Research

EPRA International Journal of Economic and Business Review-Peer Reviewed Journal
Volume - 13, Issue - 7, July 2025 | e-ISSN: 2347 - 9671| p- ISSN: 2349 – 0187

SJIF Impact Factor (2025): 8.862 || ISI Value: 1.433 || Journal DOI URL: https://doi.org/10.36713/epra2012

OPINIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS REGARDING INTERNAL AUDITOR: PRECAST BUILDING ELEMENTS SECTOR FIELD STUDY

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ABSTRACT DOI No: 10.36713/epra23085 Article DOI: https://doi.org/10.36713/epra23085

The primary aim of this research is to examine the perceptions of the members of the board of directors operating within the precast construction elements sector regarding internal auditors. Employing a quantitative research design, data were collected from 36 board members through a structured online questionnaire. The findings indicate that the vast majority of participants perceive internal auditors as competent, professional, and impartial. Approximately 66.7% of respondents stated that they have a positive perspective on internal auditors and deemed their knowledge and experience to be sufficient (M=3.78). Furthermore, participants believe that internal auditors act independently across all units (M=3.55) and do not face external pressure (M=3.58). However, the use of technological developments and information systems by internal auditors remains at a moderate level (M=3.61), while their capacity to offer technological suggestions is somewhat limited (M=3.19). Although board members assess the contribution of internal auditors to risk management and corporate sustainability processes positively (M=3.52), they emphasized the need to improve the integration of new technologies, such as artificial intelligence, into audit processes.

KEYWORDS: ***Internal Audit, Board of Directors, Auditor Independence, Precast Sector, Technology.***

1. INTRODUCTION

Internal auditing has become an essential component of modern corporate governance structures. The attitudes of board members towards internal auditors play a decisive role in maintaining the independence, objectivity, and effectiveness of audit activities (Goodwin, 2004). According to the corporate governance theory proposed by Fama and Jensen (1983), in structures where ownership and management are separated, control mechanisms such as internal auditing help reduce agency costs and protect stakeholder interests. Studies have demonstrated that the composition of the board—such as the number of members, their level of independence, and their sectoral experience—directly influences the performance and perception of the internal audit function (Adams & Mehran, 2012; Arena & Azzone, 2009). For example, Arena and Azzone (2009) highlighted that the effectiveness of an internal audit unit is strengthened by top management's support and the board's attitude. Similarly, Cohen and Sayag (2010) emphasized that for internal auditors to act independently, boards must provide constructive support through audit committees. In Turkey, research on perceptions of internal auditors, particularly in the industrial and construction sectors, is still limited. In sectors like precast construction elements—which combine both manufacturing and construction components—there is a lack of empirical data on how internal auditor practices are perceived by board members. This study aims to contribute to the literature by revealing how board members' perspectives on internal auditors vary based on demographic factors such as education level, age, tenure on the board, and experience in different sectors.

2. OBJECTIVES

This study seeks to elucidate the perceptions of board members in companies operating within Turkey's precast construction elements sector regarding the competence, independence, impartiality, and professionalism of internal auditors. Additionally, the study examines whether there is a relationship between board members' demographic characteristics—such as age, education level, tenure on the board, and sectoral experience—and their perceptions of internal auditors. In this context, the following research questions are asked:

1. Is there a relationship between the board member's education level and their perception of internal auditors?
2. Is there a relationship between the board member's age and their perception of internal auditors?

3. Does tenure on the board affect the perception of internal auditors?
4. Does the number of company shareholders influence board members' views on internal auditors?
5. Does prior experience in a different sector affect their perception of internal auditors?

3. METHODOLOGY

A quantitative research approach was adopted, utilizing a descriptive survey design. A structured questionnaire was developed and distributed online to board members working in companies within the precast construction elements sector. The questionnaire comprised two sections: the first covered demographic questions, while the second contained statements related to the competence, impartiality, and technological capabilities of internal auditors. The questionnaire was pilot-tested and revised with expert feedback to ensure clarity and reliability. Data collected were analyzed using the SPSS software package, with descriptive statistics such as frequencies, percentages, means, and standard deviations calculated. T-tests and ANOVA were employed to analyze relationships among variables. The reliability of the scale was tested using Cronbach's Alpha, which was found to be 0.86.

4. SAMPLING DESIGN

Primary data were used in this research. The study population consisted of board members of companies registered with the Precast Concrete Elements Association in Turkey. There are 46 companies registered with the association. Initially, contact was made with the boards through the association, but due to insufficient responses, an online survey link was also distributed to board members via LinkedIn and email. A total of 36 board members participated in the study.

5. STATISTICAL DESIGN

Data were analyzed using the SPSS software package. Descriptive statistics such as frequencies, percentages, means, and standard deviations were calculated. Relationships between variables were tested using T-tests and ANOVA. The reliability of the measurement scale was confirmed with a Cronbach's Alpha of 0.86, indicating high internal consistency.

