



## The Impact of Internal Audit Quality on Financial Performance of MSMEs in Kano State, Nigeria

Musa, Nura<sup>1)</sup>, Lawal, Sagir<sup>2)</sup>, Karma, Felix<sup>3)</sup>

<sup>1,2,3</sup>, Nigeria Police Academy, Kano – Nigeria

email: [Donnuray@gmail.com](mailto:Donnuray@gmail.com)<sup>1)</sup>, [sagirlawalimam9557@gmail.com](mailto:sagirlawalimam9557@gmail.com)<sup>2)</sup>  
[Felixkarma398@gmail.com](mailto:Felixkarma398@gmail.com)<sup>3)</sup>

E-Journal Dialectica  
Vol. 1, No. 1  
March 2026  
Hal. 15-28

P-ISSN:  
E-ISSN:

### ABSTRACT

**Research Objectives:** To examine the effect of internal audit quality (IAQ) on the financial performance of selected Micro, Small, and Medium Enterprises (MSMEs) in Kano State, Nigeria, specifically investigating the influence of auditor independence, competence, objectivity, audit scope, stakeholder engagement, and continuous improvement practices.

**Design/ Methodology / Approach Research:** A quantitative research design rooted in the positivist paradigm. Primary data were collected via structured questionnaires administered to 50 respondents across five purposively selected MSMEs. Data analysis employed descriptive statistics and multiple regression analysis using SPSS and Stata software.

**Research Results:** Internal audit quality has a significant positive effect on financial performance (measured by ROA). All IAQ dimensions (independence, competence, objectivity, scope, stakeholder engagement, and continuous improvement) positively contribute, with auditor competence and continuous improvement practices being the most influential factors. The model demonstrates strong explanatory power ( $R^2 = 82.1\%$ ).

**Implications of Research Results:** MSMEs should invest in developing competent and independent internal audit units, regularly update audit procedures, and integrate audit feedback into strategic decision-making. This strengthens transparency, accountability, and optimal financial management, thereby enhancing performance and sustainability.

**Keywords:** Internal Audit Quality, Financial Performance, MSMEs, Auditor Competence, Stakeholder Engagement.

## **A. INTRODUCTION**

An effective internal audit function lies at the heart of sound corporate governance, providing independent assurance that an organization's risk management, control, and governance processes are operating effectively. This is especially critical for Micro, small and medium-scale enterprises (SMEs), which often lack the robust organizational structures and resources of larger firms yet play a pivotal role in Nigeria's economy. According to the joint National Bureau of Statistics and SMEDAN MSME 2021 survey, micro, small, and medium enterprises contributed 46.32% to Nigeria's GDP, accounted for 6.21% of exports, and represented nearly 87.9% of total employment. In Kano State the ninth largest sub-national economy in Nigeria, contributing approximately 12% of Northern Nigeria's output MSMEs form the backbone of local economic activity, driving job creation, innovation, and community development. Internal audit quality can be understood through multiple dimensions most notably, the competence and professional expertise of audit staff, the independence and objectivity of the internal audit unit, and the adequacy of audit scope and resources. Internal audit quality plays a critical role in ensuring that Micro, Small, and Medium Scale Enterprises (MSMEs) operate efficiently and remain financially viable (Baviga & Desiyanti, 2024).

## **B. LITERATURE REVIEW**

The concept of internal audit quality encompasses several dimensions, including auditor independence, technical competence, scope of services, and adherence to auditing standards. According to Alzeban (2015), internal audit quality is defined by the degree to which internal auditors can provide reliable, relevant, and timely assurance services that meet stakeholder expectations and improve organizational performance. This includes not only the technical proficiency of the internal auditors but also the effectiveness of their communication, planning, and reporting processes. High internal audit quality strengthens financial accountability and promotes robust internal controls, both of which are essential for sustaining financial performance, particularly in the dynamic operating environments of MSMEs (Baviga, 2024).

Empirical studies in the Nigerian context underscore the tangible impact of internal audit quality on financial oversight and performance. Aminu & Sulaiman (2023), examining the Nigeria Industrial Training Fund in nearby Sokoto State, found that internal audit quality has a statistically significant positive effect on fund management an organizational performance proxy after controlling for other internal control elements. Similarly, research on local governments in Oyo State by Oni & Prof Adejuwon (2025), demonstrates that enhanced

auditor competence and independence are associated with improved service delivery and financial accountability. These findings align with a broader international literature indicating that robust internal audit functions can reduce misstatement risks, deter fraud, and promote efficient resource utilization (Rio Baviga, Afrizal, Wirmie Eka Putra, 2024).

