# INVESTIGATING THE PREDICTORS OF IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS WITHIN BANKS IN KENYA

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## DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the research project contains no material previously published or written by another person except where due reference is made in the thesis itself.



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## APPROVAL

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## ABSTRACT

The study investigated the predictors influencing the implementation of internal audit recommendations within banks in Kenya using the Theory of Planned Behaviour (TPB) as a framework, and a mixed methods research approach. The study was motivated by growing concerns about the persistent non-implementation of internal audit recommendations in Kenyan banks, which undermines accountability and effective governance. The findings indicate that attitudes toward audit recommendations and perceived behavioural control significantly impact their implementation. However, subjective norms—the perceived social pressure to comply—did not have a significant influence. Quantitative analysis revealed a positive correlation between attitudes and the implementation of audit recommendations, as well as between perceived behavioural control and implementation. Regression results further confirmed that attitudes and perceived behavioural control were significant predictors. In contrast, subjective norms did not show a statistically significant relationship. Bank size, organizational position and experience were the control variables in this study, and the analysis revealed that banks size plays no significant role in the relationship between the predictors and the implementation of audit recommendations. However, experience and organizational position played a significant positive role. Qualitative thematic analysis supported these findings, highlighting the importance of organizational culture, management support, and employee empowerment in implementing audit recommendations. Participants emphasized challenges such as limited resources, unclear recommendations, and resistance to change, which hinder effective implementation. The study contributes to both theory and practice by demonstrating how psychological and organizational factors shape compliance with internal audit recommendations. It suggests that enhancing employee autonomy, fostering a risk-aware culture, and improving managerial support can strengthen adherence. Regulatory bodies and bank leadership should focus on creating environments that encourage positive attitudes and empower employees to act on audit recommendations effectively.

## TABLE OF CONTENTS

## LIST OF FIGURES

**LIST OF TABLES**

## LIST OF ABRIVIATIONS

| | |
|---|---|
| **AC** | Audit Committee |
| **BAC** | Board Audit Committee |
| **CAE** | Chief Audit Executive |
| **CBK** | Central Bank of Kenya |
| **CMA** | Capital Markets Authority |
| **IA** | Internal Audit |
| **IAF** | Internal Audit Function |
| **IIA** | Institute of internal Auditors |
| **NACOSTI** | National Commission of Science, Technology and Innovation |
| **SBS** | Strathmore Business School |
| **SOE** | State Owned Enterprise |
| **TPB** | Theory of Planned Behaviour |
| **TRA** | Theory of Reasoned Action |

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## DEDICATION

I dedicate this research thesis to my beloved family members: my wife, Rachel; my children, Luka and Judah; my father, Robert; and in loving memory of my late mother, Everline, as well as my brothers; Patrick, Paulus and Pheunus and sister, Stella and mentor Dr. Ambrose Simiyu. Their enduring love, unwavering support, fervent prayers, and constant encouragement have significantly enriched my personal journey and served as an invaluable source of inspiration propelling me toward the scholarly pursuit of this research endeavour.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

Internal auditing has long been recognized as an essential governance mechanism across the globe. Historically, it emerged after World War II as a means of ensuring accountability and transparency in both private and public sectors (Flesher & Zarzeski, 2002). Over the decades, it has evolved into a cornerstone of corporate governance and risk management, offering independent assurance on the effectiveness of internal controls, risk management, and compliance processes (Aikins, 2012). Despite this acknowledged importance, numerous international studies continue to reveal persistent challenges in implementing internal audit recommendations. Research conducted in Malaysia, for instance, shows that auditees' attitudes, limited resources, and management apathy often lead to poor follow-through on internal audit reports (Dain & Rahmat, 2017). Such findings reflect a global pattern where the issuance of internal audit recommendations does not always translate into corrective action.

Regionally, similar patterns have been documented across Africa. Matlala and Uwizeyimana (2020) found that in South African municipalities, critical audit recommendations by the Auditor General were frequently ignored due to resource constraints, weak monitoring mechanisms, and insufficient accountability. These findings mirror the structural and behavioural challenges seen in many developing economies, where limited management support and institutional inefficiencies hinder the implementation of audit findings. Studies across Ghana, Tanzania, and Nigeria likewise reveal that the effectiveness of internal audit depends not only on technical capacity but also on the behavioural dispositions of management and employees toward compliance and transparency (Musah et al., 2018; Sifile & Munyunguma, 2014). Collectively, these regional observations underscore the need to explore not just institutional systems but the underlying human and psychological factors influencing audit compliance.

Within the Kenyan context, the banking sector plays a pivotal role in national economic development, contributing approximately 65 percent of GDP and 13.8 percent of tax revenue in 2020/2021 (PWC, 2021). The sector is regulated primarily by the Central Bank of Kenya (CBK) and the Capital Markets Authority (CMA), both of which require all licensed banks to maintain an effective Internal Audit Function (IAF) to ensure compliance and sound risk management. However, despite the establishment of these frameworks, there is growing evidence of poor implementation of internal audit recommendations among Kenyan banks. The Institute of Certified Public Accountants of Kenya (ICPAK, 2022) and CBK (2023) report that many internal audit findings remain unimplemented for extended periods, leading to recurring control weaknesses and regulatory penalties. Gitare (2022) similarly observes that "audit reports often gather dust on shelves," reflecting a gap between identifying control deficiencies and executing remedial actions. This persistent non-implementation raises questions about behavioural and organizational factors that may impede the translation of audit insights into practice.

While previous studies have documented low implementation rates of internal audit recommendations (Dain & Rahmat, 2017; Matlala & Uwizeyimana, 2020; Aikins, 2012), these investigations have largely been descriptive and atheoretical, failing to explain the psychological and behavioral mechanisms underlying non-implementation. Specifically, no prior study has applied the Theory of Planned Behavior (TPB) to examine how attitudes, subjective norms, and perceived behavioral control influence audit recommendation implementation within the Kenyan banking sector. Furthermore, existing research has relied predominantly on quantitative methods, overlooking the contextual nuances that qualitative inquiry can reveal. This study therefore addresses these gaps by applying a TPB framework within a mixed-methods design to explain, not merely describe, the predictors of implementation in Kenyan banks.

Understanding why internal audit recommendations are not effectively implemented requires examining the decision-making processes of the key actors involved management and employees. The Theory of Planned Behaviour (TPB) (Ajzen, 1991) provides a robust framework for such analysis by focusing on three central constructs: attitudes, subjective norms, and perceived behavioural control. Within the internal audit context, attitudes represent how management and employees value and perceive audit recommendations; subjective norms capture the social expectations and organizational pressures influencing compliance; and perceived behavioural control reflects the degree of confidence individuals have in their ability and resources to act on recommendations. These constructs offer a behavioural lens for explaining why even well-formulated audit recommendations may fail to be implemented.

Motivated by these persistent gaps and behavioural inconsistencies, the present study investigates the predictors influencing the implementation of internal audit recommendations within Kenyan banks through the TPB framework. By exploring how attitudes, subjective norms, and perceived behavioural control interact within the Kenyan banking environment, the study seeks to illuminate the cognitive and contextual factors that shape compliance behaviour. The insights generated are expected to support bank management, regulators, and internal auditors in developing strategies that enhance adherence to audit recommendations and strengthen governance across the financial sector.

### *1.1.1 Motivation for the Study*

This study was motivated by three converging concerns. First, persistent regulatory penalties imposed by the Central Bank of Kenya on commercial banks for control failures suggest that internal audit recommendations are not being effectively implemented. Second, despite the critical role of banks in Kenya's economy, contributing approximately 65% of GDP, recurring governance lapses continue to undermine stakeholder confidence. Third, existing literature has focused on describing the problem of non-implementation rather than explaining the behavioral mechanisms behind it. These motivations underscore the urgent need for a theoretically grounded investigation into why bank management and employees fail to act on internal audit recommendations, and what psychological and organizational factors could be leveraged to improve compliance.

## 1.2 Problem Statement

Despite the recognized importance of internal audit recommendations in enhancing governance and financial performance within Kenyan banks (Aikins, 2012; Chengwony & Rotich, 2015), there persists a significant gap between identification of issues and their implementation (Gitare, 2022). Evidence of this concern is documented in multiple sources. The Central Bank of Kenya's Bank Supervision Annual Report (2023) notes that recurring audit findings, issues that remain unresolved across consecutive audit cycles, constitute a significant supervisory concern, with several banks receiving enforcement actions for failure to address previously identified control weaknesses. Similarly, the Institute of Certified Public Accountants of Kenya (ICPAK, 2022) reported that less than 50% of internal audit recommendations in the banking sector are fully implemented within 12 months of issuance. The Public Procurement Regulatory Authority (PPRA, 2023) has also flagged non-implementation of audit recommendations as a key risk area in financial institutions. Collectively, these regulatory signals indicate systemic concern among oversight bodies regarding the low uptake of internal audit findings in Kenyan banks. Previous studies in South Africa (Matlala & Uwizeyimana, 2020) and Malaysia (Dain & Rahmat, 2017) echo similar findings, revealing widespread failure to operationalize audit insights. Locally, ICPAK (2023) highlights that less than half of internal audit recommendations are implemented annually, raising questions about behavioral and institutional barriers within Kenyan banks (CBK, 2023; ICPAK, 2022). Furthermore, existing research such as Chengwony et al. (2015) has primarily focused on identifying the problem rather than delving into the underlying reasons behind the low implementation rates of internal audit recommendations (Alzeban & Gwilliam, 2014; Mihret & Yismaw, 2007). Therefore, there is a pressing need for empirical investigations that explore the intricate decision-making processes of stakeholders involved in implementing internal audit recommendations within Kenyan banks (Ajzen, 2020; Khelil, 2023). To address this gap, this study seeks to apply the Theory of Planned Behavior (TPB) framework to illuminate the cognitive processes, motivations, and intentions that drive management and employees' actions regarding recommendation implementation (Ajzen, 1991; Suleiman et al., 2021). By critically assessing their attitudes towards the process, the prevailing subjective norms within the organizational fabric, and the perceived control they have over execution, this research aims to achieve a holistic understanding of internal audit practices within Kenyan banks (Musah et al., 2018; Alzeban, 2020).

## 1.3 Objectives of the study

### *1.3.1 General objectives*

The general objective of this research study was to investigate the predictors influencing the implementation of internal audit recommendations within banks in Kenya.

### *1.3.2 Specific objectives*

The research examined the following specific objectives:

i. To examine the attitudes of management and employees towards the implementation of audit recommendations within banks in Kenya.

ii. To investigate the perceived behavioral control of management and employees over the implementation of audit recommendations in Kenyan banks.

iii. To analyze the subjective norms among management and employees that affect the implementation of audit recommendations within the Kenyan banking sector**.**

### 1.4 Research Questions

The study answered the following research questions:

i. What are the attitudes of management and employees towards the implementation of audit recommendations with banks in Kenya?
ii. To what extent do management and employees perceive behavioural control over the implementation of audit recommendations in Kenyan banks?
iii. What are the subjective norms that exert influence on the implementation of audit recommendations, as perceived by management and employees in Kenyan banks?

### 1.5 Scope of the Study

The research delved into the dynamics of internal audit recommendation implementation within the banking sector of Kenya, recognizing its paramount importance in driving economic growth and stability. As Kenya stands as a key player in East Africa's economy, its banking industry assumes a central role in facilitating credit and supporting growth initiatives. Therefore, this study concentrated on banks operating within Kenya's financial landscape.

The population of this study comprised all 38 commercial banks licensed by the Central Bank of Kenya (Kenya Bankers Association, 2024). The sample included internal auditors and management personnel drawn from selected large, medium, and small banks categorized under the CBK's 2023 peer grouping.

Data collection was conducted over a six-month period from September 2023 to February 2024. The study actively engaged key participants holding pivotal roles in these institutions, primarily internal auditors and management personnel operating within the banks. A total of 32 respondents participated in the quantitative survey, while 8 in-depth interviews were conducted for the qualitative component**.**

### 1.6 Significance of the Study

This research holds profound significance beyond academic exploration, aiming to arm stakeholders with practical insights to narrow the critical chasm between internal audit recommendations and their execution within Kenyan banks. This research transcends mere academic curiosity. Its ultimate aim is to empower stakeholders with actionable insights that can mediate the critical gap between internal audit recommendations and their actual implementation, ultimately strengthening the effectiveness of internal audits within Kenyan banks. This translates into tangible benefits for various interest groups:

Internal Audit Practitioners: By gaining a nuanced understanding of the factors driving implementation, internal auditors can refine their communication strategies and engagement techniques. This enhanced comprehension enables them to foster greater acceptance and endorsement of their recommendations, transforming them from mere suggestions into drivers of positive transformation.

Regulators and Policymakers: The outcomes of this research serve as a foundation for the development of tailored regulations and guidance. These directives are poised to cultivate a culture of continuous enhancement within Kenyan banks, fostering an environment where internal audit recommendations not only receive attention but also prompt decisive action.

The Banking Sector at Large: Enhanced implementation of internal audit recommendations holds the promise of bolstering risk management practices within Kenyan banks. This, in turn, can lead to heightened operational efficiency and fortified financial performance. Ultimately, these advancements contribute to fortifying the stability and prosperity of the Kenyan banking sector, reinforcing its pivotal role in the nation's economic landscape.

### 1.7 Chapter Summary

This chapter provided an overview of the study by introducing the background, problem statement, objectives, research questions, and scope. It highlighted the persistent issue of non-implementation of internal audit recommendations in Kenyan banks, supported by evidence from regulatory reports (CBK, 2023; ICPAK, 2022) and empirical studies (Gitare, 2022; Dain & Rahmat, 2017). The study was motivated by the need to move beyond descriptive accounts and apply the Theory of Planned Behavior to explain the psychological and behavioral predictors of implementation.

The objectives were formulated to examine attitudes, subjective norms, and perceived behavioral control among bank management and employees. The scope was defined to include 38 commercial banks in Kenya, with data collected from September 2023 to February 2024 from 32 survey respondents and 8 interview participants. The next chapter presents the theoretical and empirical literature underpinning the study.

# CHAPTER TWO: LITERATURE REVIEW

## 2.1 Introduction

This chapter discusses the theories that this study is based, covers the empirical literature on the topic, presents the conceptual framework and makes finalizes with a synopsis of the research gaps and operationalization of the variables.

## 2.2 Theoretical Framework.

The theoretical framework formed the cornerstone of this study, offering a structured perspective for analyzing the predictors of implementing internal audit recommendations within Kenyan banks. Anchored in the Theory of Planned Behaviour (TPB), this framework delves into the cognitive and motivational mechanisms shaping the actions of management and employees. Originally developed by (Ajzen I. , 1991), the TPB is a widely acclaimed model for understanding and predicting human behaviour across diverse organizational contexts. By examining the roles of attitudes, subjective norms, and perceived behavioural control, the framework provides a comprehensive approach to elucidating the decision-making processes influencing the adoption of internal audit recommendations.

### *2.2.1 Theory of Planned Behaviour*

The genesis of the Theory of Planned Behaviour (TPB) can be traced back to its predecessor, the Theory of Reasoned Action (TRA). The principal demarcation between these two frameworks resides in the incorporation of the construct of perceived behavioural control within TPB, a dimension conspicuously absent in TRA. In the latter model, behaviour prognostication is exclusively predicated upon attitudinal dispositions and subjective norms, with perceived behavioural control not being factored into the equation (Mathieson, 1991).

As per the Theory of Planned Behaviour (Ajzen I. , 2020), the establishment of behavioural intentions is contingent upon three foundational determinants, namely: the individual's attitudinal orientation towards the contemplated behaviour, the prevailing subjective norm surrounding the said behaviour, and the perceived level of control wielded over its execution.

The configuration of one's attitude can be conceptualized as contingent upon the amalgamation of outcomes evaluations and behavioural beliefs. Within this construct, a behavioural belief is characterized as a personalized assessment of the subjective probability attributed to the prospective linkage between a given behaviour and a specific outcome. These outcomes, in a pragmatic vein, tend to encompass fairly specific and utilitarian consequences, as exemplified by the proposition that the utilization of a certain system would yield temporal efficiencies relative to prevailing methodologies. Concurrently, an outcome evaluation materializes as an evaluative rating that ascertains the desirability inherent to a designated outcome. This compositional interplay between behavioural beliefs and outcome evaluations thus culminates in the nuanced formation of one's attitude towards a particular behaviour, encapsulating the cognitive substrates that underlie an individual's evaluative perspective.

The construct of "Subjective Norm" is marked by a dichotomous categorization, encompassing injunctive and descriptive dimensions. The injunctive normative belief component pertains to the anticipation or subjectively ascribed likelihood that a specified referential individual or collective entity expresses approval or disapproval towards the engagement in the behaviour that stands under contemplation. On the contrary, the descriptive normative belief facet encompasses convictions regarding the comportment of influential proximal entities in terms of their personal enactment of the said behaviour.

