change in the working context (Marques-Quinteiro et al., 2019). Although the suffix "capacity" is normally attributed to individual differences, adaptability has been used as a term for both performed behavior and individual variations in desire or capacity to adapt (Jundt et al., 2015).

1.7.3 Proactive Personality

A proactive personality is identified in someone who is relatively unaffected by contextual forces and who actively initiates environmental changes (Bateman &

Crant, 1993a). Highly proactive persons are inclined to take personal action to ensure constructive outcomes by using positive, problem-focused strategies (Cunningham & De La Rosa, 2008).

1.8 Thesis Structure

This thesis is structured in five chapters, as illustrated briefly in this section. **Chapter 1** presents a brief background of the study to indicate its rationale, a discussion of the research context and problem statement to describe the research gap, and the research questions and objectives that were set. Then, to achieve the proposed objectives, the methods were briefly described as the scope of the study. Finally, the significance of this research in terms of new knowledge generation and its contribution to the state-of-the-art in literature was presented, and the key terms were defined.

Chapter 2 critically overviewed the relevant previous literature that consists of a discussion on the underpinning theories, which emphasized this study's three main concepts: the auditors' competencies, auditing performance and proactive personality together with their interrelationships. On top of that, many empirical and theoretical studies from the previous studies were evaluated, analyzed, and compared to relate the questions of what in the current study. In addition, the study variables, hypotheses, and the development of the conceptual framework are presented. Then, a summary is derived at the end of the chapter to digest all the important parts discussed in the chapter in a simplified manner.

Chapter 3 dealt with the methodological approach used to carry out the research process from the beginning to meet the research objectives derived in this study. The chapter further discusses the study's research design, instrument, sampling, and trustworthiness. The discussion continues with the data collection procedure, data

cleaning, data analysis procedure, and moderator analysis. The chapter ends with a summary of all sections discussed in this chapter.

Chapter 4 highlighted the main results in detail, i.e., the analyses result of the data collected in the present study. The chapter explains the process of data cleaning, the analysis results of the demographic profile and the results of SPSS and Smart-PLS analyses, including the evaluation of the structural model and moderating analysis. The chapter ends with a summary of all sections discussed in the chapter.

Chapter 5 is the last in this thesis, concluding the discussion on the findings and results of the present study. The chapter discusses the findings relating to the research questions and hypotheses stated in the earlier chapter. Then, the discussion covers the theoretical contribution, practical contribution, study limitations and recommendations for future research directions. The chapter ends with the conclusion discussed in the chapter.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The chapter presents the review of literature related to the background of auditors' competencies and their effectiveness, emphasising task performance, contextual performance, and adaptive performance of auditors. The underpinning theories will be discussed with their conceptualization for this study. The gap in the literature regarding auditing competencies and their effect on the performance of auditing will be described. Finally, the conceptual framework formulated for this study, along with the hypotheses development, is presented in this chapter.

2.2 Auditing

Bhasker & Kapoor (2009) defined auditing as “a systematic, objective appraisal of the diverse operations and controls within an organization to determine whether financial and operating information is accurate and reliable, risks to the enterprise are identified and minimized, external regulations and acceptable policies and procedures are followed, satisfactory standards are met, resources are used efficiently and economically, and organization's objectives are effectively achieved”. Audit, thus, can be regarded as an official inspection of an organization's accounts, typically by an independent body. A financial audit is the study of an organization's financial report, as presented in its annual report, by an independent party. The financial report contains a balance sheet, an income statement, a statement of changes in equity, a cash flow statement, and a summary of major accounting policies and other explanatory notes (PwC, 2022).

The audit has existed as a term as early as significant human relations have occurred. The roots of this concept can be reported and traced back to civilized cultures around 500 B.C. (Flesher et al., 2005). These empire governments, such as Greece, Mesopotamia, and Rome, levied and raised these taxes on individuals and companies. Checks and counter-checks systems have been developed for proper accounting and collection. These early audit management systems were mainly designed to minimize errors and protect state property from fraudulent tax collection.

According to Loke, Ismail, & Hamid (2016), effective public audit activities improve government by substantially enhancing the capacity of people to keep their public sector agency accountable. In those aspects of management that are critical for public sector officials' creditworthiness, fairness and correct behavior while minimizing the danger of public corruption, the auditors perform a particularly important function. Accordingly, the audit activities must be adequately configured and have a wide mandate to achieve these goals. The auditing activities must be empowered to act in a comprehensive manner and deliver reliable services.

