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Organizational Satisfaction in the 21st-Century Internal Audit Function:
Trends That Impact Internal Audit Departments

By

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A Dissertation Presented to the Faculty
of Jones International University for the Degree of Doctor of Business Administration

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Abstract

The purpose of this study was to identify attributes that relate to job dissatisfaction in the internal audit function. Further, the study attempted to determine the reasons why internal auditors appear to be dissatisfied in their roles. It is important to understand what factors contribute to internal audit employees' dissatisfaction in order to develop employees who are satisfied with their work and feel a level of responsibility in order to eliminate some of the attrition directly related to dissatisfied workers. This study's findings can help internal audit managers identify factors that cause internal auditors to be dissatisfied with their jobs and address those factors in order to change the negative employee satisfaction perception of the internal audit function.

This research study utilized a quantitative survey methodology to understand the correlation between internal auditors' job satisfaction and various other factors—including age, career choice, and inherent turnover in internal audit departments—in an effort to identify the reason for low employee satisfaction among internal auditors. The factors used in the correlation were based on the researcher's experience of working in internal auditing for the past 12 years.

The findings revealed that career choice did not have any significant effect on internal auditor participants' job satisfaction, but age and attrition rate both had significant effects on job satisfaction.

Major limitations of the study involved the lack of prior research in the area of internal audit and job satisfaction as well as the fact that the survey gleaned only a small number of respondents.

Dedication

This work is dedicated to my wonderful children, DJ and Luc, without whose support this work would not have been possible. They are a constant inspiration for everything that I do and all my achievements.

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I would first like to thank Dr. Michael H. McGivern, or Dr. Mike as he likes to be called, my mentor and committee chair. He had the daunting task of inheriting me, or as he calls it, I was a "refugee" after losing most of my original committee members, mentor, and committee chair. Dr. McGivern came along in the final stages of this work and provided the support, feedback, and help needed to see this work to its end. Although it was not always easy, Dr. McGivern worked with me and always thanked me for my work. I always considered it to be a selfless comment, and I smiled every time I read it.

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supported me by babysitting the boys and at times just being encouraging. Last but not least, I would like to thank my parents (Janice and Ira) and my sisters and brothers (Carlesha, Leion, Kelly, Mariah, and Deandre), who all provided some level of support, whether it was words of encouragement, babysitting, or just knowing that they were there if I needed them.

As a single working mother, my quest for a doctoral degree has been an enormous task filled with challenges, and I would not have made it to this point if not for all of your support. I love you and thank you all.

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Chapter I: Introduction

Introduction/Background

In the 21st-century landscape, the internal audit function within organizations has

changed. Prior to the 21st century, internal auditors were seen as more of a police force.

The roots of auditing, in general, were intuitively described by accounting historian

Richard Brown as follows:

> The origin of auditing goes back to times scarcely less remote than that of
> accounting. . . . Whenever the advance of civilization brought about the necessity
> of one man being entrusted to some extent with the property of another, the
> advisability of some kind of check upon the fidelity of the former would become
> apparent. (as cited in Ramamoorti, 2003, p. 62)

As Ramamoorti (2003) noted, the demand for both external and internal auditing was

sourced in the need to have some means of independent verification to reduce record-

keeping errors, asset misappropriation, and fraud within business and non-business

organizations.

Since then, the Institute of Internal Auditors has come up with a new definition of

internal audit, which states that internal audit is an:

> independent, objective assurance and consulting activity designed to add value
> and improve an organization's operations. It helps an organization accomplish its
> objectives by bringing a systematic, disciplined approach to evaluate and improve
> the effectiveness of risk management, control, and governance processes. (as cited
> in Yates, 2001, p. 38)

Similarly, the general purpose of internal auditing is to provide control and feedback on business operations. According to the standards for internal auditing, internal auditors must remain as independent and objective as possible to perform their job correctly. Some of the duties engaged in by an internal auditor include evaluating a company or department's compliance with laws and regulations and assessing the reliability of financial information (Hughes, 2004). Furthermore, the onset of the Sarbanes-Oxley Act of 2002, which requires publically traded organizations to provide assurance that the controls related to financial reporting are, operating effectively, has resulted in additional work for internal audit departments (Campbell, Adams, Campbell, & Rose, 2006). In light of these new responsibilities and the shift in scope, various issues have arisen within organizations, such as how to manage these functions while incorporating employee satisfaction. According to Morrison, Burke, and Green (2007), companies' interest in motivating employees has increased because of high turnover rates, which directly and negatively affect the companies' bottom lines. Internal audit departments are particularly susceptible to high turnover compared to other departments within companies. In fact, Morrison, Burke and Green (2007) noted that according to a survey conducted in the early 2000s, internal audit departments experience an almost 60% turnover within 2 years.

Statement of the Problem

An internal audit department is tasked with many duties and objectives that are directly related to the organization it supports. Savčuk (2007) suggested that in the current business environment, the internal audit function faces many challenges because organizations are increasingly more complex, with a pervasive rapidly changing

organizational structure, a need for new skills, and an always-expanding internal audit scope.

Pickett (2004) noted that the various duties of internal auditors include the following:

- Basic internal auditing.

- Retail and branch audits.

- Information systems auditing.

- Investigations and forensic examination.

- Detailed analytic review.

- Contract and large engineering project audits.

- Internal audit management and quality assurance.

- Corporate governance and top management reviews.

- Specialist compliance, disclosures, and financial statement auditing.

With so many roles to fill, many internal auditors become dissatisfied in their jobs, which lead to unproductive environments.

Fisher (2001) noted that many auditors encounter stress due to role ambiguity and role conflict. Role ambiguity results from lack of communication and feedback from the internal audit role itself, while role conflict arises when there is an issue between what is expected and what can actually be done. These factors can have severe consequences on an organization:

> The potential effects of conflict and ambiguity are costly, not only to the individual in terms of emotional consequences such as high job related tension and low job satisfaction, but also to the organization in terms of lower quality of performance and higher turnover. (Fisher, 2001, p. 144)

Adding to the problem is the fact that internal audit departments display a trend of continuous reorganization and transformation, a practice that results in a level of uncertainty in the internal environment (Pforsich, Kramer, & Just, 2006). It is important to understand what factors contribute to internal audit employees' dissatisfaction in order to develop employees who are satisfied with their work and feel a level of responsibility in order to eliminate some of the attrition directly related to dissatisfied workers (Amah, 2009).

Purpose of the Study

The purpose of the study was to determine the reasons why internal auditors appear to be dissatisfied in their roles. This study's findings can help internal audit managers identify factors that cause internal auditors to be dissatisfied with their jobs and address those factors in order to change the negative employee satisfaction perception of the internal audit function.

Based on the research and academic material reviewed, it appears that this is the first research done on this topic. Thus, this study contributes to academic research in the area of employee satisfaction and internal audit. The value of this research should be directly related to the internal audit profession currently and should be used for other scholars and internal auditor managers.

Research Questions and Hypotheses

The purpose of this study was to determine the factors that contribute to employee dissatisfaction within internal audit departments. This dissatisfaction leads to attrition, which can be considerably lessened if the factors of employee dissatisfaction are identified and subsequently resolved. The overall question that this research sought to

answer was as follows: Why do internal auditors appear to be so dissatisfied with their jobs? This main question led to the following research questions, which guided this study:

- Research Question 1: Does age have an effect on employee satisfaction within an internal audit department?

- Research Question 2: Does job satisfaction directly relate to the career path of an internal audit employee?

- Research Question 3: Does the rate of turnover in an internal audit department affect employees' impressions and thus job satisfaction?

The following hypotheses were proposed in response to the research questions:

- Hypothesis 1: Age will have a significant effect on the level of job satisfaction for internal auditors.

- Hypothesis 2: Career choice will play a significant role in the level of job satisfaction for internal auditors.

- Hypothesis 3: Internal audit departments that have high attrition rates will have a significant effect on auditors' satisfaction in their roles.

Significance of the Study

Historically, internal audit departments have faced challenges, particularly with employee satisfaction. Low employee satisfaction leads to other factors such as turnover (Shahnawaz & Jafri, 2009). Depending on the size of the audit department, turnover can be very crippling. Turnover could potentially mean that only critical audits and reviews are able to be performed and other important functions go overlooked and under reviewed (Barrier, 2001). Additionally turnover costs organizations money and affects

their bottom line. The benchmark of turnover could be calculated by taking the number of months spent training divided by 12 and then multiplying by the turnover rate and compensation. Table 1.1 shows the average cost per company, with about 100 million a year in sales, resulting from turnover (Karsan, 2007).

Table 1.1

Bench Cost Calculated by Turnover Rate

Average Turnover Rate (%)	Bench Cost (Millions)
15	$2.1
20	$2.8
25	$3.5
30	$4.2
35	$4.9
40	$5.6
45	$6.3
50	$7.0

Note. Source: Karsan (2007).

According to Barrier (2001), turnover in an internal audit department is between 25 and 50%. As such, turnover costs companies on average between $3.5 million and $7 million and does not affect just the internal audit department but various other departments, such as human resources and payroll, as well (Karsan, 2007).

Although some research studies (e.g., Abbott, Parker, & Peters [2010]; Barrier [2001]; Yates [2001]) have attempted to answer the question of why internal auditors are dissatisfied with their roles, there has not been scholarly research on the topic of internal auditors and employee satisfaction, nor has there been research that provided an answer that related back to specific factors that affected satisfaction.

Thus, this study will add to the literature on job satisfaction in internal audit departments by providing insight into specific factors related to satisfaction, and scholars will be able to leverage this study for their own use. Most importantly, current managers and leaders of internal audit departments will be able to use this work to understand the nature of job satisfaction issues found within their internal audit departments and address those issues in order to affect attrition rates.

Limitations and Assumptions

A possible limitation of this study involved internal auditors being apprehensive to answer the survey questions, depending on the environment within their organizations. In an effort to remove this limitation, the survey was anonymous and included a statement acknowledging that no personal identification information would be used in this work. Another possible limitation was a low survey response. Low survey responses can result in low significance to the data, which would cause the researcher and the reader/recipient to have to pull analytically from the literature review to draw analytical conclusions. Finally, another limitation involved the limited research in the realm of internal auditing and employee satisfaction. To combat this limitation, the research used was in areas that would support internal audit and job satisfaction separately in some cases. Therefore, the information presented supports this research holistically. The assumptions of this research study were the following:

- The survey results will support the three hypotheses.
- The respondents will answer the questions truthfully and to the best of their ability.

Definition of Terms

This section defines terms that are not commonly known but are inherent to this dissertation.

American Institute of Certified Public Accountants (AICPA)—a "governing body that regulates Certified Public Accounts which seeks to improve the quality of financial reporting in the United States" (Doron, 2011, p. 112).

Analysis of Variance (ANOVA)—"a common method for comparing means of business data from different populations" (Jiajuan & Pan, 2007, p. 205).

Association of Certified Fraud Examiners (ACFE)—the Association of Certified Fraud Examiners is responsible for administering the certified fraud examiner's exam, and providing research and training on corporate fraud in the United States and the world (Hinsey, 2003).

Certified Information Systems Auditor (CISA)—"awarded by the Information Systems Audit and Control Association and Foundation (ISACA)" and "designed for professionals who audit information systems" (Atkinson, 2003, p. 7).

