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Impact of Internal Audit on Nine Principles of Good Corporate Governance Mediated by Organizational Transparency: Evidence from Public Listed Companies in Oman

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ABSTRACT: Purpose: This study investigates the impact of internal audit functions on the nine principles of good corporate governance identified by Diligent within public listed companies in Oman. The research examines the mediating role of organizational transparency and its direct impact on these governance principles, while demonstrating why these nine principles offer a superior framework compared to existing governance codes.

Methodology: A descriptive cross-sectional survey design was employed to collect data from all organizations listed on the Muscat Stock Exchange. Data was analyzed using PLS-SEM and SPSS. Internal audit served as the independent variable, the nine principles of good corporate governance as the dependent variable, and organizational transparency as the mediating variable.

Findings: The results reveal a significant positive relationship between internal audit and organizational transparency, and between organizational transparency and the nine principles of corporate governance. Importantly, organizational transparency fully mediates the relationship between internal audit and good corporate governance, while the direct relationship between internal audit and governance principles is not statistically significant.

Practical Implications: Omani as well as global Organizations can implement the nine principles of corporate governance through comprehensive policies that eliminate corruption, increase inclusivity, and encourage diverse thinking.

Originality: This research contributes to existing knowledge by demonstrating that internal audit functions impact good corporate governance primarily through organizational transparency. To our knowledge, no previous study has examined the nine principles of corporate governance in relation to internal audit function effectiveness, nor has organizational transparency been studied as a mediating variable in this context.

KEYWORDS: Nine principles of good corporate governance, corporate governance, internal audit, organizational transparency, public listed companies, Oman

1. INTRODUCTION

Corporate governance has existed for decades; however, the early 1990s witnessed renewed attention following numerous corporate scandals involving fraud, gross mismanagement, and shareholder rights violations that prompted regulators worldwide to devise mandatory codes to protect organizational stakeholders. Unfortunately, these codes have often been utilized merely as compliance checkboxes rather than substantive governance mechanisms, with companies achieving formal compliance while still experiencing significant governance failures.

The persistence of corporate scandals despite formal governance compliance highlights a fundamental flaw in current approaches. Table 1 demonstrates that several Omani public listed companies-maintained compliance with corporate governance codes while simultaneously experiencing fraud:

Table 1: Omani Public Listed Companies That Experienced Fraud

Company Name	Year	Amount of Fraud	Brief Description	Source
Sweets of Oman	2021	USD 10 million	Misrepresentation of financial statements	(Observer, 2021)
Oman Arab Bank	2022	USD 18 million	Money laundering, fraud, forgery and embezzlement	(Maashani, 2022)

National Biscuits Industries	2021	USD 0.25 million	Unauthorized transactions	(Service, 2020)
Oman National Gas Company	2016	USD 1.3 million	Bribery	(Sen, 2016)

This phenomenon extends beyond Oman's borders. Table 2 presents examples of international companies that maintained formal compliance with their respective governance codes while experiencing significant fraud:

Table 2: International Public Listed Companies That Experienced Fraud

Company Name	Year	Amount of Fraud	Brief Description	Source
Kangmei Pharmaceutical	2016	USD 12.42 billion	Financial statement fraud	(Li, 2023)
Wirecard	2020	USD 2.1 billion	Financial statement fraud	(Rehman, 2022)
Luckin Coffee	2020	USD 310 million	Financial statement fraud	(Zhang & Obot, 2024)
Odebrecht	2016	USD 2.6 billion	Bribery and corruption	(Morales & Morales, 2019)

These cases underscore the inadequacy of traditional compliance-focused approaches to corporate governance. While corporate governance has traditionally prioritized financial metrics and majority shareholders, there is a growing shift toward incorporating broader societal and environmental considerations.

1.1 Distinguishing Corporate Governance from Good Corporate Governance

Corporate governance can be defined as the system of rules, practices, and processes that guide how a company is directed and controlled (Collier, 2015; Arshad, Mahmood, & Saleem, 2024). It defines the relationships between a company's management, board of directors, shareholders, and other stakeholders, with primary objectives of ensuring ethical, transparent, and accountable operations while maximizing stakeholder value.

In contrast, good corporate governance (GCG) extends beyond mere compliance to encompass ethical achievement of organizational goals and substantive engagement with regulatory authorities. With the right structure and systems in place, good corporate governance enables companies to create an environment of trust, transparency and accountability, which promotes long-term patient capital and supports economic growth and financial stability.

UNESCAP (the UN’s Economic and Social Commission for Asia and the Pacific) defines GCG as a concept that is "participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law". This comprehensive approach ensures elimination of corruption, encourages inclusion and diverse thinking, and assures sustainability (Sheng, 2024). GCG not only ensures mandatory compliance with regulations but also ensures that ethical compliance such as ESG reporting, sustainability reporting and diversity with social compliance is met (Day, 2024).

GCG provides investors the freedom to choose organizations by identifying which ones fulfill both their needs and society's needs (Zaman, Chowdhury, & Islam, 2019), whereas corporate governance provides information related to adherence to corporate governance codes. GCG also offers potential for organizational growth by identifying the performance gap between actual and perceived results (Rodriguez-Fernandez, 2016). This research paper will highlight the nine principles of GCG identified by Diligent (Day, 2024) and will identify why these nine principles are different from and superior to existing principles. It is worth noting that for stakeholders and organizations to have confidence that GCG is properly implemented and achieving desired results, internal audit assurance is essential (Omolaye & Jacob, 2017).

1.2 The Role of Internal Audit in Corporate Governance

Internal audit functions (IA) serve as independent activities within organizations, providing assurance regarding governance, risk management, and compliance processes. By providing independent assurance, evaluating critical control frameworks and fostering a strong ethical culture, internal audit empowers organizations to operate with transparency, accountability and increased stakeholder trust.

The importance of robust internal audit functions becomes evident when considering the recent penalties imposed on major accounting firms for audit failures. Table 3 demonstrates recent cases where external auditors failed to perform their duties adequately:

Table 3: Recent Penalties for Accounting Firms/External Auditors

Year	Name of Accounting Firm	Brief Description	Source
2024	Prager Metis	Prager Metis, one of the auditors for FTX, settled with the Securities and Exchange Commission (SEC) by paying a $1.95 million fine for alleged negligence in auditing FTX's financial statements. The SEC highlighted deficiencies in audit practices and the lack of expertise to audit complex cryptocurrency operations.	(Commission, 2024)
2023	KPMG - UK	KPMG faced fines from UK regulators for audit failures linked to the insolvency of Carillion and other cases. The firm was fined £14.4 million, which was later reduced to £11.3 million due to cooperation during the investigation.	(Age, 2024)
2020	Ernst & Young (EY) - China	EY, auditors of Luckin Coffee, came under scrutiny after the coffee chain admitted to fabricating $310 million in sales. While EY was not fined, the case raised questions about audit effectiveness in detecting fraud.	(He, 2024)
2022	Deloitte – South Africa	Deloitte South Africa was fined R30 million for its audit failures related to Steinhoff, where the firm failed to identify significant financial irregularities in the company's statements.	(Rebus, 2025)
2021	PwC - Canada	PwC was fined $750,000 by the Canadian Public Accountability Board (CPAB) for integrity issues.	(Ho, 2022)
2023	Ernst & Young (EY) - Germany	EY Germany was fined €500,000 by German regulators and banned from accepting new audits for two years due to its failure in the Wirecard scandal, where billions of euros were falsely reported as cash reserves.	(Press, 2023)
2024	KPMG - Oman	KPMG Oman faced regulatory fines for deficiencies in its audit of a major construction firm's financial statements, raising concerns about quality controls and adherence to auditing standards.	(Reuters, 2024)

These failures highlight the fact that internal audit has been acknowledged as the main driver of corporate disclosure which aims to increase the quality of financial information, to ensure the transparency in financial reporting and to increase the confidence between managers and shareholders.

