

# **A WORKPLACE LEARNING FRAMEWORK FOR DEVELOPING ENTRY-LEVEL INTERNAL AUDIT PROFESSIONALS**

by

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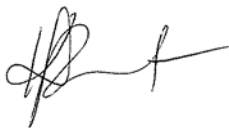
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Date of submission: 30 October 2015

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30 October 2015

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*There but for the grace of God, go I. (John Bradfort)*

## **ABSTRACT**

### **A workplace learning framework for developing entry-level internal audit professionals**

In recent years, the need to develop professional competence in internal auditing has increasingly come under the spotlight. The main reasons for this are a growing need for competent internal auditors who can render value-adding services to a variety of stakeholders, and the need for an effective internal audit function, where internal audit competence and professionalism are regarded as determinants of internal audit effectiveness. Prior research has focused on internal audit education at a tertiary level, so research on workplace learning for internal audit auditors is limited. The IIA Research Foundation undertook a series of Common Body of Knowledge studies, and developed an internal audit competency framework indicating competency requirements for various levels of internal auditors. However, no reference is made to internal audit trainees or new internal auditors, or to the learning paths required to achieve the set competencies.

The aim of this qualitative study was therefore to propose a workplace learning framework for developing internal audit trainees into entry-level internal audit professionals. The literature review discussed the evolution of the internal audit profession and its impact on the competency requirements of internal auditors. The dimensions of workplace learning were explored. In addition, workplace learning in the accounting and auditing professions was examined globally, and in South Africa, with reference to different professional bodies' competency frameworks, and the workplace learning component of these frameworks. Data were collected from focus group discussions and semi-structured interviews held in South Africa with 65 participants, including internal audit employers, internal audit trainees, presenters and assessors of internal audit workplace learning, and members of the IIA (SA) Education and Training Committee to determine their views on internal audit workplace learning.

Based on the findings, the study proposes a workplace learning framework for developing internal audit trainees into entry-level internal audit professionals involving five dimensions: workplace learning criteria, workplace learning content, workplace learning methods, determinants of workplace learning success and challenges to workplace learning. It is recommended that internal audit stakeholders take cognisance of these dimensions when embarking on workplace learning to ensure that all constituencies benefit from entry-level internal audit professionals' acquisition of professional competence.

## TABLES OF CONTENTS

<b>DECLARATION</b> .....	ii
<b>ACKNOWLEDGEMENTS</b> .....	iii
<b>ABSTRACT</b> .....	v
<b>INDEX</b> .....	vii
<b>LIST OF TABLES</b> .....	xv
<b>LIST OF FIGURES</b> .....	xvii
<b>LIST OF ABBREVIATIONS</b> .....	xvii

## INDEX

### CHAPTER 1

<b>INTRODUCTION</b> .....	2
1.1 BACKGROUND .....	2
1.2 RATIONALE FOR THIS STUDY .....	5
1.3 DELIMITATIONS OF THE STUDY .....	9
1.4 RESEARCH AIM, RESEARCH QUESTION AND RESEARCH OBJECTIVES.....	10
1.5 PROPOSED BENEFITS OF THE STUDY .....	11
1.6 KEY TERMS .....	12
1.6.1 Attributes.....	13
1.6.2 Capabilities .....	13
1.6.3 Competence.....	13
1.6.4 Competency.....	13
1.6.5 Entry-level internal auditor professional .....	14
1.6.6 Framework .....	14
1.6.7 Internal audit employer.....	14
1.6.8 Internal audit function.....	15
1.6.9 Internal audit professional .....	15
1.6.10 Internal audit stakeholders .....	15
1.6.11 Internal audit trainee .....	16

1.6.12	Learning .....	16
1.6.13	Learnership .....	16
1.6.14	Occupational qualification .....	16
1.6.15	Practical experience.....	17
1.6.16	Professional competence.....	17
1.6.17	Professional learning and development .....	17
1.6.18	Workplace learning .....	18
1.7	RESEARCH DESIGN .....	18
1.8	ROLE OF THE RESEARCHER .....	20
1.9	QUALITY OF THE RESEARCH.....	21
1.10	RESEARCH ETHICS.....	21
1.11	OUTLINE OF THESIS.....	21
1.12	CONCLUSION .....	24

## **CHAPTER 2**

### **THE EVOLUTION OF INTERNAL AUDITING: DEVELOPING COMPETENCE THROUGH ACHIEVING RECOGNITION AS A PROFESSION.....**

2.1	INTRODUCTION.....	26
2.2	HISTORY AND DEVELOPMENT OF AUDITING AND INTERNAL AUDITING .....	27
2.2.1	Theoretical foundation for auditing .....	30
2.2.2	Legislation, regulations and codes that influence internal auditing ....	33
2.3	THE CHANGING PROFILE OF INTERNAL AUDITORS .....	36
2.3.1	Changing competency needs.....	37
2.3.2	Internal audit quality .....	41
2.4	INTERNAL AUDIT AS A PROFESSION .....	42
2.4.1	Characteristics of a profession.....	43
2.4.2	The IIA Global and the IIA (SA).....	45
2.4.3	IIA guidance .....	48
2.4.3.1	The International Professional Practices Framework (IPPF).....	48
2.4.3.2	Internal Audit Educational Partnership (IAEP) curriculum .....	55
2.4.3.3	Certified Internal Auditor (CIA) curriculum.....	57
2.4.3.4	Common Body of Knowledge (CBOK) studies .....	58



2.4.3.5	Internal Auditor Competency Framework (IACF) .....	59
2.5	SUMMARY AND CONCLUSION .....	64

### CHAPTER 3

	<b>CONTEXTUALISING WORKPLACE LEARNING</b> .....	68
3.1	INTRODUCTION.....	68
3.2	THE DIMENSIONS OF WORKPLACE LEARNING .....	69
3.2.1	Introduction .....	69
3.2.2	Defining workplace learning .....	71
3.2.3	Adult learners and their learning environment.....	72
3.2.3.1	Learning organisations.....	73
3.2.3.2	The South African workplace as a learning environment .....	75
3.3	WORKPLACE LEARNING CRITERIA .....	82
3.3.1	Competency frameworks .....	83
3.3.2	Assessment of competence .....	88
3.4	WORKPLACE LEARNING THEORIES AND MODES .....	90
3.4.1	Workplace learning theories.....	90
3.4.2	Workplace learning modes.....	93
3.5	CHALLENGES OF WORKPLACE LEARNING.....	97
3.6	SUMMARY AND CONCLUSION .....	100

### CHAPTER 4

	<b>WORKPLACE LEARNING IN PROFESSIONS: AN ACCOUNTING AND AUDITING PERSPECTIVE</b> .....	104
4.1	INTRODUCTION.....	104
4.2	SHARED ELEMENTS OF WORKPLACE LEARNING IN PROFESSIONS .....	105
4.3	WORKPLACE LEARNING IN THE ACCOUNTING AND AUDITING PROFESSIONS: STANDARDS AND PRACTICES .....	106
4.3.1	Global standards.....	106
4.3.1.1	IFAC standards .....	108
4.3.1.2	Summary.....	112
4.3.2	Global practices: Workplace learning in the GAA countries .....	113

4.3.2.1	Alignment with IFAC standards.....	114
4.3.2.2	Summary.....	116
4.3.3	Global practices: Other relevant workplace learning frameworks ....	117
4.3.3.1	The Association for Chartered Certified Accountants (ACCA) .....	117
4.3.3.2	Chartered Institute of Management Accountants (CIMA).....	118
4.3.3.3	Summary.....	120
4.3.4	Workplace learning programmes in the accountancy landscape: A South African perspective.....	120
4.3.4.1	South African Institute of Chartered Accountants (SAICA) .....	121
4.3.4.2	Southern African Institute of Government Auditors (SAIGA).....	122
4.3.4.3	The South African Institute of Professional Accountants (SAIPA)....	123
4.3.4.4	Summary.....	125
4.4	WORKPLACE LEARNING IN THE INTERNAL AUDIT PROFESSION .....	125
4.4.1	Workplace learning for internal auditors in context .....	126
4.4.2	Internal audit workplace learning: A global perspective .....	128
4.4.3	Internal audit workplace learning: A South African perspective .....	132
4.4.4	Summary.....	136
4.5	SUMMARY AND CONCLUSION .....	136

## CHAPTER 5

	<b>RESEARCH DESIGN AND METHODS .....</b>	<b>140</b>
5.1	INTRODUCTION.....	140
5.2	PARADIGMATIC PERSPECTIVE.....	141
5.2.1	Interpretivism and constructivism as paradigms .....	141
5.2.2	Qualitative methodology.....	142
5.3	RESEARCH DESIGN AND METHODOLOGY .....	143
5.3.1	Phenomenographic research design.....	143
5.3.2	Selecting the participants .....	143
5.3.2.1	Categories of participants .....	144
5.3.2.2	Number of participants selected.....	146
5.3.3	Data collection .....	146
5.3.3.1	Phase 1: Focus group discussions.....	147

5.3.3.2	Phase 2: Semi-structured interviews.....	153
5.3.4	Data analysis and interpretation.....	156
5.3.4.1	Preparing and organising the data for analysis.....	157
5.3.4.2	Coding.....	158
5.3.4.3	Using the codes to develop descriptions and themes.....	159
5.3.4.4	Representing the findings through narratives and visuals.....	159
5.3.4.5	Interpretation of the meaning of the results.....	160
5.3.4.6	Conducting strategies to validate the accuracy of the findings.....	160
5.4	THE ROLE OF THE RESEARCHER.....	161
5.5	ASSESSING AND DEMONSTRATING THE QUALITY AND RIGOUR OF THE RESEARCH DESIGN.....	163
5.6	RESEARCH ETHICS.....	164
5.7	SUMMARY AND CONCLUSION.....	166

## CHAPTER 6

	<b>FINDINGS: DATA ANALYSIS AND INTERPRETATION.....</b>	<b>169</b>
6.1	INTRODUCTION.....	169
6.2	BACKGROUND TO THE DATA ANALYSIS.....	169
6.2.1	An overview of the data analysis.....	170
6.2.2	Phase 1: Focus group discussions.....	172
6.2.3	Phase 2: Semi-structured interviews.....	173
6.3	ANALYSIS AND INTERPRETATION OF THE INITIAL THEMES....	175
6.3.1	Focus group 1 (FG1) discussion.....	176
6.3.1.1	Themes that emerged from FG1.....	176
6.3.1.2	Summary.....	182
6.3.2	Focus group 2 (FG2) discussion.....	182
6.3.2.1	Themes that emerged from FG2.....	182
6.3.2.2	Summary.....	188
6.3.3	Focus group 3 (FG3) discussion.....	189
6.3.3.1	Themes that emerged from FG3.....	189
6.3.3.2	Summary.....	197
6.3.4	Focus group 4 (FG4) discussion.....	198
6.3.4.1	Themes that emerged from FG4.....	198

6.3.4.2	Summary.....	203
6.3.5	Refinement of themes .....	204
6.3.5.1	First analysis .....	204
6.3.5.2	Second analysis .....	208
6.3.5.3	Third analysis .....	213
6.3.5.4	Summary.....	213
6.4	ANALYSIS AND INTERPRETATION OF FINAL THEMES.....	217
6.4.1	Workplace learning criteria (Theme 1) .....	217
6.4.1.1	Induction .....	217
6.4.1.2	Competency framework .....	220
6.4.1.3	Planned exposure .....	223
6.4.1.4	Flexibility .....	226
6.4.1.5	Performance management: Monitoring performance and assessing competence.....	227
6.4.1.6	Summary (Theme 1) .....	232
6.4.2	Workplace learning content (Theme 2) .....	234
6.4.2.1	Non-technical skills .....	235
6.4.2.2	Professional ethics.....	239
6.4.2.3	Business acumen.....	240
6.4.2.4	Industry-specific knowledge .....	241
6.4.2.5	Technical skills.....	243
6.4.2.6	Summary (Theme 2) .....	245
6.4.3	Workplace learning methods (Theme 3) .....	247
6.4.3.1	On-the-job training .....	247
6.4.3.2	Formal learning .....	249
6.4.3.3	Informal learning .....	254
6.4.3.4	Coaching and mentoring .....	256
6.3.4.5	Continuing Professional Development (CPD) .....	259
6.3.4.6	Summary (Theme 3) .....	260
6.4.4	Determinants of workplace learning success (Theme 4).....	262
6.4.4.1	Learning environment .....	263
6.4.4.2	Management commitment.....	264
6.4.4.3	Trainees' commitment (attitude and motivation to learn).....	266

6.4.4.4	Relevant, structured and effective learning and development programme.....	269
6.4.4.5	Summary (Theme 4) .....	271
6.4.5	Workplace learning challenges (Theme 5).....	272
6.4.5.1	Learning environment .....	273
6.4.5.2	Trainees' commitment (including attitude and motivation to learn)...	278
6.4.5.3	Attracting and retaining trainees .....	278
6.4.5.4	Resource limitations: Cost and time.....	281
6.4.5.5	Different management styles .....	283
6.4.5.6	Summary (Theme 5) .....	284
6.5	SUMMARY AND CONCLUSION .....	287

