

## The Role of Internal Audit in Enhancing Corporate Governance: A Case of Zambia Breweries Plc

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### Abstract

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It plays a critical role in evaluating financial records, internal controls, and governance processes. In recent years, Zambia Breweries Plc has faced increased competition from foreign alcoholic beverage producers, alongside financial and governance challenges. Notably, the company-recorded losses exceeding K15.5 million in 2020, largely attributed to currency depreciation, rising production costs, and weakness in governance structures, including concerns related to internal audit effectiveness. This study aimed to evaluate the importance of the role of internal audit in enhancing corporate governance: a case of Zambia Breweries Plc. The specific objectives of the study were to assess the relevance of internal audit in enhancing corporate governance at Zambia Breweries, to evaluate the adoption of internal audit in enhancing corporate governance at Zambia Breweries, and determine the challenges facing internal audit in enhancing corporate governance at Zambia Breweries. The study adopted a deductive research approach and a quantitative research design. The study population comprised of 750 employees from Zambia Breweries Plc, sample size 220 employees that was determined using Yamane (1967) formula. Structured questionnaires were employed to collect primary data from a stratified randomly selected sample. The findings revealed that internal audit is highly relevant in enhancing corporate governance. A total of 84% of the respondents agreed that internal audit contributes to organizational growth, while 76.4% confirmed the existence of a dedicated internal audit department. The majority also indicated that internal auditors effectively evaluate control systems, apply professional standards, and support governance processes. Regression analysis confirmed that internal audit significantly enhances corporate governance at a 95% confidence level ( $p < 0.05$ ), with a 10.1% impact. These findings are consistent with Agency Theory, which emphasizes the importance of independent oversight in improving decision-making and accountability. Regarding adoption, respondents indicated that the organisation invests in training, skills development, and communication of audit findings. Internal auditors are perceived as competent and adaptive to technological changes. However, regression results showed a minimal statistical impact (1.8%) of internal audit on the adoption of corporate governance practices. Despite this, the findings align with Stakeholder Theory suggesting that internal audit contributes to meeting the expectations of diverse stakeholders through improved reporting and transparency. In terms of challenges, the study found that while the internal audit function is adequately funded, independent, and supported by the board: 82% of respondents indicated that it the department is not fully utilized as a mechanism for strengthening corporate governance. This underutilization limits its potential to provide independent assurance on risk management and internal controls. Regression analysis indicated that these challenges have a minimal impact (4%) on governance effectiveness. The study recommends that Zambia Breweries fully adopt internal audit as a strategic tool for corporate governance. This includes strengthening its role in providing independent assurance, enhancing risk management, improving compliance, and offering strategic insights. Effective utilization of internal audit can improve transparency, accountability, and stakeholder confidence, thereby transforming corporate governance into a source of competitive advantage.

**Keywords:** Internal Auditing, Corporate Governance, Organizational Performance, Risk Management, Accountability, Compliance

### 1. Introduction and Background

In 1963, Northern Breweries Limited was established as a private company formed through a partnership between South African Breweries (SAB) holding an 80% stake and Labatt Breweries of Canada with a 20% share. The company commenced brewing operations with plants located in Ndola and Lusaka. By 1968, the company was nationalised by the Zambian government, resulting in its division into Zambia Breweries (Lusaka) and Northern Breweries (Ndola). It was subsequently renamed Zambia Breweries Limited.

The privatisation of *Zambian Breweries* began in 1994. This transition paved the way for its listing on the Lusaka Stock Exchange in 1997. In 1999, *Zambian Breweries* expanded by acquiring *Northern Breweries* in Ndola, along with the brand *Rhino Lager*. Three years later, in 2002, the company further diversified by acquiring the *Coca-Cola* franchise for Zambia, establishing bottling plants in Kitwe and Lusaka. December 2016 saw a significant shift when *ABInBev*, after acquiring *SABMiller*, agreed to sell its African *Coca-Cola* bottling operations, including the *Zambian* operation owned by *Zambrew*, to *Coca-Cola* for an undisclosed amount. In July 2022, *Zambian Breweries* announced a substantial US\$80 million expansion of its Lusaka plant.

*Zambian Breweries* evolved out of *Northern Breweries Limited*, a private company formed in 1963 by *South African Breweries (SAB-80%)* and *Labatt Breweries of Canada (20%)*. In 1968, the Government nationalised the company when the *Industrial Development Company Limited ("INDECO")* acquired 55% of the issued share capital from *SAB*. *SAB's* remaining 25% was sold to *ZAMIC*, a subsidiary of the *Anglo-American Corporation*. In 1988, *Labatt* sold its 20% to *INDECO* and the company was renamed *Zambian Breweries Limited*, operating from two production facilities: one in Lusaka (*Central Division*) and another in Ndola (*Northern Division*). As part of the Government's 1990's privatisation program, the company's assets and liabilities were apportioned into two newly incorporated companies. The *Central Division* was transferred to *Lusaka Breweries Limited* while the *Northern Division* was transferred to *Northern Breweries (1995) Plc*. *Lusaka Breweries Limited* later changed its name to *Zambian Breweries Plc ("Zambrew" or the "Company")*, which owned the assets and liabilities of *Central Division*, and the "*Mosi*" trademark.

*SAB* bought 45% of *Zambrew's* shares and assumed management control under a sale agreement in August 1994. *SAB* was founded in 1895 and is the fourth largest brewer in the world, with breweries in Europe and the Far East as well as throughout Africa. The company became known as *SABMiller* in 2002, adding *Miller* to its name through the acquisition of the *Milwaukee, US* brewer. Until 1998, *Zambrew's* major competitor was *Northern Breweries*, which owned *Nile Breweries Uganda*. In 1999, *Zambrew* acquired 100% of the shares of *Northern Breweries* giving it a virtual monopoly in the clear beer industry. *Zambrew's* core activities are the production and distribution of clear beer and soft drinks. *Zambrew* brews the *Castle* (under license from *SABMiller*), *Rhino* and *Mosi* brands locally, and sells various imported brands including *Castle Milk Stout*, *Hansa Pilsner*, and *Redds*. Unlike its other brands, *Eagle* is produced 100% locally, using *Zambian* only natural resources. The carbonated soft drink brands include *Coca-Cola*, *Coca-Cola light*, *Fanta*, *Sprite* and *Schweppes* mixers for sodas. Overall production is spread across three different production sites

However, the policies, methods, and institutions that control the interaction between a company's management, its board of directors, shareholders, and other stakeholders are collectively referred to as corporate governance. Corporate governance is an essential component of the business environment. In addition to providing a framework for decision-making, accountability, and openness, it also serves to defend the interests of stakeholders. In recent years, there has been a growing emphasis placed on the significance of efficient corporate governance as a result of the increased scrutiny and demands for openness that firms are subjected to. According to *Saputra and Yusuf (2019)*, inadequate governance processes can result in financial malfeasance, ethical failures, and corruption, all of which have negative repercussions for companies and for society as a whole (*Saputra, 2019*). According to *Madolidi Handoyo and Bayunitri (2021)*, professional audit standards recommend that external auditors take into consideration the work of internal auditors in order to assist them in carrying out their tasks. This is done by taking into consideration the quality of functions inside the internal audit. *Alwash et al., (2023)* found that internal audits can be relied upon by external auditors provided the internal audit possesses appropriate objectivity and competence (*Alwash, 2023*). External auditors can also rely on internal audit findings. *Abdullah et al., (2018)* observes that service fees, often known as audit fees, are compensation that public accountants get from their customers in exchange for audit services that have been performed (*Abdullah, 2018*).