In terms of governance, the core rationale behind organizational transparency is to ensure that trustworthy, accurate, and timely information is available. Organizational transparency provides clarity and insight into organizational operations and achievement of objectives, while eliminating perceptions of secrecy or a need-to-know environment within the organization. Organizations strive toward corporate accountability to avoid fraud and reputational risk and consider strategies related to organizational transparency that can be correlated with ethics and connected to governance (Albu & Flyverbom, 2019). Among the benefits worth mentioning, organizational transparency generates social benefits such as the elimination of corrupt practices and workplace disparities (Kral & Schnackenberg, 2024). Organizational transparency develops trust, enhances stakeholder confidence, reduces the cost of capital, and serves as a mediator between GCG and internal audit function.

For corporate governance in Oman, the first codes were introduced in 2002 and revised in 2016. Since then, several amendments have been made to the codes and their individual constituents (Queiri, Madbouly, Dwaikat, & Husain, 2024). The codes of corporate governance are managed and regulated by the Capital Market Authority, which defines the roles of the board of directors, audit and risk committee, nomination and compensation committee, senior/executive management, and internal and external auditors (Younas, 2024). However, the developed codes still lack many aspects that could lead organizations to achieve GCG, such as emphasis on diversity, equity, and inclusion (DEI), active voice for board members, effective and efficient board performance, consideration of environmental and social impact, fair and impartial decision-making, and acting ethically with integrity.

1.3 Research Objectives and Contributions

This study aims to contribute to the existing body of knowledge by emphasizing the importance of nine principles of Good Corporate Governance (GCG) introduced by Diligent, which have not been extensively addressed in previous research. It will also examine the direct impact of the internal audit function on these nine principles and demonstrate how adopting them can help organizations achieve effective GCG. The study further investigates the potential mediating role of organizational transparency in the relationship between the internal audit function and the nine principles of GCG. This exploration is critical, as the relationship may not be entirely direct. Additionally, organizational transparency can significantly influence GCG, an aspect overlooked in previous studies. Moreover, this study highlights that implementing the nine principles of corporate governance compels organizations to address societal needs and deliver sustainable solutions. This approach can positively impact environmental, social, and governance dimensions, benefiting both the organization and society.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This section will discuss the literature related to all variables and will also develop hypotheses.

2.1 Corporate Governance Frameworks

Corporate governance encompasses how companies manage their entire processes from the board to the corporate governance can be defined as policies, procedures, and processes developed by organizations to help them achieve their vision, mission, and objectives. Corporate governance defines the roles and responsibilities of the board of directors (BOD), audit and risk committee (ARC), nomination and remuneration committee (NRC), senior management (SM), internal auditor (IA), and external auditors. The majority of countries, both developed and developing, have made it obligatory for publicly listed companies to have codes of corporate governance. These codes play a crucial role in organizational operations and increase shareholder satisfaction. The developed codes obligate organizations to implement internal controls that positively impact their operations and enhance transparency. However, corporate governance and its related codes cannot ensure that compliance with internal controls or codes provides competitive advantage, enhances organizational performance, or impacts environmental and social factors. On the other hand, GCG ensures that corporate governance is not utilized as a compliance checkbox but confirms that policies and procedures achieve desired results and that accountabilities are created across all constituents of corporate governance, which include BOD, ARC, NRC, SM, and IA.

2.2 Nine Principles of Good Corporate Governance Established by Diligent

Good Corporate Governance (GCG) is defined by Marc Hodak as "what is right for the company, for the long-term health of the company" (Day, 2024). Implementing GCG enhances stakeholder trust in the organization's sustainable performance. Furthermore, GCG reduces potential agency problems between principals and agents (Tjahjadi, Soewarno, & Mustikaningtiyas, 2021). GCG obliges organizations to follow a balanced approach toward the interests of all stakeholders by becoming more transparent and accountable in their operations. GCG attracts additional capital by encouraging new investments, creating employment opportunities, and expanding economic growth (Ma'aji, Anderson, & Colon, 2021).

Current literature reviews related to GCG mention only five principles of GCG: transparency, accountability, responsibility, independence, and fairness (Hasanudin, 2023; Dzulkifli, Arifin, & Salmah, 2020; Nurhasanah, Aprilianti, & Kasmawati, 2022; Rizki, Ridhawati, & Prasedya, 2024). However, nine principles of GCG defined by Diligent are participation, consensus-oriented, accountability, transparency, responsiveness, efficiency and effectiveness, equity and inclusiveness, rule of law, and strategic vision, which are described below (Day, 2024):

2.2.1 Participation: The participation principle deals with inclusivity, diversity, and continuous engagement of board members. This principle obliges organizations to be more proactive in decision-making and discourages silo operations. Participation starts with careful selection of diverse board members who can define the proper tone at the top and encourage comprehensive participation of all stakeholders, including senior management. A well-constituted and persuasive board comprises various talents, skills, experiences, abilities, and perspectives (Gallego-Álvarez & Rodriguez-Dominguez, 2025). The participation principle also obliges the board chair to facilitate board meetings in a way that considers the perspectives of all board members.

2.2.2 Consensus-oriented: GCG ensures that discussions in board meetings facilitate decisions that are timely, accurate, and beneficial for organizations (Kaawaase, Nairuba, Akankunda, & Bananuka, 2021). The consensus-oriented principle obliges boards to develop frameworks/guidelines that mandate consensus-oriented decisions. By implementing such a principle, it will oblige the board to have robust discussions, and with participation of all board members, it will help boards arrive at decisions that best serve organizational needs.

2.2.3 Accountability: The accountability principle obliges board members to take responsibility for business decisions (Goodman, Pearson, & Mthombeni, 2021) and creates board accountability toward shareholders (Rehman & Hashim, 2020). Although it is the senior management of the organization that implements decisions and develops reports, it is the duty and responsibility of the board to approve organizational policies and reports. Internal Audit (IA) plays a crucial role in providing assurance regarding accountability. In accordance with the codes of corporate governance in Oman, it is mandatory for the audit and risk committee to provide an overall opinion on the organization's control environment (CMA, 2016), which includes reports from IA related to board accountability.

2.2.4 Transparency: The transparency principle is among those mentioned in all codes/frameworks developed by various authorities. Transparency can be defined as providing all financial and non-financial information to stakeholders. Transparency can build trust and help achieve GCG (Rehman & Hashim, 2020). Transparency can be attained when information is provided in a way that is complete, accurate, reliable, and understandable (Efunniyi, et al., 2024). Transparent practices assist in building a culture of ethics and integrity.

2.2.5 Responsiveness: The responsiveness principle requires organizations not only to be proactive in decision-making but also to respond to challenges faced, criticism received, and events that can create barriers to achieving organizational goals and objectives. Organizations can only attain GCG once they prioritize quick and reliable communication with stakeholders (Yuliana, Violinda, & Setyorini, 2024).

2.2.6 Effectiveness and efficiency: Effectiveness and efficiency require the board to be efficient regarding environmental, social, and governance aspects. The board, as the key player and agent to shareholders, is required to bring innovation that can uplift organizational performance while creating positive impact on society (Day, 2024).

2.2.7 Equity and inclusiveness: Equity and inclusiveness emphasize that every board member should be treated equally, with equal voting rights. Decision-making should involve consideration of input from all board members to ensure diverse perspectives are acknowledged. While quorum is essential, advancements in digital technology now enable board members to participate in meetings and cast votes electronically, enhancing accessibility and engagement.