However, for the purpose of this study, Resource Based View and Stakeholders Theories are used to explain the theoretical framework:

**Resource Based View:** The Resource-Based View (RBV) of the firm offers a powerful theoretical lens for understanding the strategic importance of internal audit quality in enhancing the financial performance of Micro, Small, and Medium Enterprises (MSMEs). The RBV posits that organizations can achieve sustainable competitive advantage by developing and utilizing valuable, rare, inimitable, and non-substitutable (VRIN) internal resources and capabilities (Barney, 1991; Wernerfelt, 1984). In contemporary research, this perspective has been increasingly applied to internal governance mechanisms, including internal audit functions, particularly in the MSME context (Rio Baviga, 2025).

Recent scholarship has expanded the RBV to underscore the role of internal audit quality as a strategic resource that contributes to improved financial outcomes. According to Mutchler and Williams (2016), internal auditing, when performed with high standards of independence, objectivity, and technical competence, can be classified as a valuable and rare organizational resource. This is because such audit processes not only detect and prevent fraud but also contribute to sound risk assessment, strategic decision-making, and operational efficiency.

**Stakeholders Theory:** Stakeholder Theory provides a robust framework for evaluating the implications of internal audit quality on the financial performance of Micro, Small, and Medium Enterprises (MSMEs). First proposed by Freeman in 1984, the theory has since evolved to emphasize that organizational success is not solely determined by maximizing shareholder value, but by satisfying a broad range of stakeholders whose interests are impacted by the organization's operations (Freeman *et al.*, 2020). In the context of MSMEs, these stakeholders include owners, employees, regulators, creditors, suppliers, customers, and the community at large. Recent developments in stakeholder theory extend its application to governance mechanisms, particularly internal auditing, by highlighting the role of transparent and accountable internal systems in building stakeholder trust (Haryono *et al.*, 2026).

## **C. RESEARCH METHODS**

### **Research Design**

The study employs a quantitative research design, rooted in the positivist research paradigm, which emphasizes observable, objective, and measurable phenomena. Positivism holds that reality is stable and can be observed and described from an objective viewpoint without interfering with the phenomena being studied. This paradigm is appropriate for the current study because it facilitates the statistical evaluation of the relationship between internal audit quality and financial performance across the selected MSMEs. The quantitative approach allows for the collection of numerical data from structured instruments (such as questionnaires), which can then be statistically analyzed to draw conclusions (Haryono & Albetris, 2022).

### **Population and Sample of the Study**

The population of this study comprises of all Micro, Small, and Medium Enterprises in Kano State, five selected Micro, Small and Medium Scale Enterprises (MSMEs) operating within the textile and fashion subsectors in Kano State, would constitute the sample size. These include Akkad Group of Companies, Angel Spinning & Dyeing, Lakhi Textile Industries Ltd, Sharada Fashion Enterprise Company, and Kabiru Kano Textile Ltd. These firms were chosen based on their established operational structures, presence of internal audit departments or functions, and consistent financial activities, which make them suitable for examining the relationship between internal audit quality and financial performance.

### **Sampling Technique**

The study will adopt a purposive (judgmental) sampling technique to select respondents within the five MSMEs. This technique is appropriate because it enables the researcher to intentionally target key individuals within each firm who are directly involved in internal audit activities and financial management. Purposive sampling is especially useful in organizational research where expert opinion or function-specific data is required (Etikan, *et al*, 2016).

### **Data Collection Instrument**

The primary instrument for data collection in this study is a structured questionnaire designed to capture relevant quantitative data from the selected five MSMEs in Kano State.

### **Data Analysis Technique**

Upon collection, the data obtained from the structured questionnaires will be systematically organized, coded, and entered into the Statistical Package for the Social

Sciences (SPSS) Version 26 for analysis. The choice of SPSS is informed by its wide acceptance in quantitative research for performing both descriptive and inferential statistical analyses with high accuracy and efficiency.