The concept of "Perceived Behavioural Control" captures a series of cognitive convictions that pivot on the existence of determinants capable of exerting a facilitating or inhibitory influence over the execution of a designated behaviour. These determinants encompass a diverse spectrum of factors, ranging from requisite competencies and capacities, temporal and financial provisions, to collaborative engagement by relevant individuals, and akin considerations. At its core, a "control belief" is conceptually framed as an individual's personalized and subjective estimation, pertaining to the likelihood of the presence of specific catalysing or constraining factors within the contextual sphere of the situation under scrutiny. In essence, the cognitive architecture underlying perceived behavioural control is intricately intertwined with individuals' evaluative comprehension of the conceivable availability and operational feasibility of these factors in relation to the targeted behavioural engagement.

In this study, attitudes represent individual predispositions toward implementing audit recommendations, subjective norms capture the influence of organizational and regulatory expectations, while perceived behavioural control reflects management's confidence in their ability to act on audit findings. Collectively, these align with TPB's behavioural intention model.

### *2.2.2 Agency Theory*

The Agency Theory, advanced by Jensen and Meckling (1976), explains the contractual relationship that arises when one party, the principal, delegates decision-making authority to another, the agent. The theory posits that agents may pursue self-interests that diverge from those of principals, giving rise to agency problems such as information asymmetry, moral hazard, and goal incongruence (Eisenhardt, 1989). Within the corporate environment, principals are typically shareholders or boards of directors, whereas agents are managers responsible for operational decisions. To mitigate potential conflicts, governance mechanisms such as internal auditing, performance monitoring, and incentive alignment are introduced (Allegrini & D'Onza, 2020).

In the context of banking institutions, internal audit functions serve as a monitoring device that reduces information asymmetry between management and oversight bodies such as boards, regulators, and shareholders (Abdel-Khalik, 1993). Effective implementation of internal audit recommendations therefore becomes a crucial control activity for minimizing agency costs and safeguarding stakeholder interests. When managers ignore or selectively implement audit findings, it signals weak accountability structures and ineffective governance, key symptoms of agency failure (Alzeban & Gwilliam, 2014).

This theory complements the Theory of Planned Behaviour by integrating the institutional and structural dimensions of organizational behaviour into the explanation of audit implementation. Whereas TPB emphasizes individual determinants, attitudes, subjective norms, and perceived behavioural control, Agency Theory highlights the organizational incentives and accountability relationships that influence those behaviours. For instance, managerial attitudes toward audit compliance are shaped by reward systems and oversight pressure (agency mechanisms), subjective norms are reinforced through board expectations and regulatory demands, and perceived behavioural control is enhanced when governance structures empower auditors with authority and independence. Together, the two theories provide a more comprehensive framework: TPB explains the psychological intention to implement audit recommendations, while Agency Theory clarifies the institutional context that enables or constrains those intentions. The integration of both theories therefore strengthens the study’s explanatory power in assessing behavioural and structural predictors of internal audit recommendation implementation in Kenyan banks.

Agency theory aligns the dependent variable, implementation of audit recommendations, with mechanisms that mitigate agency costs. Management’s willingness (attitude) and perceived accountability (subjective norms) are influenced by the monitoring role of internal audit, reflecting the behavioural dimensions predicted by TPB.

## 2.3 Empirical Review

The empirical review offers a comprehensive analysis of existing studies addressing the predictors of internal audit recommendation implementation, framed within the theoretical lens of the Theory of Planned Behaviour (TPB). This section synthesizes the findings on the core constructs of TPB—attitudes, subjective norms, and perceived behavioural control—to elucidate their significance and applicability in the context of internal audit practices within Kenyan banks.

The review commences by examining the influence of attitudes on the decision-making processes of management and employees in implementing audit recommendations. It then delves into the role of subjective norms, focusing on the social pressures and expectations that inform and shape behavioural responses in organizational environments. Finally, it explores perceived behavioural control, emphasizing how individuals' perceptions of their capabilities and available resources affect their capacity to execute audit recommendations effectively.

Through the integration of these studies, the review seeks to identify existing gaps in the literature, particularly in relation to the comprehensive application of the TPB framework within the Kenyan banking sector. This analysis establishes a critical foundation for linking theoretical insights to practical applications, ultimately contributing to a nuanced understanding of the factors that drive the successful implementation of internal audit recommendations.

### *2.3.1 Attitudes of management and employees and implementation of audit recommendations.*

Attitudes toward internal auditing significantly shape the extent to which audit recommendations are implemented. Positive attitudes among management and employees foster cooperation, accountability, and a culture of compliance, while negative attitudes often result in resistance or superficial adoption of audit findings. Several empirical studies have demonstrated this behavioural linkage. In the Kenyan context, Gitare (2022) established that managerial attitudes directly affected whether audit reports led to organizational change. Banks where top management demonstrated openness to audit feedback and prioritized corrective action achieved stronger compliance and control improvement. Conversely, defensive or dismissive attitudes resulted in recurring audit issues and weak governance practices. Alzeban and Gwilliam (2014) examined internal audit implementation effectiveness in Saudi Arabia and found that management's perception of the audit function strongly influenced the adoption of audit recommendations. Where internal auditors were viewed as partners in governance rather than fault-finders, implementation rates were substantially higher. Similarly, Mihret and Yismaw (2007) investigated Ethiopian public enterprises and reported that management commitment and appreciation of audit value were decisive factors in transforming audit recommendations into action. They observed that an unfavourable attitude, often arising from perceived auditor interference or criticism, undermined follow-up and corrective measures.

Several studies highlight the importance of attitudes in influencing public sector auditees' implementation of audit recommendations. Nooranita Dain and Mofd Mohid Rahmat, in their study on the Malaysian public sector (Nooranita & Rahmat, 2017), align their research with the Theory of Planned Behaviour (TPB) by focusing on the role of attitudes and subjective norms in shaping implementation intention. Their findings emphasize the significance of these factors in understanding this phenomenon. However, the study's reliance solely on auditees' perceptions raises potential bias concerns and limits the comprehensiveness of the findings, as it overlooks perceived behavioural control, another key element of the TPB framework. Further emphasizing the role of attitudes, Lesedi S. Matlala and Dominique E. Uwizeyimana explore how good governance, leadership, and financial management (all aligning with the TPB's "attitude" construct) influence South African municipalities' implementation of audit recommendations (Matlala & Uwizeyimana, 2020). While valuable, their research calls for a deeper investigation into the underlying beliefs and motivations shaping officials' attitudes. This suggests future research employing surveys or interviews to gain a more nuanced understanding of the psychological factors influencing behaviour and ultimately improve governance and accountability.

Imen Khelil's research delves deeper into the individual level (Khelil, 2023). Focusing solely on the "attitude" component, her study in Tunisia explores the influence of psychological drivers, specifically psychological capital (PsyCap) and moral courage, on internal audit implementation effectiveness (IAE). Unlike prior research focused on organizational factors, Khelil's findings highlight the significant positive impact of PsyCap on IAE, suggesting that positive psychological attributes play a crucial role in internal auditor effectiveness. While moral courage did not show a significant impact, PsyCap potentially substitutes for it in enhancing performance. These studies collectively indicate that management and employee attitudes are not peripheral but central to audit implementation success. They determine how seriously audit findings are treated, how promptly corrective measures are executed, and whether audit functions are perceived as value-adding or punitive. Thus, examining attitudes provides behavioural insight into the persistent non-implementation of audit recommendations in Kenyan banks.

### *2.3.2. Subjective Norms and Implementation of Audit Recommendations*

Subjective norms refer to the perceived social and organizational pressures that influence an individual’s intention to perform or avoid a specific behaviour (Ajzen, 1991). In the context of internal auditing, these norms encompass expectations from senior management, regulatory bodies, peers, and professional associations regarding compliance with audit recommendations. When organizational culture emphasizes accountability and ethical conduct, employees and managers are more likely to comply with audit directives to align with those expectations.

Empirical evidence supports this relationship. Sarens and De Beelde (2006) found that strong support from boards and senior executives in Belgian firms significantly enhanced the implementation of internal audit recommendations. Their study revealed that when top leadership actively endorsed audit processes, staff felt social and professional pressure to comply. Likewise, Cohen and Sayag (2010), in a study of Israeli public sector organizations, observed that normative influences from upper management and regulators fostered a culture of responsiveness to audit findings, leading to higher implementation rates.

In Sub-Saharan Africa, Musah, Anokye, and Kusi (2018) demonstrated that subjective norms—particularly peer influence and perceived expectations from regulatory authorities—had a positive and statistically significant effect on compliance with internal audit recommendations among

Ghanaian financial institutions. In Kenya, the regulatory oversight of the Central Bank of Kenya (CBK) and the Institute of Certified Public Accountants of Kenya (ICPAK) creates similar normative expectations, encouraging managers to act on audit findings to maintain institutional legitimacy and compliance. Collectively, these studies highlight that strong normative environments reinforce adherence to audit recommendations by shaping organizational behaviour through social and professional expectations.

The study by Alhassan Musah, Erasmus Dodzi Gapketor, and Fred Kwesi Anokye delves into the determinants of internal audit implementation effectiveness in Ghanaian State-Owned Enterprises (SOEs), specifically focusing on social pressures, akin to subjective norms in the Theory of Planned Behaviour (Musah, Gapketor, & Anokye, 2018). It investigates how perceptions of management and internal auditors toward internal audit practices influence their effectiveness. The findings underscore the crucial role of management support, independence, and auditor competence in shaping internal audit implementation effectiveness, highlighting the impact of social norms. This study contributes valuable insights for stakeholders and emphasizes the necessity of considering social influences to enhance internal audit practices. Future research could further explore the dynamic interplay between social norms and internal audit practices within organizations.

Building upon this understanding, Leif Christensen's study examines the impact and quality of Internal Audit Functions (IAFs) within a financial institution, focusing on the social pressures' aspect of TPB (Christensen, 2022). Through a single-case study analysis, the research demonstrates how IAFs contribute to enhanced internal controls, particularly through the management letter process. This aligns with TPB's concept of social pressures, as both regulatory requirements and stakeholder expectations create a normative environment influencing companies' attitudes and behaviours toward internal controls. While acknowledging limitations, the study provides valuable insights into the role of IAFs and strengthens the understanding of their contribution to corporate governance and risk management.

Clara-Iulia Zinca's research shifts the focus to the banking industry (Zinca, 2016), examining stakeholder expectations and perceptions influencing internal audit functions, aligning with the subjective norms aspect of TPB. The study highlights the evolving norms where stakeholders increasingly expect internal audit to contribute to risk management, governance, and strategic decisions, positioning it as a strategic partner rather than just a compliance function. To meet these evolving norms, internal auditors must continuously improve practices and engage with stakeholders to address business risks and align with strategic objectives. This underscores the significant influence of subjective norms on shaping perceptions of internal audit within banking institutions.

Abdulaziz Alzeban's review further explores the influence of subjective norms on internal audit (Alzeban, 2020), particularly focusing on IA reporting lines and the implementation of audit recommendations. The study emphasizes the widely accepted norm of IA reporting directly to the audit committee to ensure reliable financial reporting, reflecting expectations within the governance community. Additionally, it underscores the social expectation for IA to implement recommendations and contribute to good governance and financial reporting quality. This research contributes to understanding the influence of social norms on internal audit within the corporate governance landscape.

Finally, Gianluca Ginesti, Rosalinda Santonastaso, and Riccardo Macchioni's study investigates the impact of family involvement in ownership and governance on the quality of internal auditing in Italian-listed family firms (Ginesti, Santonastaso, & Macchioni, 2024), drawing on the subjective norms' component of TPB. It reveals a normative influence where higher levels of family ownership correlate with better IA quality, but later generational stages exhibit a negative relationship, indicating shifting subjective norms regarding the importance of internal auditing. The study suggests exploring alternative monitoring mechanisms for effective governance in later generational stages and underscores the significance of subjective norms in shaping attitudes toward internal auditing quality in family businesses.

These studies collectively demonstrate the importance of considering social pressures and the TPB's "subjective norms" construct when examining internal audit practices and effectiveness. They emphasize the influence of stakeholder expectations, regulatory requirements, and broader societal norms on shaping internal audit functions and their contributions to organizational objectives. Further research exploring the interplay between social pressures and other TPB elements within diverse organizational contexts can provide a more comprehensive understanding of internal audit effectiveness.

### *2.3.3 Perceived Behavioural Control and Implementation of Audit Recommendations*

Perceived behavioural control refers to an individual's perception of the ease or difficulty of performing a particular behaviour, which depends on the availability of resources, authority, time, and organizational support (Ajzen, 1991). In the internal audit context, it represents management's and employees' confidence in their ability to act on audit recommendations effectively. High perceived control increases the likelihood of implementation, while limited authority, insufficient resources, or restrictive organizational structures can hinder compliance.

Abdulaziz Alzeban and Nedal Sawan investigated the impact of Audit Committee (AC) characteristics on Chief Internal Auditors' (CIAs) perceptions of implementing audit recommendations (Alzeban & Sawan, 2015). They found a connection between independent, knowledgeable, and frequently interacting ACs and CIAs' beliefs in successful implementation. Linking this to the TPB, they suggest that CIAs' perceptions of control over implementing recommendations are shaped by AC characteristics. When the AC is perceived as strong, CIAs might feel more in control, leading to positive implementation perceptions and potentially impacting their intentions and efforts. However, the study emphasizes the need for future research to explore how these perceptions translate to actual implementation and its impact on effectiveness.

Empirical evidence consistently supports the predictive role of perceived behavioural control in audit implementation. Alzeban (2020) found that in Saudi Arabian public institutions, audit recommendations were more likely to be implemented when managers had clear authority, adequate budgets, and top management backing. Similarly, Mihret and Grant (2017) reported that Ethiopian organizations with empowered internal audit functions and supportive leadership exhibited higher implementation rates of audit findings. Their study emphasized that when auditees perceive they can influence outcomes and access necessary resources, behavioural intention translates into actual action.

In a Kenyan study, Muriuki and Wachira (2021) observed that perceived behavioural control significantly influenced the degree to which commercial banks implemented audit recommendations. Managers who felt capable of initiating corrective actions, allocating funds, or enforcing accountability achieved better compliance outcomes. Conversely, bureaucratic delays, unclear responsibilities, and insufficient technical capacity weakened implementation. Collectively, these findings underscore that empowering personnel, clarifying mandates, and providing resources enhance perceived behavioural control, thereby improving adherence to internal audit recommendations within financial institutions.

Zuwena Amour Suleiman et al. focused on individual perceptions of control in their study of internal audit effectiveness in Zanzibar's Ministry of Finance (Suleiman, Hamad, & Yssuf, 2021). Despite qualified staff, the Ministry struggled with ineffective controls and resource mismanagement. Their research suggests that individual perceptions of ability and available resources significantly impact effectiveness. This aligns with the TPB concept of PBC, highlighting how individuals' beliefs about their capabilities and the resources available influence their behaviour.

Sifile Obert and Innocent Ngwenya Munyunguma examined how negative perceptions hinder internal audit effectiveness (Sifile & Munyunguma, 2014). They focused on the perceived control aspect of the TPB, demonstrating how fear of job loss and suspicions of personal gain by auditors affect individuals' belief in their ability to perform effectively. The study emphasized the importance of addressing these negative perceptions through measures such as fostering a supportive culture, ensuring resources and management support, and enhancing auditor competence and independence. By empowering internal auditors and improving their PBC, organizations can strengthen their internal audit function.

Yusun Jung and Moon-Kyung Cho explored how internal audit perceives implementing reporting lines and joint reviews with the AC to influence their effectiveness, again focusing on perceived control within the TPB (Jung & Cho, 2022). They found that functional reporting lines to the AC positively impact effectiveness, while administrative lines might have a negative impact. This suggests that perceived control over how these strategies are implemented plays a significant role in their success. The research highlights the need for an adaptive approach and further investigation into the factors influencing PBC within internal audit functions.

Andi Chairil Furqan et al. investigated how local governments' control over financial management and auditing practices affects public service quality in Indonesia (Furqan, Wardhani, Martani, & Setyaningrum, 2020). Focusing on the perceived behavioural control component of the TPB, they highlighted the significance of internal control systems and the role of external auditors in ensuring compliance and improving public service delivery. Their findings suggest that effective control over accounting and auditing practices contributes to governance reforms and enhances public service quality.