In today's dynamic business environment, boards must address socio-political issues not only as part of their strategic agenda but also as a matter of principle. Embracing equity and inclusiveness prepares corporate governance frameworks to navigate the complexities of evolving business landscapes effectively (Aguilera & Ruiz Castillo, 2025).

2.2.8 Rule of Law: The rule of law principle compels boards to be impartial and fair in their decision-making and teamwork. The board should not hesitate to obtain external counsel whenever required. GCG requires boards to act honestly and ethically with supreme integrity. The availability of honesty and ethical culture should be the benchmark for measuring moral values. Establishment of rules and related laws can be considered the best way to eliminate ethical violations (Kesuma, Risanty, Mubarok, & Marisa, 2020).

2.2.9 Strategic vision: Strategic vision identifies performance gaps by demonstrating where the organization is now and where it should be. Strategic initiatives help organizations build their mission, vision, and objectives, which eventually cascade down to policies and procedures. GCG requires strong planning processes, developing and incorporating action plans, reporting requirements, and budgets. Strategic vision creates accountability among board members. IA plays an important role in developing organizational strategies by incorporating risk and auditing mitigation actions (Korkmaz, 2020).

2.3 Comparative Analysis of Governance Frameworks

Table 4 provides a comprehensive comparison between the Diligent nine principles and major international governance frameworks:

Table 4: Comparative Analysis of Corporate Governance Principles

Principle	Diligent Principles	OECD	UK Corporate Governance Code	King IV Report	ASX Principles	Comparison
Participation	Emphasis on diversity, equity, and inclusion (DEI); active voice for board members	Not explicitly addressed	Not explicitly addressed	Participation through inclusivity emphasized	Emphasizes diversity and inclusivity	Diligent and King IV emphasize active participation, with Diligent expanding to DEI considerations.
Consensus-Oriented	Robust debates leading to decisions serving diverse stakeholder needs	Not explicitly addressed	Encourages consensus in board decisions	Encourages collaborative decision-making	Not explicitly addressed	Diligent uniquely highlights consensus-building.

Accountability	Boards accountable to all affected parties	Strongly emphasized	Strongly emphasized	Strongly emphasized	Strongly emphasized	Universal agreement on the importance of accountability.
Transparency	Full transparency in records and reporting	Strongly emphasized	Strongly emphasized	Strongly emphasized	Strongly emphasized	Universal agreement on the importance of transparency in governance.
Responsiveness	Timely response to crises and controversies	Indirectly through stakeholder relationships	Indirectly through responsiveness to risks	Indirectly through risk management	Indirectly addressed	Diligent directly emphasizes responsiveness, especially during crises.
Effectiveness and Efficiency	Effective and efficient board performance, with consideration for environmental impact	Addressed indirectly	Addressed indirectly	Addressed through performance oversight	Addressed directly	Both Diligent and ASX explicitly focus on efficiency and environmental considerations.
Equity and Inclusiveness	Equal participation at the board table; DEI integration	Addressed through stakeholder fairness	Not explicitly addressed	Inclusivity and fairness emphasized	Inclusivity and fairness emphasized	Diligent and King IV go deeper into equity and inclusiveness with DEI.
Rule of Law	Fair, impartial decision-making; acting ethically with integrity	Indirectly referenced	Not explicitly addressed	Strongly emphasized	Indirectly referenced	King IV and Diligent highlight the importance of adhering to the rule of law.
Strategic Vision	Mission, vision, and strategic planning with risk management integration	Indirectly referenced	Indirectly referenced	Strongly emphasized	Strongly emphasized	Diligent and King IV emphasize the link between strategy, risk, and long-term vision.

Sources: (OECD, 2024 ; FRC, 2024; Ganz & Machaba, 2024; ASX, 2024)

2.4 Corporate Governance in Oman

Codes of corporate governance in Oman were first introduced in 2002 and then revised in 2016. It is mandatory for all listed companies on the Muscat Stock Exchange to comply with the codes. The Capital Market Authority (CMA) is the custodian of the codes (Rehman & Hashim, 2020), and it provides several updates and clarifications every year. The codes of corporate governance in Oman comprise fourteen principles, of which eleven principles can be considered constituents of corporate governance, such as the board of directors, audit and risk committee, senior management, and external auditors, whereas the remaining three principles are the purpose of corporate governance, corporate social responsibility, and annual reports (CMA, 2016).

The codes in Oman are not compared in Table 4, as they do not provide the principles required for organizations to achieve GCG. The developed codes for Oman focus more on compliance issues, such as mandatory four meetings of the board of directors, and define only four general pillars: transparency, accountability, fairness, and responsibility. The codes of corporate governance in Oman require amendments that can enable organizations to achieve GCG, and in this regard, principles developed by Diligent can be a good way forward.

As of May 2025, there are 113 companies listed on the Muscat Stock Exchange, which can be distributed into sectors defined in Table 5:

Table 5: Companies Listed in Muscat Stock Exchange

Sectors	Number of companies
Financial	37
Industrial	36
Service	40

Source: MSX (2025)

2.5 Internal Audit Function

Internal audit (IA) has evolved significantly from its traditional role of ensuring compliance with policies and procedures to becoming a cornerstone of organizational governance and transparency. The Institute of Internal Auditors (IIA) defines internal auditing as an independent authority available within organizations that performs its functions with objectivity, aiming to add value to organizational governance, risk, and controls. Recently, the IIA introduced new standards for internal audit, namely the Global Internal Audit Standards (GIAS), which were implemented in February 2025 (IIA, 2025). GIAS introduced many changes and is distributed into five domains.

Modern IA extends beyond financial oversight to encompass risk management, governance processes, and operational effectiveness. IA plays a major and vital role in organizational governance by providing independent assurance on the control environment and risk management (Nalukenge, Twaha, Kaawaase, & Bananuka, 2021). With regard to reporting requirements, GIAS still maintains the previous status that IA will functionally report to the audit and risk committee or board and administratively report to the chief executive officer or similar authority within the organization. However, such reporting requirements can still impair the objectivity of IA. Recently, CMA issued directives in Oman where IA is required to report administratively and functionally to the audit and risk committee (CMA, 2021).

For IA to provide assurance and advisory services, it should be properly equipped with qualified personnel and receive complete management support toward fulfilling IA's objectives and goals. IA performance is measured in many ways; however, the most common way is to identify the number or percentage of recommendations implemented and their potential impact on the organization (Kabuye, Korutaro, Nkundabanyanga, Opiso, & Nakabuye, 2017).

2.6 Organizational Transparency

Organizational transparency (OT) serves multiple important functions across different organizational contexts. Lefebvre et al. (2023) highlight how transparency in financial reporting enhances investor confidence and nurtures a favorable investment climate. By ensuring that stakeholders have access to accurate and comprehensive information, transparency reduces information asymmetries and enables more informed decision-making (Karsono, 2023).

In public sector contexts, Nwaobia et al. (2016) emphasize citizens' entitlement to timely and transparent reports of their country's financial and other activities. Their research highlights transparency's role in enabling public accountability and facilitating citizen oversight of public resource management. Hanskamp-Sebregts et al. (2020) discuss transparency's importance in healthcare organizations, noting that while transparency is largely seen as essential to public sector accountability, it must be balanced with considerations of confidentiality and potential unintended consequences. Their research suggests that appropriate transparency can reduce supervisory burdens by demonstrating organizational learning and self-reflection. OT is a fundamental component of organizational integrity and ethical practices and is essential for maintaining stakeholder trust and upholding corporate governance standards (Pangastuti, 2023).

