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MASTER OF COMMERCE IN PROFESSIONAL ACCOUNTING AND
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Impact of Organizational Structure on Internal Audit Effectiveness: A Case study
of Ministry of Finance and Economic Development

Dissertation

By

Emily Machingura

M224978

Submitted to Great Zimbabwe University in Partial Fulfilment of the Requirements for the
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RELEASE FORM

NAME OF AUTHOR: Emily Machingura
REGISTRATION NUMBER: M224978
DISSERTATION TITLE: Impact of Organizational Structure on Internal Audit Effectiveness: A Case study of Ministry of Finance and Economic Development
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I, the undersigned certify that they have read and recommend to the Great Zimbabwe University for acceptance, a dissertation entitled, “Impact of Organizational Structure on Internal Audit Effectiveness: A Case study of Ministry of Finance and Economic Development.” submitted by Emily Machingura in partial fulfilment of the requirements for the Masters of Commerce Degree in Professional Accounting and Corporate Governance.



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SUPERVISOR

DATE

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CHAIRPERSON

DATE

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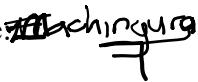
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I, Emily Machingura do hereby declare that dissertation entitled: Impact of Organizational Structure on Internal Audit Effectiveness: A Case study of Ministry of Finance and Economic Development is entirely my original work, except where acknowledged, and that it has never been submitted before to any other university or any other institution of higher learning for the award of a Degree.

Student's Signature: 

Date: 11 December 2023

Supervisor's Signature:

Date:

DEDICATION

This study is dedicated to my family for their constant encouragement and for being patient enough to see me go through my academic struggle thus realizing my long cherished dream.

ABSTRACT

The Ministry of Finance and Economic Development has been facing issues on poor communication within the department which has led to miscommunication between people as there was no clarity on who needs information or where to send important messages in the accounting department leading to delayed internal audit process and audit reports. Therefore, this study aimed at assessing the impact of organizational structure on internal audit effectiveness. The study was guided by three objectives which were to examine the relationship between hierarchical organisational structure and internal audit effectiveness, to investigate how functional organisational structure impact the work of internal auditors and to explore how divisional organisational structure affects the effectiveness of internal audits. The researcher adopted post-positivism research philosophy which advocate for the use of quantitative methods in data collection. Data was collected using a descriptive research design from a sample of 80 management and no-management employees in the Ministry of Finance and Economic Development. Simple random sampling was done within the department to collect primary data using questionnaires as the main research instrument. Findings from the study revealed that, there is strong negative relationship between hierarchical organisational structure, strong positive relationship between functional organisational structure and divisional organisational structure and internal audit effectiveness. The study concluded that, hierarchical organizational structure, has slowed down decision-making processes and communication in the ministry which has negatively impacted audit quality effectiveness. The study further concluded that, divisional organizational and functional organisational structure can enhance increased expertise and knowledge in the accounting department which promote audit quality in the ministry. The study recommended that, the internal function in the Ministry of Finance and Economic Development must be independent of the activities being audited and must also be independent from main organization tasks, each province should have has clearly defined roles and responsibilities and every province should have structures with clearly defined lines of control and responsibility as this improves communication over less formal structures

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CHAPTER I

INTRODUCTION

1.0 Introduction

By providing impartial and unbiased assurance on the effectiveness of risk management, control, and governance systems, internal auditing is essential to guaranteeing the efficient operation of businesses. The organizational structure in which internal auditors work also affects the effectiveness of internal auditing, in addition to the skills and abilities of the internal auditors. Internal auditing effectiveness may be impacted by an organization's communication, decision-making, and reporting procedures, all of which are influenced by its structure. The relationship between organizational structure and internal audit effectiveness must thus be investigated. In this chapter, the study presents the study's background, goal, goals, and research questions. In addition, the chapter discussed the study's significance as well as its delimitations and limits.

1.1 Background to the study

Any organization may be seen as a closed system of people and procedures working together to accomplish a certain objective (Senior & Swailes, 2020). On the other hand, an organization is made up of several parts. Senior and Swailes (2020) include formal subsystems like objectives, strategy, operations, organization, and technology among these elements; they also list informal subsystems like politics, culture, and leadership. The functioning of the whole company will be hampered if one of these components does not fit. All of these components have a substantial impact on how the organization conducts its operations and how internal audits are conducted. A firm may start out with a small number of workers, but as time goes on and more and more are employed, an organizational structure will need to be developed. Because the organizational structure serves the objective of arranging all of the firm's operations in order to accomplish its goals, its strategic significance is evident (Ahmady, et al., 2021). The task facing executives and managers is to create a structure that gives their companies the highest chance of success based on internal and external environmental considerations. New trends stemming from shifting needs brought on by environmental challenges and innovation (Boon & Edler, 2018). Its significance is further supported by the fact that the organizational structure chosen by the businesses should enable them to deal with these circumstances (Tran & Tian, 2018).

Mintzberg (1972), referenced in Ahmady et al. (2021), states that the relationships between job activities, systems, and people form the foundation of an organizational structure. According to Ajagbe et al. (2021), the effectiveness of audits is significantly impacted by the organizational structure. Effective communication is facilitated by a well-defined organizational structure, and sustained success depends on having an appropriate organizational structure. Furthermore, it is proposed that the effectiveness of internal auditing inside the company is influenced by the organizational structure (Andersen and Jonsson, 2021). According to Chegini et al. (2018), one of the most important problems that businesses deal with is performance. Managers should see the kind of structure as a crucial tool since it is one strategic element that may impact the performance of the company and the effectiveness of internal audits. A company's organizational structure should set the stage for success. Managers need to understand how important it is to conduct internal audits and how various organizational structure types may affect that effectiveness. According to Luoma et al. (2018), performance increases with a competitive approach.

According to Alqudah et al. (2019), internal audit (IA) responsibilities are essential in helping firms accomplish their goals and protect their assets. In addition, the IA has developed into a crucial management tool for attaining efficient control inside businesses (Endaya and Hanefah 2016; Behrend and Eulerich 2019). Organizations should prioritize having an effective internal auditing (IA) function because, according to The International Professional Practices Framework for Internal Auditing (IPPF), an effective IA function will ultimately significantly enhance the effectiveness of an organization's risk management, internal control, and governance processes (The Institute of Internal Auditors 2022). The Institute of Internal Auditors (IIA) defines internal auditing as an impartial, independent assurance and consulting activity intended to enhance and optimize an organization's business processes. By using a methodical, disciplined approach to assess and enhance the effectiveness of risk management, control, and governance procedures, it assists a company in achieving its goals. As of 2022, The Institute of Internal Auditors Effective IA is also valued by senior management, the audit committee, and the external auditor of a business. An impartial evaluation of the whole organization's operations, procedures, and performance is given to senior management and the audit committee by the IA (The Institute of Internal Auditors, 2022). While the audit committee depends on IA to accomplish strong internal controls, high-quality financial reporting, and regulatory compliance, senior management depends on IA to strengthen controls, lower risk, and improve operations (Eulerich et al. 2019).

In addition to independence and autonomy, management assistance is essential to enable internal auditors to carry out their responsibilities (Ta & Doan, 2022). Sarens & De Beelde (2006) state that in order for internal audit to achieve widespread acceptance and acknowledgment of its organizational structure, top management support is required. According to the findings of Appiah, Amaning, Ware, and Kwarteng (2022), management support has a good impact on the effectiveness of IA. According to Ahmad, Othman, Othman, and Jusoff (2009), senior management's dedication and assistance are crucial, particularly when it comes to putting the audit recommendations into practice. According to Ahmet Onay's study (2021), managerial support is the primary factor that propels IAE.

The relationship between internal auditing and organizational structure has been the subject of some prior research (Maitala & Elumaro 2019; Njiru 2018; Onyuma 2021). The effectiveness of internal auditing was shown to have a strong relationship with organizational structure in these investigations. It should be noted that, contrary to what the authors of this research will accomplish, these earlier studies employ various aspects that describe an organizational structure as explanatory variables rather than diverse kinds of organizational structures. Stated differently, no prior study has used organizational structures as explanatory factors.

Numerous research have looked at the impact of organizational culture on auditing in the literature. Al-Alawi et al. (2022), for example, looked at the part that certain organizational structure elements have in auditors' ability to successfully share information. Interpersonal trust and staff communication are among the factors that have been shown to be crucial for the effectiveness of internal auditing as well as for realizing the potential for resolving knowledge sharing challenges. Additionally, they discovered that organizational structure has a favorable relationship with information exchange and may contribute to the profitability of the firm.

Wright (2019) investigated the impact of organizational structure on the application and reaction of operational internal audit in a different research. According to the author, operational internal auditors who possess a strong cultural orientation towards norms and procedures are more likely to provide successful service to the businesses in which they operate. Furthermore, Testa and Sipe (2018) argued that one strategy that organizational leaders are faced with in order to maintain their competitive advantage is the development of a compelling organizational culture. This is because

organizational leaders are facing increased competition and customer demands. They contend that if a business wants to gain a competitive edge, its organizational structure must be improved.

The impact of organizational structure on employee behavior across many categories was examined by Kustinah (2018), as was the significance of the relationship between employee behavior and organizational structure in determining how the latter affects the quality of certified public accountants' audits. According to his research, organizational structure has a major and favorable influence on audit quality. Reduced workload, good competition, and stress-free auditors are the main causes of better audit quality. The literature review highlights the significance of organizational structure and its impact on audit practices. Specifically, it influences audit quality and leads to the provision of efficient services, optimal decision-making processes, competitive advantage, and prosperity for the organization.

The impact of organizational structure on the financial performance and audit effectiveness of Kenyan commercial state enterprises was studied by Njiru (2018) using a survey research methodology. According to Njiru's research, ROA and a number of independent organization-related variables—rather than just the organization's structure—have a favorable relationship. In a similar vein, Maitala and Elumaro (2019) investigated the impact of organizational structure on the quality of audits performed on listed Nigerian corporations. According to the findings of Maitala and Elumaros, there is a strong relationship between ROA and the size of the board, the size of the firm, and the frequency of board meetings as surrogates for organizational structure.

In Onyuma's (2021) assessment, the impact of organizational structure on the audit quality of capital market securities investment groups in Kenya is evaluated. The findings of Onyuma demonstrate that the audit quality of investment groups in Kenya is typically favorably and considerably impacted by the group organizational structure. Evidence that the use of the matrix structure results in improved financial performance is shown by Kuprenas (2003). A research by Covin & Slevin (2018) offered compelling evidence in favor of the claim that audit quality and organizational structure are correlated. According to this research, there is a substantial correlation between high-performing organizations' structures and top management style and financial success.

Marais (2004) identified ways to evaluate the efficacy and efficiency of the internal auditing function both internally and externally, as well as how to preserve and improve its effectiveness. According

to the author, the primary objective of an audit quality programmer is to ensure and improve the quality of the internal audit function and evaluate its effectiveness and efficiency using both methods. In addition, Russell and Armitage (2006) evaluated the effectiveness of peer review in the context of assurance quality monitoring in the United States and discovered that certain auditors let a peer reviewer to participate in self-selection.

Previous study efforts used a variety of research approaches to try to ascertain how organizational structure affects the effectiveness of internal audits. Overall, the writers were able to get a broad grasp of the effectiveness of internal audits. Although there has been a great deal of study on internal audit effectiveness and organizational culture in developed economies, Zimbabwe has seen very little of it. This is despite the fact that the operational and structural dynamics of the two areas are quite different. In order to close this research vacuum and provide pertinent literature related to growing economies in Africa, particularly Zimbabwe, the research is based on a case study conducted in Zimbabwe.

