Developing Internal Auditing Value-Adding (IAVA) Model: Unpacking Corporate Governance Mechanisms Pathways to Shareholder Value

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ABSTRACT

Corporate governance research provides inconsistent evidence on whether formal governance mechanisms contribute to shareholder value, suggesting that governance structures may require organisational capabilities that translate oversight into shareholder value-creation. This study develops and empirically validates the Internal Auditing Value-Adding (IAVA) Model that identifies the capability-specific pathways through which individual corporate governance mechanisms contribute to shareholder value. The study adopts a sequential model-development design comprising a PRISMA 2020-guided systematic evidence synthesis, theoretical integration, and theory-driven secondary mediation analysis using Hayes' PROCESS on the survey dataset previously reported by Abudu and Syed (2025).

The findings reveal heterogeneous governance–capability–value pathways. Board composition and diversity, corporate governance committees and board independence exhibit significant direct and total indirect effects on shareholder value, whereas board risk attitude operates through indirect effects only. Risk Management Performance emerges as the strongest and most consistent mediating capability across all governance mechanisms; Compliance Management Performance and Internal Resource Management Performance also consistently transmit governance effects, while Internal Control Systems Performance operates selectively, mediating only the board risk attitude–shareholder value relationship. The study advances governance and internal audit research beyond aggregate mediation by demonstrating that governance–value transmission is capability-specific rather than uniform. The IAVA Model consequently positions internal audit as a governance capability converter through which governance direction and oversight are operationalised into value-creating organisational outcomes.

Keywords: Internal Auditing, Value-Adding; corporate governance; shareholder value; risk management; IAVA Model Principles

INTRODUCTION

Corporate governance research has generated inconsistent evidence on whether formal governance mechanisms create shareholder value. While some studies report positive governance–performance relationships (Puni & Anlesinya, 2020; Danoshana & Ravivathani, 2019), others identify weak, negative or context-dependent effects (Fariha et al., 2022; Coleman & Wu, 2021; Kyere & Ausloos, 2021; Farooq et al., 2022). This empirical inconsistency suggests that governance structures may establish monitoring, direction and accountability without automatically generating value. A board can prescribe risk appetite, approve policies and demand accountability, but value ultimately depends on whether these governance intentions are translated into effective organisational processes. This raises an important but insufficiently resolved question: through which internal organisational capabilities do specific corporate governance mechanisms create shareholder value?

Internal audit is strategically positioned to provide this organisational linkage. The Institute of Internal Auditors (IIA, 2020, 2022) conceptualises internal auditing as an independent and objective activity that adds value and improves organisational operations. Accordingly, internal auditing has evolved beyond a

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predominantly compliance-oriented assurance function towards a broader governance and advisory role supporting risk management, internal control and organisational effectiveness. Empirical research associates effective internal auditing with stronger risk governance, control quality, operational efficiency and governance outcomes (Dzikrullah et al., 2020; Eulerich & Eulerich, 2020; Turetken et al., 2020; Zain et al., 2021). Its contemporary scope encompasses risk assessment, compliance assurance, internal control evaluation and scrutiny of organisational resource use (IIA, 2020; Pickett, 2012; Weekes-Marshall, 2020).

However, existing research frequently treats internal audit performance as an aggregate construct, potentially concealing the distinct capabilities through which governance is operationalised. Different governance mechanisms may activate different internal audit capabilities. Corporate governance committees may operate principally through risk and compliance processes, board independence through assurance and resource discipline, and board risk attitude through a broader configuration of audit capabilities. Treating governance mechanisms and internal audit capabilities as homogeneous constructs may therefore obscure how, and through which specific pathways, governance creates shareholder value. This constitutes the central gap addressed by this study.

This study, therefore, develops the Internal Auditing Value-Adding (IAVA) Model as a governance–capability–value framework. The model conceptualises internal audit performance as four mutually reinforcing but analytically distinct capabilities: Risk Management Performance (RMP), Compliance Management Performance (CMP), Internal Control Systems Performance (ICS), and Internal Resource Management Performance (IRMP). It further disaggregates corporate governance into mechanism-specific pathways and examines whether individual governance mechanisms reach shareholder value through the same or different internal audit capabilities.

The underlying Ghanaian survey dataset was previously analysed by Abudu and Syed (2025) to examine the aggregate mediating role of internal audit performance in the corporate governance–shareholder value relationship. The present study does not claim an independent replication or new-sample validation. Instead, it undertakes a secondary, theory-driven disaggregation that was not the focus of the earlier study by unpacking individual governance mechanisms and tracing their indirect effects through specific internal audit capabilities. The originality of the study therefore resides in model development and capability-specific pathway differentiation rather than replication of the previously established aggregate mediation relationship. Accordingly, the study addresses the following research question: How and through which internal audit capabilities do individual corporate governance mechanisms contribute to shareholder value? Consistent with this question, the study seeks to develop and empirically assess the IAVA Model by identifying the capability-specific pathways through which individual corporate governance mechanisms contribute to shareholder value. The study makes three principal contributions.

First, it develops the IAVA Model as an integrated explanatory framework linking governance mechanisms, internal audit capabilities and shareholder value. Second, it reveals that governance–value transmission is capability-specific rather than uniform, thereby providing a mechanism-based explanation for heterogeneous governance–performance outcomes. Third, by identifying risk management as the most consistent transmission capability while demonstrating the selective role of internal control, the study advances internal audit from an aggregate performance construct towards a governance capability converter through which governance intentions are operationalised into shareholder value.

LITERATURE REVIEW AND THEORETICAL DEVELOPMENT

From governance structures to value-creating capabilities

Corporate governance encompasses structures and processes intended to promote accountability, transparency and alignment between managerial actions and owners' interests (OECD, 2015). Board independence can reduce managerial dominance; specialised governance committees can deepen monitoring; and board risk attitude can determine how uncertainty is interpreted and governed. However, the presence of these mechanisms does not itself reveal the operational process through which they influence value. This distinction between governance form and governance function is central to the IAVA Model. Internal audit provides an operational bridge because it is embedded in organisational processes while maintaining an assurance relationship with the board and audit committee. Strong governance can enhance internal audit independence, mandate, access to information and resources (Alzeban, 2020; Mwape, 2022; Nagy & Cenker, 2021). In turn, internal audit can translate governance expectations into risk assessment, compliance monitoring, control evaluation and resource discipline (Pickett, 2012; Turetken et al., 2020). The key theoretical issue is therefore not simply whether governance affects value, but which internal audit capability carries the effect.

Theoretical foundation of the IAVA Model

Agency Theory explains governance as a response to conflicts and information asymmetry arising from the separation of ownership and control (Jensen & Meckling, 1976). Boards, audit committees and internal audit functions reduce monitoring gaps by scrutinising managerial conduct and improving accountability. This makes Agency Theory the structural foundation of the IAVA Model. Its limitation, however, is that it explains why monitoring arrangements are established more convincingly than how they become operational value. The IAVA Model addresses that implementation gap by positioning internal audit capabilities between governance structures and shareholder value.

The Resource-Based View shifts attention from formal governance structures to firm-specific capabilities. Valuable organisational capabilities can improve performance when they enable the firm to deploy knowledge, routines and resources more effectively. Within the IAVA Model, internal audit is not treated merely as a policing function. Risk management performance, compliance management performance, internal control systems performance and internal resource management performance represent organisational capabilities through which audit internal converts into risk resilience, regulatory discipline, control reliability and resource efficiency. This perspective explains why firms with similar governance structures may create different value. The quality of the internal audit capabilities that operationalise governance may differ.