2.7 Hypothesis Development

2.7.1 Relationship between Internal Audit and Organizational Transparency

The internal audit (IA) function provides a foundation for good corporate governance and ensures that transparency exists in organizational operations (Rehman & Hashim, 2020). Organizational transparency ensures the accountability of corporate insiders and improves information sharing between organizational management and stakeholders (Manginte S. Y., 2024). IA ensures the existence of policies and procedures and assures that correct and reliable information is shared with stakeholders.

IA applies a systematic approach to the evaluation of internal controls and governance frameworks, including risk management, and provides recommendations for corrective actions (Daif & Jalal, 2022). By independently assessing whether an organization's practices align with policies, regulations, and ethical standards, IA reduces information asymmetry between management and external stakeholders (Pramukti, 2024). Furthermore, IA enhances transparency by fostering a culture of accountability and openness, ensuring that key issues such as fraud risks, financial misstatements, or regulatory non-compliance are detected and addressed before they escalate. Objective and independent IA functions serve as a cornerstone for transparent corporate reporting, ultimately reinforcing stakeholder trust and confidence in the organization. Accordingly, this study hypothesizes that:

H1: There is a significant and direct relationship between internal audit and organizational transparency.

2.7.2 Relationship between Internal Audit and Nine Principles of Good Corporate Governance

Intern audit (IA) ensures that Good Corporate Governance (GCG) has been understood and implemented in its entirety. Nine principles of GCG identifies pathway for organizational success; however, IA provides assurance that GCG is not utilized as compliance tool, but it is implemented properly, and it is functioning as per its required intention. IA conduct audits and provide recommendations which can re-shape and or amend the GCG principles. GCG provides the guidance and direction towards organizational success and IA directly strengthens GCG by providing independent assurance on the effectiveness of an organization's internal controls, risk management, and compliance processes. IA evaluates alignment between organizational management's initiatives and strategic objectives, regulatory requirements, and ethical standards and serves as a key mechanism for board oversight. IA ensures that risks are appropriately identified and mitigated, and resources are used efficiently and responsibly. Furthermore, internal audit enhances board accountability by delivering unbiased reports and recommendations that support informed decision-making. In doing so, IA promotes GCG and safeguards organizational assets and reinforces stakeholder trust in the governance framework. Accordingly, the second hypothesis for this study is:

H2: There is a significant and direct relationship between internal audit and Nine Principles of Good Corporate Governance.

2.7.3 Relationship between Organizational Transparency and Nine Principles of Good Corporate Governance

The literature provides substantial evidence supporting the hypothesis that there is a significant and direct relationship between organizational transparency and good corporate governance. Bostan and Grosu (2010) identify transparency as a fundamental pillar of effective corporate governance systems, positioning it as essential for preventing fraud and ensuring market competitiveness. Al Shobaki et al. (2018) provide empirical evidence of significant relationships between administrative transparency and governance effectiveness in Palestinian universities.

Pangastuti (2023) further corroborates this relationship through a comprehensive literature review demonstrating how transparency enables effective monitoring, evaluation, and improvement of governance processes. Rehman (2022) provides additional empirical support from Omani public listed companies, showing transparency's direct contribution to sustainable corporate governance.

These consistent findings across diverse contexts strongly support the hypothesis that there is a significant and direct relationship between organizational transparency and good corporate governance. The third hypothesis of this study is:

H3. There is a significant and direct relationship between Organizational Transparency and Good Corporate Governance.

2.7.4 Organizational Transparency mediates the relationship between Internal Audit and Good Corporate Governance

Mediation analyses gained popularity in the 1980s with the publication of Baron and Kenny (1986). Mediation identifies the possibility of indirect relationship between independent and dependent variables (Green, Ha, & Bullock, 2010).

Rehman (2022) demonstrates how internal audit activity mediates the relationship between fraud risk assessment and sustainable corporate governance in Omani public listed companies. This mediating relationship suggests that internal audit functions enhance governance not only directly but also indirectly by improving transparency in organizational processes and information.

Roussy et al. (2020) establish connections between internal audit effectiveness, organizational learning, and governance outcomes, suggesting that internal audit's impact on governance may be mediated through enhanced organizational transparency and learning. Similarly, Kabir et al. (2022) explore how internal audit transparency influences audit quality, which in turn affects governance effectiveness, suggesting a mediating role for transparency in the relationship between internal audit and governance outcomes.

Jachi and Yona (2019) provide additional evidence supporting this mediating relationship, demonstrating how independent internal audit functions enhance transparency and accountability, which subsequently contribute to good corporate governance practices. Their findings support the applicability of Agency Theory in explaining how internal audit functions enhance governance through improved transparency and monitoring.

While these studies do not always explicitly test the mediating role of transparency, their findings collectively suggest that transparency serves as an important mechanism through which internal audit influences governance outcomes. This supports the hypothesis that organizational transparency mediates the relationship between internal audit and good corporate governance, though additional research specifically testing this mediating relationship would further strengthen this conclusion. The fourth hypothesis of this study is:

H4: Organizational transparency mediates the relationship between internal audit and good corporate governance.

3. METHODOLOGY

A descriptive cross-sectional survey design along with a quantitative research method approach was utilized to identify the relationship between Internal Audit (IA), Organizational Transparency (OT), and the nine principles of good corporate governance (GCG). The unit of analysis is Omani publicly listed companies. For this study, a five-point Likert scale was utilized, ranging from highly agree to highly disagree, and questions were distributed into different sections for IA, OT, and the nine principles of GCG. Questions were adapted for IA and OT from studies related to the variables and operationalized from literature related to the nine principles of GCG, as presented in Annexure 1. Due to the small population size, census sampling was utilized, and the contribution of all 113 companies was taken into consideration.

An internet-based tool was utilized for survey distribution, and respondents were selected as only those who could respond on behalf of the organization. Initial analysis was conducted using the Statistical Package for Social Sciences (SPSS), and detailed analysis was conducted by employing Partial Least Squares Structural Equation Modeling (PLS-SEM).

3.1 Measurement Assessment Model

For the measurement assessment model, composite reliability was utilized for internal consistency and reliability. Assessment of convergent validity was conducted via Average Variance Extracted (AVE), and assessment of discriminant validity was conducted with the Heterotrait-Monotrait (HTMT) ratio. Assessment of AVE, composite reliability, and discriminant validity can be categorized as evaluation of the measurement model (Henseler et al., 2015; Hair, Hult, Ringle, & Sarstedt, 2017). Acceptable values for AVE, CR, and discriminant validity are defined by Ramayah et al. (2018) and presented in Table 6.

Table 6: Measurement Model Analysis – Acceptable Values

Assessment	Index Name	Acceptable Values
Internal Consistency	Composite reliability	Composite reliability ≥ 0.70
Indicator reliability/Factor Loadings	Indicator Loading	Values below 0.4 should be deleted. Loadings indicators > 0.7, 0.6, 0.5 is adequate
Convergent validity	Average Variance Extracted (AVE)	Retained indicators should have AVE ≥ 0.50. Indicators < 0.5 should be deleted.
Discriminant validity	HTMT	HTMT - all values must be < 0.85

Source: Ramayah et al., (2018)

3.2 Structural Model Assessment

After the measurement model, the next step is to measure the structural model. Structural model assessment is required once all the criteria of the measurement model are met. Structural model assessment comprises collinearity measurement, determination of path coefficients, R^2, and Q^2 (Hair et al., 2017). Table 7 defines the acceptable values related to the assessment of the structural model.