1.2 Problem Statement

Poor communication within the agency has been a problem for the Ministry of Finance and Economic Development. This has caused misunderstandings between employees as it was unclear to whom or where in the accounting department critical notifications should be sent. The internal audit process and audit reports have been delayed as a result. Ineffective communication brought on by inadequate frameworks has decreased the government ministry's output. Workers have been receiving conflicting instructions from various supervisors, which has caused some projects to halt until they have been properly clarified. Numerous workers have experienced job delays and dissatisfaction due to misunderstanding caused by inadequate structures, procedures, and processes intended to expedite communications. Organizations looking to increase internal audit function effectiveness face difficulties as a result of this ignorance. The relationship between organizational structure and internal audit effectiveness was thus the focus of this research, which sought to fill a knowledge vacuum.

1.3 Purpose of the Study

The purpose of this study was to explore how organisational structure influence the effectiveness of internal auditing in organizations. The research examined how different aspects of an organization's structure, such as hierarchy, functional and divisional impact the work of internal auditors

1.4 Objectives of the study

- 1.4.1 To examine the relationship between hierarchical organisational structure and internal audit effectiveness.
- 1.4.2 To investigate how functional organisational structure impact the work of internal auditors.
- 1.4.3 To explore how divisional organisational structure affects the effectiveness of internal audits.

1.5 Research Questions

- 1.5.1 What is the relationship between ethical culture and internal audit effectiveness?
- 1.5.2 How does transparency and accountability impact the work of internal auditors?
- 1.5.3 How does trust between employees and management affect effectiveness of internal audits?

1.6 Significance of the study

This research was notable because it offered fresh perspectives on the relationship between internal audit effectiveness and organizational structure. Both academics and researchers with an interest in internal auditing should find the results interesting, as should corporations seeking to enhance the effectiveness of their internal audit function. Organizations may be able to make wise choices about how to enhance their internal audit function and accomplish their objectives by knowing how various organizational structure elements might affect internal audit effectiveness.

1.7 Delimitation of the study

- The study used data from the period of 2016 to 2022 only
- The conceptual scope of the study was on the role of organizational structure mainly focusing on hierarchical, functional and divisional structures on the effectiveness of the internal audit function
- The geographical delimitation was limited to the Ministry of Finance and Economic Development head Office in Harare

1.8 Limitations of the study

Information Access: It was difficult to get some information since the respondents' management style, particularly at the management level, contributed to some of the obstacles obstructing the IAF. To get around this, the study made sure that sensitive material was properly removed from the interview and research query queries.

Research timing: Since the study was conducted during the Ministry's 2024 budget deliberations, it was difficult to get in touch with some of the intended respondents. In order to minimize the influence of the chosen research technique on response rates, a hybrid strategy including both telephone interviews and online questionnaire administration was used.

1.9 Research Assumptions

- It was assumed that every participant in the research understood the various organizational structures and how they impact the job of auditors. It was presumed that the participants have a minimal comprehension of organizational systems.
- It was assumed that every study participant provided information in good faith and that the data sources were trustworthy enough to provide accurate information that allowed the researcher to get findings that were believable.
- It was assumed that personnel and management cooperated as much as possible in supplying data.

1.10 Definition of key terms

Organizational structure. Organizational structure, according to Bloisi et al. (2022), is the division of labor and personnel into distinct units with the goal of enhancing coordination between decision-making, activities, and communication.

Hierarchical structure. A hierarchical organizational structure is one in which senior management makes choices, and those decisions are communicated down the management ladder to lower levels, until they reach the whole company (Donaldson, 2021).

Functional organizational structure. According to Galbraith (2019), this is a typical organizational structure where workers report directly to managers within their functional departments, who then report to a chief officer.

Divisional structure. The divisional structure is an organizational structure that divides the company into divisions based on product lines, markets, or locations rather than on functions as in the functional structure (Donaldson, 2021).

Internal audit effectiveness. Internal audit effectiveness is the ability of the internal audit department's capability to supply valuable discoveries and suggestions, is central to audit effectiveness (Sawyer, 2018).

1.11 Chapter summary

This chapter presented the study's history and issue statement, serving as an introduction. It described the goals and theories of the study. The chapter also included the rationale for the research, its relevance, its boundaries, its conceptual framework, and its limits. A review of the literature on the ideas driving the investigation and the connections between the research variables is given in the next chapter.

CHAPTER II

LITERATURE REVIEW

2.0 Introduction

Literature review component of the study deals with the concepts of organisational structure an internal audit and provides investigations on the determinants of organisational structure on internal audit effectiveness. The literature review is divided in to five sections; the first section deals with theoretical framework: the second section deals with the major concepts of the study The third section provides literatures related to organisational structure and internal audit effectiveness. The fourth section presents conceptual framework of the study. The last section presents summarizes empirical literatures concerning the study.

2.1 Theoretical framework

This section discusses some theories relevant to this research. A review of previous literature about the subject is used to develop theories, which are then used in forming the research design. The theories and concepts that are discussed are the contingency theory and the resource based view.

2.1.1 Contingency theory

There is no best approach, according to structural contingency theory, which means that no one kind of structure works best for all kinds of organizations. Rather, the most efficient structure is the one that adjusts to certain circumstances, or contingencies. The degree of uncertainty in the organization's environment, its strategy, and its scale are a few of the organizational structure contingencies (Burton & Obel, 2019). Since there is no one ideal organizational structure, the optimum management and structure will vary depending on the circumstances (Richard & Moniz, 2020). The premise that a firm's strategy must be modified to match the circumstances by adding new features that fit the new contingencies is influenced by environmental variables, which in turn influences management decision-making (Donaldson 2021). Organizational size, strategy, and environment are significant factors that impact how the structure develops. The environmental factor influences an organization's choice on whether to adopt an organic or mechanical shape.

Because they are less innovative, mechanistic firms tend to have more hierarchical and centralized structures; in contrast, organic organizations, which have flatter, more decentralized structures, thrive in unstable environments because they promote innovation (Donaldson, 2021). One other variable that businesses adjust to is the size of the organization in terms of personnel. While smaller companies often have less bureaucratic impacts, larger organizations have been more inclined to embrace structures that have a tendency to have greater bureaucratic influences (Donaldson, 2021). The strategy contingency relates to the decision the organization makes over the divisional vs functional structure. Which organizational structure is better depends on whether they have a diversified or undiversified approach. Divisional structures work well in these situations. Because the divisional approach may concentrate on distinct product markets and really specialize in distinctions via its efficiency, it is more advantageous for a varied structure. Conversely, a company that concentrates all of its efforts on a particular product or service would be better served by a functional structure (Donaldson, 2021). The way a business builds its structure will depend on its strategy, personnel count, and surroundings. The fact that organizations will adjust to the changes suggests that the contingency theory has an impact on structure (Donaldson, 2021).

According to the theory, a company's decision about its organizational structure must be based only on external circumstances and there is no one ideal approach to set up an organization. This clarifies the evolution of the several structural categories that the theory also described. The environment, strategy, and staff size are the top three variables that significantly affect an organization's structure. As mentioned earlier, these circumstances have set the organic form apart from the bureaucratic form that served as the basis for the various organizations. Depending on their circumstances, the various structures need to provide businesses with chances to prosper. Selecting the appropriate structure may assist a company in achieving its objectives, contingent upon the circumstances, which for many may include market variables. Selecting the appropriate structure may have a significant impact on audit effectiveness by taking into account the circumstances of the various structures and the environment of the company.

2.1.2 Resource-based view

A company's competitive edge is a topic of great debate in the area of strategic management. The resource-based approach is predicated on an internal evaluation of the advantages and disadvantages of an organization. The relationship between internal traits and company performance is examined

by this theory. The resource-based paradigm is built on three fundamental concepts: resources, sustained competitive advantage, and competitive advantage. Any resource that has the potential to be strategically important is considered a resource. This covers all resources, qualities of the business, abilities, data, and expertise under its control. The company may benefit greatly from immovable resources in terms of developing competitive advantages. One may get a competitive edge from both external and internal sources. When a business uses a value creation strategy to set itself apart from the competition and achieve superior performance, value creation for stakeholders, and larger profit margins than direct competitors, it gains a competitive advantage (Grant, 2018). When rivals are unable to copy it, the competitive advantage is maintained. Both present and prospective rivals of the business are its competitors.

The resource-based approach looks for a relationship between an organization's performance and its internal characteristics. It is anticipated that businesses cannot maintain a sustained competitive edge if strategic resources are evenly distributed across all rival businesses while also being highly mobile. This suggests that when company resources are heterogeneous and immovable, a lasting competitive advantage may be obtained (Barney, 2021). The resource-based theory explains how a company's use of its resources affects its long-term financial success (Barney & Clark, 2022). Businesses that have a lot of resources or are substantial and well-established in a particular field are more likely to maintain a competitive edge over time (Barney & Clark, 2022). Businesses that adopt an appropriate structure have a greater probability of success since it increases efficiency by assisting the organization in managing its strategic objectives. Thus, it is appropriate to consider the structure as a factor influencing audit quality.

It makes sense that the structure is an internal resource that may assist businesses in efficiently managing audit quality, according to the resource-based concept. Advantages may be reaped by modifying the organizational structure to suit the internal and external environments.

2.2 Conceptual framework

2.2.1 Concept of organisational structure

According to Bloisi et al. (2022), organizational structure is the division of labor and individuals into distinct units with the goal of enhancing coordination between decision-making, actions, and communication. Understanding the difficult challenge of controlling an effective organization is

made simpler by realizing the strong relationship between the activities occurring within the company. According to Duncan (2019), organizational structure is the collaboration and interaction that ties tasks, technology, and human elements together inside an organization to guarantee that the company achieves its goals. According to Duncan, (2019) streamlining coordination between the various organizational roles is one of the primary objectives of an organizational structure. The structure serves the function of organizing the company to maximize performance. The structure is created to align with the variables and not prevent the company from accomplishing its objectives based on both internal and external factors (Bloisi et al. 2022). Thus, it is essential for managers to comprehend the demands and various situations the company encounters. They need to be aware of the firm's particular constraints, qualities, and benefits. Because academic institutions include a wide variety of organizational structures, the authors were forced to restrict the number of structures they used to test their hypothesis because of resource constraints. With the limits applied, a sample of representable, broadly applicable structures that are linked to a structure's dimensions should be produced.

2.2.1.1 Hierarchical structure

The hierarchical structure is closely associated with Weber's theory of bureaucracy, since it involves well-defined degrees of power and control (Indeed, 2021). Top management makes all of the choices, and their directives and orders trickle down through the ranks of management until they reach every employee in the company. Businesses that use hierarchical structures often strive for economies of scale via a high level of specialization and uniformity (Dontigney, 2019). High authority and a clear chain of command may also provide employees clear instructions and well-defined responsibilities, but the drawback is that limited flexibility results in a lack of freedom (Dontigney, 2019). Since a lack of independence for employees hinders innovation, hierarchical systems are inappropriate in quickly evolving marketplaces.

2.2.1.2 Functional organizational structure

When a company has a big number of workers, it is common for them to break work into subtasks that may be completed concurrently. Therefore, functional specialization forms the basis of this early division of labor. A hierarchy of authority is the outcome. This conventional kind of organizational structure answers directly to functional department managers, who answer to the chief executive (Galbraith, 2019). Salespeople in certain companies are only concerned with making sales of their goods and services. While some are engaged in the company's activities, others are in the delivery

of goods or services to customers. The finance division keeps tabs on transactions and provides funding for the company's expansion. Some individuals specialize in these talents in the areas of product development, information technology, human resources, and law (Galbraith, 2019). A company often starts out with a functional structure built on a single business plan (Galbraith, 2019). The fact that society is structured around these functional specializations is one of the many reasons why businesses have continuously opted for a functional organization structure. Business colleges, for instance, offer sections dedicated to supply chain management and accounting and finance (Galbraith, 2014).