Collectively, these research studies demonstrate the importance of considering perceived behavioural control when examining internal audit effectiveness. They highlight how individuals' beliefs about their capabilities, available resources, and organizational support influence their behaviours and ultimately impact the effectiveness of internal audit functions. Further research exploring the interplay between PBC and other TPB elements within diverse organizational contexts can provide a more comprehensive understanding of internal audit effectiveness and its contribution to organizational objectives.

#### ***2.3.4. The role of Control variables (organizational size, employee position, and experience)***

The successful implementation of internal audit recommendations is influenced not only by behavioural factors but also by organizational and individual-level characteristics. Among these, organizational size, employee role or hierarchical level, and experience with internal audits have received attention in various studies as influential contextual variables. Organizational size was investigated by Arena & Azzone (2009), and it is widely acknowledged as a structural determinant of operational processes and decision-making efficacy. Larger organizations, such as major banks, tend to have more defined governance frameworks, well-resourced audit departments, and advanced information systems that facilitate audit follow-up. Conversely, smaller institutions may lack the capacity to prioritize and act on audit findings effectively due to limited human and financial resources (Gramling et al., 2004).

Employee role or hierarchical level also plays a pivotal role in audit implementation. Senior managers often possess greater autonomy, resource control, and strategic oversight, which empower them to drive the implementation of audit recommendations (Christopher et al., 2009). On the other hand, lower-level staff may have limited influence over decision-making and face structural barriers despite having a positive attitude or awareness of audit importance. This hierarchical disparity underscores the need to consider position-related authority in behavioural models of implementation.

Lenz & Hahn (2015) showed that experience with internal audits can affect individuals' understanding, appreciation, and response to audit processes. Employees who have been exposed to multiple audit cycles or have participated in post-audit actions are more likely to perceive audit recommendations as useful and achievable. Such experience can enhance perceived behavioural control and foster a proactive implementation culture. These control variables are essential in ensuring a comprehensive understanding of audit implementation behaviour, as they moderate or condition the effects of the core predictors identified in the Theory of Planned Behaviour.

### *2.3.5 Critical Analysis of the Literature*

The reviewed literature collectively affirms that behavioural factors—specifically attitudes, subjective norms, and perceived behavioural control—play a significant role in determining the implementation of internal audit recommendations. Studies by Alzeban and Gwilliam (2014), Mihret and Yismaw (2007), and Gitare (2022) consistently highlight that management attitudes influence how audit reports are received and acted upon. However, most of these studies were conducted in public sector or non-banking environments, which limits the generalizability of their findings to commercial banks. Furthermore, several of these studies rely on self-reported data, which may introduce bias due to social desirability or respondents' attempts to portray compliance positively.

Research on subjective norms, such as that by Sarens and De Beelde (2006), Cohen and Sayag (2010), and Musah et al. (2018), provides valuable insight into how social and organizational expectations drive compliance. Yet, these studies often overlook how cultural and regulatory environments interact to shape normative pressures. In developing economies like Kenya, social norms are influenced not only by professional expectations but also by hierarchical decision-making cultures, which may suppress dissent or discourage open feedback on audit findings. Such contextual nuances are underexplored in the existing literature.

Similarly, while perceived behavioural control has been shown to predict implementation behaviour (Alzeban, 2020; Mihret & Grant, 2017; Muriuki & Wachira, 2021), prior research largely treats control as an individual attribute rather than an organizational construct shaped by resources, leadership, and structural authority. Few studies integrate the behavioural dimensions of control with institutional frameworks such as agency relationships or governance systems.

Previous research provides fragmented insights into the behavioural and structural determinants of audit recommendation implementation. There remains a critical gap in understanding how these factors interact within Kenya's commercial banking sector, where regulatory scrutiny, risk culture, and managerial discretion uniquely influence compliance behaviour. Addressing this gap forms the central motivation of the current study.

### *2.3.6 Summary of the literature and gaps*

A comprehensive review of existing literature is essential for understanding the theoretical and empirical foundations of a research study. This section synthesized key findings from prior studies related to this investigation of the predictors of implementation of internal audit recommendations within banks in Kenya with an emphasis on TBH. The review examines critical factors influencing the implementations of audit recommendations, identifies recurring themes and limitations of previous research. Despite extensive studies on this subject, gaps remain in the literature. Addressing these gaps is crucial for advancing knowledge and informing practical applications. This study aims to bridge such gaps by examining the attitudes of management and employees; behavioural control and the subjective norms among management and employees that affect the implementation of audit recommendations, thereby contributing to both discourse and practical implications in the internal audit field.

**Table 2.1: Summary of Literature and Gap**

| Author | Tittle | Methodology | Findings | Research Gap | How the Gap is to be Closed |
|---|---|---|---|---|---|
| Abdulaziz Alzeban, Nedal Sawan | The impact of audit committee characteristics on the implementation of internal audit recommendations | Data was collected via a survey, from which a measure of internal audit recommendations was identified and regressed against AC characteristics. | The study finds that the effective implementation of internal audit recommendations is strongly linked to independent audit committee members with accounting and auditing expertise, as well as frequent meetings between the committee and chief internal auditors. | This focused on stakeholders' perceptions rather than actual implementation, leaving a gap in understanding how these perceptions translate into actions and impact organizational outcomes. Additionally, there is a need to explore how Audit Committee (AC) characteristics influence Chief Internal Auditors' (CIAs) attitudes, intentions, and perceived control in greater detail within the context of internal audit dynamics and corporate governance. | Employ a mixed-methods approach to investigate the relationship between stakeholders' perceptions and actual implementation of internal audit recommendations. Quantitative analysis will assess the extent to which perceptions align with actions and their impact on organizational outcomes such as financial reporting quality or internal audit effectiveness. Qualitative methods, including interviews and focus groups, will provide insights into the underlying factors influencing stakeholders' attitudes, intentions, and perceived control. |
| Nooranita Dain & Mofd Mohid Rahmat | Factors influencing Public Sector Auditees on Implementing Audit Recommendations | Data are gathered through a survey of 226 Malaysian public sector auditees who have the responsibility to implement audit recommendations. This study shows that the auditees' attitude, the media, the Audit Committee and the accountability index have influenced the intention of auditees | The study indicates that while audit recommendations are essential, their implementation is often delayed due to resource constraints and the need for higher management approval, leading to recurring audit issues. Additionally, auditees' attitude significantly influences their intention to implement | The study's reliance on auditees' perceptions may introduce bias and limit the accuracy of findings, while overlooking the role of perceived behavioural control. Additionally, there is a lack of exploration into the specific reasons behind the influence of social pressures on behaviour. Moreover, the focus on self-reported data and perceptions may overlook actual constraints faced by auditees. | To address these gaps, this research will adopt a mixed-methods approach to gather both qualitative and quantitative data. This approach will provide a more comprehensive understanding of the factors influencing behaviour, including perceived behavioural control and actual constraints faced by auditees. |

| Author | Tittle | Methodology | Findings | Research Gap | How the Gap is to be Closed |
|---|---|---|---|---|---|
| | | to implement the audit recommendations | recommendations, and media scrutiny may pressure them by highlighting audit issues, potentially damaging their agency's reputation. | | |
| Lesedi S. Matlala & Dominique E. Uwizeyimana | Factors influencing the implementation of the auditor general's recommendations in South African municipalities | The research methodology used in this study was mainly qualitative and relied heavily on robust literature study and the review of key official documents, such as reports on local government performance. | The study identifies key factors affecting the implementation of audit recommendations, including resource and time constraints, lack of audit action monitoring, insufficient authority, staffing challenges, and, in some cases, the poor quality of audit recommendations. | The existing literature lacks a deeper analysis of the underlying beliefs and motivations shaping officials' attitudes towards implementing internal audit recommendations. Additionally, there is a need for a deeper exploration of the social dynamics and context influencing these norms, as well as an understanding of how various factors interact and impact behaviour. | Employing a mixed-methods approach that combines surveys and interviews. This approach will allow for a deeper exploration of the underlying beliefs and motivations shaping officials' attitudes. Additionally, qualitative inquiries will help uncover the social dynamics and contextual factors influencing these norms. Moreover, the study will utilize quantitative measures to provide a nuanced understanding of perceived control |
| Alhassan Musah, Erasmus Dodzi Gapketor and Fred Kwesi Anokye | Determinants of Internal Audit Effectiveness in State-Owned Enterprises (SOEs) in Ghana | The study utilized a survey approach to gather direct evidence on respondents' perceptions and experiences with internal audit implementation. The population comprised state-owned enterprises in Ghana, and a stratified sampling method was applied, considering factors such as firm size, | The study suggests that internal audit units possess the necessary independence to function effectively and maintain a positive relationship with external auditors. Additionally, management support is identified as a key determinant of internal audit effectiveness, | While the study provides insights into general determinants of internal audit effectiveness, it does not focus on the predictors specifically related to the successful implementation of audit recommendations. | By utilizing the Theory of Planned Behaviour (TPB), the study will provide a structured framework to understand the attitudes, subjective norms, and perceived behavioural control of key stakeholders involved in the implementation process. |

| Author | Tittle | Methodology | Findings | Research Gap | How the Gap is to be Closed |
|---|---|---|---|---|---|
| | | international operations, listing status, and risk profile. | reinforcing the need for audit departments to maintain their independence in fulfilling their mandate. | | |
| Zuwena Amour Suleiman, Abdalla Ussi Hamad and Salama Yussuf | Factors Influences the Effectiveness of Internal Audit Services at Ministry of Finance and Planning in Zanzibar | The methodology of the study based on descriptive and inferential research approach which is quantitative in nature and purposive sampling procedure used to select the respondents. | Findings of the study indicated that professional qualifications of auditors, internal audit independence, sufficient of audit resources (Quality) and management support to internal auditing have influencing the effectiveness of internal audit services at the Ministry of finance Zanzibar. | While the study focuses on identifying factors such as professional qualifications, audit independence, audit resources, and management support, it does not explicitly incorporate TPB, which could provide insights into the psychological determinants influencing auditors' intentions and behaviours regarding the implementation of audit recommendations. | by explicitly incorporating TPB, this perspective will provide insights into the psychological determinants influencing auditors' intentions and behaviours regarding the implementation of audit recommendations within banks in Kenya. |
| Leif Christensen | Internal audit: A case study of impact and quality of an internal control audit. | A single-case study approach was employed to examine the phenomenon in depth, making it suitable for analysing a real-life context with diverse data sources. These sources included interviews with internal audit function (IAF) and client staff, meeting observations, archival documents, management letters, supporting memos, and working papers. | IAF and the client both exhibit mixed behaviour, but their behaviour is predominantly argumentative when making decisions regarding internal control audits. Even though IAF's behaviour in these remaining interactions is predominantly argumentative/insisting, the interaction strategy could be seen as integrative, | The generalizability of the findings is limited due to the single-case study design and the specific context of a large financial institution.<br>The study primarily focuses on the "extent" of IAF's impact on internal controls through management letter analysis but lacks a deeper exploration of the "how" aspect. | By incorporating the TPB framework, this research will delve deeper into the psychological and social factors influencing the "how" aspect of IAF's impact on internal controls, providing valuable insights for improving the implementation of recommendations. This study will also involve a sample of several respondents and not a single case. |

| Author | Tittle | Methodology | Findings | Research Gap | How the Gap is to be Closed |
|---|---|---|---|---|---|
| | | | aiming at joint problem solving. | | |
| Sifile Obert & Innocent Ngwenya Munyunguma, | Internal audit perceptions and their impact on performance of the internal audit function. | The research used an exploratory approach buttressed by a qualitative design. A questionnaire to gauge perceptions on internal audit was used to gather primary data. | The research established that the majority of auditees at all levels of the organisation feared internal auditors. It was established that negative perceptions come from those who benefit illegally from the company. When Auditors fail to do what the society or the workforce expects them to do, this will cause a loss of confidence in the internal audit. | The study lacks a comprehensive understanding of internal audit perceptions at a national level.<br>it primarily focuses on describing these perceptions rather than analyzing their underlying causes.<br>Understanding the root causes of negative perceptions is essential for developing targeted interventions aimed at improving internal audit effectiveness.<br>Furthermore, the study lacks a theoretical framework to guide its analysis of internal audit perceptions and performance. | The study will expand its scope to include banks across various regions in Kenya.<br>Employing both quantitative and qualitative approaches can enhance the validity and reliability of the findings, allowing for a more nuanced analysis of internal audit perceptions.<br>Integrating a theoretical framework (Theory of Planned Behaviour) will provide a theoretical lens through which to analyze internal audit perceptions. |

## 2.4 Conceptual Framework

This section provides an in-depth discussion of the theoretical framework guiding this research, with a focus on the Theory of Planned Behaviour (TPB). Developed by Icek Ajzen, the TPB offers a robust model for understanding human behaviour by analyzing the cognitive processes that precede and influence intentional actions. According to this framework as per Figure 2.1, individual behaviour is shaped by three primary constructs: attitudes, subjective norms, and perceived behavioural control. The TPB posits that these three constructs collectively influence an individual's intention to perform a specific behaviour, which in turn serves as the most reliable predictor of actual behaviour. By utilizing this theoretical lens, the study seeks to investigate the predictors of the implementation of internal audit recommendations within Kenyan banks. Through an examination of employee attitudes, subjective norms, and perceived behavioural control, this research aims to identify the factors that promote or hinder the successful implementation of audit recommendations. The findings are expected to provide valuable insights into enhancing corporate governance and risk management practices within the Kenyan banking sector, thereby contributing to a stronger and more accountable financial environment.

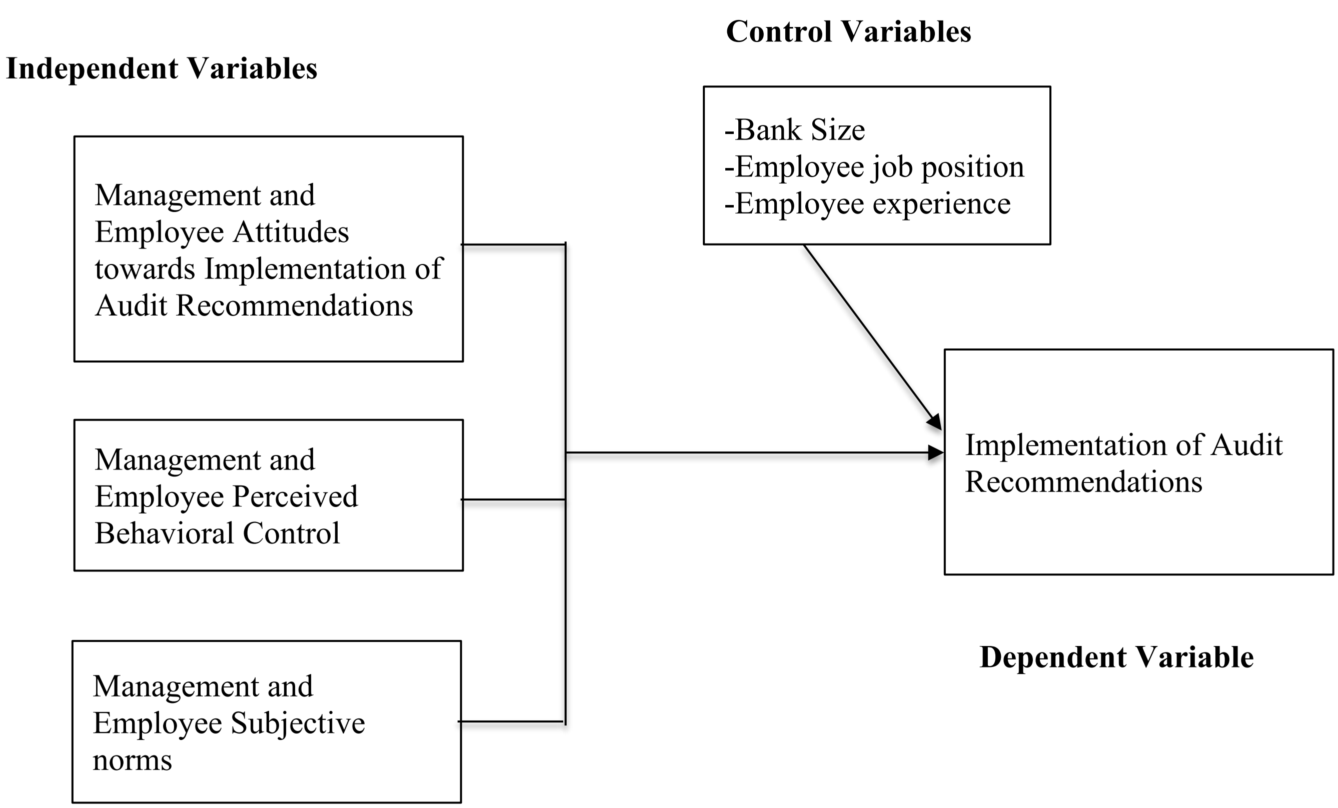



**Figure 2.1: Conceptual Framework, source: Author.**

## 2.5 Operationalization of Study Variables

This research study aims to investigating the predictors of implementation of internal audit recommendations within banks in Kenya. To achieve this, it is essential to clearly define and operationalize the study variables. Operationalization involves translating abstract concepts into measurable variables that can be observed and analyzed. This process ensures that the researcher can systematically collect data to test hypotheses and draw meaningful conclusions.