Dynamic Capabilities Theory emphasises the capacity to sense change, seize opportunities and reconfigure resources in dynamic environments (Teece et al., 1997; Teece, 2007; Helfat & Peteraf, 2009). Internal auditing increasingly operates in environments shaped by digitalisation, cyber risk, changing regulation and Economic, Social and Governance (ESG) expectations (Lois et al., 2020; Ramadhan et al., 2023). Risk assessment, compliance monitoring and control design therefore cannot remain static.

Dynamic Capabilities Theory complements Agency Theory and the Resource-Based View by explaining how internal audit capabilities must be renewed if governance is to continue producing value under changing conditions.

The theoretical tension is therefore productive rather than contradictory. Agency Theory explains the need for governance and monitoring; the Resource-Based View explains how internal audit capability creates value; and Dynamic Capabilities Theory explains how that capability remains relevant as risks and technologies change. The IAVA Model fixes these theories into a sequential logic: governance provides authority and direction, internal audit capabilities operationalise that direction, and adaptive capability sustains the value-creation process. Table 1 below presents the contributions of the theories to IAVA Model.

Table 1: Theories Contribution to IAVA Model

Theory	Primary explanatory role	Limitation addressed by IAVA	IAVA position
Agency Theory	Monitoring, accountability and control	Does not specify the operational value pathway	Governance structure/input
Resource-Based View	Value creation through organisational capabilities	Does not explain which governance structures activate capability	Internal audit capability/mechanism
Dynamic Capabilities	Adaptation and reconfiguration under change	Does not by itself specify governance origin or shareholder endpoint	Capability renewal and sustainability

Evidence synthesis and derivation of internal audit capabilities

The systematic evidence synthesis identified four recurring domains through which internal auditing contributes to organisational value. Risk management was the most prevalent domain, appearing in 80.0% of the reviewed studies; internal control appeared in 70.0%, compliance management in 63.3%, and internal resource management in 55.0%. On the governance side, corporate governance committees appeared in 66.7% of studies, board composition and diversity in 61.7%, board independence in 58.3%, and board risk attitude in 46.7%. These frequencies do not establish causal importance, but they demonstrate that the proposed dimensions recur sufficiently across the literature to justify their inclusion as conceptual building blocks of the IAVA Model. See Table 2 for details.

Table 2: Evidence synthesis and derivation of internal audit capabilities

Dimension	Studies (n)	% of 60	IAVA interpretation
Risk Management Performance (RMP)	48	80	Identification, assessment, mitigation and monitoring of enterprise risk
Internal Control Systems (ICS)	42	70	Assurance over control design, operation, reporting and asset protection
Compliance Management Performance (CMP)	38	63.3	Regulatory, ethical, policy and governance compliance
Internal Resource Management Performance (IRMP)	33	55	Resource discipline, efficiency, allocation and operational improvement

RMP captures the forward-looking audit role in enterprise risk identification, assessment, mitigation and monitoring (Sarens & De Beelde, 2006; Weekes-Marshall, 2020). CMP captures the capacity to support adherence to statutory, regulatory, ethical and internal policy requirements (Egbunike & Egbunike, 2017; Inyang et al., 2021). ICS represents the traditional assurance core of internal audit, including evaluation of controls that protect assets, support reporting reliability and reduce operational vulnerability (Bozkus & Caliyurt, 2018; Lois et al., 2020). IRMP extends internal audit into resource utilisation and operational efficiency, consistent with evidence that internal audit can contribute to organisational efficiency beyond financial compliance (Chen et al., 2020; Postula et al., 2020). See Appendix B for the selected articles.

Empirical Literature and Hypothesis Development

The IAVA Model extends the governance–value literature by moving beyond aggregate relationships and examining how individual governance mechanisms activate specific internal audit capabilities, and how those capabilities subsequently contribute to shareholder value. This distinction is important because prior research shows that governance structures do not produce uniform organisational outcomes. Board and audit committee effects vary with expertise, institutional context, information access and the quality of internal governance processes, while recent evidence also shows that stronger governance practices improve internal audit quality rather than guaranteeing value directly. The IAVA Model therefore combines Agency Theory, the Resource-Based View (RBV) and Dynamic Capabilities Theory to explain a sequential process in which governance provides oversight and authority, internal audit converts these governance inputs into organisational capabilities, and those capabilities create value.

Corporate Governance Mechanisms and Internal Audit Capabilities

Agency Theory suggests that governance mechanisms constrain managerial opportunism and information asymmetry by strengthening monitoring, accountability and independent oversight (Jensen & Meckling, 1976; Fama & Jensen, 1983). However, governance structures differ considerably in how effectively they perform these functions. Research on audit committees, for example, finds that specialised committee expertise and composition can improve firm performance, although particular committee attributes are not uniformly significant (Chaudhry et al., 2020; Abdeljawad et al., 2020). More recent evidence similarly shows that audit committee composition matters as a configuration, while individual attributes such as independence or financial expertise may not always independently improve performance. Evidence regarding board independence is equally contingent: a large meta-analysis finds generally positive effects, but shows that these relationships depend materially on institutional conditions, while more recent emerging-market evidence indicates that governance effects can weaken when other ownership and network structures dominate.

Board composition and diversity constitute an important governance mechanism within the IAVA Model because heterogeneous boards can broaden the knowledge, professional expertise, perspectives and monitoring resources available for governance and assurance activities. Consistent with Resource Dependence Theory, greater diversity in board expertise can expand the informational and advisory resources available to the organisation, while Agency Theory suggests that an appropriately constituted board can strengthen monitoring and challenge managerial decisions. Empirical evidence supports this capability argument, although the performance consequences of board diversity remain mixed. Danso et al. (2024), using 128 public companies across Ghana, Kenya and Nigeria, find that board expertise diversity significantly improves accounting-based performance (ROA), but has no significant effect when performance is measured by Tobin's Q, demonstrating that the value implications of diversity depend partly on the outcome examined. Recent Ghanaian evidence similarly reports heterogeneous effects: Bunyaminu et al. (2025) find that outside directors and gender diversity are negatively associated with market value added, while other governance characteristics produce different effects. Earlier Ghanaian evidence also associates a greater proportion of independent directors with lower firm value, reinforcing the argument that board composition does not automatically translate into value. Importantly for the IAVA Model, the contribution of board composition and diversity may operate through organisational capabilities rather than exclusively through a direct performance effect. Evidence from Ghanaian banks indicates that female representation on audit committees strengthens internal control integrity and internal audit procedures, thereby contributing to financial reporting quality (Musah et al., 2022). More directly, Abudu and Syed (2025) find that board composition and diversity make the strongest contribution among the examined corporate governance dimensions to aggregate internal audit performance, suggesting that diversity of skills, experience and perspectives can strengthen the organisational environment within which internal audit operates.

These inconsistencies suggest that formal governance mechanisms may provide oversight capacity without necessarily producing operational capability. Internal auditing constitutes one mechanism through which governance expectations can be operationalised. Empirical evidence shows that strong governance arrangements, including effective audit committees and appropriate reporting relationships, enhance internal audit quality and increase the likelihood that audit recommendations are implemented (Alzeban, 2020; Boutrik et al., 2021; Thiéry et al., 2023). Consistent with RBV, the IAVA Model therefore treats Risk Management Performance (RMP), Compliance Management Performance (CMP), Internal Control Systems Performance (ICS) and Internal Resource Management Performance (IRMP) as organisational capabilities through which governance is translated into action. Because individual governance mechanisms differ in authority, expertise, independence and risk orientation, they are expected to exhibit distinct relationships with these capabilities.

