

The Impact of Ethics & Objectivity of Internal Audit Personnel on Transparency & Accountability Case of Zimbabwe Local Authorities

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Abstract

The study aimed at examining the impact of Ethics & Objectivity of Internal Audit Function on transparency and accountability. The study adopted ethics & objectivity (as determined by internal auditors' personal needs strength and enhanced by the Chief Audit Executive's leadership style), as the independent variable and transparency & accountability as the dependent variable. The effect of internal audit function on transparency & accountability was assessed through management perception, organization policy, auditees' cooperation and risk exposure of the organization. Survey data was obtained from a sample of 182 internal audit and management personnel from local authorities in Zimbabwe using semi-structured questionnaires. Correlation and regression analysis were used to test the hypothesis that internal audit function ethics & objectivity is positively associated with transparency and accountability. Study findings reveal that internal audit function ethics & objectivity is positively associated with transparency & accountability. The study established the need to improve operational paradigms guiding internal audit in Zimbabwe local authorities so as to empower internal audit functions and ensure they judiciously act in the best interest of the public, especially in circumstances where the general ethical conduct of their respective local authorities is defective and against public interest.

Keywords: Ethics & Objectivity, Internal Audit Function, Transparency & Accountability

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1. Introduction

Ease of accessing information obtained by a government is a concern for every taxpayer (Neu, et al., 2013; Roussy & Brivot, 2016), because of the strong linkages that exist between transparency and ethical issues concerning corruption and administrative deviations (Piotrowski & Bartelli, 2010; Adiputra, et al., 2018). Ethics as a philosophical concept refers to a branch of knowledge that deals with ideal human behaviour, which relates to practices that result in highest levels of well-being (Billington, 2003). Applied in business context on a broader perspective, ethics concerns ideal practices and decisions by corporate players founded from a moral framework (Pinnington, et al., 2007), within which the ethical and unethical parameters are defined in the context of justice and humanity (Kinicki & Williams, 2013; MacDougall, et al., 2015). Billington (2003) outlined crucial tenets about ethics and morals, asserting that individuals cannot avoid making moral or ethical choices because societal connections call for moral and ethical actions (Billington, 2003). This entails that a rational internal auditor has an ethical and moral obligation to make an objective decision because the position he hold arouses societal expectations for him to act like wise (Billington, 2003; Carmichael, 2004; Holt & DeZoort, 2009; Christopher, et al., 2009; West, 2017).

Objectivity of internal audit personnel is a personal trait that enables them to maintain impartiality, eliminate bias and safeguarding against conflict of interests (Abu-Azza, 2012). The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Audit overemphasise on the close relatedness of the concept of objectivity to independence (IIA, 2016). However, considering the extent of non-audit services resident internal auditors are usually associated with, the unavoidable personal relationships that build with people working together (Venasco, 1994; Kimotho, 2014), the question remains as to how a resident internal auditor can significantly hinge on independence for objectiveness. The increased recognition of the role of internal audit services towards more of a management-service (Kimotho, 2014; Roussy & Brivot, 2016) which comes with commensurate familiarity and social pressure threats requires a different view of the sources of strength of internal auditor objectivity towards an ethics bias than independence.

With the recently gained significance of internal audit to the organizational governance processes (Jennings, 2003; Brown, et al., 2003; Moeller, 2004; IIA, 2016), it can be appreciated that the performance of auditors is not only being affected by their special skills, organizational setups, but also by their ethical decision making ability (Woodbine & Liu, 2010). In practice, the ethical standards of internal auditors are often challenged by dilemmas involving split loyalty, the expectation gap and conflict of interests between various parties (Venasco, 1994; Larking, 2000; Woodbine & Liu, 2010). The recent developments within the internal audit profession have motivated a number of studies in to the profession tasks and activities. However, no much research has focused on

whether codes guiding the professionals' ethical behavior have any influence on their moral perceptions (West, 2017). As a result, there is no justification to deny the importance to the profession of establishing whether there are any other principal domain drivers of ethical behavior (Woodbine & Liu, 2010). Bass (1990), as quoted in Woodbine & Liu (2010) pointed that the satisfaction and motivation of internal audit personnel is significantly influenced by their personal needs and reinforced by the behavior of the head of the internal audit function (Woodbine & Liu, 2010; Dal Mas & Barac, 2018).

Woodbine & Liu (2010) in their study explored the importance of leadership style on internal auditor motivation towards moral behavior in Western Australia. The study concludes that the moral choices of internal auditors can be explained by their personal needs strength and reinforced by their supervisors' leadership style, supporting the Path-goal (House & Mitchel, 1974) and the Existence, Relatedness and Growth (ERG) (Aldefer, 1972) theories. The study explored an uncharted area using traditional motivation theories that still has relevant applicability in the contemporary business environment. Based on the foundation and the results from this study conducted in Australia, the current study seeks to add to existing literature by further exploring how leadership style of Chief Audit Executives and personal needs strength (Woodbine & Liu, 2010), as domain drivers of moral behavior motivation for internal auditors affects transparency and accountability in a developing world set up through its application to the Zimbabwean local government sub-sector.