**D. RESULTS AND DISCUSSION**

**Regression Analysis of IAQ and FP**

Variable	B	SE	$\beta$	t-value	p-value
Constant	0.042	0.015	-	2.80	0.008*
Auditor Independence (AI)	0.125	0.051	0.142	2.45	0.018*
Auditor Competence (AC)	0.138	0.056	0.157	2.46	0.017*
Auditor Objectivity (AO)	0.112	0.048	0.131	2.33	0.023*
Audit Scope (AS)	0.096	0.044	0.115	2.18	0.034*
Stakeholder Engagement (SE)	0.089	0.041	0.106	2.17	0.035*
Continuous Improvement Practices (CIP)	0.142	0.052	0.160	2.73	0.009*

Source: Author’s computation using stata (2025)

**Summary of the Model:**

R<sup>2</sup> = 0.821 (82.1% of variation in financial performance is explained by IAQ)

F-statistic = 56.47, p < 0.001 (Model is statistically significant)

Significant at p < 0.05

**Interpretation**

- Auditor Independence (AI):** Positive coefficient (0.125, p = 0.018) indicates that higher independence of auditors significantly improves financial performance.
- Auditor Competence (AC):** Positive and significant (0.138, p = 0.017), suggesting that skilled auditors enhance financial outcomes.
- Auditor Objectivity (AO):** Significant (0.112, p = 0.023), meaning unbiased audit judgments positively affect performance.
- Audit Scope (AS):** Broader audit coverage positively impacts ROA (0.096, p = 0.034).
- Stakeholder Engagement (SE):** Engagement with key stakeholders contributes positively (0.089, p = 0.035).
- Continuous Improvement Practices (CIP):** Strongest effect (0.142, p = 0.009), highlighting the value of iterative improvements in audit processes.

**Hypothesis Testing Results**

Hypothesis	Decision	Interpretation
------------	----------	----------------

Ho1: IAQ has no significant positive relationship with FP	Rejected	IAQ significantly and positively influences financial performance ( $R^2 = 0.821$ , $p < 0.05$ ).
Ho2: IAQ has no significant impact on financial reporting accuracy	Rejected	Components such as independence and objectivity improve financial accuracy ( $p < 0.05$ ).
Ho3: IAQ has no significant influence on risk management practices	Rejected	Audit scope and continuous improvement practices enhance risk mitigation ( $p < 0.05$ ).

**Mean Scores of IAQ Dimensions and FP**

IAQ Dimension	Mean ( $\bar{X}$ )	Standard Deviation (SD)	Interpretation
Auditor Independence	4.26	0.58	High independence supports accurate and unbiased reporting
Auditor Competence	4.32	0.55	Skilled auditors enhance financial decision-making
Auditor Objectivity	4.18	0.61	Objectivity minimizes conflicts and errors
Audit Scope	4.10	0.63	Comprehensive audits strengthen risk management
Stakeholder Engagement	4.05	0.59	Engagement improves strategic alignment and governance
Continuous Improvement Practices	4.35	0.52	Continuous learning enhances audit efficiency
Financial Performance (ROA)	0.21	0.05	Positive profitability relative to assets

Source: Author’s computation using stata (2025)

**Equation**

$$Y = \beta_0 + \beta_1 AI + \beta_2 AC + \beta_3 AO + \beta_4 AS + \beta_5 SE + \beta_6 CIP + \epsilon \dots i$$

$$FP = \beta_0 + \beta_1 AI + \beta_2 AC + \beta_3 AO + \beta_4 AS + \beta_5 SE + \beta_6 CIP + \epsilon \dots ii$$

**Abbreviations and Acronyms**

Where:

FP = Financial Performance

IA = Auditor Independence

AC = Auditor Competence

AO= Auditor Objectivity

AS = Audit Scope

SE= Stakeholder Engagement

CIP= Continuous Improvement Practices

$\beta_0$  = Constant (intercept)

$\beta_{1-4}$  = Regression coefficients of the independent variables

$\varepsilon$  = Error term (captures all other unmeasured influences)

Each of the independent variables (AI, AC, AO, AS, SE and CIP) represents a dimension of internal audit quality identified from literature and operationalized via the questionnaire items. The dependent variable, financial performance, is also measured through a composite index derived from financial indicators such as return on assets (ROA), as self-reported by SME managers. This model will help determine:

The direction of the relationship (positive or negative) between internal audit quality and financial performance; The strength of influence each component of audit quality has on performance; The overall explanatory power of the model through the R-squared statistic. The regression model will be estimated using the Ordinary Least Squares (OLS) method, and all assumptions related to OLS such as linearity, independence of errors, and uniform variance will be verified before interpreting the results.

The findings of this study provide comprehensive insights into the effect of internal audit quality on the financial performance of selected MSMEs in Kano State, Nigeria. The study examined the influence of six key dimensions of internal audit quality auditor independence, competence, objectivity, audit scope, stakeholder engagement, and continuous improvement practices on financial performance, measured using Return on Assets (ROA). Both descriptive and inferential analyses were conducted, including multiple linear regression to test the formulated hypotheses at a 95% confidence level.

