Digital Transformation, Emotional Intelligence, and Organizational Culture Toward Internal Audit Quality: Conceptual Framework

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ABSTRACT

This paper investigates the interplay between digital transformation, emotional intelligence (EI), and internal auditing quality within Saudi public institutions, with a focus on the mediating role of EI and the moderating role of organizational culture. The advent of digital transformation has significantly influenced internal auditing practices, necessitating an adaptation to new technologies and methodologies. Emotional intelligence is identified as a crucial factor in enabling audit teams to effectively manage the challenges and opportunities presented by digital transformation, enhancing communication, decision-making, and adaptability. Organizational culture further influences this relationship by providing a supportive environment that facilitates the adoption of digital innovations and the development of EI among audit personnel. The findings suggest that a synergistic approach, incorporating digital transformation initiatives with the development of EI and fostering a conducive organizational culture, can significantly enhance the quality and effectiveness of internal auditing in Saudi public institutions. This study contributes to the understanding of how digital transformation, EI, and organizational culture interact to improve internal auditing practices, offering valuable insights for policymakers and practitioners aiming to optimize internal audit functions in the face of ongoing digital advancements.

Keywords: Digital transformation, use of digital technologies, changes in value creation, structural changes, financial aspects, emotional intelligence, organizational culture, internal auditing quality, and Saudi public institution

INTRODUCTION

Internal Audit Quality (IAQ) is defined by the extent to which internal audit functions align with recognized auditing standards and contribute to organizational goal attainment [1]. IAQ is distinguished by its independence, objectivity, competence, and methodical procedures. Auditors conduct thorough evaluations of organizational operations, offering both assurance and consultative services to enhance risk management, controls, and governance structures [2]. The significance of IAQ is multifaceted. Primarily, it acts as a crucial control mechanism, safeguarding organizational assets and ensuring the integrity and precision of financial

statements. High-caliber internal audits afford stakeholders a heightened assurance level regarding the organization's fiscal health and its capacity to realize strategic goals. Furthermore, elevated IAQ can fortify corporate governance by pinpointing areas requiring improvement or compliance, thereby facilitating enhanced corporate performance [2]. In the context of Saudi Arabia, various contemporary challenges impede the realization of superior IAQ. A notable challenge is the reluctance towards embracing technological solutions in governmental internal audit sectors, attributed to data security apprehensions, knowledge deficits, and aversion to change, as pointed out by Mujalli and Almgrashi [3]. This reluctance potentially affects the internal audit process's efficacy and efficiency, especially within the digital transformation landscape.

Another pertinent aspect is adherence to internal audit standards. Alzeban [1] observed a pronounced effect of such compliance on the quality of financial reporting within the Saudi context, suggesting that increased conformity could bolster IAQ and, by extension, financial reporting quality. The attributes of internal audit departments also play a critical role in IAQ. Research by Al-Matari, Hazaea [4] demonstrated a direct correlation between internal audit features and the financial sector's performance in Saudi Arabia, highlighting the necessity for well-organized and sufficiently equipped internal audit departments to enhance IAQ. The influence of audit committees on IAQ is also noteworthy. Boshnak [5] identified significant impacts of audit committee characteristics, such as composition, financial expertise, and autonomy, on audit quality in Saudi Arabia, underscoring the importance of robust governance and oversight in achieving high IAQ. To elevate IAQ levels in Saudi organizations, addressing issues like technological adoption, standard compliance, internal audit department attributes, and audit committee roles is imperative. By tackling these issues, Saudi entities can improve their IAQ, contributing to better governance and organizational performance.

The digital era has fundamentally altered organizational operations, offering unparalleled opportunities for performance enhancement, process optimization, and stakeholder value increase [6]. The internal audit sector within organizations is undergoing significant transformation due to digital advancements. Internal audits play a pivotal role in advocating for sound governance, risk management, and internal control systems [6]. Nonetheless, digital transformation introduces new challenges and complexities, necessitating a reevaluation of traditional internal audit methodologies [7]. Understanding the impact of digital advancements on internal audit quality is becoming increasingly crucial. In Saudi Arabia, the cautious approach to technology adoption in public sector internal audit departments stands as a major challenge, driven by data security worries, technological unfamiliarity, and change resistance [3]. The influence of organizational culture on IAQ, particularly in the Saudi public sector, has been acknowledged [8, 9]. The prevailing cultural norms in Saudi Arabia, characterized by traditional values and collective decision-making, could impact the willingness to adopt new technologies and methodologies [10]. This cultural backdrop may affect the successful integration of digital technologies in internal audits [11, 12]. Saudi Arabia's organizational culture, marked by a preference for traditional and collective approaches, could influence internal audit practices and receptiveness to innovation. The hierarchical structure and top-down decision-making processes prevalent in Saudi organizations could affect the acceptance and implementation of novel audit technologies. The resistance to technological adoption in the Saudi public sector, particularly due to security concerns, technological inexperience, and general resistance to change, has been documented [3, 13].