Remarkable business expansion presents two primary obstacles: losing control and having to make confusing strategic and operational choices. This outcome is expected to fall short of the least-cost profit maximization. Organizations with several divisions are one way to handle these issues. Williamson (1975, cited in Armour & Teece (2018) defines multidivisional as having internal data and controls that are superior to those obtained from the external capital market, divisions that are controlled to pursue their goals appropriately, and a separation of strategic and operational decisions.

2.2.1.3 Divisional structure

The divisional structure divides the organization into divisions; these divisions may be defined in a variety of ways, such as by product lines, markets, or locations (Indeed, 2021). However, unlike the functional structure, the divisions in the divisional structure are not separated by functions (Donaldson, 2021). Using their own division-sized departments, the divisions operate with a high degree of autonomy and self-management; some companies' divisions even have their own departments for sales, marketing, and communications (In fact, 2021). Larger businesses are often more suited for the divisional structure, since several divisions may operate in accordance with their distinct strategic activities and aims to improve the firm's performance (Gurianova & Mechtcheriakova, 2020). Multinational companies also often use a divisional structure, in which the divisions are arranged in accordance with the many places in which the businesses operate.

To further enhance their autonomy, the divisions often have their own departments for sales, marketing, and finance in addition to having senior management that oversees the divisions independently (Gillikin, 2019). As previously stated, this independence enables the divisions to concentrate only on their particular market or line of goods. since of this feature, the divisional structure is more decentralized than the functional structure (Galbraith, 2019). This is advantageous

in highly competitive marketplaces since the divisions may operate independently and in accordance with their own plans. Since the divisions may function as independent organizations inside the company, they may have their own distinct cultures and even feeling of community (Gilliking, 2019). This benefit might also be the reason divisional systems fail; there's a chance that the various divisions will turn against one another and generate internal strife. A company that is divided into too many divisions may also become inefficient as a result of having too many strategic objectives and facets. This might lead to the divisions losing the economies of scale impact.

2.2.2 Concept of internal audit effectiveness

Internal audit effectiveness is primarily determined by the internal audit department's capacity to provide insightful findings and recommendations. Internal audit must establish a reputation for excellence inside the company and show that it is a valuable resource. Internal audit should evaluate how well it is done and continuously advance its advantages. The amount of personnel expertise, the extent of the administrations provided, and the extent to which reviews are lawfully organized, carried out, and communicated may all have an impact on the quality of the review (Sawyer, 2018). According to Sawyer, (2018) definition, internal audit has undergone a paradigm shift, moving from emphasizing accountability over a century ago to making progress toward future outcomes to support audits operating more effectively and efficiently. The term is used in this research to examine the effectiveness of internal audits in the public sector since it benefits both the public and private sectors equally. By emphasizing better future outcomes to assist audited run more effectively and efficiently, internal audit has experienced a paradigm change from prioritizing responsibility for past performance, as this definition illustrates. The term is used in this research to examine the effectiveness of internal audits in the public sector since it benefits both the public and private sectors equally (Sayage, 2021).

To various individuals, audit effectiveness might signify different things. A successful audit produces financial statements that provide an accurate and fair picture as well as suggestions for streamlining the business's operations. A productive project that was finished on time and with little interference for the business. The accomplishment of goals and objectives via the use of the various measurements offered for assessing such performance is what is referred to as effectiveness. On the other hand, effectiveness in internal auditing has traditionally been determined by assessing the caliber of the internal auditing process. Internal audit effectiveness was defined by the Institution of

Internal Audit (IIA) in 2018 as the extent (including quality) to which predetermined goals are met. Marika Arena (2018) provides a definition that aligns with the internal auditor's ability to intervene in the prevention and correction of deficiencies. Ultimately, they define internal audit effectiveness as the quantity and range of deficiencies that are corrected after the auditing process.

Due to the fact that both audit effectiveness and internal audit effectiveness have the same primary goal the accomplishment of predetermined objectives it is evident from the definitions of effectiveness and audit effectiveness that they signify the same thing. An efficient internal audit system promotes performance, profitability, and the avoidance of revenue loss, especially in the public sector. Despite the effectiveness of auditing in a public sector company (Sayage 2021). It's noteworthy to note that auditors' activities, duties, professional practices, and strong devotion to audit standards, goals, objectives, policies, and procedures result in audit effectiveness. The degree (including quality) to which a set goal is accomplished is another definition of internal audit effectiveness provided by the Institute of Internal Audit (IIA 2017).

2.2.3 Relationship between organisational structure and internal audit effectiveness

Particularly in the areas of audit and quality improvement, organizational structure is an essential component of organizational performance (IIA 2017). As it identifies the values, beliefs, and work systems that support the company and may hinder or promote knowledge generation and sharing, it creates the best route for knowledge management and organizational innovation (Sayage, 2021). Since structure affects both individual and organizational behavior, evaluating an organization's structure is really the greatest location to start making adjustments. As a result, organizational structure is necessary for the effective growth of existing companies. Because structure plays a significant part in the processes that support audit quality in the setting of audit firms, audit companies need to improve their cultures.

The behaviors, communication, teamwork, and performance of workers are all significantly influenced by organizational structure. Additionally, it serves as a way to keep an eye on staff members and make sure their objectives line up with the company's (Gillikin, 2019). Understanding the link between structure and quality may help managers create efficient procedures and a competitive edge. Peer review, auditor independence, auditor competence, accountability, auditor experience, and internal review are the six components that make up the audit quality assurance determinants (Gillikin, 2019). To achieve the effectiveness and efficiency needed in public sector

organizations, these factors are essential. The majority of research revealed that internal review, competence, independence, responsibility, and experience of the auditor are often linked to audit quality in terms of identifying serious misstatements and being ready to provide appropriate audit reports. These factors have the potential to improve audit procedures and engagement quality assurance. However, in order to guarantee that the system is developed and executed in an organized, comprehensive, and efficient way, the deployment of a quality assurance system necessitates the creation of a functional framework that may be thought of as a reference standard.

Mullins (2021) stated on how the idea of bureaucracy may cause people to place too much importance on adhering to rules and processes, making them take precedence over the goal of the company. If there aren't any established regulations for a certain circumstance, there could not be as much leeway, which would reduce the audit process's capacity for innovation. People find it difficult to comprehend the decision-making process or their place in a too complex organization. An excessive number of layers may make decision-making cumbersome and lengthy, and change can be unsettling. Furthermore, it doesn't ensure that staff members agree with and desire to work toward a top-down goal or that they understand it in the same manner.

Mullins (2021) contends that bureaucratic organizations may breed distrust and irritate employees by impeding their personal development, which can impede internal audit procedures. Conversely, an environment with more responsibility and opportunities for self-control fosters individual self-assurance, teamwork, and adaptability (Armour & Teece 2018). Businesses should provide employees the opportunity to shape how they operate and how the company is organized. The culture of an organization either positively or negatively impacts the ability of people to demonstrate progress. Few firms, according to Argyris (2018), exhibit the necessary maturity. Rather, organizations place an excessive amount of emphasis on procedure, which allows workers to sidestep the larger goal of the company.

The concept of a flatter structure is similar to a pyramid form but has less levels between the top and the bottom than a hierarchical structure. There are few tiers of authority and wide spheres of influence. A system like this would have the advantage of facilitating better communication and enabling managers with some authority to make choices more rapidly (Sutherland and Canwell, 2019). Managers are more motivated because they are given responsibilities and are seen as being more approachable by the staff, which fosters better communication. This relates to the findings of

Maslow and Herzberg (Worthington and Britton, 2009), who both said that motivated workers produce more. Pay and job stability alone are insufficient (Mullins, 2006); satisfaction over the long term is required, and it must be maintained.

Although there are certain arguments against flatter structures, they aren't always seen as the best option, thus this will be taken into account throughout the investigation. Mullins (2006) states that while a flatter structure may facilitate communication, there is a chance that it may actually hinder good communication. Additionally, it may lessen a person's chances of advancement and promotion, which may lead to a decrease in drive to succeed and a lack of work satisfaction, ultimately increasing employee turnover.

2.2.4 Relationship between hierarchical organisational structure and internal audit effectiveness

According to McGregor (2006), a hierarchical organizational structure is a framework that divides an organization's responsibilities and authority into many tiers. Usually, there are many levels in this organization, and each layer has its own set of supervisors and subordinates. Depending on a number of variables, this hierarchical structure may have a favorable or bad impact on audit quality. Roles and duties are clearly defined in a hierarchical organizational structure, which may have a favorable impact on audit quality. Each person in an organization with a hierarchical structure is aware of their distinct tasks and function within it (McGregor 2006). Improved audit quality might result from auditors being able to comprehend their responsibilities and tasks with greater clarity. Furthermore, the hierarchical structure facilitates improved coordination and communication among auditors operating at various levels, guaranteeing seamless information flow throughout the whole business.

A chain of command is one more possible advantage of a hierarchical structure, as Mintzberg (2009) pointed out. Auditors may answer to their direct supervisors, who then answer to managers at a higher level. In order to guarantee that auditors are held accountable for their choices and actions, this chain of command establishes a clear line of responsibility. Accountability may improve audit quality by encouraging conformity to ethical and professional norms.

Moreover, well defined rules and procedures that direct auditors in carrying out their duties are often included in the hierarchical structure (Morgan 2015). Usually, senior management creates these policies and procedures, which are then disseminated across the company. The hierarchical structure lowers the possibility of mistakes or omissions that might jeopardize audit quality by offering

uniform rules that support uniformity in audit procedures (Morgan 2015). On the other hand, Omondi (2017) contends that a hierarchical organizational structure may potentially have detrimental consequences on audit quality. The potential for increased bureaucracy and red tape is one such outcome. Decision-making procedures may be sluggish in highly hierarchical firms since many levels of approval are needed. The audit quality may be impacted by this bureaucratic structure, which may make it more difficult for auditors to react swiftly to new threats or evolving conditions.

From a different angle, Park, Konge, and Artino (2020) observe that when information passes up the chain of command in a hierarchical structure, there is a chance that it may be distorted or filtered. Information may be changed or diluted as it moves through many layers, which results in a loss of accuracy and comprehensiveness. This may reduce audit effectiveness and jeopardize the quality of the audit reports that are produced in the end. Furthermore, a culture of compliance may be fostered by the hierarchical structure, discouraging auditors from voicing issues or questioning accepted procedures (Omondi 2017). In these kinds of settings, auditors might be afraid of the repercussions if they challenge superiors or voice divergent ideas. The audit quality may be hampered by this lack of critical thinking and constructive skepticism as it may make it more difficult to identify and address any problems.

2.2.5 Functional organisational structure impact on the work of internal auditors

Employers often use the functional organizational structure, which groups workers according to their specialized roles or areas of knowledge (Morgan 2015). The organization is divided into divisions by this structure, including marketing, finance, operations, human resources, and so forth. Employees within each department are answerable to a functional manager, and each department is in charge of completing duties associated with its function. According to Collis, J., & Hussey (2021), a functional organization enables workers to focus on their particular areas of competence. When workers specialize and gain advanced skills in their particular roles, efficiency and production may rise. Accurate financial reporting, successful budgeting, and effective financial decision-making may all be ensured by having a separate finance department staffed by qualified accountants and financial analysts (Omondi 2017).

