

## Internal Audit Independence and Organizational Culture: A Hermeneutic Phenomenological Study of State-Owned Enterprises in Zambia

Muyinda P. Muyanga<sup>1\*</sup>, Jason Mwanza, PhD<sup>2</sup>, Austin Mwange, PhD<sup>3</sup>

<sup>1</sup>PhD Student, The University of Zambia, Institute of Distance Education, Lusaka, Zambia

<sup>2</sup>Lecturer, The University of Zambia, Institute of Distance Education, Lusaka, Zambia

<sup>3</sup>Lecturer, The University of Zambia, Graduate School of Business, Lusaka, Zambia

\* Corresponding Author

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### Abstract

Internal audit independence is critical to effective governance and accountability, yet its practice is shaped by complex organizational and cultural dynamics. While extensive literature exists on audit independence in formal terms, little empirical research has explored how internal auditors in Zambian state-owned enterprises (SOEs) live through and interpret this independence in context. This study adopts a hermeneutic phenomenological design to examine the lived experiences of internal auditors and key stakeholders within Zambian SOEs. Through in-depth interviews and focus groups, the research pursues to interpret meanings and uncover themes that illuminate the tensions between professional standards and cultural realities. Data was analyzed using hermeneutic interpretation, guided by Gadamer's concept of the hermeneutic circle. Thematic analysis revealed three interrelated themes: (1) Negotiating Independence as a Relational Construct where auditors described independence as context-dependent and shaped by political and organizational considerations; (2) Cultural Dynamics of Authority and Silence, illustrating how respect for hierarchy, loyalty and fear of victimization influence auditors' willingness to challenge management and (3) Resilience and Adaptive Agency, emphasizing how auditors employ strategic communication, alliances and professional conviction to assert their roles. A cross-cutting insight emerged; independence is not a static attribute but a lived tension, constantly navigated at the intersection of organizational politics, cultural expectations and personal integrity. These findings offer critical implications for strengthening audit effectiveness in culturally embedded governance environments.

**Keywords:** Internal Audit, Independence, Organizational Culture, Hermeneutic Phenomenology, State-Owned Enterprises, Zambia

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## 1. Introduction

Internal audit independence is a cornerstone of effective governance, accountability, and transparency within organizations. In state-owned enterprises (SOEs), which play a critical role in national economies such as Zambia's, the independence of internal audit functions is both vital and complex. Internal auditors are tasked with providing objective assurance and advisory services however their ability to do so is often shaped by organizational culture, management practices and institutional norms (IIA,2024). The interplay between independence and culture raises critical questions about the lived experiences of auditors in contexts where political influence, bureaucratic structures, and cultural expectations are deeply embedded (Huang et al,2023). Hermeneutic phenomenology offers a rigorous lens through which these experiences can be explored, providing insights that go beyond technical compliance into the subjective and interpretive dimensions of audit practice.

In Zambia, SOEs contribute significantly to the economy through sectors such as energy, transport, agriculture, and telecommunications. Yet these entities often face governance challenges including inefficiencies, corruption and political interference (World Bank, 2020; IMF, 2021). Internal auditors in SOEs are expected to safeguard resources and ensure accountability but their independence may be compromised by organizational culture, managerial pressures and conflicting stakeholder interests (Chambers & Odar, 2015; Mihret & Grant, 2017).

Hermeneutic phenomenology rooted in the works of Heidegger and Gadamer, emphasizes understanding human experiences as situated within social, cultural and historical contexts (van Manen, 1990). Applied to internal auditing this approach provides a way of interpreting how auditors perceive and navigate the tension between professional independence and organizational realities.

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## 2. Review of Literature

### 2.1 Theoretical framework

Agency Theory Literature Jensen and Meckling (1976) titled "Theory of the firm: Managerial Behaviour, Agency costs and ownership structure" remains a very useful background to literature on Agency theory. The authors define an agency relationship as "a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf by delegating some decision-making authority to the agent". In this definition, it can be seen that agency contract involves not only engagement of the agent by the principal for performance of services but also involves delegation of authority by the principal to the agent. This is necessary to facilitate the agent's performance of the assigned function.

Agency theory suggests that auditor independence matters since it reduces principal-agent conflicts. It underscores why external auditors must report directly to the board or audit committee rather than management, and why internal auditors' functional independence is critical. The theory also rationalizes regulatory requirements, such as mandatory auditor rotation and prohibition of certain non-audit services as mechanisms to strengthen independence.

