

# **Operationalising the Resource-Based View Framework: Unveiling Internal Audit as a Strategic Function for Sustainable Value Creation. Empirical Evidence from Listed Companies in Ghana.**

Abudu Dawuda<sup>1</sup> \* and Salman Ahmed Syed <sup>1</sup>

School of Business and Management, Lincoln University College, Malaysia

## **Abstract**

This study examines the strategic role of internal auditors in creating sustainable value through effective internal resource management, utilising the Resource-Based View (RBV) framework. Despite a substantial body of research on internal audit, its strategic roles in internal resource management to drive sustainable value creation remain underexplored, particularly in emerging economies. To address this gap, the study examined 30 listed companies in Ghana using a mixed-methods design. Quantitative data from 300 respondents with a response rate of 74.3% were analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM), while interviews and document reviews provided qualitative insights. The findings revealed that internal auditors significantly enhance sustainable value creation through their roles in human capital development, employee efficiency, process optimisation, asset management, and IT integration. However, their scope remains narrow, with limited attention to succession planning, digital governance, and non-financial domains due to skill gaps and resource constraints. The study concludes that internal auditors can be strategic enablers of competitive advantage if their mandates are expanded. It recommends a broader scope and technical capacity building for internal auditors.

**Keywords:** Internal Audit Function, Strategic Roles, Resource-Based View, Internal Resource Management, Competitive Advantage, Sustainable Value Creation

## **1.0. Introduction**

An organisation's operations are based on its internal resources, such as human, financial, physical, and technological resources. According to Zahra et al. (2021), effective internal resource management ensures organisational performance and sustainability. An organisation needs a competitive edge to maintain viability and generate shareholder value. Both internal and external environments influence business performance and sustainability. However, the resource-based view theory posits that a business's internal resources, such as financial assets, human capital, operational systems, and organisational capabilities, are more critical in achieving competitive advantage and improving business performance (Barney, 1991; Barney, 1996). Resource Dependency Theory supports the Resource-Based View Theory, and it asserts that organisations must adapt their structures and practices to acquire critical resources and maintain stability in an ever-changing and unpredictable environment (Salancik et al., 1978; Pfeffer, 1987; Celtekliligil, 2020; Gyamera et al., 2023). It argues that organisations should focus on internal strengths and weaknesses rather than external factors. According to Jaber et al. (2024), a business's internal resources are strategic tools for achieving a competitive advantage and ensuring business sustainability. From this perspective, it is clear that an organisation's internal resources can be

leveraged to capitalise on the opportunities presented by external environmental factors and mitigate the threats they pose to sustain business operations. This means that effective internal resource management should be the primary focus. Highlights the importance of an effective corporate governance system in managing organisational resources to achieve corporate objectives. The internal audit function is a strategic corporate governance tool to manage an organisation's internal resources effectively.

According to Faiteh and Aasri (2022), internal auditors provide strategic guidance to management in unpredictable business environments and competition. This emphasises the strategic importance of internal audit in an organisation. Due to the complexities and dynamic nature of the business environment, coupled with high stakeholder expectations, the internal audit function has significantly evolved from a traditional compliance and financial integrity role to a strategic value role in resource optimisation, risk management, and corporate governance enhancement (Mihret & Yismaw, 2007). According to Anthony J. Pugliese, President of the Institute of Internal Auditors, the internal audit function must transform now or risk becoming irrelevant by 2035. He added that we must shift current perceptions of internal audit, embrace technology, expand our scope, connect internal audit with strategy and grow our talent pipeline (Internal Audit Foundation, 2024). Lenz et al. (2024) also supported the need for internal auditors to expand their scope of work, enhance risk management, improve resource utilisation and provide value to stakeholders. As organisations face pressure to deliver value to stakeholders in competitive and resource-constrained economies, such as Ghana, there is a need to examine how internal audit functions contribute to strategic resource mobilisation and deployment.

The Resource-Based View (RBV) theory offers a suitable framework for this reassessment by positioning internal auditors not merely as control agents but as contributors to the development and protection of valuable, rare, inimitable, and non-substitutable (VRIN) resources (Barney, 1996). However, despite a substantial body of research on internal audit, its strategic roles in internal resource management to drive sustainable value creation remain underexplored, particularly in emerging economies. No empirical study has systematically examined the internal audit's role in internal resource management through the RBV framework. Most prior studies treat internal audit as a monitoring or assurance mechanism rather than as a driver of competitive advantage. This lack of empirical evidence restricts both theory and practice, leaving firms without clear guidance on how internal auditors can be leveraged to influence internal resource management. Without such insights, companies may continue to underutilise internal audit, missing opportunities to transform it into a strategic enabler of sustainable value creation. Addressing this gap is especially pressing in resource-constrained and competitive economies such as Ghana, where the efficient mobilisation and deployment of internal resources can determine corporate survival and growth. Therefore, this study seeks to investigate the strategic roles of internal auditors in managing internal resources and to establish how these roles contribute to sustainable value creation. It specifically seeks to establish the strategic roles of the internal audit function in managing internal resources to promote sustainable value creation.