2. Statement of the problem

Individual moral choices and values have a significant impact on groups and their individual members' objectiveness, thus there is a strong link between personal values, beliefs and behaviour (Badaracco & Ellsworth, 1991; Demidenko & McNutt, 2010; Sison & Fontrodona, 2012; West, 2017) of individual auditors and the quality of the entire internal audit function. Notwithstanding the importance of ethics in the execution of internal auditors' duties (O'Leary & Stewart, 2007), very few studies, and non in the context of Zimbabwe local government sub-sector, has investigated on how ethical decision making ability (Dittenhoffer & Klemn, 1983; Arnold & Ponemon, 1991; Dittenhoffer & Sennetti, 1994; Larking, 2000; O'Leary & Stewart, 2007; Chambers & Odar, 2015) and moral choices of individual auditors as key objectivity dimensions (Woodbine & Liu, 2010), affect the internal audit function's effectiveness in influencing good corporate governance practices. This study aims to make an important contribution to existing literature, through establishing the impact of ethics & objectivity on transparency & accountability in Zimbabwe local authorities.

3. Literature review

3.1. The new institutional theory

The New Institutional theory recognises internal audit as an important component of organisational governance structures. It provides an insight into the process through which internal audit functions' practices and developments are institutionalised through regulation and influence of professional organisations (DiMaggio & Powel, 1983). This perspective helps to explain how internal audit functions develop and evolve through deinstitutionalisation of old and institutionalisation of new practices (Arena & Azzone, 2007; Mihret, et al., 2010) and related changes in institutional norms (Carruthers, 1995; Deegan & Unerman, 2006). The Institutional theory has been used to aid the understanding of organisational behaviour in a number of studies in the context of public sector organisations such as local governments (Mezias, 1990; Falkman & Tagesson, 2008; Pina, et al., 2010), and to further the understanding of the design of internal audit functions and their effectiveness (Al-Twajjry, et al., 2003; Arena, et al., 2006; Arena & Azzone, 2007; Mihret, et al., 2012).

The new institutional theory explains that organisations seek legitimacy by adopting commonly accepted norms and practices. This inter-dependence results in organisations influencing each other to act in a common fashion (DiMaggio & Powel, 1983). Previous studies have employed the institutional theory to justify the existence and explain the developments within the internal audit profession. It has been established from a study conducted by Al-Twajjry et al (2003) in Saudi Arabia that the embracing of the need for internal audit functions within Saudi Arabian listed firms was merely a response to regulatory requirements (Al-Twajjry, et al., 2003). However, the study further established that practices within member firms were inconsistent as there was limited compliance to standards regulating the profession (Al-Twajjry, et al., 2003). The same findings were established from related studies analysing the attributes of internal audit functions in Italy (Arena, et al., 2006; Arena & Azzone, 2007). The studies established that the existence of internal audit functions was influenced by regulation and listing requirements of the New York Stock Exchange. Christopher et al, (2009) also contributed to the notion by pointing that the establishment of internal audit functions in Italy was also a response to stakeholder expectations. They pointed that, internal audit functions were perceived to be playing a significant role in governance through their control role since the outbreak of corporate reporting scandals. Hence, it is up to the expectation of stakeholders that organisations establish internal audit functions to assure stakeholders that controls are in place (Christopher, et al., 2009).

This theoretical review helps in understanding the background, need, developments and role of internal audit

functions within organisations. It has been established from the review that the scope of internal audit activities is significantly influenced by the need to meet societal expectations as a tacit responsibility placed upon the function by stakeholders (Limperg institute, 1985). The internal audit function exists in an organisation as a necessary contracting cost to signal the principal that the agents' activities are in line with organisational goals (Adams, 1994), and the related costs are incurred by management as a means of satisfying the demand for accountability by external stakeholders (Sherer & Kent, 1983). Also, the developments within internal audit functions are a direct result of changes in institutional norms (DiMaggio & Powell, 1983). These theories point to the value of internal audit functions within an organisation's governance frameworks.

The New Institutional Theory is important to the study of the relationship between ethics & objectivity and transparency & accountability. It can be argued that relative convergence around good ethical and moral choices is higher in highly ethical environments than in less ethical environments, as observations has failed to prove in contrary to the argument that "relative convergence around good governance is higher in good governments than in less good governments" (DiMaggio & Powel, 1983). The argument focuses on public financial management systems in good governments, pointing to the notion that good governments look the same, and constitutes an identifiable component of institutional life (DiMaggio & Powell, 1983). This study will focus on ethics and objectivity as an important internal audit function quality dimension that influences the degree of transparency and accountability in local authorities. The use of such a specific measure enables comparison of local authority systems with regard to applicability since they resemble common institutional features.

3.2. Internal audit function ethics and objectivity

Ethical or moral uprightness of an individual does not only point to an attitude that is not capable of being corrupted or committing fraud, but has more to do with traits of an individual or a group of individuals that resembles compliance with acceptable norms, values, rules and standards on face of the society, or organization (Bauman, 2013). The exploration in to the association between internal auditor ethics and objectivity and corporate governance is based upon a study by Woodbine & Liu (2010). Findings from the study by Woodbine & Liu (2010), which supports the Path-goal and the Existence Relatedness and Growth theories concludes that the moral choices of internal auditors can be explained by personal needs strength and demographic variables and reinforced by their supervisors' leadership style. These constructs collectively define the ethical nature of individual internal auditors, which in turn has a leading impact on internal audit function's objectivity. In contrary to the findings by Christopher (2014), the study alludes that audit charters and codes of conduct might be in place to help in the recognition of ethical issues, but however, much still depends on the individual auditor's motivation to make appropriate moral choices in any given circumstance. Christopher (2014) conducted a study to establish how internal audit functions enhance governance in Australian universities. The study established that the universities in Australia have a wider scope of tasks at their stake; the universities internal audit charter plays a significant role in guiding audit task performance and guiding moral behavior (Christopher, 2014). The study by Woodbine & Liu (2010) however asserts that moral choices of individual auditors will overly determine the ethical nature of the entire internal audit function and that would in turn determine the overall nature of the internal audit function objectivity.