Certified Internal Auditor (CIA)—"the certification for the internal audit profession. The credential has become a symbol of professionalism and credibility among internal auditors" (Brody & Frank, 2000, p. 215).

Certified Public Accountant (CPA)—"the designation and certification of accountants with a continued responsibility to improve the art of accounting, maintain the public's confidence, and carry out the profession's special responsibilities for self-governance" (Colson, 2004, p. 80).

Chief Audit Executive (CAE)—"the person in charge of internal audit [who] reports to senior management and the audit committee. The reporting to audit committee includes the following: audit activity's purpose, authority, responsibility, and performance relative to its plan. Any known significant risk to the company is also reported (Pickett, 2004).

Chief Executive Officer (CEO)—responsible for the operations and company strategy as well as certifying the company's financial statements according to the Sarbanes Oxley Act of 2002 (Geiger & Taylor, 2003).

Federal Deposit Insurance Corporation (FDIC)—the regulatory body of the government that regulates that are protected under their insurance (Fischer & Sheppard, 2008).

Federal Deposit Insurance Corporation Improvement Act (FDICIA)— "designed to prevent moral hazard, which many observers claim was a major cause of the 1980s crisis" (Martin, 2003, p. 29)

Generally Accepted Accounting Principles (GAAP)—a set of accounting standards that is largely accepted by companies in the U.S. and in many countries' outside of the U.S. GAAP includes eight major standards: materiality, matching, conservatism, going concern, cost, objective evidence, consistency, and full disclosure (Wells, 2008).

Human Resources (HR)—an organization function that focuses on the "only dynamic asset of the organization, its people," and that is expected to "establish ethical HR practices, facilitate change process as all functions, and create cultures that build individual ethical capabilities" (Sloan & Gavin, 2010, p. 57).

Information Technology (IT)—"the information flow and the manner in which information flows" (Khouja & Kumar, 2002).

Institute of Internal Auditors (IIA)—The only professional association for international auditors that is dedicating to promoting, providing training and research and, promoting the practice of internal audit (Pickett, 2004).

Internal Audit (IA)—"an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes" (Pickett, 2004, p. 51)

Internal Audit Department (IAD)—"the department within a company that is staffed with internal auditors and tasked with helping management improve controls, business processes, and business risk management," and that serves as "part of the corporate governance structure by ensuring that the company achieves its objectives in an ethical, legal, and well governed manner" (Pforsich et al., 2006, pp. 23-24).

Key Performance Indicators (KPI)—"a set of measures focusing on those aspects of performance that are the most crucial for the continued success of an organization. A KPI is deep enough in the organization that it can be tied down to an individual where a good KPI will affect most of the critical success factors" (Parmenter, 2007, p. 32).

New York Stock Exchange (NYSE)—The governing body that acts as the regulatory body to regulate security exchanges (Storey, 2003).

Office of the Comptroller of the Currency (OCC)—the federal regulator of national banks that issues rules concerning the extent to which federal law preempts state and local banking laws (Government Accountability Office [GAO], 2006).

Securities and Exchange Commission (SEC)—Acts as a regulatory body for publically traded companies in the United States (Ly, 2012).

Statistical Package for the Social Sciences (SPSS)—"a computer program used for statistical analysis. It is the preferred program used by many academic statistics based textbooks" (Proctor, 2002, p. 433).

Organization of the Remainder of the Study

The remainder of this dissertation is organized as follows. Chapter II provides a thorough literature review related to the subject of this dissertation. Chapter III describes in detail how this research study was conducted. Chapter IV summarizes the data collected and details of the statistical treatment of the data. Chapter V provides a summary of the results, findings, and conclusions.

Chapter II: Review of the Literature

Introduction

An inclusive literature review provides guidance on how to define the research questions and hypotheses of a particular body of work and includes studies and research that are unbiased in nature (Armitage & Keeble-Allen, 2008). This chapter reviews literature regarding internal auditing and job satisfaction and focuses specifically on the works that were used to support the definition of the research questions and hypotheses. The literature review is comprised of the following areas related to the practice of internal audit: laws governing the internal audit practice, age and the workforce, turnover, organizational behavior, and job satisfaction and dissatisfaction.

The Practice of Internal Audit

According to Pickett (2004), "Internal auditing was once regarded as procedure enforcement," by which auditors policed the way people complied with procedures within a company (p. 6). In addition, internal auditing was used to double-check a company's transactions using financial records and other related statements. In the 1950s and 1960s, internal auditing consisted of very basic tests of accounting with a strict view of isolating errors and irregularities. In the early 21st century, a shift took place to add value to the practice of internal auditing. The 21st-century audit model is more focused

on stakeholders, shareholders, investors, the legal system, regulators, CEOs, CFOs, and the boards of directors.

According to Yates (2001), today, many internal audit departments have various roles within their organization, including overseeing quality assurance and management training programs. The profession has moved to align with global strategies and standards. Today's auditor reviews controls and provides an opinion, instead of acting on those controls under review. Yates noted that the IIA produced a statement of responsibilities for internal auditing, which is defined as "a managerial control, which functions by measuring and evaluating the effectiveness of other controls" (p. 39). The responsibilities include the following:

- Reviewing management's forecast of the future.

- Reviewing the organization's plans that are in conjunction with the forecast.

- Testing performance of the forecast for a specific period.

Research by Baumgartner and Hamilton (2004) further described the internal audit function as well as the implications set forth by the practice. The authors noted that companies such as Andersen, Enron, K-Mart, and Quest have something in common: they all have contributed to uncertainty in business operations and financial reporting. Due to these companies' issues with operations and financial reporting, the U.S. Congress, SEC, NYSE, FDIC, and other regulatory bodies are now requiring that a review of internal controls over financial reporting and a review of business operations be conducted. In most cases, this is the task of the internal audit department, whether it be an existing internal or an outsourced auditing department. Internal audits help financial managers ensure that business operations, controls, and reporting are running as intended

while enhancing performance when possible. Baumgartner and Hamilton listed the key responsibilities of the internal auditing department as the following:

- Ensures that risks are appropriately identified and managed.

- Confirms that interaction with the various governance groups occurs as needed.

- Guarantees that significant financial, managerial, and operational information is accurate, reliable, and timely.

- Certifies that employees are in compliance with policies, standards, procedures, and applicable laws and regulations.

- Ensures that resources are acquired economically, used efficiently, and protected adequately.

- Guarantees that programs, plans, and objectives are achieved.

- Confirms that quality and continuous improvements are fostered in the company's control processes.

- Ensures that significant legislative or regulatory issues affecting the organization are recognized and addressed. (p. 34)

In addition, internal auditing can help managers address their organizations' key risk areas for noncompliance, excessive costs, and revenue leakage, with the overall goal being to reduce costs and enhance revenues.

According to Pforsich et al. (2006), the internal audit function is a critical part of corporate governance and a good way to advance the overall company and the business. The authors noted that demand for internal auditing has skyrocketed with two key changes in regulatory requirements. The first change is Section 404 of the Sarbanes-

Oxley Act, which mandates that public companies include with their annual reporting a description of their internal control system. In most cases, the internal audit department has the expertise to assess the internal control system and provide an assessment. The second change is with the New York Stock Exchange; in light of the issues with Enron, Tyco, and various other companies that recorded or reported fraudulent financial statements, the government now requires "all listed companies to maintain an internal audit function to provide management and the audit committee with ongoing assessments of the company's risk manage process" (Pforsich et al., 2006, p. 22). In addition, the authors posited that the benefits of internal audit surpass these requirements and can help companies that are not subject to the sanctions. The Schwan Food Company is an example of an organization that has embraced the benefits of the internal audit function. Schwan believes that there are multitudes of ways in which the audit department can help accomplish a company's objectives. Specifically, an effective IAD can help a company reach its goals by helping management improve controls, business process, and business risk management, and it can help battle fraud with continuous reviews of processes within any organization (Abbott et al., 2010).

The role of internal auditors has continuously evolved in order to meet the responsibilities of the company and/or organization that it supports. Leung and Cooper (2006) noted that many companies still need to identify the activities internal auditors perform. In addition, the increased demand for IAD services places a strain on many IADs, especially when time and budgets are limited. Balancing the complex, competing demands of stakeholder needs with limited IAD resources requires effective management by the chief audit executive. As such, according to Leung and Cooper, the Institute of

Internal Audit is working on research to help guide and relieve some of the frustrations that have resulted from the continuous ambiguity of the internal auditor role.

The function of internal auditing is particularly affected by the following factors: laws governing the internal audit practice, age and the workforce, turnover, organizational behavior, and job satisfaction and dissatisfaction. These factors are discussed in detail in the following subsections.

Laws Governing the Internal Audit Practice

Internal audit is a function that relies heavily on local, state, and federal laws and regulations to help support an organization. In order for an IAD to add value to the organization, its first task must be ensuring that the company is compliant with any applicable laws and regulations. According to Whittington (2003), most of the major changes in laws affecting internal auditing resulted from new technologies, changes in management direction, and audit-related issues in major companies like Enron and WorldCom.

One law related to internal auditing is the Foreign Corruption Act, a U.S.-based law that requires compliance for companies that operate globally. If a global company operates in the U.S. but violates the law in various foreign countries, the main company is still liable. Another law is the Foreign Corrupt Practices Act (FCPA). According to Richardson, Booher, and Phillips (2009), the FCPA is a federal law that includes two general sets of provisions: (a) anti-bribery, and (b) books and records. This law specifically relates to government officials, and only violations involving government officials are prosecuted or fined. The FCPA is enforced by both the Department of Justice (DOJ) and the SEC. Although the FCPA was enacted over 3 decades ago, it was rarely

enforced until recent years. The FCPA is now second only to fighting terrorism in terms of priority. Since December of 2008, FCPA violations have been prosecuted and held to pay more than $1.3 billion to the U.S. government.

Vangel (2004) conducted research on financial institutions being monitored and regulated by a mirage of regulatory agencies that ensure governance and financial reporting control. The controls under review in the banking industry were reinforced by the onset of Section 404 of the Sarbanes-Oxley Act, which brought about a refocus on Section 112 of the Federal Deposit Insurance Corporation Improvement Act. Although the sections are different, they both ensure that controls are in place for financial reporting. Section 404 was developed to support or complement the FDICIA controls that have been required for banks since 1991. The main difference is that the FDICIA applies to banks with an asset size of $1 million and FDIC insurance, while Section 404 is a requirement of all public companies regardless of the industry.

Age in the Workforce

Many researchers have argued that age is a contributing factor in overall employee satisfaction. For instance, Onnismaa (2008) posited that the conceptions of age in the workplace are culturally determined and that there is a stigma on individuals in the workplace who are 45 and older. Despite this stigma, Onnismaa, in a study conducted in Finland, found that motivation of older employees is usually much higher and that older, more experienced employees who had been with a company longer had a different attitude toward their work than more junior employees.