This study will add a new perspective by positioning the internal audit function as a strategic organisational resource within the framework of the Resource-Based View (RBV). It explores how internal auditors, through expanded and diverse roles, can influence internal resource

utilisation, capability development, and sustainable value creation. In doing so, the study moves beyond the traditional compliance-focused view of internal auditing and redefines it as a dynamic function central to organisational competitiveness. The proposed conceptual framework serves as both a theoretical and practical guide for organisations seeking to adopt the RBV through internal audit practices. It illustrates how internal audit can be used to assess and improve core resources, including human capital, processes, IT systems, and asset utilisation, that meet the RBV's VRIN (valuable, rare, inimitable, and non-substitutable) criteria.

## **2.0. Literature Review**

### **2.1. Theoretical Framework**

This study is anchored on a multi-theoretical foundation that integrates the Resource-Based View (RBV), Resource Dependence Theory (RDT), Agency Theory, Stewardship Theory, Shareholder Value Theory, and the Dynamic Capabilities Theory (DCT). The RBV is the central lens, conceptualising internal audit not as a compliance mechanism but as a strategic resource that enhances governance effectiveness through the creation and orchestration of valuable, rare, inimitable, and non-substitutable (VRIN) capabilities (Barney, 1991; Barney & Clark, 2007). Within this framing, internal auditors contribute to organisational resilience by strengthening resource stewardship, aligning operational choices with strategic intent, and providing risk-based insights that improve value creation. However, the RBV alone is limited in explaining how internal audit interacts with the external environment, where pressures from regulators, shareholders, and emerging technologies often shape its role. This limitation calls for theoretical extensions.

The RDT complements RBV by emphasising the interdependence between firms and their environments. Whereas RBV highlights the internal audit function as a strategic internal resource, RDT views it as a boundary-spanning mechanism that helps organisations manage resource flows and external dependencies (Salancik & Pfeffer, 1978; Safiullah & Shamsuddin, 2018). Internal auditors support managers in identifying and deploying technologies such as AI, blockchain, and cloud solutions to secure scarce, valuable resources. This dual perspective highlights a theoretical disruption: RBV assumes firms build sustainable advantage from within, but RDT reminds us that internal audit effectiveness is also conditioned by the institutional and technological ecosystems in which firms operate.

Agency and Stewardship theories further complicate this picture by offering contrasting views on managerial behaviour. Agency theory positions internal audit as a monitoring mechanism to mitigate conflicts of interest and reduce agency costs (Jensen & Meckling, 1976), stressing its assurance role in aligning managers' actions with shareholders' interests. By contrast, Stewardship theory assumes managers act as custodians of organisational resources, emphasising trust, accountability, and collaboration (Davis et al., 1997). The tension here reflects different expectations of the internal audit function: is it primarily a watchdog addressing opportunism, or a strategic partner enabling cooperative governance? Recent critiques (Seun et al., 2024) suggest that stewardship assumptions may be overly idealistic in contexts with weak governance enforcement, such as emerging economies. Internal audit, therefore, operates at the intersection of distrust and collaboration, balancing these competing logics in practice.

Shareholder Value Theory introduces another dimension by reinforcing the expectation that internal audit should ultimately enhance shareholder wealth through improved governance, risk management, and performance monitoring (Jensen, 2001; Sukoco et al., 2018). While critics

argue for broader stakeholder inclusivity (Freeman & Phillips, 2001), shareholder primacy remains a dominant corporate logic, particularly in Ghana's listed firms. This creates a practical tension: internal audit is pressured to deliver short-term shareholder value, but sustainable governance requires balancing financial, social, and environmental accountability. The Dynamic Capabilities Theory provides a resolution by reframing internal audit as an adaptive capability that integrates resources, responds to regulatory shifts, and supports organisational agility in times of disruption (Teece et al., 1997; Helfat & Peteraf, 2009). Recent evidence confirms that the internal audit's value-adding role depends on its ability to evolve with ESG expectations, technological transformations, and stakeholder salience (Rakipi & D'Onza, 2024).