According to Morgan (2015), every department in a functional organization has distinct functions and duties. This clarity encourages responsibility and helps to prevent duplication of effort. Well-

defined roles enable workers to concentrate on their primary responsibilities, resulting in enhanced financial outcomes. Clear reporting and communication channels also help departments work together more effectively and make better decisions, which in turn helps the internal audit department produce high-quality audit reports.

According to Craig (2018), a functional structure helps firms concentrate on their core capabilities by allocating personnel according to their roles. This strengthens their competitive edge by enabling them to strategically deploy investments and resources. A manufacturing corporation, for instance, may focus on streamlining production procedures and raising the quality of its output while enlisting the help of other departments to handle support tasks like marketing and finance. However, Burton & Børge (2004) contend that in quickly evolving corporate settings, functional structures may have difficulties with flexibility and adaptation. Decision-making procedures may move more slowly in departments that function independently than in more flexible organizational configurations, such as matrix or project-based organizations. This may make it more difficult for the company to take advantage of new possibilities or react swiftly to changes in the market, which might have an impact on its financial performance.

2.2.6 Divisional organisational structure effects on the effectiveness of internal audits

Gos (2015) asserts that divisional organizational structure may impact audit quality in both favorable and unfavorable ways. An organizational architecture known as the divisional structure assigns workers to groups according to the goods, services, or regions they oversee. Every division has its own set of goals, objectives, and resources and functions as an independent organization Grant (2018). This organizational structure brings new problems that may affect audit quality, but it also enables more specialization and attention within each section. Increased competence and knowledge is one benefit of the divisional organizational structure on audit quality (Gos 2015). A divisional structure enables auditors to get in-depth knowledge and comprehension of the operations, procedures, and hazards related to particular divisions or business units to which they are assigned (Gurinov, & Mechtcheriakova 2015). With this specialty, auditors are more equipped to recognize and evaluate division-specific risks, resulting in audits that are more precise and efficient.

Additionally, each division's accountability and responsibility are encouraged by the divisional structure (Kenton & Johnson 2021). There is more ownership and responsibility for the financial statements and internal controls inside each division since they function as independent businesses.

In the end, this may improve audit quality by encouraging more accuracy and attention to detail in financial reporting. On the other hand, Kastle (2013) contends that there is a chance of insufficient divisional coordination and communication. Within a divisional organization, divisions often function as separate entities with their own teams of managers and hierarchies. Information silos and a lack of cross-divisional exchange of best practices or developing hazards may arise from this (Kastle, 2013). As a consequence, auditors may not have access to thorough data or insightful information from other departments that would be helpful for their audits. Inadequate coordination may result in estimates of risks and controls that are either erroneous or incomplete.

Lundmark, Richter, and Tafvelin (2021) contend further that the difficulty of maintaining uniform audit standards and procedures across divisions is another possible adverse consequence. The distinct systems, procedures, and control environments that each division may have might make it challenging to implement a consistent audit strategy. This may lead to irregularities in the reporting and audit processes, which might jeopardize the general dependability and quality of audits carried out within the company. According to Kastle (2013), companies that have a divisional organizational structure should set up effective lines of communication and procedures for exchanging knowledge and best practices throughout divisions. This might include holding frequent gatherings or forums where auditors from various departments can share knowledge and firsthand experiences. Organizations should also make investments in training and development initiatives to guarantee that auditors possess the abilities and know-how needed to successfully negotiate the intricacies of a divisional structure.

According to Li & Simerly (2018), with a divisional organizational structure, the success of the firm as a whole is not jeopardized if one division fails. Rapid decision-making enables the division to adjust and adapt to changing market circumstances. Supervisors are able to change their duties without consulting other departments of the organization. They are thus responsible for their own deeds. A divisional organization is often more adaptable in dynamic or unexpected markets (Li & Simerly 2018).

According to Lundmark, Richter, and Tafvelin (2021), organizations with intricate divisional systems often have distinct chains of command and accountability. Comparing this to less formal frameworks, communication is usually improved. Although workers participate less in decision-making processes, information flows from top to bottom. Communication is often directed toward

the subjects that fascinate that group and stays away from other subjects that add to the deluge of information.

A depiction of the connections between the variables under study is found in the conceptual framework. The research looked at divisional, functional, and hierarchical structures as separate factors influencing audit effectiveness. The variables are shown visually in Figure 2.1.

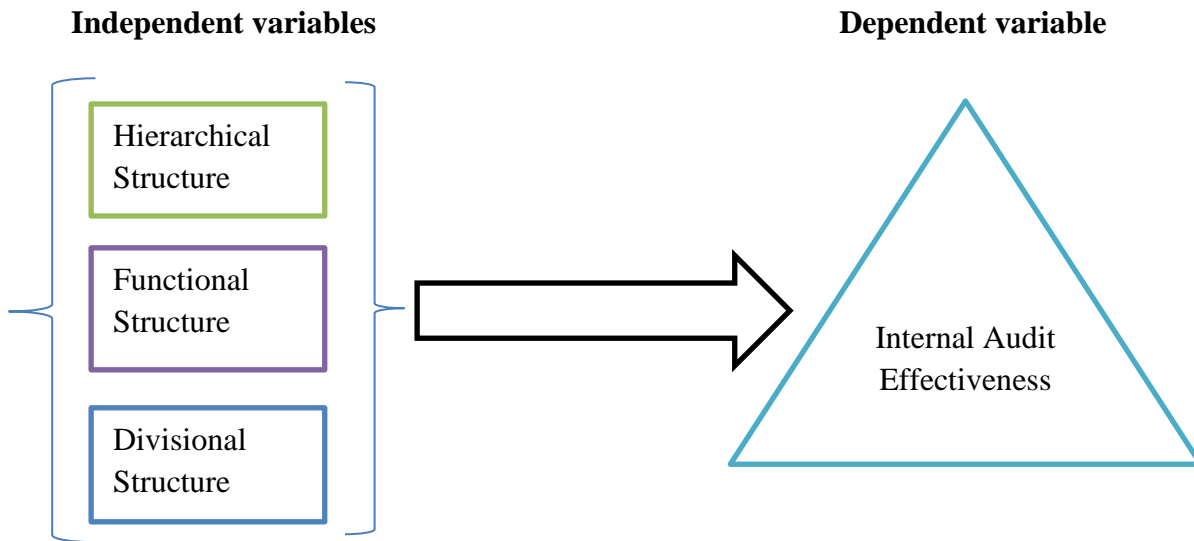


Figure 2.1 Conceptual framework: *Source:* Researcher’s own construct

2.3 Empirical review

Chambers (2019) looked at the variables influencing internal auditor performance inside the organization using an Iranian case study. The inquiry technique was used in the research to establish and evaluate five hypotheses. A questionnaire that was completed by 272 additional internal audit staff members and 355 internal audit managers was used to collect data for the research. He concentrated on factors that influence internal audit performance, such as the size of the internal audit department and management's support for it. He discovered that internal audit performance is more strongly correlated with these factors as well as the competence of internal audit staff, organizational structure, communications between internal and external auditors, and independent (outsourced) internal audit. The impact of organizational structure and audit staff skill, which are the study's two main factors, were not examined in this investigation, nevertheless.

Kustinah (2018) looked at the link between organizational structure and employee behavior across several categories and how important it is to understand how the latter affects certified public

accountants' audit quality. According to his research, organizational structure has a major and favorable influence on audit quality. Reduced workload, good competition, and stress-free auditors are the main causes of better audit quality. The literature review highlights the significance of organizational structure and its impact on audit practices. Specifically, it influences audit quality and leads to the provision of efficient services, optimal decision-making processes, competitive advantage, and prosperity for the organization.

The impact of organizational structure on the financial performance and audit effectiveness of Kenyan commercial state enterprises was studied by Njiru (2018) using a survey study approach. According to Njiru's research, ROA and a number of independent organization-related variables—rather than just the organization's structure—have a favorable association. Similar research was done in 2019 by Maitala and Elumaro on the impact of organizational structure on the audit quality of Nigerian conglomerates that are quoted. The findings of Maitala and Elumaros demonstrated a strong correlation between ROA and the size of the board, the size of the firm, and the frequency of board meetings as surrogates for organizational structure.

In Onyuma's (2021) assessment, the impact of organizational structure on the audit quality of capital market securities investment groups in Kenya is evaluated. The findings of Onyuma demonstrate that the audit quality of investment groups in Kenya is typically favorably and considerably impacted by the group organizational structure. Evidence that the use of the matrix structure results in improved financial performance is shown by Kuprenas (2003). A research by Covin & Slevin (2018) offered compelling evidence in favor of the claim that audit quality and organizational structure are correlated. According to this research, there is a substantial correlation between high-performing organizations' structures and top management style and financial success.

2.4 Research gap analysis

Most of the literature reviewed will be adopted from countries whose strategic approach and financial footing differs from the Zimbabwean perspective. For example; Onyuma (2021) did a study in the Saudi Arabia firms, Njiru (2018) did a study in Kenya on the effect of organizational structure on the audit effectiveness and financial performance of commercial state corporations. Thus, there is a research gap on the subject matter in the Zimbabwean situation. This study therefore sought to fill this gap by establishing the effect of organisational structure on internal audit effectiveness of Ministry of finance in Zimbabwe. Also, the past studies done with regards to top level management

support for example the study by Chambers (2019), have not tackled the issues of factors that affect internal audit effectiveness. This study sought to fill in this gap of knowledge by examining how different aspects of organisational structure affect internal audit effectiveness in Zimbabwe.

2.5 Chapter summary

The impact of organizational structure on internal audit effectiveness was reviewed in this chapter along with the empirical evidence from earlier research studies, research gaps that needed to be filled in this study, and a theoretical framework discussing the contingency theory and the resource-based view in relation to the study. The conceptual framework was highlighted and examined the effects of various organizational structures on internal audit effectiveness. The next chapter focused on the appropriate research methodology that the researcher used to gather primary data from the field.

CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

This chapter examines the methodology used in this study on an investigation into impact of organizational structure on internal audit effectiveness at Ministry of Finance and Economic Development. This chapter's content expands upon the introduction and literature review covered in Chapters 1 and 2. The objective is to show that the study was conducted using the appropriate research methods. The present chapter provides an explanation of the research methodology that will be used in this study, together with the research philosophy, research strategy, research design, study population, sample, and sampling techniques.

3.1 Research philosophy

Research philosophies are strategies and processes for doing research that range from broad hypotheses to specific techniques for gathering, analyzing, and interpreting data (Chakraborty, 2016). This study's foundation is post-positivism, a paradigm that collects data using quantitative approaches.

3.1.1 Post-positivism world view

According to Madan, Paliwal, and Bhardwaj (2016), the worldview presupposes that reality already exists and that the researcher's only task is to discover a hitherto undiscovered occurrence. Madan et al. (2016) claim that the post-positivism paradigm is predicated on a deterministic theory in which causes dictate effects or results. The study that results from this world view is quantitative as positivist lenses provide knowledge based on the rigorous observation and measurement of objective reality that exists in the world (Chakraborty, 2016). (Madan, et al 2016). In order to inform the researcher's philosophical assumptions regarding the study as well as the choices of participants, equipment, techniques, and procedures, the post-positivism paradigm was selected for this investigation. Post-positivism is based on the hypothetic-deductive technique (McGrath and Johnson 2013). This method allowed the researcher to validate presumptive theories that were then translated into mathematical expressions of the variables' causal linkages. Ponterotto (2015) asserts that the

main objective of post-positivism research is explanation, which leads to the projection and management of phenomena. According to Erisson and Kovalainen (2018), post-positivism is more strongly associated with the methods and rationale of performing quantitative research.