Posthuma and Campion (2009) analyzed various stereotypes associated with age in the workplace. The authors used appropriate and relevant peer-reviewed research to

understand the various stereotypes that come with age in the workplace and found that in many cases, these stereotypes were negative and distorted. For instance, older workers were stereotyped as having less ability, being less motivated, and being less productive than younger employees. However, although the perception of age in the workplace is negative when it relates to older employees, Posthuma and Campion revealed that research shows very little evidence that job performance declines as employees' age. In fact, performance sometimes improves with age, and when declines are evident, they are miniscule in nature. The same study by Posthuma and Campion, which was conducted with 24,219 individuals across many different jobs, found that both age and job tenure were possibly correlated with job performance and that job tenure was a better predictor of job performance than age.

Age has always been a factor in discussions of job satisfaction. However, little theoretical or empirical work has been done to discover whether age has an effect on job satisfaction. Finegold, Mohrman, and Spreitzer (2002) performed a study with 3,000 employees from six large corporations designed to understand how age may affect job satisfaction. The results of the study showed that age had only a small effect on job satisfaction and that all ages have a sense of job satisfaction and employee commitment. The authors suggested that it is difficult to relate age to job satisfaction because young people want different things.

Kumar and Giri (2009) conducted a study of 380 employees from junior-, middle-, and top-level management from various public and private organizations in India to understand the correlation between job satisfaction and age. The assumption of the research initially was that because younger members of the organization use more

self-deployment and other forms of training than their senior colleagues, since many organizations lack new employee programs, those younger employees would have a lower level of job satisfaction. The research concluded that job satisfaction differed significantly across the different career stages and ages of employees and that aged employees had higher job satisfaction. It was apparent that the higher the level of work experience of employees, the higher the job satisfaction.

Turnover

Turnover can be a difficult concept to define because it occurs for various reasons that are sometimes undetermined. According to Carmeli and Weisberg (2006):

> Turnover refers to the subjective estimation of an individual regarding the probability that she/he will be leaving the organization she/he works for in the near future. It is conceived of as a conscious and deliberate desire to leave the organization within the near future, and considered as the last part of a sequence in the withdrawal cognition process, which also includes thoughts of leaving and intentions to seek out alternatives, in either a passive or an active job search. (p. 192)

For the purposes of this study, turnover was considered as an employee voluntarily leaving or terminating employment.

Early models of turnover, called the *traditional wisdom*, had a very simple approach to turnover; they linked turnover to job-related attitudes, like satisfaction and commitment. Subsequent models became more complex but still attributed turnover to attitude. Today's models include job dissatisfaction as an influence. Job satisfaction has become an important theme in any framework of employee turnover. Shahnawaz and Jafri (2009) defined job satisfaction as "a pleasurable emotional state resulting from the appraisal of one's job—an effective reaction not one's job and an attitude towards one's job" (p. 160). The authors further noted that although past research suggests a stable

negative relationship between job satisfaction and turnover, job satisfaction alone has been found to account for a small percentage of the total variance in many turnover models.

As Amah (2009) noted, many companies have not yet made the connection between job satisfaction and employee turnover. Instead, they ignore turnover or make excuses as to why it exists. However, understanding the relationship between job satisfaction and employee turnover is important because when good, productive employees exit an organization, it leads to loss of tacit knowledge possessed by the exiting employee and can have a huge effect on the cost of operations. The cost of turnover has become an issue in recent times because of its drain on operating profits to the organization. In addition, a high level of turnover is related to low productivity and poor future revenue growth, which directly hurts the company and indirectly the remaining employees. Amah conducted research to understand the relationship between turnover and employee satisfaction, which can come from many different areas, such as work-life balance, salary, physical work environment, and employee treatment in the workplace. The study identified three pathways to employee turnover, specifically through the interactive effects of life satisfaction (LS) and role centrality (RC) and the direct effect of role centrality. Based on the study's findings, Amah noted the following:

- "Managers must be aware of the level of LS. The fact that employees are generally satisfied with the overall job system does not guarantee low turnover, if the employee does not see the current role as central to self-definition" (p. 33).

- Although organizations often use personality tests during the hiring process, they should go a step further and identify role preferences of employees as well. Then, "by appropriate use of high performance human resource policies, they can reinforce the individual's perception of the centrality of the role assigned to them, thereby managing turnover" (p. 33).

Shahnawaz and Jafri (2009) conducted a study examining the relationship between job attitudes and employee turnover intentions using two categories of employees: stayers and leavers. Leavers were classified as people who had changed their jobs more than two times in the past 4 years, while those who had changed jobs less than twice in the last 4 years were classified as stayers. The scope of the study was to understand how job satisfaction and organizational commitment predicted employee turnover intention for both stayers and leavers. The research was conducted in 2006 with 44 organizations and 10,609 business units. Data were collected from 80 managers who worked for national companies in Delhi and were all at the same level in the organizational hierarchy. Participants were in the age group of 24-27 years with the average age being 26. All participants were given a questionnaire developed to measure job satisfaction. The findings revealed for leavers, 32% left for career advancement or promotion opportunities, 22% left because of pay, 20% left due to lack of job fit, and 17% left because of management or the general work environment. The findings agreed with existing research, showing that job attitudes of employees explained the turnover, but the amount of variance was greater for leavers than for stayers. Organizational commitment was a predictor for leavers, while turnover and job satisfaction emerged

significantly for stayers. The results of the study identified that various attitudinal models are still valid in explaining employee turnover.

Barrier (2001) examined the turnover in IADs in a different light. According to Barrier, 20 years ago, IADs were known as the dumping ground for people. Lower-performing employees were often transferred into internal auditing, and once they were there, they would not be taken back into other areas of the organization. In the 21st century, IADs have become more of a management training camp. Many companies look at their IAD as a place where employees who are hired right out of college can work with a range of more tenured managers. The junior employees work within internal auditing for 2 to 5 years, and then those employees rotate into another department within the company. Some companies have adopted a model of 30% to 40% turnover in IADs; in this model, internal auditing serves as a crash course in the company's operations, policies, procedures, and accounting. In this sense, employees and management can look at turnover in a more positive light. Management gets employees who work hard and bring a breadth of new ideas, and the employees learn about many facets of the company in an effort to advance their career.

Turnover leads to insufficient resources for people within various IADs. Houck (2003) suggested that due to high turnover and the expense of training, IAD managers hesitate to invest in training and tools needed for internal auditors to sufficiently complete their jobs. Further, Houck noted that turnover brings in new professionals who don't display the desired behaviors and standards previously set within the organization, yet they are not held accountable.

In addition, turnover can be very costly. Many companies and managers have tried to measure turnover and exactly how much turnover costs organizations. Karsan (2007) pointed out that organizations spend a great deal of time and money trying to hire the right persons to fit specific roles and then to train new hires. When those people leave, the organization may incur separation costs, such as exit interviews, cost of administration functions related to termination, possible legal fees, and separation pay, including accrued vacation time. Similarly replacing employees includes costs related to administration, advertising, screening applicants, background verification, testing, holding interviews, pre-employment medical, examination, and various other related attributes. Karson concluded that in light of these numerous expenses, the high rate of turnover that many organizations experience in their IADs is a cause for serious concern, and research should be conducted to give pointers on improving existing hiring-retention programs in organizations.

Organizational Behavior

Beckard (as cited in Gallos, 2006) described organizational development as an organization-wide effort, planned and managed from the top, to increase organizational effectiveness and health through planned interventions in the organization's processes using behavioral-science knowledge. According to Clark (2009), the objectives of organizational development are to produce a "higher quality of work-life, productivity, adaptability, and effectiveness" (para. 2). Organizational development enables a company to consistently deal with a fast-paced, changing environment. It has become much more important in the 21st century in light of all the mergers and acquisitions. Organizations are forced to develop strategies to deal with change and to create a sense of stability

(Howard & Geist, 1995). IA, either internal or external, can help facilitate organizational development. It can be used as a tool to help employees understand an organization by identifying the channels of communication and the corporate culture, thereby helping them adapt to the new environment.

Clark (2009) described organizational behavior as how people, individuals, and groups act in organizations. Organizational behavior interprets people-organization relationships in terms of the whole person, whole group, whole organization, and whole social system. The purpose of organizational behavior is to build better relationships by achieving human objectives, organizational objectives, and social objectives. Clark described the elements of organizational behavior as philosophy, values, vision, and goals.

With changes in the economy, employee satisfaction may be more important than ever. The article "Employee Satisfaction: Key to Recovery Success?" (2010) notes that human resource professionals and executives in various companies worry about whether employee satisfaction will be a differentiating factor between companies that recover and companies that do not. Research shows that employee satisfaction is typically low. For instance, according to the same article, a study performed by the Conference Board that included 5,000 respondents found that only 45% of the respondents were satisfied with their jobs. The article noted another study that indicated that employees of all age groups were less satisfied than they once were. Respondents under the age of 25 expressed the highest level of job dissatisfaction (Doron, 2011). Interestingly, respondents who were dissatisfied would not elaborate on why; they indicated that they would rather leave the company than discuss the issues. The article suggests that HR and other leaders must

focus on talent management and retention in order to ease dissatisfaction and that building the talent bench for the future will secure retention. In addition, communication is essential to fostering an organization with employee satisfaction; thus, managers and executives must be transparent and continue to communicate.

Murphy and Burgio-Murphy (2006) listed five things about employee retention that managers and employers should know:

1. Some individuals are more valuable than others. Employees who meet and exceed expectations and deliver exceptional service to clients should be retained and in some cases rewarded. In turn, employees who are deemed lower performers should be the first ones to be let go.

2. People are unique and are motivated by different things. Employers should remember that the same method for motivating one employee may not work with another. Instead of playing guessing games, simply ask employees what will motivate them.

3. Turnover rates in the first 90 days are higher than at any other time. Employees who are newer to the company will have higher turnover rates. Leaders should focus on building bonds with employees within the first 3 months.

4. If you love someone, do not set him or her free. If an employee is truly valuable and a high performer, do not be so quick to accept a resignation. Find out his or her reasons for leaving and try to resolve them. Simple fixes mean a lot to employees and give them a sense of loyalty.

5. When people leave on good terms, they tend to remember you. When a good

   employee leaves, make the exit a positive experience. Put activities in place to

   make the transition a pleasant and positive one. (p. 14)

Job Satisfaction and Dissatisfaction

One factor in managing an internal audit department is job satisfaction for the

members of the IAD. Westover (2012) stated that job satisfaction can be described as the

degree to which an employee likes his or her job. High job satisfaction can lead to a

higher level of work, while low job satisfaction can lead to low performance and high

turnover. Westover conducted a study from 1989 through 2005 in which he examined

several variables related with job satisfaction and the positive/negative outcomes of those

variables. Table 2.1 illustrates Westover's findings.

Table 2.1

Important Outcomes of Job Satisfaction

Variable Related with Job Satisfaction	Direction of Relationship
Life Satisfaction	Positive
Job Performance	Positive
Worker Motivation	Positive
Job Involvement	Positive
Organizational Commitment	Positive
Organizational Citizenship Behavior	Positive
Employee Tardiness	Negative
Employee Absenteeism	Negative
Withdrawal Cognitions	Negative
Employee Turnover	Negative
Worker Health	Positive
Perceived Stress	Negative

Note. Source: Westover (2012).

The results of the study revealed that both intrinsic and extrinsic work characteristics strongly impacted job satisfaction. Based on his findings, Westover suggested that job satisfaction should be measured differently among different roles and different countries.