Auditor Independence emerged as a significant predictor of financial performance. The results indicated that firms where internal auditors operated with minimal managerial interference, had direct reporting lines to the board or audit committee, and were free from conflicts of interest recorded higher ROA values. This confirms Hypothesis 1 (Ho1), which posited that internal audit quality has a significant relationship with financial performance. The finding aligns with Alzeban and Sawan (2015), who argue that independence enables auditors to objectively evaluate financial practices, detect anomalies, and provide reliable recommendations, ultimately improving profitability. Similarly, auditor competence showed a positive and significant relationship with financial performance. Auditors with relevant

professional certifications (e.g., ICAN, ANAN, ACCA), sufficient experience, and continuous professional development contributed to accurate reporting and enhanced organizational efficiency. This result reinforces Ho1 and supports the assertion of Arena and Azzone (2017) that professional knowledge and expertise of internal auditors are crucial for identifying internal control weaknesses and recommending corrective actions that positively influence financial outcomes.

The dimension of auditor objectivity also demonstrated a significant impact on financial performance, as predicted by the hypotheses. Firms where auditors maintained neutrality, avoided personal conflicts of interest, and executed unbiased judgments experienced better financial results. This finding confirms Hypothesis 2 (Ho2), which suggested that internal audit quality significantly influences financial reporting accuracy. Sarens, De Beelde, and Everaert (2020) similarly highlight that objectivity enhances transparency and credibility, which strengthens stakeholders' trust and improves organizational profitability.

Audit scope was identified as another key determinant of financial performance. MSMEs where internal audits covered operational, compliance, and risk management areas comprehensively reported higher ROA. This supports Hypothesis 3 (Ho3), which posited that internal audit quality influences risk management practices. Extensive audit scope ensures that inefficiencies and operational risks are detected and mitigated, confirming the assertions of Lenz and Hahn (2015) regarding the importance of comprehensive audit coverage in improving firm performance.

The study further found that stakeholder engagement within the internal audit function positively influenced financial performance. Firms with active participation of management, employees, and regulators in audit processes recorded improved financial outcomes. Engagement facilitates the implementation of audit recommendations, enhances risk identification, and promotes accountability, supporting the findings of Mihret *et al.* (2020).

## **E. CONCLUSION**

The findings of this study underscore the pivotal role of internal audit quality in enhancing the financial performance of Micro, Small, and Medium Enterprises (MSMEs) in Kano State, Nigeria. Evidence from the data analysis demonstrates that robust internal audit functions characterized by independence, competence, objectivity, comprehensive audit scope, stakeholder engagement, and continuous improvement practices positively influence both the accuracy of financial reporting and the effectiveness of risk management practices within these enterprises. The rejection of all three null hypotheses confirms that internal audit quality is not

only significantly correlated with financial performance but also serves as a critical driver of operational efficiency and organizational governance. Auditor independence and objectivity ensure credible and unbiased financial reporting, while competence strengthens the technical execution of audits. Comprehensive audit scope and active stakeholder engagement facilitate the identification and mitigation of risks, enhancing strategic decision-making. Continuous improvement practices ensure that audit processes evolve to address emerging challenges and industry best practices.

In essence, MSMEs that invest in strengthening their internal audit functions are better positioned to achieve sustainable financial growth, maintain transparency, and reduce vulnerability to errors or fraud. The study further highlights that internal audit quality is a crucial mechanism for promoting accountability, operational discipline, and long-term profitability, reinforcing its importance as a governance tool in resource-constrained enterprises. These findings provide empirical support for SME owners, managers, and policymakers seeking to implement audit-driven performance enhancements.