In conclusion, these theories do not converge seamlessly but generate useful contradictions and complementarities. RBV and RDT debate whether the internal audit's strategic role originates from internal strengths or external dependencies. Agency and Stewardship theories present opposing assumptions about trust and opportunism, framing internal audit either as a control mechanism or a collaborative partner. Shareholder Value Theory foregrounds economic performance, while the Dynamic Capabilities Theory pushes the discussion towards adaptability and long-term sustainability.

## **2.2 Empirical Literature and Hypothesis Development**

Sustainable value creation (SVC) is defined as an organisation's ability to generate long-term economic, social, and environmental value while maintaining competitiveness (Hart & Zingales, 2017). Unlike shareholder primacy, which prioritises short-term returns, SVC emphasises continuity, resilience, and inclusivity, requiring firms to integrate strategic resource management, innovation, and governance (Barney et al., 2021; Zioło et al., 2023). Recent studies show that optimising internal capabilities, including internal audit's involvement in human capital, IT governance, and asset stewardship, enables resilience and risk mitigation, thereby advancing Sustainable value creation (Khan et al., 2023; Jaber et al., 2024).

The Resource-Based View (RBV) posits that organisational resources, particularly those that are valuable, rare, inimitable, and non-substitutable, serve as the foundation for achieving competitive advantage and sustaining superior performance (Barney, 1991; Wernerfelt, 1984). Among these, human capital is consistently identified as a critical strategic resource. As organisations seek to leverage internal capabilities to outperform competitors, the internal audit function, often seen primarily as a compliance mechanism, is increasingly recognised as a key player in resource optimisation and strategic value creation (Osobajo & Bjeirmi, 2021). Internal auditing, when aligned with broader governance and performance objectives, functions not only as a control mechanism but also as a proactive management tool. Jaber et al. (2024) emphasise that the effectiveness of the internal audit function constitutes a valuable organisational resource that directly contributes to the development of sustainable competitive advantage. This expands the traditional view of internal audit as merely an oversight function and places it at the centre of strategic resource management.

The role of internal auditors in supporting human resource processes is critical. Conducting internal audits on recruitment practices, employee placement, job performance, and professional development supports organisational efficiency and talent optimisation. Abbas et al. (2022) provided empirical evidence that internal audit engagement in employee-related audits enhances

workforce performance, which ultimately improves business outcomes. This role would enhance employees' productivity and commitment, which would be valuable and inimitable, as noted by the Resource-Based View Theory. Therefore, internal auditors must engage in thorough audits of HR policies and practices, including succession planning, ethical behaviour, and employee productivity, to strengthen the firm's human capital. Beyond human resources, the scope of internal auditing should extend to the broader operational architecture of firms. Value chain analysis and business process evaluation, particularly those related to supply chain management, are crucial strategic domains. Bubnovskaya and Vasilenko (2020) highlight the emerging role of internal auditors in evaluating and optimising supply chain operations, ensuring that non-value-adding activities are minimised and core functions are enhanced for better financial and operational outcomes.

Information technology (IT) is another critical domain in which internal auditors must engage. With business processes becoming increasingly digitalised, the role of auditors in evaluating IT infrastructure resilience, cybersecurity protocols, and data governance has become indispensable to sustaining competitive operations. As such, internal auditors can assess IT alignment and systems integrity, which contribute to the firm's capacity to adapt, innovate, and defend its digital assets. This role reflects a non-substitutable and valuable component of the RBV. Lastly, internal auditors play a vital role in asset and investment management, satisfying the requirements of RBV. From auditing fixed asset registers and evaluating depreciation policies to reviewing return on investment and asset security, internal auditors assist companies in ensuring optimal asset utilisation and safeguarding long-term interest value.

Anchored in the theoretical and conceptual framework outlined in this study, we hypothesise that:

*H1: The role of internal auditors in building and protecting organisational competencies is significantly and positively associated with competitive advantage and sustainable value creation.*

*H2: The effectiveness of internal auditors in employee placement, efficiency, and effectiveness roles significantly predicts competitive advantage and sustainable value creation.*