Organizational culture in Saudi Arabia significantly impacts job performance and adherence to standard procedures [1, 8], extending its influence to internal audit practices. Cultures valuing governance and compliance are likely to underscore the importance of high-quality internal audits. The cultural environment within Saudi public organizations can either facilitate or hinder the adoption of innovations, such as digital transformation in internal audits [10, 14]. Hence, a culture conducive to adaptability and continuous learning is essential for successfully integrating new technologies and approaches into internal auditing. Emotional intelligence, crucial for navigating emotional complexities and enhancing job performance [15], is proposed to mediate the relationship between digital transformation and internal audit quality. Additionally, organizational culture, encompassing the collective values, beliefs, and practices, might moderate this relationship, influencing employees' responses to digital transformation-induced changes [16]. The swift pace of digital transformation presents both opportunities and challenges for internal auditing in Saudi public institutions [17]. While digital tools can enhance audit process efficiency and effectiveness, they also introduce new risks, underscoring the need for comprehensive training and development [7]. Furthermore, the adoption of these tools may be impeded by organizational cultures resistant to change and innovation [16, 18].

OVERVIEW OF SAUDI PUBLIC SECTOR INSTITUTIONS

Saudi Arabia's public sector is a vast and complex array of entities, encompassing everything from government ministries and agencies to public universities and state-operated companies. The governance model is predominantly centralized, with the Council of Ministers sitting at the helm, directing various sectors such as Finance, Health, and Education through its ministries. These entities are further segmented into specific departments and agencies tasked with oversight in areas like healthcare and fiscal policy [19]. While the central government holds the majority of governance responsibilities, certain powers are distributed to regional and municipal levels. Independent bodies, such as the Oversight and Anti-Corruption Authority, maintain a level of independence to provide oversight and maintain the integrity of the governmental framework. The architectural framework of Saudi's public sector is elaborate and tiered, spanning numerous government organizations under the monarchy's oversight. This traditional setup comprises ministries, boards, agencies, and commissions, each with distinct mandates to oversee different societal segments. The governance apex is the King, who exercises comprehensive executive, legislative, and judiciary powers. Supporting the King is the Council of Ministers, or the Saudi Cabinet, which includes ministers responsible for critical departments like finance, health, education, and foreign affairs, playing a pivotal role in policy development and execution [20].

Beneath the Cabinet lie several administrative strata. Ministries typically feature a centralized architecture, with various departments or directorates beneath them focusing on specific tasks. Additionally, a host of semi-autonomous and independent agencies exist, such as the Saudi Arabian Monetary Authority (SAMA) for financial oversight and the General Authority for Civil Aviation (GACA) for aviation industry regulation. The governance structure also includes advisory councils and committees that lend expertise in legislative and policy areas, including the Shura Council, which evaluates laws and regulations, and specialized councils dedicated to economic and developmental policies. Local governance structures, such as provincial governors and city councils, play a crucial role in managing local matters. A significant evolution in this established structure is underway, propelled by Vision 2030 and its associated Vision Realization Programs (VRPs), aiming to modernize government functions, diversify the

economy, and enhance public sector transparency and accountability. This has led to structural reforms within many public entities to better resonate with these goals, including modifications in reporting lines, establishment of new units focused on innovation and technology, and restructuring to reduce overlaps. The ongoing transformation of Saudi public institutions represents a blend of traditional governance and contemporary reforms, aiming to fulfill the Vision 2030 objectives of economic diversification, job creation, and governance enhancement. As part of the comprehensive economic and societal reforms encapsulated by Vision 2030 and its supporting VRPs, the Saudi public sector is in a phase of transition. These initiatives have progressed from planning to execution, influencing various sectors notably. For example, there's a gradual increase in non-oil economic activity, although job creation remains a critical challenge to address unemployment and assimilate new workforce entrants [21]. The government has also actively integrated recommendations from the 2018 Article IV and 2017 FSSA reports, targeting reforms in several key areas such as fiscal policies, tax administration, liquidity frameworks, banking regulations, AML/CFT measures, and economic data collection. International organizations, like the IMF, have played a crucial role in providing guidance and technical support for these reforms.