Job satisfaction can be tied to numerous variables. For instance, Sharma and Bajpai (2011) sought to determine whether salary has an effect on job satisfaction, motivation, performance, absenteeism, and turnover. They collected data from 250 employees that were both managers and non-managers of private and non-private companies. The researchers used the model shown in Figure 2.1 to test how salary was tied to job satisfaction in the two sectors.
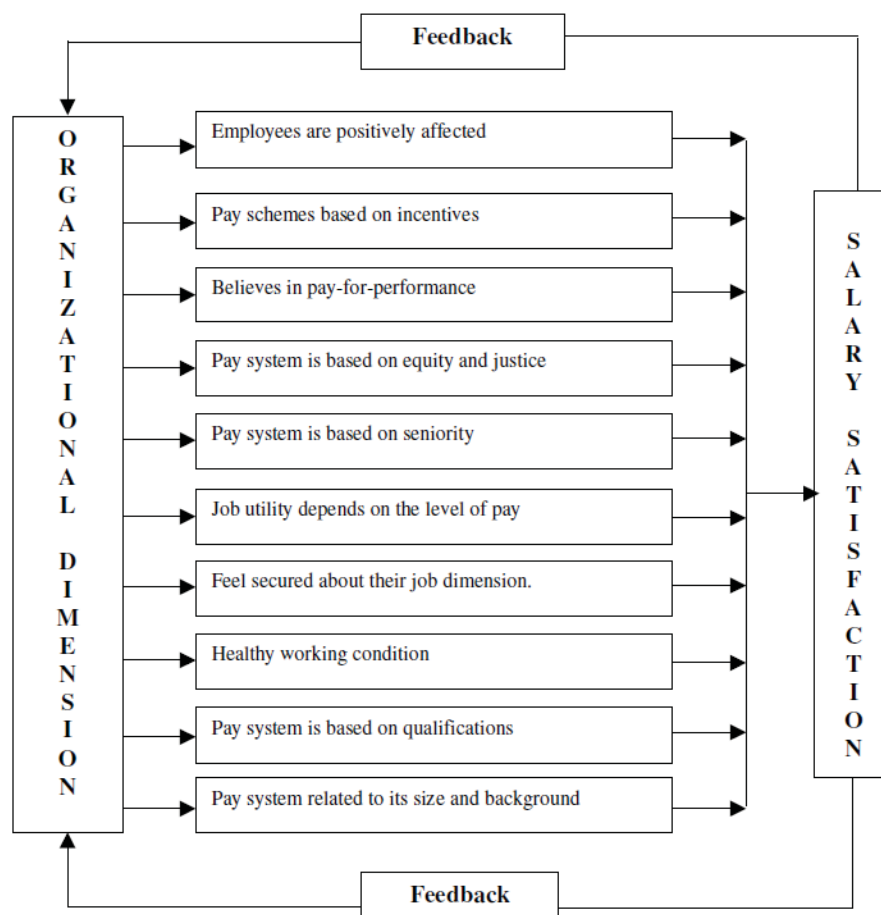
Figure 2.1. Salary satisfaction model (Sharma & Bajpai, 2011).

The researchers used a z-test for both the private and public population to determine the means. The results showed that the employees in public-sector organizations had higher compensation and that job satisfaction seemed to increase and decrease with adjustments to salary. In addition, salary was a more important contributing factor in the private sector than the public sector. Table 2.2 shows the relationship between job satisfaction in the public and private sectors.

Table 2.2

Salary Satisfaction in the Public vs. Private Sector

	Salary Satisfaction (Public Sector)	Salary Satisfaction (Private Sector)
Mean	38.7	21.69
Known variance	18.29	9.70
Observations	250	250
Hypothesized mean difference	0	
z	50.83	
P(Z<=z) two-tail	0	
z critical two-tail	1.96	

Note. Source: Sharma and Bajpai (2011).

Based on their findings, Sharma and Bajpai suggested that the traditional thinking of not relating money with the happiness is diminishing and that based on the constant economic changes, workers now put more worth in monetary benefits then they do in non-monetary types of compensation.

People are the most important factor when it comes to any management process. Managers must be able to understand and in many cases predict what people want. If managers don't understand what people want, then there will likely be job dissatisfaction.

Patrick and Sonia (2012) suggested that job satisfaction and employee commitment are major functions in all management processes and that in today's competitive world, the biggest challenge organizations face is retaining talented employees. Thus, they conducted a study in 2012 of 300 employees working in the IT industry in India using a questionnaire to understand job satisfaction. The study found that job satisfaction directly correlated with turnover and commitment from personnel. The study also found that in addition to the correlations between job satisfaction and employee commitment, there were other correlating components, such as salary, benefits, fair treatment, opportunity for advancement, and supervision. A major consideration in the study was that IT personnel seemed to change jobs more often than other professionals, as is the case with internal auditors. Hence, the researchers suggested that job satisfaction should be of great consideration to IT managers.

Summary

This literature review focused on the practice of internal audit and the major factors that affect IA, specifically laws governing the internal audit practice, age and the workforce, turnover, organizational behavior, and job satisfaction and dissatisfaction. The next chapter discusses the methodology used in this study to answer the research questions.

Chapter III: Methodology

Introduction

According to Blaxter, Hughes, and Tights (2006), research is a systematic

investigation used to find answers to a problem and any in many cases either leads to a

solution or points to further research that would aid in resolution. This chapter presents

an overview of the experimental method used in this study to analyze the data that

support the research questions and hypotheses. This chapter discusses the study purpose,

research design and theoretical framework, research questions and hypotheses,

instrumentation, variables, ethical issues, validity and reliability, data collection, and data

analysis.

Purpose

The purpose of this research study was to determine the reasons why internal

auditors appear to be dissatisfied in their roles. Success of an internal audit department is

dependent on employee satisfaction because without a level of satisfaction, turnover will

continue and the level of productivity will decrease. In 2006, Scott, Gravelle, Simoens,

Bojke, and Sibbald (2006) completed a study that would try to find the correlation been

employee job-related satisfaction and turnover. The results were that lower job

satisfaction was shown to increase the proportion of the workforce intending to quit,

increase actual quits, lower participation rates, and increase absenteeism. The internal audit department of the 21st century has changed.

The old role of auditing, which was basically to serve as the police force of a company, no longer exists. The role of internal audit has changed for various reasons, including changes in the type of support that organizations need from IADs, the need to become more organic in structure and be able to immediately react to the economy and ever-changing global business environment, and reaction to recent fraud within major corporations such as Enron and WorldCom. Lindow and Race (2002) noted that the old approach to internal audit included elements such as transaction-based reviews, a focus on financial aspects as well as policies and procedures, and career auditors. Today's evolved auditor characteristics include a business and customer focus; a risk identification process improvement objective; a focus on goals, strategies, and risk management; and opportunities for employees to rotate jobs within an organization. Ultimately, the role of an internal auditor will depend on the internal audit management, the company it supports, and the individual auditor, and may consist of a combination of duties that include (Pickett, 2004):

- Basic auditing.
- Retail and branch audits.
- Information systems auditing.
- Investigations and forensic examination.
- Detailed analytical review.
- Contract and large engineering project audits.
- Internal audit management and quality assurance.

- Corporate governance and top management reviews.

- Specialist compliance, disclosures, and financial statement auditing. (p. 1)

The differences and ambiguity in the internal audit role could lead to issues with job satisfaction, resulting in the internal audit management being faced with managing employees who are not satisfied with their roles. Thus, this study sought to understand the key reasons why internal auditors are not satisfied with their roles in the organization in order to provide insight into trends that will help support a positive organizational culture of the internal audit function and ultimately help reduce attrition.

Research Design and Theoretical Framework

The research design is essentially the master plan for collecting and analyzing data. The blueprint for this research began with a question, which was essentially the problem formation: Why do internal auditors appear to be so dissatisfied with their jobs? This initial research question, along with the in-depth literature review, led to three subsequent questions and hypotheses that then guided this study. In order to answer the research questions and determine whether the data supported or discredited the hypotheses, a survey was conducted to obtain quantitative data for analysis. Although quantitative research can be used for testing hypotheses and theories, it can also be used in theory generation. A representative population of internal auditing professionals was identified using LinkedIn, a professional social networking tool through which colleagues and various other people connect, usually in a professional manner. Survey Gizmo, an online survey tool, was used to administer the survey and house the survey results. The survey was distributed to all groups in LinkedIn that had titles relating to internal audit or the practice of internal audit. The researcher posted a link to the survey and asked the

representative population to participate in the doctoral study. The survey, LinkedIn, and Survey Gizmo are discussed later in this chapter.

Research Questions and Hypotheses

The overall question that this research sought to answer was as follows: Why do internal auditors appear to be so dissatisfied with their jobs? This main question led to the following research questions, which guided this study:

- Research Question 1: Does age have an effect on employee satisfaction within an internal audit department?

- Research Question 2: Does job satisfaction directly relate to the career path of an internal audit employee?

- Research Question 3: Does the rate of turnover in an internal audit department affect employees' impressions and thus job satisfaction?

The following hypotheses were proposed in response to the research questions:

- Hypothesis 1: Age will have a significant effect on the level of job satisfaction for internal auditors.

- Hypothesis 2: Career choice will play a significant role in the level of job satisfaction for internal auditors.

- Hypothesis 3: Internal audit departments that have high attrition rates will have a significant effect on auditors' satisfaction in their roles.

Instrumentation

Surveys are the most common method of generating primary data (Zikmund, 2003). A survey is a research technique in which information is gathered from a sample of people using a questionnaire (Dillman, Smyth, & Christian, 2009). The survey in this

study was used to gather data to support the research questions and hypotheses. Shortly after approval of the research was granted from the Jones University Institutional Review Board (IRB) on December 12, 2011, the questionnaire was distributed (see Appendix B for full IRB documentation approval).

The survey/questionnaire consisted of 45 questions. All survey questions were related to factors that affect employee satisfaction, organizational behavior, or both. The survey questions were expected to provide answers that were based on the attitudes, beliefs, and attributes of the respondents. Thirty-seven out of the 45 survey questions focused on employee satisfaction. Five questions related to respondent demographics, and three questions related directly to the research questions (see Appendix A for the survey instrument).

Data Collection

The data was collected from a survey administered via Survey Gizmo. Once the respondents answered the online survey, the data were stored online for the researcher to collect in various formats, such as PDF, Microsoft Excel, and Word. In more traditional settings, data gathering via a survey would require the researcher to have more direct interaction with the respondents, but in this age of technology, this interaction is no longer required (Zikmund, 2003).

Survey Gizmo was selected because of its ease of use, free student account access, and customer service. Survey Gizmo was one of the only online software tools that offered a full array of services with the free student account. In addition to the free student account and user-friendly software, Survey Gizmo also offered phone customer service where a live person was available to answer questions.