Internal Audit Capabilities and Shareholder Value

RBV shifts the focus from governance structures to the organisational capabilities through which firms protect and create value (Barney, 1991). From this perspective, internal audit contributes to shareholder value not simply because an audit function exists, but because it develops capabilities that improve risk identification, compliance discipline, internal control effectiveness and resource utilisation. Dynamic Capabilities Theory extends this logic by arguing that organisational capabilities must be continuously adapted and reconfigured as firms respond to changing regulatory, technological and competitive environments (Teece et al., 1997; Teece, 2007).

Empirical evidence supports the value potential of internal auditing but also shows that this contribution is not uniform. Internal audit quality improves when organisations invest in governance, human capital and communication, while the implementation of internal audit recommendations has been associated with stronger firm performance (Alzeban, 2023; Thiéry et al., 2023). Prior studies also associate effective internal audit with lower compliance costs, stronger controls, risk management and improved organisational performance (Chang et al. 2019 and Turetken et al., 2020). Similarly, Kaawaase et al. (2021) and Oppong et al. (2024) found that internal audit quality is significantly associated with financial reporting quality, while governance attributes produce heterogeneous effects, with board expertise and board role performance being significant but board independence remaining insignificant. However, different internal audit activities need not create equal economic benefits. Risk management may protect value by anticipating strategic exposures; compliance capability can reduce regulatory and reputational losses; internal controls safeguard assets and information reliability; and internal resource management can improve efficiency and allocation. The IAVA Model therefore rejects the treatment of IAP as a homogeneous construct and proposes that its four capabilities may contribute differently to shareholder value.

Corporate Governance Mechanisms and Shareholders' Value

The relationship between corporate governance mechanisms and shareholder value remains empirically contested. Agency Theory predicts that effective boards and governance committees should reduce managerial opportunism, information asymmetry and agency costs, thereby protecting shareholder interests (Jensen & Meckling, 1976; Fama & Jensen, 1983). Consistent with this expectation, several studies report positive associations between governance characteristics and firm performance or value (Puni & Anlesinya, 2020; Danoshana & Ravivathani, 2019). However, other studies report insignificant, negative or context-dependent effects, particularly for board independence, composition and diversity (Fariha et al., 2022; Konak, 2023; Agyemang Badu & Nyarko Assabil, 2022; Danso et al., 2024). Danso et al. (2024), for example, find that board expertise diversity improves accounting-based performance but has no significant effect on Tobin's Q, suggesting that governance attributes do not translate uniformly into shareholder value.

This empirical inconsistency challenges the implicit assumption that the existence of sound governance structures automatically generates value. Governance mechanisms may strengthen oversight, accountability and strategic direction without necessarily providing the organisational capabilities required to translate these functions into operational outcomes. This distinction is particularly relevant to Board Composition and Diversity, Corporate Governance Committees, Board Independence, and Board Risk Attitude. While BCD can broaden expertise and perspectives, CGC can intensify specialised oversight, BOI can strengthen objective monitoring, and BRA can establish organisational risk orientation, their value implications ultimately depend on whether these governance attributes produce effective organisational responses.

The IAVA Model addresses this unresolved governance–value tension by distinguishing governance architecture from governance operationalisation. It proposes that governance mechanisms establish direction, authority and oversight, while internal audit capabilities translate these governance intentions into risk management, compliance, internal control and resource-management outcomes. Consequently, inconsistent CGM–SV findings may arise partly because conventional direct-effect models overlook the organisational capabilities through which governance becomes economically consequential. This provides the basis for examining internal audit capabilities as the transmission mechanisms linking individual corporate governance mechanisms to shareholder value.

The Mediating Role of Internal Audit Capabilities

The central proposition of the IAVA Model concerns how governance structures are translated into shareholder value. Agency Theory explains the monitoring and accountability rationale for boards and governance committees, particularly their role in mitigating agency conflicts and information asymmetry (Jensen & Meckling, 1976; Fama & Jensen, 1983; Shleifer & Vishny, 1997). However, the theory provides limited explanation of the organisational processes through which governance oversight is converted into operational outcomes. The Resource-Based View (RBV) complements this limitation by explaining how valuable organisational resources and capabilities generate superior performance, although it gives comparatively less attention to the governance arrangements that enable, protect and sustain such capabilities (Wernerfelt, 1984; Barney, 1991). Dynamic Capabilities Theory extends these perspectives by explaining how organisational capabilities are integrated and reconfigured in response to changing competitive, technological and regulatory environments (Teece et al., 1997; Teece, 2007). Integrating these theoretical perspectives, the IAVA Model proposes that governance mechanisms provide strategic direction, oversight and accountability, while internal audit capabilities operationalise these governance intentions through risk management, compliance management, internal control and internal resource management.

Internal auditing research similarly indicates that the value generated by internal audit depends substantially on its interaction with governance structures, particularly audit committee support, organisational independence, management support and the implementation of audit recommendations (Alzeban, 2020; Turetken et al., 2020; Boutrik et al., 2021; Hazaea et al., 2023). More specifically, Abudu and Syed (2025) found that internal audit performance significantly mediates the relationship between corporate governance mechanisms and shareholder value, providing empirical evidence that governance may generate value through the internal audit function.

However, their aggregate treatment of internal audit performance leaves unresolved whether individual governance mechanisms create shareholder value through identical or distinct internal audit capabilities. These findings suggest that the unresolved governance–value relationship may arise partly because governance structures require effective organisational capabilities through which oversight is translated into operational action and ultimately into value.

The IAVA Model addresses this unresolved issue by decomposing the internal audit transmission mechanism rather than treating internal audit performance as a homogeneous capability. It proposes that individual governance mechanisms may create shareholder value through different combinations of Risk Management Performance (RMP), Compliance Management Performance (CMP), Internal Control Systems Performance (ICS), and Internal Resource Management Performance (IRMP). This proposition recognises that specialised governance committees may activate audit capabilities through focused oversight and accountability; board independence may strengthen audit objectivity, authority and protection from managerial interference; while board risk attitude may shape the intensity with which internal audit identifies, evaluates and responds to organisational risks. Therefore, the study hypothesises that:

H1. Internal audit capabilities mediate the relationships between individual corporate governance mechanisms and shareholder value.

CONCEPTUAL FRAMEWORK

Figure 1 below presents the IAVA conceptual framework, which explains how individual corporate governance mechanisms contribute to shareholder value through distinct internal audit capabilities. Unlike the earlier aggregate CGM–IAP–SV specification, the IAVA Model disaggregates corporate governance into Board Composition and Diversity (BCD), Corporate Governance Committees (CGC), Board Independence (BOI), and Board Risk Attitude (BRA), while internal audit performance is decomposed into Risk Management Performance (RMP), Compliance Management Performance (CMP), Internal Control Systems Performance (ICS), and Internal Resource Management Performance (IRMP). Direct governance–value paths are retained because governance mechanisms may contribute to shareholder value independently of internal audit. However, the central proposition of the framework is that governance provides direction, authority and oversight, while internal audit capabilities operationalise these governance intentions into organisational actions that contribute to shareholder value. Importantly, the framework does not assume uniform transmission; rather, different governance mechanisms may activate different combinations of internal audit capabilities. The IAVA Model therefore conceptualises internal audit as a governance capability converter and provides a mechanism-specific explanation of how governance is translated into shareholder value.