The key study variables include the dependent variable, "Implementation of Internal Audit Recommendations," and three independent variables: "Attitude towards Internal Audit Recommendations," "Subjective Norms (Social Influence)," and "Perceived Behavioural Control."

### *2.5.1 Dependent Variable: Implementation of Internal Audit Recommendations*

Operational Definition: The extent to which internal audit recommendations are put into practice within the organization.

Measurement:

Quantitative: Percentage of implemented recommendations out of total recommendations issued.

Qualitative: Perceptions of stakeholders regarding the effectiveness and thoroughness of implementation efforts, assessed through interviews or surveys.

### *2.5.2. Independent Variable 1: Attitude towards Internal Audit Recommendations*

Operational Definition: Stakeholders' positive or negative evaluation of the value and importance of internal audit recommendations.

Measurement:

Quantitative: Likert scale survey questions assessing stakeholders' agreement with statements about the perceived benefits, relevance, and necessity of implementing internal audit recommendations.

Qualitative: Open-ended questions in surveys or interviews asking stakeholders to explain their attitudes towards internal audit recommendations.

### *2.5.3 Independent Variable 2: Perceived Behavioural Control*

Operational Definition: Stakeholders' perception of the ease or difficulty of implementing internal audit recommendations, considering internal and external factors.

Measurement:

Quantitative: Likert scale survey questions assessing stakeholders' perceptions of the availability of resources, organizational support, and individual competency in implementing internal audit recommendations.

Qualitative: Semi-structured interviews to explore stakeholders' perceptions of barriers and facilitators to implementing internal audit recommendations and their perceived control over the implementation process.

### *2.5.4 Independent Variable 3: Subjective Norms (Social Influence)*

Operational Definition: Perceived social pressure or influence from others regarding the implementation of internal audit recommendations.

Measurement:

Quantitative: Likert scale survey questions assessing stakeholders' perceptions of the expectations and opinions of management, audit committees, peers, or other stakeholders regarding the implementation of internal audit recommendations.

Qualitative: Interviews or focus groups to explore stakeholders' perceptions of social norms and influences on their decision-making regarding implementation.

### *2.5.5. Control Variables*

*Organizational Size*- the scale or magnitude of a bank's operations, typically reflected in human and financial resources. It was measured using the peer grouping of the banks. The peer group classifications are based on the Bank Supervision Annual Report 2023 and banks are classified as either large, medium or small.

*Employee position/Hierarchical Level*-The position or level of authority held by the respondent within the bank's organizational structure. This is a categorical variable measured as Senior Management, Middle Management etc.

*Employee Experience with Internal Audits*- The extent to which an employee has been involved in or exposed to internal audit processes and recommendation implementation. It was measured using the number of years of experience with internal audits or number of audits participated in. Table 2.2below summarizes the operationalization of the variables:

**Table 2.2: Operationalization of variables, source: SPSS, Author.**

| Variable | Type | Indicators | Measurement Scale | Source |
|---|---|---|---|---|
| Implementation of Internal Audit Recommendations | Dependent | % of recommendations implemented; perceived effectiveness | 5-point Likert scale | Alzeban (2020); ICPAK (2022) |
| Attitude | Independent | Belief in importance, commitment, perceived value | 5-point Likert scale | Ajzen (1991) |
| Subjective Norms | Independent | Peer influence, regulatory pressure | 5-point Likert scale | Musah et al. (2018) |
| Perceived Behavioural Control | Independent | Availability of resources, authority, skill | 5-point Likert scale | Ajzen (1991); Jung & Cho (2022) |
| Organizational Size | Control | Bank category (large, medium, small) | Nominal | CBK (2023) |
| Employee Position | Control | Senior, middle, lower management | Ordinal | CBK (2023) |
| Experience | Control | Years in internal audit | Ratio | Lenz & Hahn (2015) |

## 2.6 Chapter Summary

This chapter has conducted a comprehensive assessment of pertinent literature concerning research endeavours centred on the connection of management and employees' dynamics, implementation efficacy, the consequential risk implications and the efficacy of the internal audit function. The theoretical framework has expounded upon the pertinent theory serving as the foundation for the present research, while concurrently synthesizing the gaps prevalent in the extant literature. Culminating in this chapter is the delineation of the interrelation existing between the independent and dependent variables, thereby encapsulating the theoretical underpinnings of the study.

# CHAPTER THREE: RESEARCH METHODOLOGY

## 3.1 Introduction

This section expounds on the methodologies pertaining to data acquisition and analysis. Encompassed within this segment are deliberations on the research framework, intended subject cohort, sampling framework, techniques of data accrual, along with the assessments of data integrity and consistency. Furthermore, the discourse extends to encompass data interpretation methodologies and ethical considerations.

## 3.2 Research Philosophy

Several research philosophies can underpin management research, including positivism, interpretivism, realism, and pragmatism. Positivism emphasizes objectivity and quantifiable data, often linked with experimental or survey research. Interpretivism, on the other hand, values the subjective meanings individuals attach to phenomena, favouring qualitative inquiry. Realism bridges these by recognizing that both observable facts and subjective perceptions shape understanding. However, given the study's aim to integrate quantitative survey findings with qualitative interviews for actionable insights, pragmatism was selected as the most appropriate philosophy. It accommodates multiple methods and emphasizes practical problem-solving (Saunders et al., 2016).

In alignment with a pragmatism research philosophy, this thesis seeks the integration of theory and practice to produce actionable knowledge and solutions in the multifaceted world of management and employees within Banks in Kenya, as they relate to the implementation of audit recommendations. Pragmatism is a philosophical approach that emphasizes practical consequences, empirical inquiry, and the continuous construction of meaning through engagement with the world (Elkjaer & Simpson, 2011). The specific objectives of this research thesis were to:

Firstly, uncover and interpret the attitudes of management and employees regarding the implementation of audit recommendations. Through in-depth interviews, focus groups, or content analysis, this research aimed to capture the nuanced and context-dependent ways in which these stakeholders perceived and made sense of their roles in the audit process.

Secondly, the research thesis sought to explore the perceived behavioural control management and employees have over the implementation of audit recommendations. This objective focuses on understanding the individual and collective factors that affect their ability to influence and execute audit recommendations, as seen from their own viewpoints.

Lastly, to analyze the subjective norms that influence the implementation of audit recommendations. By engaging in qualitative dialogues and drawing on social constructs, this research aimed to uncover the shared and conflicting norms and values that drive the behaviour of internal audit stakeholders in the context of risk implications.

Through a pragmatic lens, this research investigates how internal audit recommendations influence behaviour within Kenyan banks. By examining the attitudes, subjective norms, and perceived behavioural control of both management and employees, the research aims to identify factors that promote or hinder the implementation of these recommendations. This study utilizes the Theory of Planned Behaviour (TPB) to understand the psychological mechanisms behind implementing audit recommendations. By uncovering the factors influencing stakeholder behaviour, the research aims to develop practical interventions that improve the effectiveness of internal audit practices and ultimately enhance risk management in Kenyan banks.

### 3.3 Research Design

This study adopted a mixed methods research design to comprehensively investigate the predictors influencing the implementation of internal audit recommendations within banks in Kenya, utilizing the Theory of Planned Behaviour (TPB).

The quantitative strand utilized survey data collected through structured questionnaires distributed to employees and management across Kenyan banks. These surveys captured measurable indicators of the Theory of Planned Behaviour constructs, attitudes, subjective norms, and perceived behavioural control, on a 5-point Likert scale. Quantitative analysis through descriptive statistics and multiple regression enabled the identification of significant predictors influencing the implementation of internal audit recommendations. The qualitative strand, through interviews, complemented these numerical findings by explaining contextual and behavioural nuances.

Quantitative Approach: The quantitative component of the study will involve the use of surveys to collect data on the attitudes of both management and employees towards the implementation of audit recommendations. The surveys will be designed based on the TPB framework, focusing on constructs of attitudes, perceived behavioural control, and subjective norms. Likert-scale questions will be used to measure respondents' perceptions and beliefs regarding the implementation of audit recommendations. The quantitative data will be analyzed using statistical methods such as regression analysis to identify significant predictors.

Qualitative Approach: The qualitative component of the study will involve conducting interviews with key stakeholders, including management and employees of banks in Kenya. These interviews will provide deeper insights into the subjective norms that influence the implementation of audit recommendations. Open-ended questions will be used to explore participants' perspectives, experiences, and perceptions regarding the factors affecting the implementation of audit recommendations. Thematic analysis will be employed to identify recurring themes and patterns in the qualitative data.

Integration of Data: The quantitative and qualitative data collected will be integrated during the analysis phase to provide a comprehensive understanding of the predictors influencing the implementation of audit recommendations. Triangulation will be used to validate findings from both data sources and ensure the reliability and validity of the research outcomes. Overall, the mixed methods research design will allow for a holistic exploration of the research objectives and research questions, providing valuable insights into the factors influencing the implementation of internal audit recommendations within banks in Kenya.

### 3.4 Population of the Study

The concept of a population in research encompasses the entirety of individuals or objects that share a common defining characteristic. (Mugenda & Mugenda, 2003) define it as "an entire group of individuals and objects having a common observable characteristic. The research encompasses a population comprising all 38 banks (Kenya Bankers Association, 2024)

### *3.4.1 Period of Study*

The study covered the period 2022–2024, a timeframe selected due to the post-pandemic adjustments in internal control systems and heightened regulatory oversight in the Kenyan banking sector. This period was characterized by renewed focus on audit quality, digital transformation, and compliance reforms, providing an ideal context to examine factors influencing the implementation of audit recommendations.

## 3.5 Sampling Design

The non-probability sampling technique devoid of restrictions that the research methodology will employ a convenience sampling technique. This is founded upon the researcher's network of affiliations and referrals within the spheres of influence associated with the banking industry in Kenya. This method grants researchers the flexibility to select participants based solely on their accessibility, such as friends, neighbours, or readily available volunteers. In the nascent stages of exploratory research, when seeking initial insights and guidance, convenience sampling can hold utility. However, its lack of randomness introduces potential bias, limiting generalizability and necessitating cautious interpretation of findings (Cooper & Schindler, 2008).

## 3.6 Data Analysis

Measuring Attitudes: Attitudes will be measured using the Likert scale, with a range of options from 1 (strongly disagree) to 5 (strongly agree). The following statements will be used to measure attitudes: I believe that audit recommendations are important for improving the organization's internal controls; I am committed to implementing audit recommendations; and I believe that implementing audit recommendations will improve the organization's performance.

Measuring Perceived Behavioural Control: Perceived behavioural control will be measured using a scale developed by Ajzen (1991). The scale consists of two items, each rated on a 5-point Likert scale. The items are: I have the necessary resources and skills to implement audit recommendations and I have the authority to implement audit recommendations.

Measuring Subjective Norms: Subjective norms will be measured using a scale developed by Ajzen (1991). The scale consists of three items; each rated on a 5-point Likert scale. The items are: Most people I work with believe that audit recommendations should be implemented; The people I respect in the organization value the implementation of audit recommendations; and I feel pressured by my peers to implement audit recommendations.

The control variable Organizational/bank Size- was measured using the peer grouping of the banks. The peer group classifications are based on the Bank Supervision Annual Report 2023 and banks are classified as either large, medium or small.

The control variable Employee position/Hierarchical Level is a categorical variable measured as Senior Management, Middle Management etc.

The control variable Employee Experience with Internal Audits was measured using the number of years of experience with internal audits or number of audits participated in.

The dependent variable, Implementation of Audit Recommendations, was operationalized using both objective and perceptual measures. Objectively, it was derived as the percentage of implemented recommendations out of total recommendations issued, as self-reported by respondents based on their departmental records. Perceptually, it was captured through Likert-scale questionnaire items assessing perceived implementation effectiveness. This dual approach allowed the integration of quantitative indicators with respondents' subjective assessments, ensuring a more comprehensive measurement.

Regression analysis will be used to identify relationships between the variables of interest. The following regression model will be used:

Implementation of audit recommendations = $\beta 1$Attitudes + $\beta 2$Perceived behavioural control + $\beta 3$Subjective norms + $\beta 4$ Bank size + $\beta 4$Employee position+ $\beta 5$Employee experience + $\varepsilon$

Where:

Implementation of audit recommendations is the dependent variable, Attitudes, perceived behavioural control, and subjective norms are the independent variables, and the rest are control variables. $\beta 1$, $\beta 2$, and $\beta 3$ are the regression coefficients and $\varepsilon$ is the error term.

### *3.6.1 Econometric Model Specification*

To examine the predictors influencing the implementation of internal audit recommendations within banks in Kenya, this study specified the following multiple linear regression econometric model based on the Theory of Planned Behavior (Ajzen, 1991):

**Equation 1:**

$$\text{IMPLEMENTATION} = \beta 0 + \beta 1(\text{ATTITUDE}) + \beta 2(\text{PBC}) + \beta 3(\text{SNORM}) + \beta 4(\text{SIZE}) + \beta 5(\text{POSITION}) + \beta 6(\text{EXPERIENCE}) + \varepsilon i$$

**Where:**

| **Symbol** | **Variable** | **Measurement** | **Expected Sign** |
|---|---|---|---|
| IMPLEMENTATION | Implementation of internal audit recommendations (dependent variable) | Continuous index (1-5 Likert scale average) | N/A |
| ATTITUDE | Attitude towards audit recommendations | Continuous index (1-5 Likert scale average) | Positive (+) |
| PBC | Perceived behavioral control | Continuous index (1-5 Likert scale average) | Positive (+) |
| SNORM | Subjective norms | Continuous index (1-5 Likert scale average) | Positive (+) |
| SIZE | Bank size (control variable) | Categorical: 1=Small, 2=Medium, 3=Large | Indeterminate |
| POSITION | Employee position (control variable) | Ordinal: 1=Officer, 2=Supervisor, 3=Middle Mgmt, 4=Senior Mgmt | Positive (+) |
| EXPERIENCE | Employee experience with internal audits | Continuous (years) | Positive (+) |
| $\beta 0$ | Constant term | - | - |

| Symbol | Variable | Measurement | Expected Sign |
|---|---|---|---|
| β1...β6 | Regression coefficients | - | - |
| ε | Stochastic error term | - | - |

**Equation 2 - Hierarchical Regression with Control Variables**

To isolate the effect of control variables, a hierarchical regression model was estimated in two steps:

*Step 1 (Main effects only):*

IMPLEMENTATION = β0 + β1(ATTITUDE) + β2(PBC) + β3(SNORM) + ε

*Step 2 (Main effects + control variables)*

IMPLEMENTATION = β0 + β1(ATTITUDE) + β2(PBC) + β3(SNORM) + β4(SIZE) + β5(POSITION) + β6(EXPERIENCE) + ε

**Assumptions of the Econometric Model**

The estimation of the above models relied on the classical linear regression model (CLRM) assumptions (Gujarati & Porter, 2009):

| Assumption | Description | Test Used |
|---|---|---|
| 1. Normality | Errors are normally distributed | Shapiro-Wilk test, P-P plot |
| 2. Homoscedasticity | Constant variance of errors | Scatterplot of residuals |
| 3. No multicollinearity | Independent variables not highly correlated | Correlation matrix, VIF |
| 4. No autocorrelation | Errors are independent | Durbin-Watson statistic (for time series; not applicable for cross-sectional) |

**Model Estimation**

The model was estimated using ordinary least squares (OLS) regression in SPSS version 26.0. Statistical significance was evaluated at $\alpha = 0.05$.

**Equation 3 - Final Estimated Model (from Chapter Four findings)**

Based on the regression results presented in Chapter Four (Table 4.8), the final estimated econometric model is:

IMPLEMENTATION = -0.388 + 0.774(ATTITUDE) + 0.020(PBC) + 0.423(EXPERIENCE) + 0 .287(POSITION) + ε

Where subjective norms (SNORM) and bank size (SIZE) were not statistically significant and were therefore excluded from the final parsimonious model.

### 3.7 Data Collection

In the pursuit of data acquisition from the participants, the research endeavour will engage primary research instruments. As posited by (Noor, 2008), the acquisition of primary data entails the utilization of diverse methodologies such as interviews, direct observations, scrutiny of cultural archives, artifact analysis, incorporation of visual aids, and integration of personal encounters. In line with this, a questionnaire will be employed as the principal tool for data collection. The process will involve the dissemination of questionnaires via electronic mail, complemented by the physical delivery of select questionnaires to respondents.