The survey respondents were contacted using LinkedIn. LinkedIn is a professional social media tool that can be used to connect various members of a group, such as a profession, who come from many different backgrounds. According to Albrecht (2011):

> LinkedIn is a mainstream business application with several important capabilities. First, it is a large database of business professionals with 90 million members as of January 2011. Each user has a record that contains 1) biographical information—called a profile, 2) a list of business associates also on LinkedIn, and 3) contact information. Second, it is a social network. A social network brings together people who have relationships and who potentially could have relationships. This is accomplished, in large part, through the key word search function. Third, LinkedIn provides convenient channels of communication, allowing its members to interact and share. This is accomplished by 1) the feature of sending e-mails through LinkedIn to members of your network and 2) discussion groups organized around specialized topics. (p. 39)

Accounting and audit-related professionals were the only groups contacted within LinkedIn for this study. A new discussion thread was created with the following message: "I am a doctoral student. It would be greatly appreciated if you take a survey open to internal auditors, accountants and related field. The survey is estimated to take 7 minutes. Thanks in advance. http://edu.surveygizmo.com/s3/808756/Internal-Audit-Organizational-Behavior."

The survey respondents were given approximately 6 weeks to respond. The following updated notice was given to the respondents after approximately 4 weeks of the survey being launched: "Hello. If you have not already, there is still time to take the survey before it closes in the next few days! http://edu.surveygizmo.com/s3/808756 /Internal-Audit-Organizational-Behavior."

As with any research that uses a survey instrument, it is ideal to get participants from diverse backgrounds (Zikmund, 2003). The respondents in this study came from

various countries throughout the world, which made the distribution culturally diverse and created a more usable sample.

Data Analysis

The data analysis began with a review of the demographical information regarding the survey respondents. The analysis of the participants' demographics was performed using Microsoft Excel. The first step of the data analysis was to format the data by participant demographics and report the results. Descriptive statistics were used to analyze the demographics of the survey participants. The participants' demographics were grouped by frequency and distribution. The demographic groupings—geography, gender, age, education, employment status, and salary—are discussed in Chapter IV.

Next, SPSS was used to analyze the survey results to test the hypotheses. Either an analysis of variance (ANOVA) or one-way ANOVA was used to analyze the hypotheses, as depicted in Table 3.1.

Table 3.1

Hypotheses and Corresponding Survey Questions and Analysis Method

Hypothesis	Survey Question	Analysis Method
Hypothesis 1: Age will have a significant effect on the level of job satisfaction for internal auditors.	What is your age group?	ANOVA
Hypothesis 2: Career choice will play a significant role in the level of job satisfaction for internal auditors.	Do you consider yourself a career auditor? Or will you continue a career in a similar field?	ANOVA
Hypothesis 3: Internal audit departments that have high attrition rates will have a significant effect on auditors' satisfaction in their roles.	What would you consider to be the attrition rate in your audit organization?	One-way ANOVA

The data were analyzed to determine if there were predictors or determinants that lead to internal audit employees' overall dissatisfaction. In addition, an analysis was conducted to understand various attributes of dissatisfaction factors. The data tabulation and results are discussed in Chapter IV.

Ethical Issues

This research did not conduct experiments on human subjects, nor did it identify individual survey respondents by name or provide any other unique identifier of the respondents. All survey respondents were asked to digitally approve a research informed consent form (see Appendix D). If the respondents did not agree, then they were asked not to continue with the online survey. The informed consent contained the following information: description of the research, risk and benefits, payment information, data storage confidentiality, time involvement, and manner in which results would be used. IRB approval, which was granted on December 12, 2011, is shown in Appendix B.

Summary

This chapter provided a summation of the proposed study methodology, including population, ethical implications, and procedures. Methods of obtaining the data as well as analyzing the results of the survey were also described. The data collected were analyzed using SPSS with the statistical approach of an ANOVA and one-way ANOVA.

Chapter IV: Data Collection and Analysis

Introduction

This chapter describes the method used to collect data, the participant demographics, and the detailed results of the data analysis.

Data Collection Process

The data were collected from a survey administered via Survey Gizmo. Once the respondents answered the online survey, the data were stored online for the researcher to collect in various versions, such as PDF, Microsoft Excel, and Word. In more traditional settings, data gathering via a survey would require the researcher to have more direct interaction with the respondents, but in this age of technology, this interaction is no longer required (Zikmund, 2003).

Participants

There were 98 respondents out of a possible 86,084 participants, which reflects a response rate of .001%. The survey was posted on LinkedIn to 17 groups and was open for approximately 6 weeks. Table 4.1 depicts the LinkedIn groups that were invited to take part in the survey, along with the number of members in each group.

Table 4.1

Breakdown of LinkedIn Groups and Member Size

Name of Group		Number of Members
Certified Internal Auditor: IIA		3,787
Certifications for Internal Audit		629
Certified Internal Auditor (CIA)—Worldwide Alumni Network		1,492
Dubai Internal Audit & Risk Management Professionals		1,491
Internal Audit & Risk Consultants		5,049
Internal Audit—The Future		2,038
Internal Audit—Networking, Education, Best Practices		2,194
Internal Audit and Risk Management Professionals		948
Internal Audit Consultants Network		5,013
Internal Audit Professionals		12,773
Internal Audit Today		1,422
Internal Audit/SOX Group		3,168
Internal Auditors Career Networking Group		680
Internal Auditors Executive Network		1,029
Internal Auditors in Europe & Middle East		1,238
Institute of Internal Auditors (Official Global Group)		39,041
Women in Accounting, Internal Audit, Finance, Risk Management—Business and Industry		4,092
	Total	86,084

Demographics

In every survey, it is important to compile some level of demographics from the survey respondents. Demographical information on survey respondents helps provide a clear picture on who is answering the survey and what could be potential motivators of responses. However, asking demographic information can be very risky since "information such as gender, age, income, level of education, etc. rarely relate to the subject of the study" (Brace, 2008, p. 4). In essence, these types of questions are very personal in nature and could potentially deter the respondent, resulting in no responses to

the survey. However, within this survey, the demographical questions were very limited and broad. The following subsections present the demographic results of the study participants.

Geography—Country

The geographical locations of the survey respondents were from a wide range. The majority of the respondents were from Canada, India, Pakistan, the United Kingdom, and the United States (US), with the majority being from the US. Table 4.2 shows the geographical breakdown of survey respondents by country.

It is important to note that the indicated countries may not have been participants' country of origin but the country where they were located at the time of the survey. Each respondent was asked to provide his or her IP address, which indicated where the respondent was located at the time of the survey. The survey itself did not ask participants to reveal their location.

Table 4.2

Breakdown of Survey Respondents by Country

Country	Frequency	Percent
Argentina	1	1.0%
Australia	1	1.0%
Brazil	2	2.0%
Canada	4	4.0%
Colombia	1	1.0%
Finland	1	1.0%
France	1	1.0%
Georgia	1	1.0%
Germany	1	1.0%
Greece	1	1.0%
India	4	4.1%
Italy	1	1.0%
Kuwait	1	1.0%
Latvia	1	1.0%
Lebanon	1	1.0%
Lithuania	2	2.0%
Macedonia	1	1.0%
Malaysia	1	1.0%
Mexico	1	1.0%
Nigeria	2	2.0%
Pakistan	8	8.2%
Philippines	1	1.0%
Poland	1	1.0%
Russia	1	1.0%
Saudi Arabia	1	1.0%
Serbia	2	2.0%
South Africa	2	2.0%
Switzerland	1	1.0%
United Arab Emirates	1	1.0%
United Kingdom	6	6.1%
United States	42	42.9%
Zimbabwe	1	1.0%
Unknown	2	2.0%
Total	98	100%

Gender

      Table 4.3 depicts the breakdown of gender of survey participants. Approximately 64% of the respondents were male, and 33% were female. Approximately 2% of the respondents chose not to answer this question, which was allowed by the survey guidelines.

Table 4.3

Breakdown of Survey Respondents by Gender

Gender		Frequency	Percent
Male		63	64.3%
Female		33	33.7%
Unknown		2	2.0%
	Total	98	100.0%

This breakdown in gender reflects industry demographics. Traditionally, the accounting profession is not heavily dominated by women. For example, the AICPA has only about a 30% female membership (Vigilante, 2005).

Age

      Age was a factor used not only for demographic information but to provide data for one of the research questions and hypotheses as well. Table 4.4 identifies the distribution of age for survey participants. Since the "under 23" category had only one response and could thus potentially skew the survey results, it was not included in the analysis.

Table 4.4

Breakdown of Survey Respondents by Age

Age		Frequency	Percent
Under 23		1	1.0%
23 to 27		8	8.2%
28 to 34		23	23.5%
35 to 44		28	28.6%
Over 45		38	38.8%
	Total	98	100.0%

Most respondents fell in the categories that included ages 28 and up. This outcome aligned with industry demographics. Since the average college student graduates at about 22 or 23, the expectation was that no one would fall into that category. Also, in many cases, internal auditors have already worked in other business roles, which would put them at a higher age. Thus, it was expected that the outcome would be distributed primarily in the 28 to 34, 35 to 44, and over 45 ranges.

Level of Education

Higher education is typically a requirement for internal auditors. Most internal audit jobs require at least a bachelor's degree. There is no specific type of bachelor degree required, but most degrees held by internal auditors are business or accounting related. Table 4.5 shows the education level of survey respondents.

Table 4.5

Education Level of Survey Respondents

Education	Frequency	Percent
No Degree	4	4.1%
Associate Degree	1	1.0%
Bachelor Degree	40	40.8%
Master Degree	45	45.9%
Doctorate Degree	1	1.0%
Professional Degree	7	7.1%
Total	98	100.0%

The major distributions of education fell in the bachelor and master categories, which were expected. Though many internal auditors hold a bachelor's degree, there has been an increasing push to have a master's degree, such as a Master of Business Administration (MBA) degree.

Employment Status

Employment status was asked simply to validate responses and to get an idea of the status of the respondents. Table 4.6 reveals the employment status of respondents.

Table 4.6

Breakdown of Employment Status of Survey Respondents

Employment Status	Frequency	Percent
Auditor or Related Field	82	83.7%
Field Other Than Auditing	9	9.2%
Self-Employed	3	3.1%
Unemployed	2	2.0%
No Response	2	2.0%
Total	98	100.0%

As the table shows, a majority of the respondents either worked in auditing or a related field. The response rate was 82%, and the frequency of response validated the survey.

Salary Range

The salary range question was asked to aid in future research. Although it was not used for any specific purpose related to this research, another researcher may be able to use this information in future related studies. Table 4.7 shows the breakdown of salary for participants.

Table 4.7

Salary Breakdown of Participants

Salary	Frequency	Percent
Less Than $39,999	26	26.5%
$40,000 to $59,999	16	16.3%
$60,000 to $79,999	10	10.2%
$80,000 to $99,999	14	14.3%
$100,000 to $149,999	19	19.4%
$150,000 or more	11	11.2%
No Response	2	2.0%
Total	98	100.0%

It is important to note that the respondents who answered that their salary was less than $39,999 were probably those who responded to the employment status question as being unemployed.

Data Analysis

The data analysis process analyzed several attributes covered on the survey in an effort to answer the research questions and provide support for the hypotheses. The main factor analyzed was job satisfaction, and then age, career path, and attrition rate were

analyzed to determine their significance on job satisfaction in order to answer each research question and prove or disprove each hypothesis. The analyses are described in detail in the following subsections.