INTERNAL AUDIT QUALITY IN SAUDI ARABIA

The quality of internal audits in Saudi Arabia has become a focal point of study, reflecting its critical role in enhancing financial reporting and organizational performance [1]. A multitude of factors contribute to the effectiveness of internal audit functions, such as adherence to auditing standards, the framework of corporate governance, and the engagement of audit committees. A pivotal aspect under examination is the compliance with internal auditing standards. Research by Alzeban [1] demonstrated that following these standards has a direct correlation with the quality of financial disclosures in companies within Saudi Arabia, highlighting the necessity of meeting both international and national standards to bolster the financial reporting framework in the region [1]. The structure of corporate governance is another determinant influencing internal audit quality. Research by Guizani and Abdalkrim [22] highlighted how the composition of ownership and the board's autonomy are instrumental in determining audit quality. This is in harmony with the insights provided by Vadasi, Bekiaris [23], who utilized the lens of institutional theory to analyze the effect of corporate governance frameworks on internal auditing, noting that robust governance frameworks are synonymous with enhanced audit quality. The function of audit committees has also received significant scrutiny. Alzeban [1] identified a beneficial linkage between the activities of the audit committee and organizational performance in the Saudi context, indicating that a proficient and well-informed audit committee plays a vital role in improving internal audit standards and, by extension, the process of financial reporting.

In addition, aspects such as the quality of financial reporting, the caliber of external audits, and the robustness of earnings have been recognized for their influence on the performance of firms, extending beyond Saudi Arabia to encompass the Gulf Corporate Council Countries [24]. Expanding the scope, Almaqtari, Hashed [25] delved into how corporate governance mechanisms bear upon the adoption of IFRS in Saudi Arabia, Oman, and the UAE, offering deeper insights into the manner in which governance structures may indirectly affect the quality of internal audits through their impact on the financial reporting standards adopted by corporations.

EMOTIONAL INTELLIGENCE THEORY

The concept of Emotional Intelligence, as introduced by Salovey and Mayer [26], highlights the capacity to accurately perceive, comprehend, regulate, and apply emotions effectively within oneself and in interactions with others. This theory delineates emotional intelligence through four core competencies: (1) identifying emotions, (2) leveraging emotions to enhance cognitive processes, (3) grasping the complexities of emotions, and (4) adept emotion regulation [27]. The relevance of emotional intelligence has surged in organizational studies, reflecting its profound influence on work-related outcomes such as leadership effectiveness, collaborative efforts, communicative clarity, and decision-making prowess [28, 29]. Within the realms of digital transformation and the scrutiny of internal audit quality, emotional intelligence emerges as a pivotal element, fostering adaptability among employees, aiding in stress management, and ensuring smooth communication, all of which are integral to the triumph of digital transitions and the enhancement of audit practices [30].

Contemporary research underscores the positive correlation between emotional intelligence and job contentment, engagement, and overall performance, especially within environments characterized by high stress and complexity [29, 31]. Given the substantial shifts in operational methodologies and the introduction of novel digital instruments that digital transformation entails, individuals possessing elevated levels of emotional intelligence are more adept at navigating these alterations and mitigating related stressors [32]. Moreover, emotional intelligence is crucial for fostering effective team collaboration and communication in the midst of digital transformation efforts, facilitating a unified approach to overcoming challenges and resolving potential discord [33, 34]. Through the lens of Emotional Intelligence Theory, this research aims to dissect the mediating role of emotional intelligence in bridging digital transformation endeavors with the refinement of internal audit quality. Investigating how the emotional intelligence competencies of personnel contribute to the seamless execution of digital transformation projects and the bolstering of internal audit functions offers valuable perspectives for those in leadership and policy-making positions within Saudi public sector entities.

THE DIFFUSION OF INNOVATIONS

The Theory of Diffusion of Innovations, formulated by Rogers [35], explores how new ideas, technologies, or practices spread within a community over time. Rogers characterizes diffusion as a societal process where novel concepts are communicated across different channels among social system members. The theory delineates five primary attributes that affect an innovation's adoption rate: (1) relative advantage, (2) compatibility, (3) complexity, (4) trialability, and (5) observability. Within the realms of digital transformation and the enhancement of internal audit quality, the Theory of Diffusion of Innovations serves as an insightful framework to comprehend the integration of novel digital methodologies and tools within organizations. Contemporary research employing this theory has scrutinized the elements that dictate the triumph of digital transformation efforts across various sectors, including governmental bodies [36, 37]. A pivotal determinant in embracing digital transformation is the perceived relative advantage over current methods [35]. Institutions recognizing substantial benefits in new digital solutions are more inclined towards committing to and effectively actualizing digital transformation endeavors [38]. The degree of compatibility, which assesses how well an innovation matches the existing cultural norms, practices, and necessities, is equally vital in the adoption journey [39, 40].

