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Effect of Internal Auditors' Professionalism on Risk Management Performance of Commercial Banks in Kenya

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Abstract

Effective risk management remains a strategic priority for commercial banks due to increasing exposure to fraud, cyber threats, operational failures, regulatory non-compliance, and financial instability. Although internal auditing is widely recognized as a critical governance mechanism for strengthening risk management, limited empirical evidence exists on the specific contribution of internal auditors' professionalism to risk management performance within commercial banks in developing economies, particularly Kenya. Guided by the Fraud Triangle Theory, Resource-Based Theory, Dynamic Capability Theory, and Agency Theory, this study examined the effect of internal auditors' professionalism on the risk management performance of commercial banks in Kenya. The study adopted a positivist research philosophy and a cross-sectional survey research design. Primary data were collected from employees drawn from internal audit, finance, and human resource departments across licensed commercial banks in Kenya using structured questionnaires, while qualitative data were obtained through interviews. Quantitative data were analysed using multiple regression analysis, whereas qualitative responses were analysed thematically. The findings revealed that internal auditors' professionalism exerts a positive and statistically significant influence on risk management performance. The results suggest that adherence to professional ethics, independence, objectivity, due professional care, and continuous professional development enhances the effectiveness of risk identification, assessment, monitoring, and mitigation within commercial banks. The study extends the application of contemporary internal auditing theories by demonstrating professionalism as a strategic capability for strengthening organizational risk management. The findings further provide practical insights for commercial bank executives, internal audit practitioners, regulators, and policymakers in developing competency frameworks and professional standards that enhance governance and organizational resilience within the banking sector.

Key Words: Internal Auditors' Professionalism; Risk Management Performance; Internal Auditing; Commercial Banks; Corporate Governance; Kenya; Organizational Competence; Banking Sector

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1. Introduction

The banking sector operates within an increasingly complex risk environment characterized by rapid technological advancements, evolving regulatory requirements, cyber threats, financial fraud, operational disruptions, and heightened stakeholder expectations. These challenges have significantly increased the importance of effective risk management as a strategic mechanism for safeguarding organizational assets, ensuring regulatory compliance, enhancing financial stability, and sustaining public confidence in financial institutions. Despite substantial investments in governance structures, enterprise risk management systems, and internal control frameworks, commercial banks worldwide continue to experience significant operational and financial losses arising from ineffective risk management practices (Association of Certified Fraud Examiners [ACFE], 2024; World Economic Forum, 2025).

Internal auditing has consequently evolved from its traditional compliance-oriented role to become an integral component of organizational governance and enterprise risk management. The Institute of Internal Auditors (IIA, 2025) defines internal auditing as an independent and objective assurance and advisory function that enhances organizational value by improving governance, internal control, and risk management processes. Within this expanded mandate, the competence and professionalism of internal auditors have become increasingly important in enabling organizations to identify emerging risks, evaluate internal controls, strengthen governance systems, and facilitate informed managerial decision-making (IIA, 2025; Alsaeedi & Kamyabi, 2023).

Professionalism represents one of the most fundamental dimensions of internal auditors' competence because it encompasses adherence to professional ethics, independence, objectivity, integrity, due professional care, accountability, and continuous professional development. These attributes enhance audit quality by ensuring that audit engagements are conducted impartially, objectively, and in accordance with internationally accepted professional standards. Professional internal auditors are therefore better positioned to identify organizational vulnerabilities, evaluate the adequacy of internal controls, detect fraudulent activities, and recommend appropriate corrective actions that strengthen organizational resilience and risk management performance (Garfein & Madiba, 2020; Defond, Junxiong, & Shuqing, 2024).

The strategic importance of internal auditors' professionalism has become more pronounced as organizations increasingly operate within dynamic and uncertain business environments. Digital transformation, artificial intelligence, fintech innovations, cross-border financial transactions, and increasingly sophisticated cyber-attacks have substantially altered organizational risk profiles. Consequently, internal auditors are expected not only to provide independent assurance but also to serve as trusted strategic advisors capable of anticipating emerging risks and supporting proactive risk mitigation initiatives (Bozzolan & Miihkinen, 2021; IIA, 2025). Professional competence therefore extends beyond technical knowledge to include ethical judgment, professional scepticism, effective communication, and continuous adaptation to evolving organizational risks.

Within the banking industry, effective risk management is particularly critical because banks operate under high levels of financial leverage, extensive regulatory oversight, and significant exposure to credit, liquidity, operational, market, cyber, and compliance risks. Weaknesses in risk management have contributed to the collapse or financial distress of numerous banking institutions across different jurisdictions, emphasizing the need for strong governance structures supported by competent and professional internal audit functions. In Kenya, the failures of institutions such as Imperial Bank and Chase Bank, together with increasing levels of non-performing loans, cyber-related threats, and regulatory compliance challenges, have heightened the demand for stronger internal audit capabilities capable of enhancing organizational resilience and protecting stakeholder interests (Central Bank of Kenya [CBK], 2024).

Although previous studies have consistently acknowledged the importance of internal auditing in improving organizational governance and performance, empirical evidence regarding the specific contribution of internal auditors' professionalism to risk management performance remains inconclusive. Existing studies have predominantly focused on broader aspects of internal auditing, including corporate governance, internal controls, audit quality, financial performance, and fraud prevention, while relatively limited attention has been devoted to examining professionalism as an independent determinant of organizational risk management performance, particularly within commercial banks operating in developing economies (Nalukenge, Kaawaase, & Bananuka, 2021; Alsaeedi & Kamyabi, 2023). Furthermore, much of the available empirical evidence originates from developed economies whose regulatory, institutional, and governance environments differ considerably from those prevailing in Kenya, thereby limiting the generalizability of existing findings.

