Automated Audit and Competitive Advantage of Selected Banks in Nigeria

Obasan, Olabowale Taiwo
Department of Accountancy
Abraham Adesanya Polytechnic, Ijebu-Igbo, Ogun State, Nigeria.
Pemisire0703@gmail.com
+2348034411824

Abstract

This study aims to examine the effect of automated audits on the competitive advantage of the selected banks in Nigeria. The study adopted survey method for the research design. The survey was conducted in 13 selected banks in Nigeria with an approximate total of 1,261 staff. A total of 334 questionnaires were distributed among the thirteen (13) banks. Two-hundred and ninety-nine were retrieved representing 89.5% response rate. The sample was selected based on a stratified and simple random sampling techniques. The dataset was analyzed using the descriptive and inferential (multiple regression) statistics. The study concluded that automated audit has a significant effect on competitive advantage and service quality of the selected banks in Nigeria. The study recommended that the banking sector should improve on the audit skill and information communication technology competency to improve the quality of bank service. This is because innovating the quality of the service according to the needs and demands of the customer is very important in every banking sector.

Keywords: Automated audit, Audit Skills, Information Communication Technology Competence, Competitive advantage and Service Quality

Introduction

The core competencies of the employees and teams play a primitive role in the accomplishment of organizational goals thereby enhancing the competitive advantage of the organization. Issues related to competitive compensation, improving the skill and competencies to main competitiveness are creating major problems for the organization. Hence the need for effective competitive advantage management has emerged. Effective competitive advantage of the performance management system is critical to enhancing organization, to achieve a competitive position in the global marketplace (Franceschini, Galetto, Maisano, & Mastrogiacomo, 2010).

Organizations have the power to achieve and maximizing competitive advantage in the aspect of service quality in the banking sectors. In attaining this, the management of the banking sector depends solely on the automated audit system through professional skill or audit skill or the staff, electronic communication system, and information communication technology competence. The management ensures adherence to stipulate the competitive advantage of their banking sector and aid management smooth administration, ensure a good quality of service, and maximum benefit for customers (Dauda & Olawale, (2019); Unegbu & Obi, 2012) by ensuring and measuring an effective auditing system.

Nest, Smiidt and Hobber, (2017) regarded automation as one of the basic aspects required to improve organizations through competitive advantage and service quality while automated audit is regarded as the computer-aided process to execute audit objectives. The automated audit is the process of applying any information technology-based system to assist auditors in the planning, performance, control, completion, and administration of audit works.

Recently, the organization adopted the use of audit automation (Debreny, Lee, Neo, and Toh, 2017). Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organizational operation (Albkour & Chaudhary 2017). It helps the organization to achieve its aims by employing a systematic disciplined approach to evaluate and improve the effectiveness of the management process. Automation of basic aspects of financial processes especially audits remains one of the strategies required towards the improvement of organization's competitive advantage (Nest, Smidt & Hobber 2017). Audit automation is the application of computer-aided processes to execute audit assignments. Today's auditors are faced with an excessive workload, time constraints, and data volume explosion (Adrianto, 2018). Present-day auditors are also besieged with challenges of very high expectations, the continual increase in fraud perpetration, declining efficiency of audit employees, improper training of several auditors due to their refusal to serve audit apprenticeship training, and the pressure of passing their professional examinations. These had created adverse effects not only on profitability and service quality performance of auditors; but also undermined their target realization aspects of audit performances. Other challenges confronted by present-day auditor's poor knowledge of fighting electronic fraud perpetration, poor financial leakage control, and poor internal control (Sjoberg & Johanson, 2016). The general consequences of these challenges are massive increases in fraud perpetration, especially in financial institutions.

Anyanwu, (2010), reported that the 2012 banking sector reform was triggered by the need to address the combined effects of the global financial and economic crises, as well banks' huge exposures to oil/gas and margin loans, which were largely non-performing; corporate mis governance and outright corruption, among operators in the system. Since the reformation of the banks, the banks have undergone some changes, and therefore, it is important to investigate the effect of automated audit on the competitive advantage of thirteen selected banks in Nigeria.