Moreover, the intricacy of digital transformation projects, alongside their trialability and demonstrability, also significantly affects their adoption rate and the ensuing enhancement in internal audit standards [41, 42]. Entities that adeptly navigate the complexities of digital transformation, offer opportunities for testing new procedures, and clearly showcase the advantages stand a better chance at achieving superior internal audit quality [43, 44]. The Theory of Diffusion of Innovations provides a thorough framework for analyzing the factors that drive the acceptance and effectiveness of digital transformation initiatives within Saudi public organizations. This research aims to aid in formulating efficient digital transformation strategies, thereby bolstering the quality of internal auditing.

ORGANIZATIONAL CULTURE THEORY

The Theory of Organizational Culture, articulated by Schein [16], suggests that the culture within an organization is an intricate system of collectively held assumptions, values, and beliefs that determine individual behaviors within that entity. Schein outlines three tiers of organizational culture: (1) artifacts, which are the tangible aspects of an organization like its structures and processes; (2) espoused values, representing the organization's explicitly stated principles and standards; and (3) basic underlying assumptions, which are the tacit beliefs that influence behavior. The role of organizational culture is pivotal in determining the effectiveness of digital transformation efforts and the quality of internal audit practices [45, 46]. Cultures that promote open dialogue, teamwork, and flexibility are more likely to foster successful digital transformation projects and elevate the quality of internal audits [47].

Recent research underscores the significance of organizational culture in embracing and integrating digital innovations within firms [48, 49]. For example, a prevailing culture that values innovation and continual improvement can propel the adoption of new digital solutions, whereas a culture averse to change may impede the fruition of digital transformation efforts [9]. Regarding the quality of internal audits, organizational culture can also act as a moderating factor, affecting how digital transformation influences internal audit quality. For instance, a culture that prizes responsibility, openness, and continuous learning can amplify the positive effects of digital transformation on the quality of internal audits [50, 51]. Conversely, a culture that stifles inquisitiveness and open discourse might restrict the advantages that digital transformation could bring to internal auditing practices [52]. The Theory of Organizational Culture offers an insightful lens for examining the moderating influence of organizational culture on the nexus between digital transformation and internal audit quality. This investigation into the impact of various cultural dimensions on the efficacy of digital transformation initiatives and the standard of internal audit practices aims to aid in crafting strategies for effective cultural management within Saudi public entities.

DIGITAL TRANSFORMATION AND INTERNAL AUDITING QUALITY

Digital transformation has become a pivotal influence on the landscape of internal auditing, shaping the efficacy and quality of audit procedures [53, 54]. As digital technologies become more entrenched in organizational operations, the internal audit function faces the need to adapt to the evolving challenges and possibilities presented by digital transformation efforts [55, 56]. Numerous inquiries have delved into how digital transformation affects the caliber of internal auditing. Pizzi, Venturelli [53] undertook a bibliometric review to gauge the influence of digital transformation on internal audits, underscoring the increasing significance of technology in reshaping the audit function. Their analysis pinpointed key technological

advancements, like data analytics and artificial intelligence, as significant catalysts for change in audit practices. Manita, Elommal [55] probed into how digital changes in external auditing influence corporate governance, discovering that digital advancements bolster audit quality and reliability through enhanced data scrutiny, minimized error margins, and the enablement of ongoing operational oversight. Betti, Sarens [54] focused on how digitalization reshapes the internal audit domain, emphasizing the dual nature of digital transformation as both a challenge and an opportunity. They posited that digital tools offer auditors novel means to boost their work's efficiency and effectiveness, albeit with a concurrent need for skill and competency development. Lois, Drogalas [56] examined the digital era's prospects, risks, and hurdles for internal auditing, noting that while digital solutions offer significant efficiency and effectiveness gains, auditors must also navigate emerging risks and continually adapt to new technologies. Betti, Sarens [54] analyzed digitalization's impact on internal audit activities, suggesting that digital tools can refine audit quality by streamlining data analysis, enhancing risk evaluations, and supporting real-time operational monitoring.