The present study addresses these theoretical, contextual, and empirical gaps by examining the effect of internal auditors' professionalism on risk management performance among commercial banks in Kenya. The study is anchored on the Fraud Triangle Theory, Resource-Based Theory, Dynamic Capability Theory, and Agency Theory, which collectively explain how professional competence strengthens organizational governance, minimizes fraud opportunities, enhances strategic organizational capabilities, reduces agency conflicts, and improves risk management outcomes. By focusing specifically on professionalism rather than internal audit competence as a composite construct, the study provides a more nuanced understanding of the mechanisms through which professional attributes contribute to effective organizational risk management.

The findings of this study contribute to the growing body of literature on internal auditing and enterprise risk management by providing empirical evidence from the Kenyan banking sector, an emerging economy characterized by evolving regulatory frameworks and increasing organizational risk complexity. The study further offers practical insights for commercial bank executives, internal audit practitioners, professional accounting bodies, and financial sector regulators regarding the importance of strengthening professional standards, ethical conduct, continuous professional development, and auditor independence as mechanisms for enhancing risk management performance and organizational resilience.

1.1 Statement of the Problem

Despite substantial investments in enterprise risk management frameworks, governance systems, and internal control mechanisms, commercial banks continue to experience significant operational, financial, compliance, and cyber-related risks that threaten institutional stability and public confidence. Globally, financial institutions remain vulnerable to fraud, regulatory breaches, operational disruptions, and emerging technological risks despite increasingly sophisticated risk management practices (Association of Certified Fraud Examiners [ACFE], 2024; World Economic Forum, 2025). In Kenya, the banking sector has similarly faced persistent challenges, including rising non-performing loans, cybercrime, governance failures, and regulatory compliance concerns. The collapse and receivership of institutions such as Imperial Bank and Chase Bank further exposed weaknesses in governance, internal controls, and risk management systems, highlighting the need for more effective organizational oversight mechanisms (Central Bank of Kenya [CBK], 2024).

Internal auditing has been widely recognized as a critical governance function for enhancing organizational risk management through independent assurance, objective evaluation of internal controls, and advisory services. However, the effectiveness of this function depends largely on the professionalism of internal auditors, including their independence, objectivity, ethical conduct, professional judgment, and commitment to continuous professional development (Institute of Internal Auditors [IIA], 2025). Although prior studies generally suggest that professional internal auditors contribute to stronger governance and improved organizational performance, empirical findings regarding their specific influence on risk management performance remain inconclusive. While some studies report a significant positive relationship, others document weak or context-dependent associations, indicating the need for further empirical investigation (Alsaeedi & Kamyabi, 2023; Defond, Junxiong, & Shuqing, 2024).

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Furthermore, much of the existing evidence has been generated in developed economies or across diverse organizational settings, limiting its applicability to Kenya's commercial banking sector, which operates within a unique regulatory, institutional, and technological environment. In addition, previous research has frequently examined internal audit competence as a multidimensional construct, providing limited evidence on the independent contribution of internal auditors' professionalism to risk management performance. This study therefore sought to address these empirical and contextual gaps by examining the effect of internal auditors' professionalism on the risk management performance of commercial banks in Kenya.

1.2 Objective of the Study

To examine the effect of internal auditors' professionalism on the risk management performance of commercial banks in Kenya.

1.3 Research Hypothesis

H01: Internal auditors' professionalism has no statistically significant effect on the risk management performance of Kenyan commercial banks.

2. Literature Review

2.1 Risk Management Performance and Internal Auditors' Professionalism

Risk management performance has become a critical measure of organizational resilience within the banking industry due to increasing exposure to financial, operational, cyber, compliance, and reputational risks. It reflects an organization's ability to systematically identify, assess, mitigate, monitor, and respond to risks that may impede the achievement of strategic and operational objectives. Effective risk management performance enables commercial banks to minimize financial losses, strengthen regulatory compliance, improve governance, enhance stakeholder confidence, and maintain long-term institutional sustainability (Committee of Sponsoring Organizations of the Treadway Commission [COSO], 2017; Institute of Internal Auditors [IIA], 2025). Consequently, regulators and financial institutions increasingly recognize risk management as a strategic capability rather than merely a regulatory obligation.

Within this governance framework, internal auditing plays a central role in strengthening organizational risk management by providing independent assurance regarding the adequacy and effectiveness of governance, internal control, and enterprise risk management processes. The effectiveness of this assurance function, however, depends largely on the professionalism demonstrated by internal auditors. Professionalism encompasses adherence to ethical principles, independence, objectivity, integrity, due professional care, professional scepticism, accountability, and continuous professional development, all of which collectively enhance the credibility and quality of audit activities (Garfein & Madiba, 2020; IIA, 2025).

Professional internal auditors are expected to exercise objective judgment when evaluating organizational controls and risk exposures without undue influence from management or other stakeholders. Independence enables auditors to provide unbiased assessments of governance and internal control systems, while integrity and ethical conduct strengthen stakeholder confidence in audit findings and recommendations. Equally important, due professional care and continuous professional development ensure that auditors maintain the knowledge and competencies required to respond effectively to increasingly complex business environments characterized by digital transformation, cybersecurity threats, artificial intelligence, climate-related risks, and evolving regulatory requirements (IIA, 2025; Defond, Junxiong, & Shuqing, 2024).