3.2 Research Design

A research design offers the framework, structure, or strategy for a study project (Chakraborty, 2016; Malhotra, 2010). In order to address the research objectives, it illustrates how the main elements of the project sample groups, measurements, treatments or programs, and assignment procedures work together (Chakraborty, 2016). Malhotra (2010) asserts that the methods for acquiring the information required to address the research issue are outlined in the study design. The research design used in the study was descriptive. Rather to offering judgments and comments about the phenomena, descriptive research methodology focuses on revealing a specific scenario that exists inside a company. The Ministry of Finance and Economic Development's internal audit effectiveness is impacted by organizational structure, as the descriptive method clarified. More accurately than exploratory research, this study approach captures the participants' perspectives. This method collected data from the ministry's administration and staff using questionnaires.

3.3 Target population

According to Cooper and Shindler (2014), the term "research target population" refers to the whole population of the issue of interest under investigation. The study's conclusions will be applied to the whole set of components (Malhotra, 2010). The Ministry of Finance and Economic Development's management staff and workers made up the research's population. There were 100 participants in the research overall.

3.4 Sample Size and sample size determination

The number of items that must be chosen from the research population in order to create a sample is referred to as the sample size (Madan et al, 2016). The sample size for the study was determined by the researcher using Taro Yamane's formula, which is shown below.

$$n = \frac{N}{1 + N (e)^2}$$

Where n = Sample size

N = Total Population

e = Margin of Error (MoE)

1 = Constant Number

$$n = 100 / 1 + 100 (0.05)^2$$

$$= 80$$

Table 3.1: Sample size

Population Description	Sample size
Ministry of Finance and Economic Development Management	20
Ministry of Finance and Economic Development Employees	60
	80

For the study, the researcher determined that a sample size of 80 was ideal. This is consistent with the view expressed by Madan et al. (2016) that the sample size shouldn't be too large or small. An ideal sample is one that satisfies the needs of efficiency, representativeness, dependability, and adaptability, according to Madan et al. (2016). In addition, the researcher took into account the study's intended 95% confidence level, population variation, study population size, study interest characteristics, financial restrictions, and time constraints while determining the sample size (Madan et al., 2016).

3.5 Sampling Procedure

This study used a simple random sample approach to accomplish its goals. Every element in the research population has an equal probability of happening when using the basic random sampling approach (Malhotra, 2010). Because it is less expensive than other sample approaches and is straightforward to apply, the researcher chose this basic random sampling methodology. Furthermore, sampling bias is minimized by using the basic random sampling strategy, which guarantees that each element in the data set has an equal probability of being chosen ((Madan et al, 2016). Employees in management and non-management were chosen at random by the researcher to complete standardized questionnaires.

3.6 Data Sources

This research used both primary data and secondary data.

3.6.1 Secondary Data

According to Malhotra (2010), secondary data are those that are gathered for reasons other than the current issue. In this research, secondary data was gathered from government publications, textbooks, journals, and other relevant websites. The researcher was able to get further understanding of the study variables by using the secondary data. Malhotra (2010) makes the following claim about secondary data: they are a rapid and affordable way to get background information. Accordingly, a crucial phase in the issue definition process is the study of the secondary data that is already accessible (Malhotra, 2010).

3.6.2 Primary Data

Primary data are those that are gathered especially for the current study project (Madan et al., 2016, Malhotra, 2010). Primary data for this research were gathered using a standardized questionnaire. The range of answer options and the format for responses are specified in a structured questionnaire (Malhotra, 2010). The researcher gathered opinions on how organizational structure affects internal audit effectiveness via the use of questionnaires. The management and staff of the Ministry of Finance and Economic Development's Harare division were the target audience for the study. The respondents were asked to complete the questionnaire after being chosen at random from their places of employment.

3.7 Research Instrument

The primary research instrument for this study was a structured questionnaire. An instrument for gathering data is a questionnaire, which consists of a set of uniform questions about the study that participants must respond to in writing (Madan et al, 2016). A questionnaire, according to Malhotra (2010), is a systematic series of questions used to elicit information from respondents. The research questions, which were closely related to the research goals, served as the basis for the study's inquiries. This guaranteed the reliability and validity of the study output and that the questions properly addressed the research goals. Because it was simple to use for both data collection and analysis, a questionnaire was taken into consideration for this research (Malhotra, 2010). Additionally, the questionnaire is easy to give and was less expensive. Furthermore, according to Madan et al. (2016), the questionnaire let the researcher infer broad generalizations and draw similar data.

Table 3.2 Questionnaire structure

Question	Scale	Purpose
Demographic data	Yes – No	To collect demographic data
1 a-e	Agree, strongly agree, neutral, disagree, strongly disagree	Divisional Structure
2 a-e	Agree, strongly agree, neutral, disagree, strongly disagree	Functional Structure
3 a-e	Agree, strongly agree, neutral, disagree, strongly disagree	Hierarchical Structure

3.8 Data collection procedures

Prior to the formal distribution of the surveys, pilot trials were conducted. In order to make sure there were no double-barreled questions or unclear wording, the researcher organized a few colleagues and gave them questionnaires to complete. In order to acquire the most reliable data from the target audience, the researcher was able to develop the best questions with their help. With the help of the front desk clerk, the updated questionnaires were sent to the study population once all the recommendations and adjustments had been completed. The drop and pick approach was used

by the researcher to distribute surveys. After completing the surveys, the researcher returned to pick them up from the office secretaries. The researcher included a contact number in case the responder requires further information.

3.9 Data Analysis and Presentation

The gathered data was coded and entered into a soft copy of a spread sheet template after being reviewed for correctness, uniformity, consistency, and completeness. The data was properly arranged in a narrative format using words that followed the sequence of the study questions. Additionally, data was presented using pie charts, graphs, and tables. According to Shatri (2008), data analysis is the process of organizing the information into topics that need further investigation once data collection or the needed information has been collected. The results were evaluated in light of what was already known. Consequently, the gathered data was arranged, examined, and an explanation of its meaning provided. According to Best and Kahn (2012), questionnaire data should be analyzed and provided as soon as possible. This was completed while the researcher was still able to recall some of the non-written material. Tables, frequencies, and cross tabulations were examples of descriptive statistics that were used. Using SPSS software, data was analyzed using both descriptive and inferential statistics, including regression analysis and Pearson's correlation analysis.

3.10 Reliability and Validity

The degree to which an experiment, test, or other measuring technique produces the same findings after several trials is known as the procedure's reliability (Madan et al, 2016). It describes the degree to which a technique or test yields comparable outcomes under comparable circumstances on many times (Malhotra, 2010). According to Malhotra (2010), reliability therefore relates to how consistently or dependently a test evaluates a trait. Furthermore, reliability is defined by Neumann (2009) as dependability and consistency. When multiple scientists utilizing the same material get the same findings, such data is considered reliable in natural science (Kothari & Garg, 2014:105). Is the measurement consistently what the instrument is supposed to measure? Thus, a method of checking the equipment to see if they can provide reliable data is referred to as dependability. The pilot research demonstrated that the instruments could measure what they were intended to assess and could do so consistently, which helped to verify the validity and reliability of the instruments used in this investigation.

According to Madan et al. (2016), the validity of a measuring instrument refers to how accurately it measures the target. It is the extent to which, as opposed to random mistakes, variances in reported measurement scores represent the real variation between objects on the attributes being assessed (Madan et al, 2016). An instrument for measurement is considered legitimate if it fulfills its intended purpose (Malhotra, 2016). For instance, a scale is an acceptable instrument for measuring weight, and a ruler is an acceptable instrument for measuring length or height. Therefore, validity is concerned with the link between idea and indicator, while reliability is focused on a specific attribute of empirical indicators and the degree to which they provide consistent findings across repeated measurements (Madan et al., 2016). The significance of a test score is determined by its validity (Madan et al, 2016).

Construct validity and content validity were both guaranteed in this research. The researcher evaluates content validity in an arbitrary manner by carefully examining the caliber of the literature. The extent to which a measure captures the theoretical concept that it was designed to capture is known as its construct validity (Madan et al, 2016). If a questionnaire captures the data for which it was intended, it is considered legitimate. The goals, theory, and prior research in the field of study were taken into consideration while creating the questionnaire for this investigation. Additionally, a pretest of the questionnaire was conducted to ensure that the respondents comprehended the statements on it. In a quantitative study, Malhotra (2010) advises researchers to pre-test ten to fifty questions. As a result, ten questionnaires were given to participants before the survey began, and any unclear questions were fixed. To make sure that items are correlated and added together to get the primary score for a particular construct, a reliability test was conducted on many items under each construct. The reliability test was conducted using the Cronbach's alpha technique, and satisfactory findings were shown when the coefficient was more than 0.7 (Madan et al, 2010)

3.11 Ethical Considerations

According to Walton (2013), research ethics are concerned with evaluating the moral challenges that arise when people take part in research initiatives as participants. Research ethics exists to safeguard human subjects and make sure that research is carried out in a way that is advantageous to people, communities, and society at large. The final objective is to evaluate the ethical soundness of particular research programs and activities, taking into account informed consent procedures, risk

management, and confidentiality (Walton, 2013). Throughout this investigation, the researcher adhered to the following research ethics.

Table 3.3 Ethical Considerations

Ethical issues	Solutions
Unwilling to take part in the study	The researcher clarified the purpose of the study and its importance to the participants.
Anonymity	Participants were not be allowed to disclose names. No names were recorded during participation.
Confidentiality	The researcher assured not to publish the findings without the consent of participants.
Permission	Researcher approached the ministry head office in Harare for permission to carry out the study.
Voluntary participation	Participants voluntarily participated and they were notified to withdraw participation anytime if they felt that their rights were infringed.

3.12 Chapter summary

This chapter provides a clear explanation of the study design that was used, the population that was the target, the sample and sampling methods, the pilot study, the instruments, the soundness and consistency of the research instruments, the procedures for collecting data, the data analysis and presentation, and the ethical considerations. The research results from the study were presented and analyzed in the next chapter.

CHAPTER IV

DATA PRESENTATION ANALYSIS AND DISCUSSION

4.0 Introduction

This chapter contains the presentation, interpretation and discussion of the findings to provide responses to the research questions. It first gives the demographic information of the respondents and then presents the findings. Frequency tables, percentages and graphs, by the help of SPSS and Microsoft Office excel were used to analyze the data. The findings relate to impact of organizational structure on internal audit effectiveness in the Ministry of Finance and Economic Development.

4.1 Response rate

Response bias is based on response rate; the greater the rate, the less bias there is. Additionally, it indicates the reliability of the answers and the degree to which the outcomes may be trusted. The study's response rate is shown in the table.

Table 4.1: Response rate

Instrument	Distributed	Returned	Response rate
Ministry of Finance and Economic Development Management	20	18	90%
Ministry of Finance and Economic Development Employees	60	58	96.67%
Total	80	76	95%

Ninety percent of the twenty questionnaires that were sent to the Ministry of Finance and Economic Development management were returned, as shown in table 4.1 above. A total of 60 questionnaires were sent to non-management staff members of the Ministry of Finance and Economic Development; of these, 58 were successfully completed and returned, yielding a 96.67% response

rate. The study had a 95% response rate overall. Desalegn (2016) claims that this is a very high response rate. For analysis and reporting, Mugenda (2003) states that a response rate of 50% is sufficient; a rate of 60% is acceptable; and a rate of 70% or more is exceptional. The evaluation revealed that the instrument's response rate was quite good.