It is important to note that this study did not request, access, or review actual internal audit recommendation documents, as these are confidential materials not publicly available. All data collected pertained to respondents' perceptions of the implementation process, including their attitudes, perceived control, and subjective norms regarding audit recommendations in general, rather than the specific technical content of any confidential report.

#### *3.7.1. Data Preprocessing*

Data preprocessing is widely considered the most important step in any data analytics process (Gilbert, Sanchez-Marre, & Izquierdo, 2016). Data preprocessing is a data mining technique that is used to transform the raw data into an understandable format. As part of the data mining process, data preprocessing is an important step that helps in the quality improvement of the data. Data preprocessing helps in discovering useful and hidden patterns from the data, and includes data cleaning, data integration, data transformation, data reduction, and data discretization.

Data directly acquired from real-world systems, for example from survey websites or Google forms, tend to be imperfect, so it is necessary to clean the data and transform it to a suitable format. In this study, most of the data was collected as text and had to be coded to become numerical to facilitate quantitative analysis. Questionnaires using Likert scales and multiple-choice questions had to be coded in rows and columns to allow for analysis. There were issues of missing data, where a respondent skipped the question, or filled it incorrectly. The researcher used a data cleaning technique called imputation, where rows and/or columns that missed more than 50% of the data points were deleted.

Both dependent and independent variables were represented by different items on the questionnaire. To obtain the final variable, indexes were constructed by obtain the average score of the 5-point Likert scale score for each of the relevant items. This ensured that the outputs are not bulky, and that the analysis is concise and clear (Gibert et al., 2016).

### 3.8 Research Quality

The robustness of this research endeavour will be ensured through meticulous scrutiny of the questionnaire to ascertain its alignment with the constructs under examination, including attitudes, perceived behavioural control, subjective norms, and the implementation of audit recommendations, in accordance with the TPB. This comprehensive assessment entails a thorough review process aimed at maintaining coherence with the research objectives and theoretical framework. Additionally, Pilot Testing will be conducted to conduct a preliminary evaluation of the questionnaire among a select group of internal audit stakeholders. This preliminary examination seeks to uncover potential ambiguities, disparities, or comprehension challenges inherent within the questionnaire. Subsequent revisions will be implemented based on the feedback garnered from the pilot test participants, aimed at refining the questionnaire to enhance clarity and comprehensibility. Furthermore, reliability analyses, such as test-retest reliability assessment or internal consistency analysis, such as Cronbach's alpha coefficient, will be employed to evaluate the questionnaire's reliability. This systematic evaluation will ensure the stability and consistency of responses over time or within the questionnaire itself, respectively.

Lastly, paramount consideration will be given to ethical standards, encompassing the attainment of requisite approvals from pertinent institutional review boards or ethics committees before questionnaire administration. This procedural step serves to safeguard the rights and welfare of participants. Moreover, comprehensive instructions pertaining to informed consent, confidentiality safeguards, and the voluntary nature of participation will be provided to participants to uphold ethical integrity.

### 3.9 Ethical Consideration

Ethics, a set of moral principles shared by a particular community or individual, manifests in norms and standards that guide our choices concerning behaviour and relationships. In the realm of research, these ethical principles translate into a stringent framework safeguarding individuals from harm or negative consequences arising from research activities (Saunders, Lewis, & Thornhill, 2016). This entails designing research with participant well-being at the forefront, minimizing potential physical harm, discomfort, pain, embarrassment, and loss of privacy (Cooper & Schindler, 2008). Essentially, research ethics constitute the guiding light for conduct when interacting with, and potentially impacting, those who become subjects or beneficiaries of your work (Robbins, 2009).

The researcher will undertake the procedural endeavour of securing an introductory missive from the SBS and a research permit granted by NACOSTI. The selection of NACOSTI is predicated upon its exclusive legal mandate to bestow research licenses within the jurisdiction of Kenya (Attorney-General, 2013). Additionally, requisite authorization to gather data will be pursued from the Institutional Ethics Review Committee situated at Strathmore University (SU). Furthermore, it is important to clarify that internal audit recommendations are confidential governance documents and are not made public. Under the IIA's Code of Ethics and the Central Bank of Kenya's Prudential Guidelines (2023), internal audit reports contain sensitive operational, security, and risk information that cannot be disclosed outside the organization. Consequently, this study did not seek access to the actual audit recommendation documents. Instead, data were collected exclusively through perceptual instruments, questionnaires and interviews, that measured stakeholders' attitudes, subjective norms, and perceived behavioral control regarding the implementation process, without requesting or reviewing any confidential recommendation content. This approach aligns with established TPB research protocols (Ajzen, 1991; Alzeban & Sawan, 2015).

In alignment with ethical imperatives, a conscientious approach will be upheld towards the participants engaged in the study. This commitment will be manifested through the solicitation of informed prior consent, as well as the stringent preservation of data confidentiality. The participants will be apprised of their inherent rights and potential advantages, underscored by the voluntary nature of their participation. A preliminary segment of the study will unequivocally articulate the research's educational intent, reassuring the respondents of their prerogative to withdraw from the study at any juncture.

### 3.10 Chapter Summary

This chapter outlined the methodological framework guiding the study. It began with a discussion of research philosophies, establishing pragmatism as the most suitable foundation. The chapter then detailed the mixed methods design, study population of 38 commercial banks, sampling strategy, and data collection procedures. Quantitative data were analyzed using descriptive and inferential statistics, while qualitative data were examined thematically. The regression model was presented to show relationships among attitudes, subjective norms, perceived behavioural control, and implementation of audit recommendations. Finally, ethical considerations and research quality procedures were elaborated to ensure credibility, reliability, and integrity of the research process.

# CHAPTER FOUR: PRESENTATION OF RESULTS/FINDINGS

## 4.1 Introduction

This chapter focused on the analysis of the data collected using both qualitative and quantitative techniques. The aim of this chapter is to analyze the evidence that was used to answer the overarching research question. The chapter is divided into two main sections: quantitative analysis and qualitative analysis. Quantitative analysis section is further divided into 6 main sections: data preprocessing, demographic information, descriptive statistics, correlation analysis, diagnostic testing and regression analysis. Qualitative analysis section utilizes thematic analysis to examine the trends and patterns in the data to facilitate answering of the research questions.

## 4.2 Quantitative Analysis

### *4.2.1 Demographic Information*

Demographic information refers to the categorical background information of the respondents that includes gender, age, and educational attainment, among others. Demographic information is significant to the study because it helps the researcher to get the profile of the respondents according to the above factors. It also helps the researcher to determine whether these factors have an effect on the variables being investigated in the study. The demographic profile of the respondents is presented in table 4.1 below.

Most of the participants were aged between 35 and 44 years, followed by those aged between 25 and 44, suggesting that the sample consisted of a fairly young group. There were slightly more males than females in the sample. It is important to note, however, that this was totally out of chance, since the current study did not investigate the role of gender, or indeed any other demographic factor. Most of the participants were middle management, and a significant number of the participants were supervisors and officers. There were only very few participants who were in senior management. Most of the participants also had sufficient experience working in audit implementation at 67%.

**Table 4.1: Demographic Summary of Respondents, source: SPSS, Author.**

| Category | Subcategory | % (Frequency) |
|---|---|---|
| **Age** | 25–34 years | 31.30% |
| | 35–44 years | 59.40% |
| | 45–54 years | 9.40% |
| **Gender** | Male | 59% |
| | Female | 41% |
| **Position in the Organization** | Officer | 19% |
| | Supervisor | 19% |
| | Middle Management | 59% |
| | Senior Management | 3% |
| **Experience** | <2years | 22% |
| | 3-7 years | 67% |
| | Over 8 years | 11% |

*4.2.1.1 Sample Representation*

A total of 120 questionnaires were distributed to internal audit stakeholders across 12 commercial banks in Kenya, comprising internal auditors, middle-level managers, and senior managers. Of these, 32 completed questionnaires were returned, yielding a response rate of 26.7%. This response rate is consistent with survey-based research in the Kenyan banking sector, where response rates between 20% and 30% are common due to the confidential nature of internal audit functions and competing organizational priorities (Muriuki & Wachira, 2021; Gitare, 2022).

**Table 4.2: Sample Distribution and Response Rate**

| **Category** | **Distributed** | **Returned** | **Response Rate** |
|---|---|---|---|
| Internal Auditors | 50 | 14 | 28.0% |
| Middle Management | 40 | 12 | 30.0% |
| Senior Management | 30 | 6 | 20.0% |
| **Total** | **120** | **32** | **26.7%** |

*Source: Field Data (2024)*

The sample of 32 respondents exceeded the minimum required sample size for multiple regression analysis, which, according to Tabachnick and Fidell (2019), requires $N \geq 50 + 8m$ (where m =

number of independent variables). With 6 independent variables (3 main predictors + 3 control variables), the minimum required sample size is 98. However, for exploratory studies in organizational research, sample sizes of 30-50 are considered acceptable when combined with qualitative validation (Saunders et al., 2016). To address this limitation, the study employed mixed methods, with qualitative interviews (n=8) providing triangulation and contextual depth to complement the quantitative findings.

Regarding representativeness, the sample included respondents from all three CBK peer groups: large banks (n=14, 43.8%), medium banks (n=10, 31.2%), and small banks (n=8, 25.0%). This distribution approximates the actual population distribution of the 38 licensed commercial banks in Kenya, where large banks constitute approximately 40% of the sector by number but dominate by asset share (CBK, 2023). The sample also captured diverse organizational positions, with 59% of respondents in middle management, 19% as supervisors, 19% as officers, and 3% in senior management (see Table 4.1). This variation ensures that the study captures perspectives from multiple hierarchical levels involved in audit recommendation implementation.

#### *4.2.2 Descriptive Statistics*

In this section, measures of central tendency and dispersion are used to determine the nature of response as obtained from the data, as well as how spread these responses are. With 32 participants (N= 32), and a 1-5 Likert scale where, 1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, and 5. Strongly agree, a means that scores >3 indicate that most participants agreed with the statement, while scores < 3 indicate that most of the participants disagreed with the statement. For the variable 'Perceived Behavioural Control', the mean for the Likert scale is 3.57, suggesting that most of the participants agreed with items on the questionnaire about this variable. A small standard deviation of .56 suggests that the responses did not vary very much. For the variable 'Subjective Norms Index', the mean for the Likert scale is 3.11, suggesting that most of the participants agreed with items on the questionnaire about this variable. A small standard deviation of 0.32 suggests that the responses did not vary very much. For the variable 'attitudes', the mean for the Likert scale is 4.52, suggesting that most of the participants agreed with items on the questionnaire about this variable. A small standard deviation of 0.42 suggests that the responses did not vary very much. For the variable 'Implementation of Audit Recommendations', the mean for the Likert scale is 3.9, suggesting that most of the participants agreed with items on the questionnaire about this variable.

A small standard deviation of 0.7 suggests that the responses did not vary very much. This is shown in table 4.2.

**Table 4.3: Descriptive Statistics, source: SPSS, Author.**

| | N Statistic | Minimum Statistic | Maximum Statistic | Mean Statistic | Std. Deviation Statistic |
|---|---|---|---|---|---|
| Attitudes Index | 32 | 3.50 | 5.00 | 4.5234 | .41813 |
| Perceived Behavioural Control index | 32 | 2.3333 | 4.6667 | 3.572917 | .5631095 |
| Subjective Norms Index | 32 | 2.50 | 3.75 | 3.1094 | .31710 |
| Implementation of Audit Recommendations Index | 32 | 2.6667 | 5.0000 | 3.885417 | .7013013 |
| Valid N (listwise) | 32 | | | | |

### *4.2.3 Correlation Analysis*

Table 4.3 is the correlation matrix, where a positive significant correlation between attitudes and implementation of audit recommendations ($r= 0.523$, $p <0.05$) is observed. There is also a positive significant correlation between perceived behavioural control and implementation of audit recommendations ($r= 0.621$, $p <0.05$). The correlation between subjective norms and implementation of audit recommendations is also positive and significant ($r= 0.363$, $p <0.05$). Perceived Behavioural Control index also showed a positive significant correlation with implementation of audit recommendations ($r= 0.352$, $p <0.05$).

**Table 4.4: Spearman's Correlation, source: SPSS, Author.**

**Correlations**

| | | | Attitudes Index | Perceived Behavioural Control index | Subjective Norms Index | Implementation of Audit Recommendations Index |
|---|---|---|---|---|---|---|
| Spearman's rho | Attitudes Index | Correlation Coefficient | 1.000 | .689** | .498** | .621** |
| | | Sig. (2-tailed) | . | .000 | .004 | .000 |
| | | N | 32 | 32 | 32 | 32 |
| | Perceived Behavioural Control index | Correlation Coefficient | .689** | 1.000 | .360* | .352* |
| | | Sig. (2-tailed) | .000 | . | .043 | .048 |
| | | N | 32 | 32 | 32 | 32 |
| | Subjective Norms Index | Correlation Coefficient | .498** | .360* | 1.000 | .363* |
| | | Sig. (2-tailed) | .004 | .043 | . | .041 |
| | | N | 32 | 32 | 32 | 32 |
| | Implementation of Audit Recommendations Index | Correlation Coefficient | .621** | .352* | .363* | 1.000 |
| | | Sig. (2-tailed) | .000 | .048 | .041 | . |
| | | N | 32 | 32 | 32 | 32 |

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

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

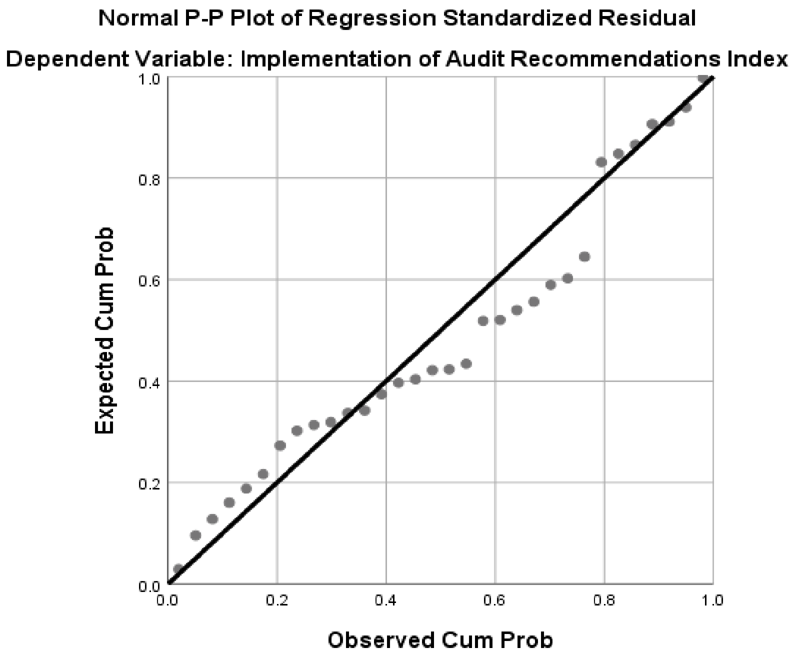
### *4.2.4 Diagnostic Tests*

Multiple regression is a widely used statistical technique that estimates how a response variable is affected by a set of predictor variables. As with any statistical model, multiple regression is based on assumptions about the data that typically must be checked before results can be trusted. Unfortunately, misconceptions about the assumptions of regression are themselves common, the result often being misdirected or ineffective efforts to check and/or remedy violations (Osborne & Waters, 2019). It is crucial to be mindful of the assumptions underlying regression and to check those that are relevant. There are four assumptions of multiple regression that, if violated, can lead to erroneous inference: 1) The errors of the regression model are normally distributed; 2) The errors of the regression model have constant variance (homoscedasticity); 3) The errors of the regression model are uncorrelated (no autocorrelation); and 4) The predictor variables are uncorrelated with the errors of the regression model (no multicollinearity). The purpose is to clarify these assumptions and the issues that arise if they are violated, focusing on the first of the four assumptions (Williams, Grajales, & Kurkiewicz, 2013). However, since the current study is cross-sectional, autocorrelation was not required.