The Resource-Based Theory provides a useful explanation for this relationship by viewing professional internal auditors as valuable organizational resources capable of generating sustainable competitive advantage through superior governance and effective risk oversight (Barney, 1991). Similarly, Agency Theory suggests that professional internal auditors reduce information asymmetry and agency conflicts by independently evaluating management activities, strengthening accountability, and ensuring compliance with organizational policies and regulatory requirements (Jensen & Meckling, 1976). The Fraud Triangle Theory further emphasizes that ethical conduct, objectivity, and professional scepticism reduce opportunities for fraud by strengthening internal controls and improving organizational monitoring systems (Cressey, 1953; Vousinas, 2019). Collectively, these theoretical perspectives suggest that professionalism enhances the capacity of internal auditors to support effective organizational risk management.

Empirical evidence generally supports a positive relationship between internal auditors' professionalism and organizational risk management outcomes, although the magnitude of this relationship varies across institutional contexts. Bozzolan and Miihkinen (2021) observed that organizations employing highly professional internal auditors demonstrated stronger governance practices and more effective risk management processes. Likewise, Alsaeedi and Kamyabi (2023) reported that professionalism significantly enhanced audit quality by improving auditors' independence, ethical behaviour, and professional judgment, thereby strengthening organizational risk oversight. In a multinational study, Defond, Junxiong, and Shuqing (2024) further established that professional competence among internal auditors contributes significantly to the effectiveness of internal control systems and enterprise risk management.

Within Africa, empirical studies similarly emphasize the importance of professionalism in improving organizational governance and risk management. Nalukenge, Kaawaase, and Bananuka (2021) found that professional internal auditors significantly improved governance effectiveness and accountability within Ugandan public institutions through enhanced audit quality and objective assurance services. Angmor and Diaboh (2022) similarly reported that professional competence among internal auditors strengthened fraud prevention and organizational accountability within public institutions in Ghana. These findings suggest that professionalism provides the ethical and technical foundation necessary for effective organizational risk management across diverse institutional settings.

Evidence from Kenya also highlights the growing importance of professional internal auditing in strengthening risk management within financial institutions. Mwende, Machogu, and Otieno (2021) observed that commercial banks with professionally competent internal audit functions reported stronger internal control systems and improved risk management practices. Similarly, Wanyama and Omwano (2021) concluded that professionalism enhanced auditors' ability to identify emerging risks, evaluate internal controls, and support timely implementation of corrective actions. Nevertheless, most Kenyan studies have examined professionalism as one component of broader internal audit competence or corporate governance frameworks rather than evaluating its independent contribution to risk management performance. This conceptual aggregation limits understanding of the specific mechanisms through which professionalism influences organizational risk management outcomes.

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Moreover, existing empirical evidence remains fragmented because previous studies have been conducted across different sectors, organizational contexts, and regulatory environments. Differences in governance structures, regulatory requirements, institutional maturity, and technological capabilities may influence the extent to which internal auditors' professionalism contributes to effective risk management. Consequently, empirical evidence specific to Kenyan commercial banks remains limited despite increasing regulatory expectations and growing operational risks within the banking sector.

The present study addresses this gap by examining the independent effect of internal auditors' professionalism on risk management performance among commercial banks in Kenya. By focusing specifically on professionalism as a distinct dimension of internal audit competence, the study provides a deeper understanding of how ethical conduct, independence, objectivity, professional judgment, and continuous professional development contribute to strengthening organizational risk management within an increasingly dynamic and highly regulated banking environment.

2.2 Theoretical Review

This study is primarily anchored in Agency Theory, originally developed by Jensen and Meckling (1976), which explains the contractual relationship between principals (shareholders) and agents (management). The theory posits that the separation of ownership and control creates agency conflicts because managers may pursue personal interests that are inconsistent with shareholders' objectives. These conflicts are exacerbated by information asymmetry, whereby management possesses superior information regarding organizational operations and risks. Consequently, organizations establish governance mechanisms, including independent internal audit functions, to enhance accountability, reduce opportunistic behaviour, and safeguard organizational resources (Eisenhardt, 1989; Panda & Leepsa, 2017).

Within commercial banks, internal auditors perform an essential governance role by independently evaluating the effectiveness of internal controls, governance processes, regulatory compliance, and enterprise risk management. However, the effectiveness of this oversight function depends largely on the professionalism of internal auditors. Professionalism, characterized by independence, objectivity, integrity, ethical conduct, due professional care, professional scepticism, and continuous professional development, enhances the credibility of audit findings and strengthens organizational monitoring systems (Institute of Internal Auditors [IIA], 2025). Agency Theory therefore suggests that professional internal auditors reduce information asymmetry between management and stakeholders by providing objective assurance on the adequacy and effectiveness of risk management practices, thereby minimizing agency costs and improving organizational performance (Alzoubi, 2021).

The theory further explains that professional internal auditors strengthen organizational accountability by ensuring that management decisions comply with established policies, regulatory requirements, and accepted governance practices. Through objective assessment of internal controls and organizational risks, professional auditors facilitate early identification of weaknesses, improve transparency, and support timely implementation of corrective actions. These governance functions ultimately enhance risk management performance by reducing operational failures, fraud, regulatory breaches, and other organizational risks (Garfein & Madiba, 2020).