Statement of the Problem

The idea of establishing the sustainability of the competitive advantage is based on the best managerial tools of solving the problem of the poor service quality (Adebayo, Worlu, Moses, Ogunnaike, & Salau, 2021) which are the main causes of failure of problem within the banking sectors in Nigeria. Ibrahim and Daniel, (2019) opined that many organisations have failed due to their ineffective style of management and poor performance in the area of quality of service and customer relations of the workers which led to low productivity in the organisations. It is generally observed that competitive disadvantage and the staff can stop the management from producing new ideas and getting solution to problem of the banking sections, especially in the area of auditing (Ibrahim & Daniel, 2019). The competition of the sectors in the banking sector is usually a reflection of how effectively and efficiently the human and other productive resources of the banking sector managed the decision (Agba, 2018; Methode, Osunsan, Irau, Wandiba, Abiria, & Innocent, 2019).

Observations have shown that automation auditing like ICT competency, communication system, and professional skill; has been a major challenge of achieving competitive advantage in terms of service quality. Stowell, (2021) stated that organizations face difficulties in blending multiple personalities into a cohesive and unified team, and this is an enormous problem because of differences in people's diversity of backgrounds, opinions, views, and experiences before they can attain absolute organizational goals.

Service quality is ineffective as a result of lack of information flowing from the customers to the management and this makes what the customers expect and what management think they expect. There have been problems due to a temporary shortage of resources, a failure to match supply and demand, lack of training, or poor employee motivation. In addition, overpromising or lack of communication to the customers is a significant problem affecting the organization (Sharabi & Davidow, 2010). This is precipitated by the shortage of labour, computer breakdown among other reasons. The lack of empathy by the management of these banks is further worsening the already poor image perception of many of their customers (Berg and Bharati, 2013).
With these, we can conclude that failure to secure automated privacy, constant technology, and infrastructure changes, lack of professional skills auditors affect the banks in the aspects of competitive advantage through service quality effectiveness. Despite various studies conducted within this context; limited studies have investigated the effect of automated audits on competitive advantage in banking sectors. Therefore, these problems and gaps identified necessitated this study to investigate the effect of automated audits on competitive advantage in the banking sector.

Objective of the Study

The main objective of this study was to assess the effect of Automated Audit on the competitive advantage of selected Banks in Nigeria. The specific objectives were to:

i) evaluate the effect of automated audits on the competitive advantage of the selected banks in Nigeria.
ii) examine the effect of automated audit on service quality of the selected banks in Nigeria.

Research Questions

Despite the research objectives stated above, the study answered the following specific questions:

i) In what way do automated audits affect the competitive advantage of the selected banks in Nigeria?
ii) What is the effect of automated audits on the service quality of the selected banks in Nigeria?

Research Hypotheses

The following hypotheses were tested in this study:

$H_0$1: Automated audit has no significant effect on the competitive advantage of the selected banks in Nigeria.

$H_0$2: Automated audit has no significant effect on the service quality of the selected banks in Nigeria.

2.0 REVIEW OF RELATED LITERATURE

Conceptual Review

Competitive Advantage

One of the keys of business strategy for creating competitive advantages is understanding the data that firms generate in their own business. Information processing has gradually become the basis for achieving competitive advantage. The major development of competitive advantage was based on the unique position of the banking sector developed against the competitors through the patterns of resources deployments. Hofer, (1978) proposed that competitive advantages involved competencies. Dubey and Sangle, (2019) revealed how CRM technology capability have an impact in the banking sector. The research of Kasasbeh, Harada, and Noor, (2017) reviewed a systematic method of competitive advantage and the study of Major, Maggitti, Smith, Grimm, and Derfus, (2016) investigated selective and reflective competitive behavior using a longitudinal sample.
Competitive advantage can be related to the theory of comparative advantage. This theory stated that when comparative advantage suffered from the same weakness like that of Neoclassical theory of the organization. The idea of

competitive advantage gives a robust or explanatory explanation or power of strategy and organization. The success of the organization depends on the sector and its relationship. Therefore, Bagnoli, et al., (2003) reported that competitive advantage could be established by devolving organizational superiority.

Every organization is ahead of the competition with the assistant of its stakeholders, leadership, and superior performance. It can be stated that competitive advantage is proportional to a different department in the organization in all the sectors, especially the banking sector of interest. Two prominent views of competitive advantage in the banking sectors, the first discussed the function of membership in an organization and the second one discussed the organizational performance. The main purpose of organization performance was because of the internal competition of the banking sector. Powell, (1996) in UKEssays, (2018) identified superior performance and competitive advantage are the main factors that increase the performance of the organization in the banking sector.