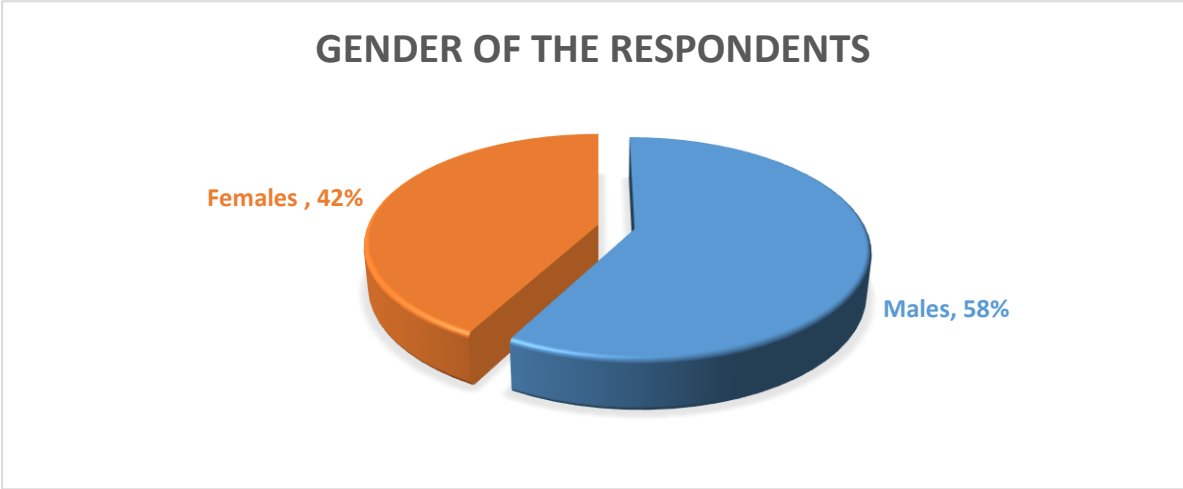
4.2 Demographic analysis

The demographic profile of the participants in the research was crucial to examine since it affected the conclusions. This part examined the respondents' demographic characteristics, including age groupings, gender distribution, educational attainment, employment experience, and ministry classification.

4.2.1 Gender distribution

The gender distribution for the respondents who took part of the study is dealt with in this section. The chart below shows gender distribution for the respondents who took part of the study.

Figure 4.1: Respondents' gender. Source: Primary data 2023



According to figure 4.1, there were 42% females and 58% males. Male respondents made up the majority of those who participated in the survey. Gender, however, had no effect on the results since they were evenly distributed. This is corroborated by Hox (2013), who proposed that a gender

balance is necessary to ensure that equal voices from men and women are heard in a sample in order to provide reliable results.

4.2.2 Age groups

This section focuses on the age groups of respondents who took part of the study. Table 4.3 below shows respondents age groups in the Ministry

Table 4.2: Age groups of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-30 years	5	6.6	6.6	6.6
	31-40 years	26	34.2	34.2	40.8
	41-50 years	22	28.9	28.9	69.7
	50+ years	23	30.3	30.3	100.0
	Total	76	100.0	100.0	

Table 4.2 above shows that 6.6% of respondents were between the ages of 18 and 30, 34.2% were between the ages of 31 and 40, 28.9% were between the ages of 41 and 50, and 30.3% were beyond the age of 50. As a result, the age range of 31 to 40 comprises the majority of respondents at the Ministry of Finance and Economic Development. However, the research's findings demonstrate that respondents of all ages were equally included, meaning that age did not bias the findings.

4.2.3 Nature of employment

This section focuses on nature of employment of respondents who took part of the study. Table 4.3 below shows respondents' nature of employment in the Ministry of Finance and Economic Development.

Table 4.3: Respondents nature of employment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Non-management	58	76.3	76.3	76.3
	Management	18	23.7	23.7	100.0
	Total	76	100.0	100.0	

Table 4.3 above illustrates that 23.7% of the personnel was in management, while 76.3% of the workers were not in management. The study's results showed that non-management personnel made up the majority of participants. These respondents are crucial to the research since they are in charge of the day-to-day operations of the company. Wilson (2015) said that participants in the research had to possess a certain level of subject matter comprehension, which is supported by this

4.2.4 Length of service in the Ministry

This section focuses on years of experience in the Ministry of Finance and Economic Development of the respondents who took part of the study. Table 4.4 below shows respondents' length of service in the Ministry.

Table 4.4: Length of service in the Ministry

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-5 years	10	13.2	13.2	13.2
	6-10 years	11	14.5	14.5	27.6
	11-15 years	40	52.6	52.6	80.3
	15+ years	15	19.7	19.7	100.0
	Total	76	100.0	100.0	

According to table 4.4 above, 13.2% of respondents had less than five years of experience, 14.5% had six to ten years of service, 52.6% had eleven to fifteen years, and 15+ years made up 19.75% of all respondents. As a result, the majority of respondents had 11 to 15 years of experience working

for the Ministry of Finance and Economic Development, according to the data. The majority of respondents were able to give pertinent data for the research because, as the results show, they were educated. This is consistent with Wilson's (2015) theory that the study's respondents needed to possess a fair level of knowledge about the subject matter.

4.2.5 Level of education

Respondents' educational attainment is significant since it evaluates their capacity to understand the research tools. The educational background of the respondents who participated in the survey is the main topic of this section. The education level of respondents is shown in Table 4.5 below.

Table 4.5: Respondents' level of education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ordinary level	3	3.9	3.9	3.9
	Advanced level	10	13.2	13.2	17.1
	National diploma	12	15.8	15.8	32.9
	Honours degree	32	42.1	42.1	75.0
	Master's degree	14	18.4	18.4	93.4
	PhD	5	6.6	6.6	100.0
	Total	76	100.0	100.0	

As can be seen in table 4.5 above, the highest educational level attained by 3.9% of respondents was the ordinary level, 13.2% was the advanced level, 15.8% was a national diploma, 42.15 was an honors degree, 18.4% was a master's degree, and 6.6% was a PhD. The bulk of research participants hold honors degrees, according to the findings. These results are consistent with Zimbabwe's reportedly above 90% literacy rate (Dokora 2019). The results also indicate that the respondents possessed the level of education necessary to possess the information that the researcher needed.

4.3 Reliability statistics

The researcher did a reliability test on the questionnaire to assess internal consistency across scale items measuring the same variables using Cronbach's Alpha in order to assess the reliability of the

data. Test results must be at least 0.7 to be considered acceptable (Mohsen Tavakol, 2011). The coefficient in this research assesses the consistency between the parameters given in Table 4.6 below.

Table 4.6: Reliability statistics.

Construct	Number of items	Cronbach's alpha	Comment
Hierarchical organisational structure	5	0.914	Internally reliable
Functional organisational structure	5	0.879	Internally reliable
Divisional organisational structure	5	0.901	Internally reliable

Table 4.6 above illustrates how Cronbach reliability tests were used to analyze the three components. The three assessed constructs were all internally reliable, as shown by Cronbach's alphas greater than 0.7. This suggests that the same items on a scale measuring the same constructs have internal consistency. Test results must be at least 0.7 to be considered acceptable (Mohsen Tavakol, 2011). Internal consistency of the scale's items is correlated with the Cronbach's alpha reliability coefficient, which typically varies from 0 to 1. The closer the value is to 1, the higher the internal consistency.

4.4 The relationship between hierarchical organisational structure and internal audit effectiveness.

The researcher employed descriptive statistics and Pearson's correlation tests to evaluate the relationship between hierarchical organizational structure and internal audit effectiveness. The presentation of descriptive statistics follows the order of the objective. The average of the participants' responses is the Mean. For a topic set of data, the standard deviation is the degree of variation or dispersion from the mean. The contrary is also true: the more consistent the replies, the less the standard deviation indicates.

Table 4.7: Respondents’ views on the relationship between hierarchical organisational structure and internal audit effectiveness

	N	Mean	Std. Deviation
A hierarchical organisation structure provides a clear line of accountability which enhance audit quality	76	1.59	0.224
Hierarchical structure includes well-defined policies and procedures that guide auditors in performing their tasks	76	3.74	0.170
In a hierarchical organizational structure, decision-making processes may be slow which can, potentially impacting audit quality	76	3.72	1.071
Hierarchical structure provides rules and procedures that are important in internal audit department	76	1.61	0.855
Hierarchical structure provides clear definition of roles and responsibilities which help auditors understand their tasks and duties more effectively	76	1.05	0.953
Valid N (listwise)	76		

In table 4.7 above a mean value within the range of 1-1.8 signifies strongly disagree, within 1.9-2.6 means disagree, 2.7-3.4 means neutral, 3.5-4.2 means agree and 4.3-5 means strongly agree.

The research objective was to assess the relationship between hierarchical organisational structure and internal audit effectiveness. On a scale of 1 to 5 (where 1 is strongly disagree and 5 is strongly agree), table 4.7's descriptive findings reflect the means that is the common answer responded by majority of respondents. Findings revealed that statement, *A hierarchical organisation structure provides a clear line of accountability which enhance audit quality* had a mean of 3.59 (disagree). Statement, *Hierarchical structure includes well-defined policies and procedures that guide auditors in performing their tasks* had a mean of 3.74 (agree). Statement, *in a hierarchical organizational structure, decision-making processes may be slow which can, potentially impacting audit quality* had a mean of 3.72 (agree). Statement, *Hierarchical structure provides rules and procedures that are important in internal audit department* had a mean of 3.61 (disagree). Statement, *Hierarchical*

structure provides clear definition of roles and responsibilities which help auditors understand their tasks and duties more effectively had a mean of 4.05 (disagree). Majority of respondents claim that hierarchical organisational structure has a negative impact on internal audit effectiveness as shown with majority disagreeing to statement claiming a positive relationship between the variables.

The researcher further on went to perform Pearson’s correlation test to assess the relationship between hierarchical organisational structure and internal audit effectiveness and determine the direction and magnitude of the relationship. Table 4.8 shows Pearson’s correlation test between

Table 4.8: Pearson’s correlation test between hierarchical organisational structure and internal audit effectiveness

		Hierarchical organisational structure	Internal audit effectiveness
Hierarchical organisational structure	Pearson Correlation	1	-.678**
	Sig. (2-tailed)		.000
	N	76	76
Internal audit effectiveness	Pearson Correlation	-.678**	1
	Sig. (2-tailed)	.000	
	N	76	76
**. Correlation is significant at the 0.01 level (2-tailed).			

As illustrated in table 4.11, a two tailed test of significance indicated that there was a significantly negative correlation between hierarchical organisational structure and internal audit effectiveness (PC = -0.678, p=0.000). The value of p is less than 0.005 and the Pearson correlation coefficient is -0.678, an indication that there is strong negative relationship between the two variables.

The majority of respondents are in disagreement that there is a favorable relationship between hierarchical organizational structure and internal audit effectiveness, according to descriptive statistics and Pearson's correlation tests findings. These results are consistent with Mullins' (2021)

assertion that a hierarchical structure may cause an excessive focus on adhering to rules and processes, making them take precedence over the goal of the company. If there aren't any established regulations for a certain circumstance, there could not be as much leeway, which would reduce the audit process's capacity for innovation. People find it difficult to comprehend the decision-making process or their place in a too complex organization. In support, Argyris (2018) contended that making decisions may be cumbersome and sluggish when there are too many layers involved, and that change can be unsettling. Furthermore, it doesn't ensure that staff members agree with and desire to work toward a top-down goal or that they understand it in the same manner. In a similar spirit, Sayage (2021) contends that hierarchical structures may breed distrust and, by impeding individuals' personal development, can create a disgruntled workforce that might impede internal audit procedures. From a different angle, Park, Konge, and Artino (2020) observe that when information passes up the chain of command in a hierarchical structure, there is a chance that it may be distorted or filtered. Information may be changed or diluted as it moves through many layers, which results in a loss of accuracy and comprehensiveness. This may reduce audit effectiveness and jeopardize the quality of the audit reports that are produced in the end.