The study is further supported by the Fraud Triangle Theory (Cressey, 1953), which explains that fraudulent behaviour arises when pressure, opportunity, and rationalization coexist. Among these elements, opportunity is largely influenced by the strength of organizational governance and internal

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control systems. Professional internal auditors contribute to reducing fraud opportunities through ethical conduct, independence, professional scepticism, and objective evaluation of internal controls. By identifying control weaknesses, strengthening compliance mechanisms, and recommending corrective actions, professional auditors enhance fraud prevention and reinforce enterprise risk management (Vousinas, 2019; Free, 2019).

The integration of Agency Theory and the Fraud Triangle Theory provides a comprehensive explanation of the relationship examined in this study. While Agency Theory explains how professionalism strengthens governance, accountability, and organizational oversight, the Fraud Triangle Theory demonstrates how professional ethical conduct and independent assurance reduce opportunities for fraud and other organizational risks. Together, these theoretical perspectives suggest that higher levels of internal auditors' professionalism are associated with improved risk management performance within commercial banks.

Accordingly, Agency Theory provides the principal theoretical lens underpinning this study because it directly explains how professional internal auditors enhance governance, reduce agency conflicts, strengthen accountability, and improve organizational risk management performance in commercial banks.

2.3 Conceptual framework

A conceptual framework is a theoretical structure that explains the relationship between the variables under studied (Mugenda & Mugenda, 2008). It illustrates the hypothesized relationship between internal auditors' professionalism and risk management performance in commercial banks. The framework is based on the premise that higher levels of professionalism, reflected through ethical conduct, independence, objectivity, due professional care, and continuous professional development, enhance the effectiveness of internal auditing. Consequently, professional internal auditors are better positioned to identify, assess, monitor, and mitigate organizational risks, thereby improving overall risk management performance. Accordingly, internal auditors' professionalism constitutes the independent variable, while risk management performance is the dependent variable. The conceptual framework used in this study was given in figure 1.

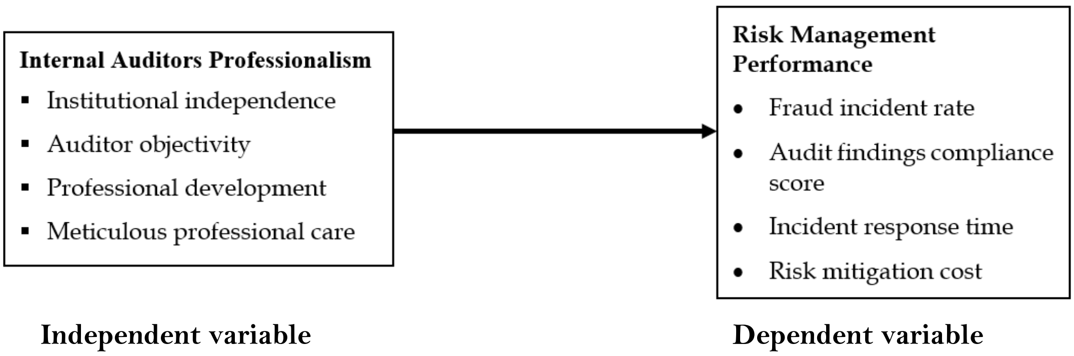

Figure 1 Conceptual Framework

2.4 Empirical Literature Review

Empirical evidence suggests that internal auditors' professionalism is an important determinant of organizational governance and risk management performance. Professionalism, characterized by ethical conduct, independence, objectivity, due professional care, professional skepticism, and

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continuous professional development, enhances the credibility and effectiveness of internal audit activities, thereby strengthening organizational risk management. Nevertheless, empirical findings remain mixed regarding the magnitude and consistency of this relationship across different institutional and regulatory contexts.

Several international studies report a positive association between internal auditors' professionalism and organizational risk management outcomes. Bozzolan and Miihkinen (2021), in a study of European organizations, found that professional internal auditors strengthened governance systems by improving the effectiveness of internal controls and enterprise risk management. Similarly, Alsaeedi and Kamyabi (2023) established that professionalism significantly enhanced audit quality through greater auditor independence, ethical behaviour, and objective professional judgment, leading to improved organizational oversight and risk mitigation. Likewise, Defond, Junxiong, and Shuqing (2024) reported that professionally competent internal auditors contributed significantly to stronger internal control systems and more effective enterprise risk management within corporate organizations.

Evidence from developing economies also demonstrates the importance of professionalism in strengthening governance and organizational accountability. Nalukenge, Kaawaase, and Bananuka (2021) established that professionalism among internal auditors significantly improved governance effectiveness and accountability within Ugandan public institutions by enhancing the quality of audit engagements and strengthening management oversight. Similarly, Angmor and Diaboh (2022) found that professionally competent internal auditors enhanced fraud prevention and organizational accountability in Ghanaian public institutions through greater adherence to professional standards and ethical practices. These studies suggest that professionalism strengthens both preventive and detective controls, thereby improving organizational resilience against operational and financial risks.