Service Quality

Adamu, (2017) explained the term service quality as a comparison of expectations with performance used when performing a gap analysis of service quality performance of organization against service quality needs and it is regarded as the most important goal of service industries that link the satisfaction of customer with good service quality (Akpan, 2017). Swick and Baumgartner, (2017) explained service as a comparison of customer price-fixing expectations of service, with the eventful particle serves on the of the service. Service quality is very germane to an organizational survival as it serves as a tool for a competitive performance edge. Service quality also creates patronage, fulfilling customers. It serves as a basis for price-fixing and measure of overall organizational performance, serves as the basis for customers' recommendations increase profitability postal service quality originated from expectancy. Therefore, a business with such high service quality must strive to fulfill customers' expectations and endeavor to exceed them (Oliver, Barry & Barry, 2014).

Service delivery can be achieved through improvement of operational process, issuance, customer needs identification, creation of an organization expected targets, assessing customers' complaints through past encounters, and expressed opinions (Parasumaman, Berry, Leonard, Zeithanni and Valeries 2011). Service quality is therefore directly related to employee's skills. This includes the employee's hard and soft skills. Employee hard skill depends mainly on qualification and extent of knowledge while soft skill includes quickness of rendering service and general enthusiasm display during service.

Automated Audit

According to Adpta, (2014), an audit is an independent examination of financial records of any entity irrespective of its size or legal for most of the auditor examines an organization financial records books obtain evidence to evaluate them and formulate an opinion of his or her judgment which would later be communicated to the audit report. An audit involves an internal control level of compliance with statutory acts and evaluation of risk management (Vasarterly and Niton, 2018). financial audits are performed to ascertain the reliability of a statement of account ascertain whether these statements are free from Aaron to stop all this report also provide an assessment of an organization internal control and ensure that the represents a true and fair view of the organization financial details.

Berg and Bharati (2013) explained automated audit as an examination of financial information using up-to-date information technology that stops the information obtained is utilized to achieve organizational goals. The American Institute of Internal Auditors defined technology-based such as generalized audit software as computerized audit programs and computer-assisted audits. Internal auditing ascertains the extent an organization applies a disciplined approach to risk management effectiveness and control utilizing control self-assessment techniques. Continuous auditing is an automatic digital method used to execute order teen activities constantly. A continuous audit is an innovative technique technology innovation that helps automate the identification of anomalies in an organization's financial details. The continuous audit ensures the delivery of effective auditing through the application of automated information technology to reducing the rigorous manual auditing process (Abbott, 2013).

Audit Skills

Audit skill is used interchangeably with training needs analysis, and it is referred to as the process of measuring and recording the skills of individuals or groups of employees. Audit skills are desirable human skills that utilize common sense superb management and communication skills Positive attitude personality traits mindset and career attributes high intelligence quotient to navigate work environment using acquired knowledge or hard skills (Whitemore, 2020). This concept was developed by the United States of America armed forces in 1960 who stop the United States of America armed forces realized that in addition to the application of regimental routines there is a need to deploy emotional creative skills to lead and motivate leaders to win wars and ensure efficiency who stopped the application of skills and compact direct productive personality traits of an individual employee that distinguish an employee in a work environment. (Marcel & Rubies, 2016). Audit skills have an important place in the creation of the public process. It enables employees to blend technical ability for effective fulfillment of organization objectives.

Electronic Communication System

In this modern-day, communication is unique from all the phenomena as electronic communications are referred to as data communication which has both wired and wireless systems. Electronic communications differed from wire communications and are not transmitted by sound waves and cannot be characterized as containing a human voice. An electronic communication system can be categorized into telex communications, electronic mail, non-voice digitized transmissions, and the portion of video teleconferences that do not involve the hearing of voice or oral sounds. Electronic communications can also be explained as the transfer of signs, signals, writing, images, sounds, data, or intelligence of any nature transmitted in whole or in part by a wire, radio, electromagnetic, photoelectronic, or photo-optical system that affects interstate or international commerce, but does not include any wire or oral communications as well as any communication made through a tone-only paging device, or any communication from a tracking device.

Information Communication Technology Competence (ICTC):

In this new era, the development of ICT competence continues to progress in the banking sectors which makes it difficult to separate from technology. ICT has a great impact on this present new technology which makes auditing in the banking sector easier and accessible (Octabriyantiningtyas, Suryani, & Jatmiko, 2019).