De Santis and D'Onza [57] delved into the integration of big data and analytics in audit processes, emphasizing the criticality of embedding data analytics to augment internal audit quality and efficacy. Otia and Bracci [58] scrutinized the digital transformation within the public sector auditing sphere, especially among Supreme Audit Institutions (SAIs), noting that digital advancements present SAIs with opportunities to improve audit quality and effectiveness but also pose challenges that require ongoing adaptation and skill development. Fotoh and Lorentzon [59] embarked on a Delphi study to assess digitization's impacts on the auditing field in Germany, concluding that digital technologies hold the potential to significantly uplift audit process quality through detailed data analysis, risk assessment improvements, and real-time operational surveillance. While existing studies underscore digital transformation's capacity to bolster internal audit quality and efficiency, they predominantly focus on the private sector, with less attention paid to public institutions. In addition, the previous studies have lack understanding the mediation role of emotional intelligence and moderation role of organizational culture. The proposed conceptual framework fills this gap by addressing how the effective implementation of digital transformation effected by the organizational culture of the auditing companies in Saudi Arabia, and will be able to create emotional intelligence that boost the quality of internal auditing.

DIGITAL TRANSFORMATION AND EMOTIONAL INTELLIGENCE

The successful execution of digital transformation extends beyond merely integrating advanced technologies; it necessitates a comprehensive shift in organizational culture, attitudes, and competencies, with Emotional Intelligence (EI) playing a pivotal role in ensuring the triumph of such initiatives. EI contributes significantly to cultivating effective communication, teamwork, and flexibility within organizations, elements crucial for the seamless adoption of digital changes [60, 61]. Schiuma, Schettini [60] emphasized the significance of emotionally intelligent organizations in spearheading digital transformation, noting how EI underpins a conducive culture that champions innovation, collaboration, and continual learning. They posited that EI is indispensable for the smooth rollout of digital transformation efforts, as it equips individuals with the skills to regulate their emotions and communicate efficiently, thereby enhancing teamwork and spurring innovation. Gulati and Reaiche [61] delved into the impact of soft skills, including EI, as essential elements in digital transformation. They discovered that EI is crucial for navigating the complexities and uncertainties that accompany

digital transformation, especially in bolstering communication, teamwork, and adaptability. Sahyaja and Rao [62] offered a theoretical perspective on the interplay between emotional and intellectual dimensions within digital transformation contexts, suggesting that EI is key for leadership effectiveness in the digital age by aiding leaders in understanding and managing emotions, which in turn facilitates decision-making and problem resolution.

Boughzala, Garmaki [63] conducted a comprehensive literature review to assess digital intelligence's role in enhancing digital creativity and driving digital transformation. Their findings underscored the importance of EI in creating an environment conducive to digital creativity and innovation, as it allows individuals to effectively regulate emotions and adapt to new technological paradigms and procedures. Schiuma, Schettini [64] introduced the transformative leadership compass, outlining six competencies vital for digital transformation entrepreneurship, with EI among them. They maintained that EI is essential for leaders steering digital transformation efforts, as it helps in managing change and nurturing an organizational culture supportive of such initiatives. Yeke [65] examined the interplay between digital intelligence and EI in the realm of business management, highlighting the integral role both forms of intelligence play in the fruitful execution of digital transformation projects. They contended that EI is pivotal for individuals' adaptation to the digital age's demands, particularly in enhancing communication, collaboration, and flexibility. de José Belzunce [66] explored how change management rooted in EI can lead to successful digital transformation, suggesting that EI is fundamental in creating an organizational culture that fosters innovation and adaptability, key components for successful digital transformation endeavours. This body of work underscores the essential role of EI in the successful adoption of digital transformation initiatives. By enhancing communication, collaboration, and adaptability, EI equips organizations to tackle the challenges and uncertainties inherent in digital transformation, facilitating more effective decision-making, problem-solving, and innovation. Understanding the interconnection between digital transformation and EI is crucial for Saudi public institutions aiming to boost the efficiency and effectiveness of their internal audit functions through digital advancements.

EMOTIONAL INTELLIGENCE AND INTERNAL AUDITING QUALITY

The significance of emotional intelligence (EI) in bolstering the quality of internal audits has garnered attention in contemporary research. Various studies have delved into how EI influences different facets of internal auditing, such as mitigating behaviours that compromise audit quality, bolstering internal control efficacy, refining auditor judgment, and elevating the overall quality of audits. Research by Zhao, Li [67] delved into how the EI of audit teams impacts behaviours that could lower audit quality within auditing firms. They discovered that elevated EI levels in teams corresponded with a reduction in such adverse behaviours. The study further illuminated that trust within the team served as a mediator in this dynamic, while the sharing of knowledge had a moderating role [20, 68]. Abdo, Feghali [29] investigated the influence of EI and personality traits on the effectiveness of internal controls among internal audit team members in Lebanese enterprises, concluding that EI significantly boosts internal control effectiveness by shaping positive auditor behaviours.