## CHAPTER 7

	<b>CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS.....</b>	<b>293</b>
7.1	INTRODUCTION.....	293
7.2	REVISITING PREVIOUS CHAPTERS.....	293
7.3	RECAPPING THE RESEARCH FINDINGS IN RELATION TO THE RESEARCH OBJECTIVES.....	295
7.3.1	Secondary research objective 1 .....	295
7.3.2	Secondary research objective 2.....	297
7.3.3	Secondary research objective 3.....	298
7.3.4	Secondary research objective 4.....	300
7.3.4.1	Dimension 1: Workplace learning criteria.....	300
7.3.4.2	Dimension 2: Workplace learning content.....	301
7.3.4.3	Dimension 3: Workplace learning methods.....	301
7.3.4.4	Dimension 4: Determinants of successful workplace learning .....	302
7.3.4.5	Dimension 5: Challenges to workplace learning .....	302
7.3.5	Primary research objective.....	303
7.4	LIMITATIONS OF THE STUDY .....	306
7.5	CONTRIBUTION OF THE STUDY.....	306
7.6	RECOMMENDATIONS.....	307
7.6.1	Recommendations relating to workplace learning criteria (Dimension 1) .....	308

7.6.1.1	Recommendations for internal audit employers, presenters and assessors of internal audit workplace learning, academics and the internal audit professional body.....	308
7.6.1.2	Recommendations for internal audit trainees.....	309
7.6.1.3	Recommendations for the internal audit profession and the internal audit professional body .....	310
7.6.1.4	Summary.....	310
7.6.2	Recommendations relating to workplace learning content (Dimension 2).....	310
7.6.2.1	Recommendations for internal audit employers, presenters and assessors of internal audit workplace learning, academics and the internal audit professional body.....	310
7.6.2.2	Recommendations for the internal audit professional body.....	311
7.6.2.3	Recommendations for internal audit employers, presenters and assessors of internal audit workplace learning and academics.....	311
7.6.2.4	Recommendations for internal audit employers .....	312
7.6.2.5	Summary.....	312
7.6.3	Recommendations relating to workplace learning modes (Dimension 3).....	312
7.6.3.1	Recommendations for internal audit employers, internal audit trainees and presenters and assessors of internal audit workplace learning .....	312
7.6.3.2	Recommendations for internal audit employers .....	313
7.6.3.3	Recommendations for the internal audit professional body.....	313
7.6.3.4	Summary.....	314
7.6.4	Recommendations relating to the determinants of workplace learning success (Dimension 4) .....	314
7.6.4.1	Recommendations for internal audit employers and presenters and assessors of internal audit workplace learning.....	314
7.6.4.2	Recommendations for internal audit trainees.....	315
7.6.4.3	Recommendations for the internal audit professional body.....	315
7.6.4.4	Summary.....	315
7.6.5	Recommendations relating to workplace learning challenges (Dimension 5).....	316

7.6.5.1	Recommendations for internal audit employers, presenters and assessors of internal audit workplace learning and internal audit academics .....	316
7.6.5.2	Recommendations for internal audit employers .....	316
7.6.5.3	Recommendations for the internal audit professional body.....	317
7.6.5.4	Summary.....	317
7.6.6	Recommendations for future research.....	317
7.7	OVERALL CONCLUSION.....	319

## LIST OF TABLES

1.1	Research objectives of the study .....	11
1.2	Summary of the broad research design for this study .....	19
1.3	Alignment of research objectives to chapters.....	23
2.1	Summary: Changing internal audit competency needs and challenges to the internal audit function .....	38
2.2	Internal audit professional requirements .....	44
2.3	Highlights of the internal audit profession that influenced competency development .....	47
2.4	Summary of IAEP curriculum .....	56
2.5	CIA examination curriculum .....	57
2.6	IACF – summary of core competency areas for internal auditors.....	60
2.7	Competency studies in internal auditing.....	61
3.1	National qualifications framework of South Africa .....	78
3.2	Sub-qualifications frameworks in South Africa .....	79
3.3	Summary of the significant South African ETD initiatives impacting workplace learning – 25-year overview .....	81
3.4	Summary of workplace learning modes .....	96
4.1	International education standards relevant to workplace learning.....	111
4.2	A summary of the ACCA and the CIMA workplace learning requirements .....	119
4.3	A summary of the SAICA, the SAIGA and the SAIPA workplace learning requirements.....	124
4.4	Summary of IIA workplace learning requirements (outside South Africa) for internal audit trainees .....	131

4.5	A summary of IIA (SA) workplace learning requirements.....	135
5.1	Summary of characteristics of stakeholders for data collection.....	149
5.2	Summary of the broad research design for this study .....	160
6.1	Number of focus group participants, themes and sub-themes generated per focus group .....	173
6.2	Number of interview participants .....	174
6.3	FG1: Summary of themes and sub-themes.....	180
6.4	FG2: Summary of themes and sub-themes.....	186
6.5	FG3: Summary of themes and sub-themes.....	195
6.6	FG4: Summary of themes and sub-themes.....	202
6.7	Results of the first analysis of the initial themes and sub-themes generated in the focus groups discussions .....	205
6.8	Refinement process: Second analysis to re-organise themes and sub-themes .....	208
6.9	Results of second analysis: Themes and sub-themes used for interview protocol .....	210
6.10	Results of third analysis of themes.....	215
6.11	Summary of final themes and sub-themes underpinning a workplace learning framework.....	216
6.12	Theme 1 – Workplace learning criteria: Key findings and areas for improvement .....	232
6.13	Theme 2 – Workplace learning content: Key findings and areas for improvement .....	245
6.14	Theme 3 – Workplace learning methods: Key findings and areas for improvement .....	261
6.15	Theme 4 – Determinants of workplace learning success: Key findings and areas for improvement .....	271
6.16	Theme 5 – Challenges to workplace learning: Key findings and areas for improvement .....	285
7.1	Workplace learning framework for developing entry-level internal audit professionals .....	304



## LIST OF FIGURES

1.1	Internal audit trainee versus internal audit professional .....	10
2.1	Framework for internal audit effectiveness: The new IPPF .....	49
3.1	Summary of competence models.....	86
3.2	Model for developing professional competence .....	87
4.1	The global certification route to become a CIA.....	126
4.2	Preferred route to becoming a CIA in South Africa .....	134
4.3	IIA (SA) career path.....	134
5.1	Research process .....	140
6.1	Data analysis process followed in this study .....	172
6.2	Workplace learning framework for developing entry-level internal audit professionals .....	288
7.1	Workplace learning framework for developing entry-level internal audit professionals .....	305

<b>LIST OF REFERENCES.....</b>	<b>320</b>
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## ANNEXURES

Annexure A	Data collection: Participant's profiles.....	356
Annexure B	Combined letter of introduction and informed consent .....	359
Annexure C	Background information provided to participants.....	361
Annexure D	Interview protocol .....	362
Annexure E	Ethics clearance .....	365

## LIST OF ABBREVIATIONS

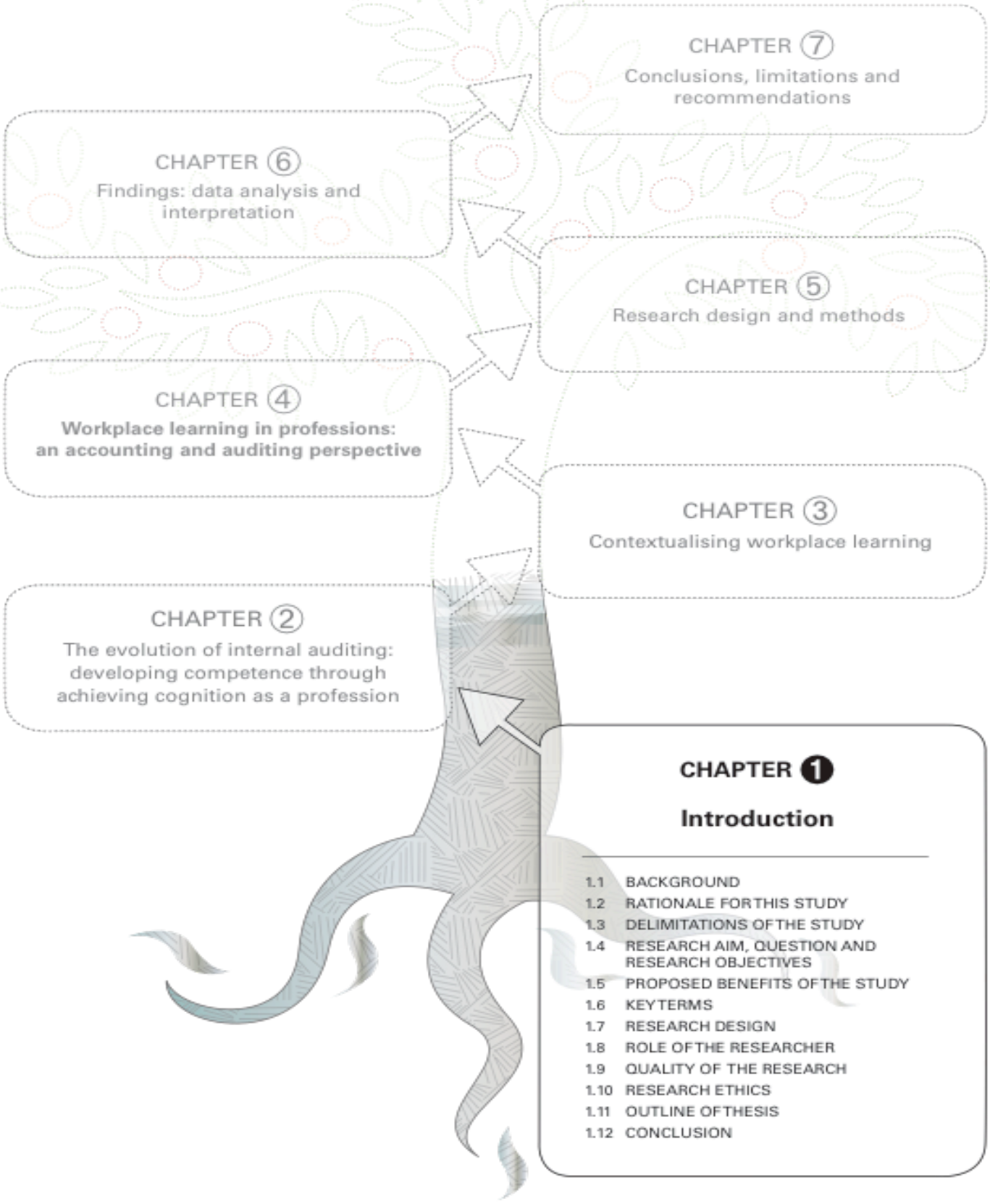
ABET	Adult Basic Education and Training
ACA	Associate Chartered Accountant
ACCA	Association of Chartered Certified Accountants
ACIIA	Asian Confederation of Institutes of Internal Auditing
AGSA	Auditor General South Africa

AICPA	American Institute for Certified Public Accountants
ANC	African National Congress
APC	Assessment of Professional Competence
ARC	Academic Relations Committee
ASGI	Accelerated Shared Growth Initiative
ATC	Approved Training Centre
ATP	Approved Training Provider
BC	Before Christ
BEE	Black Economic Empowerment
CA	Chartered Accountant
CA (SA)	Chartered Accountant South Africa
CAANZ	Chartered Accountants Australia and New Zealand
CAATS	Computer Assisted Audit Techniques
CAE	Chief Audit Executive
Canadian CPA	Canadian Chartered Professional Accountant
CBOK	Common Body of Knowledge
CCSA	Certificate in Control Self-Assessment
CFIA	Competency Framework for Internal Auditors
CFSA	Certified Financial Services Auditor
CGAP	Certified Government Audit Practitioner
CGMA	Chartered Global Management Accountant
CIA	Certified Internal Auditor
CICA	Canadian Institute of Chartered Accountants
CIMA	Chartered Institute of Management Accountants
CIPFA	Chartered Institute of Public Finance and Accountancy
CMA	Chartered Management Accountant
CMIIA	Chartered Member of the Institute of Internal Auditors Australia
COSO	Committee of Sponsoring Organisations of the Treadway Commission
CPA	Certified Public Accountant
CPA Canada	Chartered Professional Accountants of Canada
CPD	Continuing Professional Development
CRMA	Certified Risk Management Auditor

DBE	Department of Basic Education
DHET	Department of Higher Education and Training
DoE	Department of Education
ECIIA	European Confederation of Institutes of Internal Auditing
ECGI	European Corporate Governance Institute
EDD	Economic Development Department
EE	Employment Equity
ERP	Enterprise Resource Planning
ERS	Education Renewal Strategy
ETD	Education, Training and Development
ETQA	Education and Training Quality Assurance Body
FCCA	Fellow Chartered and Certified Accountant
FET	Further Education and Training
GAA	Global Accounting Alliance
HET	Higher Education and Training
HKICPA	Hong Kong Institute for Certified Public Accountants
HR	Human Resources
IACF	Internal Auditor Competency Framework
IAEP	Internal Auditing Educational Partnership
IAT	Internal Audit Technician
ICAA	Institute of Chartered Accountants in Australia
ICAEW	Institute of Chartered Accountants in England and Wales
ICAS	Institute of Chartered Accountants of Scotland
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V.
IEPS	International Education Practice Statement
IES	International Education Standard
IFAC	International Federation of Accountants
IIARF	Institute of Internal Auditors Research Foundation
IIA	Institute of Internal Auditors Global
IIA (AUS)	Institute of Internal Auditors Australia
IIA Inc	Institute of Internal Auditors Incorporated
IIA (SA)	Institute of Internal Auditors South Africa
IIA (UK & Ireland)	Institute of Internal Auditors United Kingdom and Ireland
IoD	Institute of Directors