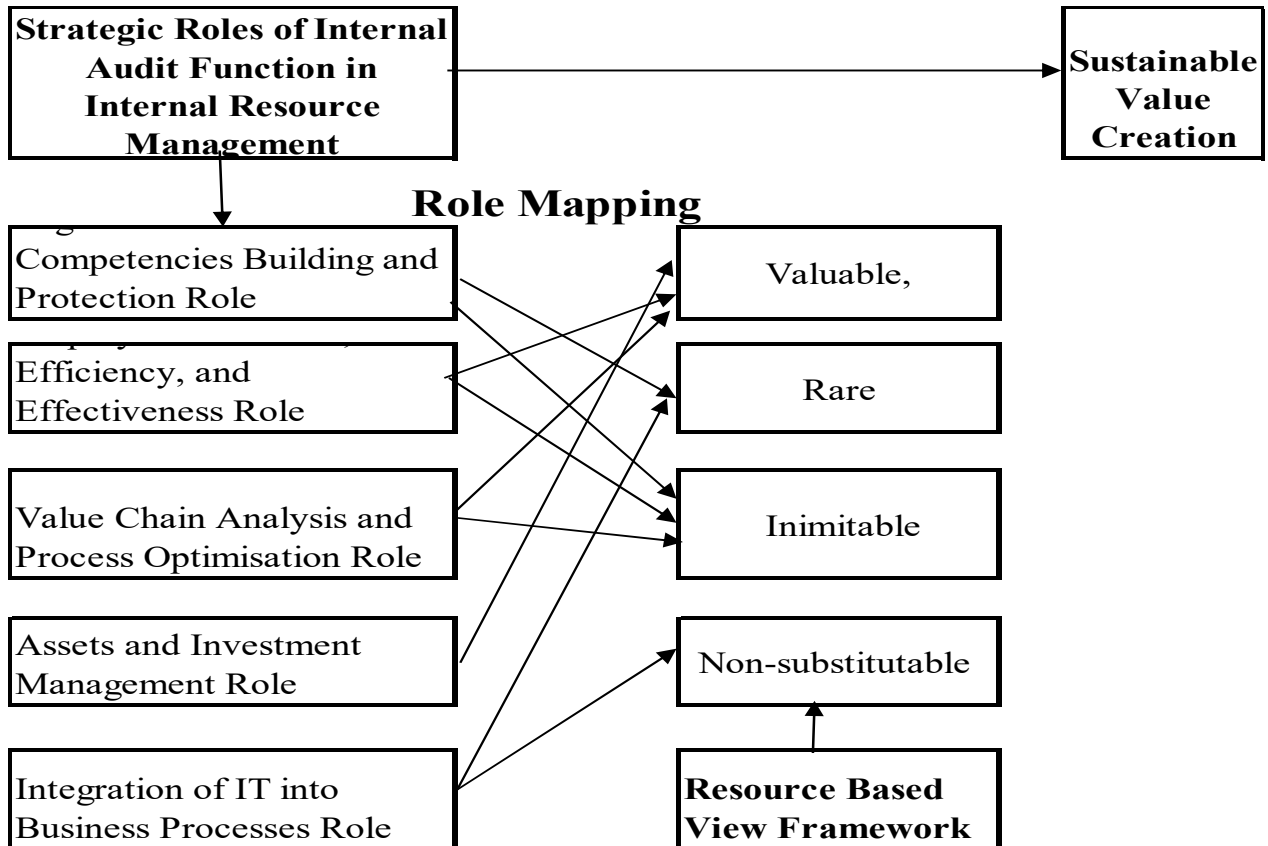
*H3: The involvement of internal auditors in value chain analysis and process optimisation is significantly related to competitive advantage and sustainable value creation.*

*H3: Internal auditors' performance in asset and investment management has a statistically significant positive effect on competitive advantage and sustainable value creation*

*H5: Internal auditors' integration of IT into business processes (IITBPR) significantly and positively contributes to competitive advantage and sustainable value creation.*

### **2.3. Conceptual Framework**

The study's conceptual framework positions the internal audit function as a strategic resource that operationalises the Resource-Based View (RBV) by optimising internal resources to drive competitive advantage and sustainable value creation. Figure 1 depicts the details.



**Figure 1: Conceptual Framework**

**Source (Adapted from Resource-Based View Framework)**

The variables in Figure 1 are defined with the internal audit function serving as the independent variable, conceptualised as a strategic organisational resource within the RBV framework. Internal auditors' roles are multidimensional and align with the VRIN logic of valuable, rare, inimitable, and non-substitutable through five dimensions. The Organisational Competencies Building and Protection Role (OCBPR) captures audits of HR development, succession planning, and ethical behaviour initiatives, reflecting the "rare" and "inimitable" aspects of RBV. The Employee Placement, Efficiency, and Effectiveness Role (EPEER) assesses recruitment and placement audits, role clarity, productivity metrics, and workload distribution, positioning human capital as a valuable and inimitable strategic asset. The Value Chain Analysis and Process Optimisation Role (VCAPMR) involves auditing operational workflows, supply chain activities, and process automation, representing "valuable" and "inimitable" resources that enhance efficiency. The Assets and Investment Management Role (AIMR) includes evaluation of fixed asset registers, depreciation policies, return on investment, and asset security, reflecting the "valuable" dimension of RBV. Finally, the Integration of IT into Business Process Role (IITBPR) involves auditing IT alignment, cybersecurity, infrastructure resilience, and system access controls, positioning IT capabilities as non-substitutable and valuable. Together, these roles frame the internal audit function as a strategic resource that drives competitive advantage and sustainable value creation.