Within Kenya, empirical studies similarly acknowledge the contribution of professional internal auditing to organizational performance. Mwende, Machogu, and Otieno (2021) observed that commercial banks with highly professional internal audit functions reported stronger internal control systems and more effective risk management practices. Wanyama and Omwano (2021) likewise concluded that professional auditors enhanced organizational performance by improving risk identification, objective evaluation of internal controls, and timely implementation of audit recommendations. In another Kenyan study, Simbiri, Maniagi, and Simiyu (2023) found that professionally competent internal auditors strengthened governance and institutional performance within deposit-taking savings and credit cooperative societies by improving compliance and reinforcing accountability mechanisms.

Despite these generally positive findings, important empirical limitations remain. First, many previous studies have examined professionalism as one component of broader internal audit competence or corporate governance constructs rather than evaluating its independent contribution to risk management performance. Such conceptual aggregation makes it difficult to isolate the specific influence of professionalism on organizational risk management outcomes. Second, previous investigations have frequently employed cross-sectional research designs and self-reported survey data, limiting the ability to establish causal relationships and increasing the possibility of common method bias. Third, most studies have measured broader organizational outcomes such as governance quality, audit effectiveness, internal control effectiveness, financial performance, or organizational performance, with comparatively limited emphasis on risk management performance as the primary outcome variable.

Furthermore, contextual differences across countries may influence the relationship between professionalism and risk management performance. Variations in regulatory frameworks, institutional maturity, technological advancement, corporate governance practices, and organizational culture imply that findings from developed economies or other African jurisdictions cannot be directly generalized to Kenyan commercial banks. Kenya's banking sector operates within a dynamic regulatory environment characterized by increasing digital financial services, evolving cybersecurity threats, heightened regulatory expectations, and growing enterprise risks, thereby necessitating context-specific empirical evidence.

The reviewed literature therefore demonstrates broad agreement that internal auditors' professionalism contributes positively to organizational governance and risk management. However, empirical evidence specifically examining the independent effect of professionalism on risk management performance within Kenyan commercial banks remains limited. This study addresses this empirical, conceptual, and contextual gap by examining how internal auditors' professionalism influences risk management performance in commercial banks in Kenya, thereby extending the existing body of knowledge within internal auditing and enterprise risk management.

3. Research Methodology

This study adopted a positivist research philosophy and employed a cross-sectional survey research design to examine the effect of internal auditors' professionalism on the risk management performance of commercial banks in Kenya. The positivist paradigm was considered appropriate because it facilitates objective measurement of relationships among variables and enables hypothesis testing using quantitative statistical techniques (Creswell & Creswell, 2023). The cross-sectional survey design was selected because it allows the collection of data from a large population at a single point in time while providing an efficient means of examining relationships among study variables (Saunders, Lewis, & Thornhill, 2023).

The study targeted employees working in the internal audit, finance, and human resource departments of all 39 commercial banks licensed by the Central Bank of Kenya (CBK, 2024). These departments were selected because they possess adequate knowledge of internal audit practices and organizational risk management processes. A multistage sampling technique was employed to select respondents from the target population, ensuring representation across Tier I, Tier II, and Tier III commercial banks. Primary data were collected using structured questionnaires administered to the selected respondents, while qualitative data were obtained through key informant interviews to complement the quantitative findings. A total of 249 valid responses were obtained and used for the final analysis, providing an adequate basis for statistical inference.

Internal auditors' professionalism constituted the independent variable, while risk management performance was the dependent variable. Professionalism was operationalized using indicators including ethical conduct, independence, objectivity, due professional care, and continuous professional development, consistent with the Institute of Internal Auditors' Internal Audit Competency Framework (IIA, 2025). Risk management performance was measured using indicators related to risk identification, risk assessment, risk mitigation, risk monitoring, and incident response effectiveness. Responses were measured using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

The research instrument was subjected to reliability and validity assessment before the main survey. Internal consistency reliability was evaluated using Cronbach's alpha coefficient, while

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construct validity was assessed through factor analysis. The reliability coefficients exceeded the recommended threshold of 0.70, indicating satisfactory internal consistency, whereas the validity results confirmed that the measurement items adequately represented the underlying constructs.

Quantitative data were analysed using the Statistical Package for the Social Sciences (SPSS) version 30. Descriptive statistics were used to summarize respondents' perceptions of the study variables, while inferential statistics, including Pearson's correlation and multiple linear regression analyses, were employed to examine the relationship between internal auditors' professionalism and risk management performance. Statistical significance was evaluated at the 5% significance level ($p < 0.05$). Qualitative interview data were analysed thematically using NVivo software to complement and enrich the quantitative findings. Ethical approval for the study was obtained from the relevant institutional ethics review committee, and participation was voluntary, with respondents assured of anonymity, confidentiality, and informed consent throughout the study.

The study examined the effect of internal auditors' professionalism on risk management performance using the following simple linear regression model:

$Y = \beta_0 + \beta_1 X_1 + \varepsilon$……………………………………………………………Equation 3.1

Where:

Y: Risk Management Performance (dependent variable)

X_1: Internal Auditors' Professionalism (independent variable)

ε Error term.

4. Research Findings and Discussion

This section presents and discusses the empirical findings on the effect of internal auditors' professionalism on the risk management performance of commercial banks in Kenya. The presentation follows the sequence of the research objective and hypothesis. It begins with the response rate, followed by descriptive statistics, correlation analysis, regression analysis, and hypothesis testing. The findings are interpreted in relation to the theoretical framework and compared with previous empirical studies to establish their consistency and contribution to existing knowledge.