Furthermore, it does not rule out the possibility that the features and efficacy of operations carried out by the internal audit department might have an impact on the evaluation of the company's internal control risk as well as the calculation of audit fees for external audits (*Ubaid, 2023*). The ubiquitous problem of corruption destroys trust, distorts markets, and impedes economic progress. Corruption is a problem that is everywhere. It includes the misuse of power, the taking of bribes, the commission of fraud, and other illegal activities. It is necessary for companies to have very effective governance structures and control systems in place in order to resist corruption. The process of internal auditing, which is an essential component of corporate governance, is an essential method for the monitoring and control of potential instances of corruption.

## 1.2 The Statement of the Problem

*Jubert (2023)* found that despite having a monopoly on the production and distribution of lager in Zambia, *Zambian Breweries* today faces increased competition from foreign alcoholic beverages. Annual reports from numerous *Zambian Breweries* mention *Organizational performance* issues which relates to internal audit (IA) failures. For instance, throughout 2020, *Zambian Breweries Plc* reportedly experienced huge losses totalling over K15.5 million. The significant depreciation of the kwacha against the key convertible currencies, which increased the company's debt load and raised manufacturing costs, was the main contributor to the losses. The company asserted that it was still well-positioned for a rebound due to its strong cash position, commitment to cost control, and financial discipline (*Twambo, 2023*). The internal audit function in corporate governance faces challenges and credibility issues due to deregulation, competition, and advancements in information and communication technology (*Adejumo, 2019*). Institutions have adopted good corporate governance to ensure transparency and accountability for stakeholders. However, laxity in the role of the internal audit unit has led to abysmal corporate governance, affecting their performance and standing within the industry (*Onwuka, 2021*). According to

Tjivau (2020), inefficient corporate governance, primarily due to nepotism and poor internal audit function at Zambian Breweries is due to a lack of independence, has led to poor performance of corporate entities, including institutions in Washington, despite the enacted Internal Audit. Numerous challenges and uncertainties at Zambian Breweries persist, necessitating a comprehensive inquiry. Firstly, despite theoretical assertions suggesting a positive correlation between robust internal audit systems and enhanced corporate governance (Ingram & Frazier, 2020), empirical evidence within the Breweries industry domain remains scant and inconclusive. Moreover, the global evolution of corporate governance standards and the increasing emphasis on accountability and transparency underscore the urgency for institutions to fortify their governance frameworks (OECD, 2021). However, the extent to which internal audit systems contribute to the actualization of these governance objectives within liquor industry remains inadequately explored.

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## 2. Literature Review and Theoretical Framework

### 2.1 Previous Studies

The Institute of Internal Auditors (2020) explains internal audit as a liberated consultant action and impartial aimed to uplift the importance and advance an entity's operations. Sutawikara et al. (2021) claim that by employing a methodical and disciplined approach to assess and improve the efficacy, risk governance procedures control sufficiency, and organizational governance, internal audit contributes to the achievement of its purpose. Professionals with extensive knowledge of corporate systems, processes, and mentality do internal audits. The authors said that internal audit will ensure that internal controls are appropriate to manage risk, that the company has a successful and efficient governance process, and that its purpose and aim are realized.

According to Sandya (2021), one of the internal auditor's key responsibilities is to spot fraud. The author also pointed out that various internal audits centred on financial, operational, and information technology controls may be carried out continually to reveal instances of fraud and abuse, ensuring sound corporate governance (Sandya, 2021). An internal auditor's responsibility is to check that business procedures and related controls are operating as intended. They can also provide recommendations for ways to streamline business operations, save costs, and boost productivity. Internal auditors play a crucial role in the effective utilization of resources inside a corporation.

Good corporate governance is well-defined by Forum for Corporate Governance, Indonesia (FCGI) as a set of guidelines that govern relations between stakeholders, company management, the government, creditors, employees, interior and exterior parties linked to rights, in more direct terms, a system that panels the corporation. According to Mulyani et al. (2021), strong corporate governance is a system that maintains fair production and distribution to all stakeholders who have an impact on firm success. Several variables that contribute to the effectiveness of the process of implementing excellent corporate governance promote its implementation. The effectiveness of excellent corporate governance is dependent on internal audit, moral leadership, and effective information systems. (Mulyani et al., 2021).

As stated IIA (2017) the role of the IAF is to operate the internal audit within a company and resources, competence, structure and the implementation of IIA's standards are the pillars for the good operation of IAF. According to Volodina et al. (2022), the spread of neoliberal ideals in the Ukrainian public sector has altered the functions of internal auditors. In support of the aforementioned, a study by Deloitte (2018) found that IA's position in corporate governance has changed from a watchdog to a more strategically valuable service.

In their research in Nigeria, Omolaye and Jacob (2017) found a positive association between IAF and institutions' performance in terms of functioning effectiveness, organizational progression, high lucrativeness, solvency, and business stability due to the availability of liberated guaranteed services and enhanced threat management, control as well as governance procedures. Kontogeorgis (2018) noted that research by Lee (2022) on internal controls and risk management and other key pillars of good corporate governance in Singapore asserted that in order to complete the proper institutionalization of internal controls and risk management the responsible board notably the Audit committee or a separate Board Risk Committee should put in place a team of internal auditors to monitor the implementation of the control policies and rules.

Lee (2022) further noted that to ensure risk management thereby ensuring good corporate governance the auditors should be independently staffed and should report directly to the audit committee. The author also emphasized the need for an effective whistle blowing system by internal auditors which says that internal auditors should be able to act independently in doing their job and should detect and report any breach of the group's internal control or any management override without any fear or favour (Lee, 2022). This was in the view to support risk management. Internal auditors' main concern with the three E's, or economy, efficiency, and effectiveness, is strongly related to the concept of risk assessment and how risks are controlled by technology.

The prominence of the internal audit functions in risk administration was stressed by Malafrente and Pereira (2021) in their investigation of corporate risk management in the United Kingdom. According to the authors, managing risks in a comprehensive way through a suitable and organized process is a crucial obligation of an organization's corporate governance structure. Internal auditing is a tool for managing risk across the range of an organization's activities, within the context of organizational policies and procedures that operate as control parameters (Mihret and Grant, 2017). Likewise, sound corporate governance is ensured and the function of internal auditing of risk management is fulfilled

(Mihret and Grant, 2017).

A study by (Park and Park, 2020) in Korea also supported the risk management role of internal audit. The purpose of the study was to examine whether legal internal auditors' impact firm level stock price crash risk. The study concluded that legal auditors play a vital role in monitoring future stock price crash risk and steadiness in the equity marketplace. Deloitte (2018) stated that internal auditors have increased the services they offer. They have included disruptive technologies risk assessment and cyber risk assessment as well as embarking on using innovative audit analytics, responsive practices, dynamic and visual broadcasting as innovative. Islam et al. (2018) supported the idea that internal audit's role in risk management has changed recently to include IT risk, particularly IT Security in the cyber world, in both consulting and assurance services. This is because business development is increasingly leading to a digital environment.

Eke et al., (2018), observes that internal auditors must evaluate the organization's control procedures while taking into account knowledge of controls gained from consulting engagements in order to fulfil these roles. Control is whichever deed engaged by management to enhance the possibility that established intentions and aims will be achieved. Thus, proper planning, organization, and management-based controlling produce control. He or she then makes recommendations for improvement (Eke, 2018).

According to Majid et al., (2022) the function of high-quality internal audit with a greater degree of training and experience significantly affects the quality and control of the internal control systems. Additionally internal auditors will contribute more to financial statements audits where there is a larger proportion of internal audit staff and also those with previous experience in accounting and auditing, effective internal audits are more likely to detect and prevent fraud. Cheng et al. (2018) asserted that an effective internal audit function which adheres to the International Standards for the Professional Practice of Internal Auditing and Regulatory standards is needed to produce cost control reports that are of good quality in order to improve the performance efficiency of a company that is assessing corporate risks, saving costs and increasing corporate operational effectiveness (Cheng., 2018).