As a result of the recent developments within the internal auditing profession, it is evident that considerable efforts have been made to ensure the profession plays an important role in improving corporate governance and restore stakeholder confidence (Bou-Raad, 2000; Jennnings, 2003; Brown, et al., 2003; Moeller, 2004; Van Gansberhe, 2005). As such, internal auditors are faced with unique ethical dilemmas that call for moral decision making (Larking, 2000; Goodwin & Yeo, 2001; Thompson, 2003; Woodbine & Liu, 2010). The ethical nature of an internal audit function as a quality dimension which impacts objectivity will be determined by the aggregated individual internal auditors' moral choices to be measured by questionnaire. The isolated attributes determining the moral choices of internal auditors hence the ethical nature of the function will be assessed through individual internal auditors' personal needs strength and the Chief Audit Executive's leadership styles at the workplace (Woodbine & Liu, 2010). With reference to prior studies on ethics, internal audit function attributes and the subsequent effect of having an objective audit function on organization governance processes, this study expects to establish a positive significant relationship between internal audit function ethics & objectivity and transparency & accountability.

3.3. Transparency and accountability in Zimbabwe local authorities

Transparency is a critical pillar in model and modern governance, because it guarantees access and freedom of every stakeholder to obtain the most needed governance information (Medina, 2012). Transparency is important and initiatives to improve its levels in Zimbabwe local authorities is critical, as this will help de-horn corruption, minimize misuse of public resources (Adiputra, et al., 2018) that has dominated the sub-sector (CHRA, 2014) and results in subsequent improvement in service delivery. Local governments as agents of communities in public resources management need to observe highest level of transparent accountability (Hall & Ferris, 2011; Hall, et

al., 2015; Adiputra, et al., 2018). In this context, accountability refers to the local authority’s response to the community on issues concerning their performance (Pina, et al., 2010). Internal audit functions when properly positioned within the organization, has a greater potential to positively impact transparency and accountability, as accountability is highly likely to materialize if requested from a position of authority (Lindberg, 2013; Steinbauer, et al., 2014; Pearson & sutherland, 2017).

4. Conceptual framework

The conceptual framework was developed from a critical analysis of previous studies on internal audit and corporate governance. Prior studies on internal audit and organizational performance point to the existence of a positive relationship between internal audit function objectivity and corporate governance (Paape, et al., 2003; Christopher, et al., 2009; Sarens & Christopher, 2010; Ibrahim, 2011); in turn, related studies reveal that internal audit objectivity is a function of internal audit personnel’s moral and ethical values (Larking, 2000; Woodbine & Liu, 2010; West, 2017). This notion motivates the current study, and therefore it hypothesizes that internal audit function ethics and objectivity is positively associated with, and significantly promotes transparency and accountability. This relationship is illustrated in Fig 1 below;

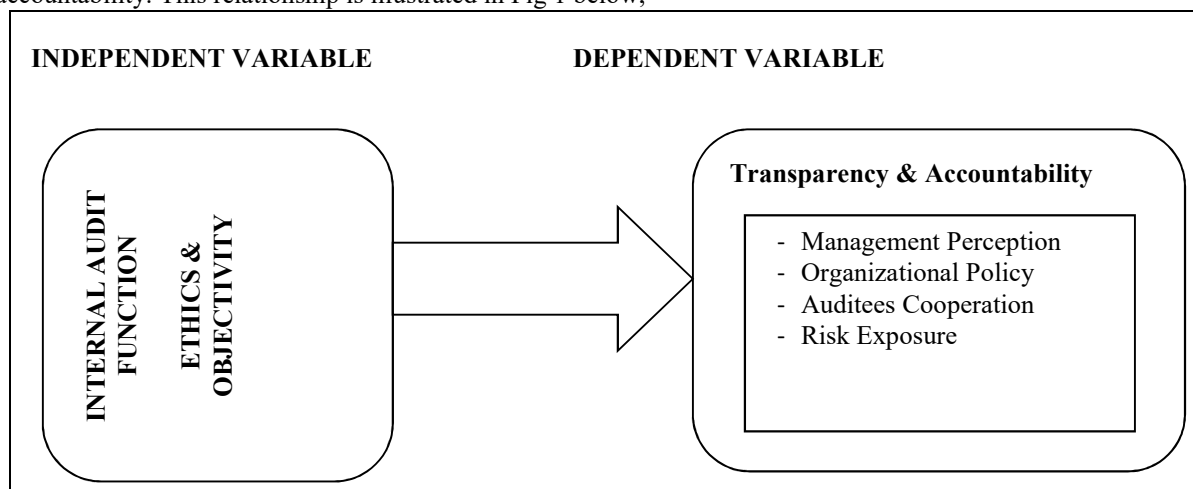


Figure 1. Study Conceptual Framework
 Source: Researcher conceptualization, 2019

4.1. Measuring the independent variable - Ethics & Objectivity

Ethics & objectivity was measured by internal audit practitioners’ views on a 5-point Likert-type scale, using specific items pertaining to leadership styles and personal needs strength (Woodbine & Liu, 2010; Christopher, 2014). The independent variable was assessed through questionnaires that were measured on a 5-point Likert-type scale ranging from “Strongly Agree” to “Strongly Disagree” or “Always” to “Never” depending on the nature of the items for each dimension. Internal audit practitioners (chief audit executive and internal audit staff) were asked to indicate their opinions about internal audit ethics and objectivity in their local authorities.