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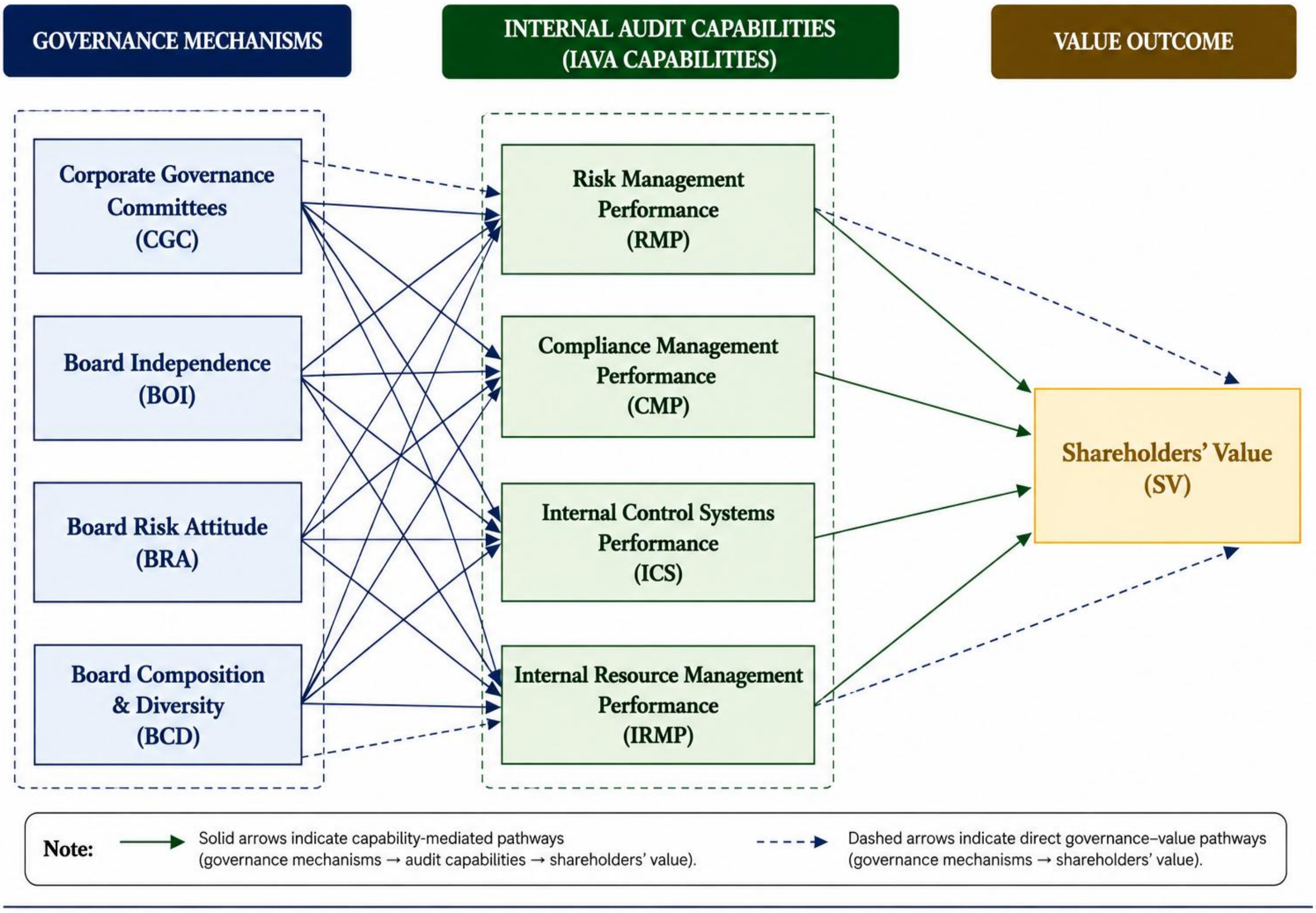

Figure 1. Internal Auditing Value-Adding (IAVA) Model.

METHODOLOGY

Research design

The study adopts a sequential model-development design comprising systematic evidence synthesis, theoretical integration, secondary quantitative assessment. Phase I identifies the recurring internal audit and governance dimensions from the literature. Phase II uses the synthesis and the three-theory foundation to specify the IAVA Model. Phase III conducts a secondary theory-driven analysis of previously collected survey evidence to examine governance-specific audit pathways. Interview evidence is used as contextual explanation rather than as an independently validated qualitative study.

Systematic literature review

The review followed PRISMA 2020 principles to enhance transparency and reproducibility (Page et al., 2021). Peer-reviewed English-language articles published between 2010 and 2024 were searched across Scopus, ScienceDirect, Web of Science, Emerald Insight, Wiley Online Library, Taylor & Francis and Springer using combinations of terms including 'internal audit', 'corporate governance', 'shareholder value', 'risk management', 'compliance', 'internal control', 'resource optimisation', 'ESG' and 'value-adding internal audit'. Non-peer-reviewed material, conference proceedings, grey literature and theses/dissertations were excluded from the final review corpus. The search identified 500 records. Before screening, 35 duplicate records and 20 records removed for other predefined reasons were excluded, leaving 445 records for title and abstract screening. Of these, 345 were excluded, and 100 reports were sought for retrieval. Thirty-eight (38) reports could not be retrieved, leaving 62 reports for full-text eligibility assessment. Following full-text assessment, 2 articles were excluded for failing to meet the predefined eligibility criteria, resulting in a final sample of 60 studies included in the evidence synthesis. Two reviewers independently screened titles/abstracts and full texts, with disagreements resolved through discussion and, where necessary, consultation with a third academic. The

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included studies were coded according to theoretical foundation, geographic setting, governance mechanism, internal audit domain and principal finding.

The final review comprised 60 peer-reviewed studies, which constituted the evidence base for developing the IAVA Model. The characteristics and bibliographic details of all included studies are provided in the supplementary evidence-synthesis table, while studies directly informing specific theoretical and empirical arguments are cited in the main text. The complete study-selection process, reasons for full-text exclusion, and characteristics of the included studies are reported in Appendices A (PRISMA 2020 flow chart) and B (PRISMA 2020 guidelines).

Data provenance and secondary quantitative assessment

The quantitative evidence comes from the Ghanaian listed-company survey dataset previously used by Abudu and Syed (2025). The population comprised 37 firms listed on the Ghana Stock Exchange as at 31 December 2023. Thirty firms were selected through multistage sampling across services, trading and manufacturing sectors. Ten governance- and audit-relevant role holders were targeted in each selected firm, producing 300 distributed questionnaires. The reported response rate of 74.3% corresponds to 223 returned/usable responses. The present paper explicitly treats these observations as secondary data and does not claim an independent replication or new-sample validation. The distinction from the earlier publication is analytical. The earlier study focused on the aggregate relationship CGM → IAP → SV. The present analysis disaggregates governance mechanisms and internal audit capabilities to test whether corporate governance committees, board independence and board risk attitude reach shareholder value through the same or different internal audit pathways. The secondary quantitative analysis was conducted using Hayes' PROCESS macro for mediation analysis (Hayes, 2022). Secondary analysis is appropriate for extending and refining theoretical explanations when existing data are suitable for addressing a distinct research question and their provenance, prior use, and analytical decisions are transparently disclosed (Weston et al., 2019; Kelly et al., 2024).