### 3.0. Methodology

This study examines the role of internal auditors as strategic resources that influence internal resource management and sustainable value creation in listed Ghanaian companies, utilising the Resource-Based View (RBV) as its theoretical framework. A convergent parallel mixed-methods design was employed to facilitate both quantitative hypothesis testing and qualitative exploration, thereby strengthening triangulation and ensuring deeper integration with RBV (Creswell & Plano Clark, 2017). Using multistage sampling, 30 of the 37 companies listed on the Ghana Stock Exchange (as of December 2023) were proportionally selected across sectors, and 300 principal officers, including Audit Committee Chairpersons, Chief Internal Auditors, Accountants and Finance Managers, were purposively chosen as respondents. Structured questionnaires captured the quantitative data, while interviews with 10 chief internal auditors and 10 audit committee chairpersons, complemented by a review of audit work plans from 2020 to 2024, provided qualitative insights into resource-related audit practices. Quantitative data were analysed with PLS-SEM in XLSTAT, which is appropriate for complex RBV-based models with reflective and formative constructs (Hair et al., 2021). Qualitative data were thematically analysed using both VRIN-based deductive codes and inductive themes. Questionnaire validity was assured through expert review and a pilot test of 15 respondents, yielding Cronbach's alpha values between 0.787 and 0.865, while several items were adapted from prior studies (Abbas et al., 2022; Jaber, 2024) to enhance construct validity.

The model equation is specified below:

$$SVC = \beta_1 \cdot OCBPR + \beta_2 \cdot EPEER + \beta_3 \cdot VCAPMR + \beta_4 \cdot AIMR + \beta_5 \cdot IITBPR + \varepsilon$$

Where:

Where **SVC** represents Sustainable Value Creation, **OCBPR** is the Organisational Competencies Building and Protection Role, **EPEER** is the Employee Placement, Efficiency, and Effectiveness Role, **VCAPMR** is the Value Chain Analysis and Process Optimisation Role, **AIMR** is the Assets and Investment Management Role, and **IITBPR** is the Integration of IT into Business Processes Role. The coefficients ( $\beta_1$ – $\beta_5$ ) denote the path weights estimated through PLS-SEM, while  $\varepsilon$  captures the error term.

## 4. Results and Discussion.

### 4.1. Descriptive Statistics

Table 1 below presents the descriptive statistics of the study.

**Table 1. Descriptive Statistics of Constructs**

Construct	Mean	Std. Dev	Min	Max	Obs.
OCBPR	2.62	1.31	1	5	223
EPEER	2.7	1.23	1	5	223
VCAPMR	2.63	1.3	1	5	223
AIMR	3.31	1.25	1	5	223

IITBPR	2.56	1.18	1	5	223
SVC (IRM)	3.36	1.13	1	5	223

Statistical evidence from Table 1 revealed that the internal audit function demonstrated varying effectiveness across its strategic roles. In the Organisational Competency Building and Protection Role (OCBPR), mean scores ranged from 2.38 (succession planning) to 2.98 (HR development policies), highlighting moderate coverage but weak attention to succession planning. The Employee Placement, Efficiency, and Effectiveness Role (EPEER) showed a stronger focus on role clarity and workload distribution (means above 3.0) but limited attention to recruitment (2.14). For the Value Chain Analysis and Process Optimisation Role (VCAPMR), supply chain audits scored highest (2.90), whereas process automation remained under-audited (2.55). Asset and Investment Management (AIMR) recorded the strongest performance, with an asset valuation of 3.83, reflecting an emphasis on safeguarding physical assets. In contrast, the Integration of IT into Business Processes Role (IITBPR) revealed high scores for system access controls (3.69) but very low scores for IT alignment (2.10) and cybersecurity (2.12), indicating gaps in proactive IT governance. Overall, Sustainable Value Creation (SVC) averaged 3.36 (SD = 1.13), suggesting a moderate but uneven contribution of internal audit roles to strategic value, consistent with the function's gradual shift from compliance to strategic partnership.