A study by Mohammadi et.al (2021) indicated that internal auditors who act independently, with the necessary financial expertise and the size of the internal audit team has a significant impact on corporate social responsibility thereby ensuring good corporate governance. Tossin et.al (2021) noted that internal audit which uses independent measures, professional skills, scope of work, implementation of investigation, internal audit management simultaneously ensures good corporate governance. As pinpointed by Mulvane et.al (2021) on their study of the impact of internal audit, ethical leadership and accounting information systems towards Good Corporate Governance in Arden they emphasized that internal audit significantly affects good corporate governance implementation because it assist management distributor in identifying failures, weaknesses, inefficiencies from several programs that have been carried out by a concerned corporate because the internal audit will push the emergence of better corporate governance. Bananuka et al., (2018) further noted that internal audit function significantly affects accountability as a pillar of corporate governance in Ugandan statutory corporations.

According to Bananuka et.al (2018) a well undertaken internal audit is the baseline for financial reporting and a functioning internal audit evaluates the effectiveness of internal controls, participates in risk management and ensures compliance with the laws and regulations The institute of internal auditors' professional guidelines stated that the public sector governance encompasses the policies and procedures used to direct an organization's activities to provide reasonable assurance that objectives met and that portions carried out in an ethical and accountable manner (Bananuka, 2018).

Greaves et al., (2017) defines effectiveness as the accomplishment of the objectives and Beckmerhagen et .al.(2018) stated that in order to sufficiently measure audit effectiveness, evaluation must not be done only on results of the audit against the planned objectives, but also the audit process (planning, execution to reporting and follow-up) and resources (auditor independence and competence).

The internal auditor must be sufficiently hierarchical within the organization so as to ensure that the internal audit function exercises its duties responsibly because independence by internal auditors is not achieved when the internal auditor reports to the functionary to the Board (Krichene, 2021). According to Ratmono and Darsono (2021) there is a favorable correlation between IA effectiveness and IA independence in local governments in Indonesia. The authors also agreed that the effectiveness of IA increase with increasing levels of independence. According to Saputra et al. (2020) and Mupeta (2017), an adequate auditor's independence increases the efficiency of the IAF (Saputra, 2020).

Mohammadi et.al (2021) on their study of the impact of board and audit committee characteristics on corporate social responsibility from the Iranian Stock Exchange asserted that board independence significantly affects corporate social responsibility as a pillar of corporate governance. Lee (2022) further noted that to ensure risk management thereby ensuring good corporate governance the auditor's should be independently staffed and should report directly to the audit committee The author also emphasized the need for an effective whistle blowing system by internal auditors which says that internal auditors should be able to act independently in doing their job and should detect and report any breach of the group's internal control or any management override without any fear or favour.

According to Muqattash (2017), independent internal audit processes and objectivity among internal audit specialists are necessary if organizations are to conduct highly effective audits. Internal auditors should adhere to professional regulations, according to Djordjervic and Dukic (2017), and they should be able to identify and deal with any threat to independence and objectivity (Djordjervic, 2017). Sherriff (2021) observed that the internal audit system's lack of independence, complete support, and an inadequate budget allocation render it useless (Sheriff, 2021).

The success of the internal audit function, according to the American Institute of Certified Public Accountants (AICPA) and other like-minded organizations, depends on organizational independence. To be able to work independently and, equally crucial, be seen working, auditors must be sufficiently removed from the parties they are needed to audit. When an organization is independent and objective, it improves the quality of the auditors' work and offers staff member's confidence that they can depend on their findings and reports. Since independence shields internal auditors from influence or coercion and increases their neutrality in their auditing work, it is said that liberty is more harmful to internal auditors' effectiveness.

Mwanza and Kaira (2022) noted that internal auditors recruited and retained based on their qualifications, training attained and certification by IIA ensures that an effective internal audit service resulting in quality audit work and financial accountability (Mwanza, 2022). Mulenga (2019) also highlighted that so as to ensure superficial corporate governance, there is need for a skilful and professional IA personnel with the relevant skills to perform the internal audit function (Mulenga, 2019).

Another study in Tanzania by Kalokola (2020) on the effectiveness of internal audit on performance of internal audit services in selected government authorities in Tanzania showed that organisational settings and audit attributes have an impact on the quality of internal audit services provided by an IAF. The authors concluded that management should provide enough human, financial and infrastructural resources to enable the IAF to carry out its tasks relating to fieldwork and controlling in institutions so as to ensure good corporate governance (M.A, 2020).

According to a study by Vadasi et al (2019) on the effectiveness of internal audit factor (professionalization) through its contribution to corporate governance in Athens, Greece, internal audit effectiveness is impacted by internal audit professionalization because the influence of internal audit to corporate governance is enhanced in organizations where there is compliance with the IA Standards as well as internal auditors having qualified credentials. The authors included two company-specific traits, such as the CEO's dual role and the calibre of the audit committee, as factors that improve IA's contribution.

Lan et al., (2018), observes that the effectiveness of the internal audit activities is affected by staff competency. The necessity of having an internal audit team with the knowledge, skills, and other competences necessary to perform their duties is emphasized by the International Standards for Professional Practice in International Auditing (ISPPIA, Standard 1210) (Lai, 2018). Cheng et al. (2018) noted that in order to improve the performance effectiveness of a company that is assessing corporate risks, saving money, and increasing corporate operational effectiveness, it is necessary to have an internal audit function that is efficient and adheres to the International Standards for the Professional Practice of Internal Auditing and Regulatory standards. In order to effectively carry out their duties, internal auditors also need good interpersonal skills in teamwork, debating, communication, and critical thinking. According to Majid et al. (2022), a high-quality internal audit function with more training and expertise has a substantial impact on the quality and control of the system of internal control. Effective internal audits are more likely to identify and stop fraud than ineffective ones, therefore internal auditors will add more to financial statement audits if there is a higher percentage of internal audit professionals and also those with prior experience in accounting and auditing (Majid et al,2022).

In their investigation into the relationship between corporate governance quality and enterprise risk management in Amman, Mustafa and Al-Nimer (2018) came to the conclusion that there is a clear correlation between the two. The findings also demonstrated the need for organizations to embrace new practices for allocating resources for risk management, as well as the need for businesses to take into account usability and training requirements before implementation. An investigation by Park and Park (2020) into the possibility that statutory internal auditors have an impact on a company's risk of a stock price crash came to the conclusion that better statutory internal auditors, as indicated by their compensation and level of financial expertise, are linked to a lower likelihood of future stock price crash risk. The results showed that high quality legal internal auditors prevent managers from hiding bad news due to superior abilities and robust motivation to reduce their risk of legal action and maintain their reputation. Simply put, having statutory internal auditors of high calibre helps to lower market risks.

A high quality IAF contributes to both financial reporting quality and effectiveness of audits, according to Gros et al. (2017).S study on IAF quality and financial reporting on German listed businesses. They agreed that the IAF is a crucial component of good corporate governance and makes a significant contribution to the integrity of financial reporting. According to Gros et al. (2017), external certification of IAF workers is necessary to achieve better financial reporting, lower audit fees, and sound corporate governance. Another study by Alyazidi et al. (2022) in Yemen noted that there is an association between the effectiveness of corporate governance and the IAF's objectivity, independence, professional ethics and the IAF size. The study's findings indicated that characteristics of the IAF play a substantial and influential influence in boosting corporate governance effectiveness.