Information and communication technology are based on understanding. Knowledge, attitudes, and skills. Information and communication technologies transform the way of thinking and learn as they support risk-taking and knowledge sharing. These technologies are fast and automated, and interactive and multimodal, and allow control of how and when they learn. Specific requirements change according to the needs of individuals to find solutions to problems or to construct and communicate their learning. Information and communication technology competence is based on sets of relevant understandings, knowledge, attitudes, and skills. Internationally, such competence is typically represented developmentally. In this case, increasing the levels of competence have increasingly sophisticated experiences with the technology.

Theoretical Review

The Agency Theory

This theory was propounded by Jensen and Meckling, 1976 in the 1970s. Although according to Cang-Fu, Hsiangtsai, and Li-Jen, (2015), agency theory first appeared in a report by Berle and Means in 1932. The agency theory identifies the agency relationship as a contract in which one party, the principal, delegates the specific task to the other party, the agent, which performs the task on behalf of the principal. The principal is the one who delegates the task, invests the funds, and expects their return with the increased value. The agent is the one who accepts to perform the task for the principal and he is awarded and paid according to previously defined obligation. Jansen and Meckling (1976) alluded to agency theory as the expert contract under which the principals (investors) connect with the agents (supervisors) to play out some specific administrations for their benefit which involves the assignment of obligations and usage of assets. Perrow (1986) had criticized that positivist agency researchers have only concentrated on the agent side of the 'principal and agent problem', and opined that the problem may also happen from the principal side. He observed that this theory is unconcerned about the principals, who deceive, shirk, and exploit the agents. He believed in another way that humans are noble and work ethically for the betterment of the firm. This argument further persisted in the finance literature and has become a prominent theory known as stewardship theory (Donaldson, 1990). Shleifer and Vishny (1997) supported the theory and gave their view that ownership concentration could monitor the manager's behavior very closely to reduce the risks in the business.

The Stakeholders Theory

This theory was propounded by Edward Freeman in 1984 whereas the Nobel laureate prize winner Milton Friedman is the most vocal about this theory which major drive is that it is believed that the firm's essential responsibility is to maximize profit and consequently enhancing the economic value of the shareholders. The criticism of the theory is that it is vague and presents ambiguity in its graphical representation. This theory was analyzed by different scholars and have demonstrated its limitations; such lack a widely accepted normative basis (Argandona, 1998; Wijnberg, 2000); it is still weak because some scholars posit that is not fully descriptive, and empirical analysis of the organizational relationship is still a challenge (Gioia 1999; Jawahar & McLaughlin 2001). Finally, this theory is considered as the second-order theory which needs to increase the level of advancement in its development. Preston and Sachs (2002) who acknowledged the criticism of stakeholders' theory propose to distinguish the traditional transaction-based model with one of the relationships that can combine conflicting interests as well as collaborative elements. It is that fact that the same authors promote the development of opportunities for "mutual benefits". It would be quite naive to think all diverging attitudes could be erased with the help of simple contractual agreements. People normally engage in contracts when they find a common point of view and develop shared interests.

The supporters of this theory such as Chen, Zhong, and Chen (2012) explain that stakeholders are groups of constituents in a firm that has a legal claim from the firm in which they have a certain interest. This authority from stakeholders is therefore enforced through an exchange relationship that exists between an organization and its partner. Boatright (2012) went further by giving an example that stakeholders have some interests to be earned because of the positive relationships that tie them to the organization.

Empirical Review

Bhat and Darzi, (2016) investigating the role of customer loyalty between CRM and competitive advantage in retail banking. The study used a primary dataset collected from 278 customers of a private bank. In the research, customer loyalty was used as a mediating variable. The result from the structural equation model revealed that the four dimensions of customer relationship management showed a positive significant effect on customer loyalty and the competitive advantage of the bank.

Lubis, Dalimunthe, Absah, and Fawzeea (2020) found a significant effect between customer orientation, customer empowerment, complaint resolution, and customer knowledge and customer loyalty. Dubey and Sangle (2019) used a sample size of 324 respondents but were able to obtain 220 questionnaires from the respondents using a qualitative approach. The study suggested that technology is an important factor when compared to people and processes for CRM technology capability.

Ananda and Al Lawati (2018) researched the adoption of digital banking in Oman through primary data collected from 200 banking customers. The study used factor analysis and found five factors (security, usefulness, and ease of use, privacy, and trust, cost-effectiveness, awareness of digital services, and web design features) which showed a significant influence in the adoption of digital banking among the retail banking customers. Ananda and Sonal (2017) revealed that e-banking service is the main factor affecting customer satisfaction.