#### *4.2.4.1 Normality*

Regression analysis is based on several key assumptions that must be met in order for the results to be valid. These assumptions include normality, homoscedasticity, autocorrelation, and multicollinearity. If these assumptions are violated, it can lead to problems with the accuracy and reliability of the regression results. Normality refers to the assumption that the residuals in the regression model are normally distributed. Violation of this assumption can lead to biased estimates and incorrect statistical inferences. This is particularly important when the sample size is small, as smaller samples are less likely to mimic normality (Williams et al., 2019). One way to check for normality is by using a Q-Q plot or a P-P plot, which compares the quantiles of the residuals to the quantiles of a normal distribution. In this study, the researcher uses the P-P plot in SPSS. The decision rule is as follows:  If the points on the plot fall approximately along a straight line (diagonal line of normality), the normality assumption holds. As shown in figure 4.1, the points in the plot satisfy the above decision rule, and the conclusion made is that the data is normally distributed. Another method is to use the Shapiro-Wilk test, where a p-value less than a chosen significance level indicates a violation of the normality assumption.

**Figure 1.1; Test for Normality Assumption, source: SPSS, Author.**

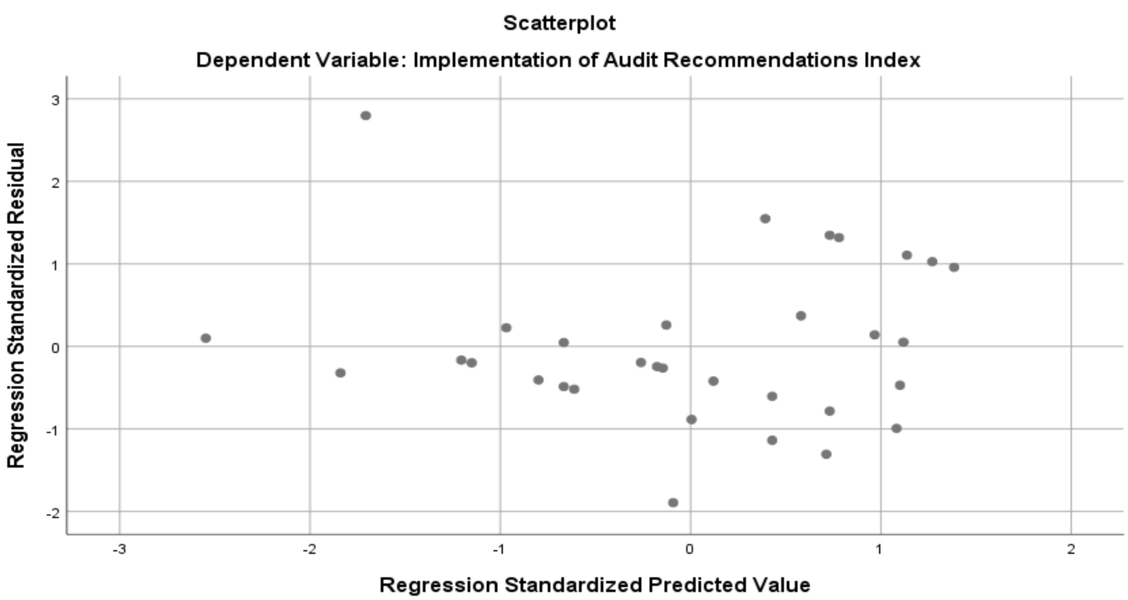



#### *4.2.4.2 Homoscedasticity*

This assumption states that the errors must have constant variance across all values of the predictor variable(s). However, it is not uncommon for this assumption to be violated in applied research. Homoscedasticity is strongly related to the compatibility of the model fit and the uncertainty around it (Flatt & Jacobs, 2019). When this assumption holds, the variance of the errors is constant across all levels of the predictors. It is possible for the variance of the errors to be constant and not equal to zero, in which case the model is still appropriate. This means that even if the errors are heteroskedastic, the model can still be considered valid. However, some form of model misspecification might be the cause of heteroskedasticity (Astivia & Zumbo, 2019).

If the homoscedasticity assumption is violated, the regression parameter estimates are still unbiased, consistent, and linear, implying that the coefficients remain unaffected. However, the standard errors of the coefficients can be biased, which implies that hypothesis tests on the regression coefficients become invalid. It is therefore highly recommended to check for heteroskedasticity in the regression errors and fix it if detected (Osborne & Waters, 2019). Heteroskedasticity may lead to model misinterpretation since p-values can be artificially inflated or downplayed. Indeed, p-values smaller than 0.05 could be misleading, leading to a conclusion that the associated parameter is significantly different from zero when it is not, influencing model interpretation and variable selection. To test for the presence of heteroscedasticity, one of the methods is using the scatterplot in SPSS. The decision rule is as follows: if, when plotting residuals against predicted values, the points are randomly scattered without a clear pattern, and the spread of residuals remains approximately the same across all values of the independent variable, then the data is homoscedastic and the assumption is satisfied. The data fails to meet this assumption If the scatterplot shows a funnel-shaped pattern (Osborne & Waters, 2019). As shown in figure 4.2, this assumption has been satisfied.

**Figure 4.2: Test for homoscedasticity assumption, source: SPSS, Author.**




### *4.2.4.3 Multicollinearity*

Multicollinearity is a problem that arises in multiple linear regression models, where two or more independent variables are highly correlated (Gwelo, 2019).This can make it difficult for the model to estimate the effect of each independent variable on the dependent variable, as their effects may be intertwined. Multicollinearity can be detected by observing the model fit statistics when running the regression model, or through correlation matrices of the predictors (Kim, 2019).There are two types of multicollinearities: perfect/exact multicollinearity, which revolves around two or more variables being exactly correlated, and also imperfect multicollinearity, where variables are highly correlated but not perfectly so. Despite the problems it poses for estimating the parameters of the regression model, the presence of multicollinearity may not necessarily invalidate the use of the regression model. This is because estimates of the parameters may still provide useful information about the effect of independent variables on the dependent variable, even if their estimates vary widely from one sample to another (Gwelo, 2019). However, interpreting the model becomes much more difficult and thus still a concern that needs to be addressed. In this study, a correlation matrix was used to detect multicollinearity, and the decision rule was as follows:

If the correlation coefficient between any independent variables is >0.8, there is multicollinearity between the variables, otherwise, there is no multicollinearity, and the assumption is satisfied. As shown in table 4.5 below, none of the variables had a correlation coefficient of 0.8 or more, and as such, the assumption is satisfied.

**Table 4.5: Test for Multicollinearity, source: SPSS, Author.**

**Correlations**

| | | Attitudes Index | Perceived Behavioural Control index | Subjective Norms Index |
|---|---|---|---|---|
| Attitudes Index | Pearson Correlation | 1 | .660** | .497** |
| | Sig. (2-tailed) | | .000 | .004 |
| | N | 32 | 32 | 32 |
| Perceived Behavioural Control index | Pearson Correlation | .660** | 1 | .315 |
| | Sig. (2-tailed) | .000 | | .079 |
| | N | 32 | 32 | 32 |
| Subjective Norms Index | Pearson Correlation | .497** | .315 | 1 |
| | Sig. (2-tailed) | .004 | .079 | |
| | N | 32 | 32 | 32 |

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

Another method of determining multicollinearity is by using the variance inflation function (VIF), and the decision rule is as follows: if VIF <1 or >10, there is multicollinearity, otherwise, there is no multicollinearity. As shown in table 4.6 below, there is no multicollinearity.

**Table 4.6: VIF, source: SPSS, Author.**

**Coefficients**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. | Tolerance | VIF |
| 1 | (Constant) | -.388 | 1.353 | | -.287 | .777 | | |
| | Attitudes Index | .774 | .391 | .462 | 1.977 | .058 | .471 | 2.122 |
| | Perceived Behavioural Control index | .020 | .266 | .016 | .076 | .940 | .564 | 1.774 |
| | Subjective Norms Index | .225 | .408 | .102 | .551 | .586 | .753 | 1.329 |

a. Dependent Variable: Implementation of Audit Recommendations Index

#### *4.2.5 Regression Analysis*

To incorporate control variables and estimate their individual effect, as well as the collective effect (together with other independent variables), hierarchical regression was used. Table 4.7 shows R squared as 0.281, which is an indication that the predictors (independent variables) can explain 28.1% of the dependent variable. $F (3, 31) = 3.652$, $p <0.05$, indicating that the model in this study can significantly predict the dependent variable. The table 4.7 also shows the results of regression analysis, where attitudes ($B =0.774$, $P <0.05$) and perceived behavioural index ($B = 0.020$, $P <0.05$) showed a positive association with the implementation of audit recommendations. This means that the attitudes of employees and staff, as well as the perceived behavioural control of management and employees have a positive relationship with the implementation of audit recommendations.

Individually, the equation representing the relationship between attitudes and the implementation of audit recommendations is as follows:

Implementation of audit recommendations = -.388 + .774 (Attitudes) + ε

The equation representing the relationship between perceived behavioural control and the implementation of audit recommendations is as follows:

Implementation of audit recommendations = -.388 + 0.02 (Perceived behavioural control) + ε

Subjective norms as a variable, does not have an equation because it does not show statistical significance.

There is a slight change in the coefficient after the introduction of a control variables using hierarchical regression, although this change did not result in any changes in statistical significance as shown in table 4.8. Bank size did not show statistical significance, but experience (B = 0.423, $p < 0.05$) and position in the organization (B =0.287, $p < 0.05$) showed positive and significant relationships. Table 4.8 also shows an improved R squared as 0.416, which is an indication that the predictors (independent variables + control variable) can now explain 41.6% of the dependent variable. For the regression results, there were no changes in statistical significance, only slight changes in B values. This means that the attitudes of employees and staff, as well as the perceived behavioural control of management and employees have a positive relationship with the implementation of audit recommendations, and the bank size plays no significant role in this relationship. However, position of the employee in the organization and their level of experience significantly influences the relationship between the independent variables and implementation of audit recommendations.

The overall regression equation is thus as follows:

Implementation of audit recommendations = -.388 + .774 (Attitudes) + 0.02 (Perceived behavioural control) + 0.423(Experience) +0.287(position in the organization) + ε

**Table 4.7: Combined Regression Output without Control Variables, source: SPSS, Author.**

| **Variable** | **B** | **R square** | **F/sig** | **P value** |
|---|---|---|---|---|
| (Constant) | -0.388 | 0.281 | 3.652/0.024 | 0.777 |
| Attitudes Index | 0.774 | | | 0.048 |
| Perceived Behavioural Control index | 0.02 | | | 0.04 |
| Subjective Norms Index | 0.225 | | | 0.586 |

**Table 4.8: Combined Regression Output with Control Variable, source: SPSS, Author.**

| Variable | B | R square | F/sig | P value |
|---|---|---|---|---|
| (Constant) | -0.388 | 0.416 | 13.453/0.000 | 0.777 |
| Attitudes Index | 0.93 | | | 0.048 |
| Perceived Behavioural Control index | 0.07 | | | 0.04 |
| Subjective Norms Index | 0.220 | | | 0.586 |
| Bank Size | 0.255 | | | 0.330 |
| Experience | 0.423 | | | 0.020 |
| Position in the organization | 0.287 | | | 0.049 |

Although the regression analysis indicated positive relationships between attitudes, perceived behavioural control, subjective norms and implementation of audit recommendations, the coefficients were not statistically significant. This suggests that the model does not adequately explain the variation in implementation outcomes, implying a poor overall model fit. The insignificance may reflect additional unmeasured factors, such as organizational culture, leadership support, resource constraints, or audit committee effectiveness, that exert stronger influence on implementation. It may also indicate limitations such as small sample size or measurement constraints that reduced statistical power.

### 4.3 Qualitative Analysis

Qualitative research findings can be told in many different ways, but they must enable decent qualitative analysis. Qualitative thematic analysis, like other qualitative research methods, is about illuminating particular perspectives and understandings of things in the world and is therefore dependent upon the selection and presentation of research participants. Critical analysis of different strategies for determining the rigor of qualitative inquiry is fundamental for its advancement (Vaismoradi & Snelgrove, 2019). For qualitative researchers, it is important to think about how qualitative research design, data collection, and analysis can contribute to the rigor, trustworthiness, and credibility of qualitative findings. Qualitative analysis in this study was done using thematic analysis.

### *4.3.1 Thematic Analysis*

Thematic analysis is a method of analysis for qualitative data. It is a method for identifying, analyzing and reporting themes within data. It minimally organizes and describes the data set in rich detail. Thematic analysis goes further than this by interpreting various aspects of the research topic, and is fundamentally a qualitative approach, but it can be applied within different frameworks. In this study, for example, it was used together with quantitative research. Thematic analysis is a method that can be used to some extent on its own, but it is often used in conjunction with other methods of analysis or approaches as has been done in this study, to gain a comprehensive view of the phenomenon being investigated. The first step in thematic analysis is the identification of key words and the most common words in the data and then put these words to form open codes that are then used to form themes. Some of the most common key words used to form themes in this study included 'audit', implementation', 'risk', 'recommendations', 'culture', and 'audit recommendations.

### *4.3.2 Theme 1: Importance of Organizational Culture in Implementing Audit Recommendations*

The data highlights the significant role of organizational culture in facilitating the implementation of audit recommendations. Many participants of this study emphasize that a supportive and risk-aware culture encourages the implementation of audit findings. For instance, one respondent notes, "*Organizational culture facilitates the provision of optimum services, effective decision-making and the creation of competitive advantage and maintenance of prosperity*." This is consistent with another respondent who pointed out that, "*The culture is very important because it plays a major role with regard to how fast and with what ease issues will be implemented*." This suggests that a positive organizational culture is essential for effective audit recommendation implementation.

### *4.3.3 Theme 2: Challenges in Implementing Audit Recommendations*

Interview data revealed that various challenges that respondents face when implementing audit recommendations revolve around lack of adequate management support and lack of resources. Another challenge highlighted by the participants is the unrealistic recommendations. For example, one respondent mentions stated, "*Limited budget, staffing shortages, pushback on change, poor communication, lack of follow-up, poor prioritization of issues, unclear ownership*." While another one added, "*Some recommendations are not realistic and practical*." These quotes highlight the obstacles that organizations face in implementing audit recommendations, emphasizing the need for feasible and well-supported recommendations.

#### *4.3.4 Theme 3: Benefits of Implementing Audit Recommendations*

Qualitative data also showcases the benefits of implementing audit recommendations, including improved internal controls, reduced risks, and enhanced organizational performance. Respondents note that implementing audit recommendations helps to "*mitigate risk and/or exposure resulting from issues or gaps picked*," "*improve process efficiencies and optimize costs and revenues*," and "*reduce errors during implementation of banking processes*." One respondent state, "*It closes control gaps hence mitigating various risks which might be facing the bank. This will enhance the bank's processes hence boosting the performance of the bank in various aspect*s." These quotes demonstrate the positive outcomes of implementing audit recommendations, emphasizing their importance in organizational improvement.

#### *4.3.5 Theme 4: Need for Collaboration and Support in Implementing Audit Recommendations*

The data emphasizes the importance of collaboration and support from various stakeholders, including management, colleagues, and auditors, in implementing audit recommendations. Respondents note that "*support from my seniors and other stakeholders*" and "c*ollaboration of peers and information sharing*" are essential for successful implementation. Another respondent added that, "*Tone at the top is key and a major factor to implementing audit recommendations*." While another added, "*Having discussions with other departmental colleagues to support in implementation of audit recommendations*." These quotes highlight the need for a collaborative and supportive environment to facilitate the effective implementation of audit recommendations.

## 4.4 Chapter Summary

This chapter presented the analysis of data collected from 32 respondents across 12 commercial banks in Kenya, using both quantitative and qualitative methods.

***Quantitative Findings***

The descriptive statistics revealed that respondents generally held positive attitudes toward audit recommendations (mean = 4.52, SD = 0.42) and perceived moderate levels of behavioral control (mean = 3.57, SD = 0.56). Subjective norms showed relatively lower agreement (mean = 3.11, SD = 0.32), while implementation of audit recommendations had a mean score of 3.89 (SD = 0.70).

Correlation analysis indicated positive and significant relationships between attitudes and implementation ($r = 0.621$, $p < 0.01$), perceived behavioral control and implementation ($r = 0.352$, $p < 0.05$), and subjective norms and implementation ($r = 0.363$, $p < 0.05$).

Regression analysis revealed that attitudes ($B = 0.774$, $p < 0.05$) and perceived behavioral control ($B = 0.020$, $p < 0.05$) were significant predictors of implementation, while subjective norms ($B = 0.225$, $p = 0.586$) were not. Among control variables, employee experience ($B = 0.423$, $p < 0.05$) and organizational position ($B = 0.287$, $p < 0.05$) showed significant positive effects, whereas bank size was not significant. The final regression model explained 41.6% of the variance in implementation ($R^2 = 0.416$, $F = 13.453$, $p < 0.001$).

Diagnostic tests confirmed that the regression assumptions of normality (P-P plot), homoscedasticity (scatterplot), and no multicollinearity (VIF < 10) were satisfied.