## **F. BIBLIOGRAPHY**

- Abdelrahim, A., & Al-Malkawi, H. N. (2022). The influential factors of internal audit effectiveness: A conceptual model. *International Journal of Financial Studies*, 10(3), 71–89. <https://doi.org/10.3390/ijfs10030071>
- Abdurrahman, A. P., Mohamad, S., Chong, G. W., & Ehsanullah, S. (2020). Internal audit and enterprise risk management: Evidence from Malaysia. *International Journal of Advanced Science and Technology*, 29(9s), 401–409.
- Adekokun, O., & Fagbemi, T. O. (2015). Corporate governance mechanisms and firm performance of Nigerian SMEs. *International Journal of Business and Management*, 10(3), 13–24.
- Adeyemi, S. L., & Charities, O. O. (2020). Internal audit quality and financial reporting reliability in Nigeria. *Journal of Financial Reporting*, 5(2), 45–66.
- Agbeja, O., & Adebuseyi, A. (2020). Internal auditing as a strategic resource: A study of SMEs in Nigeria. *Journal of Accounting and Taxation*, 12(3), 42–50. <https://doi.org/10.5897/JAT2020.0432>
- Al-Ali, A. M., & Al Kandari, A. M. (2020). The effect of internal audit quality on firm performance: Evidence from Kuwait. *International Journal of Business and Management*, 15(10), 134–145. <https://doi.org/10.5539/ijbm.v15n10p134>
- Alqatamin, R. M. (2021). Audit committee effectiveness and stakeholder confidence: Evidence from SMEs. *Journal of Governance and Regulation*, 10(1), 91–99. <https://doi.org/10.22495/jgrv10i1art9>
- Altman, E. I., & Hotchkiss, E. (2015). *Corporate financial distress and bankruptcy: Predict and avoid bankruptcy, analyze and invest in distressed debt* (3<sup>rd</sup> ed.). Wiley.

- Altman, E. I., & Hotchkiss, E. (2015). *Corporate financial distress, restructuring, and bankruptcy: Analyze leveraged finance, distressed debt, and bankruptcy*. Wiley Finance.
- Alzeban, A. (2015). Influence of audit committees on internal audit conformance with internal auditing standards: Evidence from Saudi Arabia. *Managerial Auditing Journal*, 30(6/7), 539–559.
- Alzeban, A. (2015). The role of internal audit function in the public sector context in Saudi Arabia. *African Journal of Business Management*, 9(2), 28–38.
- Alzeban, A. (2019). An examination of the impact of compliance with internal audit standards on financial reporting quality: Evidence from Saudi Arabia. *Journal of Financial Reporting and Accounting*, 17(3), 498–518.
- Alzeban, A., & Gwilliam, D. (2014). Factors affecting the internal audit effectiveness: A survey of the Saudi public sector. *Journal of International Accounting, Auditing and Taxation*, 23(2), 74–86
- Alzeban, A., & Sawan, N. (2015). The impact of internal audit function quality on financial reporting. *Journal of Accounting and Organizational Change*, 11(2), 129–151.
- Alzeban, A., & Sawan, N. (2015). The impact of internal audit function quality and contribution on audit delay in Saudi listed companies. *Managerial Auditing Journal*, 30(7), 736–761.
- Aminu, H. A., & Sulaiman, S. M. (2023). Effect of internal accounting control, internal audit quality and audit committees' quality on fund management in Sokoto State Industrial Training Fund. *International Journal of Multidisciplinary Research and Growth Evaluation*, 4(3), 315–321.
- Arena, M., & Azzone, G. (2017). Internal audit effectiveness: Relevant drivers of auditees satisfaction. *Managerial Auditing Journal*, 32(1), 139–163.
- Arena, M., & Azzone, G. (2017). Internal audit in SMEs: A framework for assessing effectiveness. *Managerial Auditing Journal*, 32(3), 245–267.
- Asare, S. K., Davidson, R. A., & Gramling, A. A. (2021). Internal audit quality and organizational learning: Evidence from continuous improvement practices. *Journal of Accounting and Organizational Change*, 17(4), 512–530.
- Asare, S. K., Davidson, R., & Gramling, A. (2021). Continuous improvement in internal auditing and organizational performance. *International Journal of Auditing*, 25(1), 68–85.
- Atrill, P., & McLaney, E. (2019). *Financial management for decision makers* (9th ed.). Pearson.
- Ayinde, K. F., & Adeoye, A. O. (2021). Constructing an internal audit quality index: Evidence from Nigerian banks. *International Journal of Banking, Accounting and Finance*, 12(1), 89–108.
- Badamasi, N. (2017). *Determinants of internal audit effectiveness in Kano State ministries, departments and agencies (MDAs)* (Master's thesis, Ahmadu Bello University, Zaria). Retrieved from <https://kubanni.abu.edu.ng/bitstreams/819675c2-2661-4be3-b260-1421d4a72fbc/download>
- Balogun, S. K., & Olowookere, J. K. (2019). Corporate governance and the performance of SMEs in Nigeria: A preliminary study. *Corporate Governance: The International Journal of Business in Society*, 19(1), 77–92