3.0 METHODOLOGY

The study adopted the use of a survey research design. This design was considered appropriate because it allowed researchers to link and measured the strength of the relationship between the Competitive advantage (service quality) and the automated audits (audit skill and the information communication technology (ICT) competence), as well as testing the hypothesis. The researchers who adopted survey design in relation to the study include Mona, (2018); Lee, (2018), and Alharbi, (2017).

The target population of this study involved all the staff of the management section (internal audit and operational sector), remittance section, and other supervising sectors in the13 selected banks in Nigeria including Jaiz bank, Sun Trust Bank, Fidelity Bank, Union Bank, United Bank for Africa, First City Monument Bank, First

Bank, Wema Bank, Ecobank, Stanbic IBTC, Sterling Bank, Polaris bank and Standard Chartered bank. The thirteen selected banks had a total staff of about 1,261 staff and were categorized under the International authorization, National authorization, Regional authorization, and Non-interest banks. All the selected banks had their headquarters in Lagos State.

The study made use of a simple random sampling technique to select 334 respondents determined using Taro Yamane sample size determination formula, with a 95% confidence level. The purpose of selecting this specific sampling technique was to cull a smaller sample size from a larger population and it was used to research to generalize about the larger group.

A study population of 1,261 from the dataset was generated from the 13 selected banks and the sample size was calculated using the Taro Yamane sample size formula given as:

$$n = \left(\frac{N}{k+N\,(e)^2}\right) = \left(\frac{N}{1+N\,(e)^2}\right) \text{----------(1)}$$

where N is the population size;
n is the sample size
e is the accepted sampling error (±0.05)
k is the constant = 1.

$$n= \left(\frac{1,261}{1+1,261\,(0.05)^2}\right) \text{-----------(2)}$$

$$n= \left(\frac{1,261}{4.1525}\right) = 303.67 \approx 304$$

$$n = 304.$$

An additional, 10% non-response was added to the sample size which will make a total sample size of (304 + 30) = 334

Because of the research design and assessing various research objectives in the study, a primary source of data (questionnaire) was used in gathering the data through a structured questionnaire administered to the staff, especially the selected sections which help to gathered three hundred and thirty-four (334) responses from the staff of the 13 selected banks in Nigeria. The validity test adopted for this study was content validity.

The data collected from the field survey was analyzed using both the descriptive and inferential methods of data analysis. For this study, the decision rule stated that if the probability value is less than 1% level of significance and 5% level of significance, the null hypothesis was rejected.

4.0 DATA ANALYSIS

4.1.1 Questionnaire Administration

Out of the 334 questionnaires distributed among the employees of the selected banks, only 299 questionnaires were correctly filled and used for the analysis. Thus, the total questionnaires retrieved and used for the analysis is 299 (89.5%).

Competitive Advantage

Competitive advantage is the fourth variable used to measure the organizational performance of the banking sector in Nigeria. This is determined using eight (8) different factors including innovation, continuous product and service development, sales and growth dimensions, organizational competence, market diffusion, training and education, foster improvement, and strategic assets and architecture.

Table 1: Competitive Advantage

	Frequency and Percentage Distribution					Weighted Mean Score			
Competitive Advantage	SA (%)	A (%)	D (%)	SD (%)	N (%)	RS	Statistic	Std. dev	Rank
Market Diffusion	93 (31.1)	81 (27.1)	4 (1.3)	78 (26.1)	43 (14.4)	1004	3.36	1.147	1
Training and Education	10 (3.3)	111 (37.1)	20 (6.7)	94 (31.4)	64 (21.4)	820	2.74	1.070	2
Organizational Competence	19 (6.4)	94 (31.4)	18 (6.0)	107 (35.8)	61 (20.4)	797	2.67	1.173	3
Sales and Growth Dimensions	24 (8.0)	98 (32.8)	10 (3.3)	123 (41.1)	44 (14.7)	787	2.63	1.243	4
Continuous Product and Service Development	11 (3.7)	90 (30.1)	33 (11.0)	109 (36.5)	56 (18.7)	758	2.54	1.170	5

Innovation	22 (7.4)	79 (26.4)	40 (13.4)	112 (37.5)	46 (15.4)	756	2.53	1.267	6
Strategic Assets and Architecture	24 (8.0)	66 (22.1)	34 (11.4)	123 (41.1)	52 (17.4)	731	2.44	1.311	7
Foster Improvements	14 (4.7)	61 (20.4)	30 (10.0)	115 (38.5)	79 (26.4)	726	2.43	1.193	8

Where SD – strongly Disagree, D – disagree; N – neutral; A – agree, and SA – strongly agree, RS – rank-sum, and std. dev – standard deviation.