4.5 Relationship between functional organisational structure and the work of internal auditors.

In order to evaluate the connection between internal auditors' work and functional organizational structure, the researcher used Pearson's correlation tests and descriptive statistics to ascertain the relationship between the variables. In accordance with the objective, descriptive statistics are shown. The average of the participants' replies is the Mean. For a topic set of data, the standard deviation is the degree of variation or dispersion from the mean. It is also true that the inverse is true, the more consistent the replies, the lower the standard deviation.

Table 4.9: Respondents’ views on the relationship between functional organisational structure and the work of internal auditors

	N	Mean	Std. Deviation
Having a dedicated finance department with specialized accountants and financial analysts can ensure accurate financial reporting	76	4.03	0.234
In a functional structure, each department has clearly defined roles and responsibilities which helps in avoiding duplication of efforts and promotes accountability	76	4.70	0.030
Each department operating independently, decision-making processes can be slower as compared to more agile organizational structures like matrix.	76	4.67	1.101
Clear lines of communication and reporting within departments facilitate better coordination and decision-making processes in the internal audit department	76	3.98	0.069
Focusing on core competencies allows departments to allocate resources and investments strategically, enhancing their accountability.	76	4.21	0.924
Valid N (listwise)	76		

In table 4.9 above a mean value within the range of 1-1.8 signifies strongly disagree, within 1.9-2.6 means disagree, 2.7-3.4 means neutral, 3.5-4.2 means agree and 4.3-5 means strongly agree.

The research objective was to assess the relationship the relationship between functional organisational structure and the work of internal auditors. On a scale of 1 to 5 (where 1 is strongly disagree and 5 is strongly agree), table 4.9 shows descriptive findings reflecting the means that is the common answer responded by majority of respondents. Findings revealed that statement, *having a dedicated finance department with specialized accountants and financial analysts can ensure accurate financial reporting* had a mean of 4.03 (agree). Statement, *in a functional structure, each department has clearly defined roles and responsibilities which helps in avoiding duplication of efforts and promotes accountability* had a mean of 4.70 (strongly agree). Statement, *Each department operating independently, decision-making processes can be slower as compared to more agile organizational structures like matrix* had a mean of 4.67 (strongly agree). Claim, *Clear lines of communication and reporting within departments facilitate better coordination and decision-*

making processes in the internal audit department had a mean of 3.98 (agree). Statement, *Focusing on core competencies allows departments to allocate resources and investments strategically, enhancing their accountability* had a mean of 4.21 (agree). All the mean values were above 3.5 implying that majority of respondents claim that there is a positive relationship between functional organisational structure and the work of internal auditors.

The researcher further on went to perform Pearson’s correlation test to assess the relationship between functional organisational structure and the work of internal auditors and determine the direction and magnitude of the relationship. Table 4.10 shows Pearson’s correlation test between the variables

Table 4.10: Pearson’s correlation test between functional organisational structure and the work of internal auditors

		Functional organisational structure	Work of internal auditors
Functional organisational structure	Pearson Correlation	1	.794**
	Sig. (2-tailed)		.001
	N	76	76
Work of internal auditors	Pearson Correlation	.794**	1
	Sig. (2-tailed)	.001	
	N	76	76
**. Correlation is significant at the 0.01 level (2-tailed).			

As illustrated in table 4.10, a two tailed test of significance indicated that there was a significantly positive correlation between functional organisational structure and the work of internal auditors (PC =0.794, p=0.001). The value of p is less than 0.005 and the Pearson correlation coefficient is 0.79, an indication that there is strong positive relationship between the two variables.

Accordingly, research results indicate that internal auditors' jobs and functional organizational structure have a positive relationship. This is consistent with views put out by Collis & Hussey (2021), who observe that a functional structure enables workers to specialize in their particular fields

of competence. As a result of this specialization, workers may become very proficient in their chosen roles, which can boost production and efficiency. In a different light, Omondi (2017) asserts that precise financial reporting, successful budgeting, and effective financial decision-making may be guaranteed by establishing a separate finance department staffed by qualified accountants and financial analysts. According to Morgan (2015), every department within a functional organization has distinct duties and responsibilities. This clarity encourages responsibility and helps to prevent duplication of effort. Well-defined roles enable workers to concentrate on their primary responsibilities, resulting in enhanced financial outcomes. Furthermore, according to Craig (2018), a functional structure helps firms concentrate on their core capabilities by allocating workers according to their roles. This strengthens their competitive edge by enabling them to strategically deploy investments and resources.

4.6 Relationship between divisional organisational structure and the effectiveness of internal audits

Descriptive statistics and Pearson's correlation tests were employed by the researcher to ascertain the relationship between the variables in order to evaluate the relationship between divisional organisational structure and internal audits' effectiveness. The presentation of descriptive statistics follows the objective order. The average of the participants' replies is the Mean. For a topic set of data, the standard deviation is the degree of variation or dispersion from the mean. The contrary is also true: the more consistent the replies, the less the standard deviation indicates.

Table 4.11: Respondents’ views on the relationship between divisional organisational structure and the effectiveness of internal audits

	N	Mean	Std. Deviation
Divisional organizational structure enhances is increased expertise and knowledge in the accounting department which promote audit quality	76	3.98	0.102
Specialization in divisional structure enables auditors better identify and assess risks specific to their assigned divisions, leading to more accurate and effective audits.	76	3.66	0.987
Divisional structure promotes accountability and responsibility for the financial statements and internal controls within each division	76	3.94	1.001
In divisional structure there is a challenge of maintaining consistent audit methodologies and standards across divisions which can make it difficult to apply a standardized audit approach.	76	1.78	0.654
In divisional structure there is risk of limited coordination and communication between divisions which can result in silos of information and limited sharing of best practices	76	4.65	0.965
Valid N (listwise)	76		

In table 4.11 above a mean value within the range of 1-1.8 signifies strongly disagree, within 1.9-2.6 means disagree, 2.7-3.4 means neutral, 3.5-4.2 means agree and 4.3-5 means strongly agree.

The research objective was to assess the relationship between divisional organisational structure and the effectiveness of internal audits. On a scale of 1 to 5 (where 1 is strongly disagree and 5 is strongly agree), table 4.11 descriptive findings reflect the means that is the common answer responded by majority of respondents. Findings revealed that statement, *Divisional organizational structure enhances is increased expertise and knowledge in the accounting department which promote audit quality* had a mean of 3.98 (agree). Statement, *Specialization in divisional structure enables auditors better identify and assess risks specific to their assigned divisions, leading to more accurate and effective audits* had a mean of 3.66 (agree). Claim, *Divisional structure promotes accountability and responsibility for the financial statements and internal controls within each division* had mean of 3.94 (agree). Statement, *In divisional structure there is a challenge of maintaining consistent*

audit methodologies and standards across divisions which can make it difficult to apply a standardized audit approach had a mean of 1.78 (disagree). Statement, in divisional structure there is risk of limited coordination and communication between divisions which can result in silos of information and limited sharing of best practices had a mean of 4.65 (strongly agree). All the mean values were above 3.5 implying that majority of respondents claim divisional organisational structure has a positive effect on internal audits except for 1 claim.

The researcher further on went to perform Pearson’s correlation test to assess the relationship between divisional organisational structure and the effectiveness of internal audits and determine the direction and magnitude of the relationship. Table 4.12 shows Pearson’s correlation test between the two variables.

Table 4.12: Pearson’s correlation test between divisional organisational structure and the effectiveness of internal audits

		Divisional organisational structure	Effectiveness of internal audits
Divisional organisational structure	Pearson Correlation	1	.501**
	Sig. (2-tailed)		.000
	N	76	76
Effectiveness of internal audits	Pearson Correlation	.501**	1
	Sig. (2-tailed)	.000	
	N	76	76
**. Correlation is significant at the 0.01 level (2-tailed).			

As illustrated in table 4.12, a two tailed test of significance indicated that there was a significantly positive correlation between divisional organisational structure and the effectiveness of internal audits (PC =0.501, p=0.000). The value of p is less than 0.005 and the Pearson correlation coefficient is 0.501, an indication that there is strong positive relationship between the two variables.

The study's findings showed that the effectiveness of internal audits and divisional organizational structure had a positive relationship. This bolsters the arguments made by Grant (2018), who contends that while divisional organizational structure poses some problems that may affect audit quality, it also permits more specialization and attention within each division. Increased experience and knowledge is one of the benefits of the divisional organizational structure on audit quality, according to Gos (2015), who provides proof for this claim. In line with the results, Gurinov & Mechtcheriakova (2015) point out that a divisional structure enables auditors to get in-depth information and comprehension of the operations, procedures, and hazards related to certain divisions or business units. With this specialty, auditors are more equipped to recognize and evaluate division-specific risks, resulting in audits that are more precise and efficient. Additionally, divisional organization encourages accountability and responsibility within each division, according to Kenton & Johnson (2021). There is more ownership and responsibility for the financial statements and internal controls inside each division since they function as independent businesses. In the end, this may improve audit quality by encouraging more accuracy and attention to detail in financial reporting. Contrary to the results, Lundmark, Richter, and Tafvelin (2021) contend that the difficulty of maintaining uniform audit standards and procedures across divisions might have a detrimental impact. The distinct systems, procedures, and control environments that each division may have might make it challenging to implement a consistent audit strategy. This may lead to irregularities in the reporting and audit processes, which might jeopardize the general dependability and quality of audits carried out within the company.

4.7 Regression analysis

The researcher further performed regression analysis to figure out the cause and effect relationship between organizational structure on internal audit effectiveness, as well as making predictions about the variables. Regression analysis was also used to determine and forecast the magnitude of the independent variables' effect on internal audit effectiveness, as well as measure the unidirectional relationship between the two.

Table 4.13: Combined Statistics on multiple regression analysis of study variables

Independent Variables	Dependent Variables	Regression coefficient	R square	Adjusted R Square	Standardized coefficient (Beta)	Sig. value
Hierarchical organisational structure	Internal audit effectiveness	-.798	0.345	.501	-0.726	0.003
Functional organisational structure	Work of internal auditors	.721	0.471	.531	0.789	0.004
Divisional organisational structure	Effectiveness of internal audits	.776	0.241	.302	0.867	0.001

As table 4.13 above illustrates, there is a strong and negative relationship between internal audit and hierarchical organizational structure. The results show that a p value of 0.003 and an R² value of 0.345 explain the relationship. The beta coefficient (= -0.798) indicates that there will be a 34.5% decrease in internal audit effectiveness for every unit increase in the usage of hierarchical organizational structure. The regression findings for this objective align with the assertions made by Mullins (2021) that a hierarchical structure may cause an excessive focus on adhering to rules and processes, making them take precedence over the goal of the company. From a different angle, Park, Konge, and Artino (2020) observe that when information passes up the chain of command in a hierarchical structure, there is a chance that it may be distorted or filtered. Information may be changed or diluted as it moves through many layers, which results in a loss of accuracy and comprehensiveness. This may reduce audit effectiveness and jeopardize the quality of the audit reports that are produced in the end.

The results of the regression analysis for the second objective demonstrate a significant and positive relationship between internal auditors' work and functional organizational structure. A p-value of 0.004, an R² value of 0.471, and a beta coefficient of = 0.721 all contribute to the explanation of the findings. This indicates a 47.1% improvement in the adoption of functional

organizational structure by one internal auditing unit. These findings are consistent with the findings of Collis & Hussey (2021), who point out that a functional structure enables workers to specialize in their particular fields of expertise. As workers become highly skilled in their particular roles, specialization can lead to increased productivity and efficiency. From a different angle, Omondi (2017) asserts that having a dedicated finance department with specialized accountants and financial analysts can ensure accurate financial reporting, effective budgeting, and efficient financial decision-making. According to Morgan (2015), every department within a functional organization has distinct duties and responsibilities. This clarity encourages responsibility and helps to prevent duplication of effort. Well-defined roles enable workers to concentrate on their primary responsibilities, resulting in enhanced financial outcomes.