IPD	Initial Professional Development
IPPF	International Professional Practices Framework
IQA	Interactive Qualitative Analysis
IT	Information Technology
ITC	Initial Test of Competence
JAS	Job analysis study
JICPA	Japanese Institute of Certified Public Accountants
JIPSA	Joint Initiative for Priority Skills Acquisition
JSE	Johannesburg Stock Exchange Limited
KPI	Key Performance Indicator
NDP	National Development Plan
NEPI	National Education Policy Investigation
NQF	National Qualifications Framework
NRF	National Research Foundation
NUMSA	National Union of Metalworkers of South Africa
NZICA	New Zealand Institute of Chartered Accountants
OECD	Organisation for Economic Development
OQSF	Occupational Qualifications Sub-Framework
PE	Professional Evaluation
PER	Practical Experience Record
PFMA	Public Finance Management Act
PIA	Professional Internal Auditor
PPF	Professional Practices Framework
PTP	Professional Training Programme
PwC	PricewaterhouseCoopers
QCTO	Quality Council for Trades and Occupations
QIAL	Qualification in Internal Audit Leadership
RGA	Registered Government Auditor
RPL	Recognition of Prior Learning
RSA	Republic of South Africa
RTO	Registered Training Office
SAICA	South African Institute of Chartered Accountants
SAIGA	South African Institute of Government Auditors
SAIPA	South African Institute of Professional Accountants

SAQA	South African Qualifications Authority
SETA	Sector Education and Training Authority
SGB	Standard Generating Body
SOX	Sarbanes-Oxley Act
TLC	Tender, loving care
UKNCVQ	United Kingdom National Council for Vocational Qualifications
UK	United Kingdom
Umalusi	Council for Quality Assurance in General and Further Education and Training
UP	University of Pretoria
USA	United States of America



# CHAPTER 1

## INTRODUCTION

*Knowing is not enough; we must apply. Willing is not enough; we must do.*

- Von Goethe

### 1.1 BACKGROUND

Workplace learning and development contribute to the achievement, maintenance and renewal of professional competence (Cheetham & Chivers, 1996:20). In recent years, the need to educate, train and develop competent and professional internal auditors has increased. The reasons for this need include the evolution of the internal audit profession and the changing profile of internal auditors (Fike, 2005; Goepfert, 2006; Harrington, 2004; Hass, Abdolmohammadi & Burnaby, 2006:835; PwC, 2014), which requires internal auditors to possess a considerably enhanced repertoire of competencies (Allegrini, D'Onza, Paape, Melville & Sarens, 2006:845-853, Bailey, 2010; Protiviti, 2013; PwC, 2013; Ramamoorti, 2003).

These competencies, also referred to as capabilities, include professional knowledge, professional skills, professional values, ethics and attitudes required to demonstrate competence (IFAC, 2014). Achieving competence therefore requires not only knowledge, but a mix of skills and experiences (Eraut & Hirsh, 2010) that enable a person to perform a work role to a defined standard, with reference to real working environments (IFAC, 2014:127). A process of learning and development, which includes relevant education, training and assessment processes, is necessary for individuals to become professionals (Dornan, Boshuizen, King & Scherpbier, 2007:84; Epstein & Hundert, 2002:226; IFAC, 2014:128; Loyens, Remy & Rikers, 2008:411; Webster-Wright, 2009). This process of learning and development is not limited to the internal audit profession; it also applies to other professions, for example, in the fields of medicine, law, engineering and education (Chisholm & Blair, 2006:19; Epstein & Hundert, 2002:226; Webster-Wright, 2009:702-739; Wilcox & King, 2014:1-28).

In South Africa, the need for skills development is urgent, due to a significant increase in unemployment and the inequalities inherited from the apartheid regime prior to 1994 (Lighthelm, 2006:47; McGrath & Akoojee, 2009:149-156). Lighthelm (2006:47) advocates greater reform and investment in training systems to increase skilled human resources in South Africa. Furthermore, there is a strong need for collaborative solutions for both the public and the private sectors in South Africa, and for improved integration of policy, theory and practice (Lighthelm, 2006:47; McGrath, 1998:xiv). In the last 25 years, the South African government has put several initiatives in place to address the lack of skills in the country – three of the most recent are the New Growth Path (which includes a National Skills Accord) developed under the auspices of the Economic Development Department (EDD) of South Africa (EDD, 2011), the National Development Plan (NDP), developed by the National Planning Commission (National Planning Commission, 2012) and the Green Paper for Post School Education and Training (DHET, 2012). These initiatives highlight the critical need in South Africa for skills development in order to eliminate unemployment and reduce poverty. Furthermore, the need for increased workplace learning opportunities and improved articulation between academic and vocational education, is addressed.

The South African government has established various Sector Education and Training Authorities (SETAs) and, more recently, the Quality Council for Trades and Occupations (QCTO) to attempt to address the skills shortages in the country. However, these initiatives by the government are not enough, and the vast need to educate and train individuals effectively in the workplace is still a challenge that needs to be taken up fully, and this has an impact on various qualifications and professions (Groener, 2013:726).

A professional body that has taken cognisance of the skills shortage is the Institute of Internal Auditors in South Africa (IIA (SA)). With specific reference to workplace learning and skills development, the IIA (SA) has developed a career path (IIA (SA), 2015a) for people who aspire to become internal audit



professionals.<sup>1</sup> This career path specifically highlights the learning and development process that internal auditors should follow, which includes an academic component and structured workplace-based practical experience. The practical programme consists of two formal learnership programmes referred to as the IIA (SA) Professional Training Programme (PTP) (IIA (SA), 2015b). The IIA (SA) has also recently made the completion of the PTP programme the preferred route for everyone who aspires to register as a Certified Internal Auditor (CIA) (IIA (SA), 2015b). The CIA designation is promoted by the IIA (SA) as “...its premier qualification and the final step in the Internal Auditing Career Path” (IIA (SA), 2015a). However, it appears that currently several organisations which employ internal auditors are using in-house workplace learning programmes instead of the IIA (SA)’s formal learnership programmes to develop internal audit trainees into entry-level internal audit professionals. The question then arises what constitutes an internal audit workplace learning framework for developing internal audit professionals in South Africa.

In this study conceptualising workplace learning for the development of entry-level internal audit professionals, three theories underpinning the study are discussed. Firstly, the study examines stakeholder theory and accountability theory, to explore the evolving role of internal auditing and the need for increased competencies (see Chapter 2). Secondly, adult learning theories are looked at to provide a rationale for internal audit workplace learning in developing entry-level internal audit professionals (see Chapter 3).

In this chapter, first, the rationale for this study is presented. This is followed by a discussion of the delimitations of the study. Then the research aim, research question and research objectives are highlighted. Thereafter, the proposed benefits, key terms and the research design applied are briefly discussed, followed by information on the role of the researcher, the quality of the research and the ethical considerations relating to the study. Finally, an outline of the thesis is provided.

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<sup>1</sup> See key terms in Section 1.6 for a definition of *internal audit professional* for purposes of this study.

## 1.2 RATIONALE FOR THIS STUDY

This section provides the rationale for this study. The researcher was motivated to undertake the study for two reasons. Firstly, the researcher's own understanding and experiences in the field of internal auditing created a need for a deeper understanding of the phenomenon studied, namely internal audit workplace learning. Secondly, there is a need to expand the body of knowledge by contributing a proposed workplace learning framework for internal auditing.

For the past 12 years, the researcher has been actively involved in internal audit education and training. As an educator in internal auditing at a tertiary level, the researcher has acted as a reflective education practitioner and is constantly seeking insights into the education of competent internal auditors. Furthermore, as an educator in an Internal Audit Educational Partnership programme (IAEP) endorsed by the professional body regulating the internal audit profession, the Institute of Internal Auditors Global<sup>2</sup> (IIA), the researcher has examined closely the internal audit education and training guidelines provided by the IIA. Over the past 12 years, it has become clear that there are several guidelines and structures for internal audit education, such as an IAEP curriculum and its academic advancement fund for tertiary institutions, and a global academic relations committee (IIA, 2015a). However, no guidance is provided by the IIA on how competencies should be developed through a learning and development process within the workplace. In a recent study conducted by Fourie (2014), this internal audit educational gap was identified, and the study concluded that internal auditors entering the workplace do not meet the expectations of internal audit employers in South Africa. Fourie (2014:223) recommends that internal audit educational programmes include a work integrated learning component to develop specific knowledge and skills to meet the needs of the industry.

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<sup>2</sup> The IIA Global refers to the international professional organisation acting as the internal audit profession's recognised authority (IIA Global 2015a). For purposes of this study the IIA Global is referred to as the IIA, whereas any other regions or chapters are specified.

### *Changing profile of internal auditors*

As a member of the IIA (SA), the researcher is familiar with the International Professional Practices Framework (IPPF) issued by the IIA, which states that all internal auditors must possess the necessary knowledge, skills and other competencies to perform their work (IIA, 2015b:19). The IPPF includes mandatory guidance to internal auditors highlighting “what internal auditors should know”. The profile of internal auditors has changed significantly since the establishment of the IIA (Ramamoorti, 2003; Sarens & De Beelde, 2006; Al-Matari, Al-Swidi & Fadzil, 2014). The role and responsibilities of internal auditors have evolved from a mere appraisal activity focusing on control only, to a function that must add value and render effective assurance and consulting services relating to governance, risk management and control processes (Ramamoorti, 2003). In recent years, research on the expanded role of the internal audit function, calls for further exploration into the notion of internal audit effectiveness (Lenz & Hahn, 2015) and similarly internal audit quality (Sarens, 2014). This changing profile of internal auditors resulted in the need for internal auditors to possess a variety of competencies (Gramling, Maletta, Schneider & Church, 2004) and therefore a number of competency studies were conducted by the IIA.

### *Internal audit as a profession*

Competence development appears to be one of the pre-requisites for recognition as a profession (Dall’Alba & Sandberg, 1996:411). As a CIA, the researcher is familiar with the professional guidance and education and training initiatives implemented by the professional body the IIA, to achieve recognition as a profession. The IIAF undertook the CBOK studies in an attempt to identify, amongst other things, the skills needed by professional internal auditors, as recognised by internal audit practitioners (Bailey, 2010; IIAF, 2010). The CBOK studies do not, however, provide any answers to the question of how workplace learning for developing entry-level internal audit professionals should take place. As a result of the CBOK studies, the IIA also developed an internal audit competency framework in 2007 (updated in 2013), indicating the competency requirements for various levels of internal auditors (internal audit staff, internal audit management and heads of internal audit functions) (IIA, 2013a). However, learning paths to achieve the set competencies are not addressed in the

competency framework, and this was identified as an area for future research by the task team responsible for updating the competency framework (IIA, 2013b).

In response to studies on internal audit education and the CBOK studies, other countries have expanded on the CBOK studies by making the data country-specific. In 2010, the IIA in the United Kingdom (UK) and Ireland (IIA (UK & Ireland)) achieved chartered status (changing from certified) and became the Chartered Institute of Internal Auditors, providing for the needs of members by developing a country-specific professional certification programme, namely Chartered Member of the IIA, and a country-specific internal auditor competency framework (IIA (UK & Ireland), 2010). The IIA Australia (IIA (AUS)) has followed suit and commenced the use of its country-specific new professional member designation, Certified Member of the IIA on 1 November 2011 (IIA (AUS), 2011). Similarly, in South Africa, the IIA (SA) also developed a country-specific certification programme which includes the completion of a structured workplace learning process prior to certification. It therefore appears that these initiatives by three of the largest membership countries (IIARF, 2015) could be an indication that one size does not fit all, and that the IIA should take cognisance of the local context of its certification (Coetzee, Erasmus & Plant, 2015:19).

Apart from the CBOK studies and internal auditor competency frameworks, other relevant competency studies focusing specifically on internal audit workplace learning are limited. Since 1974, research studies on the education and training of the internal auditor have focused on the education component (Barrett, Baker & Weis, 1974; Foster & Greenawalt, 1995; Hassall, Dunlop & Lewis, 1996; Vinten, 2004). However, limited research is available on the workplace learning required to develop internal audit trainees into entry-level internal audit professionals. This gap suggested the need for a study focusing on workplace learning.

In 2002, McCartney, Marden and Adair (2002:315) investigated differences between academics' perceptions of relevant internal audit topics and their use of case studies at a tertiary level versus the views of internal audit practitioners in an attempt to determine the expectation gap between internal audit education

and internal audit practice. Palmer, Ziegenfuss and Pinkster (2004:889-896) provided a summary of prior competency studies in accounting and auditing and highlighted the CBOK studies conducted by the IIA. More recently, two studies conducted by Seol, Sarkis and Lefley (2011:217-230) and Siriwardane, Kin Hoi Hu and Low (2014:193-205) investigated the specific competencies needed by internal auditors. However, none of these studies investigated frameworks for internal audit workplace learning – hence the need for this study.

### *Dimensions of workplace learning*

As an active member of the Education and Training Committee of the IIA (SA), the researcher was part of an extensive project run by the IIA (SA) to develop competent entry-level internal audit professionals. Several interventions were put in place by the IIA (SA) as recommended by the Education and Training Committee of the IIA (SA), which focuses on the education and training of internal auditors (IIA (SA), 2015c). The IIA (SA) developed two learnership programmes, specifically focusing on learning in the workplace aimed at developing the competencies (knowledge, skills and experience) of internal auditors. A study by Chetty (2011:1) highlights the benefits of these learnership programmes, implemented mainly in the South African public sector (Chetty, 2011:163). However, at the time, the Big 4 audit firms, as well as a number of large internal audit functions in commerce and industry, followed their own in-house training programmes for developing internal audit trainees into entry-level internal audit professionals (Shellard, 2011). The researcher therefore seeks to obtain a better understanding of the phenomenon of internal audit workplace learning by exploring internal audit workplace learning practices in the private and public sectors in South Africa.