Table 7: PLS-SEM Structural Model Acceptable Values

Assessment	Index Name	Acceptable Values
Collinearity	Variance inflator factor (VIF)	VIF values for specific indicators should be < 5
Path Coefficient	Path Coefficient	p-value <0.05 t value>2.33
R^2	Coefficient of determination	0.26- Substantial 0.13- Moderate 0.02- Weak
f^2	f^2 Effect size	Large 0.16-0.35, Medium 0.03-0.15 and Small 0.02

Source: Hair et al., (2017)

To ensure strong relationships between variables and to confirm the research framework, it is necessary that all the acceptable values mentioned in Tables 6 and 7 are met.

4. RESULTS

For this study, the internal audit function (IA) is an independent variable, the nine principles of good corporate governance (GCG) is a dependent variable, and organizational transparency (OT) is a mediating variable. Since the study is at the firm level, the questionnaire was distributed to all 113 organizations listed on the Muscat Stock Exchange. The questionnaire was distributed to individuals who could respond on behalf of the organization. While utilizing G*Power, the suggested sample size was 74; however, responses were received from 84 companies, of which six responses were incomplete and therefore were not considered for this research. The complete responses received were 78, which represents 69% of the overall organizations and exceeds the required sample size. A web-based tool was used to collect data, which was then analyzed utilizing PLS-SEM.

4.1 Demographic Profile

An excellent mix of responses was received, and the demographic breakdown is presented in Table 8. Majority of the respondents are male within age group of 41-49 years and having professional certification and working as Chief Audit Executive.

Table 8: Demographic Profile

Gender	Male	49
	Female	19
	Preferred not to say	10
Age Group	Under 30	1
	30-39	14
	40-49	27
	50-59	19
	60 or above	13
	Preferred not to say	4
Highest Qualification	Bachelor	19
	Master	23
	CA / CPA / MIPA / CIA / CRMA	22
	CFE or other fraud-related education	9
	Others	5
Current Position	Chief Audit Executive	34
	Member of Board of Directors	9
	Member of Audit and Risk Committee	13
	Member of Nomination and Compensation Committee	11
	Senior/ Executive Management	11
Years of Experience	1-3 Years	16
	4-7 Years	12
	8-15 Years	16
	More than 15 years	34
Organizational Sector	Financial	23
	Industrial	27
	Services	28

4.2 Descriptive Analysis of Responses

From the internal audit (IA) perspective, majority of the respondents agree that they are reporting administratively and functionally to the audit and risk committee, IA's recommendations are implemented effectively, and they also have sufficient resources to carry on their task. Respondents also strongly agreed that CAEs are hired by the audit and risk committee which ensures the independence of IA; moreover, respondents also highly agree that transparency reports are regularly used to communicate governance practices to stakeholders. However, majority of respondents informed that IA is not receiving adequate training which is required to update their skills and knowledge.

For the organizational transparency, majority of the respondents strongly agree that transparency in leadership and operations is actively encouraged as part of the organizational culture, transparency reports are clearly reflecting internal control processes, leadership accountability, and financial disclosures; However majority of respondents carried neutral stance towards employees provided with the sufficient opportunity to raise concerns or provide input on governance and reporting practices.

For the nine principles of good corporate governance, the majority of respondents agreed that board members in their organization contribute diverse industry experiences and bring different perspectives to discussions. It was widely noted that the board chair ensures all members have an opportunity to voice their opinions during meetings, fostering inclusive and balanced deliberations. Respondents also indicated that board decisions are typically made following thorough discussions and input from all members, with a structured approach in place to promote consensus. Many acknowledged that board members take responsibility for strategic decisions and are accountable for reviewing and approving key organizational policies and reports. Internal and external reports were generally seen as transparent and easy to understand. Furthermore, it was commonly agreed that the organization promptly addresses concerns raised by internal or external stakeholders, and that management responds constructively to challenges that may affect performance. Finally, there was strong agreement that the board ensures the efficient use of organizational resources to meet strategic objectives, and that governance processes promote both performance and long-term sustainability.

4.3 Assessment of Measurement Model

An assessment of the measurement model was performed as per the tolerable values defined in Table 6. Results are presented in Table 9 and Figure 1.

Table 9: Measurement Model Assessment

Indicators	Indicator Loading Range	Composite Reliability	Average Variance Extracted
IA1 to 10	0.76 to 0.84	0.94	0.64
OT1 to 6	0.74 to 0.83	0.88	0.63
GCG 1 to 23	0.64 to 0.81	0.96	0.56

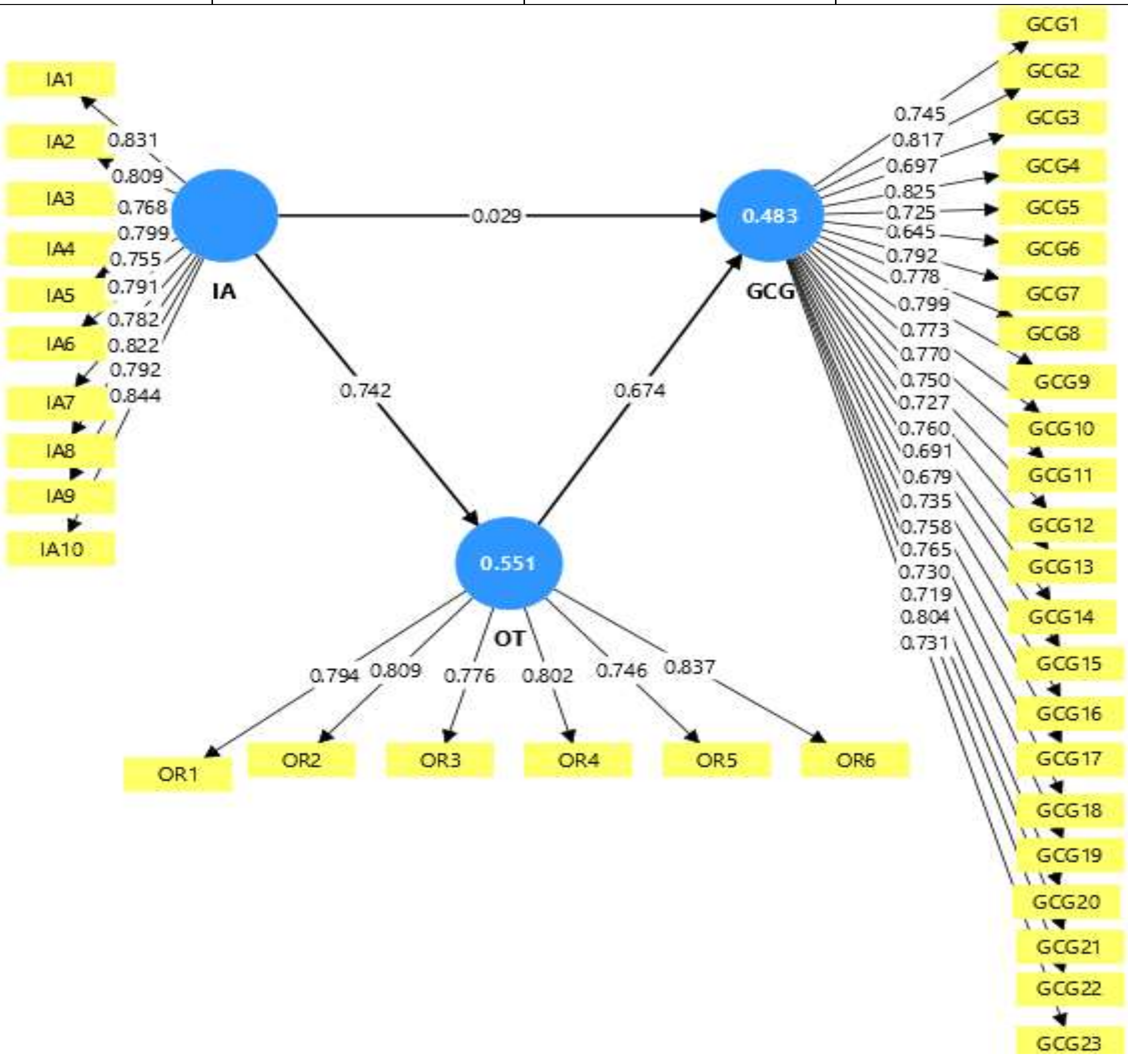

Figure 1: Value of Outer-loading and Path Coefficient

All indicator loadings exceed 0.6, composite reliability values surpass 0.7, and AVE values exceed 0.5, indicating satisfactory measurement model performance.