Alqudah et al. (2023) postulated that an effective internal auditor can support an organization in achieving its goals and protect its assets and funds. However, to be effective the internal auditors need to be empowered with relevant resources. Their study aimed at probing the influence of the empowerments (management support, external auditors' collaboration, independence, size of internal audit units, and extrinsic rewards) on the internal auditors' effectiveness, and to examine whether extrinsic rewards moderated the association between respective empowerments and the effectiveness of Jordanian public sector internal auditors'. The work relied on 117 surveys collected from Jordan's internal audit and financial managers in the public sectors. According to the Resource-Based View (RBV), the findings showed that management support, external auditors' cooperation, independence, and extrinsic rewards all have a significant influence on the effectiveness of internal auditor. Also, the results had revealed partial support for the influence of the extrinsic reward as a moderator. Because of the prominence of the public sector in the Jordanian market, this research expanded on the idea of enabling internal auditor (IA) to accomplish their assigned objectives on the following research Questions;

- i What are the lived experiences of internal auditors in Zambian state-owned enterprises?
- ii How do internal auditors perceive and navigate the challenges of maintaining independence in their work?
- iii What role does organizational culture play in shaping internal auditors' experiences and perceptions of independence?

According to Asika (2008), research methodology is the particular method or means by which a particular research work is carried out. It comprises of the procedures and activities involved in drawing logical conclusions on the research study.

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## 3. Research Methodology

### 3.1 Research Design

This study adopts a hermeneutic phenomenological design to explore the lived experiences of internal auditors and stakeholders in Zambian SOEs. The aim was to interpret meanings and uncover themes that illuminate the complexities of audit independence in culturally embedded contexts (van Manen, 1990; Gadamer, 1975).

### 3.2 Data Collection

Data collection for this study involved two qualitative methods; in-depth interviews and focus groups. Semi-structured interviews were conducted with internal auditors, audit committee members and relevant executives to explore their individual experiences, perceptions and challenges related to internal audit independence. Additionally, focus group discussions with internal auditors was used to capture collective experiences and uncover shared cultural influences. These methods were well-suited to hermeneutic phenomenological research which seeks to uncover the meaning of lived experiences through reflective dialogue (van Manen, 1990; Creswell & Poth, 2018).

### 3.3 Data Analysis

Data was analyzed using hermeneutic interpretation, which emphasizes understanding participants' lived experiences through reflective and interpretive engagement with the data. This process involved iterative reading, reflection and

interpretation of interview transcripts guided by Gadamer’s concept of the hermeneutic circle the continuous movement between parts of the text and the whole to derive meaning (Gadamer, 1975). Coding and theme development was conducted to identify recurring patterns, relationships and significant insights ultimately leading to the construction of interpretive themes that reveal how internal auditors perceive and navigate independence within organizational and cultural contexts (van Manen, 1990).

## 4 Findings and Interpretation

### 4.1 Negotiating Independence

Internal auditors often described their independence as conditional, shaped by senior management influence and political considerations. Some auditors perceived independence as a “negotiated space” rather than an absolute state.

*We try to remain objective, but when management sees us as watchdogs, it becomes difficult to push back.*

### 4.2 Cultural Dynamics of Respect and Silence

Organizational culture emphasizing respect for authority created challenges for auditors to question management decisions. Auditors expressed a tension between cultural expectations of loyalty and professional demands for independence.

*In our culture, challenging a superior can be seen as disrespect. That affects how far we go with our findings.*

### 4.3 Resilience and Adaptation

Despite constraints, auditors demonstrated resilience by building informal networks, relying on audit committees, and framing recommendations in culturally sensitive ways. This adaptive behavior highlights the interplay between independence and context.

*Sometimes you achieve more by presenting your findings in a way that management can accept, rather than insisting on confrontation.*

### 4.4 Thematic Analysis of Internal Audit Independence and Organizational Culture Conditional Independence

Respondents expressed that their independence was contingent upon management’s tolerance and political realities.

*“On paper we are independent, but in practice, it depends on who is in charge and how much they value internal audit.”*

*“Our independence is respected only when our findings align with management’s agenda.”*

### 4.5 Strategic Compromise

Some respondents noted the need to strategically balance objectivity with organizational politics to remain effective.

