Internal Auditing (IA) as Career of Choice: Undergraduate Accounting Students’ Perceptions

Nurmazilah Mahzan
and
Norazlisham M. A.,
Department of Financial Accounting and Audit, Faculty of Business and Accountancy, University of Malaya, Kuala Lumpur, Malaysia, nurmazilah@um.edu.my, norazlisham@um.edu.my

Abstract

Stakeholders’ demands for better corporate governance have resulted in increasing trends on improved rules and regulation as well as the accounting and auditing professional. Internal auditing (IA) is also affected with these global changes and plays a significant role in evaluating the organization risk management, controls and corporate governance processes. Numbers of prior studies have been undertaken to explore accounting student perception towards accounting career. However, study on the internal auditing as career of choice amongst the accounting graduate is limited. Motivated by two prior research of Marriott and Marriott (2003) and McDowell and Jackling (2008), this paper examines the perception of accounting undergraduate students towards internal auditing profession as a career choice. The results show that students have heard of the profession and perceived that the internal auditing profession is well respected. Significant differences between male and female students in attitudes towards internal auditing profession were also noted in this study.

Key words: Perceptions, accounting major, internal auditing profession

1. Introduction

Call for Malaysian public listed companies (PLCs) to have an internal audit function was made in October 2007 by the government (The Star, 2007). This requirement was put into action by Bursa Malaysia with the amendment on its listing requirement issued on 31 January 2008. In addition, recent local corporate scandals such as Transmile Berhad, PKFZ, Kenmark Berhad, and the conglomerate blue chip stock, Sime Darby Berhad lead to a greater demand for corporate governance, where internal auditing is one of the key pillars.

Globally, demand for greater governance leads to increasing trends in improved rules and regulation as well as the accounting and auditing professional. In this perspective, Garry D. Carnegie and Christopher J. Napier (2009) quoted that professional accountants are struggling to meet the demand of the increasing regulatory requirements on corporate governance, audit independence and financial reporting, among other prescriptions. The Sarbanes-Oxley Act of 2002 and the increased oversight of the accounting profession through the Public Company Accounting Oversight Board (PCAOB) are part of the prescriptions. Internal auditing is also affected with these global changes and plays a significant role in evaluating the organization risk management, controls and corporate governance processes. In the Malaysian context for instance, the internal audit function has been made mandatory by the local stock exchange (Bursa Malaysia Berhad) through the amendment of its listing rules and regulations in 2008.