***Qualitative Findings***

Thematic analysis of interview data revealed four main themes:

*Importance of organizational culture* **-** A supportive, risk-aware culture facilitates faster and easier implementation of audit recommendations.

*Challenges in implementation* **-** Limited budgets, staffing shortages, resistance to change, poor communication, lack of follow-up, and unrealistic recommendations hinder successful implementation.

*Benefits of implementation* **-** Improved internal controls, reduced risks, enhanced process efficiencies, and optimized costs and revenues.

*Need for collaboration and support* **-** Management support, senior leadership commitment ("tone at the top"), peer collaboration, and information sharing are essential for successful implementation.

The qualitative findings corroborated the quantitative results, particularly emphasizing the importance of perceived behavioral control (theme 1 and 4) and the positive impact of attitudes (theme 3), while also highlighting contextual barriers that the quantitative model did not capture. The next chapter discusses these findings in relation to the theoretical framework and existing literature, presents conclusions, and offers recommendations for banking institutions and future research.

# CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

## 5.1 Introduction

This chapter discussed the findings of the study in relation to the study's objectives and existing literature. The findings are compared with the findings of previous researchers, including the theoretical framework and in particular, the Theory of Planned Behaviour (TPB). The researcher aimed to investigate the predictors influencing the implementation of internal audit recommendations in Kenyan Banks. This study sought to investigate the predictors of implementation of internal audit recommendations within banks in Kenya using the theory of planned behaviour. The specific objectives of the study were to establish the influence of attitude towards implementation of internal audit recommendations on the implementation of internal audit recommendations, to assess the influence of subjective norm on implementation of internal audit recommendations, and to examine the influence of perceived behavioural control on implementation of internal audit recommendations. The study adopted a descriptive cross-sectional survey design in which data was collected using structured questionnaires, as well as semi-structured interviews. The findings of the study established that attitude towards implementation of internal audit recommendations and perceived behavioural control had a significant influence on the implementation of internal audit recommendations within banks in Kenya. Subjective norms, however, did not show a significant relationship with implementation of internal audit recommendations.

## 5.2 Summary of the Findings

The study investigated the predictors influencing the implementation of internal audit recommendations within banks in Kenya using the Theory of Planned Behavior (TPB) as the primary framework. Based on the three specific objectives, the key findings are as follows: First**,** regarding attitudes of management and employees towards implementation of audit recommendations within banks in Kenya, the quantitative analysis revealed a positive and significant relationship ($\beta = 0.774$, $p < 0.05$), indicating that favorable attitudes toward audit recommendations enhance their implementation. This was corroborated qualitatively, with respondents emphasizing that a supportive organizational culture encourages implementation. Second, concerning perceived behavioral control over implementation of audit recommendations in Kenyan banks, the regression results showed a positive and significant effect ($\beta = 0.020$, $p < 0.05$), suggesting that when employees perceive they have the necessary resources, authority, and skills, implementation rates improve. Thematic analysis reinforced this finding, highlighting the importance of management support and employee empowerment. Third**,** analyzing subjective norms affecting implementation of audit recommendations within the Kenyan banking sector, the study found no statistically significant relationship ($\beta = 0.225$, $p = 0.586$), indicating that peer pressure and social expectations do not meaningfully influence implementation behavior in this context. Among the control variables, employee experience ($\beta = 0.423$, $p < 0.05$) and organizational position ($\beta = 0.287$, $p < 0.05$) were significant positive predictors, whereas bank size was not. The final regression model explained 41.6% of the variance in implementation of audit recommendations ($R^2 = 0.416$, $F = 13.453$, $p < 0.001$).

### 5.3. Discussion of the Findings

The finding that attitudes did not significantly predict implementation contrasts with Ajzen (1991) but aligns with studies in regulated environments where structural constraints override behavioural intentions (e.g., Mutiso & Kinyua, 2020). This suggests that TPB's explanatory power may be limited in hierarchical financial institutions where implementation decisions are not solely individual-driven but shaped by systemic constraints.

#### *5.3.1 Attitudes and the implementation of internal audit recommendations*

Attitudes of management and employees have a positive effect on the implementation of internal audit recommendations. internal audit departments are expected to provide recommendations resulting from audits. However, these recommendations are worthless unless they are implemented. Various factors influence the implementation of audit recommendations, with attitudes being a crucial predictor. These attitudes manifest in two ways: the management's attitude towards the audit function and the recommendations; and the staff's attitude towards the audit function and the recommendations (Nooranita & Rahmat, 2017). If management supports internal audits, they will view the recommendations as constructive, thus enhancing their implementation. Conversely, when management sees internal audits as a threat, they regard the recommendations as damaging, which makes them unlikely to implement them. When management believes that the recommendations will improve operations, they will prioritize their implementation. Conversely, if they see the recommendations as irrelevant, they will implement them only superficially or ignore them altogether. On the other hand, the staff's attitude towards the audit function is also important. When staff view internal audits as inquisition, they seek to cover up their mistakes and thus will not implement the recommendations. Instead, they will manipulate records to show that they have implemented the recommendations. When staff believe that the recommendations will improve operations, they will implement them. Otherwise, they will resist implementing them.

The findings of the study revealed that attitudes towards internal audit recommendations significantly influenced the implementation of these recommendations. These findings coincide with the ones of Dain and Rahmat (2017) who focused on the role of attitudes and subjective norms in shaping implementation intentions. Their findings found positive attitudes among stakeholders to improve adherence to audit recommendations. Similar findings were also discovered by Matlala & Uwizeyimana (2020) and while valuable, their research still calls for a deeper investigation into the underlying beliefs and motivations shaping officials' attitudes. Contrastingly, it is safe to conclude that negative attitudes lead to resistance to audit recommendations. This confirms Khelil's (2020) findings which asserted that moral courage and psychological capital significantly determine audit effectiveness.

The current study's findings also reinforced the TBP framework which, according to Ajzen (1991), attitudes towards a certain behaviour determine the intention of an individual to perform that behaviour. This could suggest that when bank employees perceive audit recommendations to be beneficial to overall organizational efficiency, they are more likely to implement these recommendations. From the thematic analysis, findings also revealed that employees having a positive perception of audit recommendations found these recommendations essential for improving organizational compliances and general processes. There was an emphasis that a supportive and risk-aware culture encouraged the implementation of audit findings, ultimately leading to conclusion that a positive organizational culture is essential for effective audit recommendation implementation. Findings also revealed that often, resistance comes from unclear communication or even the lack of awareness of the benefits of internal audits.

### *5.3.2 Subjective norms and the implementation of internal audit recommendations*

The results of regression analysis indicate that subjective norms among management and employees as stakeholders have no significant effect on the implementation of audit recommendations, which contradicted most of previous research. Previous research argued that if management and employees perceive that all stakeholders consider that audit recommendations should be implemented or are under pressure to implement audit recommendations, they will be more likely to implement those recommendations (Alzeban & Sawan, 2015; Matlala & Uwizeyimana, 2020). The argument in previous research was that in the context of social systems, management may feel that there is pressure from the board of directors or the shareholders to implement internal audit recommendations. Employees may have the same sense of pressure as they think that the implementation of internal audit recommendations is part of their obligation in accordance with the applicable regulations and company policies. This view, however, is not supported by the findings of the current study.

The findings of the study, as indicated, revealed subjective norms did not have a statistically significant impact on the implementation of internal audit recommendations. Contextually, this could mean that the perceived expectations of the employees' peers or simply their behaviours might not be as influential as expected. Such findings reveal a contradiction with the findings of several researchers such as Musah et al. (2018) which underscored the crucial role of management support, independence, and auditor competence in shaping internal audit effectiveness, highlighting the impact of social norms. A similar deviation is also noted in the findings of Christensen (2022) who emphasized that management support and stakeholder expectations generate a normative environment favourable for the implementation of internal audit recommendations.

Several reasons could have influenced this outcome. For instance, it can be argued that the featured banking institutions, employees view the implementation of internal audit recommendations as a technical task instead of an organizational task. In such a case, professional expertise, perceptions of control and personal attitudes are more decisive factors that the expectations of supervisors or colleagues. Additionally, another possible reason could be that employees might be more focused on internal factors such as the clarity of these recommendations or their ability to execute tasks, instead of focusing on what others think or external societal pressures (Jancsics, Espinosa, & Carlos, 2023). Findings from the thematic analysis revealed that employees indeed acknowledged the influence of management, however, their motivation to act on internal audit recommendations depended more on organizational policies and personal beliefs instead of societal behaviours. It was evidenced that while top management employees set expectations, employees are often perceiving internal audit recommendations as compliance-driven and not performance-improving.

Furthermore, it can be argued that best practices in the industry and peer influence could influence the implementation of internal audit recommendations. Competitive pressures in the banking sector to maintain a positive record of compliance could be an informal driver for adherence to the recommendations, aligning with the findings of Zinca (2016) who placed emphasis on the shifting expectations of internal audit functions in a banking institution.

#### *5.3.3 Perceived behavioural control and the implementation of internal audit recommendations*

Regarding perceived behavioural control, banks management has good control to have audit recommendations implemented. This may be because management of banks ensure implementation of audit recommendations in view of the possible consequences of failure to implement audit recommendations (Matlala & Uwizeyimana, 2020). Likewise, employees of banks believe they have good control over implementing audit recommendations as the findings of the current study established. This may be due to the fact that internal audit recommendations are implemented in practice unless there are some limitations or hindrances in the implementation (Ajzen, 2020). Despite this, there are some concerns with regard to employees' control in implementing audit recommendations especially where such recommendations would incur additional expenses to the unit or department in question.

The study's findings revealed a positive relationship between perceived behavioural control and the implementation of internal audit recommendations. This aligned with the results of Suleiman et al. (2021) who revealed that individual perceptions of ability and available resources significantly impacted effectiveness. Similar findings were also revealed by Alzeban & Sawan (2015) who discovered that CIAs' perceptions of control over implementing recommendations were shaped by AC characteristics. When the AC is perceived as strong, CIAs might feel more in control, leading to positive implementation perceptions and potentially impacting their intentions and effort. The TPB claims that individuals who perceive a sense of control over a certain behaviour are more likely to take part in that behaviour; the findings of this study support this since they suggest that employees believing in their possession of autonomy, skills and necessary resources to carry out audit recommendations are more than likely going to follow through on them. In this case, banking institutions could provide more comprehensive training, improve resource allocation and strengthen support structures, further improving the perceived sense of control of the employees and gradually improving the implementation of internal audit recommendations.

The thematic analysis reiterated the importance of employees perceiving a sense of control. There were mentions of several key challenges hindering the successful implementation of the audit recommendations, including limited budget, staffing shortages, pushbacks on change, poor communication, lack of follow-up, poor prioritization of issues and unclear ownership. Moreover, some of the respondents claimed that once the recommendations appeared unclear or not practical, their successful implementation was hindered. There was emphasis on the need for stronger management support to overcome these challenges. Additionally, it was considered important that more realistic and actional recommendations were developed; continuous managerial backing was also mentioned to be crucial in the compliance and successful implementation of internal audit recommendations. The need for improvement was reinforced by the benefits listed from the implementation of audit recommendations, including improved internal controls, reduced risks, and enhanced organizational performance.

Overall, this study revealed that when management and employees possess a positive attitude towards the implementation of audit recommendations and when they perceive themselves as capable of successfully implementing these recommendations, they are more than likely to increase the rate of implementation. However, contrary to popular expectation, the behaviours of their colleagues and peers or simply the influence of societal pressures does not significantly impact the implementation of audit recommendations.

#### *5.3.4. Control Variables*

The regression analysis reveals that employee role and experience with internal audits are statistically significant predictors of the implementation of internal audit recommendations, whereas bank size does not show a significant effect. These findings offer important insights into the contextual factors that shape audit implementation behaviour within Kenyan banks. The significance of employee role underscores the importance of hierarchical authority and decision-making power. Individuals in senior or managerial positions are likely to have greater autonomy, access to resources, and accountability, enabling them to act decisively on audit recommendations. This aligns with existing literature suggesting that top-down commitment is essential for effective audit follow-through (Christopher et al., 2009). It suggests that empowering employees at different levels, particularly those in operational roles, may enhance overall implementation rates. Similarly, experience with internal audits positively influences implementation, highlighting the role of familiarity and competence. Employees who have previously participated in audits or engaged in follow-up actions are more likely to understand the importance and practical steps required to implement recommendations. This supports the view that audit experience builds confidence and perceived behavioural control, a key component of the Theory of Planned Behaviour. In contrast, bank size was not a significant predictor, suggesting that structural scale alone does not necessarily translate into better audit implementation. This may imply that internal policies, leadership commitment, and staff engagement are more influential than mere size. Thus, banks, regardless of scale, must focus on cultivating a culture of accountability and audit responsiveness across all organizational levels.

### 5.4 Theoretical Implications

The study has various implications for theory. First, by applying the theory of planned behaviour (TPB), it adds to knowledge on the predictors of the implementation of internal audit recommendations. The results support TPB in explaining the implementation of internal audit recommendations by showing that attitude and perceived behavioural control are significant predictors of the intention to implement internal audit recommendations. The findings also confirm the intention-implementation link in the context of the implementation of internal audit recommendations by showing that intention to implement internal audit recommendations is positively associated with the actual implementation of internal audit recommendations. Internal audit functions play an important role in promoting good governance, accountability, and transparency in public sector institutions because audit functions are expected to be objective, independent, and free from interference. However, there have been concerns over the implementation of internal audit recommendations in public sector institutions despite the increased budgetary allocations to internal audit functions. Therefore, it is interesting to examine the factors influencing the actual implementation of internal audit recommendations within banks in the context of developing countries where research is limited. Second, internal audit recommendations are viewed as planned behaviour, and factors beyond the original TPB are explored. The findings suggest that the professionalism and independence of internal auditors, the credibility of internal audit reports, and the adequacy of resources for the internal audit function significantly influence the attitude toward implementing internal audit recommendations.

### 5.5 Practical Implications

This study examined the factors influencing the implementation of internal audit recommendations in Kenyan banks, using the theory of planned behaviour as the research framework. The analysis, carried out using regression modelling, found that auditors' attitude toward the behaviour and perceived behavioural control significantly predict the intention to implement internal audit recommendations. Further, intention to implement internal audit recommendations was found to have a significant influence on the actual implementation of those recommendations. The study makes a significant contribution to practice by investigating the implementation of internal audit recommendations in a developing country context. It also augments the existing internal audit literature by providing empirical evidence on the intention–behaviour relationship in the context of internal audit recommendations. The study urges banking sector regulators to recognize the potential of internal audit in promoting good governance and risk management in banks by enhancing the effectiveness of the internal audit function. It suggests that internal auditors should be encouraged to develop a positive attitude toward implementing recommendations and to seek external support from top management, audit committees, and external auditors to strengthen social pressure and facilitate the implementation process.

Based on the findings of this study, bank leadership can promote positive attitudes or strengthen behavioural control using the following strategies:

**Promoting Positive Attitudes**

Bank leadership should integrate internal audit outcomes into departmental performance metrics, recognising units that consistently implement recommendations. Positive reinforcement and structured feedback sessions can help shape favourable perceptions of audit recommendations.

**Strengthening Behavioural Control:**

Banks should allocate dedicated resources, time, budget, and staff, to facilitate implementation. Training programs on audit processes can enhance employees' perceived capability to execute recommendations, thereby increasing behavioural control.

**Enhancing Subjective Norms:**

Senior management should openly endorse audit recommendations through formal communication and monitoring mechanisms, signalling organisational expectations and strengthening normative pressure.

## 5.6 Conclusions

The overall purpose of this study was to investigate the predictors of implementation of internal audit recommendations within banks in Kenya using the Theory of Planned Behaviour (TPB) as a framework upon which the independent variables were based. This is in consideration of the fact that implementation of Internal Audit recommendations continues to be a challenge despite concerted efforts on the part of regulators to improve the implementation status. The study takes cognizance of the fact that the current state of the banking industry in Kenya, which is wrought with challenges and malpractices, is indicative of a failure to implement internal audit recommendations. Thus, understanding the predictors of implementation of internal audit recommendations within banks in Kenya is critical. The study established that the attitudes of employees and staff, as well as the perceived behavioural control of management and employees have a positive relationship with the implementation of audit recommendations. The findings of the study suggest that internal audit recommendation implementation is significantly influenced by top management attitude towards internal audit recommendations, external stakeholder pressure, internal audit department's ability and submission of internal Audit reports, and the

Organization's Culture and Structure. The findings imply that internal audit recommendation implementation is influenced by a combination of factors within the consuming organization's context. Additionally, the findings of this study indicate that consideration of the broad organizational context is particularly important in understanding implementation of internal audit recommendations. The size of the bank does not have a significant impact or role in the relationship between the predictors investigated in this study and the implementation of audit recommendations. However, the experience of the relevant employees, as well as their position not have a significant impact or role in the relationship between the predictors investigated in this study and the implementation of audit recommendations.