4.2. Measuring internal audit effectiveness in enhancing transparency & accountability

Internal audit effectiveness in enhancing transparency & accountability for the purpose of this study was assessed through a 5-point Likert-type scale questionnaire on management’s perceptions on specific items about internal auditors’ role within their respective local authorities. The questionnaire also assessed the extent to which management implement internal audit recommendations. Literature points to the difficulties of measuring internal audit effectiveness in upholding governance processes and the absence of a generally agreed approach for measurement (Arena & Azzone, 2009; Noble, 2010; Erasmus & Coetzee, 2018). However, as Arena and Azzone (2009) pointed out, the use of internal audit recommendation by management as an outcome measure (Roussy & Brivot, 2016; Erasmus & Coetzee, 2018) and the level of implementation of internal audit recommendations can be used as some of the objective measures of internal audit effectiveness (Sawyer, 1995; Van Gansberhe, 2005; Mihret & Yismaw, 2007; Arena & Azzone, 2009). The use and level of application of audit recommendation reflects on management support of the internal audit function. Internal audit literature points to the criticalness of management support in determining effectiveness of internal audit functions (Gramlin, et al., 2004; Sarens & De Beelde, 2006a; Mihret & Yismaw, 2007; Christopher, et al., 2009; Halimah, et al., 2009; Cohen & Sayag, 2010). Management perceptions on internal auditor’s role in transparency and accountability were sought in terms of perceived risk exposure and management’s action on internal audit recommendations (Cooper, et al., 1994; Arena & Azzone, 2009; Mihret, et al., 2010; Aziz, 2013).

5. Research methodology

Five sets of data collection instruments were employed as depicted in the table below:

Table 1: Data Collection Instruments

Instrument set	Instrument form	Targeted class of respondents
Instrument set (i)	Questionnaire	Internal Audit Practitioners(Chief Audit Executives and Audit Staff)
Instrument set (ii)	Questionnaire	Senior Management
Instrument set (iii)	Document review guide	Secondary Data

Source: Researcher, 2019

Instrument set (i) is a questionnaire for internal audit personnel. Items are grouped under subheadings to assist participants gain easy grasp of questions being asked (Zikmund, 2003). Under the first part, perceptions were sought about organization policy, auditees' cooperation and risk exposure of their respective organizations. In the second part, participants were asked about their perception towards their functions' ethics and objectivity (as determined by personal needs strength and leadership style) as internal audit practitioners. The final part contains questions on the respondents' profile. Instrument set (ii) is a questionnaire for collecting data on the views and perceptions of management on the role of internal audit in promoting transparency and accountability. Management's views can provide a better picture on corporate governance and internal audit practices and influences thereof (Cooper, et al., 1994). To this end, this questionnaire was aimed at obtaining the views and opinions of senior management on some aspects of internal audit practice and its influence on transparency and accountability. Management's views instead, as opposed to those of councilors who happen to be the policy makers were used for the purpose of this study. This is because management is responsible for the day to day operations of local authorities.

Management personnel possess knowledge of several dimensions of corporate governance due to the nature of their jobs, and internal audit operations due to their close working relationships with internal auditors. The councilors on the other hand represent board members who are appointment based on political merit and not on academic or professional competency (Kurebwa, 2015). As such, poor judgment and their lack of knowledge concerning corporate governance issues cannot be ruled out. Councilors by nature are not fulltime employees of the local authorities, their main role is to provide interface between the local authority and the communities they serve, performing policy overview and scrutiny, executive decision making, providing political leadership, determining planning implications and community representation. As such, they may lack requisite knowledge of internal audit operations. Therefore, the use of management personnel's views in this study helped in generating relevant data which is within the scope of research objectives. Instrument set (iii) is a document review checklist that guided the gathering of secondary data from various documentary sources. It specifies the documents that were reviewed and objectives of the review.

6. Research hypothesis

The study hypothesis was formulated on the basis of the strong link that exists between individual ethical values and their effect on moral choices and subsequent objectiveness of internal audit functions (Badaracco & Ellsworth, 1991; Bauman, 2013; Woodbine & Liu, 2010). Findings from a study by Woodbine & Liu (2010), which supports the Path-Goal (House & Mitchel, 1974) and the Existence Relatedness and Growth (Aldefer, 1972) theories concludes that the moral choices of internal auditors can be explained by their personal needs and reinforced by the leadership styles of their supervisors. (Woodbine & Liu, 2010). These constructs collectively define the ethical nature of internal audit functions, which in turn has a leading impact on the function's objectivity. To assess the ethics and objectivity of an internal audit function and how it affects corporate governance, through selected measures as discussed above, the study hypothesis can be stated as follows:

H2: Internal audit function ethics and objectivity is positively associated with transparency and accountability.

Hypothesis two has other four sub-hypotheses stated here under:

H2_a: Internal audit function ethics and objectivity positively influences management perception towards internal auditors' capacity to impact on corporate governance practices.

H2_b: Internal audit function ethics and objectivity is positively associated with the existence of an organization policy authorizing internal audit.

H2_c: Internal audit function ethics and objectivity is positively associated with management cooperation.

H2_d: The existence of an ethical and objective internal audit function is positively associated with the extent to which an organization is safeguarded against risk exposure.