6. GEOGRAPHICAL AREA

The study's geographical scope covers the entirety of Turkey. Of the 46 companies registered with the Precast Concrete Elements Association, 11 are located in the Marmara region, 8 in the Aegean region, 13 in Central Anatolia, 2 in the Black Sea region, 2 in the Mediterranean region, and 9 in the Eastern and Southeastern Anatolia regions. Among the board members who responded, 50% were from the Marmara region, 28% from the Aegean region, and 22% from Central Anatolia. No responses were received from the Mediterranean, Black Sea, or Eastern and Southeastern Anatolia regions.

7. RESULTS

In the analysis of the study, the information obtained from the demographic data of the participants was given first, and in the second part, the relationships established between the variables were tested.

7.1. Demographic Data of Participants

The sample predominantly comprised board members within the middle-to-advanced age group, possessing a high level of education and extensive sectoral experience. A significant portion of participants also reported having experience in different sectors. These features suggest that decision-making processes in the precast construction sector are influenced by managerial experience and diversity.

Table 1. Demographic Data Table

VARIABLES	Number	%	Total Percentage	Mean	SS
	Duration of Board Membership				
Lower than 1 Year	2	5,6	5,6		
Between 1-3 Years	6	16,7	22,2	**3,5**	**0,97**
More than 5 Years	28	77,8	100		
Total	36	100	100	**3,5**	**0,97**
	Total Experience				
Lower than 1 Year	2	5,6	5,6		
Between 1-3 Years	1	2,8	8,3		
More than 5 Years	2	5,6	13,9	**4,27**	**1,08**
Between 5-10 Years	11	30,6	44,4		
More than 10 Years	20	55,6	100		
Total	36	100	100	**4,27**	**1,08**
	Age				
Between 20-35	6	16,7	16,7		
Between 36-50	10	27,8	44,4	**2,55**	**0,96**
Between 51-65	14	38,9	83,3		
Over 66	6	16,7	100		
Total	36	100	100	**2,55**	**0,96**
	Experience on a Different Sector				
Yes	16	44,4	44,4	**1,5**	**0,50**
No	20	55,6	100		
Total	**36**	**100**	**100**	**1,5**	**0,50**

	Education Level				
Primary School	5	13,9	13,9		
Highschool	2	5,6	19,5	2,75	0,80
Bachelor	26	72,2	91,7		
Master	3	8,3	100		
Total	**36**	**100**	**100**	**2,75**	**0,80**

7.2. Descriptive Statistics and Board Members' Opinions

Board members' opinions on internal auditors were assessed using a five-point Likert scale. The general trend in responses was positive. The statement "As a senior manager, I have a positive perspective towards the internal auditor" received the highest mean score (M=4.27; SD=0.51). Competence (M=3.78), impartiality (M=3.94), and professionalism (M=3.83) were all rated highly. However, statements regarding providing technological suggestions (M=3.19) and consultancy (M=3.36) scored lower, indicating that board members are less certain about the advisory and innovative roles of auditors.

Table 2A. Opinions of the Members of the Board of Directors on the Internal Auditor (Mean and Deviation)

Opinions on Internal Auditor (Alpha= 0,86)	***Mean***	***Deviation***
As a senior executive, my perspective on the internal auditor is positive.	***4,27***	***0,51***
Our auditors have sufficient knowledge and experience.	***3,78***	***0,6***
They carry out auditing activities for system and information technologies.	***3,61***	***0,72***
The necessary work environment has been provided to the auditor.	***3,58***	***0,73***
There is no intervention to the auditor during the monitoring phase of activities.	***3,58***	***0,76***
The internal auditor audits all units of the institution independently.	***3,55***	***0,96***
The workload of internal auditors is not excessive.	***3,50***	***1,02***
They provide suggestions regarding technological developments.	***3,19***	***0,92***
Does the internal auditor provide consultancy to the management in the formation of your business policies?	***3,36***	***0,71***
They exhibit an impartial and honest attitude in the face of events.	***3,94***	***0,86***
Internal audit is a guarantee for independent audit.	***3,80***	***0,82***
Does your internal auditor exhibit a competent and professional attitude in the face of events?	***3,83***	***0,81***
Does your internal auditor provide suggestions to improve your business's risk management and internal control processes?	***3,52***	***0,84***
1: Strongly disagree, 2: Partially disagree, 3: Undecided, 4: Partially agree, 5: Strongly agree		

Table 2B. Opinions of the Members of the Board of Directors on the Internal Auditor (Frequency and Percentage Distribution)

