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Internal Auditing and Organisational Performance in Nigeria

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ABSTRACT

This study's other goal was to ascertain how internal audit independence impacted worker productivity in manufacturing firms, while this research looked at the impact of internal audit on organizational performance. Because it is the most suitable method for determining the link between the variables in the objectives through the administration of the questionnaire, this study used a survey research design. The outcome demonstrated that employee productivity was not significantly impacted by internal audit independence. Therefore, it was recommended that researchers expand their work to other regions of Nigeria if they wish to conduct a similar study. The impact of internal audits on organizational performance was also determined.

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INTRODUCTION

The backbone of any business accounting is internal audit which reviews all businesses related to the sector (Ogunleye, Ibrahim,&Ajayi, 2019). To minimize and manage risks, great competency and professionalism are demanded by organizations from their internal audit in which scarce resources must be deployed more efficiently. Tracking and analyzing of data with steady acceleration are feasible through technology thus making it crucial for firms to be adequately advised by the internal audit department (Adu, 2024).

A company's effective internal control system, which is a procedure for guaranteeing an organization's goals in operational effectiveness and efficiency, forms the cornerstone of its financial and corporate strategy. The credibility of internal control users is greatly enhanced by accurate financial reporting, adherence to laws, rules, and policies, as well as internal audit (Adu & Ajigboso, 2024).

The ability of internal auditing to provide management with unparalleled support in fulfilling their duties has been acknowledged globally. The Institute's updated definition of internal auditing for internal auditors (IIA) reflects this potential that has been turned into a problem. In June 1999, the Institute of Internal Auditors' Board of Directors defined internal audit as an independent, significant, and consulting activity that enhances an organization's performance and adds value (Adu, 2024).

Organizational goals are achieved by internal auditing, which measures and assesses the efficacy of risk management, control, and governance within a business. The quality of the audit, which outlines important performance indicators for gauging its success, is another way to measure it (Adu & Majeobaje, 2024).

With integrated strategic and operational planning down to daily duties, the internal audit quality target aids the primary audit executives and internal auditors. The board of directors and line management also benefit from the internal audit's conclusions. Through recommendations for improvement and a methodical and disciplined assessment of the policies, procedures, and operations that management implements to guarantee the accomplishment of the organization's goals, the internal audit quality demonstrates professional skills (Gupta & Malhora, 2020).

Statement of the Problem

Lack of understanding of internal audit's functions, fear of losing one's job, standards compliance, and working conditions have all contributed to the disclosure of many unpleasant beliefs and misconceptions regarding internal audit. Those who wish to benefit individually from organizational resources contribute certain perceptions (Adu, 2024). They want to undermine internal audit as much as possible because they believe it will reveal their secrets. The efficacy of the internal audit function is impacted by these negative viewpoints. The majority of organizations in Nigeria do not believe that internal auditing is necessary. Because of this, they are unable to reap the advantages of having an internal audit department. According to Olukoyade and Ndubisi (2020), this indicates that the majority of Nigerian businesses overlook and disrespect the internal audit role.

Objective of the Study

To ascertain the degree to which employee productivity is impacted by internal audit independence

Research Question

What is the impact of internal audit independence on worker productivity?

Research Hypothesis

H_0: Employee productivity and internal audit independence are not significantly correlated.

LITERATURE REVIEW

Internal Auditing

It is an integral part of the accountability process, and its main goal is to guarantee and encourage the management of an organization to carry out the responsibilities they have taken on (Benjamin, Dada & Adegbite, 2021).

Internal auditing accomplishes the stated organizational goals by employing a methodical approach to examine business processes, procedures, and activities in order to identify organizational issues and suggest fixes (Nwankwo, Ademola & Olukunle, 2020). Planning the audit, reviewing and assessing data, and reporting findings and follow-ups are all components of audit work (Adu, Olusesi, Akomolafe, & Ezeugonwa, 2024).

Organizational Performance

It compares an organization's actual output or achievements to its expected outputs, often known as goals and objectives. It is a company's analytical performance in relation to its aims and objectives (Adu & Ajigboso, 2024).

The performance of the organization is attained by its managers, who carry out tasks that the organization does not. The balanced scorecard approach, which tracks and measures performance in several areas like financial performance, customer service, and employee stewardship, has been used by many firms in recent years to manage organizational performance (Adu, Ajao & Orjime, 2024).

Employee Productivity

It is a measure of how much work one person completes in a certain amount of time and the amount of output that a team or group produces. This is the quantity of work that a worker can finish in a specific amount of time. Because it directly affects an organization's timeframe, this is crucial (Adu & Majeobaje, 2024).

Employee productivity directly affects the profitability of a firm, which in turn has a beneficial effect on employee retention. Because productive workers are less likely to get disengaged from their jobs, companies concentrate on increasing employee productivity, which is frequently demonstrated by retention rates (Williams & Adu, 2024).

METHODOLOGY

Population of the Study

The population consisted of Nigeria's 177 listed manufacturing businesses. Four (4) Nigerian industrial businesses' internal audit departments received two (200) copies of the questionnaire.

Research Instrument

A well- structured questionnaire was designed for this paper

RESULT AND DISCUSSION

Data Presentation, Analysis and Interpretation

H_0: Internal Audit Independence does not have significant influence on

Table 1. Test of Hypothesis

		Internal Audit Independence	**Organizational Performance**
Internal Audit	Pearson	1	584**
Independence	Correlation		
	Sig. (2. tailed)		000
	N	30	30
Organizational	Pearson	584**	1
Performance	Correlation		
		000	
	Sig. (2. tailed)	30	30
	N		
**Correlation is significant at the 0.01 level (2 tailed)			

Dismiss (H0) Internal audit independence does not significantly affect the productivity of employees in manufacturing organizations, as evidenced by the Pearson correlation computed value of 0.584, which is less than 1, and the alternative value of 0.000.

A strong correlation between internal auditing and organizational performance was found in the results. The primary hypothesis demonstrated that there is no meaningful correlation between the productivity of manufacturing organizations' employees and the independence of internal audits.

CONCLUSION AND RECOMMENDATION

It was discovered that internal auditing has significant potential to offer management a distinct and indisputable service as they carry out their responsibilities. It was concluded that internal auditing has an effect on organizational performance. The organization's management should make sure that all of its employees receive the appropriate training in professional auditing seminars, conferences, and workshops in order to enhance the organization's value and boost workers' dedication, productivity, and efficiency.

FURTHER STUDY

This research still has limitations so further research is still needed on this topic.

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