Construct Operationalisation and Measurement

The secondary analysis disaggregated corporate governance into Corporate Governance Committees (CGC), Board Independence (BOI), and Board Risk Attitude (BRA), while internal audit capability was decomposed into Risk Management Performance (RMP), Compliance Management Performance (CMP), Internal Control Systems Performance (ICS), and Internal Resource Management Performance (IRMP). Shareholders' Value (SV) captured respondents' perceptions of long-term economic value creation. All constructs were measured using five-point Likert scales. Corporate governance measures were adapted from Agyei-Mensah (2018), internal audit measures from Berhe et al. (2016), and perception-based shareholder-value measures from Omran et al. (2008) and Klapper and Love (2004). The instrument was subjected to expert review and pre-testing before the original data collection.

RESULTS

Multicollinearity Statistics and Discriminant Validity Test

Prior to the estimation of the main empirical models, multicollinearity diagnostics were conducted to determine whether excessive correlations among the explanatory variables could adversely affect the stability and reliability of the estimated coefficients. Table 3 depicts the details

Table 3: Multicollinearity Statistics

	IAP				CGM			
Statistic	CMP	ICS	IRMP	RMP	BCD	CGC	BOI	BRA
R^2	0.586	0.516	0.563	0.466	0.309	0.446	0.280	0.269

Tolerance	0.414	0.484	0.437	0.534	0.691	0.554	0.720	0.731
VIF	2.413	2.065	2.288	1.871	1.447	1.806	1.389	1.369

As presented in Table 3, the tolerance values ranged from 0.414 to 0.731, while the corresponding variance inflation factor (VIF) values ranged from 1.369 to 2.413. The lowest tolerance value of 0.414 was recorded for CMP, with a corresponding VIF of 2.413, whereas BRA recorded the highest tolerance value of 0.731 and the lowest VIF of 1.369. These statistics indicate the absence of problematic multicollinearity among the variables. Contemporary methodological guidance suggests that VIF values below 3 generally indicate that collinearity is not a significant concern, while values between 3 and 5 may warrant further attention and values of 5 or above indicate potentially critical collinearity problems (Sarstedt et al., 2022). Since all the VIF values reported in Table 4.3 are substantially below these thresholds, the explanatory variables can be considered sufficiently independent for subsequent multivariate analysis. The reported R^2 values, ranging from 0.269 to 0.586, further indicate that no individual variable is excessively explained by the remaining predictors. Accordingly, the results provide sufficient evidence that multicollinearity is unlikely to distort the parameter estimates or undermine the reliability of the subsequent empirical analysis.

Following the multicollinearity assessment, a discriminant analysis was performed to establish whether the variables adequately differentiate among the identified classes or groups. Discriminant validity was assessed using the Fornell–Larcker criterion by comparing the average variance extracted (AVE) of the multi-item constructs with their squared inter-construct correlations. Table 4 presents the details.

Table 4: Discriminant Validity Assessment Using the Fornell–Larcker Criterion

	CGM	IAP	SV	Mean Communalities (AVE)
CGM	**1**	0.348	0.374	0.577
IAP	0.348	**1**	0.616	0.721
SV	0.374	0.616	**1**	
Mean Communalities (AVE)	0.577	0.721		**0**

The results in Table 4 show that the AVE for corporate governance mechanisms (CGM) was 0.577, which exceeded its squared correlations with internal audit performance (IAP) (0.348) and shareholder value (SV) (0.374). Similarly, the AVE for IAP was 0.721, which was greater than its squared correlations with CGM (0.348) and SV (0.616). These results provide evidence of adequate discriminant validity for the multi-item constructs. Shareholder value was operationalised as a single-item perception-based measure rather than being derived from market-based financial indicators. Consequently, an AVE value was not estimated for SV, since AVE is conventionally assessed for constructs measured with multiple reflective indicators. Accordingly, the discriminant validity assessment for SV was considered in relation to its correlations with the multi-item constructs, while CGM and IAP satisfied the Fornell–Larcker criterion. Overall, the results indicate that the measurement model demonstrates acceptable discriminant validity.

The Table 5 presents the cross-loadings of the manifest variables and provides further evidence regarding the discriminant validity of the measurement model.

Table 5: Cross-loadings (Monofactorial manifest variables)

Variables	CGM	IAP	SV
BCD	**0.761**	0.447	0.495
CGC	**0.846**	0.486	0.535
BOI	**0.717**	0.433	0.434
BRA	**0.706**	0.424	0.380
RMP	0.506	**0.870**	0.665
CMP	0.486	**0.836**	0.619
IRMP	0.497	**0.864**	0.681
ICS	0.512	**0.827**	0.696
SV	0.611	0.785	**1.000**

Discriminant validity based on the cross-loading criterion is established when each indicator exhibits a higher loading on its theoretically assigned construct than on any other construct in the model. The results show that all indicators satisfied this requirement. Specifically, the indicators of corporate governance mechanisms (CGM)—BCD, CGC, BOI and BRA—recorded their highest loadings on CGM, ranging from 0.706 to 0.846, while their cross-loadings on internal audit performance (IAP) and shareholder value (SV) were comparatively lower.

Similarly, the indicators of IAP—RMP, CMP, IRMP and ICS—loaded strongly on their designated construct, with loadings ranging from 0.827 to 0.870, exceeding their respective cross-loadings on CGM and SV. These results indicate that the manifest variables adequately represent their intended constructs and are empirically distinguishable from the other constructs in the model. Shareholder value (SV) was operationalised using a single perception-based indicator and consequently recorded a loading of 1.000 on its own construct.

This loading is inherent in the specification of a single-item construct and should not be interpreted in the same manner as the estimated loadings of multi-item constructs. Nevertheless, its cross-loadings with CGM (0.611) and IAP (0.785) were lower than its loading on SV. The cross-loading results provide additional support for the discriminant validity of the measurement model, particularly for the multi-item constructs CGM and IAP.

Peer-reviewed Journal Article by Continent Evidence synthesis

Given the global relevance of the internal audit function and corporate governance, the articles selected for this research spanned five continents. The goal was to highlight the global perspective of internal audit and corporate governance practices. Figure 2 below presents peer-reviewed journals by continent.