7. Research findings

7.1. Response rate and categorization of respondents

Research data was obtained from a sample of 182 respondents composed of management and internal audit personnel from Zimbabwe local authorities. A total of 270 questionnaires had been distributed, of which 182 were

successfully returned containing useable data, giving a response rate of 67.4%. This response rate is satisfactory considering response rates for similar prior related studies. Zaman & Sarens (2013), in their study on the interaction between the Chief Audit Executive and the audit committee obtained a response rate of 27.8% (Zaman & Sarens, 2013), Alzeban & Sawan, (2015), investigating the influence of audit committee on internal audit compliance with standards used a response rate of 46% (Alzeban & Sawan, 2015) and Leung & Perera, (2011), during their survey on internal audit functions accountability structures and management relations in Australia used a response rate of 21.4% (Leung, et al., 2011). The level of participation is representative of the local government sub-sector as it was relative to the pro-rated distribution of questionnaires within local authorities (Table 2). In Zimbabwe there are 92 local authorities, categorized in to 60 Rural District Councils (RDCs) represented by 60.99% of total participants, 7 City Councils represented by 9.89 % of total participants, 8 Municipalities represented by 11.54% of total participants, 13 Town Councils represented by 10.99% of total participants and 4 Local Boards represented by 6.59% of total participants. As such, the sample of the study is capable of yielding results which are representative of the population and therefore findings can be deemed reliable.

Table 2: Categorization of respondents

Local Authority Status	Participants	Distributed
City Council	18 (9.89%)	21 (7.78%)
Municipality	21 (11.54%)	24 (8.89%)
Town Council	20 (10.99%)	33 (12.22%)
Local Board	12 (6.59%)	12 (4.44%)
Rural District Council	111 (60.99%)	180 (66.67%)

Source: Researcher, 2019

7.2. Demographic profiles of respondents

Analysis of demographic results (Table 3) indicate that management and internal audit positions in local authorities are dominated by males representing 63% of the total participants, whereas female participants represent 37% of total participants. As much as all the age ranges were represented, the age range 41-50 accounted for a greater number of participants, representing 52% of total participants

Table 3: Demographic information of respondents

Age group	Gender	LENGTH OF SERVICE IN YEARS								TOTAL
		Less than 1 year		1-5 Years		6-10 Years		11 YEARS & ABOVE		
		DIP	DEG	DIP	DEG	DIP	DEG	DIP	DEG	
< 30	M				3	1				4
	F	1		1		1				3
30-40	M			3			17			20
	F					1		3		4
41-50	M	1			4	3	26	2	29	65
	F			5		1	2	7	15	30
>50	M						19		24	43
	F						5	1	7	13
TOTAL		2		9	7	7	69	13	75	182

Source: Researcher, 2019

7.3. Reliability and validity

The study adopted items measured on a Likert scale; therefore, reliability was assessed using the Cronbach's Alpha to assess internal consistency. Table 4 below shows the overall Cronbach's Alpha of 0.791 which is above the recommended threshold of 0.7. This generally renders the instrument reliable for the study.

Table 4: Reliability Statistic (a)

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.791	0.851	72
Scale Statistics		
Mean	Variance	Std. Deviation
260.85	263.73	16.24

Source: Researcher, 2019

Table 5 below indicates Cronbach's Alpha for individual constructs. The independent variable ethics & objectivity which is represented by Personal Needs Strength and Leadership Style variables had Cronbach's

Alphas of 0.778 and 0.604 respectively. All the dimensions for transparency and accountability had Cronbach's Alphas ranging from 0.604 to 0.668. The recommended Cronbach's Alpha threshold is 0.7, however, a Cronbach's Alpha slightly below that is deemed satisfactory for an exploratory research (Hair, et al., 2010). This therefore means that all the constructs used for the purpose of this study are reliable.

Table 5: Reliability Statistics (b)

Constructs	Reliability Statistics		
	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Personal Needs Strength	0.778	0.783	8
Leadership Styles	0.604	0.649	28
Management Perception Towards Internal Audit	0.668	0.735	24
Organizational Policy authorizing Internal Audit	0.651	0.666	4
Auditee Cooperation	0.633	0.635	3
Risk Exposure of the organization	0.621	0.66	5

Source: Researcher, 2019

7.4. Hypothesis testing

We test the relationship between ethics & objectivity and transparency & accountability by using the Pearson correlation analysis and regression analysis. We re-stated the hypothesis here under:

H2: Internal audit function ethics & objectivity is negatively associated with transparency & accountability.

We also test the sub-hypotheses re-stated here under:

H2a: Internal audit function ethics & objectivity negatively influences management perception towards internal auditors' capacity to impact on corporate governance practices

H2b: Internal audit function ethics & objectivity is negatively associated with organization policy authorizing internal audit

H2c: Internal audit function ethics & objectivity is negatively associated with management cooperation

H2d: The existence of an ethical and objective internal audit function is negatively associated with the extent to which an organization is safeguarded against risk exposure.

7.4.1. Correlation Analysis

Correlation analysis is performed (Table 6) to show the relationship between internal audit function ethics & objectivity measures (as the independent variable) namely personal needs strength and leadership style, and transparency & accountability as the dependent variable measured by management perception towards internal audit, organization policy, auditees cooperation and risk exposure of the organization. The results show that there is a significant positive correlation between internal auditors' personal needs for existence and management perception of 0.341, a significant positive correlation between internal auditors' needs for relatedness and management perception of 0.405 and a significant positive correlation between internal auditors' needs for growth and management perception of 0.391. The correlations are significant at 0.01. The results also indicate that there is no significant correlation between the Chief Audit Executive's leadership style and management perception towards internal auditors' capacity to impact on corporate governance practices. We therefore reject the null sub-hypothesis (H2a: Internal audit function ethics & objectivity negatively influences management perception towards internal auditors' capacity to impact on corporate governance practices), and conclude that internal audit function ethics & objectivity, as determined by internal auditors' personal needs strengths, positively influences management perception towards internal auditors' capacity to impact on corporate governance practices.