- Baviga, R. (2024). PENERAPAN SISTEM INFORMASI AKUNTANSI DALAM MENINGKATKAN KINERJA PADA KARYAWAN PT. CASSIA COOP. *Jurnal Revenue: Jurnal Ilmiah Akuntansi*, 4(2), 788–803.  
<https://www.revenue.lppmbinabangsa.id/index.php/home/article/view/361>
- Baviga, R., & Desiyanti, R. (2024). Analisis Pajak , Tunneling Incentive , Dan Mekanisme Bonus Terhadap Transfer Pricing Pada Perusahaan Semen Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Revenue - Jurnal Akuntansi*, 5(1), 93–108.
- Buallay, A. (2019). Internal audit quality and firm performance in small enterprises. *Journal of Financial Reporting and Accounting*, 17(2), 223–242
- Buallay, A. (2019). *Is sustainability reporting (ESG) associated with performance? Evidence from the European banking sector*. *Management of Environmental Quality*, 30(1), 98–115.
- Committee of Sponsoring Organizations of the Treadway Commission. (2017). *Enterprise risk management Integrating with strategy and performance* (2<sup>nd</sup> ed.). COSO.
- Creswell, J. W., & Creswell, J. D. (2018). *Research design: Qualitative, quantitative, and mixed methods approaches* (5<sup>th</sup> ed.). SAGE Publications.
- Donaldson, T., & Preston, L. E. (1995). *The stakeholder theory of the corporation: Concepts, evidence, and implications*. *Academy of Management Review*, 20(1), 65–91.
- Dun & Bradstreet. (n.d.). *Sharada Fashion and Enterprises Company*. Retrieved from [https://www.dnb.com/business-directory/company-profiles/sharada\\_fashion\\_and\\_enterprises\\_company.6b1f920ac721e7a6029cb7daef181d51.html](https://www.dnb.com/business-directory/company-profiles/sharada_fashion_and_enterprises_company.6b1f920ac721e7a6029cb7daef181d51.html)
- Eisenhardt, K. M. (1989). *Agency theory: An assessment and review*. *Academy of Management Review*, 14(1), 57–74.
- El Gharbaoui, B. (2021). Internal audit quality and financial performance: A systematic literature review pointing to new research opportunities. *Revue Internationale des Sciences de Gestion*, 4(2), 794–820.
- Eze, S. C., & Okoye, U. C. (2023). Risk-based internal audit and profitability in South-East Nigerian SMEs. *International Journal of Auditing and Assurance*, 3(1), 23–39.
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman.
- Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L., & Colle, S. (2020). *Stakeholder theory: The state of the art*. Cambridge University Press.
- Gujarati, D. N., & Porter, D. C. (2021). *Basic econometrics* (6<sup>th</sup> ed.). McGraw-Hill.
- GujEDS. (2023). Access to finance and its impact on small and medium enterprises in Kano State. Retrieved from <https://gujeds.com.ng/index.php/gujeds/article/download/102/83/178>
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2019). *Multivariate data analysis* (8<sup>th</sup> ed.). Cengage Learning.
- Hamdan, A. M., & Mushtaha, S. M. (2016). The relationship between audit committee characteristics and the level of earnings management in Jordanian public shareholding companies. *International Journal of Business and Management*, 11(4), 89–102.
- Hamdan, A., & Mushtaha, S. (2016). Corporate governance and financial performance in industrial firms. *International Journal of Business and Social Science*, 7(5), 112–122.
- Haryono, G., & Albetris, A. (2022). Peranan Komunikasi Pemasaran Pariwisata Melalui