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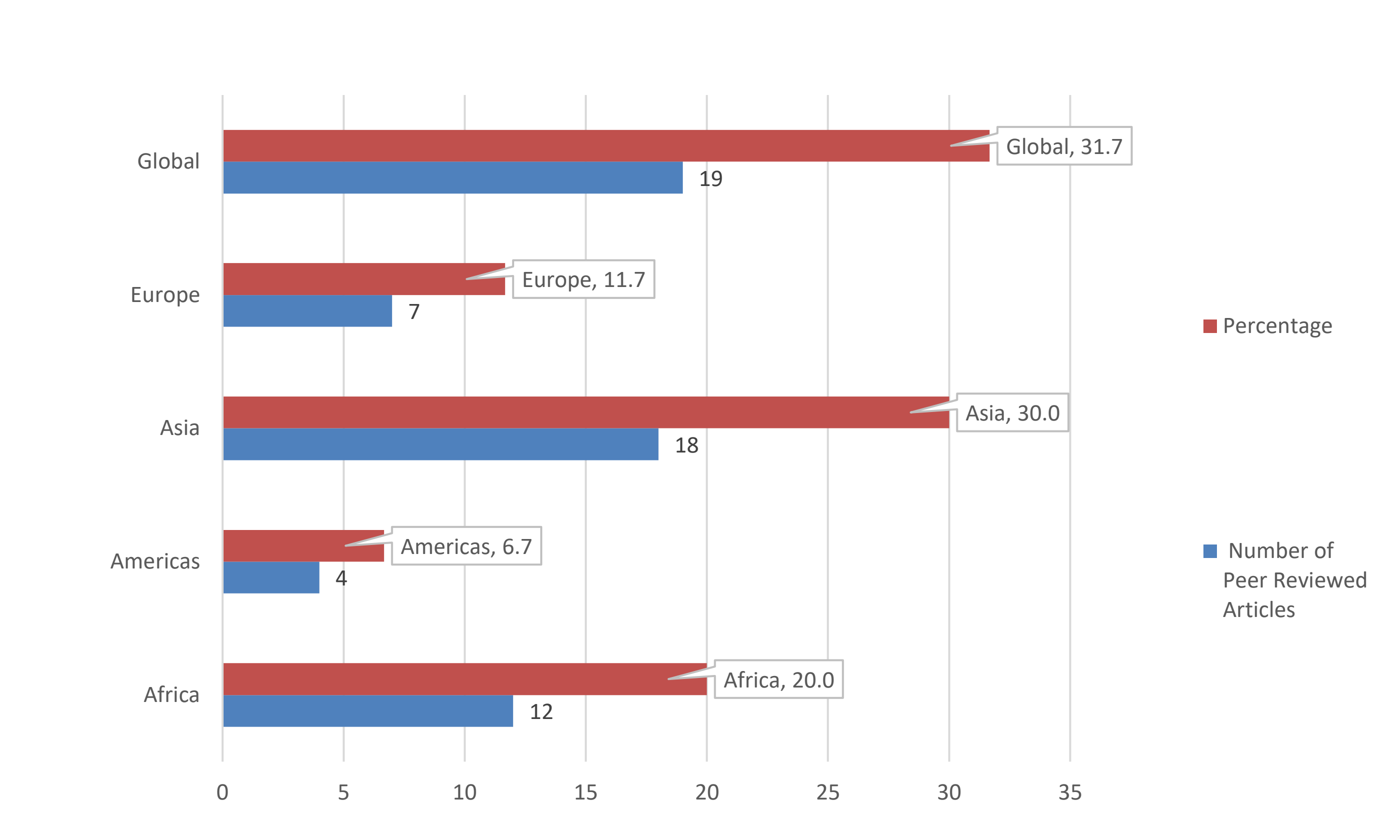

Figure 2: Peer-Reviewed Journal Articles by Continent

An analysis of the peer-reviewed journal articles used in this study, presented in Figure 2, reveals diverse global engagement with the themes of internal auditing, corporate governance, and shareholder value. The articles covered five continents, each contributing to the evolving discourse. The highest share of articles, 31.7% originated from studies with a global or cross-continental perspective, underscoring the worldwide significance of internal audit and corporate governance in shaping shareholder value. This strong global representation reflects the increasing linkage of corporate governance principles. The global emphasis suggests that corporate governance reforms and internal audit practices are being scrutinised through a standard lens, despite jurisdictional variations. This reinforces the importance of building an internal audit value-adding model (IAVA) that is adaptable across a range of regulatory settings.

Asia emerged as the second-largest contributor, accounting for 30% of the articles. This highlights a growing regional interest in corporate governance architectures, especially in developing economies such as China, India, Malaysia, and the Gulf states. These economies are undergoing rapid industrial and capital-market transformations, compelling regulators and academics to interrogate the roles of internal audit and corporate governance mechanisms in improving firm performance. The surge in research from Asia may be attributed to efforts to align with international governance codes (ECD principles), rising shareholder expectations and institutional investor pressure, and public demand for better risk management.

Africa accounts for 20% of the included articles, signalling a resurgent scholarly interest in improving corporate governance practices in developing countries. Many studies focus on institutional weaknesses, audit committee independence, and the capacity of internal auditors to ensure accountability in both the public and private sectors. Africa's contribution reflects both challenges and aspirations. While weak institutions remain a concern, the growing interest in governance reform represents a shift toward transparency and performance-driven oversight. The African context plays a key role in validating how internal audit functions can transition from compliance-focused roles toward strategic enablers of shareholder value, a key pillar of the IAVA model.

European studies comprised 11.7% of the total articles. Despite a relatively lower volume, European contributions offer a deep understanding, especially given the region's mature legal and institutional frameworks for corporate governance. European literature typically examines audit quality, board diversity,

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and regulatory effectiveness within frameworks such as the EU Audit Reform Directive and national codes. The lower proportion may reflect saturation in governance research or a shift toward multidisciplinary strategies such as sustainability and ESG within corporate governance studies. European studies provide a benchmark for global best practices.

Only 6.7% of the reviewed articles came from the Americas, including North America, South America, and the Caribbean. This lower representation is surprising given the longstanding prominence of corporate governance research in the U.S. and Canada. Much of the U.S research may now be diffused across ESG, audit analytics, and technological change rather than traditional audit governance. The Americas' relatively small representation may also indicate a disciplinary shift or a database indexing bias, in which region-specific journals are underrepresented in global citation systems. While the Americas' contribution is quantitatively limited in this dataset, its theoretical foundations, particularly agency theory, remain influential globally.

The distribution of articles across continents shows a global recognition of the key significance of internal audit and corporate governance. The diversity of contexts, ranging from mature European institutions to dynamic Asian economies and reform-driven African systems, shows that although corporate governance is universally relevant, its implementation is locally structured. This geographic distribution underscores the IAVA Model's global relevance. Through the inclusion of lessons across geographic regions, the model deals with both basic needs, such as capacity building in Africa and parts of Asia and risk-based audit systems in Europe and global standards. As a result, the IAVA framework can serve as theory-driven tool for aligning internal audit with corporate governance effectiveness and shareholder value creation worldwide.

Governance-specific direct and indirect pathways

The Process Mediation analysis reveals heterogeneous value-transmission patterns across the four governance mechanisms, providing evidence that governance mechanisms do not uniformly create shareholder value through the same internal audit capabilities. Rather, the magnitude and significance of the specific indirect effects vary across Risk Management Performance (RMP), Compliance Management Performance (CMP), Internal Control Systems Performance (ICS), and Internal Resource Management Performance (IRMP). See details in Table 6 below.

Table 6: Governance-specific direct and indirect pathways

Governance mechanism	Direct → SV	RMP indirect	CMP indirect	ICS indirect	IRMP indirect	Total indirect	Mediation pattern
BCD	.176***	.130*	.065*	.042 ns	.082*	.319*	Complementary; selective
CGC	.201***	.117*	.071*	.042 ns	.081*	.311*	Complementary; selective
BOI	.101*	.139*	.068*	.041 ns	.086*	.334*	Complementary; selective
BRA	.076 ns	.109*	.076*	.052*	.084*	.320*	Indirect-only; all capabilities

Note: * indicates a 95% bootstrap confidence interval excluding zero; *** $p < .001$ for the reported direct effect; ns = not significant.