Job Satisfaction

Job satisfaction was measured by 37 questions on the survey. It was deemed that if the respondent answered a majority of these questions with a positive response, then the assumption would be that he or she was satisfied with his or her job, ultimately indicating job satisfaction. As such, for the purposes of this research and in order to obtain an overall determination on job satisfaction, the percentage of positive responses on the job-satisfaction-related questions had to be 60% or higher in order to indicate job satisfaction. Table 4.8 depicts the questions used within the survey to measure job satisfaction.

As Table 4.8 shows, respondents were given the option to answer yes, no, or N/A. There were 2,467 yes answers, which was a response rate of 67%. There were 975 no answers, with a response rate of 27%. There were 184 N/A responses, at a rate of 5%. Thus, overall, participants appeared to have a certain level of job satisfaction. These results were used at the baseline to measure the hypotheses.

Table 4.8

Job Satisfaction Measurements

Question	Frequency Yes	Percent	Frequency No	Percent	Frequency N/A	Percent
I receive useful and constructive feedback from my manager.	66	67%	30	31%	2	2%
I am given adequate feedback about my performance.	61	62%	32	33%	5	5%
I have an opportunity to participate in the goal setting process.	70	71%	24	24%	4	4%
Employee performance evaluations are fair and appropriate.	66	67%	23	23%	9	9%
My supervisor gives me praise and recognition when I do a good job	71	72%	22	22%	5	5%
Teamwork is encouraged and practiced in this organization.	76	78%	18	18%	4	4%
There is a strong feeling of teamwork and cooperation in this organization.	60	61%	33	34%	5	5%
I have a good understanding of the mission and the goals of this organization.	83	85%	12	12%	3	3%
I understand how my work directly contributes to the overall success of the organization.	86	88%	8	8%	4	4%
My job is important in accomplishing the mission of the organization.	82	84%	11	11%	5	5%
My supervisor provides me regular information about the mission and the goals of this organization.	64	65%	27	28%	7	7%
I am familiar with and understand the organization's strategic goals.	78	80%	14	14%	6	6%
I am paid fairly for the work I do.	66	67%	31	32%	1	1%
My salary is competitive with similar jobs I might find elsewhere.	56	57%	40	41%	2	2%
My benefits are comparable to those offered by other organizations.	62	63%	30	31%	6	6%
I understand my benefit plan.	77	79%	11	11%	10	10%
I am satisfied with my benefit package.	55	56%	35	36%	8	8%
Information and knowledge are shared openly within this organization.	50	51%	42	43%	6	6%
Communication is encouraged in this organization.	64	65%	32	33%	2	2%
My manager does a good job of sharing information.	61	62%	31	32%	6	6%
Senior management communicates well with the rest of the organization.	47	48%	46	47%	5	5%
I have adequate opportunities for professional growth in this organization.	50	51%	43	44%	5	5%
I receive the training I need to do my job well.	54	55%	35	36%	9	9%
My manager is actively interested in my professional development and advancement.	46	47%	43	44%	9	9%
My work is challenging.	81	83%	13	13%	4	4%
My work is rewarding.	68	69%	27	28%	3	3%
I have a mentor at work.	28	29%	68	69%	2	2%
The environment in this organization supports a balance between work and personal life.	80	82%	15	15%	3	3%
I am able to satisfy both my job and family responsibilities.	76	78%	18	18%	4	4%
The pace of the work in this organization enables me to do a good job.	74	76%	20	20%	4	4%
The amount of work I am asked to do is reasonable.	81	83%	17	17%	0	0%
My job does not cause unreasonable amounts of stress in my life.	66	67%	28	29%	4	4%
I respect the senior leaders of this organization.	84	86%	9	9%	5	5%
I respect my manager as a competent professional.	78	80%	16	16%	4	4%
The leaders of this organization know what they are doing.	77	79%	15	15%	6	6%
Our senior managers demonstrate strong leadership skills.	65	66%	25	26%	8	8%
I am very satisfied with my manager.	58	59%	31	32%	9	9%
Total	2,467	69%	975	27%	184	5%

Age and Corresponding Results to Research Question 1 and Hypothesis 1

Age breakdown was used to test the significance between the age of the respondent and job satisfaction. It is important to note that the age category "under 23" had a low response rate of about 1% and thus was not used in the analysis. Table 4.9 shows the overall significance of age as it related to job satisfaction.

Research Question 1 asked the following: Does age have an effect on employee satisfaction within an internal audit department? Hypothesis 1 suggested that age would have a significant effect on the level of job satisfaction for internal auditors. The findings of the data analysis depicted in the ANOVA (see Table 4.9) revealed that there was a significant relationship between job satisfaction and age, resulting in acceptance of the hypothesis (p = .003).

Table 4.9

ANOVA of Age

			Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	(Combined)		782.050	3	260.683	4.993	.003
	Linear Term	Unweighted	573.132	1	573.132	10.977	.001
		Weighted	778.042	1	778.042	14.901	.000
		Deviation	4.008	2	2.004	.038	.962
Within Groups			4855.909	93	52.214		
Total			5637.959	96			

Table 4.10 shows the additional descriptive statistics of age as it related to job satisfaction.

Table 4.10

Descriptive of Age

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean Lower Bound	Upper Bound	Minimum	Maximum	Between-Component Variance
23 to 27	8	20.3750	8.21040	2.90282	13.5109	27.2391	10.00	32.00	
28 to 34	23	22.8696	6.73056	1.40342	19.9591	25.7801	11.00	35.00	
35 to 44	28	26.2857	7.30731	1.38095	23.4522	29.1192	12.00	37.00	
Over 45	38	28.8158	7.25167	1.17638	26.4322	31.1994	5.00	37.00	
Total	97	25.9794	7.66347	.77811	24.4349	27.5239	5.00	37.00	
Model Fixed Effects			7.22593	.73368	24.5224	27.4363			
Random Effects				1.81635	20.1989	31.7598			9.20835

Table 4.11 illustrates the age group satisfaction level by mean, which is represented by

the correlation between age and job satisfaction.

Table 4.11

Age Group Satisfaction Level by Mean

Age Group	Mean	Satisfaction Level by Mean
Under 23	N/A	N/A
23 to 27	20.38	4
28 to 34	22.87	3
35 to 44	26.29	2
Over 45	28.82	1

As Table 4.11 shows, the over 45 category, with a mean of 28.82, had the highest job

satisfaction, and as the age categories became younger, the satisfaction levels lessened.

The age categories of 23 through 27 had the lowest job satisfaction, with the mean being 20.38.

Career Path and Corresponding Results to Research Question 2 and Hypothesis 2

Career path was assessed based on the question regarding whether the respondent was a career auditor. The respondents had the option of answering yes, no, or N/A. Table 4.12 shows the breakdown of responses to the following question: Do you consider yourself a career auditor? Or will you continue a career in a similar field?

Table 4.12

Breakdown of Respondents Who Would Continue Working in Auditing or a Related Field vs. Those Who Would Not

Value	Count	Percent
Yes	79	80.6%
No	18	18.4%
N/A	1	1%

If the respondent answered yes, then the researcher assumed that he or she would continue a career in auditing or a related field. A no response was assumed to indicate that the respondent would not continue a career in audit or a related field. An N/A response meant that the respondent was unsure of his or her career path.

The researcher used the career path responses to test for differences in job satisfaction among respondents who considered themselves career auditors vs. non-career auditor in an attempt to answer Research Question 2 and accept or reject Hypothesis 2. Research Question 2 asked the following: Does job satisfaction directly relate to the career path of an internal audit employee? Hypothesis 2 posited that career choice would

play a significant role in the level of job satisfaction for internal auditors. The results

from the ANOVA, as illustrated in Table 4.13, showed no significance between job

satisfaction and career choice, which resulted in the rejection of the hypothesis (p = .498).

Table 4.13

ANOVA of Career Path

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	27.414	1	27.414	.462	.498
Within Groups	5573.920	94	59.297		
Total	5601.333	95			

To further review job satisfaction as it related to career auditors vs. non-career auditors,

the means of each yes or no category were analyzed, as shown in Table 4.14.

Table 4.14

Descriptive of Career Path

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
1	79	26.1646	7.78794	.87621	24.4202	27.9090
2	17	24.7647	7.25887	1.76053	21.0325	28.4969
Total	96	25.9167	7.67863	.78370	24.3608	27.4725

Table 4.14 clearly shows that there were no significant differences in the means of the

yes and no categories. Furthermore, there were no differences in the standard deviations

of the two main categories.

Results to Research Question 3 and Hypothesis 3

        Attrition rate was assessed through the following question on the survey: What would you consider to be the attrition rate in your audit organization? During analysis, attrition rates were broken into five separate categories, as shown in Table 4.15. Table 4.15 also shows the attrition rates indicated by respondents for their respective audit organizations.

Table 4.15

Audit Organization Attrition Rates Indicated by Respondents

Value	Count	Percent
Less than 10%	42	44.2%
Between 10% and 25%	33	34.7%
Between 25% and 50%	16	16.8%
Between 50% and 75%	2	2.1%
Between 75% and 100%	2	2.1%

        An ANOVA was performed to test the significance of job satisfaction as it related to attrition rate groupings in order to answer Research Question 3 and prove or disprove Hypothesis 3. Research Question 3 asked the following: Does the rate of turnover in an internal audit department affect employees' impressions and thus job satisfaction? Hypothesis 3 maintained that internal audit departments that had high attritions rates would have a significant effect on auditors' satisfaction in their roles. The findings of the ANOVA, as shown in Table 4.16, indicated a significance between job satisfaction and attrition rates, resulting in acceptance of the hypothesis ($p = .009$).

Table 4.16

ANOVA of Attrition Rate

			Sum of Squares	df	Mean Square	F	Sig.
Between Groups	(Combined)		764.891	4	191.223	3.588	.009
	Linear Term	Unweighted	390.648	1	390.648	7.331	.008
		Weighted	478.771	1	478.771	8.984	.004
		Deviation	286.121	3	95.374	1.790	.155
Within Groups			4742.853	89	53.290		
Total			5507.745	93			

Table 4.17 includes additional descriptive statistics of attrition rate as it relates to

job satisfaction.

Table 4.17

Descriptive of Attrition Rates

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean Lower Bound	95% Confidence Interval for Mean Upper Bound	Minimum	Maximum	Between-Component Variance
1		42	26.7857	7.54349	1.16399	24.4350	29.1364	10.00	37.00	
2		33	27.4545	6.62897	1.15395	25.1040	29.8051	12.00	36.00	
3		15	21.4000	7.87219	2.03259	17.0405	25.7595	5.00	34.00	
4		2	23.0000	11.31371	8.00000	-78.6496	124.6496	15.00	31.00	
5		2	13.0000	2.82843	2.00000	-12.4124	38.4124	11.00	15.00	
Total		94	25.7872	7.69565	.79375	24.2110	27.3635	5.00	37.00	
Model	Fixed Effects			7.30003	.75294	24.2912	27.2833			
	Random Effects				1.92796	20.4344	31.1401			9.01958

The mean in the second column of Table 4.17 represents the correlation between attrition

rate and job satisfaction. Table 4.18 illustrates the attrition rate satisfaction level by mean.