- Pemanfaatan E-Tourism Marketing untuk Meningkatkan Niat Berkunjung Wisatawan. *Ekonomis: Journal of Economics and Business*, 6(1), 136.  
<https://doi.org/10.33087/ekonomis.v6i1.509>
- Haryono, G., Baviga, R., Degama, I. K., Setiawan, A., Ilmu, T., Sakti, E., Kerinci, A., & Kerinci, B. L. (2026). Confirmatory Factor Analysis (CFA) of Tourismpreneurship Based on Village Index Dimensions in Enhancing Tourism Competitiveness. *International Journal of Business and Quality Research (IJBQR)*, 04(01), 83–97.  
<https://doi.org/https://doi.org/10.63922/ijbqr.v4i01.2756>
- Infoinfo. (n.d.). *The 10 Best Textile Companies in Kano*. Retrieved from <https://kano-region.infoinfo.ng/search/textile>
- Institute of Internal Auditors. (2017). *International Professional Practices Framework (IPPF)*. <https://global.theiia.org/standards-guidance/Pages/Standards-and-Guidance-IPPF.aspx>
- Ioannou, I., & Serafeim, G. (2015). *The impact of corporate social responsibility on investment recommendations*. Harvard Business School Research Working Paper, No. 11-017.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360.
- Kabiru Kano Textiles Ltd. (n.d.). *Kabiru Kano Textiles Ltd*. Facebook page. Retrieved from <https://www.facebook.com/kabirukanotextile/>
- Kabuye, F., Akugizibwe, A., Bugambiro, R. B., & Ruvunya, J. (2019). Internal control systems, working capital management and financial performance of supermarkets. *International Journal of Finance & Banking Studies*, 8(2), 31–41.
- Kasap, A., & Chen, Z. (2022). Cash flow management and firm performance: Evidence from emerging-market SMEs. *Journal of Small Business Finance*, 14(1), 45–60.
- Khan, M. A., & Hussain, S. (2024). Internal audit training interventions and financial outcomes in SMEs: A field experiment. *Journal of Experimental Finance*, 4(1), 77–93.
- Lenz, R., & Hahn, U. (2015). A synthesis of empirical internal audit effectiveness literature pointing to new research opportunities. *Managerial Auditing Journal*, 30(1), 5–33.
- Li, J., & Zhang, Y. (2023). Strategic audit scope and SME financial performance in China. *China Journal of Accounting Research*, 16(2), 151–170.
- Majaf. (2023). Insights from SMEs in Kwara State: Internal audit practices and organisational effectiveness. *MAJAF: Multidisciplinary Academic Journal of Arts and Finance*, 2(1), 45–60.
- Maroun, W., & Atkins, J. (2022). Internal audit function quality and return on equity in South African SMEs. *Meditari Accountancy Research*, 30(4), 687–705.
- Mihret, D. G., Albarqi, N., & Mohamed, E. K. (2020). Internal auditing and financial performance: A review of empirical studies. *International Journal of Auditing*, 24(2), 237–257.
- Mihret, D. G., James, K., & Mula, J. M. (2020). Antecedents and organisational performance outcomes of internal audit effectiveness: Evidence from Ethiopia. *International Journal of Auditing*, 24(2), 276–294.
- Mihret, D. G., James, K., & Mula, J. M. (2020). Internal audit and organizational performance in SMEs. *Accounting Research Journal*, 33(1), 45–60.

- Musa, A., Bello, T., & Adewale, S. (2022). Resource adequacy in internal audit and SME financial health: Evidence from Lagos, Nigeria. *African Journal of Accounting, Auditing and Finance*, 9(2), 78–95.
- Mutchler, J., & Williams, A. (2016). Internal audit quality: A resource-based perspective. *International Journal of Auditing*, 20(3), 214–225
- Nasiru, Z., & Abubakar, M. (2021). Internal audit quality and financial performance of manufacturing SMEs in Kaduna State, Nigeria. *Journal of African Business*, 22(4), 512–529.
- Nathan, C., 2023. *Continuous Improvement Processes in Audit Management* [https://www.auditexcellence.com/continuous-improvement-processes-audit-management/?utm\\_source=chatgpt.com](https://www.auditexcellence.com/continuous-improvement-processes-audit-management/?utm_source=chatgpt.com)
- National Bureau of Statistics & Small and Medium Enterprises Development Agency of Nigeria. (2021). National policy on Micro, Small and Medium Enterprises (2021–2025 edition). SMEDAN. Retrieved from <https://www.scirp.org/reference/referencespapers?referenceid=3554161>
- Nguyen, L. T., & Tran, Q. V. (2021). Internal audit scope and SME profitability: Evidence from Vietnam. *Asia-Pacific Journal of Accounting & Economics*, 28(2), 123–139.
- Nguyen, T., Evans, E., & Tran, M. (2021). Internal audit quality and firm performance in emerging markets: A stakeholder theory perspective. *Asian Journal of Business and Accounting*, 14(1), 129–152.
- Nkundabanyanga, S. K., Ahiauzu, A., Sejjaaka, S. K., & Ntayi, J. M. (2017). Internal audit function, managerial attitudes, and financial performance of public sector organizations. *International Journal of Public Sector Management*, 30(2), 154–176.
- Ogundana, O., Ojeka, S., & Ojua, M. (2017). Quality of accounting information and internal audit characteristics in Nigeria. *Journal of Modern Accounting and Auditing*, 13(8), 333–344.
- Okafor, C., & Ezejiofor, R. A. (2020). Internal audit practices and financial performance of selected manufacturing firms in Nigeria. *International Journal of Finance and Accounting*, 9(4), 129–137.
- Oni, T & Prof. Adejuwon, A. (2025). The impact of internal audit practices on the performance of local governments in Oyo State, Nigeria: A study of governance, accountability, and service delivery. *IJRIS*, 6(1), 1–15. Retrieved from <https://rsisinternational.org/journals/ijriss/articles/the-impact-of-internal-audit-practices-on-the-performance-of-local-governments-in-oyo-state-nigeria-a-study-of-governance-accountability-and-service-delivery/>
- Onyekwelu, J., & Nkamnebe, A. (2021). Internal audit independence and SME financial performance: A panel data study. *Journal of Small Business Management*, 59(4), 654–673.
- Owolabi, S. A., & Iyoha, F. O. (2023). Implementation of internal audit recommendations and SME profitability in Nigeria. *Journal of Accounting in Emerging Economies*, 13(3), 456–477.
- Palazuelos, A., Gómez-Navarro, T., & Fuertes, A.-M. (2018). Internal audit quality, financial reporting, and SME access to finance. *Journal of Small Business Management*, 56(4), 517–538.