The regression findings for the third objective show a positive relationship between the effectiveness of internal audits and divisional organizational structure. A beta coefficient (= 0.776), a p-value of 0.001, and an R^2 value of 0.241 all contribute to the explanation of the data. This shows that when a single unit adopts a divisional organizational structure, internal audit effectiveness increases by 24.1%. These findings corroborate Grant's (2018) contention that, while divisional organizational structure brings some problems that may affect audit quality, it also allows for increased specialization and attention within each division. Increased experience and knowledge is one of the benefits of the divisional organizational structure on audit quality, according to Gos (2015), who provides proof for this claim. In line with the results, Gurinov & Mechtcheriakova (2015) point out that a divisional structure enables auditors to get in-depth information and comprehension of the operations, procedures, and hazards related to certain divisions or business units. With this specialty, auditors are more equipped to recognize and evaluate division-specific risks, resulting in audits that are more precise and efficient. Additionally, divisional organization encourages accountability and responsibility within each division, according to Kenton & Johnson (2021). There is more ownership and responsibility for the financial statements and internal controls inside each division since they function as independent businesses. In the end, this may improve audit quality by encouraging more accuracy and attention to detail in financial reporting.

4.8 Chapter summary

This chapter presented findings obtained from the field through questionnaire surveys. The researcher presented major findings in major themes addressing objectives of the study with the aid of SPSS v26 and Microsoft excel tools for data analysis. Pie chart was used to present descriptive information mainly on demographic variables of the respondents and descriptive and inferential statistical models were used to analyse and present quantitative data. The study's research conclusions, recommendations, and concluding remarks are presented in the following chapter.

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter is focused on the summary of the study as well as summary of major findings, conclusions and recommendations made based on the study findings.

5.1 Summary of the study

The Ministry of Finance and Economic Development has been facing issues on poor communication within the department. This has led to miscommunication between people as there was no clarity on who needs information or where to send important messages in the accounting department leading to delayed internal audit process and audit reports. Therefore, this study aimed at addressing this gap in knowledge by exploring the relationship between corporate culture and internal audit effectiveness. The study was guided by three objectives which were to examine the relationship between hierarchical organisational structure and internal audit effectiveness, to investigate how functional organisational structure impact the work of internal auditors and to explore how divisional organisational structure affects the effectiveness of internal audits. Literature was reviewed from several scholars on the relationship between organizational structures and internal audit effectiveness. A literature gap was found as there were conflicting views from different scholars thus necessitating the need for conducting this study. The researcher adopted post-positivism research philosophy which advocates for the use of quantitative methods in data collection. Data was collected using a descriptive research design from a sample of 80 management and no-management employees in the Ministry of Finance and Economic Development. Simple random sampling was done within the department to collect primary data using questionnaires as the main research instrument. Primary data was successfully collected from 76 respondents and data was analysed quantitatively with aid of SPSS software. Major findings from the study are as below.

5.2 Summary of major findings

Major findings of the study were summarized in line with objectives addressed as follows;

5.2.1 To examine the relationship between hierarchical organisational structure and internal audit effectiveness.

In line with examining the relationship between hierarchical organisational structure and internal audit effectiveness findings from the study revealed that there is a negative relationship between hierarchical organisational structure and internal audit effectiveness. This was highlighted from descriptive frequencies as majority of respondents disagreed to statements claiming a positive relationship between the variable. Correlation tests and regression analysis further showed a strong negative relationship between hierarchical organisational structure and internal audit effectiveness. Therefore the study findings in summary revealed a strong negative relationship between hierarchical organisational structure and internal audit effectiveness and adoption of hierarchical organisational structure does not improve internal audit effectiveness in Ministry of Finance and Economic Development.

5.2.2 To investigate how functional organisational structure impact the work of internal auditors.

With regards to investigating how functional organisational structure impact the work of internal auditors, findings from the study revealed that there is a positive relationship between functional organisational structure and the work of internal auditors. This was highlighted from descriptive frequencies as majority of respondents agreed to statements claiming a positive relationship between the variables. Correlation tests and regression analysis further showed a strong positive relationship between functional organisational structure and the work of internal auditors. Therefore the study findings in summary revealed a strong positive relationship between functional organisational structure and the work of internal auditors and adoption of functional organisational structure improve the work of internal auditors in Ministry of Finance and Economic Development.

5.2.3 To explore how divisional organisational structure affects the effectiveness of internal audits

In line with exploring how divisional organisational structure affects the effectiveness of internal audits findings from the study revealed that there is a strong positive relationship between divisional organisational structure and effectiveness of internal audits. This was highlighted from descriptive frequencies as majority of respondents were in agreement with statements claiming a positive relationship between the variables. Correlation tests and regression analysis further showed a strong

positive relationship between divisional organisational structure and effectiveness of internal audits. Therefore the study findings in summary revealed a strong positive relationship between divisional organisational structure and effectiveness of internal audits and adoption of divisional organisational structure improve effectiveness of internal audits in Ministry of Finance and Economic Development.

5.3 Conclusions

The researcher made the following conclusions based on research findings obtained from primary study.

5.3.1 To examine the relationship between hierarchical organisational structure and internal audit effectiveness.

In line with examining the relationship between hierarchical organisational structure and internal audit effectiveness findings from the study revealed that there is a negative relationship between hierarchical organisational structure and internal audit effectiveness. Therefore the study concludes that there is a strong negative relationship between hierarchical organisational structure and internal audit effectiveness. Therefore hierarchical organizational structure, has slowed down decision-making processes and communication in the ministry which has negatively impacted audit quality effectiveness.

5.3.2 To investigate how functional organisational structure impact the work of internal auditors.

With regards to investigating how functional organisational structure impact the work of internal auditors, findings from the study revealed that there is a positive relationship between functional organisational structure and the work of internal auditors. The study concludes that, there is a strong positive relationship between functional organisational structure and the work of internal auditors. Therefore having a dedicated finance department with specialized accountants and financial analysts within the Ministry can ensure accurate financial reporting and each department will have clearly defined roles and responsibilities which helps in avoiding duplication of efforts and promotes accountability

5.3.3 To explore how divisional organisational structure affects the effectiveness of internal audits

In line with exploring how divisional organisational structure affects the effectiveness of internal audits findings from the study revealed that there is a strong positive relationship between divisional organisational structure and effectiveness of internal audits. The research concludes that, there is a strong positive relationship between divisional organisational structure and effectiveness of internal audits. Therefore divisional organizational structure can enhance increased expertise and knowledge in the accounting department which promote audit quality in the ministry. Also specialization in divisional structure will enable auditors better identify and assess risks specific to their assigned divisions, leading to more accurate and effective audits.

5.2 Recommendations

Following the study's primary conclusions, the following recommendations were given to the appropriate authorities and policy makers in charge of the Ministry's audits.

- The Ministry of Finance and Economic Development's internal function has to be separate from both the duties carried out by the primary organization and the activities that are being audited. All departments, divisions, establishments, and activities within the business must allow the internal audit department to independently carry out its assigned duties.
- Employees in every department within the Ministry should report to a functional manager, and each sub-department should be in charge of handling responsibilities associated with its specific role. When workers specialize and gain deep expertise in their particular roles, efficiency and production may rise.
- Every province need to have duties and obligations that are well-defined. This clarity encourages responsibility and helps to prevent duplication of effort. Well-defined roles enable workers to concentrate on their primary responsibilities, resulting in enhanced financial outcomes.
- It is recommended that auditors be assigned to particular divisions or business units within the Ministry of Finance. This will enable them to get a comprehensive understanding of the operations, procedures, and potential hazards connected with such divisions.

- Compared to less formal systems, every province should have structures with clearly defined lines of authority and responsibility as they facilitate better communication.

5.4 Suggestion for further research

The study focused on organisational structure influence the effectiveness of internal auditing in the Ministry of Finance and Economic Development which is a government by examining how different aspects of an organization's structure, such as hierarchy, functional and divisional impact the work of internal auditors. Therefore the study was limited to state run body and findings cannot be generalized to other firms operating in the private sector. The study recommends that further study to be conducted on the effectiveness of organisational internal auditing in the private sector in industries such as manufacturing so as to make findings credible.

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APPENDIX I

Questionnaire for non-management employees and management

GREAT ZIMBABWE UNIVERSITY



Dear: Respondent

I am Emily Machingura, student number M224978 and mobile contact +263 719 022592, a Master student at Great Zimbabwe University in partial fulfilment of the Master of Commerce in Professional Accounting and Corporate Governance, I am conducting a study on **Impact of Organizational Structure on Internal Audit Effectiveness: A Case study of Ministry of Finance and Economic Development**. You are being invited to participate in this research study by completing this form as truthful as you can. Put a tick or an X in the appropriate space or box. Any information attained in connection with this study will remain confidential. **DO NOT WRITE** your name or anything that identifies you in any way. Should you have any questions or concerns about completing this questionnaire, contact me on +263 719 022 592.

Section A: Demographic Information

1. Gender

Male Female

2. Age group (years)

18-30 31-40 41-50 50+

3. Please indicate your nature of employment

Management General Employee

4. Length of Service in the Ministry

0-5 years 6-10 years 11-15 years 16-20years

5. Please indicate your highest level of academic qualification

O- Level

Diploma

Degree

Masters

PhD

Section B

(Please make use the scale provided to give responses for the questions that follows in tables in Section B to Section E below.)

1 - Strongly disagree 2 - disagree 3 - Neutral 4 - Agree 5 - Strongly agree

	To examine the relationship between hierarchical organisational structure and internal audit effectiveness.	1	2	3	4	5
6	A hierarchical organisation structure provides a clear line of accountability which enhance audit quality					
7	Hierarchical structure includes well-defined policies and procedures that guide auditors in performing their tasks					
8	In a hierarchical organizational structure, decision-making processes may be slow which can, potentially impacting audit quality					
9	Hierarchical structure provides rules and procedures that are important in internal audit department					

10	Hierarchical structure provides clear definition of roles and responsibilities which help auditors understand their tasks and duties more effectively					
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	To investigate how functional organisational structure impact the work of internal auditors.	1	2	3	4	5
11	Having a dedicated finance department with specialized accountants and financial analysts can ensure accurate financial reporting					
12	In a functional structure, each department has clearly defined roles and responsibilities which helps in avoiding duplication of efforts and promotes accountability					
13	Each department operating independently, decision-making processes can be slower as compared to more agile organizational structures like matrix.					
14	Clear lines of communication and reporting within departments facilitate better coordination and decision-making processes in the internal audit department					
15	Focusing on core competencies allows departments to allocate resources and investments strategically, enhancing their accountability.					

	To explore how divisional organisational structure affects the effectiveness of internal audits	1	2	3	4	5
16	Divisional organizational structure enhances is increased expertise and knowledge in the accounting department which promote audit quality					
17	Specialization in divisional structure enables auditors better identify and assess risks specific to their assigned divisions, leading to more accurate and effective audits.					
18	Divisional structure promotes accountability and responsibility for the financial statements and internal controls within each division					
19	In divisional structure there is a challenge of maintaining consistent audit methodologies and standards across divisions which can make it difficult to apply a standardized audit approach.					
20	In divisional structure there is risk of limited coordination and communication between divisions which can result in silos of information and limited sharing of best practices					

The end, thank you for your participation in this study