Yang, Brink [28] assessed the effect of EI on the judgment of auditors, finding that those with higher EI exhibited superior judgment capabilities in complex audit scenarios, thereby enhancing audit quality. Pinatik [69] scrutinized how an auditor's EI, alongside their

competence and independence, affects audit quality. The findings indicated that these factors, including EI, are crucial in improving auditors' decision-making and problem-solving skills, thus raising the quality of audits. Brody, Gupta [38] analyzed the impact of EI on auditor performance, revealing that auditors with advanced EI levels demonstrated improved performance in audit tasks, which contributed to higher audit quality. Jacka [70] underscored the criticality of EI for auditors in forging and sustaining constructive, productive organizational relationships. The research posited that EI facilitates effective communication and cooperation with various organizational stakeholders, thereby enhancing audit quality and the efficacy of internal controls. The accumulated research underscores the pivotal role of EI in improving the quality of internal audits. Enhanced EI among auditors is linked to superior judgment, decision-making, problem-solving capabilities, and improved stakeholder collaboration, all of which culminate in elevated audit quality. Within the Saudi public sector context, grasping the interplay between EI and internal audit quality offers crucial insights for augmenting the internal audit functions' effectiveness and efficiency.

EMOTIONAL INTELLIGENCE AS A MEDIATOR VARIABLE

The research discussed thus far underlines the critical influence of emotional intelligence (EI) across several facets of internal auditing, highlighting its capacity to elevate audit quality and to foster robust communication and teamwork among audit personnel. This segment delves into EI's potential intermediary role in linking digital transformation with the quality of internal auditing. Reflecting on Zhao, Li [67] work, it's plausible that EI could act as a bridging factor by nurturing team trust and facilitating the exchange of knowledge within audit groups, thus diminishing behaviors that compromise audit quality and enhancing the overall quality of internal audits. In the digital transformation sphere, this implies that EI could bolster audit teams' ability to acclimatize to new digital tools and methodologies by strengthening trust and encouraging the sharing of knowledge. Further, the research by Abdo, Feghali [29] underscores EI's vital contribution to boosting the effectiveness of internal controls by positively affecting the conduct of internal auditors. This insight suggests that EI could intermediate the connection between digital transformation and internal auditing quality by empowering auditors to more adeptly manage the hurdles and uncertainties inherent in digital transformation. The studies from Yang, Brink [28] and Pinatik [69] indicate that EI significantly impacts auditors' judgment and the overarching quality of audits, hinting that EI might mediate the digital transformation-internal auditing quality relationship by aiding auditors in making more informed decisions and tackling problems more efficiently amidst the challenges posed by digital transformation.

Moreover, the findings from Brody, Gupta [38], Jacka [70] emphasize EI's role in augmenting auditor performance and nurturing positive intra-organizational relationships. These outcomes propose that EI could mediate between digital transformation and internal auditing quality by equipping auditors to communicate and collaborate more effectively with a variety of organizational stakeholders amid digital transformation endeavours. The literature points towards the conceivable mediating role of emotional intelligence in the dynamic between digital transformation and internal auditing quality. EI could aid audit teams in navigating the complexities and uncertainties tied to digital transformation by fostering trust, encouraging knowledge dissemination, sharpening decision-making and problem-solving skills, and enhancing communication and teamwork among team members and with stakeholders. Within the context of Saudi public entities, probing into EI's mediating role in the digital transformation-internal auditing quality relationship offers valuable perspectives on

optimizing the effectiveness and efficiency of internal audit activities amidst digital transformation efforts.

Emotional intelligence (EI) is acknowledged for its pivotal role in internal auditing efficacy, encapsulating an individual's aptitude for perceiving, comprehending, applying, and regulating emotions constructively to facilitate personal development and successful social interactions. It's linked with numerous advantageous outcomes in internal auditing, like audit quality enhancement [67, 71], bolstering internal control effectiveness [29], and fostering positive organizational relationships [38, 70, 72]. However, a notable gap in existing research is the unexplored potential of EI to mediate the relationship between digital transformation and internal audit quality. This oversight is particularly significant in the Saudi public sector context, where digital transformation is a cornerstone of Vision 2030, and enhancing internal audit quality is a prime goal.