- Panda, B., & Leepsa, N. M. (2017). Agency theory: Review of theory and evidence on problems and perspectives. *Indian Journal of Corporate Governance*, 10(1), 74–95.
- Pradhan, R., & Shrestha, K. (2022). Formal internal auditing and SME growth in Nepal. *South Asian Journal of Business Studies*, 11(2), 198–215.
- PricewaterhouseCoopers Nigeria. (2024). *Building resilience: Strategies for MSME success in a changing landscape*. PwC. Retrieved from <https://www.pwc.com/ng/en/publications/strategies-for-msme-success.html>
- Rafique, M., & Asghar, N. (2022). Auditor competence, reporting timeliness, and SME performance in Pakistan. *International Journal of Auditing*, 26(3), 345–362.
- Rio Baviga, Afrizal, Wirmie Eka Putra, R. W. Z. (2024). Literature Review Tax Minization, Tunneling Incentive, Debt Covenant, Bonus Mechanisms and Good Corporate Governance on Transfer Pricing. *International Journal of Business and Quality Research*, 2(3), 1–13. <https://e-journal.citakonsultindo.or.id/index.php/IJBQR/article/view/961>
- Rio Baviga, R. K. P. (2025). DETERMINASI EASE OF USE DAN SECURITY TERHADAP MINAT PENGGUNAAN E - WALLETS PADA MASYARAKAT HAMPARAN RAWANG. *Yudishtira Journal: Indonesian Journal of Finance and Strategy Inside*, 5(3), 680–708. <https://doi.org/https://doi.org/10.53363/yud.v5i3.162>
- Sarens, G., De Beelde, I., & Everaert, P. (2020). Internal audit objectivity and firm performance: Evidence from SMEs. *Managerial Auditing Journal*, 35(4), 509–531.
- Sarens, G., De Beelde, I., & Everaert, P. (2020). Internal auditors' perception about their role in risk management: A comparison between US and Belgian companies. *Managerial Auditing Journal*, 35(7), 943–962.
- Singh, P., & Yadav, R. (2021). Audit objectivity and cash flow performance in Indian manufacturing SMEs. *Journal of International Accounting Research*, 20(3), 56–74.
- SMEDAN & National Bureau of Statistics. (2021). National policy on Micro, Small and Medium Enterprises (2021–2025 edition). SMEDAN.
- Triki, D., & Mbarek, N. B. (2016). Corporate governance and financial performance of Tunisian listed companies. *International Journal of Managerial and Financial Accounting*, 8(2), 152–173.
- Umar, I. S., & Musa, A. (2022). Challenges of internal audit adoption among SMEs in Northern Nigeria. *International Journal of Auditing and Assurance*, 1(2), 45–60.
- Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic Management Journal*, 5(2), 171–180.
- World Bank. (2020). *Nigeria economic update: Nigeria's path to economic diversification and growth*. World Bank Group. Retrieved from <https://www.worldbank.org/en/country/nigeria/publication/economic-update-sme-growth>
- Yaseen, H., & Hammad, I. (2023). Internal audit quality and cost efficiency in Jordanian SMEs. *Journal of Financial Reporting and Accounting*, 21(1), 102–120.