Table 4.18

Attrition Rate Satisfaction Level by Mean

Attrition Rate	Mean	Satisfaction Level by Mean
Less than 10%	26.79	2
Between 10% and 25%	27.45	1
Between 25% and 50%	21.40	3
Between 50% and 75%	N/A	N/A
Between 75% and 100%	N/A	N/A

It is important to note that the categories between 50% and 100% had low responses, as indicated in Table 4.18, so these responses were not included in further analysis. As Table 4.18 reveals, participants whose organizations had attrition rates between 10% and 25% had the highest job satisfaction, those who reported an attrition rate of less than 10% had a medium level of job satisfaction, and those with attrition rates between 25% and 50% had the lowest level of job satisfaction.

Conclusion

The analyses showed that age and attrition rates had a significant impact on job satisfaction, while career path had no significance on job satisfaction. As such, the hypotheses concerning age and attrition rates were proven and accepted, but the hypothesis concerning career path was not proven and ultimately rejected. Further discussion and conclusions are presented in Chapter V.

Chapter V: Conclusions and Recommendations

Introduction

The 21st-century internal audit department has evolved due to changes in the economic outlook, internal and external environments, and business landscapes. As with changes in any type of department, human resource issues related to job satisfaction have arisen. This study was an attempt to understand why employees in internal audit departments today are not satisfied with their role. The research began with the assumption that internal auditors are not satisfied with their roles in internal auditing.

Purpose of the Study

This study began with the following question: Why do internal auditors appear to be so dissatisfied with their jobs? This main question then led to three research questions that guided this study:

- Research Question 1: Does age have an effect on employee satisfaction within an internal audit department?

- Research Question 2: Does job satisfaction directly relate to the career path of an internal audit employee?

- Research Question 3: Does the rate of turnover in an internal audit department affect employees' impressions and thus job satisfaction?

The following hypotheses were proposed in response to the research questions:

- Hypothesis 1: Age will have a significant effect on the level of job satisfaction for internal auditors.

- Hypothesis 2: Career choice will play a significant role in the level of job satisfaction for internal auditors.

- Hypothesis 3: Internal audit departments that have high attrition rates will have a significant effect on auditors' satisfaction in their roles.

Chapter IV included a discussion of the data analyses conducted to answer the above research questions and prove the hypotheses. This chapter concludes this work with a summary of key findings, a brief discussion of the literature review and its connection to the results of the study, and recommendations for future research.

Summary of Key Findings

Following is a summary of key findings of this study, organized by the study hypotheses.

Hypothesis 1

Hypothesis 1 stated the following: Age will have a significant effect on the level of job satisfaction for internal auditors. The findings of the data analysis related to Hypothesis 1 revealed that there was a significant relationship between job satisfaction and age, and the hypothesis was accepted. The ANOVA in Table 4.9 showed that the overall significance level was .003. According to the means of the individual age groups, job satisfaction appeared to be greater with older internal auditors. For example, the over-45 age category had the highest level of job satisfaction, with a mean of 28.82, while the 23 through 27 age group had the lowest job satisfaction, with a mean score of 20.38. The

middle age categories of 28 to 34 and 35 to 44 had mean scores of 22.87 and 26.29, respectively.

Hypothesis 2

Hypothesis 2 proposed the following: Career choice will play a significant role in the level of job satisfaction for internal auditors. As revealed in Table 4.13, the findings related to Hypothesis 2 showed an overall significance of .498, which indicated no significance between job satisfaction and career choice. As such, the hypothesis was not supported, and no further analyses were performed.

Hypothesis 3

Hypothesis 3 was as follows: Internal audit departments that have high attrition rates will have a significant effect on auditors' satisfaction in their roles. As Table 4.16 showed, the findings related to Hypothesis 3 revealed a significant relationship between job satisfaction and attrition rates ($p = .009$), and thus the hypothesis was accepted. For the purposes of analysis, the two highest attrition rate categories, which were between 50% and 100%, were not used due to a low response rate. The highest attrition rate of between 25% and 50% resulted in the lowest job satisfaction scores, with a mean of 21.40. The highest job satisfaction mean was 27.45, which was for the middle attrition rate category of between 10% and 25%. The attrition rate of less than 10% resulted in the middle job satisfaction category, with a mean of 27.45

Link to the Literature Review Findings

The literature review, found in Chapter II of this work, was conducted to provide guidance on how to define the research questions and hypotheses for this study and included studies and research unbiased in nature (Armitage & Keeble-Allen, 2008). In

this chapter, the researcher has included the results of the literature review as they relate to this research endeavor. The literature review was comprised of the following areas related to the practice of internal audit: laws governing the internal audit practice, age and the workforce, turnover, organizational behavior, and job satisfaction and dissatisfaction.

The Practice of Internal Audit

This section of the literature review defined and described the IA function. It provided a framework of what various practitioners and researchers in the field consider internal audit to be. Pickett (2004) stated that the practice of internal audit has come a long way, from the concept of policing corporations to a focus on adding value to stakeholders, shareholders, investors, the legal system, regulators, CEOs, CFOs, and the board of directors. Authors such as Baumgartner and Hamilton (2004) noted that internal auditing can help managers address their organizations' key risk areas, such as noncompliance, excessive costs, and revenue leakage, with their overall goal being cost reductions and revenue enhancements. Many internal audit departments have various roles within their organization (Yates, 2001). This finding relates to the framework of this research, as the internal audit function is a critical part of corporate governance (Pforsich et al., 2006).

Laws Governing the Internal Audit Practice

Several authors provided details on the laws that govern the internal audit practice. Many of these laws are not necessarily what governs the practice but point to regulations that corporations are held accountable for, and thus the IAD is responsible for ensuring so that the proper policies, controls, and processes are in place to mitigate noncompliance of these laws and regulations. Whittington (2003) noted that many of

these regulations and laws were created as a result of major issues experienced by certain companies, such as Enron and WorldCom. Such laws include FCPA, which requires compliance of U.S.-based companies that operate globally and is used to fight terrorism, as well as Section 404 of SOX, which requires a level of financial reporting due to major corporations' financial fraud (Vangel, 2004).

Age of the Workforce

There has been little theoretical or empirical work intended to discover if age has any effect on the different elements of employee or job satisfaction (Finegold et al., 2002). As such, the researcher attempted to find studies regarding age and employee or job satisfaction. The research showed that older workers are sometimes stereotyped as having less ability, being less motivated, and being less productive, but there is actually little evidence that job performance declines as employees increase in age. According to Kumar and Giri (2000), research has shown that job satisfaction differs significantly across the different career stages and ages of employees, and although employees under the age of 25 have expressed the highest level of job dissatisfaction (Employee Satisfaction, 2010), aged employees still have high job satisfaction.

Turnover

Job satisfaction alone has been found to account for a small percentage of the total variance in many turnover models (Shahnawaz & Jafri, 2009). Amah (2009) stated that many companies have not made the connection between job satisfaction and employee turnover. In addition, high levels of turnover are related to low productivity and poor future revenue growth, which directly hurts the company and indirectly the remaining employees. Low job satisfaction can lead to low performance and high turnover

(Westover, 2012). This conclusion relates to the overall framework of this research, which depicts that at some level, job satisfaction is related to turnover.

Organizational Behavior

The organizational behavior section of the literature review was included to provide an understanding of organizations and how various elements directly relate to employee job satisfaction. Murphy and Burgio-Murphy (2006) presented information regarding employee retention and satisfaction that all managers and employees should know, such as the fact that people are unique and are motivated by different things. This section discussed the role of internal audit as a link to supporting organizational behavior.

Job Satisfaction and Dissatisfaction

The last section of the literature review was a compilation of works regarding job satisfaction and dissatisfaction. Job satisfaction can be tied to numerous variables, as indicated by Sharma and Bajpai (2011), who posited that job satisfaction is determined by salary, but there are also other elements that attribute to job satisfaction, such as motivation, performance, absenteeism, and turnover. Patrick and Sonia (2012) suggested that job satisfaction has to directly focus on people, job satisfaction and employee commitment are major functions in all management processes, and in today's competitive world, the biggest challenge organizations face is motivating, retaining, and capturing talented employees.

The literature review provided support for the research questions and the hypotheses. The two hypotheses that were ultimately supported by the survey data were those proposing that age and attrition rates have an effect on job satisfaction. The literature review findings appear to support these results as well.

Limitations of the Study

There were two limitations that should be considered when reviewing the results of this study. Although the survey was extended to over 86,084 internal auditors and related careers, the response rate was approximately .001%. As such, the survey response rate may add some level of bias in this research. Potentially the non-responders may have had different attitudes toward job satisfaction, which could have led to the lack of responses. Thus, the results of the survey should not be focused upon and generalized as the only factor in this research. This survey was not intended to consider the various attitudes that could contribute to internal auditors not responding to the survey but to understand the reasons internal auditors suffer from job dissatisfaction. In addition, more literature specifically focused on internal audit job satisfaction or related topics could have provided additional support for the hypotheses and ultimately this study.

Recommendations for Future Study

Further research in the realm of internal audit job satisfaction and/or dis-satisfaction is clearly needed, based on its scarcity in the literature and the high attrition rates in IADs. This researcher recommends that future research efforts focus on job dis-satisfaction in the internal audit function and understand what information or prior research is available.

Another recommendation is to use a mixed-method research study, using both a survey and an interview approach (Johnson & Onwuegbuzie, 2004), in order to increase response rate and participation. Tiamiyu (2009) noted in his research regarding turnover and internal auditors that his survey results were less than 10%, potentially because the nature of the role of internal auditors' low responses might be inherent to any survey. The

role of internal auditors requires a level of confidentiality due to the nature of the work. This may have an effect on the response rate of the survey. Although the response rate to surveys could potentially be low, this method should not be discarded but should be coupled with interviews of both auditors and various levels of management. There is still a level of information that could be obtained through surveys and adding different levels of management involved in the survey could help with having a more holistic approach to the research.

Furthermore, additional considerations should be taken into account when determining attributes for the survey and well as the research. For example, understanding the types of companies that survey respondents are from could help in further analyses. There could even be some benefit in understanding the size of the company that the internal audit function supports. For example, the size of the company as it relates to the size of the internal audit department could potentially have effects on job satisfaction.

This study did not and could not have examined all factors that contribute to internal audit job dissatisfaction. Thus, there is opportunity to take this work and build from it for use in future research.

Conclusions

The 21st-century IADs will continue to face issues with job satisfaction. The most appropriate way to manage the issues would be to understand the root cause of job dissatisfaction. Although there is still more research to be performed and data to be produced, this research found two significant attributes that affect job satisfaction: age

and attrition rates. The research provided in this dissertation should be used as a baseline

or as support to produce further work in the realm of internal audit and job satisfaction.

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APPENDICES

Table of Contents

Appendix A: Survey

Internal Audit - Organizational Behavior
Page One

Hello,

Thank you in advance for participating in this survey. Please read through the survey guidelines. If you agree please indicate so by moving foward in the survey.