Arena & Azzone (2009) attempted to understand audit performance in the organizational context. External variables included: i) the audit team's features, ii) the auditing procedures and practices, and iii) the organizational connections. The results of their research showed an improvement in the efficiency of auditing when a) an association of the chief audit executive to the institute of internal auditors (IIA) raises the ratio between the number of auditors and the number of employees auditors; b) an introduction of control risk self-esteem strategies; and c) an auditing committee. The authors also highlight the need for a more comprehensive examination to analyze the effect on the effectiveness of auditing by auditors' competencies.

2.2.1 Auditors in Public Sector vs Auditors in Private Sector

Auditing in the public sector may be defined as collecting and evaluating evidence to evaluate if the information or actual situations comply with predetermined standards. Auditing in the public sector is crucial because it offers legislative and oversight bodies, those responsible for governance, and the general public information and independent objective judgments regarding the management and execution of government policies, programs, or activities (FBSA, 2022). The research interest in public-sector auditing has increased in recent years (Mattei et al., 2021). There are three types of audits carried out in Spanish public sector organizations that are: legality compliance audits, accounting and finance audits and performance audits (Torres & Cabeza, 2022).

Polizzi & Scannella (2022) have highlighted some of the challenges, such as organizations' complexity, institutional rigidity, potential threats to internal auditors' independence, and the issue of considering continuous auditing system as a "real-time error correction" mechanism, internal auditors in public sector organizations and central banks face that. Apart from the auditing challenges faced by internal auditors, Ismail & Yuhanis (2018) have stressed the importance of ethical work behavior in public sector organizations, which is influenced by law and independent ethical climate, professional commitment, corporate ethical values, idealism and relativism ethical ideologies. Audit quality decreases during times of crisis, such as the 2008 financial crisis. Auditors could not provide quality audits during crisis (Kyriakou, 2022).

2.2.2 Federal Board of Supreme Audit (FBSA)

The Federal Board of Supreme Audit of Iraq is an administratively and financially autonomous agency with legal personality. It is the highest financial control body attached to the Iraqi Council of Representatives (CoR) pursuant to Art. No. (103) Iraqi Republic Constitution of 2005. It is represented by the president of FBSA or whom he may authorize. FBSA is one of Iraq's most important institutions. Its job is to protect public funds, find fraud and manipulation, fight administrative and financial corruption, and help improve the national economy so that a new Iraq can be built with a government that is based on economic and financial foundations as well as on well-established, sound, legal, and scientific standards (FBSA, 2022). A diploma is required to enter FBSA to work in the audit department (FBSA, 2022).

The FBSA has increased its strengths by keeping up with the most recent audit procedures and international standards and by bolstering its staff's capabilities, competence, and skills. FBSA conducts training to keep the staff motivated and knowledgeable about preparing quarterly and annual reports. The following table presents types of financial abuses, controls of FBSA, objectives, duties, annual plans, entities under FBSA, audit functions, auditors' workstation, and powers of FBSA, as per the FBSA law.

Table 2.1 Provisions of FBSA as per FBSA Law (FBSA, 2022)

Types of Financial Abuses	Violation of laws, regulations, and provisions.
	Dereliction or default, resulting in a loss or waste of public funds or damages to the National Economy.
	Not to make available the necessary records, documents, and information to be kept for audit and control, or non-submission to the Board or the bodies it authorizes.
	Abstaining from or delay in answering the Board's reports, correspondence, objections, and observations within the specified period.