The empirical evidence from Table 6 suggests that Board Composition and Diversity (BCD) has a significant positive direct effect on shareholder value (effect = 0.176, SE = 0.046, t = 3.847, $p < .001$, 95% CI [0.086, 0.267]). Its total indirect effect through the four internal audit capabilities is also significant (effect = 0.319, 95% bootstrap CI [0.228, 0.399]). Among the specific pathways, RMP produces the strongest indirect effect (effect = 0.130, 95% CI [0.056, 0.204]), followed by IRMP (effect = 0.082, 95% CI [0.021, 0.126]) and CMP (effect = 0.065, 95% CI [0.008, 0.188]). In contrast, the ICS pathway is nonsignificant because its confidence interval includes zero (effect = 0.042, 95% CI [−0.008, 0.117]). Thus, BCD exhibits complementary but selective mediation: board diversity contributes directly to shareholder value while additionally operating through risk, resource-management and compliance capabilities. This is in line with (Danso et al., 2024) who argued that directors' career diversity contributes positively to firm performance through monitoring and advisory roles.

Corporate Governance Committees (CGC) similarly have a significant direct effect on shareholder value (effect = 0.201, SE = 0.044, t = 4.562, $p < .001$, 95% CI [0.114, 0.288]) and a significant total indirect effect through internal audit capabilities (effect = 0.311, 95% bootstrap CI [0.257, 0.390]). RMP again represents the strongest specific pathway (effect = 0.117, 95% CI [0.047, 0.197]), followed by IRMP (effect = 0.081, 95% CI [0.021, 0.135]) and CMP (effect = 0.071, 95% CI [0.005, 0.168]). ICS is nonsignificant (effect = 0.042, 95% CI [−0.028, 0.112]). Accordingly, CGC also demonstrates complementary but selective mediation, indicating that specialised governance oversight generates value both directly and through particular internal audit capabilities. These findings are consistent with Alzeban (2020), who demonstrates important interdependencies between audit-committee characteristics, internal audit and firm performance, although the effects differed according to audit-committee and internal-audit characteristics

Board Independence (BOI) has a significant direct relationship with shareholder value (effect = 0.101, SE = 0.047, t = 2.160, p = .032, 95% CI [0.009, 0.193]) and a significant total indirect effect through internal audit capabilities (effect = 0.334, 95% bootstrap CI [0.230, 0.430]). RMP remains the strongest specific mediator (effect = 0.139, 95% CI [0.025, 0.215]), followed by IRMP (effect = 0.086, 95% CI [0.024, 0.167]) and CMP (effect = 0.068, 95% CI [0.002, 0.163]). The ICS pathway is again nonsignificant (effect = 0.041, 95% CI [−0.006, 0.087]). BOI therefore follows essentially the same selective complementary mediation pattern as BCD and CGC. The positive direct relationship is consistent with the Agency Theory expectation that independent oversight constrains managerial opportunism and protects shareholder interests. Empirically, however, evidence remains mixed. For example, Ghanaian evidence has associated a higher proportion of independent directors with lower firm value, while other governance structures have produced positive value effects (Agyemang & Nyarko Assabil, 2022).

Board Risk Attitude (BRA) produces a distinctly different configuration. Its direct effect on shareholder value is nonsignificant (effect = 0.076, SE = 0.048, t = 1.583, p = .115, 95% CI [−0.019, 0.172]), whereas its total indirect effect through internal audit capabilities is significant (effect = 0.320, 95% bootstrap CI [0.233, 0.404]). Unlike the other governance mechanisms, all four capability pathways are significant: RMP (effect = 0.109, 95% CI [0.047, 0.216]), IRMP (effect = 0.084, 95% CI [0.007, 0.151]), CMP (effect = 0.076, 95% CI [0.013, 0.165]), and ICS (effect = 0.052, 95% CI [0.003, 0.116]). BRA therefore exhibits an indirect-only mediation pattern, suggesting that board-level risk orientation requires internal audit capabilities to translate risk intentions into shareholder value.

The disaggregated mediation results reveal substantial heterogeneity across governance mechanisms. Corporate Governance Committees have a significant direct effect on shareholder value ($\beta = 0.201$, SE = 0.044, t = 4.562, $p < .001$, 95% CI [0.114, 0.288]). Their total indirect effect through internal audit capabilities is also significant ($\beta = 0.311$, 95% CI [0.257, 0.390]). RMP is the strongest specific mediator ($\beta = 0.117$), followed by IRMP ($\beta = 0.081$) and CMP ($\beta = 0.071$). ICS is not significant because its interval includes zero ($\beta = 0.042$, 95% CI [-0.028, 0.112]). This pattern is consistent with complementary mediation overall, but not every audit capability carries the committee effect. Board Independence also shows a significant direct relationship with shareholder value ($\beta = 0.101$, SE = 0.047, t = 2.160, p = .032, 95% CI [0.009, 0.193]) and a significant total indirect effect through IAP dimensions ($\beta = 0.334$, 95% CI [0.230, 0.430]). Again, RMP is the strongest pathway ($\beta = 0.139$), followed by IRMP ($\beta = 0.086$) and CMP ($\beta = 0.068$). ICS remains nonsignificant ($\beta = 0.041$, 95% CI [-0.006, 0.087]). The similarity between the CGC and BOI profiles suggests that monitoring-oriented governance mechanisms create value particularly through risk, compliance and resource-management capabilities rather than through internal control alone. Board Risk Attitude produces a different configuration. Its direct effect on shareholder value is nonsignificant ($\beta = 0.076$, SE = 0.048, t =

1.583, p = .115, 95% CI [-0.019, 0.172]), but the total indirect effect through internal audit capabilities is significant (β = 0.320, 95% CI [0.233, 0.404]). All four specific indirect effects are significant: RMP (β = 0.109), IRMP (β = 0.084), CMP (β = 0.076), and ICS (β = 0.052). This is the clearest evidence for the IAVA mechanism because board-level risk orientation does not appear to create shareholder value by itself; it requires internal audit capabilities to convert risk intent into organisational action.

DISCUSSION

The findings provide support for the central proposition of the IAVA Model that corporate governance does not translate into shareholder value through a uniform pathway. Rather, governance mechanisms create value to the extent that they activate specific internal audit capabilities through which oversight is converted into risk management, compliance, control and resource-management outcomes. This helps explain the mixed governance–performance evidence reported in prior studies. While some studies associate stronger governance structures with improved firm performance, others report insignificant or context-dependent effects (Coleman & Wu, 2021; Kyere & Ausloos, 2020; Farooq et al., 2022; Danso et al., 2024). Such inconsistencies may arise because governance research frequently examines structures and outcomes while leaving the organisational transmission mechanism insufficiently specified.

Board Composition and Diversity (BCD), Corporate Governance Committees (CGC), and Board Independence (BOI) each have significant direct effects on shareholder value and significant indirect effects through selected internal audit capabilities. In contrast, Board Risk Attitude (BRA) has no significant direct effect on shareholder value, although its total indirect effect through internal audit capabilities is significant. These findings indicate that governance mechanisms represent potential value-creating architecture, but the extent to which that potential is realised depends on the organisational capabilities through which governance is operationalised. This interpretation extends earlier evidence showing that audit committees influence internal audit performance (Alzeban, 2020), board expertise interacts with internal audit quality in producing reporting outcomes (Kaawaase et al., 2021), and internal auditing contributes to control effectiveness, operational efficiency and risk management (Chang et al., 2019; Chen et al., 2020; Weekes-Marshall, 2020). The IAVA Model brings these previously fragmented relationships together by conceptualising internal audit as the organisational mechanism connecting governance structures with shareholder value.