Source: Researcher's Field Survey, 2022.

From Table 2, the result of the analysis shows that market diffusion is the main factor that determines competitive advantage revealing the highest weighted mean score of 3.36 with the standard deviation of 1.147 and the rank sum of 1004 being rated "Strongly Agreed" by the mode value (highest frequency and percentage distribution) of 93 (31.1%). This implies that market diffusion, training and education, and organizational competence are the main factor that determines the competitive advantage of the capacity utilization of an organisation while foster improvement is not a factor that determines the competitive advantage of the banking sectors. A low standard deviation is obtained when compared with the mean value from the result of the analysis. The diffusion of the market rated the highest of all the variable means that every organisation accepts new ideas or new product or services to make their organisation more advantages than others.

Table 2: Service Quality

	Frequency and Percentage Distribution					Weighted Mean Score			
Service Quality	**SA (%)**	**A (%)**	**D (%)**	**SD (%)**	**N (%)**	**RS**	**Statistic**	**Std. dev**	**Rank**
Assurance	31 (10.4)	70 (23.4)	22 (7.4)	119 (39.8)	57 (19.1)	769	3.40	1.299	1
Responsiveness	20 (6.7)	77 (25.8)	14 (4.7)	131 (43.8)	57 (19.1)	738	3.30	1.274	2
Service Dependence and Accuracy	17 (5.7)	73 (24.4)	27 (9.0)	125 (41.8)	57 (19.1)	727	3.22	1.259	3
Empathy	14 (4.7)	56 (18.7)	47 (15.7)	109 (36.5)	73 (24.4)	716	3.07	1.200	4
Tangible	20 (6.7)	45 (15.1)	41 (13.7)	134 (44.8)	59 (19.7)	673	3.04	1.334	5

Where SD – strongly Disagree, D – disagree; N – neutral; A – agree, and SA – strongly agree, RS – rank-sum, and std. dev – standard deviation.

Source: Researcher's Field Survey, 2022.

From the result obtained, it is displayed that assurance has the highest weighted mean score of 3.40 with the standard deviation of 1.299 showing the rank sum of 769 being rated "Strongly disagree" with the mode value (highest frequency and percentage distribution) of 119 (39.8%). This proves that the staff of the thirteen (13) selected banks strongly disagree with the service quality of their various banking sector since it has the highest frequency and percentage distribution. Also, the majority but not up to 30% of the respondents agree with the service quality provided in the thirteen (13) selected banks in Nigeria. The respondents responded more to assurance of service quality because quality assurance ensure high standard of product or services which mainly depends on auditors.

Test of Hypothesis

Research Hypothesis 1: Automated audit has no significant effect on the competitive advantage of the selected banks in Nigeria.

Table 3: Automated Audit and Competitive Advantage

CA	Coeff.	Std. Error	T-value	P-value
Constant	0.409	0.199	2.06	0.041**
AS	0.521	0.057	9.26	0.000***
ICTC	0.115	0.047	2.46	0.014**
	Model Summary			
	SS	DF	MS	
Model	133.817	2	33.454	
Error	122.448	294	0.416	F (2, 294) = 80.32
Adj. R square	0.5157	R square	0.5222	Prob > F = 0.000

Where AS indicates Audit skill; ICTC – Information communication technology competence, CA – Competitive advantage, SS – sum of square, DF – degree of freedom, and MS – Mean Square. Also, *** and ** indicates P-value < 0.05 (significant).

Source: Researcher's Field Survey, 2022.

About 51.57% of the automated audit (AS and ICTC) is explained in the dependent variable (competitive advantage) while 48.43% are loss to error term or the variables not captured in the analysis with the degree of freedom 2 of 294.

Decision: At a level of significance 0.05, the F statistics is 80.32, while the p-value of the F statistics is 0.000 which is lower than 0.05 significance level adopted. Therefore, the study rejected the null hypothesis which means that automated audit has significant effect on competitive advantage.