Correlation analysis between internal audit function ethics & objectivity and organization policy show that there is a significant positive correlation between internal auditors' personal needs for existence and organization policy authorizing internal audit of 0.683; a significant positive correlation between internal auditors' needs for relatedness and the existence of an organization policy authorizing internal audit of 0.925 and a significant positive correlation between internal auditors' personal needs for growth and organization policy authorizing internal audit of 0.609. The correlations are significant at 0.01 levels. The results also show that there is a significant negative correlation between the Chief Audit Executive's Standard Achievement leadership style and organization policy authorizing internal audit of -0.148. The correlation being significant at 0.05, we therefore reject the null sub-hypothesis (H2b: Internal audit function ethics & objectivity is negatively associated with the existence of an organization policy authorizing internal audit), and conclude that internal audit function ethics & objectivity as determined by internal auditors' personal needs strength, is positively associated with the existence of an organization policy authorizing internal audit.

Correlation between internal audit function ethics & objectivity and auditees cooperation indicate that there is a significant positive correlation between internal auditors' personal needs for existence and auditees

cooperation of 0.380, a significant positive correlation between internal auditors needs for relatedness and auditees cooperation of 0.608 and a perfectly significant positive correlation between internal auditors’ personal needs for growth and auditees cooperation. The correlations are significant at 0.01. The results also show that there is no significant correlation between the Chief Audit Executive’s leadership style and auditees’ cooperation. We therefore reject the null sub-hypothesis (H2_c: Internal audit function ethics & objectivity is negatively associated with management cooperation), and conclude that internal audit function ethics & objectivity as determined by internal auditors’ personal needs strengths is positively associated with management cooperation.

Results also show that there is a significant positive correlation between internal auditors’ personal needs for existence and risk exposure of the organization of 0.300, a significant positive correlation between internal auditors’ needs for relatedness and risk exposure of the organization of 0.486 and a significant positive correlation between internal auditors’ personal needs for growth and risk exposure of the organization of 0.530. The correlations are significant at 0.01. The results also indicate that there is no significant correlation between the Chief Audit Executive’s leadership style and risk exposure of the organization. We therefore reject the null sub-hypothesis (H2_d: The existence of an ethical and objective internal audit function is negatively associated with the extent to which an organization is safeguarded against risk exposure), and conclude that the existence of an ethical and objective internal audit function is positively associated with the extent to which an organization is safeguarded against risk exposure. We can therefore conclude that internal audit function ethics and objectivity as determined by personal needs strength is positively associated with transparency and accountability in Zimbabwe local authorities.

Table 6: Correlation between Ethics & Objectivity and Transparency & Accountability

		Organizational policy	Auditee Cooperation	Risk Exposure	Management perspective	Existence	Relatedness	Growth	Supportive Leadership	Participative Leadership	Directive Leadership
Organizational policy	Pearson Correlation										
	Sig. (2-tailed)										
Auditee Cooperation	Pearson Correlation	.609**									
	Sig. (2-tailed)	0									
Risk Exposure	Pearson Correlation	.501**	.530**								
	Sig. (2-tailed)	0	0								
Management perspective	Pearson Correlation	.428**	.391**	.419**							
	Sig. (2-tailed)	0	0	0							
Existence	Pearson Correlation	.683**	.380**	.300**	.341**						
	Sig. (2-tailed)	0	0	0	0						
Relatedness	Pearson Correlation	.925**	.608**	.486**	.405**	.426**					
	Sig. (2-tailed)	0	0	0	0	0					
Growth	Pearson Correlation	.609**	1.000**	.530**	.391**	.380**	.608**				
	Sig. (2-tailed)	0	0	0	0	0	0				
Supportive Leadership	Pearson Correlation	0.083	0.065	0.019	0.068	0.045	0.088	0.065			
	Sig. (2-tailed)	0.225	0.342	0.777	0.317	0.511	0.194	0.342			
Participative Leadership	Pearson Correlation	0.02	0.037	-0.032	-0.095	-0.065	0.033	0.037	.346**		
	Sig. (2-tailed)	0.769	0.59	0.643	0.163	0.338	0.63	0.59	0		
Directive Leadership	Pearson Correlation	-0.043	0.01	-0.098	0.003	-.179**	0.035	0.01	.176**	.177**	
	Sig. (2-tailed)	0.529	0.879	0.149	0.969	0.008	0.608	0.879	0.009	0.009	
Standard Achievement	Pearson Correlation	-.148*	-0.094	-0.08	-0.035	-0.044	-.171*	-0.094	0.054	-0.044	.225**
	Sig. (2-tailed)	0.029	0.167	0.241	0.607	0.514	0.011	0.167	0.43	0.514	0.001

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Source: Researcher, 2019

7.3.2. Regression Analysis

Table 7 below shows ANOVA results for Ethics and Objectivity as determined by personal needs strength and the Chief Audit Executive’s leadership style as explanatory variables, with p-values of 0.00 and 0.286 respectively. The p -value for Personal Needs Strength being significant at 0.05 helps us to conclude that Personal Needs Strength of internal auditors better explains management perception towards internal auditors’ capacity to impact corporate governance practices than the Chief Audit Executive’s leadership style.