4.1 Response Rate

A total of 249 questionnaires were distributed to respondents drawn from the internal audit, finance, and human resource departments of commercial banks in Kenya. Of these, 240 completed questionnaires were returned, while 9 were not returned, yielding a response rate of 96.38% and a non-response rate of 3.62%.

Table 1: Response Rate

Category	Frequency	Percentage (%)
Returned questionnaires	240	96.38
Unreturned questionnaires	9	3.62
Total	249	100.00

Source: Field Survey Data (2026).

The response rate of 96.38% is exceptionally high and indicates a strong level of respondent participation. Such a response rate substantially exceeds the minimum threshold of 50% recommended

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for survey research and therefore minimizes the likelihood of non-response bias while enhancing the credibility and representativeness of the findings (Saunders, Lewis, & Thornhill, 2023; Creswell & Creswell, 2023). The high participation rate further suggests that respondents considered the subject of internal auditing and risk management to be relevant to their professional responsibilities. The successful retrieval of questionnaires may also be attributed to the use of the drop-and-pick-later approach, continuous follow-up with respondents, and institutional support obtained during the data collection process. Consequently, the data collected were considered adequate and appropriate for subsequent descriptive and inferential statistical analyses.

4.2 Respondent Characteristics

The demographic characteristics of the respondents were analysed to assess whether the participants possessed the professional background and experience necessary to provide reliable information on internal auditors' professionalism and risk management performance. Specifically, the analysis considered respondents' work experience, educational attainment, and organizational designation. These characteristics are particularly relevant because perceptions regarding internal auditing and organizational risk management are likely to be influenced by respondents' professional experience, academic qualifications, and functional responsibilities within commercial banks.

Work Experience

Table 2: Distribution of Respondents by Work Experience

Work Experience	Frequency	Percentage (%)
0–5 years	79	32.92
6–10 years	113	47.08
Above 10 years	48	20.00
Total	240	100.00

Source: Field Survey Data (2026).

As presented in Table 2, the largest proportion of respondents (47.08%) had between six and ten years of work experience, followed by 32.92% with less than six years of experience and 20.00% with more than ten years of professional experience. The distribution indicates that most respondents possessed substantial practical exposure to internal audit and risk management processes within commercial banks. The inclusion of both moderately experienced and highly experienced employees enhanced the quality of the data by ensuring that the study captured perspectives from respondents with varying levels of professional expertise. Consequently, the respondents were considered sufficiently experienced to provide informed assessments of internal auditors' professionalism and its influence on risk management performance.

Educational Attainment

Table 3: Distribution of Respondents by Educational Level

Educational Level	Frequency	Percentage (%)
Bachelor's degree	143	59.58
Master's degree and above	97	40.42
Total	240	100.00

Source: Field Survey Data (2026).

Table 3 shows that 59.58% of the respondents possessed bachelor's degrees, while 40.42% had master's degrees or higher qualifications. This educational profile demonstrates that all respondents possessed tertiary-level education, with a substantial proportion holding postgraduate qualifications. Such a highly educated sample enhances confidence in the reliability of the responses because respondents were expected to possess adequate technical knowledge of internal auditing, governance, and enterprise risk management practices. The educational composition therefore supports the credibility of the empirical findings reported in this study.

Organizational Designation

The study also examined respondents' organizational designations to ensure that data were obtained from personnel directly involved in governance, financial management, and internal audit activities. Respondents were drawn from the internal audit, finance, and human resource departments of commercial banks, thereby ensuring that the information collected reflected diverse but complementary perspectives on internal auditors' professionalism and organizational risk management. This cross-functional representation strengthened the validity of the findings because the selected respondents routinely participate in or interact with internal audit and risk management processes within their respective institutions.

4.3 Descriptive Statistics

Descriptive statistics were computed to summarize respondents' perceptions of internal auditors' professionalism in commercial banks in Kenya before conducting inferential analyses. The analysis included the minimum and maximum scores, mean, and standard deviation, providing an overview of the level of professionalism exhibited by internal auditors across the sampled banks. Higher mean scores indicate stronger agreement regarding the existence of professional attributes among internal auditors, whereas lower standard deviation values indicate greater consensus among respondents.

Table 4: Descriptive Statistics for Internal Auditors' Professionalism

Variable	N	Minimum	Maximum	Mean	Standard Deviation
Internal Auditors' Professionalism	240	3.08	4.42	3.742	0.263

Source: Field Survey Data (2026).

The results presented in Table 4 indicate that internal auditors' professionalism recorded an overall mean score of 3.742 (SD = 0.263), corresponding to the "Agree" category on the five-point Likert scale. This finding suggests that respondents generally perceived internal auditors in Kenyan commercial banks as demonstrating a satisfactory level of professionalism. The relatively low standard deviation further indicates limited variability in respondents' perceptions, implying a high degree of agreement regarding the professional conduct of internal auditors across the participating banks.

At the indicator level, respondents expressed the strongest agreement with the statement that organizational independence is essential for delivering the risk management mandate (Mean = 4.467), followed by the view that individual objectivity is highly recommended within the bank (Mean = 4.329). Similarly, respondents agreed that objectivity contributes to effective risk management (Mean

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= 4.192) and that internal auditors exercise due professional care in their work (Mean = 4.008). These findings underscore the importance attached to auditor independence, objectivity, and due professional care as fundamental attributes that enhance the effectiveness of internal audit activities and strengthen organizational risk management.