#### 4.2. Measurement Model Assessment

The measurement model was evaluated for reliability, collinearity, and validity. Table 2 presents the details.

**Table 2. Measurement Model Summary**

Construct	Cronbach's $\alpha$	CR	AVE	Remark
OCBPR	0.72	0.84	0.55	Acceptable
EPEER	0.78	0.86	0.47	Acceptable
VCAPMR	0.72	0.85	0.62	Good
AIMR	0.72	0.83	0.53	Good
IITBPR	0.49	0.72	0.38	Weak

From Table 2, Cronbach's alpha and Dillon-Goldstein's rho values exceeded the 0.70 threshold for OCBPR, EPEER, VCAPMR, and AIMR, confirming internal consistency, though IITBPR showed weak reliability ( $\alpha = 0.496$ ). Multicollinearity tests indicated acceptable thresholds overall. Convergent validity was confirmed, as the average variance extracted (AVE) values were satisfactory for all constructs except IITBPR. In contrast, discriminant validity was established, as each construct's AVE exceeded its squared correlation. Cross-loading analysis further confirmed that all indicators loaded more strongly on their intended constructs than on non-target constructs, supporting discriminant validity. We also assessed the explanatory power of the model as depicted in Table 3 below.

#### Tale 3: Model Explanatory Power

$R^2$  (SVC / 1):



R <sup>2</sup>	R <sup>2</sup> (Bootstrap)	Standard error	Critical ratio (CR)	Lower bound (95%)	Upper bound (95%)
0.365	0.429	0.081	4.521	0.277	0.599

The five internal audit roles collectively explained 36.5% of the variance in Sustainable Value Creation ( $R^2 = 0.365$ ) as depicted in Table 3 above. The bootstrapped  $R^2$  of 0.429, with a standard error of 0.081 and a critical ratio of 4.521, was statistically significant. The 95% confidence interval (0.277–0.599) confirmed the robustness and predictive strength of the results.

#### 4.3. Structural Model and Hypothesis Testing

The structural model was evaluated using PLS-SEM, and the results are presented in Table 4. All five hypothesised roles of internal auditors demonstrated significant and positive effects on Sustainable Value Creation (SVC), confirming the strategic importance of internal audit functions in corporate governance

**Table 4: Path Coefficients and Hypothesis Testing**

Latent Variable (Audit Role)	Path Coefficient ( $\beta$ )	Standard Error	Critical Ratio (t-value)	95% CI Lower	95% CI Upper	Significance Level (p-value)
OCBPR	0.157	0.016	9.933	0.134	0.2	***
EPEER	0.141	0.018	8.007	0.114	0.187	***
VCAPMR	0.139	0.018	7.616	0.109	0.189	***
AIMR	0.144	0.019	7.414	0.113	0.19	***
IITBPR	0.105	0.017	6.118	0.081	0.158	***

Note: \*\*\*  $p < 0.001$ ; \*\*  $p < 0.01$ ; \*  $p < 0.05$ .

H1 predicted that the role of internal auditors in building and protecting organisational competencies (OCBPR) is significantly associated with sustainable value creation. The results in Table 4 provide strong support for this hypothesis ( $\beta = 0.157$ ,  $t = 9.933$ ,  $p < 0.001$ ; 95%  $CI = 0.134$ – $0.200$ ). This outcome aligns with the argument by Jaber et al. (2024) that internal audit plays a central role in shaping workforce capabilities through oversight of succession planning, ethics, and talent development. The statistical evidence supports this hypothesis, and therefore, it is upheld. The implication is that when internal auditors actively assess human capital strategies, they contribute to building rare and inimitable organisational competencies consistent with the VRIN criteria of RBV.

H2 proposed that the effectiveness of internal auditors in employee placement, efficiency, and effectiveness roles (EPEER) significantly predicts sustainable value creation. The results reveal a positive and significant effect ( $\beta = 0.141$ ,  $t = 8.007$ ,  $p < 0.001$ ; 95%  $CI = 0.114$ – $0.187$ ).

This finding reinforces prior empirical evidence by Abbas et al. (2022), who found that internal audit involvement in recruitment practices and employee performance monitoring improves workforce deployment and overall productivity. Therefore, this hypothesis is accepted. Theoretically, it confirms that internal auditors contribute to efficient resource allocation by ensuring clarity of roles and balanced workloads, thus optimising the human resource element of internal capabilities.