1: Strongly disagree, 2: Partially disagree, 3: ***3: Undecided, 4: Partially agree, 5: Strongly agree***										
İç Denetçi ile ilgili Görüşler	**1**		**2**		**3**		**4**		**5**	
	F	***%***	***F***	***%***	***F***	***%***	***F***	***%***	***F***	***%***
As a senior executive, my perspective on the internal auditor is positive.	***-***	-	***-***	-	***1***	*2,8*	***24***	*66,7*	***11***	*30,6*
Our auditors have sufficient knowledge and experience.	***-***	-	***1***	*2,28*	***12***	*33,3*	***17***	*47,2*	***6***	*16,7*
They carry out auditing activities for system and information technologies.	***1***	*2,8*	***1***	*2,8*	***16***	*44,4*	***15***	*41,7*	***3***	8,3
The necessary work environment has been provided to the auditor.	***-***	-	***-***	-	***19***	*52,8*	***12***	*33,3*	***5***	*13,9*
There is no intervention to the auditor during the monitoring phase of activities.	***-***	-	***1***	*2,8*	***18***	*50*	***12***	*33,3*	***5***	*13,9*
The internal auditor audits all units of the institution independently.	***1***	*2,8*	***2***	*5,6*	***16***	*44,4*	***10***	*27,8*	*7*	*19,4*
The workload of internal auditors is not excessive.	***1***	*2,8*	***4***	*11,1*	***14***	*38,9*	***10***	*27,8*	*7*	*19,4*
They provide suggestions regarding technological developments.	***1***	*2,8*	***5***	*13,9*	***20***	*55,6*	***6***	*16,7*	***4***	*11,1*

Does the internal auditor provide consultancy to the management in the formation of your business policies?	-	-	3	8,3	21	58,3	8	22,2	4	11,1
They exhibit an impartial and honest attitude in the face of events.	-	-	-	-	14	38,9	10	27,8	12	33,3
Internal audit is a guarantee for independent audit.	-	-	-	-	16	44,4	11	30,6	9	25
Does your internal auditor exhibit a competent and professional attitude in the face of events?	-	-	1	2,8	12	33,3	15	41,7	8	22,2
Does your internal auditor provide suggestions to improve your business's risk management and internal control processes?	2	5,6	-	-	19	52,8	9	25	6	16,7

7.3. Relationship Between Board of Directors Member's Education Level and Their Perspective on the Internal Auditor

72.2% of the survey participants are undergraduate graduates. Since the number of respondents with different education levels was low, statistically significant data could not be obtained, and correlation analysis could not be performed.

7.4. Relationship Between Board of Directors Member's Age and Their Perspective on the Internal Auditor

The average age of the participants who responded to the survey is within the middle age group (30-45 age range) (M=2.56; SD=0.97).

According to the results of the One-Sample t-Test, there is a neutral or partially positive relationship between the age of the member of the board of directors and the score of their opinion on the internal auditor. The findings indicate that age factor may partially influence the perception of internal audit. Literature reviews also show that the age factor is important in decision-making processes.

Table 3. Average Age of the Members of the Board of Directors and Their Opinions on the Internal Auditor

Variables	t	Df	Sig. (2-tailed)	M.Difference	95% CI Lower Bound	%95 GA Upper Bound	SS	Cohen's	Pearson Corralete
Yaş	15,82	35	< .001	2,56	2,22	2,88	0,96	2,636	0,307
İç Denetçi Bakış	13,83	13	< .001	1,68	1,41	1,94	0,45	3,697	0,307

According to the results of the Pearson Correlation Analysis, there is a negative and weak-to-moderate relationship (r=–0.307) between the age of board of directors members and their perspectives on the internal audit unit. This suggests that as age increases, the positive perspective toward the internal audit unit slightly decreases.

According to the literature, as the level of experience increases, some executives may approach audit mechanisms with a more traditional view and may be more cautious toward innovative audit tools (Adams & Mehran, 2012; Fama & Jensen, 1983).

7.5. Relationship Between Board of Directors Member's Tenure and Their Perspective on the Internal Auditor

36 board of directors members were asked, "How long have you been a board of directors member?" The average response was found to be M=3.50, with a standard deviation of SD=0.97. This indicates that they have been in office for 3-5 years.

Table 4. Duration of Board Membership and the Opinions on the Internal Auditor

Değişkenler	N	Ortalama Fark	%95 GA Alt Sınır	%95 GA Üst Sınır	SS	t	Sig. (2-tailed)	%95 GA	Cohen's d
Y. Kurulunda Geçirilen Süre	35	1,56	3,17	3.83	0,97	21.627	< .001	[2.70, 4.50]	3.61
İç Denetçi Bakış	35	51,06	48,55	53,56	7,41	41.318	< .001	[5.24, 8.52]	6.89

In the survey analysis, the average score for "perspective on the internal auditor" was calculated as M=51.06, with a standard deviation of SD=7.41, indicating that participants' general perspective on internal audit is very positive.