### *Workplace learning in professions: An accounting and auditing perspective*

Finally, the researcher's prior role as a project coordinator in commerce and industry, which involved coordinating workplace learning for internal and external audit trainees and interacting with various role-players in the field of workplace learning for auditors, exposed the researcher to workplace learning practices in the auditing landscape. Research has been conducted in the field of workplace learning from various academic disciplines' perspectives however, no prior study

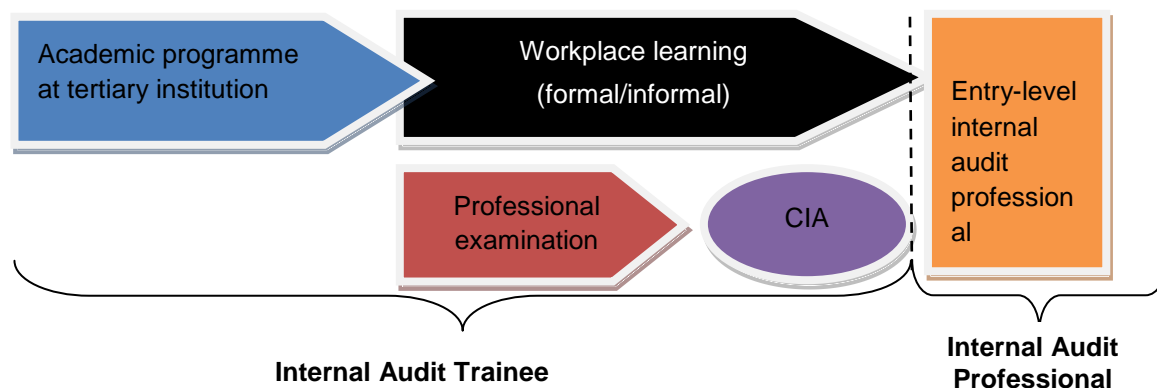
has specifically investigated a framework for internal audit workplace learning. From a human resource perspective, amongst others, workplace learning is examined as part of an organisation's human capital, focusing on skills development and the personal development of employees (Jacobs & Park, 2009:133-150), as well as the achievement of organisational objectives through performance management (Harrison, 1993). The focus from an education perspective is the notion of learning, and specifically adult learning (Knowles, 1990), and on the theories underpinning learning, learning methods and learning environments (Eraut & Hirsh, 2010). By contrast, management studies investigate professional competence in work performance (Sandberg & Pinnington, 2009). The researcher thus seeks to study workplace learning in the accounting and auditing professions and draw insights from prior research in other academic disciplines, for the purposes of proposing a workplace learning framework for developing entry-level internal audit professionals.

The question arises as to what a workplace learning framework for developing internal audit trainees into entry-level internal audit professionals should be. A study exploring the essence of the phenomenon "internal audit workplace learning", as experienced by employers of internal auditors, internal audit trainees, internal audit assessors and trainers, together with members of the Education and Training Committee of the IIA, may be expected to yield insights in this regard.

### **1.3 DELIMITATIONS OF THE STUDY**

This study focuses on workplace learning for developing entry-level internal audit professionals. The study is conducted in the South African context and focuses specifically on the development of internal audit *trainees* into entry-level internal audit *professionals*. For the purposes of this study, the term *internal audit trainee* is used to define an individual who has completed, or is in the process of completing, a three-year formal academic programme, and who is commencing with pre-qualification work experience (activities and requirements relating to the development of those who have not yet obtained a professional qualification) and training (pre-qualification educational activities aimed at bringing an individual to

an agreed level of professional competence) in the workplace (IFAC, 2014). The term “entry-level” is used to define an individual who has completed the academic education, workplace learning and certification requirements, and is thus at the point of entering the profession and is ready to be regarded as an internal audit professional or, alternatively, an individual who has reached the point of entry into the profession (IFAC, 2014), as the researcher illustrates in Figure 1.1.



**Figure 1.1 Internal audit trainee versus internal audit professional**

Source: Own compilation

For purposes of this study, workplace learning refers to any form of learning in the workplace during the internal audit trainee’s first three years of employment and can be one or a combination of a formal learnership, informal learning, in-house training programmes or seminars, on-the-job training, mentoring, coaching and any other practices. In this study, a workplace learning framework not only refers to the aforementioned learning methods, but also to the context of learning, determinants of success and challenges to workplace learning. Although the use of a competency framework as a tool to guide competence development in the workplace is acknowledged in this study, the determination of the specific competencies to be developed by internal audit trainees during their first three years of employment, falls beyond the scope of this study.

#### **1.4 RESEARCH AIM, RESEARCH QUESTION AND RESEARCH OBJECTIVES**

The aim of this study is to explore qualitatively the essence of the phenomenon “internal audit workplace learning” as experienced by various stakeholders in the

internal audit landscape in order to propose a framework for internal audit workplace learning, and ultimately expand the knowledge base on internal audit workplace learning for developing internal audit trainees into entry-level internal audit professionals.

The research question can thus be formulated as follows:

*What is a workplace learning framework for the development of internal audit trainees into entry-level internal audit professionals?*

The study aims to achieve a number of research objectives, as presented in Table 1.1.

**Table 1.1: Research objectives of the study**

<b>Primary research objective</b>	
To propose a workplace learning framework for developing internal audit trainees into entry-level internal audit professionals	
based on the results of the activities listed below as secondary research objectives:	
<b>Secondary research objective 1</b>	To explore the evolution of the internal audit profession and its impact on the competency requirements of internal auditors.
<b>Secondary research objective 2</b>	To contextualise workplace learning and examine its contribution to the development of professional competence.
<b>Secondary research objective 3</b>	To explore existing workplace learning standards and practices of professional bodies relevant to the development of internal auditors.
<b>Secondary research objective 4</b>	To investigate the current formal and informal workplace learning practices in South Africa through data gathered from focus groups and semi-structured interviews with relevant internal audit stakeholders.

## 1.5 PROPOSED BENEFITS OF THE STUDY

As already mentioned in Section 1.2, research on workplace learning for developing internal audit professionals is limited. This lack of research can in part be ascribed to the fact that, as an academic discipline, internal auditing is still in its infancy and is therefore still a relatively unexplored research area (Sarens, 2009:1; Lenz & Hahn, 2015:7). This study can contribute to the body of knowledge on learning and development processes of internal auditors in achieving professional competence, with specific reference to its workplace



learning component. In developing a better understanding of the formal and informal workplace learning practices for the development of entry-level internal audit professionals in South Africa, this study attempts to fill the gap in the literature that exists because of the limited research done in this field, the limited guidance offered by the IIA, IIA (SA) and the IIA in other regions (see Section 4.4.2) on the development of competencies during workplace learning, as well as the perceived discontent of South African employers with internal audit trainees' competence (Fourie, 2014).

Employers of internal auditors can benefit from the results of the study and can use the results as a benchmark against which to evaluate and assess their internal audit learning and development programmes. Internal audit trainees can benefit from the results of the study by obtaining an understanding of workplace learning practices for developing professional competence. Presenters and assessors of internal audit workplace learning programmes can benefit from this study by identifying the elements of workplace learning necessary to develop entry-level internal audit professionals. In addition, this study aims to provide internal audit academics with guidance on internal auditing programme and curriculum development taking into account the results of the proposed workplace learning framework. Furthermore, internal audit academics can use the recommendations made in this study for conducting future research on internal audit workplace learning. The IIA and IIA (SA) as the professional institutions certifying internal auditors as professionals can also use the results of the study to enhance the profession's internal audit competency framework and, based on that framework, can provide guidance for internal audit trainees. Ensuring that entry-level internal audit professionals are well-developed and competent will increase the standing of the profession. In conclusion, this study aims to provide information to the internal audit profession, internal audit practitioners, trainees and educators who need to improve the workplace learning and professional development processes of internal auditors.

## **1.6 KEY TERMS**

This section defines the key terms used for the purposes of this study.

### 1.6.1 Attributes

In this study, attributes refer to the specific characteristics that an internal audit professional must possess to perform his/her work, including integrity, objectivity, confidentiality and competency (IIA, 2014:5-6). With regard to competency, the IIA states that internal auditors may only engage in those activities for which they have the necessary knowledge, skills and experience (IIA, 2014:7).

### 1.6.2 Capabilities

Capabilities refer to the professional knowledge, professional skills, and professional values, ethics, and attitudes required to demonstrate competence (Alkire, 2002:182; IFAC, 2014). The International Federation of Accountants (IFAC) states that capabilities are the attributes held by individuals and required to perform their jobs. For purposes of this study, the terms competency and competence are used as defined below (in line with the CBOK studies of the IIA), and are not used as synonyms for capabilities.

### 1.6.3 Competence

Competence is defined as being able to perform a work role to a defined standard, with reference to real working environments (IFAC, 2014). This can be achieved through a process of learning and development, which includes relevant education, training and assessment processes (IFAC, 2014; Harrison & Mitchell, 2006:165). The focus is on *what* people can do (Garavan & McGuire, 2001:150).

### 1.6.4 Competency

The terms competence and competency are often used interchangeably (Garavan & McGuire, 2001:150). *Competency* refers to the ability to do a task or job well whereas *competencies* refer to behaviours adopted in competent performance and the focus is on the *how* (Garavan & McGuire, 2001:152). For purposes of this study, competency refers to the knowledge, skills and experience to perform internal audit engagements (IIA, 2015b).

### **1.6.5 Entry-level internal audit professional**

For the purposes of this study, the term “entry-level” is used to define an individual who has completed the academic education, workplace learning and certification requirements, and is thus at the point of entering the profession and is ready to be regarded as an internal audit professional or, alternatively, an individual who has reached the point of entry into the profession (IFAC, 2014). This definition is based on the definition of an entry-level accountant as defined by the South African Institute of Chartered Accountants (SAICA) (Barac, 2009:81; SAICA, 2014).

### **1.6.6 Framework**

For purposes of this study, a framework refers to the interrelated elements, components or dimensions (Pratuckchai & Patanapongse, 2012:97) of workplace learning for developing internal audit trainees into entry-level internal audit professionals. The proposed framework is formulated on the basis of the experiences of internal audit stakeholders involved in workplace learning and against the theoretical background of internal auditing, workplace learning and developing professional competence. The proposed framework (see Figure 7.1 and Table 7.1) aims to provide a better understanding of the phenomenon of workplace learning for developing internal audit trainees into entry-level internal audit professionals.

### **1.6.7 Internal audit employer**

For the purposes of this study, an internal audit employer is an organisation that employs internal audit trainees and that provides workplace learning initiatives during the first three years of employment. In this study, “internal audit employers” from both the public and private sectors (including in-house and outsourced internal audit functions) were participants to the study.

### **1.6.8 Internal audit function**

The internal audit function is defined as:

...a department, division, team of consultants, or other practitioner(s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit function helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes (IIA, 2015b).

### **1.6.9 Internal audit professional**

An internal audit professional is defined as a professional internal auditor “who has responsibility, or has been delegated responsibility, for significant judgements in performing an [internal audit] engagement” (IFAC, 2014). An internal audit professional is thus beyond the point of entry into the profession (see Section 1.6.5) and is required to engage in continuous professional development (CPD) initiatives (IFAC, 2014). In the internal auditing landscape, an internal audit professional could be a career internal auditor or a management training ground internal auditor (Lenz & Hahn 2015). A management training ground auditor is an individual who spends time in the internal audit function to learn and who is earmarked for management development (IIA, 2015). For the purposes of this study, the focus is on career internal auditors.

### **1.6.10 Internal audit stakeholders**

In this study, the term internal audit stakeholders refers to all constituencies who have a close interest in workplace learning for developing entry-level internal audit professionals. These include internal audit employers (see Section 1.6.7), internal audit trainees (see Section 1.6.11), presenters and assessors of internal audit education and training programmes, as well as members of the IIA (SA) Education and Training Committee. It is noted that there are many other internal audit stakeholders such as senior management, boards of directors, audit committee members and external auditors, but these parties are not directly

involved in the workplace learning and development practices of internal auditors and were therefore excluded for the purposes of this study.

#### **1.6.11 Internal audit trainee**

In this study, an internal audit trainee refers to an individual with at least a Bachelor's degree or equivalent and in the first three years of employment in an internal audit function. With the development of competencies in the workplace, he/she can become an entry-level internal audit professional. This definition is in line with the concept of an audit trainee who completes a three-year training contract to enable registration with one of the professional accounting bodies (SAICA, 2015a).

#### **1.6.12 Learning**

For the purposes of this study, the definition provided by Kolb (1984:38), based on the learning models of Dewey, Lewin and Piaget, applies: learning is defined as a process whereby knowledge is created through experience (Kolb, 1984:38). In addition, "learning should be viewed as both a process of active individual construction and a process of enculturation into the practices of wider society" (Opfer & Pedder, 2011:376), which should be studied within multiple contexts, taking into account both individual learners and the social systems in which they are participants (Opfer & Pedder, 2011:376).

#### **1.6.13 Learnership**

For the purposes of this study, the term "learnership" is used (also implying apprenticeship or traineeship) and refers to a mode of learning consisting of classroom-type learning as well as on-the-job learning required in the workplace for developing early-career professionals (Cooksey, 2003:204).

#### **1.6.14 Occupational qualification**

An occupational qualification refers to "a qualification associated with a trade, occupation or profession, resulting from work-based learning and consisting of

knowledge unit standards, practical unit standards and work experience unit standards as defined in the *Skills Development Act, 97 of 1998* (RSA, 1998) and has an external summative assessment” (Bauer, Marock & Durango, 2015:55).