Research Hypothesis 2: Automated audit has no significant effect on the service quality of the selected banks in Nigeria.

Table 4: Automated Audit and Service Quality

SQ	Coeff.	Std. Error	T-value	P-value
Constant	0.774	0.210	3.68	0.000***
AS	0.371	0.060	6.22	0.000***
ICTC	0.219	0.049	4.43	0.000***
			Model Summary	
	SS	**DF**	**MS**	
Model	98.305	2	24.576	
Error	137.091	294	0.466	F (2, 294) = 52.71
Adj. R square	0.4097	R square	0.4176	Prob > F = 0.000

Where AS indicates Audit skill; ECS – Electronic communication system; AR – Automated report; ICTC – Information communication technology competence, SQ – Service Quality, SS – sum of square, DF – degree of freedom, and MS – Mean Square. Also, *** indicates P-value < 0.05 (Significant).

Source: Researcher's Field Survey, 2022.

Table 4 shows the regression analysis and the model summary of the effect of automated audit on service quality. The Adj R^2 of 40.97% shows the composition of automated audit in service quality while the remaining 59.03% constitutes factors not considered in this study.

This indicates that as audit skill (AS) and information communication technology competency (ICTC) increase, the service quality of the banking sector also increases.

Decision: At a level of significance 0.05, the F statistics is 52.71, while the p-value of the F statistics is 0.000 which is lower than 0.05 significance level adopted. Therefore, the study rejected the null hypothesis which means that automated audit has significant effect on service quality.

5.0 CONCLUSION AND RECOMMENDATION

The study investigated the effect of automated audits on the competitive advantage of the selected banks in Nigeria. To solve the problem of the automated audit, thirteen banks were selected out of the listed banks in the Nigeria stock exchange. The thirteen banks were stratified into four authorization including international authorization, national authorization, Regional authorization, and Non-interest banks. The questionnaires were analyzed using descriptive and inferential statistics. The descriptive statistics used frequency, percentage, weighted mean score, standard deviation, and ranking to analyze the socio-demographic information of the respondents as well as the getting the number of respondents for each Likert scale of the variable used for the inferential statistics. The result from the inferential statistics was analyzed using multiple linear regression.

For hypothesis 1, it is revealed that automated audit has a significant effect on competitive advantage. Hypothesis 2 also showed that automated audit has a significant effect on service quality. Based on the findings of this research, the study, thereby, concluded that automated audit is statistically significant with the competitive advantage of the selected banks in Nigeria.

The main purpose of the study is to put recommendations of practical nature in place. Therefore, the following recommendations are proposed based on the findings from the research work.

The banking sector should continue to improve their automated audit such as audit skills and information communication technology competence as these will give them a better edge to compete with other banking sectors. Today, banks' performance is highly competitive and it is an essential element for improving the performance of the organization. Meanwhile with the help of automated audit in the banking sector, which is an important factor in improving the competitive advantage of the banks and in determining the success of the banking sector.

The banking sector should improve on the audit skill and information communication technology competency to improve the quality of bank service. This is because innovating the quality of the service according to the needs and demands of the customer is very important in every banking sector. The banking sector must think in terms of the result of its service quality innovation. The focus must not be on the current situation alone rather the focus be on the long-run terms.

References

Adamu, R. (2017). A usability evaluation of mobile banking applications in Nigeria. *International Journal of Technology and Engineering Studies*, 3(1), 29-37.

Adebayo, O. P., Worlu, R. E., Moses, C. L., Ogunnaike, O. O., & Salau, O. P. (2021). An Organisational Diagnostic model for a Sustainable Organizational Performance. *In IOP Conference Series: Earth and Environmental Science*, 655(1), 012 – 026.

Adrianto, Z. (2018). Auditing in the era of big data: literature review; *Journal Akuntaa, Dan Kauangan*, 17(1), 7- 22.

Agba, M. S. (2018). Interpersonal relationships and organizational performance: the Nigerian public sector in perspective. *Indian Journal of Commerce and Management Studies*, 9(3), 78-86.

Akpan, S. J. (2017). The influence of atm service quality on customer Satisfaction in the banking sector of Nigeria. *Global Journal of Human Resource Management*, 4(5), 65-79.