In their investigation into the moderating impact of internal audit performance on the relationship between corporate governance quality in Tehran, Larijani and Khodaie (2022) came to the conclusion that internal audit performance quality is necessary to ensure corporate governance quality, which in turn ensures good corporate governance, which ensures good corporate performance. The results of the study demonstrated a substantial positive correlation between the corporate success of the company and the IA unit's and corporate governance's quality of performance. Zeyn (2018) noted that in order to ensure improved financial accountability that will produce reliable financial reports government internal audit quality is an important requirement. The study also noted that auditors with good skills enhances good corporate governance through communication of audit findings to both the head area and the auditee which improves the

presentation of financial statements (Zeyn, 2018).

In order to achieve an entity's goals, Srinivas (2019) claims that risk assessment calls for identification, investigation, and acceptance of both interior and exterior threats. Internal auditors and management benefit from risk assessment's ability to maintain control. Maintaining the ability to recognize, comprehend, and respond swiftly to challenges, chances, and risks relevant to the entity's operations, reporting, and compliance goals is necessary for upholding control. Out of all the threats identified in the identification phase, a list of risks with varying impacts is created throughout the risk assessment process to ensure that risk is properly monitored (Srinivas, 2019). The COSO report helps management and internal auditors establish a continuous process for recognizing changes in an entity's business environment and for taking the necessary precautions to manage threat.

Ali (2017) stated that effective governance practices can increase quality of service in Tanzanian public organizations. The TANESCO managerial department was urged to guarantee that each employee understood and adhered to the core principles of good governance. In order to raise knowledge of good governance, it was suggested that TANESCO concentrate on efforts for staff and human resource development and implement adequate training programs. For instance, TANESCO ought to have enough qualified auditors to analyse management and procurement operations and provide recommendations in accordance with the most recent rules and regulations in order to reduce avoidable deviations.

Auditors must update and enhance their abilities, much like other employees, to increase auditing performance. Evidence points to training as one of the key tools for learning that enables auditors to modify their behaviours and operational procedures and enhance their auditing abilities (Drogalas et al., 2017). For performing better in their constantly changing occupations, auditors should regularly participate in training sessions and keep up with new information and technology, according to Al-Mzary et al. (2015).

Thabet (2017) found a positive relationship between auditor training level and how well they perform in auditing exercises. The larger their professional expertise and capacity to detect faults and inconsistencies, the higher their degree of training. The operation of the internal audit can occasionally be affected by inadequate record keeping, a lack of paperwork, which frequently causes income loss as well as government incompetence (Okpala, 2019). Internal audits may not be as successful if records aren't kept accurately and the tendering process isn't adequately documented. The success of internal audits is also influenced by how well-written and thorough the company documentation are. Regulating authorities utilize these records to keep an eye on both the effectiveness of the public sectors and the observance of legal compliance (Bairo, 2020). Studies have explored the role of internal audit in promoting good governance in the Nigerian public sector. Asaolu, Adedokun and Monday (2016) found that internal audit moderately contributes to the effectiveness of corporate governance. The study concluded that internal auditing is a valuable tool for promoting good governance. The researchers recommend legal mandates for public sector organisations to publish government information publicly and make special funds available to internal auditors to enhance the effectiveness of internal audits and boost good governance in public organisations (Asaolu, 2016).

Rudzi and Embong (2014), investigated the impact of receding internal audit performance on corporate governance in Malaysian publicly listed companies. The research used a survey design and data collection methods, including mail questionnaires and interviews. The findings showed that internal audit significantly influences corporate governance, and collaborations in risk management, information technology audits, and quality audits are increasingly used to provide value-added services. The study concluded that internal audits significantly influence corporate governance and recommended future collaboration to harness departmental expertise for effective audits.

The study by Quansah (2016) investigates the internal control practices and corporate governance at Ghana Post Company Limited in the Ashanti Region. The case study approach used an exploratory or descriptive method, with an interview guide for respondents. The study found that the corporate governance framework strengthens the board's roles and powers, enhancing accountability and achieving company goals. The study recommends that the board and management recognise the importance of internal audits and support them in executing their mandates. The board holds ultimate responsibility for the effectiveness of the organisation's internal control system (QUANSAH, 2016).

Changwony and Rotich (2015) conducted a study on the role of internal audit in promoting effective corporate governance in Kenyan commercial banks found that internal audit significantly influences corporate governance. The study recommended that the audit committee should approve the appointment, remuneration, and disengagement of the chief audit executive to ensure the effectiveness of the internal audit function (Changwony, 2015).

Ta and Doan (2022) in their study on the factors affecting IA effectiveness in Vietnam noted that internal auditors' impartiality and managerial backing to internal audit have a constructive effect on the usefulness of internal audit. The authors further noted that competence of internal and quality of IA do not affect internal audit effectiveness. Mwanza and Kaira (2022) in their study on the efficacy of internal auditing in the public sector in relation to corporate governance concluded that internal audit independence is a necessary attribute which ensures good corporate governance which the government should ensure it is guaranteed to make sure that the IA work with without fear or interference (Mwanza, 2022).

Shio (2019) examined the variables affecting the performance of internal audit's functions in Tanzania. According to the report, internal auditors in public organizations must perform adequately, and they should not be given more responsibilities than they can handle. The authors pointed out that internal auditors lack the independence they need to carry out their duties, and management should provide them the freedom and independence they need to do their tasks

well (Shio, 2020). Karyawati and Josh (2022) held the opinion that internal audit independence is not regarded as a serious issue in developing nations, especially those with family business characteristics, because there is no agency issue between shareholders and management. Instead, the family business companies' internal auditing goals place a greater emphasis on external regulations (Josh, 2022).

The internal audit division requires qualified employees who collectively have the education, experience, training, and professional credentials required to carry out the full range of audits required by its mandate. Huong (2018) agreed that a high degree of education is necessary for auditors to be considered valuable and effective human resources. An internal audit function is deemed competent, as stated by Abbott et al. (2016), when it employs internal auditors with adequate knowledge, experience, and skills. Lai and Liu (2018) stated that more competent internal leaders whom they refer to as with higher educational level are in a position to acquire and analyses relevant information.

According to Nurdino and Gamayuni's (2018) study, internal auditor competency has a big impact on internal auditing. According to a study by Jachi and Yona (2019), in Zimbabwe, the internal audit function competency aspects of training, experience, and certification are interdependent with openness and accountability. Additionally, the study demonstrated that the desire to enhance IA competency through the development of a setting that would support and ensure their efficacy in maintaining corporate governance. In their research on corporate governance practices in India, Novranggi and Sunardi (2019) also made the case that the competency of internal auditors has an impact on the efficiency of internal auditing. According to Bananuka et al. (2018), an internal audit becomes competent once it has the ability to assess the efficacy of internal controls and engage in risk management. The results led the author to conclude that the internal audit function is non-functional if internal auditing staff are not competent, independent, and compliant with professional standards.

According to Quampah et al. (2021), failure to discuss and promptly implement audit findings, insufficient management support through IT skills training, and other reasons make the IA ineffective at government institutions in Ghana. Mwanza and Kaira (2022) observed that management should recognize the function of the IAF by providing the appropriate resources and trainings in their study of the success of internal auditing in the public sector in Zambia.

Abdulaziz (2022) found that management support for IA is positively correlated with corporate success in his investigation of CEO traits, management support for IA, and corporate performance in Malaysia on listed businesses. The authors also stated that CEO experience and management support for internal auditing (IA) increase the effects of the level of implementation of these recommendations on corporate governance. They also asserted that the impact of management support on corporate performance is excluded when it interacts with the CEOs' involvement in the appointment of the Internal Auditors and when Internal Auditors report directly to the CEOs. Dawuda et al (2017) noted that institutions in Ghana are not making good use of internal audit departments as a mechanism for sound corporate governance. Internal audits departments have been installed only to comply with regulations rather than adding value to the organisations. The study concluded that management support should support fully the internal audit department so as to ensure that it carries out its duties effectively thereby ensuring good corporate governance.