The findings bear important policy implications by suggesting that Internal Audit recommendation implementation is influenced by regulatory pressure and top management's attitude towards Internal Audit recommendations. To improve the implementation of Internal Audit recommendations, regulators should focus on monitoring top management's commitment to address deficiencies raised in Internal Audit reports. The findings also have significant practical implications as they highlight the importance of auditors' ability to draft internal audit reports submission of reports to management.

The subjective norms predictor of implementation of internal audit recommendations reflects the internal and external pressure on management to implement recommendations arising from the internal audits, and the level of professional ethical judgment by management with regards to the implementation of recommendations arising from the internal audit, although this was found not to be a significant predictor in this study. The perceived behavioural control predictor reflects management judgment on the ability to implement recommendations arising from the internal audit. The desired or expected behaviour sought after by the theory of planned behaviour researchers, which in this case is the implementation of internal audit recommendations, is always affected by a combination of the three factors found in this study.

### 5.7 Recommendations for Banking Institutions

To retain the external users of the internal audit results, it is imperative to include concurring external stakeholders in the governance of the internal audit function. Taking the perspective of internal audit service recipients does not seem to satisfy this need, as the interest of the governance stakeholders is not with how internal audit is used, but with how its results are acted on and the risks that are revealed by it. Seeking to account for the reallocation of internal audit services, the finding emerges that return on internal audit investment is perceived too differently and ambiguously across different stakeholder groups for any one group's perspective to suffice (Njeru, 2017). A hope-based determination to comply with the new regulatory prescriptions might help temporarily, but it is unlikely to change the way compliance is understood and enacted. Legally required control functions will thus be studied as instances of compliance that is tacitly interpreted as instrumentally ensuring adherence to the law. Compliance will be approached as the enactment of a quasi-regulatory construct that establishes rules that constrain agency and shape the contexts and content of governance mechanisms.

## 5.8 Limitations of the Study

Despite its contributions, the current study is not without limitations. First, the study utilized a sample of internal auditors and audit committee members from 38 commercial banks in Kenya only. Hence, future studies should consider a comparative study focusing on different financial sectors in Kenya, such as insurance, Sacco, and micro-finance industries other than banks, to enrich the literature. Similarly, this study was contextualized to the Kenyan banking sector; therefore, the study does not seek to generalize findings to other counties. However, other countries with similar regulatory and socio-economic factors to Kenya would find it useful to replicate this study.

This study did not have access to actual internal audit recommendation documents, as these are confidential governance materials. Findings are based on stakeholder perceptions of implementation rather than objective implementation rates verified through document review. Future research could negotiate access with individual banks under strict confidentiality agreements to correlate perceptual data with actual implementation records.

This study considered three predictors of implementation, namely, attitude; subjective norms; and perceived behavioural control. Other constructs in TPB, such as moral obligation, risk perception, and self-identity, could also be considered in future studies. Additionally, other theories of behavioural implementation, such as the organizational behaviour theory, could supplement the TPB model in future research to gain wider insights into behavioural implementation. Internal auditing is one key regulatory compliance mechanism; therefore, future studies could consider the wider implications of external audit compliance on behavioural implementation.

There was also a very low response rate, which resulted in a small sample size for quantitative research. This could negatively impact the generalizability of the findings of the study. However, in an effort to mitigate this challenge, the researcher utilized both quantitative and qualitative data collection methods to ensure that both methods complement each other.

The regression model's lack of statistically significant predictors suggests that key influencing variables may not have been captured, highlighting the need for broader models incorporating organizational, structural, and environmental factors.

### 5.9. Suggestions for Future Research

Future studies should replicate this investigation using larger samples across multiple financial sectors (insurance, SACCOs, microfinance) to enhance generalizability. Researchers should also examine additional TPB constructs including moral obligation and self-identity, and incorporate objective implementation metrics rather than perceptual measures. Longitudinal designs could establish causal relationships between behavioral predictors and actual implementation outcomes.

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## APPENDICES

### Appendix I: Introduction Letter

Dear Sir/Madam,

My name is Philip Buluma, and I am a Master of Commerce Student at Strathmore University in Kenya. I am writing to you today to introduce my research thesis titled "Assessing the Influence of Management and Employees on the Implementation of Internal Audit Recommendations Within Banks in Kenya" and to kindly request your participation in this important study.

Sound internal audit practices are crucial for banks to ensure financial stability, risk management, and regulatory compliance. While internal audit teams identify and recommend necessary improvements, successful implementation depends heavily on the actions of both management and employees. My research aims to shed light on the various factors influencing the implementation of internal audit recommendations within Kenyan banks, specifically focusing on the roles of management and employees.

Your expertise and experience in the Kenyan banking sector make you an invaluable candidate for this research. Your participation will involve filling in a questionnaire and responding to interview questions. The process will take approximately forty-five minutes, and all your responses will be kept strictly confidential.

By participating in this research, you will contribute to a deeper understanding of a critical issue impacting the Kenyan banking industry. Your insights will help identify key challenges and propose solutions to enhance the effectiveness of internal audit functions, ultimately contributing to stronger risk management and improved financial stability within banks.

I have attached my research thesis for your review, which provides further details about the study objectives, methodology, and expected outcomes. If you are interested in participating, please contact me at Philip.buluma@strathmore.edu or 0724300064 to schedule a mutually convenient time for the interview.

Thank you for your time and consideration. I truly appreciate your potential contribution to this important research endeavour.

Sincerely,

Philip Buluma,

MCOM Student,

Strathmore University

## Appendix II: Data Collection Tool

### Data Collection Questionnaire

**Study Title:** Assessing the Influence of Namagement and Employees on the Implementation of Internal Audit Recommendations within Banks in Kenya

**Theoretical Framework:** Theory of Planned Behaviour

**Research Objectives:**

1. To examine the attitudes of internal audit stakeholders towards the implementation of audit recommendations.
2. To investigate the perceived behavioural control of internal audit stakeholders over the implementation of audit recommendations.
3. To analyze the subjective norms that affect the implementation of audit recommendations.

**Data Collection Method:** Survey

**Target Population:** Internal audit stakeholders within Tier One Banks in Kenya

**Sampling Method:** Stratified random sampling

### Section 1: Demographics

Please indicate your age:

25-34 [ ]
35-44 [ ]
45-54 [ ]
55 and above [ ]

Please indicate your gender:

Male [ ]
Female [ ]

Please indicate your position in the organization:

Please indicate your years of experience in/with internal auditing:

Less than 1 year [ ]
1-3 years [ ]
4-6 years [ ]

7-10 years [ ]
More than 10 years [ ]

**Section 2: Attitudes**

Please indicate your level of agreement with the following statements using the following scale:

1. Strongly agree
2. Agree
3. Neutral
4. Disagree
5. Strongly disagree

a. I believe that audit recommendations are essential for improving the organization's internal controls. [ ]
b. I am committed to implementing audit recommendations to the best of my ability. [ ]
c. I believe that implementing audit recommendations will effectively enhance the organization's performance. [ ]

**Follow-up questions:**

1. What factors motivate you to implement audit recommendations?

2. What are some of the challenges you face in implementing audit recommendations?

3. How do you measure the effectiveness of implemented audit recommendations?

4. How do you think implementing audit recommendations will improve the organization's performance?

## Section 3: Perceived Behavioural Control

Please indicate your level of agreement with the following statements using the following scale:

1. Strongly disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly agree

a. I possess the necessary resources and skills to effectively implement audit recommendations. [ ]
b. I have the authority to make decisions and take actions to implement audit recommendations. [ ]

**Follow-up questions:**

1. Please specify the resources and skills you believe are necessary to implement audit recommendations effectively.

2. Can you describe the resources and skills you have access to that facilitate the implementation of audit recommendations?

3. Do you feel empowered to make decisions regarding the implementation of audit recommendations?

4. What barriers, if any, do you face in exercising your authority to implement audit recommendations?

5. How do you stay informed about changes in policies or procedures that may affect your ability to implement audit recommendations?

6. Have you encountered any instances where your authority was challenged or limited in implementing audit recommendations? If so, how did you address these challenges?

**Section 4: Subjective Norms**

Please indicate your level of agreement with the following statements using the following scale:

1. Strongly disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly agree

a. Most people I work with believe that audit recommendations should be implemented. [ ]
b. The people I respect in the organization value the implementation of audit recommendations. [ ]
c. I feel a sense of obligation or peer pressure to implement audit recommendations. [ ]

**Follow-up questions:**

1. Can you share examples of how your colleagues or peers have encouraged or supported the implementation of audit recommendations?

2. Have you ever observed instances where the implementation of audit recommendations was discouraged or criticized? If so, how did you respond to these situations?

3. How do you think the overall culture of the organization influences the implementation of audit recommendations?

**Section 5: Implementation of Audit Recommendations**

Please indicate the extent to which you agree with the following statements regarding the implementation of audit recommendations in your organization:

1. Strongly disagree
2. Disagree
3. Neutral
4. Agree
5. Strongly agree

1. Audit recommendations are clearly communicated to stakeholders.
[ ]
2. Stakeholders are provided with sufficient resources and support to implement audit recommendations. [ ]
3. There is a clear process for tracking and monitoring the implementation of audit recommendations. [ ]
4. Management is committed to addressing audit findings and implementing recommended improvements. [ ]
5. Audit recommendations are regularly reviewed and updated as needed.
[ ]

**Follow-up questions:**

1. What factors do you believe contribute to the successful implementation of audit recommendations?

2. What challenges do you typically encounter in implementing audit recommendations?

3. What recommendations do you have for improving the implementation of audit recommendations within your organization?

**Section 6: Company Culture**

Please indicate the extent to which you agree with the following statements regarding the Company Culture.

1. To what extent do you believe the bank actively encourages constructive feedback and suggestions? (1 = Strongly Disagree, 5 = Strongly Agree)

2. How aware are employees in the bank of potential risks and vulnerabilities their work may involve? (1 = Not at all aware, 5 = Very aware)

3. How important is adherence to internal audit recommendations within the bank's overall culture? (1 = Not important at all, 5 = Extremely important)

4. In your opinion, what values or beliefs within the bank influence how internal audit recommendations are received and acted upon?

5. Describe any specific examples of how the bank's culture either facilitates or hinders the implementation of internal audit recommendations.

**Section 7: Leadership Style**

Please indicate the extent to which you agree with the following statements regarding the bank's leadership style

1. How effectively do leaders in the bank communicate internal audit findings and recommendations to employees?" (1 = Very poorly, 5 = Very effectively)

2. To what extent do leaders at your level encourage collaboration and teamwork when implementing internal audit recommendations?" (1 = Not at all encouraged, 5 = Strongly encouraged)

3. How supportive are leaders in the bank of providing resources and information necessary for implementing internal audit recommendations?" (1 = Not at all supportive, 5 = Very supportive)

4. Describe any instances where the leadership approach within your department facilitated or hindered the implementation of internal audit recommendations.

5. In your opinion, how could leaders in the bank adapt their style to better support the successful implementation of internal audit recommendations?

**Section 8: Risk Management Practices**

Please indicate the extent to which you agree with the following statements regarding the bank's risk management practice

1. How well-aligned are the bank's existing risk management procedures with the recommendations made by internal audit? (1 = Not at all aligned, 5 = Highly aligned)

2. To what extent do you feel the bank prioritizes addressing internal audit-identified risks within its overall risk management strategy? (1 = Not at all prioritized, 5 = Highly prioritized)

3. How effectively does the bank utilize internal audit findings and recommendations to inform its risk management practices? (1 = Not at all effectively, 5 = Very effectively)

4. Describe any aspects of the bank's current risk management framework that you believe either hinder or support the implementation of internal audit recommendations.

1. In your opinion, what changes could be made to the bank's risk management practices to better integrate and act upon internal audit findings?

## Appendix III: Population Frame

The population frame consisted of all 38 commercial banks licensed by the Central Bank of Kenya (CBK) as at December 31, 2023 (CBK, 2024). The frame was obtained from the CBK Bank Supervision Annual Report 2023 and the Kenya Bankers Association directory (KBA, 2024).

The 38 banks are categorized into three peer groups: large banks (n=7), medium banks (n=11), and small banks (n=20). A complete list of bank names within each peer group is maintained by the CBK and is available at https://www.centralbank.go.ke. From this frame, a convenience sample of 12 banks (4 from each peer group) was selected for data collection.

## Appendix IV: Strathmore University Business School Approval Letter

Strathmore
UNIVERSITY

**16th April 2024**

Mr Buluma Philip,
philip.buluma@strathmore.edu

Dear Mr Buluma,

**RE: Investigating the Predictors of Implementation of Internal Audit Recommendations Within Banks in Kenya: A Theory of Planned Behavior Perspective**

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** research proposal. Your application reference number is **SU-ISERC2172/24.** The approval period is from **16th April 2024 to 15th April 2025.**

This approval is subject to compliance with the following requirements:

i. Only approved documents including (informed consents, study instruments, MTA) will be used.
ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
v. Clearance for the export of biological specimens must be obtained from relevant institutions.
vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) https://research-portal.nacosti.go.ke/ and obtain other clearances needed.

Yours sincerely,

**Mr Ambrose Rachier,**
**Chairperson; SU-ISERC**

STRATHMORE UNIVERSITY INSTITUTIONAL SCIENTIFIC AND ETHICAL REVIEW COMMITTEE
(SU-ISERC)
16-Apr-2024
Email:ethicsreview@strathmore.edu
P.O BOX 59857-00200
NAIROBI-KENYA

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Email admissions@strathmore.edu www.strathmore.edu

## Appendix V: NACOSTI Research License

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: 131225

Date of Issue: 18/April/2024

**RESEARCH LICENSE**

This is to Certify that Mr.. Philip Buluma of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: INVESTIGATING THE PREDICTORS OF IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS WITHIN BANKS IN KENYA: A THEORY OF PLANNED BEHAVIOR PERSPECTIVE for the period ending : 18/April/2025.

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Applicant Identification Number

Director General

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

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See overleaf for conditions

**THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013 (Rev. 2014)**
Legal Notice No. 108: The Science, Technology and Innovation (Research Licensing) Regulations, 2014

**The National Commission for Science, Technology and Innovation**, hereafter referred to as the Commission, was the established under the Science, Technology and Innovation Act 2013 (Revised 2014) herein after referred to as the Act. The objective of the Commission shall be to regulate and assure quality in the science, technology and innovation sector and advise the Government in matters related thereto.

**CONDITIONS OF THE RESEARCH LICENSE**

1. The License is granted subject to provisions of the Constitution of Kenya, the Science, Technology and Innovation Act, and other relevant laws, policies and regulations. Accordingly, the licensee shall adhere to such procedures, standards, code of ethics and guidelines as may be prescribed by regulations made under the Act, or prescribed by provisions of International treaties of which Kenya is a signatory to
2. The research and its related activities as well as outcomes shall be beneficial to the country and shall not in any way;
    i. Endanger national security
    ii. Adversely affect the lives of Kenyans
    iii. Be in contravention of Kenya's international obligations including Biological Weapons Convention (BWC), Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), Chemical, Biological, Radiological and Nuclear (CBRN).
    iv. Result in exploitation of intellectual property rights of communities in Kenya
    v. Adversely affect the environment
    vi. Adversely affect the rights of communities
    vii. Endanger public safety and national cohesion
    viii. Plagiarize someone else's work
3. The License is valid for the proposed research, location and specified period.
4. The license any rights thereunder are non-transferable
5. The Commission reserves the right to cancel the research at any time during the research period if in the opinion of the Commission the research is not implemented in conformity with the provisions of the Act or any other written law.
6. The Licensee shall inform the relevant County Director of Education, County Commissioner and County Governor before commencement of the research.
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10. The Licensee shall submit one hard copy, and upload a soft copy of their final report (thesis) onto a platform designated by the Commission within one year of completion of the research.
11. The Commission reserves the right to modify the conditions of the License including cancellation without prior notice.
12. Research, findings and information regarding research systems shall be stored or disseminated, utilized or applied in such a manner as may be prescribed by the Commission from time to time.
13. The Licensee shall disclose to the Commission, the relevant Institutional Scientific and Ethical Review Committee, and the relevant national agencies any inventions and discoveries that are of National strategic importance.
14. The Commission shall have powers to acquire from any person the right in, or to, any scientific innovation, invention or patent of strategic importance to the country.
15. Relevant Institutional Scientific and Ethical Review Committee shall monitor and evaluate the research periodically, and make a report of its findings to the Commission for necessary action.

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