Table 7: ANOVA- Ethics & Objectivity and Management Perception

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
Personal Needs Strength	Regression	3142.933	3	1047.644	20.34	.000b
	Residual	11022.21	214	51.506		
	Total	14165.14	217			
Leadership	Regression	327.732	4	81.933	1.261	.286b
	Residual	13837.41	213	64.964		
	Total	14165.14	217			
a Dependent Variable: Management perspective						
b Predictors: (Constant), Personal Needs Strength, Leadership Style						

Source: Researcher, 2019

By analyzing the results on table 8 below, it can be deduced that internal auditors' personal needs strength as key determinants of internal audit function's ethics and objectivity have positive results for existence (Beta 1.205), relatedness (Beta 1,097) and growth (Beta 1.025), all being significant at 0.05. This means that internal auditors' personal needs strengths positively impacts management perception towards the internal auditors' capacity to impact on corporate governance practices. This leads to the conclusion of rejecting the null sub-hypothesis (H2_a) that internal audit function ethics & objectivity negatively influences management perception towards internal auditors' capacity to impact corporate governance practices. However, results also show that the Chief Audit Executive's participative leadership style having a negative result (Beta -0.371) with (Sig 0.016) significance level means that the Chief Audit Executive participative leadership style negatively impacts management perception towards the internal auditors' capacity to impact corporate governance practices.

Table 8: Regression - Ethics & Objectivity and Management Perception

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
Personal Needs Strength	(Constant)	59.13	4.986		11.859	0.000
	Existence	1.205	0.46	0.177	2.619	0.009
	Relatedness	1.097	0.411	0.21	2.669	0.008
	Growth	1.025	0.404	0.195	2.537	0.012
Leadership	(Constant)	101.754	6.491		15.675	0.000
	Supportive Leadership	0.225	0.141	0.116	1.597	0.112
	Participative Leadership	-0.371	0.193	-0.141	-1.925	0.016
	Directive Leadership	0.068	0.261	0.019	0.262	0.793
	Standard Achievement	-0.249	0.337	-0.052	-0.741	0.460
a Dependent Variable: Management perspective						

Source: Researcher, 2019

Table 9 below shows ANOVA results for internal auditors' Personal Needs Strength and the Chief Audit Executive's Leadership Style having p-values 0.00 and 0.152 respectively. The p-values are significant at 0.05, hence helping us to conclude that ethics and objectivity of an internal audit function being explained by internal auditors' personal needs strength better explains the existence of an organization policy authorizing internal audit as compared to leadership style of the Chief Audit Executive.

Table 9: ANOVA - Ethics & Objectivity and Organization Policy

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
Personal Needs Strength	Regression	844.184	3	281.395	1613.536	.000b
	Residual	37.321	214	0.174		
	Total	881.505	217			
Leadership	Regression	27.24	4	6.81	1.698	.152b
	Residual	854.265	213	4.011		
	Total	881.505	217			
a Dependent Variable: Organization Policy						
b Predictors: (Constant), Personal Needs Strength, Leadership Style						

Source: Researcher, 2019

By analyzing results from table 10 below it can be revealed that Personal Needs Strength as an internal audit function ethics and objectivity determinant with positive results for existence (Beta 0.598) and relatedness (Beta

1.004) being significant at 0.05 means that internal auditors' personal needs for existence and relatedness being the function's major ethics & objectivity dimension, positively impacts the existence of an organization policy authorizing internal audit. This leads to the conclusion of rejecting the null sub-hypothesis (H_{2b}) that internal audit function ethics and objectivity is negatively associated with the existence of an organization policy authorizing internal audit. However, results also show that the Chief Audit Executive's participative and standard achievement leadership styles having a negative result (Beta -0.011) and (Beta -0.178) the results being significant at 0.05 means that the Chief Audit Executive's participative and standard achievement leadership styles negatively impacts the existence of an organization policy authorizing internal audit.

Table 10: Regression - Ethics & Objectivity and Organization Policy

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
Personal Needs Strength	(Constant)	-1.024	0.29		-3.528	0.00
	Existence	0.598	0.027	0.352	22.338	0.00
	Relatedness	1.004	0.024	0.771	41.972	0.00
	Growth	0.008	0.024	0.006	0.323	0.75
Leadership	(Constant)	19.236	1.613		11.926	0.00
	Supportive	0.049	0.035	0.101	1.389	0.07
	Participative	-0.011	0.048	-0.017	-0.236	0.01
	Directive	-0.022	0.065	-0.024	-0.341	0.73
	Standard	-0.178	0.084	-0.148	-2.132	0.03
	Achievement					

a Dependent Variable: Organizational policy

Source: Researcher, 2019

Table 11 below shows ANOVA results for internal auditors' Personal Needs Strength and the Chief Audit Executive's Leadership Style having p-values of 0.00 and 0.494 respectively. The p-value for personal needs strength being significant at 0.05 helps us to conclude that personal needs strength of internal auditors better explain the extent to which an organization is safeguarded against risk exposure than the Chief Audit Executive's leadership style.

Table 11: ANOVA- Ethics & Objectivity and Risk Exposure

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
Personal Needs Strength	Regression	705.539	3	235.18	34.527	.000b
	Residual	1457.672	214	6.812		
	Total	2163.211	217			
Leadership	Regression	34.022	4	8.505	0.851	.494b
	Residual	2129.189	213	9.996		
	Total	2163.211	217			

a Dependent Variable: Risk Exposure
 b Predictors: (Constant), Personal Needs Strength, Leadership Style

Source: Researcher, 2019

By analyzing the results on table 12 below it can be deduced that internal auditors' Personal Needs Strength as the key determinant of internal audit function ethics and objectivity have positive results for relatedness (Beta 0.493) and growth (Beta 0.00) being significant at 0.005. This means that internal auditor personal needs for relatedness and growth impacts the extent to which an organization is safeguarded against risk exposure. This leads us to the conclusion of rejecting the null sub-hypothesis (H_{2d}) that the existence of an ethical and objective internal audit function is negatively associated with the extent to which an organization is safeguarded against risk exposure.