Sherriff (2021) contends that responsibility is reached when managerial support is of the highest calibre. The recognition and responsibility of the internal audit function inside an organization is fundamentally dependent on top management support. According to ISPPA, the internal audit department should undoubtedly have sufficient funding to increase the effectiveness of its activities. This and Huong (2018) discovered that management support was closely related to the three auditing effectiveness dimensions in businesses (auditing quality, auditee evaluations, and added value of IA). Alqudah et al. (2019) discovered that management support was the primary variable affecting internal audit effectiveness inside firms. They contend that employing skilled and experienced employees and allocating adequate resources would increase the effectiveness of internal auditing. In their research on the use of information technology, top management support, and internal audit effectiveness (Alkebsi and Aziz, 2017), the authors found a strong correlation between these variables. According to Wondwosen (2019), managerial assistance has little bearing on the efficiency of internal audits.

According to Gebrayel et al. (2018) study on the relationship between the internal audit function and the quality of financial reporting, regular meetings between the AC and internal auditors have a supportive impact on the internal audit function, which in turn affects the financial reporting quality of a corporation. According to Gebrayel et al. (2018) study on the relationship between the internal audit function and the quality of financial reporting, regular meetings between the AC and internal auditors have a supportive impact on the internal audit function, which in turn affects the financial reporting quality of a corporation.

## **2.2 Theoretical Framework – The Agency Theory**

Meckling and Jensen (1976), studied the concept of a corporation and explained that the agency relationship is a contract whereby people engage other individuals in order to perform different service on their behalf. The scholars who proposed explicitly, for this theory to were Stephen Ross and Barry Mitnick stating that management support and independence for a company can be effective. Ross is the scholar responsible for coining the economic theory of agency, meanwhile Mitnick pioneered the institutional theory of agency. Ross was the first to introduce the study of agency regarding complications of compensation contracting.

Mitnick (2006), defined the awareness in which companies form around agency, and that the companies also grow and change to deal with agency which responds to the indispensable failures relating to agency relationships. The conduct will not occur because even if it is preferred by the principal, but it does not pay to make it perfect. People form institutions

and provisions which sort out the different types of imperfections by way of managing or buffering them, adapting them, or being distorted the imperfections. Therefore, to entirely comprehend agency, we need both the incentives and the institutional structures (Mitnick, 2006). From an agency perspective, the importance of robust governance arises from the need to align the interests of management with other shareholders in the firm to reduce agency costs and increase the internal audit department effectiveness.

In order to enhance corporate governance, several methods can be established to gauge managements' commitment, and these include instituting an independent board of directors, an independent chairperson to the board, and an effective audit function. Davidson, Goodwin-Stewart and Kent, (2005) define the multifaceted relations between these governance mechanisms as the corporation governance montage.

### Stakeholders Theory

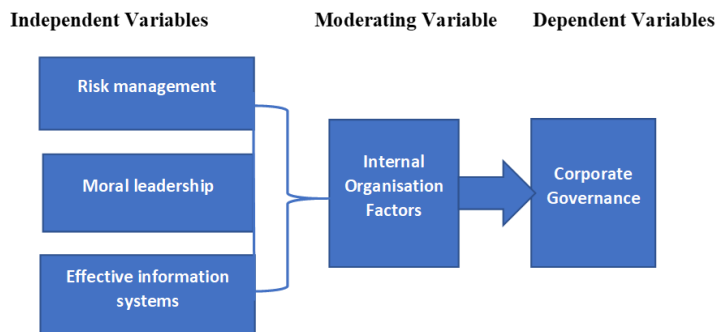
Stakeholder theory featured in the management discipline of the 1970's. It was later advanced by Freeman (1984) who incorporated corporate accountability and responsibility to different stakeholders. Wheeler et al, (2002) arguments on stakeholders' theory coined combinations of sociological and structural elements. Stakeholders' theory is however more of a wide researcher theory. This is because it incorporates philosophy, ethics and political theory. It also includes other disciplines like organizational science.

According to Freeman (1999), a stakeholder is any group directly attributable to a certain organization's achievements. It is unlike agency theory where managers work and serve stakeholders. Stakeholder theorists propose that all companies have a well laid out network of stakeholders to serve including merchants, employee personnel and other business partners. He also explained that the group of networks is crucial other than ownership-management-employee relationship which is in the agency theory.

According to Ansoff (1965), set goals might be attained through harmonizing the contradictory welfares of the several stakeholders. Hence, a central facet of stakeholder theory is to recognize that other parties besides the shareholders of a company are also important and that the organization owes them a fiduciary duty to maximize their interests as well. All stakeholders are pertinent if their outlay has been subjected to any form of risk through the business operation (Clarkson, 1995). Therefore, the ethical viewpoint of stakeholder theory is that all stakeholders have a right to fair treatment, and that managements' main objective should be to maximize stakeholder value by minimizing costs at Zambian Breweries through internal audit, enhancing employee satisfaction and contributing to the wellbeing of the society from which it draws its resources. (Deegan, 2004).

## 2.3 Conceptual Framework

The conceptual framework establishes a causal relationship between internal audit (Independent variable) and corporate governance performance (Dependent Variable).



*Conceptual Frameworks: Source; Author (2026)*

Figure 1: Conceptual Framework

### Operationalization of Variables (Conceptual Framework)

This study is anchored on the relationship between Internal Auditing Practices (Independent Variable) and Enhancing Corporate Governance (Dependent Variable) within the Zambian Breweries (ZB). The framework integrates theoretical insights from Agency Theory to Stakeholders Theory in which Agency Theory explains why Internal Auditing arises while Stakeholders Theory explains how main objective should be to maximize stakeholder value by minimizing costs at Zambian Breweries through internal audit, enhancing employee satisfaction and contributing to the wellbeing of the society from which it draws its resources.

### Independent Variable (IV): Internal Auditing Practices

The Institute of Internal Auditors (2020) explains internal audit as a liberated consultant practice and impartial aimed to uplift the importance and advance an entity's operations. These practices include:

- Risk management, – Aimed at risk governance procedures control sufficiency Sutawikara et al. (2021).
- Moral leadership -The effectiveness of excellent corporate governance is dependent on internal audit, moral leadership,

accountability (Mulyani et. al, 2021).

- Effective information systems- The effectiveness of excellent corporate governance is dependent on effective information systems (Mulyani et. al, 2021).

#### **Dependent Variable (DV): Corporate Governance**

Good corporate governance is well-defined by Forum for Corporate Governance, Indonesia (FCGI) as a set of guidelines that govern relations between stakeholders, company management, the government, creditors, employees, interior and exterior parties linked to rights, in more direct terms, a system that panels the corporation. According to Mulyani et al. (2021), strong corporate governance is a system that maintains fair production and distribution to all stakeholders who have an impact on firm success.

#### **Moderating Variables**

The influence of Internal Audit practices on corporate governance is shaped by key internal organizational factors:

- Leadership Support – Leaders facilitate or hinder IA strategies based on their willingness to encourage innovation, learning, and decentralized decision-making (Heifetz et al., 2020; Uhl-Bien & Arena, 2021).
- Organizational Culture – Flexible, learning-oriented cultures strengthen IA practices, while rigid, hierarchical cultures suppress them (Argote & Miron-Spektor, 2022).
- Resource Availability – The presence of logistical and human resources determines whether IA practices can be sustained and translated into improved outcomes.