Albkour ASI, Chaudhry A. (2017). Effect of Internal Audit on Organizational Performance of Jordanian Banks. *International Research Journal of India*, 2(7). Available at: http://irji.in/

Ananda, S., & Al Lawati, S. D. A. M. (2018). An Empirical Study on Adoption of Digital Banking in Oman. OFFICIAL, 12(1), 16 – 24.

Ananda, S., & Sonal, Devesh. (2017). Service quality dimensions and customer satisfaction: empirical evidence from retail banking sector in Oman. Total Quality Management & Business Excellence, 2 (11), 17 – 26.

Bhat, S. A., & Darzi, M. A. (2016). Customer relationship management: An approach to competitive advantage in the banking sector by exploring the mediational role of loyalty. International Journal of Bank Marketing, 2(1), 6 – 13.

Dauda, A., & Olawale, B. V. (2019). The Place of Auditing in Organizational Performance of Public Sector: Evidence from some selected Local Government in Zamfara State, Nigeria. Journal of Accounting and Financial Management ISSN, 5(2), 10 – 17.

Dubey, N. K., & Sangle, P. (2019). Customer perception of CRM implementation in banking context: Scale development and validation. Journal of Advances in Management Research, 3(4), 64 – 70.

Franceschini, F., Galetto, M., Maisano, D., & Mastrogiacomo, L. (2010). Clustering of European countries based on ISO 9000 certification diffusion. International Journal of Quality and Reliability Management, 27(5), 558-575.

Ibrahim, A. U., & Daniel, C. O. (2019). Impact of leadership on organisational performance. International Journal of Business, Management and Social Research, 6(2), 367-374.

Kasasbeh, E. A., Harada, Y., & Noor, I. M. (2017). Factors influencing competitive advantage in banking sector: A systematic literature review. Research Journal of Business Management, 11(2), 67-73.

Lee, S. (2018). Employee turnover and organizational performance in US federal agencies. The American Review of Public Administration, 48(6), 522-534.

Lubis, A., Dalimunthe, R., Absah, Y., & Fawzeea, B. K. (2020). The Influence of Customer Relationship Management (CRM) Indicators on Customer Loyalty of Sharia Based Banking System. Lubis, A(1), 84-92.

Major, D. L., Maggitti, P. G., Smith, K. G., Grimm, C. M., & Derfus, P. J. (2016). Reflexive and Selective Competitive Behaviors—Inertia, Imitation, and Interfirm Rivalry. Organization Management Journal, 13(2), 72-88.

Marcel, M., & Robles, J. (2016). Executive Perceptions of the top ten soft skills needed in today's workplace: Journal of Business Communication Quarterly, 75 (4) 453 – 465.

Methode, K., Osunsan, O. K., Irau, F., Wandiba, A., Abiria, P., & Innocent, B. (2019). Effect of organizational change on employee performance among selected commercial banks in Bujumbura. Burundi East African Scholars Journal of Economics, Business and Management, 2(4), 8 – 21.

Mona, J. M. A. (2018). Computer Audit Programs (Software) And A New Variables Sampling Concept A Proposed Approach Empirical Study. International Journal of Applied Engineering Research, 13(7), 5491-5500.

Nest, D., Smidt, L., & Hobber, D. (2017). The use of generalized audit software by internal audit functions in a developing country: a maturity level assessment. Journal of Risk Governance and Control Financial Markets and Institutions, 7 (4) 189 - 202.

Octabriyantiningtyas, D., Suryani, E., & Jatmiko, A. R. (2019). Modeling customer satisfaction with the service quality of E-money in increasing profit of Pt. Telekomunikasi Indonesia. Procedia Computer Science, 161(2), 943-950.

Oliver, F.L., Barry, P., & Barry, B. (2014). Outcome satisfaction in Negotiation. A test of expectancy disconfirmation. Journal of Organizational Behavior and Human Decision Processes, 60 (2) 252 – 275.

Parasuraman, A., Berry, L., Leonard, L., & Valeria, A. (2011). Understanding customer expectations of service, Sloan Management Review 32 (3), 39 – 48.

Sjöberg, P., & Johansson, M. (2016). Shaping the future of the auditing profession in Sweden: a study of the expected role of digitalization. Digitala Vetenskapliga Arkivet, 2(37), 1 – 16.

Unegbu A.O and Obi B.C. (2012): Auditing Hipuks. Additional Press Uwani Enugu, 1(1), 7-

15.

Whitemore, P. (2020). Soft skills definition, behavior model analysis, training procedures, paper presentation.