H3 stated that the involvement of internal auditors in value chain analysis and process optimisation (VCAPMR) would positively relate to sustainable value creation. The results confirm this ( $\beta = 0.139$ ,  $t = 7.616$ ,  $p < 0.001$ ; 95%  $CI = 0.109$ – $0.189$ ). This result supports Bubnovskaya and Vasilenko's (2020) proposition that the internal audit function is increasingly central to supply chain governance. From an RBV standpoint, process audit activities enhance the organised attribute of firm resources, creating streamlined systems that improve performance and reduce waste.

H4 predicted that internal auditors' performance in asset and investment management (AIMR) has a significant positive effect on sustainable value creation. This hypothesis is supported ( $\beta = 0.144$ ,  $t = 7.414$ ,  $p < 0.001$ ; 95%  $CI = 0.113$ – $0.190$ ). This finding highlights the critical role of internal audit in safeguarding capital, tracking assets, and ensuring ROI, consistent with Gavrikova et al. (2020). This suggests that internal auditors' scrutiny of fixed asset management, depreciation policies, and ROI not only strengthens resource control but also enhances and sustains business value.

H5 proposed that the integration of IT into business processes (IITBPR) by internal auditors positively contributes to sustainable value creation. Although it had the weakest effect among the five, it remained statistically significant ( $\beta = 0.105$ ,  $t = 6.118$ ,  $p < 0.001$ ; 95%  $CI = 0.081$ – $0.158$ ). This result suggests that IT audits, cybersecurity, and infrastructure resilience are emerging but underutilised functions within internal auditing, in line with the findings of Khan et al. (2023), the Internal Audit Foundation (2024), and Lenz et al. (2024). Therefore, H5 is accepted.

Variance decomposition further revealed that OCBPR accounted for the largest share of variance in SVC (26.54%), emphasising its centrality to human capital optimisation and sustainable performance. AIMR ranked second (21.80%), validating asset and investment governance as a critical determinant of value creation. Although IITBPR contributed the least (11.56%), its statistical significance demonstrates the growing importance of digital governance in internal audit, even as gaps in auditor digital skills remain.

#### 4.4. Discussion of Results

The findings from this study provide robust empirical support for the Resource-Based View (RBV), demonstrating the significant strategic impact internal auditors have on sustainable value creation through effective internal resource management. Specifically, each identified internal audit function—Organisational Competency Building and Protection, Employee Placement, Efficiency and Effectiveness, Value Chain Analysis and Process Optimisation, Assets and Investment Management, and IT Integration positively and significantly influences sustainable value creation. These findings not only support hypotheses H1 through H5 but also align closely

with prior research (Abbas et al., 2022; Alexander, 2024; Jaber et al., 2024). Notably, the Organisational Competency Building and Protection Role (OCBPR) emerged as the strongest predictor, underscoring the critical role of human resource management audits in creating rare and inimitable resources, consistent with RBV's VRIN criteria (Barney, 1991). Similarly, the significant roles of asset management (AIMR) and employee efficiency (EPEER) reflect core RBV assertions about optimising internal capabilities to secure competitive advantages (Singhania et al., 2022; Abbas et al., 2022). While the role of IT integration (IITBPR) presented a relatively smaller contribution, its statistical significance highlights an emergent strategic area requiring further capacity building, aligning with Lenz et al. (2024), who advocate for expanded internal audit scopes encompassing digital transformation and cybersecurity.

However, qualitative data from interviews and document analysis reveal a critical misalignment between the internal audit function's potential and its current practice. While participants acknowledged the need for internal audit functions to evolve into more strategic, cross-functional roles, they agreed that, in practice, most internal audit departments continue to operate within a narrow, risk-based audit model. One respondent noted that: *"The internal audit function's focus remains heavily skewed towards traditional financial audits, particularly in areas such as cash management, procurement, and contract reviews, while giving limited attention to critical non-financial domains, including IT, human resource practices, and productivity optimisation"*. To appreciate this view, most (14), representing 65% of the respondents interviewed, expressed that a lack of technical expertise among internal auditors limits their ability to ensure value in production processes, value chain optimisation, and other non-traditional areas such as IT integration, human capital development and performance analytics. Another respondent explained that management did not see the need for the internal audit function to cover technical areas and, as a result, was not supporting them with resources and training to prepare for such audits.