#### **Definitions of Terms**

- **Internal Audit:** The Institute of Internal Auditors (2020) explains internal audit as a liberated consultant action and impartial aimed to uplift the importance and advance an entity's operations.
- **Corporate Governance:** According to Mulyani et al. (2021), corporate governance is a system that maintains fair production and distribution to all stakeholders who have an impact on firm success. Good corporate governance is well-defined by Forum for Corporate Governance, Indonesia (FCGI) as a set of guidelines that govern relations between stakeholders, company management, the government, creditors, employees, interior and exterior parties linked to rights, in more direct terms, a system that panels the corporation.
- **Organizational Performance:** The extent to which an organisation achieves its strategic goals effectively and efficiently, often assessed through output, service quality, productivity, stakeholder satisfaction, and operational results (Kaplan & Norton, 2020; Otley, 2021).
- **Internal Organization Factors:** Flexible, learning-oriented cultures strengthen IA practices, while rigid, hierarchical cultures suppress them (Argote & Miron-Spektor, 2022).
- **Audit Fees:** Abdullah et al., (2018) observes that service fees, often known as audit fees, are compensation that public accountants get from their customers in exchange for audit services that have been performed.

### **3 Research Methodology and Design**

In order to provide accurate results, the researcher adopted a deductive approach and employed quantitative research designs (Van der Merwe, 1996). The study population for this study was all employees at Lusaka Zambia Breweries who are 750 in total according to the data obtained from Lusaka Securities Exchange. The study on Zambia Breweries role of internal audit in enhancing corporate governance is essential to evaluate transparency, accountability, and decision-making effectiveness within the company. Given its status as a major player in Zambia's economy, understanding how governance structures impact financial performance, stakeholder trust, and long-term sustainability is critical. Research intended to reveal gaps in board independence, risk management, and shareholder engagement. Such insights would support policy reforms, improve investor confidence, and guide strategic planning. Additionally, analyzing governance practices helps assess compliance with national and international standards, ensuring ethical operations and resilience against economic fluctuations. Quantitative data was counter-checked and coded. The quantitative data was being double-checked, cleaned, and then coded. Coding of quantitative data was followed by entering it on statistical package for social sciences software for analysis. The goal was to produce statistics called descriptive, and finally micro soft excel was used where some statistics were manipulated to make figures and graphs. Data was turned into tables, allowing for a variety of graphical presentations. After the statistics are used to create tables, graphs, and figures, objectivity in terms of interpretation, valid conclusions, and recommendations became possible. The data gathered from key informants through questionnaires were analyzed based on the themes and contents. Content or thematic analysis is beneficial because it groups similar items or themes from a large number of words.

### **4 Findings**

#### **4.1 To assess the relevance of internal audit in enhancing corporate governance at Zambia Breweries**

The study showed that 184 respondents out of the 220 who were interviewed, representing 84% of the respondents agreed that Internal Audit has contributed to the growth of the company. The Company also has a department/ Section set

aside for sourcing internal auditing, evidenced by 168 (76.4%) responses agreeing that the department exist. The results also shows that majority of the respondents appear to feel or had a high perception that Internal auditors at Zambian Breweries do evaluate the organization's control procedures while taking into account knowledge of controls gained from consulting engagements in order to fulfil these roles. They also felt that International Standards for the Professional Practice of Internal Auditing and Regulatory standards are needed to produce cost control reports at Zambian Breweries. Additionally, they also felt that internal auditors at Zambian Breweries use professional skills, clearly defined scopes of work, implement investigation were necessary. Lastly, the study also showed that majority of the respondents 84.6% (i.e., 48.2% Strongly Agreed and 38.4% Agreed) had a high perception that internal audit management simultaneously ensure good corporate governance at Zambian Breweries. Therefore, the results showed that internal audit is enhancing corporate governance at Zambian Breweries. Table 1 below shows descriptive statistics accordingly.

Table 1: Descriptive Statistics: Relevance of Internal Audit

	SA	A	N	DA	SD	Frequency	Mean	Std.D	Decision
Internal audit function acquires a crucial role within the framework concerning corporate governance.	93 -42%	77 -35%	16 (7.3%)	27 (12%)	7 (3%)	220	4.01	1.131	Low Perception
Internal audit as a liberated consultant action and impartial aimed to uplift the importance and advance an ZB operations	109 (49%)	18 -8%	33 (15%)	43 (19%)	17 (8%)	220	3.72	1.434	Low Perception
Internal audit at ZB maximizes stakeholder value by minimizing costs.	111 (51%)	39 -18%	25 (11%)	34 (16%)	11 (5%)	220	3.93	1.3	Low Perception
Through internal audit, ZB enhance employee satisfaction and contributing to the wellbeing of the society from which it draws its resources	114 (52%)	29 (13%)	39 (18%)	38 (17%)		220	4	1.18	Low Perception
Internal auditing is a tool for managing risk across the range of an ZB's activities	91 (41%)	50 -23%	18 (8%)	59 (27%)	2 (1%)	220	3.77	1.266	Low Perception
Internal auditors at ZB do evaluate the organization's control procedures while taking into account knowledge of controls gained from consulting engagements in order to fulfil these roles.	138 (63%)	37 -17%	17 (7.7%)	25 (11%)	3 (1%)	220	4.28	1.099	High Perception
Internal auditors will contribute more to financial statements audits at Zambia Breweries.	41 (19%)	143 (65%)	30 (14%)	5 (2.3%)	1 (0.5%)	220	3.99	0.676	Low Perception
Effective internal audits at ZB are more likely to detect and prevent fraud.	105 (47.7%)	57 (25.9%)	20 (9.1%)	32 (14.5%)	6 (2.7%)	220	4.01	1.184	Low Perception
International Standards for the Professional Practice of Internal Auditing and Regulatory standards is needed to produce cost control reports at ZB.	119 (54.1%)	59 (26.8%)	9 (4.1%)	33 (15%)		220	4.2	1.071	High Perception
Internal auditors at ZB act independently, with the necessary financial expertise.	113 (51.4%)	40 (18.2%)	29 (13.2%)	34 (15.5%)	4 (1.8%)	220	4.02	1.197	Low Perception
Internal audit at ZB uses professional skills, scope of work, implementation of investigation.	106 (48.2%)	60 (27.3%)	39 (17.7%)	14 (6.4%)	1 (0.5%)	220	4.16	0.965	High Perception
Internal audit management simultaneously ensures good corporate governance.	106 (48.2%)	80 -36.40%	26 (11.8%)	5 (2.3%)	3 (1.4%)	220	4.28	0.86	High Perception
Weighted average							4.03		

**4.2 To evaluate the adoption of internal audit in enhancing corporate governance at Zambian Breweries**

The study showed that majority of the respondents had a high perception that Zambian Breweries embraces new practices for allocating resources for training requirements before implementing Internal Audit. They also felt that there was a high-quality Internal Audit at Zambian Breweries that contributes to the effectiveness of audits. The respondents equally felt that Zambian Breweries auditors had good skills to enhance good corporate governance through communication of audit findings to both the head area and the auditee. Lastly, they felt that Zambian Breweries auditors do update and enhance their abilities, much like other employees, to increase auditing performance.

The results show that Internal Audit is enhancing the adoption of corporate governance at Zambian Breweries through skill development to ensure that the department delivers and enhanced communication and reports. The department also diversified to meet the technology changes by providing quality services to the board, shareholders and management. Table 2 below shows descriptive statistics accordingly.