*“If you push too hard, they can sideline you. Sometimes you achieve more by presenting issues in a way that management can accept.”*

*“We are independent, yes but we also have to be wise independence without influence is useless.”*

Table 1: Emerging themes - internal audit independence and organizational culture

Key Words	Near Themes	Emerging Themes
Independence as negotiated	Independence contingent on management tolerance	Independence as a relational and context-dependent construct
Conditional independence	Management’s political influence on independence	Conditional independence shaped by organizational power dynamics
Strategic compromise	Balancing objectivity and organizational politics	Strategic compromise necessary for audit effectiveness
Organizational culture	Influence of culture on audit independence	Organizational culture shapes the nature of internal audit independence
Management agenda	Alignment with management priorities	Independence respected only when aligned with management interests
Auditor effectiveness	Need for wise negotiation	Independence requires influence to be meaningful

### 4.6 Cultural Dynamics of Authority and Silence

Another respondent said auditors struggled with the cultural expectation to respect and not openly challenge superiors. In our culture, questioning a superior can be seen as disrespect. That affects how freely we can challenge management decisions.

*“Even when you have strong evidence, the way you deliver it matters. A confrontational style will not work here. Another respondent said auditors often chose silence or subtle communication strategies to maintain relationships.*

*“Sometimes silence is the best strategy. If you speak too much, you risk being labeled as a troublemaker.”*

*“We know what should be reported, but the fear of victimization makes us self-censor.*

Table 2: Emerging themes - internal auditors perceive and navigate the challenges of maintaining independence in their work

Key Words	Near Themes	Emerging Themes
Cultural values	Hierarchy, loyalty, and respect	Cultural dynamics deeply influence auditor independence
Respect for authority	Expectation to respect and not challenge superiors	Respect for authority limits open challenge to management
Questioning superiors	Risk of being seen as disrespectful	Cultural norms discourage direct confrontation
Communication style	Importance of tactful delivery	Confrontational approaches undermine auditor influence
Silence	Use of silence as a strategic choice	Silence and subtlety used to navigate organizational politics
Self-censorship	Fear of victimization	Self-censorship as a protective strategy
Maintaining relationships	Balancing truth-telling with harmony	Relationship preservation often outweighs full disclosure

#### 4.7 Organizational culture play in shaping internal auditors’ experiences and perceptions of independence

Some auditors felt torn between professional independence and loyalty to the organization as a collective entity.

*“At the end of the day, this is our company, our people. You don’t want to embarrass your colleagues in front of the Board.*

*“We carry the burden of protecting the organization while also doing our professional duty. It is a delicate balance.*

Auditors relied on audit committees, peers and informal networks to reinforce their independence.

*“The audit committee is our safe space they give weight to what we say when management ignores us. On paper, we have independence, but in practice, it depends on who is in charge and how much they respect internal audit,” (Internal Auditor 5).*

*Our independence is respected only when our findings align with management’s interests,” (Internal Auditor 9).*

*If you push too hard, they can sideline you. Sometimes you achieve more by presenting issues in a way that management can accept,” (Internal Auditor 12).*

*We are independent, yes, but we also have to be wise independence without influence is useless,” (Internal Auditor 18)*

*In our culture, questioning a superior is seen as disrespectful. This affects how freely we can challenge management decisions,” (Internal Auditor 7).*

*Sometimes silence is the best strategy to avoid being labeled a troublemaker,” (Internal Auditor 14).*

Table 3: Emerging Themes – Internal Auditor Independence and Navigational Strategies

Key Words	Near Themes	Emerging Themes
Conditional independence	Dependence on management tolerance and politics	Independence is relational and conditional
Strategic compromise	Balancing objectivity with organizational politics	Navigating independence through compromise
Communication strategies	Tactful presentation of findings	Using diplomacy to maintain influence
Cultural values	Respect, loyalty, hierarchy	Cultural dynamics shape enactment of independence
Silence and self-censorship	Avoiding confrontation to maintain relationships	Self-censorship as a protective strategy
Influence vs. independence	Independence without influence is ineffective	Independence requires influence for effectiveness

#### 4.8 The Role of Organizational Culture in Shaping Internal Auditors' Experiences and Perceptions of Independence

This section presents findings related to how organizational culture influences internal auditors' lived experiences and perceptions of independence within Zambian state-owned enterprises (SOEs). Through semi-structured interviews and focus group discussions, auditors reflected on the cultural values, norms and social dynamics that impact their ability to exercise independence.

*In our organization, respecting authority is deeply ingrained. Questioning a superior openly is often viewed as disrespectful, which limits how we can challenge decisions,” (Internal Auditor 3).*

*The culture here values loyalty and harmony more than confrontation. This makes it difficult to be fully independent without risking relationships,” (Internal Auditor 11)*

Auditors described how cultural expectations of silence, deference and political sensitivity often required them to self-censor or use subtle communication strategies to maintain good working relationships and avoid victimization.