This narrow operational scope is a significant barrier to realising the strategic potential of internal auditing, and it limits its contribution to sustainable value creation. This limitation restricts their ability to fully leverage RBV-driven strategic roles, suggesting the necessity for substantial capacity building and mandate expansion to enhance their strategic relevance (Internal Audit Foundation, 2024). Expanding the scope of work of the internal audit function to cover strategic areas, including Environment, Social and Governance (ESG), requires Audit Committee and management readiness to support the process (Rakipi & D'Onza, 2024). The RBV emphasises that for internal resources to be strategic, they must be not only valuable but also organised and fully exploited. The lack of audit attention to broader strategic areas suggests a failure to fully mobilise internal auditors as organisational resources capable of contributing to sustained value creation. This reinforces the RBV perspective that resource-based advantage requires not just the presence of strategic resources, but the firm's ability to organise and utilise them effectively. Both structural limitations and knowledge deficits currently constrain the internal audit's role in this process. These findings align with prior empirical work, including Faiteh and Aasri (2022) and Lenz et al. (2024), which advocate for transforming internal audit functions into proactive, value-adding units capable of responding to dynamic organisational and environmental challenges. In essence, the internal audit function must move beyond its compliance-centric identity and reframe itself as a strategic partner in resource optimisation and governance innovation.

The regulatory frameworks, governance practices, and internal audit standards prevalent in Ghana reflect those found in several African countries and other emerging economies, thus indicating potential broader relevance. However, institutional diversity across African nations, such as differences in regulatory practice, market maturity, and technological infrastructure, may affect the precise applicability of these findings. Therefore, comparative studies are essential to

verify and refine the relevance of these findings across diverse African and other emerging markets.

### **5.0. Conclusions**

This study shows that internal audit functions in Ghanaian listed companies are transitioning from traditional compliance toward strategic roles in resource optimisation and sustainable value creation. Strong contributions were observed in asset and investment management, reflecting the enduring focus on safeguarding financial and physical resources. However, limited engagement in succession planning, recruitment auditing, process automation, and IT-business alignment highlights an uneven scope, with many audit functions still rooted in conventional practices. The evidence confirms that organisations with broader audit coverage across human capital, operations, and IT governance are more likely to leverage internal audit as a driver of competitive advantage. Framed within the Resource-Based View (RBV), internal auditors emerge as strategic resources capable of organising and mobilising valuable, rare, inimitable, and non-substitutable (VRIN) capabilities. To fully unlock this potential, companies must reposition internal audit beyond financial oversight toward roles that support innovation, operational efficiency, and human capital development, thereby enhancing their long-term competitiveness and sustainability.

### **6.0. Practical and Policy Recommendations**

To strengthen the strategic role of internal audit in resource management, boards and executives should broaden audit mandates beyond financial compliance to include operational, technological, and human capital functions. Capacity building is essential, with multidisciplinary teams equipped in IT governance, supply chain, HR, and data analytics, supported by continuous professional development. The internal audit scope should further extend to non-traditional areas, such as HR development, IT resilience, productivity, and value chain efficiency, consistent with the Resource-Based View (RBV) principles. Regulators and professional bodies must also update standards and benchmarks to recognise and reinforce the strategic contribution of internal auditors. Finally, regulatory and institutional support is necessary, with regulators and professional bodies updating guidelines to recognise the strategic role of internal auditors in resource management, including redefining audit standards and performance benchmarks.

### **7.0. Contribution of the Study**

This study contributes to the redefinition of internal audit as a strategic organisational resource within the Resource-Based View (RBV) rather than solely as a compliance tool. It empirically demonstrates how internal auditors enhance the VRIN attributes of resources, thereby advancing RBV theory and broadening audit research into sustainable value creation. Evidence from Ghana provides a framework for strengthening internal audit in emerging economies while offering insights for developed markets facing risks such as cybersecurity and digital transformation.

### **8.0. Limitations of the Study**

This study is limited to companies listed on the Ghana Stock Exchange, which, while suitable due to their stronger governance structures, restricts generalisability to unlisted firms, SMEs, and the public sector. The relatively small sample size may also constrain statistical power, though triangulation with interviews, document analysis, and PLS-SEM strengthened validity.

Future studies should extend to other organisational contexts and adopt longitudinal designs to capture how internal audit evolves, particularly in response to digital transformation and ESG pressures.

### 9.0. Disclosure of interest

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

### 10.0. Authors' Contribution Statement

Abudu Dawuda was responsible for conceptualisation, data curation, formal analysis, investigation, development of methodology, project administration, software management, and resource provision. He also prepared the original manuscript draft. Dr. Syed Ahmed Salman supervised the research, validated the findings, contributed to the visualisation of the proposed model, and led the review and editing of the final manuscript. Both authors have read and approved the final version of the manuscript.

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