The investigations by Yang, Brink [28], Abdo, Feghali [29], Brody, Gupta [38], Zhao, Li [67], Pinatik [69], Jacka [70], while not directly examining EI's mediating role in the digital transformation context, suggest various ways EI could potentially bridge this relationship. For example, EI might enable audit teams to better adapt to novel digital platforms and processes through improved trust and knowledge exchange. It could also assist auditors in confronting the uncertainties and challenges linked with digital transformation, facilitating superior decision-making and problem-solving, thereby boosting audit quality. Moreover, EI could enhance auditor and stakeholder communication and collaboration, contributing to a more fruitful digital transformation journey. Addressing this, the present study aims to investigate the mediating role of emotional intelligence in the interplay between digital transformation and internal audit quality within Saudi public institutions. This exploration is expected to yield insightful findings on leveraging emotional intelligence to amplify the efficacy and efficiency of digital transformation initiatives and elevate internal audit quality.

ORGANIZATIONAL CULTURE AS A MODERATOR VARIABLE

The significance of organizational culture in the realms of digital transformation and the enhancement of internal auditing quality has been recognized within academic circles. This discussion delves into the possible moderating effect that organizational culture might exert on the interplay among digital transformation, emotional intelligence, and the caliber of internal audits. It's well-documented that organizational culture impacts several aspects of internal auditing, including the efficacy of internal controls, auditor performance, and the overarching quality of audits [29, 38, 73]. In digital transformation scenarios, an embracing organizational culture is pivotal for audit teams to effectively integrate new technological tools and methodologies, thus elevating the quality of internal audits [56]. Schiuma, Schettini [60], Sahyaja and Rao [62] have stressed the role of organizational culture in nurturing emotional intelligence within the workplace. An enabling culture cultivates a setting where individuals are motivated to enhance their EI, which in turn bolsters decision-making, problem-solving, and communicative competencies, all of which are essential for superior internal auditing quality. The investigation by Betti, Sarens [54] into the ramifications of digitalization on internal audit operations underscored the critical role of a supportive organizational culture in the seamless adoption and utilization of digital innovations. This insight posits that organizational culture could act as a moderator in the dynamic between digital transformation

and internal auditing quality by shaping how digital technologies are embraced and utilized effectively.

Moreover, De Santis and D'Onza [57] explored the significance of organizational culture within the domain of big data and analytics in auditing. Their study posited that a nurturing culture facilitates the adoption of data-centric audit methods, thus augmenting audit quality and the efficacy of internal audit processes. The literature thus points to a potential moderating role of organizational culture in the nexus between digital transformation, emotional intelligence, and internal auditing quality. An encouraging organizational culture is instrumental in the fruitful implementation of digital innovations and the cultivation of EI, leading to enhanced internal auditing quality. Investigating this moderating role within the framework of Saudi public institutions offers invaluable insights into optimizing the effectiveness and efficiency of internal audit functions amidst ongoing digital transformation processes. The body of research underscores organizational culture's pivotal role amidst digital transformation and in elevating internal audit quality. Defined as the collective values, norms, and practices that characterize an organization, organizational culture influences numerous facets of internal auditing, including internal control efficiency [11, 29] and auditor performance [38]. Lois, Drogalas [56] further highlight that a conducive organizational culture can ease the integration of new technologies and methodologies, thereby boosting audit quality.

Despite these insights, there's a notable gap in the literature regarding the moderating role of organizational culture in the intricate relationship between digital transformation, emotional intelligence, and internal audit quality, particularly within the Saudi public sector. Schiuma, Schettini [60], Sahyaja and Rao [62] emphasized a supportive organizational culture's importance in fostering emotional intelligence among employees, which could lead to improved decision-making, problem-solving, and communication skills. Betti, Sarens [54] also noted the critical role of an accommodating organizational culture in the effective implementation of digital technologies. These findings imply that organizational culture might moderate the relationship between digital transformation, emotional intelligence, and internal auditing quality by influencing both the adoption of digital technologies and the development of emotional intelligence. Moreover, De Santis and D'Onza [57] underscored organizational culture's relevance in adopting big data and analytics in auditing, suggesting that a supportive culture can aid auditors in embracing data-driven approaches, thus improving audit quality. This study aims to explore the moderating role of organizational culture in the interplay between digital transformation, emotional intelligence, and internal audit quality within Saudi public institutions, hoping to shed light on enhancing internal audit functions' effectiveness and efficiency in the digital age.