*“Sometimes silence or subtlety is necessary. Speaking out too directly can lead to being labeled a troublemaker,” (Internal Auditor 7).*

*“We often have to present findings in ways that align with cultural norms to ensure they are heard,” (Internal Auditor 19)*

Auditors explained that cultural norms around hierarchy and political dynamics necessitated a relational approach to independence rather than an absolute one.

*“Independence here is about relationships. You have to know how to work within the cultural and political landscape to be effective,” (Internal Auditor 15)*

Table 4: Emerging Themes - Role of Organizational Culture in Internal Audit Independence

Key Words	Near Themes	Emerging Themes
Hierarchy and respect	Cultural expectation to defer to superiors	Respect for authority shapes audit independence
Loyalty and harmony	Cultural preference for loyalty over confrontation	Organizational culture values loyalty and silence
Political sensitivity	Awareness of internal politics	Political culture impacts audit independence
Self-censorship and silence	Avoiding direct confrontation	Self-censorship as a cultural coping mechanism
Relational independence	Independence as negotiation within culture	Independence is a relational, context-dependent construct
Communication strategies	Using subtlety and tact	Cultural norms require diplomatic communication

## 5 Discussion and Recommendations

### 5.1 Discussion

#### First objective: Lived Experiences of Internal Auditors in Zambian SOEs

The findings reveal that the lived experiences of internal auditors in Zambian state-owned enterprises are characterized by a complex interplay between formal expectations of independence and the practical realities shaped by organizational culture and political dynamics. This aligns with previous studies emphasizing that internal audit independence is rarely absolute but is often a negotiated and relational construct within organizational contexts (Arena & Azzone, 2009)

The theme of conditional independence, where auditors' autonomy depends largely on management's tolerance and political will, reflects a contextual reality seen in many developing countries' public sector environments (Anderson, Christenson, & Sedatole, 2019). As one auditor noted, independence “depends on who is in charge and how much they value internal audit,” highlighting the fragility of independence when subject to shifting leadership agendas (Internal Auditor 5). This supports the notion that independence is not just a structural or formal condition but also relational and contingent (Spira & Page, 2003).

Further, the influence of cultural norms around hierarchy, respect and loyalty emerged strongly. The auditors' reluctance to openly challenge superiors due to fear of disrespect illustrates the powerful role organizational culture plays in shaping audit behavior. This is consistent with Hofstede's cultural dimensions, where power distance influences communication patterns and decision-making (Hofstede, 2001). Auditors' comments that “questioning a superior can be seen as disrespect” (Internal Auditor 3) underscore how cultural expectations can limit the exercise of professional skepticism and critical reporting (Gendron & Barrett, 2004).

The theme of strategic compromise reveals that auditors often balance their professional objectivity with political savvy to maintain influence within the organization. This is aligned with prior research that highlights internal auditors' use of diplomacy and subtlety to navigate political pressures and avoid marginalization (Humphrey, Moizer, & Turley, 1993). Statements such as “we also have to be wise independence without influence is useless” (Internal Auditor 15) encapsulate the practical realities where independence must be managed tactically to achieve audit objectives.

Moreover, the findings on silence and self-censorship as coping strategies resonate with studies on workplace silence and whistleblowing, which suggest that fear of retaliation leads many professionals to withhold critical information (Pinder & Harlos, 2001; Near & Miceli, 1985). The risk of being labeled a “troublemaker” (Internal Auditor 14) reflects how organizational culture and power dynamics discourage full transparency which can undermine the effectiveness of internal audit functions.

Finally, the role of political realities as a shaping force indicates that the internal audit function is embedded within a broader socio-political system. This finding is supported by literature emphasizing that political interference and governance structures significantly impact audit independence and effectiveness, particularly in state-owned enterprises in emerging economies (Malaolu & Ogundajo, 2019).

### **Second Objective: How Internal Auditors Perceive and Navigate the Challenges of Maintaining Independence**

The data from semi-structured interviews with internal auditors in Zambian state-owned enterprises (SOEs) reveal a complex perception of independence that goes beyond formal definitions. Internal auditors view independence not as an absolute or static condition but as a dynamic and negotiated state, constantly influenced by organizational politics, cultural expectations and leadership attitudes.