Conversely, comparatively lower mean scores were observed for statements relating to whether internal auditors are always objective in their judgement (Mean = 2.967) and whether auditors undergo frequent professional development (Mean = 2.867). These findings suggest that, although respondents generally perceived professionalism to be satisfactory, opportunities remain for commercial banks to strengthen continuous professional development programmes and reinforce auditor objectivity in practice. Enhancing these dimensions is likely to improve audit quality, reinforce auditor independence, and further strengthen organizational risk management processes.

Overall, the descriptive findings demonstrate that internal auditors' professionalism is well established within Kenyan commercial banks, particularly with respect to independence, objectivity, and due professional care. However, the relatively lower ratings for continuous professional development and consistent objectivity indicate areas requiring further managerial attention. These descriptive results provide preliminary evidence supporting the proposition that higher levels of internal auditors' professionalism are associated with stronger risk management performance, a relationship that is examined more rigorously through the subsequent correlation and regression analyses.

4.4 Qualitative Findings

To complement the quantitative findings, qualitative data were collected through semi-structured interviews with purposively selected respondents drawn from the internal audit, finance, and human resource departments of commercial banks in Kenya. The interview data were analysed using thematic analysis supported by NVivo matrix coding to identify recurring patterns describing the relationship between internal auditors' professionalism and risk management performance.

Table 5: NVivo Matrix Coding Summary for Internal Auditors' Professionalism and Risk

Internal Auditors' Professionalism Dimension	Fraud Incident Rate	Audit Findings Compliance Score	Incident Response Time	Risk Mitigation Cost
Organizational Independence	Moderate	High	Moderate	Moderate
Individual Objectivity	High	Moderate	Moderate	Low
Professional Development	Moderate	High	High	Moderate
Due Professional Care	High	High	Moderate	High

Source: NVivo Matrix Coding Analysis (2026).

The NVivo matrix coding results demonstrate that internal auditors' professionalism is a multidimensional construct that contributes meaningfully to risk management performance in commercial banks. Among the four dimensions examined, due professional care and professional development exhibited the strongest associations with the selected indicators of risk management performance, particularly audit findings compliance, fraud reduction, incident response, and risk mitigation. Organizational independence and individual objectivity also demonstrated positive associations, although their influence varied across specific performance indicators. These findings

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indicate that professionalism extends beyond compliance with ethical standards to encompass the competencies required to strengthen organizational risk management processes.

The thematic analysis further revealed a consistent pattern across interview responses. Participants emphasized that professional internal auditors are more likely to maintain independence, exercise objective judgment, adhere to professional standards, and apply due professional care when evaluating organizational risks. Respondents further observed that professionalism enables auditors to identify fraud risks, detect control weaknesses, improve compliance with audit recommendations, and support timely implementation of corrective actions. Continuous professional development was also viewed as essential in equipping auditors with current knowledge and analytical skills required to address emerging risks associated with digital transformation, cybersecurity, and evolving regulatory requirements.

These qualitative findings corroborate the quantitative evidence by demonstrating that professionalism strengthens the effectiveness of organizational risk management through improved ethical conduct, independence, objectivity, and technical competence. They are also consistent with the findings of Alsaeedi and Kamyabi (2023), who reported that internal auditors' professionalism significantly enhances risk management effectiveness by improving audit quality and professional judgment. Collectively, the qualitative evidence reinforces the proposition that investment in professional development and the promotion of professional standards within internal audit functions can substantially improve risk management performance in commercial banks.

4.5 Diagnostic Test Results

Prior to hypothesis testing, diagnostic tests were conducted to verify whether the data satisfied the assumptions underlying multiple linear regression analysis. Specifically, the study assessed normality, homoscedasticity, linearity, multicollinearity, and independence of residuals. The results are summarized in Table 6.

Table 6: Summary of Diagnostic Test Results

Diagnostic Test	Statistical Test	Decision Criterion	Result	Interpretation
Normality	Shapiro–Wilk Test	$p > 0.05$	Satisfied	Residuals were approximately normally distributed.
Homoscedasticity	Breusch–Pagan Test	$p > 0.05$	Satisfied	Constant error variance was observed.
Linearity	Test for Linearity	$p < 0.05$	Satisfied	A linear relationship existed between the study variables.
Multicollinearity	Variance Inflation Factor (VIF)	VIF < 10; Tolerance > 0.10	Satisfied	No evidence of multicollinearity among predictor variables.
Independence of Errors	Durbin–Watson Statistic	1.5–2.5	Satisfied	Residuals were independent.

Source: Field Survey Data (2026).

The diagnostic test results confirmed that all assumptions required for multiple linear regression analysis were satisfied. The Shapiro–Wilk test indicated that the residuals approximated a normal distribution, while the Breusch–Pagan test revealed no evidence of heteroscedasticity, implying constant variance of the error terms. The linearity test further confirmed that the relationship between internal auditors' professionalism and risk management performance was

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adequately represented by a linear model. Additionally, the Variance Inflation Factor (VIF) and tolerance statistics demonstrated that multicollinearity was not a concern, indicating that the predictor variables were sufficiently independent. Finally, the Durbin–Watson statistic fell within the acceptable range, confirming the absence of autocorrelation among the residuals. Collectively, these findings demonstrate that the data met the assumptions necessary for reliable estimation and interpretation of the regression model.