Table 10 demonstrates discriminant validity through HTMT ratios, with all values below 0.85:

Table 10: Discriminant validity - HTMT

Variable	GCG	IA	OT
GCG			
IA	0.54		
OT	0.74	0.81	

4.4 Structural Model Assessment

After the assessment of the measurement model, the next step is to measure the structural model. The structural model is measured in accordance with the parameters defined in Table 7 and presented in Figure 1. VIF values are below 5, demonstrating that there is no concern related to collinearity. R^2 is above 0.26 and can be considered strong. Effect size f^2 for IA and GCG shows a direct but weak relationship, whereas for IA and OT and OT and GCG, f^2 demonstrates a strong relationship.

Table 11: Significance of Direct Effect - Path Coefficient

Variable Path	Beta	Standard Deviation	T Stats	P Values	R^2	f^2	Decision
IA→GCG	0.029	0.117	0.245	0.403		0.001	Not Supported
IA→OT	0,742	0.041	18.225	0.00	0.53	1.226	Supported
OT→GCG	0.674	0.101	6,646	0.00	0.48	0.395	Supported

4.5 Significance of Direct Effects

Bootstrapping of 78 samples with 5000 sub-samples was conducted in PLS-SEM to assess the significance of the direct effect. The path coefficient was used to determine the significance level of direct effects. Figure 2 and Table 11 display the significance of direct effect path coefficients.

The results indicate strong positive relationships between IA and OT, and between OT and GCG. However, the direct relationship between IA and GCG is not statistically significant, suggesting that IA's impact on governance operates indirectly through organizational transparency.

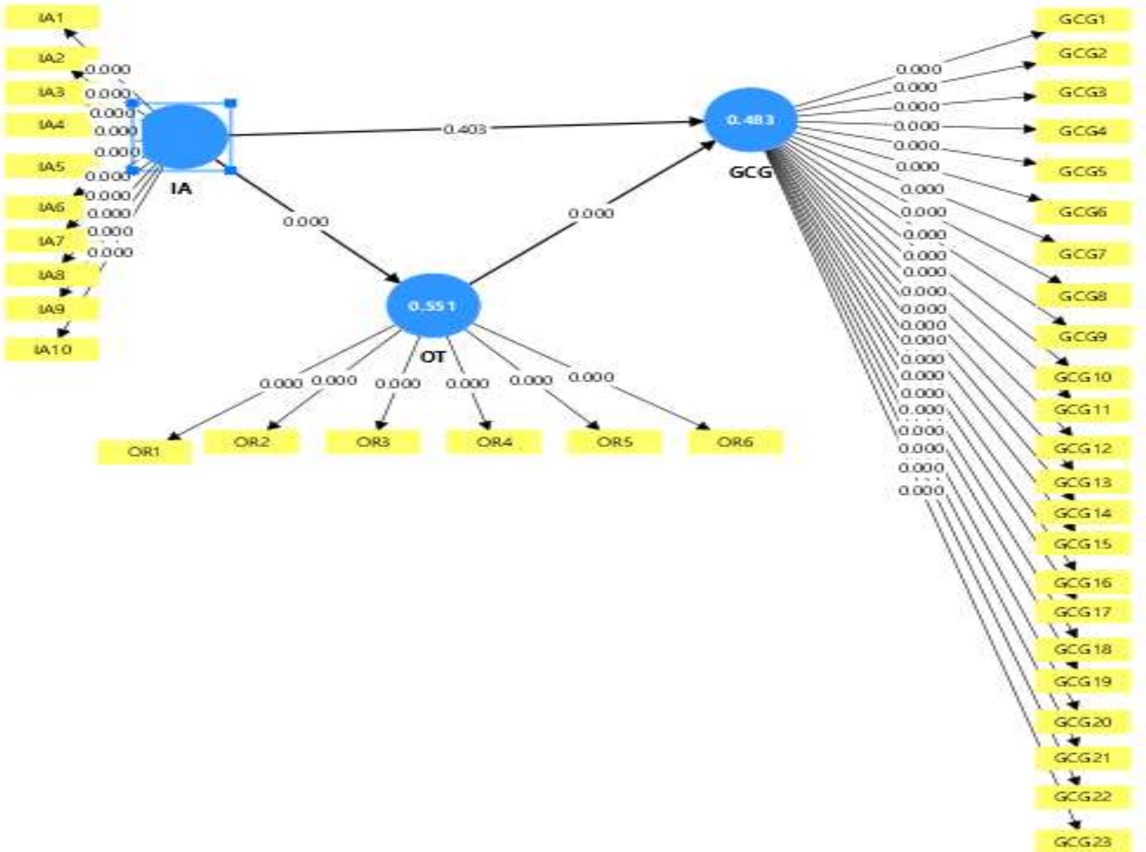

Figure 2: Direct Effect – Path Coefficient and T-value

4.6 Mediation Analysis

Bootstrapping with 5000 sub-samples and a two-tail test at 0.05 significance level was performed to assess mediation effects. Table 12 demonstrates the indirect relationship significance:

Table 12: Mediation Testing

Relationship	Beta	Standard deviation	T statistics	P values	Decision
IA -> OT -> GCG	0.500	0.083	5.990	0.00	Supported

The results demonstrate strong mediation between IA and GCG through OT, with t-values above 2.33 and p-values below 0.05. This indicates that organizational transparency fully mediates the relationship between internal audit and the nine principles of good corporate governance.

5. DISCUSSION OF THE RESULTS

This study provides compelling empirical evidence supporting the pivotal role of internal audit functions in fostering good corporate governance through organizational transparency in Omani public listed companies. The findings contribute significantly to existing knowledge by demonstrating that the nine principles of good corporate governance, as established by Day (2024), can be effectively enhanced through robust internal audit mechanisms, with organizational transparency serving as a critical mediating factor as theorized by Pangastuti (2023) and empirically demonstrated by Rehman and Hashim (2020).

5.1 Key Findings and Their Significance

The results reveal three fundamental relationships that reshape our understanding of corporate governance dynamics, building upon established theoretical foundations. First, the strong positive relationship between internal audit functions and organizational transparency ($\beta = 0.742$, $p < 0.01$) validates the theoretical framework established by Daif and Jalal (2022), who demonstrated internal audit's systematic approach to governance framework evaluation, and extends the empirical findings of Manginte (2024) regarding organizational transparency's role in improving information sharing between management and stakeholders.

Second, the robust direct relationship between organizational transparency and the nine principles of good corporate governance ($\beta = 0.674$, $p < 0.01$) provides empirical support for the theoretical propositions of multiple researchers. This finding validates Lefebvre, Simunic, and Stein (2023), who demonstrated transparency's role in enhancing investor confidence, and supports Karsono (2023), who established transparency's function in reducing information asymmetries and enabling informed decision-making. The relationship also confirms the social benefits framework established by Kral and Schnackenberg (2024) and supports the stakeholder trust framework developed by Pangastuti (2023).