Table 2: Descriptive Statistics: adoption of internal audit

	SA	A	N	DA	SD	Frequency	Mean	Std. Deviation	Decision
ZB embraced new practices for allocating resources for training requirements before implementing IA.	118 (53%)	60 (27%)	39 (18%)	3 (1%)		220	4.33	0.813	High Perception
There is a high quality IA at ZB that contributes to the effectiveness of audits.	110 (50%)	60 (27%)	41 (19%)	6 (3%)	3 (1%)	220	4.22	0.935	High Perception

New technology in financial software applications provides smart systems programmed with unique alternative financing products and interactive.			55 (25%)	1458 (66%)	17 (8%)	3 (1%)	220	3.15	0.602	Low Perception
The internet is an inclusive global economic phenomenon for SME seeking capital opportunities through digitalisation.		41 (19%)	140 (64%)	27 (12%)	12 (6%)		220	3.95	0.726	Low Perception
IA is a crucial component of good corporate governance at ZB and makes a significant contribution to the integrity of financial reporting		51 (23%)	85 (39%)	68 (31%)	15 (7%)	1 (0.5)	220	3.77	0.898	Low Perception
Internal audit performance quality is necessary at ZB to ensure corporate governance quality which ensures good corporate performance.		27 (12%)	173 (79%)	17 (8%)	3 (1%)		220	4.02	0.505	Low Perception
ZB auditors have good skills to enhance good corporate governance through communication of audit findings to both the head area and the auditee.		123 (56%)	59 (27%)	31 (14%)	6 (3%)	1 (0.5%)	220	4.35	0.855	High Perception
ZB auditors do update and enhance their abilities, much like other employees, to increase auditing performance.		129 (59%)	64 (29%)	22 (10%)	3 (1%)	2 (0.9%)	220	4.43	0.799	High Perception
<b>Weighted Average</b>								<b>4.03</b>		

### 4.3 To determine the challenges facing internal auditing in enhancing corporate governance at Zambian Breweries

The study showed that the Internal audit department adds value, receives sufficient funding, is independent, recognised by the board and has sufficient infrastructure to carry out its tasks.

However, 82% of the respondents stated that the Internal Audit department is not used as mechanism for sound corporate governance by the company.

The organization's inability to use the Internal Audit department as a mechanism for corporate governance puts the organization at a disadvantage because Internal Audit provides crucial independent assurance to the board of directors and senior management that an organization's risk management, control, and governance processes are operating effectively.

These findings agree with the Agency theory, in that Zambian Breweries has an independent board of directors, an independent chairperson to the board, and an effective audit function. Davidson, Goodwin-Stewart and Kent, (2005) define the multifaceted relations between these governance mechanisms as the corporation governance montage. Table 3 below shows descriptive statistics accordingly. Table 3 shows the statistical summary of challenges as follows; on if Zambian Breweries does not make of use of internal audit departments as a mechanism for sound corporate governance; descriptive statistics from 220 valid responses show a mean score of 1.18, with a median of 1.00, mode of 1, indicating that responses were largely skewed toward agreement. The std deviation of 0.387 suggests extreme variability in perceptions among respondents. On whether internal audits departments have been installed only to comply with regulations rather than adding value to the organisations, the results show the mean score of 1.77, the median score of 2.00, with mode score of 2 suggestion that responses were largely skewed toward agreement. The std deviation of 0.176 with the negative skewness (-1.113) indicates that responses were skewed toward agreement, reinforcing the perception that internal auditing add value to the Zambian Breweries which also suggest that this challenge is being managed well. Descriptive statistics further show internal audit department at ZB undoubtedly has sufficient funding to increase the effectiveness of its activities with mean score of 1.24, median score of 1.00, mode score of 1 indicating that responses were largely skewed toward agreement. On whether Internal auditors at ZB lack the independence they need to carry out their duties, the result show 47 respondents indicating True and 173 indicated false representing 1 and 2 on the SPSS nominal scale. This result had a mean score of 1.79, median score of 2.00 with mode score of 2. The Std deviation of 0.411 may suggest that Internal auditors at ZB does not lack the independence they need to carry out their duties. On whether the board and management at ZB recognise the importance of internal audits and support them in executing their mandates, the results show that 192 respondents indicated True on the scale with 38 only indicating False. Descriptive statistics show the mean score of 1.113, median score of 1.00, with mode score of 1. The Std deviation of 0.334 suggests moderate variability in perceptions among respondents while indicating that the board and management at ZB recognise the importance of internal audits and support them in executing their mandates. Finally, the study found if there is adequate technology infrastructure at ZB that supports carrying out Internal Audit. The results show that 183 respondents indicated. The result shows the mean score of 1.17, median score of 1.00, mode 1. The standard deviation of 0.375 suggest the moderate variability in perceptions among respondents. Therefore, the results conclude that Zambian Breweries was able to manage those challenges moderately despite those losses recorded on year ending December, 2025 financial report as shown on under

the problem statement. Despite strong profitability, the company’s cash flow reflects significant investment and debt management activities. Net cash from operating activities was negative at (K34.2 million), a reversal from the K97.8 million generated in 2024. This was largely influenced by increased capital expenditure, with cash used in investing activities more than doubling to K488.3 million for property, plant, and equipment. The company continued its deleveraging strategy, using K248.6 million for the repayment of bank loans. The period concluded with a negative cash position (bank overdraft) of (K379.2 million).

Table 3: Challenges facing Internal Auditing

Statistics							
		Zambia Breweries does not make of use of internal audit departments as a mechanism for sound corporate governance.	Internal audits departments have been installed only to comply with regulations rather than adding value to the organisations	The internal audit department at ZB undoubtedly has sufficient funding to increase the effectiveness of its activities	Internal auditors at ZB lack the independence they need to carry out their duties	The board and management at ZB recognise the importance of internal audits and support them in executing their mandates	There is adequate technology infrastructure at ZB that supports carrying out Internal Audit
N	Valid	220	220	220	220	220	220
	Missing	0	0	0	0	0	0
Mean		1.18	1.77	1.24	1.79	1.13	1.17
Median		1.00	2.00	1.00	2.00	1.00	1.00
Mode		1	2	1	2	1	1
Std. Deviation		0.387	0.420	0.426	0.411	0.334	0.375
Variance		0.149	0.176	0.181	0.169	0.112	0.141
Skewness		1.661	-1.311	1.250	-1.407	2.252	1.787
Std. Error of Skewness		0.164	0.164	0.164	0.164	0.164	0.164
Minimum		1	1	1	1	1	1
Maximum		2	2	2	2	2	2
Sum		260	390	272	393	248	257

#### 4.4 Regression analysis

The regression analysis was used to test the Hypotheses H<sub>1</sub>, H<sub>2</sub> and H<sub>3</sub> to determine if Internal Audit enhances, improve adoption and if it hinders the effectiveness of corporate governance practices. The results are as shown below.

##### H<sub>1</sub> Relevance of internal auditing has a significant positive effect on enhancing corporate governance outcomes at Zambian Breweries.

The hypothesis tests if internal auditing has a significant positive effect on enhancing corporate governance outcome at Zambian Breweries. The dependent variables Cooperate Governance (CG) was regressed on predicting variable Relevance of Internal Audit to test the hypothesis H1. The relevance of Internal Audit significantly predicted Corporate Governance, F (12,202) = 1.939, p < 0.05) which indicates that the Internal Audit can play a significant role in enhancing corporate governance. These results clearly direct the positive effect of Internal Audit, moreover, R<sup>2</sup>=0.101 depicts that the model explains 10.1 % of the variance in Corporate Governance. The tables 4 and 5 below shows the summary.

Table 4: Model summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
H <sub>1</sub>	.318 <sup>a</sup>	.101	.049	.358

Note: a. Predictors: (Constant), Internal audit management simultaneously ensures good corporate governance., Internal auditing is a tool for managing risk across the range of an ZB’s activities, Internal audit at ZB uses professional skills, scope of work, implementation of investigation. Internal audit at ZB maximizes stakeholder value by minimizing costs. Internal auditors at ZB do evaluate the organization's control procedures while taking into account knowledge of controls gained from consulting engagements in order to fulfil these roles. Internal audit as a liberated consultant action and impartial aimed to uplift the importance and advance ZB operations. Effective internal audits at ZB are more likely to detect and prevent fraud. Internal auditors will contribute more to financial statements audits at Zambian Breweries. International Standards for the Professional Practice of Internal Auditing and Regulatory standards is needed to produce cost control reports at ZB. Through internal audit, ZB enhance employee satisfaction and contributing to the wellbeing of the society from which it draws its resources, Internal auditors at ZB act independently, with the necessary financial expertise. Internal audit function acquires a crucial role within the framework concerning corporate governance.