4.6 Regression Analysis Results

Multiple linear regression analysis was conducted to determine the effect of internal auditors' professionalism on risk management performance in commercial banks in Kenya. Before interpreting the regression coefficients, the overall model fit was assessed using the coefficient of determination (R^2) and the analysis of variance (ANOVA). The regression coefficients were then examined to establish the direction, magnitude, and statistical significance of the relationship between internal auditors' professionalism and risk management performance.

Model Summary

Table 7: Model Summary

Statistic	Value
R	0.712
R Square (R^2)	0.506
Adjusted R Square	0.498
Standard Error of the Estimate	0.11443

Source: Field Survey Data (2026).

The model summary indicates an R^2 value of 0.506, implying that the regression model explained 50.6% of the variation in risk management performance among the surveyed commercial banks, while the remaining 49.4% was attributable to factors not included in the model. The adjusted R^2 value of 0.498 further demonstrates that the model retained substantial explanatory power after adjusting for the number of predictors. These findings indicate that the regression model provides a satisfactory fit to the observed data and is appropriate for examining the influence of internal auditors' professionalism on risk management performance.

Analysis of Variance (ANOVA)

Table 8: ANOVA Results

Source	Sum of Squares	df	Mean Square	F	Sig.
Regression	3.155	4	0.789	60.234	0.000
Residual	3.077	235	0.013		
Total	6.232	239			

Source: Field Survey Data (2026).

The ANOVA results show that the regression model was statistically significant ($F = 60.234$, $p < 0.001$), indicating that the explanatory variables collectively accounted for a significant proportion of the variation in risk management performance. The statistical significance of the overall model

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confirms its suitability for estimating the effect of internal auditors' professionalism and provides a reliable basis for interpreting the regression coefficients.

Regression Coefficients

Table 9: Regression Coefficient for Internal Auditors' Professionalism

Predictor	B	Std. Error	Beta	t	Sig.
Constant	2.252	0.159	–	14.127	0.000
Internal Auditors' Professionalism	0.151	0.028	0.246	5.306	0.000

Source: Field Survey Data (2026).

The regression results reveal that internal auditors' professionalism has a positive and statistically significant effect on risk management performance ($B = 0.151$, $\beta = 0.246$, $t = 5.306$, $p < 0.001$). This finding indicates that, holding the other explanatory variables constant, a one-unit increase in internal auditors' professionalism is associated with a 0.151-unit increase in risk management performance. The positive regression coefficient suggests that improvements in professionalism—including greater independence, objectivity, ethical conduct, due professional care, and continuous professional development—enhance the effectiveness of organizational risk management within commercial banks.

The results are consistent with the theoretical propositions of Agency Theory, which argues that professional internal auditors strengthen governance, reduce information asymmetry, and enhance organizational accountability through independent and objective assurance. They also support the Fraud Triangle Theory, which posits that professional conduct and effective oversight reduce opportunities for fraud by strengthening internal controls and risk monitoring mechanisms. Empirically, the findings corroborate those of Alsaeedi and Kamyabi (2023), who reported that internal auditors' professionalism significantly improves audit quality and organizational risk management, thereby reinforcing the strategic importance of professionalism within internal audit functions.

5. Conclusion, Implications and Recommendations

5.1 Conclusion

This study examined the effect of internal auditors' professionalism on the risk management performance of commercial banks in Kenya. The findings demonstrate that internal auditors' professionalism exerts a positive and statistically significant influence on risk management performance. Specifically, professionalism, reflected in auditor independence, objectivity, ethical conduct, due professional care, and continuous professional development, enhances the effectiveness of risk identification, assessment, monitoring, and mitigation within commercial banks. The qualitative findings further corroborated the quantitative results by showing that professional auditors are better equipped to detect control weaknesses, promote compliance with audit recommendations, strengthen accountability, and facilitate timely responses to emerging organizational risks. These findings support the propositions of Agency Theory and the Fraud Triangle Theory, confirming that professionalism enhances governance effectiveness, reduces agency conflicts, minimizes opportunities for fraud, and strengthens enterprise risk management. The study therefore concludes that strengthening internal auditors' professionalism is a critical strategic mechanism for improving risk management performance and enhancing the resilience of commercial banks in Kenya.

5.2 Recommendations

Based on the study findings, commercial banks should strengthen internal auditors' professionalism by safeguarding auditor independence, reinforcing adherence to the International Professional Practices Framework (IPPF), promoting ethical conduct, and investing in continuous professional development programmes. Bank boards and audit committees should establish policies that protect the objectivity of internal auditors and ensure that audit recommendations are implemented without undue management influence.

The Institute of Internal Auditors (IIA–Kenya), the Central Bank of Kenya (CBK), and other professional and regulatory bodies should strengthen competency development initiatives by encouraging continuous professional education, professional certification, and periodic ethics training for internal auditors. Such initiatives will enhance auditors' ability to respond effectively to emerging risks associated with digital banking, cybersecurity, artificial intelligence, and evolving regulatory requirements.

Commercial banks should also institutionalize competency-based internal audit frameworks that integrate professionalism into recruitment, performance evaluation, promotion, and succession planning. Emphasizing professional competence alongside technical expertise will strengthen audit quality, improve organizational governance, and enhance enterprise risk management performance.

Finally, policymakers should continue strengthening regulatory frameworks that promote auditor independence, transparency, accountability, and adherence to internationally recognized internal auditing standards. Such measures will reinforce public confidence in the banking sector and contribute to the long-term stability and resilience of Kenya's financial system.

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