Most significantly, the study reveals that organizational transparency fully mediates the relationship between internal audit and good corporate governance ($\beta = 0.500$, $p < 0.01$), while the direct relationship between internal audit and governance principles lacks statistical significance ($\beta = 0.029$, $p = 0.403$). This finding provides empirical validation for the mediation framework suggested by Rehman (2022) in demonstrating how internal audit activities mediate governance relationships, and extends the theoretical connections established by Roussy, Brivot, and Préfontaine (2020) between internal audit effectiveness and governance outcomes through enhanced transparency. As mentioned earlier, the relationship between internal audit and good corporate governance is direct but not substantial as internal audit cannot have influential impact over governance proceedings. Internal audit provides recommendations but do not have the implementation capabilities. Senior management and board ultimately decide on policy formation, risk appetite and strategic initiatives. Internal audits provide meaningful recommendations and for this reason the relation is direct; however, due to non-implementation capability, internal audit indirectly influence good corporate governance.

5.2 Theoretical Contributions

These findings extend agency theory by demonstrating that internal audit's governance impact channels through transparency mechanisms rather than operating as a direct control device, supporting the theoretical framework established by Pramukti (2024) regarding internal audit's role in reducing information asymmetry. This nuanced understanding builds upon the foundation laid by Nalukenge, Twaha, Kaawaase, and Bananuka (2021), who established internal audit's vital role in organizational governance, by identifying the specific transparency pathway through which this governance impact occurs.

The study introduces empirical validation for the Diligent's nine principles of good corporate governance as a superior framework compared to traditional governance codes, supporting the theoretical distinction established by Rodriguez-Fernandez (2016) between actual and perceived organizational performance. Unlike conventional approaches focusing primarily on compliance, these principles emphasize substantive governance outcomes including participation (Gallego-Álvarez & Rodriguez-Dominguez, 2025), consensus-orientation (Kaawaase, Nairuba, Akankunda, & Bananuka, 2021), responsiveness (Yuliana, Violinda, & Setyorini, 2024), and strategic vision (Korkmaz, 2020). The empirical validation provides evidence of their cross-cultural applicability and practical relevance, extending beyond the five traditional principles identified by researchers such as Hasanudin (2023), Dzulkifli, Arifin, and Salmah (2020), Nurhasanah, Aprilianti, and Kasmawati (2022), and Rizki, Ridhawati, and Prasedya (2024).

The mediation analysis reveals that transparency serves as the critical pathway through which internal audit influences governance quality, providing empirical support for the theoretical framework established by Albu and Flyverbom (2019) regarding organizational transparency strategies' correlation with ethics and governance. This finding challenges traditional views of internal audit as a direct governance mechanism and positions it instead as a transparency enabler that indirectly strengthens governance practices, supporting the comprehensive framework established by Jachi and Yona (2019) demonstrating how independent internal audit functions enhance transparency and accountability.

5.3 Practical Implications for Organizations and Regulators

For organizations, the results suggest that investing in robust internal audit functions yields governance benefits primarily through enhanced transparency, validating the practical framework established by Kabuye et al. (2017) for internal audit effectiveness measurement through recommendation implementation and organizational impact. This insight should guide organizations to structure their internal audit functions not merely as compliance monitors but as transparency facilitators bridging information gaps between management and stakeholders, supporting the institutional framework established by the Institute of Internal Auditors (2025) in the Global Internal Audit Standards.

The strong mediating role of transparency confirms the practical recommendations of Efunniyi et al. (2024) regarding the provision of complete, accurate, reliable, and understandable information to achieve transparency. Organizations seeking governance improvement should prioritize initiatives enhancing organizational openness, information sharing, and stakeholder communication, implementing the comprehensive approach advocated by multiple researchers including the social benefits framework of Kral and Schnackenberg (2024) and the stakeholder confidence enhancement mechanisms identified by Pangastuti (2023).

For regulatory authorities, particularly in Oman, the findings provide empirical support for the governance code enhancement. The existing focus on structural compliance identified in current Omani codes could be enhanced by emphasizing substantive governance outcomes reflected in the nine principles framework. This supports the Capital Market Authority's recent directive requiring internal audit to report administratively and functionally to audit and risk committees (CMA, 2021), as this structural change enhances the transparency pathway identified in our mediation analysis.

5.4 Addressing the Fraud Prevention Challenge

The study's context is particularly relevant given documented fraud cases in companies maintaining formal compliance with governance codes, as evidenced in the international examples from companies like Kangmei Pharmaceutical, Wirecard, Luckin Coffee, and Odebrecht, as well as Omani cases including Sweets of Oman, Oman Arab Bank, National Biscuits Industries, and Oman National Gas Company. The findings suggest that traditional governance approaches focusing on structural compliance are insufficient for fraud prevention, supporting the theoretical framework that distinguishes between formal compliance and substantive governance quality.

The nine principles of good corporate governance offer a pathway for organizations to move beyond checkbox compliance toward meaningful governance practices more likely to detect and prevent fraudulent activities than traditional compliance-focused approaches. The principles' emphasis on participation, accountability, and transparency creates multiple oversight layers that strengthen organizational integrity, addressing the fundamental governance failures identified in companies maintaining formal compliance while experiencing significant fraud.

This approach supports the accountability framework established by Goodman, Pearson, and Mthombeni (2021) and Rehman and Hashim (2020), while providing the transparency mechanism through which such accountability can be effectively implemented and monitored. The responsiveness principle identified by Yuliana, Violinda, and Setyorini (2024) becomes particularly relevant in addressing challenges and criticism that can signal potential governance failures before they escalate to fraud.

5.5 Social and Environmental Implications

Implementation of Diligent’s nine principles carries significant social and environmental implications, extending the economic growth framework established by Ma'aji, Anderson, and Colon (2021) regarding GCG's role in attracting capital and creating employment opportunities. As organizations adopt these principles, they become more responsive to societal needs and environmental concerns, moving beyond shareholder primacy toward stakeholder-oriented approaches that align with growing environmental, social, and governance (ESG) expectations.

The principles' emphasis on equity, inclusiveness, and responsiveness compels organizations to consider their broader social impact, supporting the framework established by Aguilera and Ruiz Castillo (2025) for navigating evolving business landscapes through inclusive governance. This leads to more sustainable business practices and greater corporate social responsibility, with the transparency mechanism identified in our study providing the pathway through which such social and environmental commitments can be effectively communicated and monitored by stakeholders.

In the Omani context, this could contribute to economic diversification goals and sustainable development objectives, supporting the country's Vision 2040 initiatives through the governance enhancement mechanisms identified in our study. The effectiveness and efficiency principle, as established by Day (2024), requires boards to be efficient regarding environmental, social, and governance aspects while creating positive societal impact.

6. Conclusions, Limitations and Future Research Directions

This research makes a significant contribution to corporate governance theory and practice by demonstrating that effective governance requires more than structural compliance, it demands commitment to transparency and implementation of comprehensive governance principles addressing the full spectrum of organizational stakeholder relationships. The findings provide empirical validation for the theoretical frameworks established by numerous researchers while offering a roadmap for organizations seeking enhanced governance quality and for regulators developing more effective governance frameworks.

The study's emphasis on transparency's mediating role validates and extends the work of researchers including Pangastuti (2023), Albu and Flyverbom (2019), Kral and Schnackenberg (2024), and others who established transparency's critical importance in achieving governance outcomes. As organizations worldwide grapple with increasing stakeholder expectations and regulatory scrutiny, these insights offer a path toward more effective, transparent, and responsive governance practices that better serve all stakeholder interests while contributing to broader social and environmental objectives.