Table 12: Regression - Ethics & Objectivity and Risk Exposure

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
Personal Needs Strength	(Constant)	2.54	1.813		1.401	0.163
	Existence	0.16	0.167	0.06	0.955	0.341
	Relatedness	0.493	0.149	0.242	3.297	0.001
	Growth	0.737	0.147	0.36	5.018	0.000
Leadership	(Constant)	23.565	2.546		9.255	0.000
	Supportive Leadership	0.038	0.055	0.051	0.693	0.489
	Participative Leadership	-0.038	0.076	-0.037	-0.501	0.617
	Directive Leadership	-0.123	0.102	-0.086	-1.201	0.231
	Standard Achievement	-0.122	0.132	-0.065	-0.925	0.356

a Dependent Variable: Risk Exposure

Source: Researcher, 2019

From the regression analysis, we therefore conclude that there is a significant positive relationship between ethics & objectivity of internal audit functions as determined by internal auditors' personal needs strength and transparency and accountability in Zimbabwe local authorities.

8. Discussion

The study findings revealed a positive relationship between internal audit function ethics and objectivity (measured by internal auditors' personal needs strength) and the effectiveness of internal auditors to impact transparency and accountability in Zimbabwe local authorities. Individual internal auditors' moral choices and values represents a crucial dimension of internal audit function objectivity in Zimbabwe local authorities considering the susceptibility of internal audit personnel to moral and ethical dilemmas. Study findings confirm conclusions by Woodbine and Liu (2010) that internal auditor's personal needs strength motivate their moral choices, enhancing objectivity and subsequently positively impacting corporate governance practices. In line with the conceptualized model, regression results confirm that internal auditors' needs for growth, relatedness and recognition play a leading role in shaping transparency and accountability in Zimbabwe local authorities. It is therefore important for principals within Zimbabwe local government subsector to ensure they are conscious of and invest towards addressing personal needs of internal auditors so that internal audit functions can judiciously exercise their mandates even under ethically conflicted environments and circumstances.

The current study did not explore other avenues potentially available to address the most wanted transparent accountability in Zimbabwe local authorities as it focused primarily on the determinants and the subsequent effects of moral choices of internal auditors on transparency & accountability, hence the findings are not conclusive, as the possibility of having other ways of enhancing transparent & accountability other than those associated with morally motivated decision making abilities of internal audit practitioners cannot be ruled out. However, moral decision making abilities of internal auditors significantly guarantee objectivity, hence the need to emphasize on ethics as a pillar of strength in our endeavor to enhance transparent accountability in Zimbabwe local authorities. Notwithstanding the important role played by an ethically and morally conscious internal auditor in promoting transparent accountability, an interesting revelation from the current exploration points to the notion that more still depends on the operational paradigms surrounding the internal audit profession in Zimbabwe local government subsector.

In Zimbabwe local authorities, internal audit is mandated by law and regulation, including the Constitution of Zimbabwe Amendment (No 20), The Public Finance Management Act (Chapter 22:19), The Public Entities Corporate Governance Act (10:31), the Urban Councils Act (29:15), and the Zimbabwe National Code on Corporate Governance which makes internal audit mandatory. However, there is no specification on the required nature of internal audit functions, besides that internal audit functions are expected to act in the best interest of the public. Nothing in these pronouncements speaks to the real meaning of acting in the interest of the public, thus, there are no specifications as to situations, circumstances and even the methodology guiding internal audit practitioners to professionally follow ethical conduct that has a public interest bias over and above the ethical levels of their respective local authorities. This scenario is mindboggling especially in cases where the general ethical environment and conduct of their respective local authorities is defective and against public interest. Following the model reporting structure in Zimbabwe local authorities, internal auditors technically leave it to

management and the audit committee to disclose to the council wrongdoings or poor corporate governance practices unearthed by internal auditors. This is so because internal audit does not have direct access to the council, which represents the board, or any other external corporate governance enforcement agency. The current structure presents no room for internal audit functions to by-pass management and audit committee when the two choose not to disclose issues to the council, thus the operating paradigm might result in internal audit functions being blamed for causes beyond their rectification. This revelation however is in line with literature that points to the central nature of the role played by management in shaping the overall corporate governance nature of an organization (Adamec, et al., 2005; Ferrell & Ferrell, 2011; Steinbauer, et al., 2014; Chambers & Odar, 2015; Pearson & Sutherland, 2017), as opposed to internal audit functions, whose role when not strategically positioned within an organization, will end up being more of a complementary management function.

9. Conclusion

The study investigated the impact of ethics & objectivity of internal audit personnel on internal audit function capacity to impact transparency & accountability in Zimbabwe local authorities. The study established that internal auditors' personal needs for existence, relatedness and growth determine their capacity to impact corporate governance practices. Local authorities in Zimbabwe need to be conscious and avail premises to uphold and promote personal needs of internal auditors in an endeavor to ensure internal audit functions objectively execute their mandate which has an effect of improving transparency & accountability. The study did not explore the effects of other possible ways of enhancing transparency and accountability as it centered primarily on the capacity of audit practitioners to make ethical and moral decisions. However, the study established the need to improve operational paradigms guiding internal audit in Zimbabwe local authorities so as to empower internal audit functions and ensure they judiciously act in the best interest of the public, especially in circumstances where the general ethical conduct of their respective local authorities is defective and against public interest.

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