#### **1.6.15 Practical experience**

Practical experience refers to the work experience necessary to develop competence as a professional. Internal auditors, therefore, need practical experience in a specific environment or industry before assuming responsibility for making judgements in an internal audit engagement in that environment or industry (IFAC, 2014). According to the International Federation of Accountants (IFAC), the practical experience should enable entry-level auditors to demonstrate the necessary knowledge, and that they can apply the necessary skills and the professional values, ethics and attitudes required to perform the work competently in a specific environment or industry (IFAC, 2014).

#### **1.6.16 Professional competence**

For the purposes of this study, the term professional competence refers to the ability to perform work to a defined standard (IFAC, 2014:293).

#### **1.6.17 Professional learning and development**

According to Opfer and Pedder (2011:378), the term professional development is mostly used in the context of teacher training and refers to a variety of activities and methods for learning, which usually form part of a professional development programme. However, Little (1993:144) describes professional development as “any activity that is intended partly or primarily to prepare paid staff members for improved performance in present or future roles”. For the purposes of this study, the term initial professional development refers to the processes, systems and structures needed to develop internal audit trainees into entry-level internal audit professionals (IFAC 2014) and is described by Billet *et al.*, (2010:6) as the learning processes outside of educational institutions focusing on initial and further development of professional practice, namely professional learning.

### **1.6.18 Workplace learning**

Workplace learning refers to learning and development that takes place in the workplace. Matthews (1999:18) describes it as “... a process of reasoned learning towards desirable outcomes for the individual and the organisation fostering sustained development of both the individual and the organisation within the present and future context of organisational goals and individual career development”. Internal audit workplace learning refers to the learning processes and outcomes for internal auditors in the workplace and is regarded as a life-long process facilitating professional development and organisational success (IFAC, 2014). For the purposes of this study, the focus is on the workplace learning process of internal audit trainees developing into entry-level internal audit professionals (see Figure 1.1) and not only the CPD initiatives.

## **1.7 RESEARCH DESIGN**

This study is conducted within a qualitative paradigm based on constructivist/interpretivist worldviews. The researcher aims to understand the phenomenon of internal audit workplace learning as interpreted by its stakeholders and to construct meaning by studying intersections between the viewpoints of these stakeholders. The multiple participant meanings around the phenomenon contribute to answering the research question as to what constitutes an internal audit workplace learning framework.

The units of analysis are the entities about which the researcher wishes to draw conclusions (Terre Blanche, Durrheim & Kelly, 2006:37). The units of analysis in this study are the workplace learning practices, whereas the participants from whom the data will be collected are involved parties, the internal audit stakeholders. These stakeholders who are directly involved in workplace learning practices include employers who appoint internal audit trainees, the internal audit trainees, internal audit presenters of workplace learning programmes, workplace assessors of professional competence and members of the Education and Training Committee from the IIA (SA).

The specific research design applied is phenomenography (Marton, 1994). This approach enables the researcher to familiarise herself with the experiences of various stakeholders on internal audit workplace learning and to grasp their essence. A qualitative research methodology is used to obtain an in-depth understanding of the phenomenon as experienced by its stakeholders. Data is collected via focus groups and semi-structured interviews from internal audit stakeholders and analysed and interpreted qualitatively.

The broad research design for this study is summarised in Table 1.2. A detailed discussion of the research process followed for this study is provided in Section 5.3.

**Table 1.2: Summary of the broad research design for this study**

Broad research design for this study		Motivation
Research area		The phenomenon of internal audit workplace learning.
<b>Paradigmatic perspective</b>		
Ontology	Constructivism	Multiple participant meanings about the phenomenon.
Epistemology	Interpretivism	Subjective interpretation of the phenomenon.
<b>Research design and method</b>		
Research design	Phenomenography	Data on the experiences of various stakeholders on internal audit workplace learning are obtained.
Research method	Qualitative	The collection of qualitative data is necessary to obtain an in-depth understanding of the research question, namely what an internal audit workplace learning framework for the development of internal audit trainees into entry-level internal audit professionals is, as experienced by internal audit stakeholders.
<b>Data collection and analysis</b>		
	<b>Selection of participants</b>	Participants involved in the phenomenon are selected to participate on a voluntary basis.
	<b>Place of research</b>	Phase 1: Boardroom, University of Pretoria Phase 2: Natural settings of participants
	<b>Focus groups and semi-structured interviews</b>	<i>Data collection:</i> Sequential data collection in two phases:



Broad research design for this study		Motivation
		<p><i>Phase 1: Focus groups:</i> Focus group discussions with four focus groups that were conducted inductively and deductively to identify themes associated with internal audit workplace learning. These themes were used as the basis for the semi-structured interviews.</p> <p><i>Phase 2: Semi-structured interviews</i> Individual semi-structured interviews were conducted with internal audit stakeholders using the themes generated by the focus groups as points of departure.</p> <p><i>Data analysis:</i> <i>Qualitative data analysis:</i> <i>Phase 1:</i> During the focus groups, the interactive qualitative analysis (IQA) technique (Northcutt &amp; McCoy, 2004) was used to analyse data gathered. <i>Phase 2:</i> For the data gathered via the semi-structured interviews, data was analysed and interpreted according to the stages identified by Creswell (2012:237-264).</p>
<b>Outcome</b>		
A workplace learning framework for developing internal audit trainees into entry-level internal audit professionals.		
<b>Contribution</b>		
Expanding the body of knowledge on developing internal audit trainees into entry-level internal audit professionals, to the benefit of internal audit employers, trainees, presenters and assessors of workplace learning, internal audit academics and the internal audit profession, as discussed in Section 1.5.		

## 1.8 ROLE OF THE RESEARCHER

The researcher played an active role in the research process. Firstly, the researcher acted as an observer during the focus group discussions and, secondly, as an interviewer for the individual interviews. Throughout the research process, the researcher participated as a member of the IIA (SA) Education and Training Committee and sub-committees, whose activities are closely related to

the research topic. It was therefore important for the researcher to remain sensitive to her own subjective meanings of the phenomenon during the entire research process. The role of the researcher is discussed in detail in Section 5.4.

## **1.9 QUALITY OF THE RESEARCH**

The quality and rigour of this qualitative research study is measured against the quality criteria summarised by Denzin and Lincoln (2006:301-331), namely: credibility, transferability, dependability and conformability of the research. The steps taken to ensure the quality of this research study are discussed in detail in Section 5.5.

## **1.10 RESEARCH ETHICS**

Research ethics is described as the manner in which a researcher formulates and clarifies the research topic, designs the research and gains access, collects data, processes and stores data, analyses data and documents the research findings (Saunders, Lewis & Thornhill, 2007:178). These actions relating to conducting research should be carried out in a moral and responsible way, taking into account the rights of all the stakeholders in the research process (Saunders *et al.*, 2007:195).

Some of the ethics issues that should be considered, with reference to Saunders *et al.* (2007:181) include the privacy of possible and actual participants, the voluntary nature of participation and the right to withdraw partially or completely from the process, consent and possible deception of participants, reactions of participants to the ways in which data is collected, used and analysed, as well as the behaviour and objectivity of the researcher. The specific steps taken to address these issues for purposes of this study are discussed in detail in Section 5.6.

## **1.11 OUTLINE OF THESIS**

This section provides a brief overview of what is discussed in each chapter in this study.

Chapter 1 provides the background to the study and the rationale for the study. The aim of the study, as well as the research questions and research objectives are discussed. Furthermore, the delimitations and benefits of the study, key terms and the research design and methodology are summarised. The role of the researcher, the steps taken to ensure the quality of the research and the ethical considerations are also briefly highlighted.

Chapter 2 discusses the evolution of the internal audit profession and its impact on the competency requirements of internal auditors. The changing role of internal auditors is discussed, focusing on the value-added service rendered by a quality internal audit function. The chapter also highlights prior competency studies in internal auditing and discusses the internal auditor competency framework. The role of the professional body representing the internal audit profession globally, the IIA, is also discussed.

Chapter 3 contextualises workplace learning based on the literature across various disciplines (including education, human resource development and management studies). Firstly, the dimensions of workplace learning (specifically adult learning) are studied. This includes placing workplace learning in the context of an enabling learning environment, specifically, the South African learning environment; secondly, workplace learning criteria are discussed with specific reference to the use of competency frameworks for developing and assessing professional competence. Thirdly, the modes of workplace learning including the underlying adult learning theories are explained and finally, the challenges to workplace learning are highlighted.

Chapter 4 discusses workplace learning within professions. Shared elements of workplace learning in the traditional professions (medical, legal and engineering) are briefly discussed. The IFAC International Education Standards (IESs) are highlighted and used as a point of departure to examine workplace learning practices in the accounting and auditing professions globally and in South Africa.

Chapter 5 describes the application of the research design and methods for purposes of this study. The research paradigm is highlighted, followed by a

discussion of the research methods used to collect and analyse the data gathered. This chapter also discusses the role of the researcher, the quality of the research and the ethical considerations of the research.

Chapter 6 presents the findings of the study. These findings encapsulate the data analysis and interpretation processes. Explanations, correlations and discrepancies between the research findings of this study and relevant findings in the literature are highlighted and interpreted. The proposed workplace learning framework for developing entry-level internal audit professionals is presented.

Chapter 7 presents the conclusions, recommendations and limitations to the study. Areas for future research are highlighted. The summarising conclusions are based on the research findings and aim to answer the research question.

The alignment of the chapters to the research objectives is illustrated in Table 1.3:

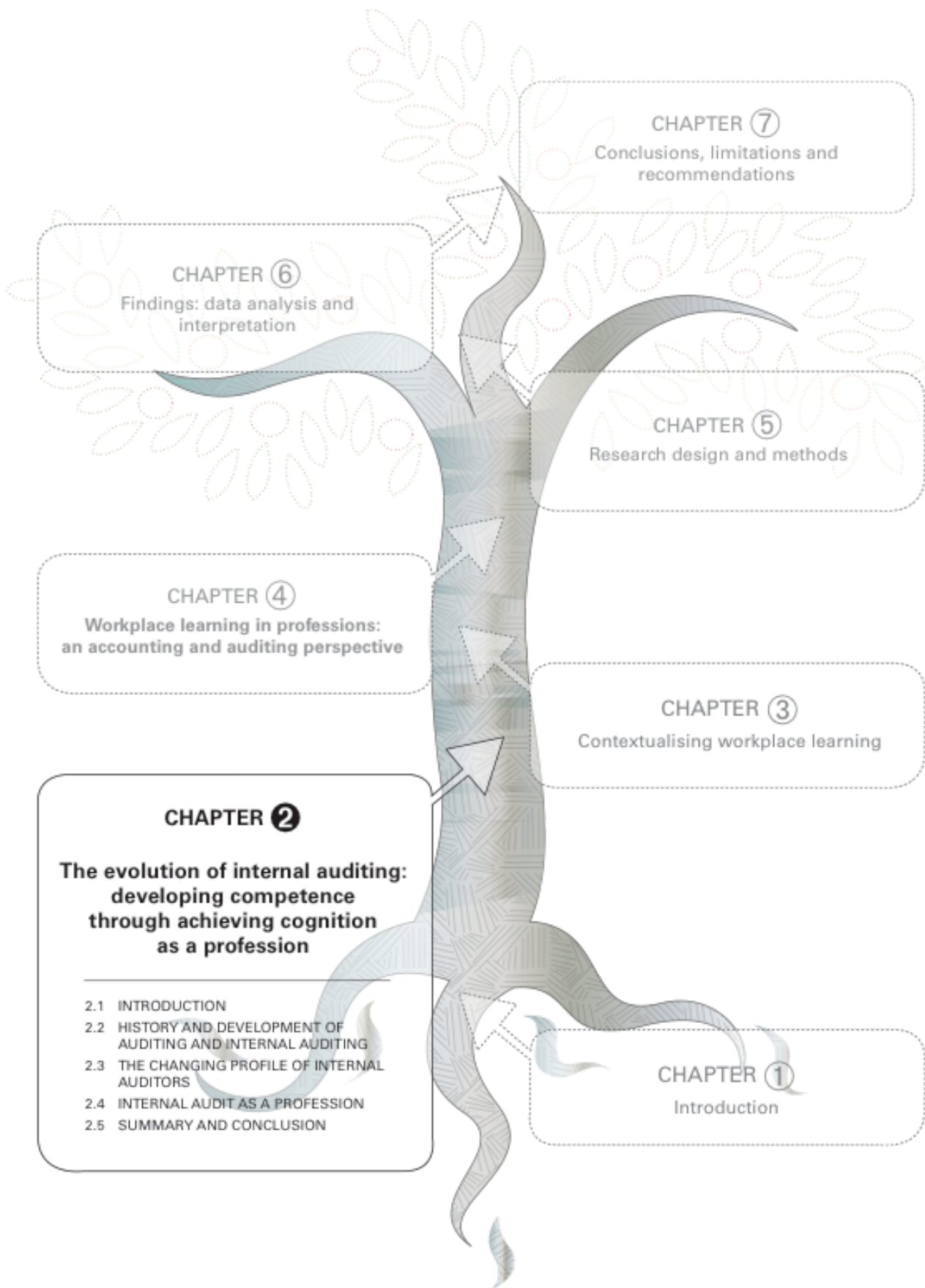
**Table 1.3: Alignment of research objectives to chapters**

<b>Main research objective</b> To propose a workplace learning framework to develop internal audit trainees into entry-level internal audit professionals:		<b>Chapter 7</b> Conclusions, recommendations and limitations to the study
<b>Sub - research objective 4</b>	To examine the current formal and informal workplace learning practices in South Africa, by means of data gathered from focus groups and semi-structured interviews with relevant internal audit stakeholders.	<b>Chapter 6</b> Findings: data analysis and interpretation
<b>Chapter 5</b> Research design and methods		
<b>Sub - research objective 3</b>	To explore existing workplace learning standards and practices of professional bodies relevant to the development of internal auditors.	<b>Chapter 4</b> Workplace learning in professions: an accounting and auditing perspective
<b>Sub - research objective 2</b>	To contextualise workplace learning and examine its contribution to the development of professional competence.	<b>Chapter 3</b> Contextualising workplace learning in developing professional competence

<b>Sub - research objective 1</b>	To explore the evolution of the internal audit profession and its impact on the competency requirements of internal auditors.	<b>Chapter 2</b> The evolution of the internal audit profession and its impact on the competency requirements of internal auditors
<p style="text-align: center;"><b>Chapter 1</b></p> Introduction and background to workplace learning for developing entry-level internal audit professionals		

## 1.12 CONCLUSION

This chapter aimed to provide an introduction and background to the study on workplace learning for the development of entry-level internal audit professionals. The chapter highlighted the rationale for the study, as well as the purpose of the study, the research question and research objectives. Within the context of research on workplace learning for developing entry-level internal audit professional being limited, the proposed benefits of the study were shared. Furthermore, the key terms used in the thesis and research design and methods are described. The quality of the research, the role of the researcher and the ethical considerations are briefly mentioned in this chapter (they are discussed in detail in Chapter 5). Finally, a chapter outline of the thesis is provided. The remainder of the thesis contextualises internal audit workplace learning with reference to the literature on the evolution of the internal audit profession and its impact on the competency requirements for internal auditors, workplace learning and professional development in the accounting and auditing landscape, followed by the empirical research. In the next chapter, the evolution of internal auditing is studied, with specific reference to the development of competence through achieving recognition as a profession.