CONCEPTUAL FRAMEWORK

Based on the empirical studies discussed in the previous sections, the following hypotheses it be proposed for the relationship between digital transformation, emotional intelligence, internal auditing quality, and organizational culture in the context of Saudi public institutions. The literature suggests that digital transformation enhance audit efficiency, effectiveness, and overall quality [53-55]. Thus, it is hypothesized that digital transformation positively affects internal auditing quality in Saudi public institutions. Studies such as Schiuma, Schettini [60], Gulati and Reaiche [61] emphasize the importance of soft skills, including emotional intelligence, in the successful implementation of digital transformation initiatives. It is

hypothesized that digital transformation is positively associated with emotional intelligence in Saudi public institutions. Research by Yang, Brink [28], Abdo, Feghali [29], Zhao, Li [67] demonstrates the significant impact of emotional intelligence on various aspects of internal auditing quality. It is hypothesized that emotional intelligence is positively related to internal auditing quality in Saudi public institutions.

Based on the discussed studies, emotional intelligence may mediate the relationship between digital transformation dimensions and internal auditing quality by fostering trust, promoting knowledge sharing, and enhancing decision-making, problem-solving, and communication abilities in audit teams. The literature suggests that organizational culture influences the adoption and effective use of digital technologies, foster the development of emotional intelligence, and create a supportive environment for audit teams [56]. It is hypothesized that organizational culture moderates the relationship between digital transformation dimensions and internal auditing quality in Saudi public institutions. These discussions lay the foundation for the research framework of this study, which aims to explore the relationships between digital transformation, emotional intelligence, internal auditing quality, and organizational culture in Saudi public institutions as shown in Figure 1.
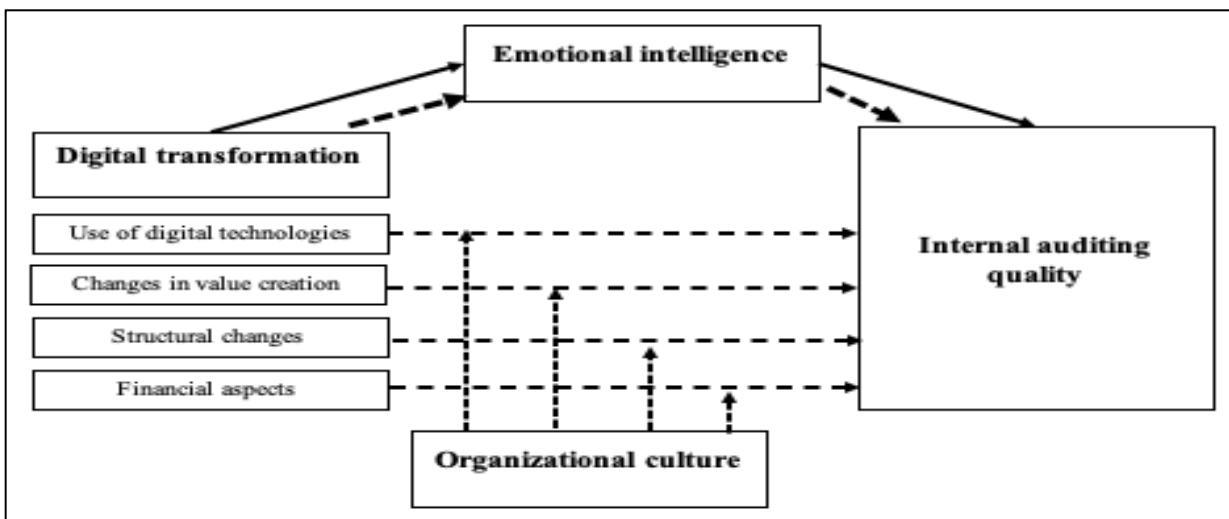

Figure 1: Research Conceptual Framework

CONCLUSION

The exploration of the intricate dynamics between digital transformation, emotional intelligence (EI), and internal auditing quality within the context of Saudi public institutions reveals a multifaceted relationship where organizational culture plays a pivotal role. This framework underscores the transformative impact of digital technologies on internal auditing practices, highlighting the necessity for auditors to adapt to new challenges and opportunities. Emotional intelligence emerges as a crucial mediator in this relationship, enabling audit teams to navigate the complexities of digital transformation through enhanced communication, decision-making, and adaptability. Furthermore, the supportive nature of organizational culture is identified as a key moderator, fostering an environment conducive to the effective integration of digital tools and the development of emotional intelligence. Collectively, these insights contribute to a deeper understanding of how to leverage digital transformation and emotional intelligence to enhance the quality and effectiveness of internal auditing in Saudi

public institutions, ultimately supporting the broader goals of efficiency, transparency, and accountability in the public sector.

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