Controls of FBSA	<p>The Public money, wherever exist.</p> <p>Works of entities subject to the Board’s control and audit throughout Iraq as per to the provisions of FBSA law, and the laws in force.</p>
Objectives	<p>To safeguard the public money against waste, squander, and misconduct, and to ensure sound use of it.</p> <p>To enhance efficiency of auditees.</p> <p>To contribute to the independence of economy and supporting its growth and stability.</p> <p>To spread the national and international standard-based accounting and auditing systems and continuously improving practicable standards and criteria of management and accounting.</p> <p>To develop the profession of accounting and auditing and accounting systems and to enhance the auditees’ accounting and audit performance.</p>
Duties	<p>Auditing and control over accounts and activities of the entities under the Board jurisdiction and verifying sound disbursement of public funds and efficient implementation of laws, regulations, and provisions.</p> <p>Control of performance evaluation of entities subject to the Board’s control.</p> <p>Providing technical support in the fields of audit, accounting and administration and the related organizational and technical matters.</p> <p>Evaluating overall financial and economic plans and policies which are established to fulfill and comply with the states’ objectives.</p> <p>Conducting audit on issues requested for review by the Council of Representatives.</p>
Annual Plans	<p>Audit and performance evaluation tasks.</p> <p>Fields of cooperation with the Commission of Public Integrity and Offices of Inspectors General.</p> <p>Matters and issues perceived by the Board to be essential for verifying the government level of transparency and performance of duties.</p>
Entities under FBSA Jurisdiction	<p>The state institutions and departments, the public sector, or any other authority deals with the public funds in collection, disbursement, planning, funding, exchanging, trading, in-kind production or production of commodities or services.</p> <p>Any other authority whose law or by-law stipulates it should be subject to the Board’s audit and control.</p>
Audit Function	<p>The Board’s audit includes examining and auditing transactions and appropriations of the public revenues, expenditures and financial commitments in terms of their planning, collecting, expending, as well as assets of different types to verify how proper they are evaluated and registered in the orderly books and records, and to ensure availability, ownership, efficiency and safety of their usage, maintenance and safeguarding; as well as checking and auditing documents,</p>

	contracts, records, accounting books, budgets, financial statements, and decisions and all other documents and administrative issues related to the auditing duties.
Auditors' Workstation	The audit works shall be carried out at the auditees' headquarters, or, in case working in these sites has been impeded or become disrupted, at the Board's headquarters or main offices. The bodies concerned should prepare appropriate places for the Board's officials and allow them to access all the necessary records, documents and any information or data required for their job.
FBSA Powers	<p>The right to access all the documents, transactions, orders, and decisions related to audit and control, to conduct or supervise an at site stock count, and to obtain, as appropriate, from all the relevant administrative and technical levels all the clarifications, information and answers needed to carry out its mission.</p> <p>Auditing the classified programs and expenditures that are related to the national security, and President of the Board may deputize whom he chooses to act on his behalf to carry out the relevant auditing and reporting.</p> <p>Based on a decision by the Council of Financial Audit, conducting inspections on the grants, loans, facilities, preferences, and investments and making sure they are dedicated to the purposes of provision.</p>

2.3 Auditors' Performance

Productivity and corporate success through the increased performance of employees are widely studied in organizational behavior and human resources literature (Bommer et al., 1995). The performance of employees is an essential part of effective HR management and is one of the most popular development activities in the HR portfolio (Fay & Lührmann, 2004). The term "employee performance" means a person's work after making the necessary effort in the job, which includes a productive job, profile, and engagement with colleagues around him or herself (Pradhan & Jena, 2017). The performance-based goal must harmonize with corporate policies and shift on strategic and people-centred viewpoints throughout the process (Mallick et al., 2014).

Organizations with effective audit functions are more focused on fraud detection and prevention (Frank et al., 2019). Prior research has focused on auditor performance (Badara & Saidin, 2014; Cohen & Sayag, 2010; Wu, Huang, Huang, & Yen, 2017). Feizizadeh (2012) carried out a study on factors contributing to strengthening audit performance in Iran. The study concludes that most of the organizations in Iran measure and quantify the employee performance and performance of their business activities. Thereafter, the study concluded by recommending that measuring the performance of auditors is one of the factors that contribute to their high performance.

Performance is a multidimensional phenomenon that requires the simultaneous use of multiple performance indicators (Borman & Motowidlo, 1993; Mohammed, Mathieu, & Bart Bartlett, 2002; Pradhan & Jena, 2017). Nehme et al. (2019) provide that the evaluation of the auditors' work improves their work behavior in a competitive market in a developed country. The behavior denotes the acts that people show for a task, whereas the result dimension indicates the consequences of the role behavior of a person (Bozionelos & Singh, 2017). Seemingly at work, there are associations between behavioral engagement and expected results (Borman & Motowidlo, 1993). However, the correlation between both systems is not yet apparent since the expected result is affected by factors like motivation and cognitive capacity rather than the behavioral aspect. Digital technology utilization also impacts auditors' performance (Allbabidi & Hesham, 2021).

The relation between the characteristics of the auditors and their linkage with the performance is obvious. For instance, auditors should embody the know-how, skills, and expertise needed to meet each other's responsibilities. Only appropriate training and development programs will encourage auditors to maintain this