## CHAPTER 2

# THE EVOLUTION OF INTERNAL AUDITING: DEVELOPING COMPETENCE THROUGH ACHIEVING RECOGNITION AS A PROFESSION

### 2.1 INTRODUCTION

The purpose of this chapter is to study the evolution of the internal audit profession, with specific reference to the competency development and professional development of internal auditors. This entails a brief discussion of the history and development of auditing and internal auditing, and of the role of the IIA globally and in South Africa in establishing internal auditing as a profession, as well as the changing profile of internal auditors. An overview of prior competency-related studies in internal auditing is also provided. The discussion highlights that the changing profile of internal auditors (specifically since the 1970s) has resulted in the enhanced set of competencies now needed by internal auditors to perform their work and meet stakeholder expectations.

Various published academic and professional researchers (Hass *et al.*, 2006:835-844; KPMG, 2008; Lenz & Hahn, 2015; PwC, 2014; Ramamoorti, 2003:3; Sarens, 2009:1) have highlighted the need for competent internal auditors. Ramamoorti (2003:3) states that internal auditors should possess “a multitude of competencies” in order to be able to perform their work and to render value-adding services to engagement clients. This is supported by PricewaterhouseCoopers (PwC’s) annual studies that examine the state of the internal audit profession (PwC, 2014). They highlight the growing gap between the skills that internal auditors currently possess and the increasingly complex and diverse set of skills they need in order to meet the demands of the stakeholders of their employer organisations more effectively (Protiviti, 2013; PwC, 2014).

The professional body representing internal auditors globally has taken cognisance of the need for competent internal auditors in this ever-changing landscape. In response to the continuously diversifying profile of internal auditors,

the IIA Global<sup>3</sup> has developed an Internal Auditor Competency Framework (IACF) that has been distilled from responses generated by several CBOK studies conducted globally since 1972 (IIA, 2013a). These studies' on-going aim is to determine the competencies needed by internal audit practitioners. In addition, the IIA has issued an IPPF that provides guidance by identifying the preferred attributes of internal auditors and by establishing the links between the nature of work of internal auditors and the competencies needed by these professionals to perform their work (IIA, 2015b). The IIA has also developed a prescribed curriculum for tertiary institutions which present internal audit programmes, the IAEP curriculum, as well as certification programmes, including the CIA programme, for people entering the profession (IIA, 2015c, 2015d). This is in line with the accountancy profession in particular, where competency frameworks highlight the development of competencies both in an academic environment and in the workplace, according to the IFAC (IFAC, 2014).

The discussion below emphasises the development of internal auditing, the changing profile of internal auditors and the demand for competent internal audit professionals who can render value-adding services in the business environment and to society in general and who, by so doing, meet the expectations of their stakeholders. The critical role of the professional body, the IIA, in its efforts to maintain and develop the relevance of competencies of internal auditors globally is also highlighted.

## **2.2 HISTORY AND DEVELOPMENT OF AUDITING AND INTERNAL AUDITING**

The word auditing has its origin in the Latin word “audire”, which means “to hear the truth” (Flint, 1988). The practice of auditing can be traced back to 4000 BC in archaeological evidence of financial records found on clay tablets excavated at various Mesopotamian sites (Messier, Glover & Prawitt, 2006; Sawyer, Dittenhofer & Scheiner, 2003:4). Brown (cited in Ramamoorti, 2003:3) points out

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<sup>3</sup> The IIA Global (prior to 2012 referred to as the IIA Inc) refers to the global body of the Institute of Internal Auditors which is responsible for providing global guidance and standards. For the purposes of this study, the IIA Global is referred to as the IIA, whereas any other regions or chapters are specified, for example, IIA (South Africa) (IIA (SA)).



the need for stewardship and control, a requirement which has been recognised as far back as the ancient Roman, Greek and Mesopotamian civilisations, in which systems of control and verification were used to detect (and prevent) the misuse of funds (Sawyer *et al.*, 2003:4; Pickett, 2010:6).

During the European Middle Ages, after the fall of Rome, a state of financial chaos arose, and a lack of control was evident (Sawyer *et al.*, 2003:4). It was only in the late 1400s that the bookkeeping system which still underpins all aspects of financial management was developed in response to the need for improved stewardship and control (Sawyer *et al.*, 2003:4). During the Industrial Revolution in Britain and later in Europe during the mid-1700s, a clear distinction was first made between accounting and auditing (Sawyer *et al.*, 2003:4). Organisations used accountants to prepare financial records and hired the services of auditors to verify the reasonableness of this financial information (Sawyer *et al.*, 2003:4). The Americans followed suit in the 19<sup>th</sup> century, largely because wealthy European and English businesspeople made significant investments in the United States of America (USA), and then wanted assurances as to the state of their investments (Sawyer *et al.*, 2003:5). This practice of investing in foreign countries and the increasing split between ownership and control of company assets resulted in an increased need for independent verification of the truth (or otherwise) of the stewardship and control reports, which was performed by an independent, reliable external auditor (Sawyer *et al.*, 2003:4).

In the 19<sup>th</sup> century the practice of auditing split into an internal and an external audit function (Sawyer *et al.*, 2003:5). This evolution was a response to the fact that governance and management within organisations were being performed increasingly by employees with no financial or other ties to the investors, thus completely separate from the owners of these organisations – owners who increasingly needed assurance that the funds they had invested were being used effectively (Jensen & Meckling, 1976; Sawyer *et al.*, 2003:5). On the one hand, owners and investors needed independent verification of the reasonableness of the financial information they were being provided with (Sawyer *et al.*, 2003:4),

and on the other hand, management needed assurance on the effectiveness of its operational activities (Sawyer *et al.*, 2003:5).

The concept that a principal (owner) and an agent (management) are separate from each other in the business environment (Jensen & Meckling, 1976) heightened the need for an independent assurance function in organisations. Attempts to classify and understand the principal-agent relationship are studied in the *agency theory*, and have a direct impact on the role of the internal audit function. Initially, owners appointed independent external auditors to provide assurance on the fairness of the financial statements of the organisation, whereas internal auditors were used as an extension of the external audit function (Pickett, 2010:8) to assess the correctness of the financial information and the effectiveness of mainly financial controls (Pickett, 2010:8). Later, the internal audit function moved out of accountancy (Pickett, 2010:12) and began to act as an internal assurance provider, providing management with assurance on both financial and non-financial systems.

Towards the end of the, 20<sup>th</sup> century, a significant number of corporate scandals and instances of mismanagement, fraud and corruption (Adler, 2002:148) made the quest for a function in the organisation that could act as the “eyes and ears” of management (Gramling *et al.*, 2004; Sawyer, 1973) more urgent. The definition of internal auditing underwent its first material re-evaluation in response to these scandals in 1999 when the IIA introduced to the definition the concept of internal auditing as a *value-adding* service, evaluating the effectiveness not only of internal control processes, but also of risk management and governance processes in an organisation (IIA, 1999:5).

At the beginning of the new millennium, changes in the business environment such as the increasing complexity of business operations (Duffy, 2000:64), advances in information technology (Teo & Ang, 2001), and the significant (usually negative) impact of the global financial crisis resulted in the internal audit function’s being required to play an increasingly prominent role as part of the governance structure of organisations (IoD, 2009; Sawyer *et al.*, 2003:4; Pickett, 2010). This shift in focus resulted in a second fundamental change in the

definition of internal auditing (see Section 2.4.3.1) in 2009. This emphasised internal audit's role with regard to governance: firstly, the internal audit function's role as a fundamental component of an organisation's governance structure was recognised and, secondly, its ability to play a value-adding role in performing governance assessments was formalised (IIA, 2009).

Over the past few decades, internal auditing has thus developed from a mere compliance function to a value-adding assurance and advisory function meeting the needs of a variety of stakeholders. In addition to understanding the origin of auditing and the development of internal auditing since the establishment of the professional body, the IIA, in 1941 (see Section 2.4.2), it is critical to study the theories that underpin the practice of internal auditing, as well as regulations that have an impact on the practice of internal auditing, before studying the changing profile of the internal auditor, internal auditing as a profession, and the role of the IIA as a professional body.

### **2.2.1 Theoretical foundation for auditing**

In addition to agency theory discussed above, other theories that relate to both internal and external auditing, such as shareholder theory, stakeholder theory and accountability theory, have been developed over time. Other theories broadening the concept of accountability (Brennan & Solomon, 2008:891) include the enlightened shareholder theory, resource dependency theory, stewardship theory, and institutional theory. These theories are recognised as valid economic and management theories. Agency, shareholder and stakeholder theories have enjoyed the most extensive research and debate (Adams, 1994; Brennan & Solomon, 2008; Christopher, 2009:683-695; Donaldson & Preston, 1995; Friedman & Miles, 2001). With reference to the governance mechanisms of accountability, research has highlighted the impact of boards of directors, and committees (including audit and ethics committees) on corporate profitability and shareholder wealth (Byrd, Martin & Rath, 2010:48-57; Rosenstein & Wyatt, 2002:175-191). The role of internal auditing in a corporate governance context has also been researched (Gramling *et al.*, 2004; Christopher, Sarens & Leung,

2009:200), focusing on the extended roles of the internal audit function in ensuring the quality of organisational governance.

With specific reference to internal auditing as a governance mechanism in an organisation, agency and shareholder theories support an exclusive approach to governance, whereas the stakeholder and accountability theories support an inclusive approach to governance, in that they emphasise the broader range of constituencies that have an interest in an organisation. For the purposes of this study, a brief discussion of the shareholder, stakeholder and accountability theories is regarded as sufficient to provide an understanding of the changing internal audit landscape.

Stakeholder theory derived its name from a statement made by Edward Freeman (1984), who argues that an organisation should act “in the best interests of all its stakeholders, not only the shareholders”. A stakeholder is defined as any party who has a “stake” in the organisation, and this includes employees, society at large, government, suppliers and trade unions (Freeman, 1984). The stakeholder approach to governance (also referred to as the inclusive approach) focuses on the alignment of the interests of management and a variety of stakeholders, not only the direct shareholders (Donaldson & Preston, 1995:66; Freeman & Reed, 1983:88).

The arguments in favour of stakeholder theory are in stark contrast to the shareholder theory advocated by Milton Friedman in the 1970s. He argued that organisations have no social responsibility and that they should act in the best interests of the shareholder only to maximise profits (Friedman, 1993:5). Shareholder theory supports agency theory, which argues for the maximisation of shareholder wealth. However, in the last 40 years, it appears that there has been a change of emphasis away from the traditional shareholder-centred approach towards a more stakeholder-oriented approach to organisational governance (Brennan & Solomon, 2008:891).

More recently, accountability theory was added to the list of popularly supported management theories. Accountability theory states that various role-players in

organisations (accountors) are accountable to various accountees or stakeholders (Bergsteiner, 2012:449). The board of directors (an accountant), as provider of the organisation's governance oversight, is responsible for providing direction and control to the organisation, usually from within (IoD, 2009:20). Proper direction by the board leads to effective performance and accountability, whereas proper control leads to conformance and efficiency (Connell, Mallett, Rochet, Chow, Savino & Payne, 2004; IFAC, 2004). An increasing number of researchers are arguing for increased levels of accountability on the part of entities to shareholders and to a wide range of other interested stakeholders (Christopher, 2009:685; OECD, 2004; Sikka, 2008), as this is seen as critical to effective governance. Christopher (2009:686) refers to an extended governance paradigm that uses agency theory as the primary theory, and then moves beyond simple recognition of a constrained agency-oriented governance paradigm to include the full extent of the contractual obligations arising from the expanded (and expanding) universe of influencing forces which have an effect on an organisation.