It can be concluded that individuals who have served longer on the board of directors have a more professional and positive perspective on internal auditors. The duration of experience increases the level of understanding of the corporate benefits of

internal audit; it can also be stated that executives perceive internal auditors not only as a control tool but also as strategic consultants.

7.6. Relationship Between Internal Auditor View Score and the Number of Partners on the Board of Directors

According to the Pearson Correlation Analysis results, there is a strong, negative, and statistically significant relationship between the number of partners on the board of directors and the internal auditor view score (r (12)= –.575, p=.032).

Table 5. Opinions of the Enterprises with Different Number of Shareholders on the Internal Auditor

Değişkenler	t	Df	%95 GA Alt Sınır	%95 GA Üst Sınır	SS	Ortalama Fark	p (2-tailed)
Y. Kurulu Ortak Sayısı	15.40	35	1,93	2,52	0,87	2.22	< .001
İç Denetçi Bakış	13.83	13	1,42	1,68	0,45	1.68	< .001

This finding indicates that as the number of partners on the board of directors increases, executives' positive opinions toward internal auditors tend to decrease. This suggests that when the company structure is more collective and multi-partner, internal audit tends to be evaluated more systematically. This result is consistent with the finding in the literature that perceptions regarding decision-making and control mechanisms in boards of directors may change as the number of stakeholders increases (Jensen & Meckling, 1976; Fama & Jensen, 1983). The increase in the number of partners may lead to conflicts in authority sharing and internal audit processes. This indicates that the structure of the board of directors can affect the perception of internal audit. Therefore, companies that wish to enhance the effectiveness of internal audit functions should consider the distribution of authority based on the number of partners.

7.7. Relationship Between Board of Directors Members' Perspective on the Internal Auditor and Their Coming from a Different Sector

A T-Test was performed by finding the average score of the participants' opinions in Table 2A and the question measuring whether they had worked in a different sector.

Table 6A. Opinions of Board Members from Different Sectors on Internal Auditor

Variables	N	Mean Diff.	%95 CI Low Bound	%95 CI Upper Bound	t	Cohen's d	95% GA (Cohen's d)
Farklı Sektör Tecrübesi	35	1,56	1.39	1.73	18.520	3.09	[2.29, 3.87]
İç Denetçi Bakış	35	51,06	48.55	53.56	41.318	6.89	[5.24, 8.52]

This table shows that there is a significant difference in opinions regarding internal auditors among board of directors members who have experience in different sectors. The effect size (Cohen's d) is 3.09, which is a very high value.

These data reveal that executives with experience in different sectors approach internal auditors with a more positive and stronger perspective. While having experience in different sectors contributes to board of directors members viewing internal auditors more professionally and strategically, this alone is not sufficient to explain the perception of internal audit. OECD (2015) reports stated that diversity in corporate governance, particularly the past sector experience of individuals on the board of directors, enriches the perspective on audit processes.

8. SUGGESTIONS

This research evaluated the perceptions of board of directors members toward internal auditors in the precast construction sector and analyzed their relationships with various variables. Based on the findings, several suggestions have been made. Although the general perception of internal auditors was positive, perceptions regarding technology and consultancy were found to be lower. This situation creates the perception that internal auditors are still performing traditional control activities. However, today internal auditors are undertaking roles that not only detect issues but also create added value, provide strategic consultancy, and lead digital transformation (Sarens & De Beelde, 2006; OECD, 2015). The strategic role of internal auditors in organizations should be strengthened.

According to the research results, a slight decrease in the positive perspective toward internal auditors was observed as age increased. Awareness should be raised among experienced executives regarding the function of internal auditors. Furthermore, according to the findings, executives from different sectors view internal auditors more strategically. To improve the perception of internal auditors, platforms for sharing audit processes and experiences should be created with board of directors' members who have different sector

experiences, ensuring the effectiveness of internal auditors' roles.

The tendency for trust in internal auditors to decrease as the number of partners increases indicates that the position of internal auditors within the company should be strengthened. In this framework, internal auditors should be enabled to report directly to the board of directors or the audit committee and should be prominent in their consultancy roles.

9. CONCLUSION

This research aimed to examine the perceptions of board of directors' members toward internal auditors in companies operating in the concrete precast sector in Turkey. The findings indicate that board of directors' members generally evaluate internal auditors as professional, competent, and impartial. However, it was observed that expectations regarding internal auditors' technological contributions and strategic consultancy roles remained limited.

Furthermore, while the duration of the board of directors' membership and experience in different sectors increased the positive perspective toward internal auditors, increasing age and the rising number of partners partially reduced the support given to the internal audit function. These findings reveal that the strategic and independent roles of internal auditors within corporate structures need to be strengthened.

In conclusion, developing internal auditors' competencies in technology utilization, innovation, and participation in governance processes will contribute to the quality of corporate governance in the precast construction sector.

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