Auditors commonly perceive their independence as conditional, heavily reliant on management's willingness to tolerate scrutiny and value audit findings. This conditionality reflects a reality where independence is granted or restricted depending on who holds power and their disposition towards internal audit functions. One auditor's remark that “our independence is respected only when our findings align with management's agenda” (Internal Auditor 9) encapsulates the precarious nature of audit autonomy within politically sensitive environments. This aligns with Arena and Azzone (2009), who note that internal audit independence is often contingent on organizational context and power dynamics.

Given these conditional realities, auditors describe employing strategic compromise as a key navigation tool. They balance their professional objectivity with political awareness, often modulating how they present findings to avoid alienating management or risking marginalization. Statements such as “sometimes you achieve more by presenting issues in a way that management can accept” (Internal Auditor 7) demonstrate the tactical diplomacy auditors adopt to maintain their relevance and effectiveness.

This need for strategic balancing reflects insights from Humphrey, Moizer, and Turley (1993), who argued that internal auditors must often operate as political actors within organizations, balancing the ideal of independence with practical influence. Auditors' acknowledgment that “independence without influence is useless” (Internal Auditor 15) underscores the pragmatic understanding that independence must be exercised within a framework that allows for organizational impact.

The challenge of maintaining independence is further complicated by organizational culture and societal norms, which shape auditors' communication styles and risk tolerance. In Zambia's high power-distance culture, respect for hierarchy discourages direct confrontation with superiors. Auditors reported that openly challenging management decisions could be perceived as disrespectful, inhibiting full disclosure and critique. This cultural dynamic aligns with Hofstede's (2001) findings on how power distance affects workplace interactions.

Political interference and the politicized nature of SOEs further complicate auditors' efforts to maintain independence. The internal audit function is embedded within broader political structures where leadership changes and political priorities can alter the scope and freedom of auditors. As one participant noted, independence “depends on who is in charge,” reflecting the vulnerability of audit autonomy to political shifts. This resonates with Malaolu and Ogundajo's (2019) findings that political realities in public sector entities often undermine audit effectiveness.

### **Third objective: The Role of Organizational Culture in Shaping Internal Auditors' Experiences and Perceptions of Independence.**

Organizational culture in Zambian state-owned enterprises strongly influences internal auditors' experiences of independence. Cultural norms emphasizing respect for authority and seniority create implicit limits on auditors' ability to openly challenge management. This aligns with Hofstede's concept of high power distance, where hierarchical deference is expected, requiring auditors to carefully balance respect with professional duty.

Auditors often use silence and self-censorship as protective strategies to avoid conflict or victimization, reflecting broader cultural values of harmony and conflict avoidance common in collectivist societies. As a result, auditor independence is exercised within culturally acceptable limits, which can constrain transparency.

Beyond communication norms, organizational culture shapes attitudes toward risk and accountability, sometimes pressuring auditors to conform to management's agenda. This environment fosters strategic compromises limiting true independence despite formal safeguards. To strengthen internal audit independence, organizations need to address cultural barriers by promoting open communication, leadership training, and protections for auditors. Cultural change aimed at reducing hierarchical constraints and encouraging ethical dissent is critical for enabling auditors to operate independently and effectively.

## 5.2 Recommendations

- Develop and enforce clear policies that guarantee the structural independence of internal audit functions, including direct reporting lines to audit committees or boards independent of management.
- Institutionalize protections for auditors against retaliation, ensuring that audit findings can be reported without fear of marginalization or victimization
- Sensitize senior management and political leaders on the importance of valuing and respecting internal audit findings, regardless of whether they align with management's agenda.
- Encourage leadership training programs emphasizing ethical governance, transparency, and the constructive role of audit in organizational improvement
- Implement cultural change initiatives aimed at reducing excessive hierarchy and power distance within organizations, creating an environment where questioning and constructive challenge are normalized and respected.
- Encourage open communication channels between auditors and management that promote dialogue rather than confrontation, enabling auditors to express concerns in culturally acceptable ways
- Periodically assess the effectiveness of internal audit independence through internal and external reviews, focusing on cultural and political barriers as well as formal compliance.
- Use findings from such assessments to inform continuous improvements in policies, training, and organizational culture development
- Involve external audit regulators, anti-corruption agencies, and civil society organizations in promoting transparency and accountability in SOEs.
- Leverage external pressure to reinforce the independence of internal auditors and reduce undue political interference.

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## Ethical considerations

The article followed all ethical standards appropriate for this kind of research.

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