All the above-mentioned theories have had an impact on the role of the internal audit function. Firstly, the application of the agency theory in business contributed directly to the appointment of an independent internal audit function in organisations, to act as the guide-dogs of management (the agent) (Sarens & Abdolmohammadi, 2011:1). Secondly, the application of the stakeholder theory implies that not only management, but also a broader range of stakeholders (including, but not limited to, the shareholders) expect internal auditors to render a quality service, to add value and to make recommendations that ensure sustainable business successes (Adams, 1994; Roth, 2003; Soh & Martinov-Bennie, 2011).

Meeting the expectations of this broad range of stakeholders is in line with the new role and definition of internal auditing (see Sections 2.3 and 2.4.3.1). Finally, the accountability theory supports the fact that internal auditing is accountable to the stakeholders of the organisation. Internal auditing has a responsibility to assist management in its duties to provide direction and control, by providing value-adding assurance and consulting services at the strategic, systems and

operational levels within the organisation (Hermanson & Rittenberg, 2003), thereby serving the interests of this wide variety of stakeholders (PwC, 2014). It is evident from the discussion of the changing profile of the internal auditor (see Section 2.3) that the agency theory, shareholder theory, stakeholder theory and accountability theory together underpin the evolving role of internal auditing.

### **2.2.2 Legislation, regulations and codes that influence internal auditing**

The purpose of this section is to highlight the legislation, regulations and codes that have an impact on internal auditing by changing its status and role and contributing to the need for specific competencies. As discussed earlier, the internal audit function is an integral part of an organisation's governance structure (Barac & Van Staden, 2009:947; Bookal, 2002:46; Gramling & Hermanson, 2006:37-39; Hermanson & Rittenberg, 2003:58; IoD, 2009; Marks, 2007:31-32; Pickett, 2010). Authors highlight both external and internal laws, regulations and codes that contribute to the formation of an organisation's governance structure (Brennan & Solomon, 2008:888; IoD, 2009:88). In terms of these, the internal audit function is regarded as an accountability mechanism (Brennan & Solomon, 2008:887) which evaluates and improves organisational governance (IFAC, 2004). The focus of this study is internal audit workplace learning in the South African context, and therefore a brief discussion of the South African laws, regulations and codes that specifically affect the status and role of internal auditing follows.

In South Africa, the three King Reports on Governance, the King Report on Corporate Governance, the Second King Report on Corporate Governance and the Third King Report on Governance (hereafter referred to as King I, King II and King III) have significantly changed and refined the status and role of internal auditing (IoD, 1994, 2002, 2009). These reports were issued in direct response to the changing business environment, where organisations moved from an exclusive approach to governance prior to 1994 (the agency and shareholder theories dominated) to a more inclusive approach in 2002 (the stakeholder theory came to the fore), focusing on the needs and interests of both the shareholders

and all other stakeholders of the organisation (Rossouw, 2005:94). When one compares the three reports, it is clear that the status and role of the internal audit function in organisations have increased significantly. In 1994, King I simply recommended the establishment of an internal audit function that reported to the audit committee (IoD, 1994); by 2009, the internal audit function had become a requirement for all companies listed on the Johannesburg Stock Exchange (JSE) Limited and was highly recommended for all other entities. King III (IoD, 2009:93), which came into effect in 2009, recommends that every organisation should have an independent, risk-based internal audit function established by the board of directors and reporting to both the Chief Executive Officer and to the audit committee – its aim is to support actively all efforts to achieve organisational objectives and goals.

In addition to describing the status and role of the internal audit function, King III provides a number of recommendations with regard to staff development (IoD, 2009). King III indicates that internal auditors should be involved in complex areas of business and should be able to provide greater value, address risk and assurance needs, possess technical and business skills, be able to apply a variety of pertinent tools and techniques, as well as have appropriate competencies with regard to evaluating risk and analysing control processes (Coetzee, 2010:98; IoD, 2009).

Section 94 of the *South African Companies Act, 71 of 2008*, the first complete revision since the 1973 Act, stipulates the oversight role of the audit committee in the context of the internal audit function (RSA, 2008a). Although the establishment of an internal audit function in a company is still not a legal requirement in the South African private sector, it is a listing requirement of the JSE, as recommended by King III. In a survey conducted by Barac, Coetzee, Fourie, Motubatse, Plant, Steyn and Van Staden (2010) examining the status of and demand for internal auditing in South African listed companies, it was found that all the companies interviewed had internal audit functions. It was also found that the Chief Executive Officers and the chairs of the audit committees all perceived the internal audit function to be a value-adding service, in that it

provides assurance on internal controls, as well as on the risk management processes in organisations (Barac *et al.*, 2010).

In the South African public sector, the *Public Finance Management Act, 1 of 1999* (PFMA) (RSA, 1999) and the Treasury Regulations (National Treasury, 2005), state that all government organisations must have an internal audit function that adheres to the IPPF issued by the IIA. In a further survey conducted by Barac, Coetzee, Fourie, Motubatse, Plant, Steyn and Van Staden (2012) examining the status of and demand for internal auditing in the South African public sector, it was found that accounting officers and the chairs of audit committees perceived the internal audit function as a value-adding service.

From the above discussion, it is evident that an increased awareness of the internal audit function has been achieved by its specific inclusion in several codes, laws and regulations in South Africa. Such awareness of the internal audit function is also reflected in global practices. In the UK, a variety of governance reports and codes were published between 1987 and 2010: key amongst these are the Cadbury report, the Turnbull report and the Combined Code, which all refer to the internal audit function (European Corporate Governance Institute (ECGI) 2015; Gramling *et al.*, 2004:194-195; Gray, 2004:17-19; Marks, 2007:32). The number of internal auditors also increased as a result of the Treadway Commission Reports which support integrated frameworks developed by the Treadway Committee of Sponsoring Organisations (COSO) on internal control and risk management (COSO, 1992, 2004, 2013) issued in the UK, which concluded that every public corporation should have an internal audit function.

In the USA, the *Foreign Corrupt Practices Act* (USA, 1997) was passed in 1997, making management liable for any fraud committed within the organisation. If it was later proved that management was innocent, they could still be charged on the grounds that the systems they put in place to detect illegal activities did not operate efficiently. More emphasis was therefore placed on internal controls, and more internal auditors were needed. Membership of the IIA increased dramatically after the promulgation of this Act. Furthermore, the *Public Accounting Reform and Investor Protection Act* of 2002, usually referred to as the



Sarbanes-Oxley (SOX) Act, (USA, 2002) was promulgated by the USA government in a reactive response to the corporate scandals that challenged investor confidence in the USA economy. The SOX Act specifies the role of the internal audit function with regard to internal control (USA, 2002).

It is thus concluded that specific legal requirements, as well as recommended governance practice to establish an effective internal audit function, have resulted in an increased awareness of internal auditing in South Africa. Even if it is not explicitly mentioned as part of an organisation's governance structure, it is implied in the organisation's relationship with its audit committee or by its role with regard to its governance, risk management and control processes. This increased awareness of the internal audit function has contributed to the changing profile of internal auditors, including a change in the competencies these professionals need to have.

### **2.3 THE CHANGING PROFILE OF INTERNAL AUDITORS**

Although the role of the internal auditor in the organisation is not new to the business environment, the standing of and demand for the internal auditing function have changed drastically since the early 20<sup>th</sup> century (Barac *et al.*, 2010; PwC, 2014), affecting the competency requirements of these individuals. Internal auditors are now seen to be active role-players in organisations, with the purpose of rendering assurance and consulting services that add value and improve the standards of governance, risk management and control processes in organisations (IIA, 2015a). The need for internal auditors who can assist a variety of stakeholders in the organisation to ensure continuous improvement and sustainable business success has gained more prominence (PwC, 2014).

The accelerating rate of change in the business environment, together with some dramatic instances of gross mismanagement and poor governance, has contributed significantly to an increased demand for internal audit services. Not only management, but increasingly the entire organisation, is now in need of assistance with governance issues and all rely on the internal audit function to provide the desired assurance on the effectiveness of these processes (Pickett,

2010:13). Furthermore, internal auditors are required to move from the backroom to the boardroom (Von Eck, 2011), providing advice to management on matters such as enterprise risk management, the control environment, and sustainability (PwC, 2012), and must act as facilitators of change who are business process-focused rather than transaction audit-focused (Pickett, 2010:101). To understand the changing profile of internal auditors better, the evolution of the internal audit profession is discussed below with reference to, firstly, the changing competency needs and, secondly, the need for internal audit quality.

### **2.3.1 Changing competency needs**

The changing profile of the internal audit function has resulted in a change in the competency expectations of the industry (Sarens, 2009:4; Specklé, Van Elten & Kruis, 2007:103; Sumners & Soileau, 2008:7-9). Sarens (2009:4) argues that the capability of the internal audit function to monitor and improve risk management and internal control processes is influenced by an internal auditor's educational background, previous work experience, the training and development completed, specific technical and behavioural skills and professional certifications. In 2008, Ernst & Young (2008:12) concluded that internationally internal auditors are increasingly confronted by the challenge of adapting to a changing and more complex business environment that demands greater value, together with an increased focus on strategic and operational risks. According to Harrington (2004), internal auditors need an expanded set of skills and competencies to cope with the dramatic changes and complexity in both private and public sector operations. Oxner and Oxner (2006) argue along similar lines, stating that internal auditors must demonstrate expertise in many areas, including control evaluations, operational reviews, and systems analyses. Likewise, Ramamoorti (2003) claims that internal auditors need a considerably enhanced repertoire of competencies, need to raise their organisational status and profile commensurately, and should align themselves appropriately in their respective organisations.

In recent years, the changing competency needs of internal auditors received increased attention. PwC, for example has conducted 11 global studies on the

status of the internal audit profession (PwC, 2015) whereas Protiviti conducted nine studies on the capabilities and needs of internal auditors (Protiviti, 2015). These studies present the views of various users of internal audit services, as well as those of internal audit practitioners at various levels. A review of the most recent surveys, together with the two latest CBOK studies and articles published in the Internal Auditor (See Table 2.1) reveals that advanced IT skills, business acumen and communication skills remain important (IIARF, 2010; Protiviti, 2010-2015; PwC, 2010–2015; IIA). Furthermore, it appears that more recent competency needs and challenges for internal auditors require recruiting internal auditors from operations as well as implementing effective training and development processes (including certification programs). Interestingly, MTG auditors are increasingly being used to staff the internal audit function, together with subject-matter experts (IIA, 2014). Developing competence in cyber security, critical thinking skills and dealing with emerging risks, are on the agenda and finding the right balance between traditional and non-traditional auditors remains a challenge to the heads of internal audit functions. In conclusion, it is evident that internal audit functions need to be pro-active in recruiting, developing and maintaining competent and professional internal auditors.

**Table 2.1: Summary: Changing internal audit competency needs and challenges to the internal audit function**

Year	Publications				Possible challenges evident from the literature
	<i>CBOK study: Core competencies for today's internal auditor</i>	<i>Internal audit capabilities and needs surveys:</i>	<i>State of the internal audit profession studies</i>	<i>Internal Auditor</i>	
	IIARF (2010; 2015)	Protiviti (2010; 2011; 2012; 2013; 2014; 2015)	PwC (2010; 2011; 2012; 2013; 2014; 2015)		
2010	<b>General competencies:</b> Communication skills Problem identification and solution skills Keeping up to date with changes in the industry and regulatory changes and professional standards	<b>Technical knowledge:</b> IT risk International Financial Reporting Standards (IFRS) <b>Process knowledge:</b> Data analytics CAATS <b>Personal skills and capabilities:</b> Presentation skills	Critical thinking Knowledge of risk management Communication skills	IT skills Expertise in business and business culture (Stimpson, 2010:80) Broad mix of knowledge and skills McCollum (2010:16)	Development of IT skills, communications skills and business acumen