Table 5: ANOVA table

Model		Sum of Squares	Df	Mean Square	F	Sig.
H <sub>1</sub>	Regression	2.974	12	.248	1.939	.032 <sup>b</sup>
	Residual	26.458	207	.128		
	Total	29.432	219			

Note: a. Dependent Variable: Internal audit has contributed to the growth my company

b. Predictors: (Constant), Internal audit management simultaneously ensures good corporate governance. Internal auditing is a tool for managing risk across the range of ZB's activities, Internal audit at ZB uses professional skills, clearly defined scopes of work, implementation of investigation when required. Internal audit at ZB maximizes stakeholder value by minimizing costs. Internal auditors at ZB do evaluate the organization's control procedures while taking into account knowledge of controls gained from consulting engagements in order to fulfil these roles. Internal audit as a liberated consultant action and impartial aimed to uplift the importance and advance ZB operations. Effective internal audits at ZB are more likely to detect and prevent fraud. Internal auditors will contribute more to financial statements audits at Zambian Breweries. International Standards for the Professional Practice of Internal Auditing and Regulatory standards is needed to produce cost control reports at ZB. Through internal audit, ZB enhance employee satisfaction and contributing to the wellbeing of the society from which it draws its resources. Internal auditors at ZB act independently, with the necessary financial expertise. Internal audit function acquires a crucial role within the framework concerning corporate governance.

**H<sub>2</sub> The adoption of internal auditing significantly improves corporate governance practices at Zambian Breweries.**

The hypothesis tests if internal auditing has a significantly improved the adoption of corporate governance outcome at Zambian Breweries. The dependent variables Cooperate Governance was regressed on predicting variables of adoption of Internal Audit to test the hypothesis H2. The adoption of Internal Audit was insignificantly predicted by Corporate Governance, F (8,211) =0.497, p>0.05) which indicates that the adoption of Internal Audit does not play a significant role in enhancing corporate governance. These results clearly direct the low effect of Internal Audit adoption, R<sup>2</sup>=0.018 depicts that the model explains 1.8 % of the variance in Corporate Governance. The tables 6 and 7 below show the summary.

Table.6 model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
H <sub>2</sub>	.136 <sup>a</sup>	.018	-.019	.370	.018	.497	8	211	.858

a. Predictors: (Constant), ZB auditors do update and enhance their abilities, much like other employees, to increase auditing performance. IA is a crucial component of good corporate governance at ZB and makes a significant contribution to the integrity of financial reporting. There is a high-quality IA at ZB that contributes to the effectiveness of audits. ZB embraced new practices for allocating resources for training requirements before implementing IA. ZB auditors have good skills to enhance good corporate governance through communication of audit findings to both the head area and the auditee. Internal audit performance quality is necessary at ZB to ensure corporate governance quality, which ensures good corporate performance.

Table 7: ANOVA table

Model		Sum of Squares	df	Mean Square	F	Sig.
H <sub>2</sub>	Regression	.544	8	.068	.497	.858b
	Residual	28.888	211	.137		
	Total	29.432	219			

a. Dependent Variable: Internal audit has contributed to the growth the company

b. Predictors: (Constant), ZB auditors do update and enhance their abilities, much like other employees, to increase auditing performance. IA is a crucial component of good corporate governance at ZB and makes a significant contribution to the integrity of financial reporting. There is a high-quality IA at ZB that contributes to the effectiveness of audits. ZB embraced new practices for allocating resources for training requirements before implementing IA. ZB auditors have good skills to enhance good corporate governance through communication of audit findings to both the head area and the auditee. Internal audit performance quality is necessary at ZB to ensure corporate governance quality which ensures good corporate performance.

**H<sub>3</sub> challenges facing internal auditing significantly hinder the effectiveness of corporate governance.**

The hypothesis tests if challenges facing internal auditing has a significantly hinder the effectiveness of corporate governance outcome at Zambian Breweries. The dependent variables Cooperate Governance was regressed on predicting variables of challenges of Internal Audit to test the hypothesis H<sub>3</sub>. The adoption of Internal Audit was insignificantly predicted by Corporate Governance,  $F(6,213) = 0.183$ ,  $p > 0.05$  which indicates that the challenges of Internal Audit does not play a significant role in hindering corporate governance. These results clearly direct the low effect of challenges of Internal Audit,  $R^2 = 0.04$  depicts that the model explains 4 % of the variance in Corporate Governance. The tables 8 and 9 below show the summary.

Table 8: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
H <sub>3</sub>	.201 <sup>a</sup>	.040	.013	.364	.040	1.489	6	213	.183

a. Predictors: (Constant), There is adequate technology infrastructure at ZB that supports carrying out Internal Audit. The internal audit department at ZB undoubtedly has sufficient funding to increase the effectiveness of its activities. Zambian Breweries does not make of use of internal audit departments as a mechanism for sound corporate governance. The board and management at ZB recognize the importance of internal audits and support them in executing their mandates. Internal audits departments have been installed only to comply with regulations rather than adding value to the organization. Internal auditors at ZB lack the independence they need to carry out their duties.

Table.9: ANOVA table

Model		Sum of Squares	df	Mean Square	F	Sig.
H <sub>3</sub>	Regression	1.185	6	.197	1.489	.183 <sup>b</sup>
	Residual	28.247	213	.133		
	Total	29.432	219			

a. Dependent Variable: Internal audit has contributed to the growth my company

b. Predictors: (Constant), There is adequate technology infrastructure at ZB that supports carrying out Internal Audit. The internal audit department at ZB undoubtedly has sufficient funding to increase the effectiveness of its activities, Zambian Breweries does not make of use of internal audit departments as a mechanism for sound corporate governance. The board and management at ZB recognize the importance of internal audits and support them in executing their mandates. Internal audits departments have been installed only to comply with regulations rather than adding value to the organizations. Internal auditors at ZB lack the independence they need to carry out their duties.

## 5 Conclusions and Recommendations

This study evaluated the importance of the role of internal audit in enhancing corporate governance at Zambian Breweries Plc. The findings showed that the Internal audit department is relevant in enhancing corporate governance at Zambian Breweries. This is important because it also enhances employee and employer satisfaction and contributes to the wellbeing of not only the employees but society as whole. The study also showed that Internal Audit enhances governance at Zambian Breweries through activities, which are meant to develop the way the department communicates and develops its reports. The department has also shown that it keeps evolving through adoptions of new technologies, skill developments and training by staff. Thereby improving efficiency of services all the stakeholders. Lastly, the findings also showed that there is independence in the operations of the internal audit and the board. Thus, showing that the company is adhering to cooperate governance systems. However, Zambian Breweries should adopt the Internal Audit department as a means for sound corporate governance. This is important as it will give the company the following added advantages.

- Independent Assurance and Objective Evaluation by providing an unbiased, independent assessment of the organization's governance, risk management, and internal control processes. As well as by validating Controls as it will offer assurance to shareholders and the board that internal controls are operating effectively.
- Enhanced Risk Management and Control by focusing on high-risk areas, allowing the organization to proactively identify and mitigate threats before they escalate into crises. The Internal Audit department through strengthening of Internal controls and continuous Improvement through regular, systematic audits.
- Internal Audit will improve Accountability and Compliance by ensuring Compliance by helping verify adherence to laws, regulations, and internal, thereby reducing the risk of penalties.

### Declaration of Competing Interests

The authors declare that they are not aware of any competing financial interests or personal relationships that may have influenced the work described in this document.

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## Ethical considerations

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

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