• I have read and discussed the Research Description with the researcher. I have had the opportunity to ask questions about the purposes and procedures regarding this study.
• My participation in research is voluntary. I may refuse to participate or withdraw from participation at any time without jeopardy to future medical care, employment, student status or other entitlements.
• The researcher may withdraw me from the research at his/her professional discretion.
• If, during the course of the study, significant new information that has been developed becomes available which may relate to my willingness to continue to participate, the investigator will provide this information to me.
• Any information derived from the research project that personally identifies me will not be voluntarily released or disclosed without my separate consent, except as specifically required by law.
• If at any time I have any questions regarding the research or my participation, I can contact the investigator, who will answer my questions. If at any time I have comments, or concerns regarding the conduct of the research or questions about my rights as a research subject, I should contact the Jones International University, ATTN: IRB Office, 9697 East Mineral Avenue,

• I should receive a copy of the Research Description and this Participant's Rights document.
• If video and/or audio taping is part of this research, I consent to be audio/video taped. The written, video and/or audio taped materials will be viewed only by the principal investigator and members of the research team.
• Written, video and/or audio taped materials may be viewed in an educational setting outside the research
• My (continuation) in this survey indicates, I agree to participate in this study.

1. I receive useful and constructive feedback from my manager. *

○ Yes

○ No

○ N/A

2. I am given adequate feedback about my performance. *

○ Yes

2. I am given adequate feedback about my performance. *

○ Yes

○ No

○ N/A

---

3. I have an opportunity to participate in the goal setting process.

○ Yes

○ No

○ N/A

---

4. Employee performance evaluations are fair and appropriate.

○ Yes

○ No

○ N/A

5. My supervisor gives me praise and recognition when I do a good job

○ Yes

○ No

○ N/A

---

6. Teamwork is encouraged and practiced in this organization.

○ Yes

○ No

○ N/A

---

7. There is a strong feeling of teamwork and cooperation in this organization.

○ Yes

○ No

○ N/A

8. **I have a good understanding of the mission and the goals of this organization.**

- ○ Yes
- ○ No
- ○ N/A

9. **I understand how my work directly contributes to the overall success of the organization.**

- ○ Yes
- ○ No
- ○ N/A

10. **My job is important in accomplishing the mission of the organization.**

- ○ Yes
- ○ No
- ○ N/A

11. **My supervisor provides me regular information about the mission and the goals of this organization.**

- ○ Yes
- ○ No
- ○ N/A

12. **I am familiar with and understand the organization's strategic goals.**

- ○ Yes
- ○ No
- ○ N/A

13. **I am paid fairly for the work I do.**

- ○ Yes
- ○ No
- ○ N/A

14. My salary is competitive with similar jobs I might find elsewhere.

○ Yes

○ No

○ N/A

15. My benefits are comparable to those offered by other organizations.

○ Yes

○ No

○ N/A

16. I understand my benefit plan.

○ Yes

○ No

○ N/A

17. I am satisfied with my benefit package.

○ Yes

○ No

○ N/A

18. Information and knowledge are shared openly within this organization.

○ Yes

○ No

○ N/A

19. Communication is encouraged in this organization.

○ Yes

○ No

○ N/A

20. My manager does a good job of sharing information.

- Yes
- No
- N/A

21. Senior management communicates well with the rest of the organization.

- Yes
- No
- N/A

22. I have adequate opportunities for professional growth in this organization.

- Yes
- No
- N/A

23. I receive the training I need to do my job well.

- Yes
- No
- N/A

24. My manager is actively interested in my professional development and advancement.

- Yes
- No
- N/A

25. My work is challenging.

- Yes
- No
- N/A

26. My work is rewarding.

- ○ Yes
- ○ No
- ○ N/A

27. I have a mentor at work.

- ○ Yes
- ○ No
- ○ N/A

28. Do you consider yourself a career auditor? Or will continue a career in a similar field

- ○ Yes
- ○ No
- ○ N/A

29. The environment in this organization supports a balance between work and personal life.

- ○ Yes
- ○ No
- ○ N/A

30. I am able to satisfy both my job and family responsibilities.

- ○ Yes
- ○ No
- ○ N/A

31. The pace of the work in this organization enables me to do a good job.

- ○ Yes
- ○ No
- ○ N/A

32. The amount of work I am asked to do is reasonable.

○ Yes

○ No

○ N/A

33. My job does not cause unreasonable amounts of stress in my life.

○ Yes

○ No

○ N/A

34. I respect the senior leaders of this organization.

○ Yes

○ No

○ N/A

35. I respect my manager as a competent professional.

○ Yes

○ No

○ N/A

36. The leaders of this organization know what they are doing.

○ Yes

○ No

○ N/A

37. Our senior managers demonstrate strong leadership skills.

○ Yes

○ No

○ N/A

38. I am very satisfied with my manager.

○ Yes

○ No

○ N/A

39. What is your gender?

○ Male

○ Female

40. What is your age group?

○ Under 23

○ 23 to 27

○ 28 to 34

○ 35 to 44

○ Over 45

41. What is the highest degree or level of school you have completed?

○ 1 or more years of college, no degree

○ Associate degree (for example: AA, AS)

○ Bachelor's degree (for example: BA, AB, BS)

○ Master's degree (for example: MA, MS, MEng, MEd, MSW, MBA)

○ Professional degree (for example: MD, DDS, DVM, LLB, JD)

○ Doctorate degree (for example: PhD, EdD)

42. Are you currently...?

○ Self-employed

○ Unemployed

○ Employed as a auditor or related field

○ Employee in a field other than audit

43. What is your total salary range?

Appendix B: IRB Approval

December 12, 2011

Carla Metoyer
2931 Goldspring Lane
Spring, TX. 77373

Dear Ms. Metoyer,

Congratulations! The JIU Institiutional Review Board has approved through an Exempt review, your research, entitled "Organizational Satisfaction in the 21st Century Internal Audit Function. A Study of Trends that Impact Internal Audit". You may now defend your research proposal and begin to collect data.

You must notify the IRB of any changes you make to your current research project, including the addition/revision of survey or interview quesitons.

Please contact the IRB with any questions regarding this approval. Again congratulations! Keep up the hard work! You are almost there!

Thank you,
Sondra D'Aquisto, M.S.
Manager of Institutional Research and Institutional Review Board
Jones International University

Tel: 303.784.8378
Fax: 303.784.8426
Email: sdaquisto@international.edu
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Fax: 303.799.0966

Appendix C: CITI Certification

Completion Report   Page 1 of 1

CITI Collaborative Institutional Training Initiative

Human Research Curriculum Completion Report
Printed on 7/9/2011

Learner: Carla Metoyer (username: carlametoyer)
Institution: Jones International University
Contact   Department: Business
Information   Email: carlahodge@sbcglobal.net
EDD Students:

Stage 1. Basic Course Passed on 07/09/11 (Ref # 6323869)

Required Modules	Date Completed	Score
Students in Research - SBR	07/09/11	6/10 (60%)
History and Ethical Principles - SBR	07/09/11	4/4 (100%)
The Regulations and The Social and Behavioral Sciences - SBR	07/09/11	4/5 (80%)
Research with Children - SBR	07/09/11	4/4 (100%)
Research in Public Elementary and Secondary Schools - SBR	07/09/11	4/4 (100%)
Jones International University	07/09/11	no quiz

For this Completion Report to be valid, the learner listed above must be
affiliated with a CITI participating institution. Falsified information and
unauthorized use of the CITI course site is unethical, and may be
considered scientific misconduct by your institution.

Paul Braunschweiger Ph.D.
Professor, University of Miami
Director Office of Research Education
CITI Course Coordinator

Return

https://www.citiprogram.org/members/learnersII/crbystage.asp?strKeyID=373017D8-A687-... 7/9/2011

Appendix D: Consent Form

Jones International University

<u>INFORMED CONSENT</u>

<u>DESCRIPTION OF THE RESEARCH</u>: You are invited to participate in a research study on organizational behavior of a global internal audit. The purpose of the study will be to understand how to manage the internal audit function in a global business environment. You will be asked to provide information regarding education, time in service, related experience, and questions regarding your internal organization overall job satisfaction. The research will be conducted by myself Carla Metoyer. All research will be conducted via mail using surveys.

<u>RISKS AND BENEFITS</u>: The risks of this study are not identified. The benefit of this study is to produce work that strives to understand and provide feedback on the best way to manage a global internal audit function. If you choose not to participate in this study your decision will not affect your since this study is anonymous.

<u>PAYMENTS</u>: (if applicable) None.

<u>DATA STORAGE TO PROTECT CONFIDENTIALITY</u>: All surveys will be reviewed by myself the researcher and key information from that survey will be studied by myself. All surveys will be designed so that specific names and identifying demographical information is not required or asked.

 TIME INVOLVEMENT: Your participation will take approximately 15 minutes.

HOW WILL RESULTS BE USED: The results of the study will be used review trends on turnover, expectations, education levels, and work experience of global internal audit departments. Once all the pertinent information is compiled the results will be used in completion of the researcher's dissertation.

PARTICIPANT'S RIGHTS

Principal Investigator:

_____

Research Title:

_____

- I have read and discussed the Research Description with the researcher. I have had the opportunity to ask questions about the purposes and procedures regarding this study.
- My participation in research is voluntary. I may refuse to participate or withdraw from participation at any time without jeopardy to future medical care, employment, student status or other entitlements.
- The researcher may withdraw me from the research at his/her professional discretion.
- If, during the course of the study, significant new information that has been developed becomes available which may relate to my willingness to continue to participate, the investigator will provide this information to me.
- Any information derived from the research project that personally identifies me will not be voluntarily released or disclosed without my separate consent, except as specifically required by law.
- If at any time I have any questions regarding the research or my participation, I can contact the investigator, who will answer my questions. The investigator's phone number is (____)_____.
- If at any time I have comments, or concerns regarding the conduct of the research or questions about my rights as a research subject, I should contact the Jones International University, ATTN: IRB Office, 9697 East Mineral Avenue, Centennial, CO USA 80112. The phone number for the IRB is (800) 811-5663 or 303-784-8045.
- I should receive a copy of the Research Description and this Participant's Rights document.

- If video and/or audio taping is part of this research, I ( ) consent to be audio/video taped. I ( ) do <u>NOT</u> consent to being video/audio taped. The written, video and/or audio taped materials will be viewed only by the principal investigator and members of the research team.
- Written, video and/or audio taped materials ( ) may be viewed in an educational setting outside the research

  ( ) may <u>NOT</u> be viewed in an educational setting outside the research.

- My signature means that I agree to participate in this study.

Participant's signature: _____ Date:____/____/____

Name: _____

If necessary:

Guardian's Signature/consent: _____

Date:____/____/____

Name: _____

<u>Assent Form for Minors (8-17 years-old)</u>

I _____ (child's name) agree to participate in the study entitled: _____.
The purpose and nature of the study has been fully explained to me

by_____ (investigator's name). I understand what is being asked of

me, and should I have any questions, I know that I can contact

_____ (investigator) at any time. I also understand that I can

to quit the study any time I want to.

Name of Participant: _____

Signature of Participant: _____

Witness: _____

Date: _____

<u>Investigator's Verification of Explanation</u>

I certify that I have carefully explained the purpose and nature of this research to

_____ (participant's name) in age-appropriate

language. He/She has had the opportunity to discuss it with me in detail. I have answered

all his/her questions and he/she provided the affirmative agreement (i.e. assent) to

participate in this research.

Investigator's Signature: _____

Date: _____