The results further demonstrate that the governance–audit–value relationship is selective rather than universal. For BCD, CGC and BOI, Risk Management Performance (RMP), Compliance Management Performance (CMP), and Internal Resource Management Performance (IRMP) significantly transmit governance effects to shareholder value, whereas Internal Control Systems Performance (ICS) does not. BRA produces a different configuration: all four capabilities significantly mediate its relationship with shareholder value, despite the absence of a significant direct effect. The BCD finding suggests that diversity of skills, experience and perspectives contributes directly to shareholder value while also strengthening the capabilities through which internal audit manages risk, compliance and organisational resources. This provides a possible explanation for mixed board-diversity findings in previous research. For example, Danso et al. (2024) report that board expertise diversity improves accounting-based performance but not Tobin's Q. The IAVA evidence suggests that diversity may therefore generate value not only directly but also by strengthening organisational capabilities that conventional direct-effect models do not capture.

CGC and BOI display similar selective patterns. Effective governance committees and independent boards strengthen shareholder value directly but also depend substantially on internal audit capabilities. This supports Agency Theory's monitoring argument but also exposes its limitation: formal oversight cannot itself perform risk assessment, ensure regulatory compliance or optimise organisational resources. Governance structures therefore become more economically consequential when they strengthen internal audit's ability to transform monitoring expectations into organisational action. BRA provides the clearest evidence of this mechanism. Its nonsignificant direct effect indicates that a risk-aware board does not create shareholder value merely by articulating risk appetite or tolerance. Value emerges when that orientation is translated into risk assessment, compliance responses, controls and resource decisions. The significant indirect effects through all four audit capabilities therefore support the IAVA distinction between governance intent and governance execution. A particularly important cross-pathway result is the dominance of RMP. RMP is the strongest specific mediator across the governance mechanisms. This suggests that the contemporary value-adding role of internal audit increasingly lies in connecting governance oversight with organisational risk intelligence and response. It is consistent with evidence positioning internal audit as an important contributor to enterprise risk management (Weekes-Marshall, 2020) and with broader arguments that internal auditing must evolve beyond retrospective compliance towards strategic and forward-looking assurance. The nonsignificant ICS pathways for BCD, CGC and BOI are equally informative. They do not imply that internal controls are unimportant. Rather, they indicate that controls do not automatically constitute the principal channel through which every governance mechanism creates incremental shareholder value. Their significance under BRA suggests that controls become particularly value relevant when embedded within a risk-oriented governance context. Thus, the IAVA Model does not assume that every internal audit activity generates value equally; it identifies which capability pathways matter under particular governance mechanisms.

CONCLUSION

This study developed the IAVA Model to explain how corporate governance is translated into shareholder value through distinct internal audit capabilities. The findings demonstrate that governance mechanisms do not create value through a uniform pathway; rather, their effects depend on the specific internal audit capabilities they activate. Risk management emerged as the most consistent value-transmitting capability, while the varying effects of compliance, internal control and resource management demonstrate that governance–value pathways are capability-specific. This study, therefore, establishes a clear governance–capability–value logic. Corporate governance provides organisational direction, authority and oversight, while internal audit capabilities operationalise these governance intentions through risk management, compliance management, internal control and resource management. These capability-specific organisational outcomes provide the mechanisms through which governance is translated into shareholder value. It positions internal audit beyond its traditional compliance role as a governance capability converter through which governance intentions are transformed into sustainable shareholder value.

Policy and Practical Implications.

The findings of the IAVA Model have important implications for corporate governance policy and internal audit practice. First, boards and audit committees should move beyond structural compliance towards capability-based governance. Board independence, diversity and specialised committees should be evaluated not only by their existence or composition but also by their ability to strengthen internal audit capabilities in risk management, compliance, internal control and resource management. Particular attention should be given to risk management capability, which emerged as the most consistent pathway through which governance mechanisms contribute to shareholder value. Second, regulators and standard setters should strengthen the position of internal audit within corporate governance frameworks. Governance codes and listing requirements should place greater emphasis on internal audit independence, competence, adequate resourcing, access to governance bodies and the effective implementation of audit recommendations. Regulatory assessment should therefore extend beyond formal governance structures to consider whether those structures generate effective organisational capabilities.

Finally, Chief Internal Audit Executives should reposition internal audit as a governance capability converter rather than predominantly a compliance function. This requires developing competencies in enterprise risk management, regulatory compliance, digital and data analytics, internal controls and strategic resource evaluation. The practical implication of the IAVA Model is therefore clear: effective governance requires not only appropriate structures, but internal audit capabilities capable of translating governance direction and oversight into organisational actions that create sustainable shareholder value.

Principles for Operationalising the IAVA Model

The theoretical and empirical findings of the IAVA Model suggest several principles for its organisational application. These principles are not presented as independently validated prescriptions but as implementation guidelines derived from the model's governance–capability–value logic.

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Principle 1: Integrated governance and strategic alignment

Corporate governance and internal audit should operate as interconnected rather than isolated organisational functions. Governance bodies should provide clear direction, authority and accountability, while internal audit priorities should align with organisational strategy and translate governance expectations into risk, compliance, control and resource-management actions.

Principle 2: Independence, competence and diversity.

Internal audit requires sufficient organisational independence, authority and direct access to appropriate governance bodies to provide objective assurance. This should be complemented by multidisciplinary capabilities encompassing financial, risk, regulatory, technological and sector-specific expertise necessary to respond to increasingly complex governance demands.

Principle 3: Risk-based and capability-focused auditing.

Internal audit resources should be prioritised according to organisational risk exposure and strategic significance. The particularly strong role of Risk Management Performance in the IAVA Model reinforces the importance of risk-based auditing. The organisations should develop audit capabilities according to their specific governance and organisational needs rather than assume that all audit activities create value uniformly.

Principle 4: Stakeholder accountability and transparency.

Internal audit should maintain effective communication with governance bodies and relevant stakeholders, while material audit findings, responses and implementation responsibilities should be communicated transparently. This strengthens accountability and helps ensure that audit priorities remain connected to organisational and shareholder interests.

Principles 5: Continuous improvement and technological adaptability.

Internal audit capabilities should evolve with changes in organisational risks, regulations, technologies and business models. Continuous professional development, benchmarking, data analytics, automation and other appropriate technologies should therefore be integrated into the audit function to strengthen its capacity to identify emerging risks and provide timely, value-relevant assurance and advice.

Contribution and Originality of the Study

The principal contribution of the IAVA Model lies not in establishing that corporate governance or internal auditing affects organisational performance, but in identifying and empirically differentiating the capability-specific pathways through which individual governance mechanisms are translated into shareholder value. The study advances internal audit scholarship by repositioning internal audit from a predominantly compliance-oriented function to a governance capability converter. In this framework, governance provides authority, direction and accountability, while internal audit operationalises these governance intentions through risk management, compliance, internal control and resource-management capabilities that ultimately contribute to shareholder value.

Limitations of the Study

This study has some limitations. First, the quantitative assessment relies on secondary, cross-sectional survey data, which limits causal inference and does not constitute independent validation of the IAVA Model with a new sample. Second, shareholder value is measured using perceptual rather than market-based indicators, which may introduce response bias. Third, the study focuses on listed companies in Ghana, potentially limiting generalisability to other institutional settings. Future research should therefore validate the IAVA Model using independent and longitudinal datasets, objective measures of shareholder value, and cross-country evidence to establish its broader applicability.

Disclosure of interest

The author declares that there are no competing interests or potential conflicts of interest regarding the research, authorship, and publication of this study.

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Institutional Review Board Statement

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APPENDIX A: PRISMA 2020 Flowchart