The nine principles of good corporate governance, validated through this empirical study and building upon the theoretical foundation established by Day (2024), represent a paradigm shift from compliance-focused governance toward value-based governance that creates sustainable value for all stakeholders. Organizations adopting these principles, supported by the transparency mechanisms identified in our mediation analysis, position themselves for long-term success while contributing to broader societal well-being and environmental sustainability, as envisioned by researchers such as Ma'aji, Anderson, and Colon (2021) and Aguilera and Ruiz Castillo (2025).

The empirical validation of the transparency mediation pathway provides practical guidance for implementing the comprehensive governance framework established by multiple researchers, offering organizations and regulators evidence-based strategies for moving beyond checkbox compliance toward substantive governance excellence that serves all stakeholders while preventing the governance failures documented in both international and Omani contexts.

While this study provides valuable insights, several limitations should be acknowledged. The cross-sectional design limits the ability to establish definitive causal relationships. Future research could employ longitudinal designs to better understand temporal dynamics and provide stronger causal evidence of how internal audit functions develop organizational transparency over time, building upon the foundation established by Jachi and Yona (2019) in examining internal audit independence effects on governance.

The study's focus on Omani public listed companies, while providing contextual depth, limits generalizability to other institutional contexts. Future research could examine these relationships across different regulatory environments and cultural settings to test the broader applicability of the nine principles framework. Comparative studies across emerging and developed markets would provide valuable insights into contextual factors affecting these relationships, extending the work begun by Hasanudin (2023), Dzulkifli, Arifin, and Salmah (2020), and other researchers who have examined governance principles in different contexts.

Additionally, while the study demonstrates transparency's mediating role, other potential mediating mechanisms remain unexplored. Future research could investigate whether factors such as organizational culture, leadership effectiveness, stakeholder engagement, or board diversity also mediate the relationship between internal audit and governance quality, building upon the comprehensive framework suggested by the nine principles. Understanding these multiple pathways could provide a more comprehensive view of how governance mechanisms interact, extending the mediation analysis framework established by Roussy, Brivot, and Préfontaine (2020) in examining internal audit quality and organizational learning.

The measurement of the nine principles, while grounded in theory, relies on newly operationalized items requiring further validation across different contexts. Future studies could refine these measures and examine their predictive validity for organizational outcomes such as financial performance, stakeholder satisfaction, fraud prevention, and long-term sustainability, building upon the measurement frameworks established by researchers like Kabuye et al. (2017) for internal audit effectiveness assessment.

Declarations

I declare that there is no conflict of interest

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Annexure 1: Questionnaire

Question Number	Question	Remarks	Source
Independent Variable – Internal Audit			
IA.1	In your organization, the internal audit function reports administratively and functionally to audit and risk committee.	Adapt	(Kabuye et al., 2017)
IA.2	In your organization, management provides adequate feedback for the internal audit on audit findings.	Adapt	(Kabuye et al., 2017)
IA.3	In your organization, internal audit recommendations are implemented effectively by management.	Adapt	(Kabuye et al., 2017)
IA.4	In your organization, internal audit is provided with sufficient resources to carry out its responsibilities.	Adapt	(Kabuye et al., 2017)
IA.5	In your organization, management consults internal audit on matters related to fraud risk and management.	Adapt	(Kabuye et al., 2017)
IA.6	In your organization, internal audit is perceived as a value-adding function by senior management	Adapt	(Kabuye et al., 2017)
IA.7	In your organization, internal auditors have the courage and independence to resist situations that may lead to impair transparency.	Adapt	(Kabuye et al., 2017)
IA.8	In your organization, internal auditors receive adequate training to acquire the skills necessary for their duties.	Adapt	(Kabuye et al., 2017)

IA.9	In your organization, internal audit findings contribute value to the entity.	Adapt	(Nalukenge, Kaawaase, Bananuka, & Ogwal, 2022)
IA.10	In your organization, Chief Audit Executive is appointed by the audit committee.	Adapt	(Nalukenge, Kaawaase, Bananuka, & Ogwal, 2022)
Mediating Variable – Organizational Transparency			
OR.1	In your organization, transparency reports are regularly used to communicate governance practices to stakeholders	Adapt	(ElKelish, Hussain, Mahameed, & Irsyadillah, 2024)
OR.2	Transparency in leadership and operations is actively encouraged as part of the organizational culture.	Adapt	(ElKelish, Hussain, Mahameed, & Irsyadillah, 2024)
OR.3	Employees are given sufficient opportunity to raise concerns or provide input on governance and reporting practices.	Adapt	(ElKelish, Hussain, Mahameed, & Irsyadillah, 2024)
OR.4	Transparency reports in your organization clearly reflect internal control processes, leadership accountability, and financial disclosures.	Adapt	(ElKelish, Hussain, Mahameed, & Irsyadillah, 2024)
OR.5	The organizational culture supports open communication and access to relevant information for decision-making.	Adapt	(ElKelish, Hussain, Mahameed, & Irsyadillah, 2024)
OR.6	Audit quality in your organization is positively influenced by transparency practices	Adapt	(ElKelish, Hussain, Mahameed, & Irsyadillah, 2024)
Dependent Variable – Nine Principals of Good Corporate Governance			
GCG.1	In your organization, board members bring a diverse range of professional skills.	Operationalized item	(Day, J. 2024).
GCG.2	In your organization, board members contribute varied industry experiences.	Operationalized item	(Day, J. 2024).
GCG.3	In your organization, board members represent different perspectives in discussions.	Operationalized item	(Day, J. 2024).
GCG.4	The board chair ensures all members have the opportunity to voice their opinions during meetings.	Operationalized item	(Day, J. 2024).
GCG.5	Board decisions in your organization are made following thorough discussion and input from all members.	Operationalized item	(Day, J. 2024).
GCG.6	Your organization has a structured approach to promoting consensus during board decision-making.	Operationalized item	(Day, J. 2024).
GCG.7	Board members in your organization take responsibility for strategic decisions.	Operationalized item	(Day, J. 2024).
GCG.8	The board is accountable for reviewing and approving key organizational policies and reports.	Operationalized item	(Day, J. 2024).
GCG.9	Internal Audit contributes to assessing the board's accountability.	Operationalized item	(Day, J. 2024).
GCG.10	Your organization provides stakeholders with timely and accurate financial information.	Operationalized item	(Day, J. 2024).
GCG.11	Your organization discloses non-financial information clearly and comprehensively.	Operationalized item	(Day, J. 2024).
GCG.12	Internal and external reports in your organization are transparent and understandable.	Operationalized item	(Day, J. 2024).

GCG.13	Your organization promptly addresses concerns raised by internal or external stakeholders.	Operationalized item	(Day, J. 2024).
GCG.14	Management responds constructively to challenges that could impact organizational performance.	Operationalized item	(Day, J. 2024).
GCG.15	The board ensures the efficient use of organizational resources to meet strategic goals.	Operationalized item	(Day, J. 2024).
GCG.16	Governance processes in your organization promote both performance and sustainability.	Operationalized item	(Day, J. 2024).
GCG.17	All board members have equal voting rights in your organization.	Operationalized item	(Day, J. 2024).
GCG.18	Your organization encourages inclusive participation from all members during board meetings.	Operationalized item	(Day, J. 2024).
GCG.19	Digital platforms are used effectively to enhance board participation and accessibility.	Operationalized item	(Day, J. 2024).
GCG.20	The board consistently adheres to internal policies and external legal requirements.	Operationalized item	(Day, J. 2024).
GCG.21	External legal counsel is consulted when necessary to support ethical and lawful decision-making.	Operationalized item	(Day, J. 2024).
GCG.22	Your organization has a clearly defined strategic vision aligned with its long-term goals.	Operationalized item	(Day, J. 2024).
GCG.23	Internal Audit supports the organization in evaluating the risks related to strategic initiatives.	Operationalized item	(Day, J. 2024).