	<p><b>Behavioural skills:</b> Communication skills Confidentiality</p> <p><b>Technical skills:</b> Understanding business Risk analysis and control assessment techniques</p> <p><b>Knowledge areas:</b> auditing, auditing standards, ethics and fraud awareness</p>	(public speaking) Dealing with confrontation			
2011		<p><b>Technical knowledge:</b> IFRS Fraud prevention and detection in an automated world</p> <p><b>Process knowledge:</b> Continuous auditing CAATS</p> <p><b>Personal skills and capabilities:</b> Dealing with confrontation Presentation skills (public speaking)</p>	<p>Knowledge of risk management</p> <p>Specific technology experience</p> <p>Critical thinking and analysis</p>	<p>Knowledge sharing (Mukherjee, 2011:57)</p> <p>Developing professional competence (McDonald, 2011:43)</p>	<p>Development of IT skills, communications skills and business acumen.</p>
2012		<p><b>Technical knowledge:</b> COBIT IT risk</p> <p><b>Process knowledge:</b> Data analytics QAR</p> <p><b>Personal skills and capabilities:</b> Strategic skills Dealing with confrontation</p>	<p>Strategic thinking</p> <p>Leverage specialists</p> <p>Business acumen</p> <p>Combined assurance</p>	<p>Broad mix of knowledge and skills (Holt, 2012:44)</p> <p>Data analytics (Holt, 2012:44)</p> <p>Customer relationships (Jacka, 2012:71)</p>	<p>Development of IT skills communication skills strategic thinking skills.</p>
2013		<p><b>Technical knowledge:</b> Social media applications New Standard on audit opinions and conclusions New Standard on functional reporting</p> <p><b>Process knowledge:</b> Data analytics Fraud monitoring</p> <p><b>Personal skills and capabilities:</b> Persuasion Negotiation Dealing with confrontation High-pressure</p>	<p>Promoting quality improvement and innovation</p> <p>Leveraging technology</p> <p>Obtaining, training and sourcing the right level of talent for audit needs</p>	<p>Education and training IT skills Data analytics Forward-looking audits Risk management Strategic thinking (Guillot, 2013:51)</p> <p>Less emphasis on controls and more emphasis on governance and risk management (Chambers &amp;</p>	<p>Identify emerging risks (Jackson, 2013:35-41)</p> <p>Recruiting auditors from operations</p> <p>Understanding business</p> <p>Rise of the millennials - establishing rapport with clients</p>

		meetings		Mc Donald, 2013:7)  combined assurance (Sobel, 2013:41)	
2014		<b>Technical knowledge:</b> Mobile applications Cyber security Social media applications <b>Process knowledge:</b> CAATS <b>Personal skills and capabilities:</b> Presenting (public speaking) Persuasion Negotiation	Cyber security  Business continuity  Data privacy and security  IT applications	Certification of internal auditors (Minder, Leinicke & Rexroad, 2014:64)  Business acumen, technology skills and innovative thinking Millage (2014:7)  Data analytics  Cyber security  Multi-disciplinary teams / Subject-matter experts	Meeting stakeholder expectations  Complacency (Booth, 2014:72)  Strategic thinking skills  Critical thinking skills (Baker (in Piper 2014:34)  “Testing resilience of the organi-sation to withstand risk events and agility to adapt to a dynamic business environment” Sarens (in Piper, 2014:30)
2015	Life-long learning and CPD increasingly important  Behavioural skills  Acting as a catalyst of change	<b>Technical knowledge:</b> Data analytics Cyber security Mobile applications <b>Process knowledge:</b> Auditing IT security CAATS <b>Personal skills and capabilities:</b> Using/mastering new technology and applications Persuasion Developing relationships Strategic thinking	Data analytics  Enhanced knowledge and skills to add value  Collaboration with other lines of defense	Strategic thinking skills  Soft skills  Use of MTG auditors Jackson (2015:53)	Recruiting the modern day internal auditor – “need for skills beyond the traditional range of auditor expertise”  Multi-disciplinary skill sets and teams  Finding the right balance – traditional and non-traditional internal auditors  National institutes should develop and promote formal education and training programs Jackson (2015:49)

Source: (Refer to Table).

In conclusion, it can be deduced that the demands on competence of internal audit professionals are increasing. Internal auditors need to possess a mix of competencies to perform their work effectively. The changing skills profile of the internal auditor over the last decade has significantly altered the attributes of an effective, quality internal audit function. The changing business environment continues to create a challenge for the internal audit function in its efforts to achieve a value-adding service, while simultaneously attempting to satisfy several groups of stakeholders both within and outside the organisation.

### 2.3.2 Internal audit quality

The competence of internal auditors is associated with internal audit quality, or internal audit effectiveness (IIARF, 2010:10; Sarens, 2009:1). Although prior studies on internal audit quality do exist, there is no generally acknowledged measure (Arena & Azzone, 2009:44). Arena and Azzone (2009:44) define the concept as “the capacity to obtain results that are consistent with targets”. Subsequently, Pickett (2010:411) has highlighted the importance of developing internal audit competencies to ensure an effective internal audit function that meets stakeholders’ expectations. Sarens (2009:1) points out that internal audit effectiveness relates to the internal audit function quality’s having a positive impact on organisational governance, whereas Arena and Azzone (2009:44) see the extent to which the internal audit function’s recommendations are implemented as a measure for internal audit value. The Chartered Institute of Public Finance and Accountancy (CIPFA) in the UK added substance to the debate by stating that relevant competencies **must** (emphasis added) be developed and acquired by internal auditors in order to provide a value-added service (CIPFA, 2011).

The concept of internal audit quality was first introduced by Gramling *et al.* (2004:194): internal audit function quality is associated with internal control quality. In a study by Hutchinson and Zain (2009:55), competence (educational level, certification and prior experience), objectivity and quality of work performance are identified as indicators of internal audit quality. This finding is similar to that of a study conducted by Arena and Azzone (2009:43-60), in which

the competencies of internal auditors were studied as one of the factors that influence internal audit effectiveness. The study found that the presence of internal auditors who are members of the IIA, who are CIAs or certified public accountants (CPAs) correlates positively with internal audit effectiveness. In a practice guide published by the IIA (IIARF, 2010:6) a balanced scorecard approach is used to measure internal audit effectiveness. The scorecard includes items such as training hours per internal auditor, internal audit staff experience and the percentage of internal audit staff holding relevant designations as key performance measures for internal audit quality.

Three recent studies also examine internal audit effectiveness and attempt to explain the factors that contribute to internal audit effectiveness (Lenz & Hahn, 2015; Lenz, Sarens and D'Silva, 2014; Soh & Martinov-Bennie, 2011). Soh and Martinov-Bennie (2011) found that internal auditors' qualifications contributed to internal audit effectiveness, whereas Lenz *et al.* (2014:136) specifically highlight the level of education and training, and the professional qualifications of internal audit staff as a characteristic of internal audit effectiveness.

It is evident from the above discussion that the evolution of the internal audit profession and the changing profile of internal auditors have resulted in a need for improved competence among internal auditors, and for improved quality or effectiveness in the internal audit function.

## **2.4 INTERNAL AUDIT AS A PROFESSION**

For the purposes of this study, it is important to substantiate the assertion that internal auditing is a profession. As discussed in the previous section, rapid evolution of internal auditing can only be achieved and sustained if it happens in parallel with competence development. Formal and on-going competence development is thus one of the prerequisites for recognition as a profession. The characteristics of a profession are therefore discussed next and are applied to internal auditing. In addition, the activities of the IIA, the body representing the internal audit profession globally and in South Africa, are discussed.

### 2.4.1 Characteristics of a profession

Since the early 1900s, philosophers have debated the characteristics of a profession and the requirements for professionalisation (Carr-Saunders, 1928:21; Greenwood, 1957:44; Larson & Larson, 1979). In the late 20<sup>th</sup> century, in particular, the professionalisation of accountants (Lee, 1995:48-69; Willmott, 1986:555-580) and internal auditors (Fogarty & Kalbers, 2000:125; Hassal *et al.*, 1996:28) came under the spotlight. For the purposes of this study, a discussion of the characteristics of a profession is regarded as sufficient to make an argument for internal audit being recognised as a profession. The prerequisite characteristics noted over the years are a formal education and training programme, specialised knowledge and skills development, adherence to ethical standards, service to the public, and association with a professional body (Abbott, 1991:383; Larson & Larson, 1979; Lee, 1995:49).

These characteristics are associated with members of the earliest formally recognised professions, namely the medical and the legal professions, with their centuries-long pedigrees, but also with members of other professions, such as accountants, engineers and architects, who, since the Industrial Revolution (in the late 1780s), have claimed professional status (Lee, 1995:50), as their involvement in the design and management of established companies, factories and industrial towns grew.

Sawyer *et al.* (2003:10) argue for the recognition of internal audit as a profession, describing internal auditors as individuals who have completed some form of tertiary education at a recognised institution, have gained relevant practical experience, are members of a professional body, and perform services in the interests of society at large. Several authors argue that internal auditing should be recognised as a “quality profession” (Cox, 2007:74; O’Regan, 2001:215-226; PwC, 2012; Sawyer *et al.*, 2003; Pickett, 2010), because its members render value-adding services to society, belong to a global professional body, adhere to a set of internationally recognised and applied standards, as well as to a formal code of ethics. On the other hand, a number of authors in recent studies (Lenz & Hahn, 2015; Lenz & Sarens, 2012:533) critique internal audit as a profession,



questioning its value added to stakeholders. The debate is still ongoing, but a detailed discussion for and against internal audit's being recognised as a profession falls beyond the scope of this study, so, for the purposes of this study, the professionalisation of internal auditing is not questioned.

Although globally the practice of internal auditing is not limited to licensees (Sawyer *et al.*, 2003:11), an increasing number of organisations in South Africa encourage their internal audit staff to become members of the IIA at least, and to pass the CIA examination (Von Eck, 2011). In addition, the IIA (SA) advocates the delivery of competent, well-rounded internal audit professionals as one of its most critical objectives (Von Eck, 2011). This is being done by promoting the IIA's own continuing professional education programmes and by working closely with South African tertiary educational institutions to keep curricula up to date. In South Africa, the CIA designation is identified by the IIA (SA) as the "final test of competence", and is a requirement for progress along the career path of internal auditors in South Africa (Von Eck, 2011). The IIA (SA) distinguishes between "members" and "fellows", and the latter class of membership is available only to CIAs and other designated individuals (IIA (SA), 2015d). For the purposes of this study, an internal audit professional is therefore defined as a person who has successfully completed the education, workplace learning and certification components required for professional association (see Section 1.6.5). These requirements are illustrated in Table 2.2 below.

**Table 2.2: Internal audit professional requirements**

Characteristics of a profession	Internal audit professional requirements
Formal education and training	<ul style="list-style-type: none"> <li>● Bachelor's degree or equivalent</li> <li>● IAEP curriculum recommended at tertiary level</li> <li>● Workplace learning – practical experience requirement</li> <li>● Continuous professional development (CPD)</li> </ul>
Adherence to ethical standards	<ul style="list-style-type: none"> <li>● IIA Code of Ethics</li> </ul>
Association with a professional body	<ul style="list-style-type: none"> <li>● IIA via IIA local chapters</li> </ul>
Service to the public	<ul style="list-style-type: none"> <li>● Independent and objective assurance and consulting services to stakeholders</li> </ul>

Source: (Adapted from Kalbers and Fogarty, 1995).

For many years, the CIA designation has been the only certification offered by the IIA. More recently other certifications have been added to the Institute's portfolio of designations: these include Certified Government Audit Practitioner (CGAP), Certified Financial Services Auditor (CFSA), the Certification in Control Self-Assessment (CCSA), Certified Risk Management Auditor (CRMA) and the latest, Qualification in Internal Audit Leadership (QIAL) (IIA, 2015e). Whether those who have achieved these designations can all be regarded as professionals, remain debatable, but the debate falls beyond the scope of this study, with its focus on the workplace learning of internal auditors who intend to become CIAs.

From the literature it is apparent that there are several arguments for internal audit to be recognised as a growing profession. It is concluded that the internal audit profession has established a set of international standards, its members adhere to ethical standards, and render services to the public. Furthermore, for members to acquire and maintain professional status, a specific range of competencies needs to be developed, which is the focus of this study. The next section discusses the role of the professional body for internal auditors, the IIA Global<sup>4</sup>, as well as the role of the local chapter, namely the IIA (SA), with specific reference to its contribution to the development of the competency of internal auditors.

#### **2.4.2 The IIA Global and the IIA (SA)**

The Institute of Internal Auditors (IIA Inc<sup>5</sup>) was formed in 1941 in the United States of America, but its affiliate in South Africa, the IIA (SA), came into being only in 1964 (IIA (SA), 2015e). The IIA currently has over 180 000 members in more than 165 countries (IIA, 2015f), including South Africa, which has slightly more than 10 000 members (IIA (SA), 2015e). Countries have chapters, affiliate organisations, and/or regional offices. Recognising the different needs addressed by the global organisation and individual regions, the IIA recently recognised the IIA North America as a region, and re-branded itself as the IIA Global<sup>2</sup> – the

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<sup>4</sup> See previous footnote.

<sup>5</sup> See previous footnote.

international umbrella body for internal auditors. The IIA acts as the headquarters for all the chapters, affiliates and regional offices. The IIA North America is the largest chapter in the world. The IIA (SA) is the second largest chapter in the world and comprises 11 South African regions, plus three regions in neighbouring countries (IIA (SA), 2015e). The Chartered Institute of Internal Auditors in the UK and Ireland, the third largest chapter in the world, has nine regions (IIA (UK and Ireland), 2015a). Australia, the fourth largest chapter, has seven regions (IIA (AUS), 2015a). All these bodies report to the IIA at various levels.

Although each affiliate or institute operates as an autonomous unit, some minimum requirements must be met, and their definition remains the prerogative of the IIA (Von Eck 2015). For example, although the IIA (SA) may decide on more structured practical experience requirements, the IIA has determined a minimum requirement that is globally applicable, namely two years of relevant practical experience prior to certification (IIA, 2015d). It is thus understandable that, although all formal guidance is the responsibility of the IIA Global, many regional IIA bodies have developed their own guidance that is more specific to their country's circumstances and needs, usually also recognising local education levels and work experience opportunities (see Section 4.4.2).

The vision, mission and objectives of the IIA all highlight its role as the “voice of the internal audit profession: advocating its value, promoting best practice, and providing exceptional service to its members” (IIA, 2015f). The provision of guidance regarding comprehensive professional, educational and workplace development opportunities, standards and other professional practice guidance, and certification programmes is explicitly set out in its mission statement (IIA, 2015f). Since its incorporation in 1941, the IIA has experienced significant continuing growth, as the timeline of important events in Table 2.3 illustrates. The timeline of events is also illustrative of the evolution of internal auditing over the last 70 years and events that affected competency development.

**Table 2.3: Highlights of the internal audit profession that influenced competency development**

Date	Highlight(s)
1941	The establishment of the professional body, the IIA Inc.
1972	1 <sup>st</sup> CBOK study was conducted.
1973	CIA programme was established.
1974	The first CIA examination was written.
1976	The US Civil Service Commission acknowledged the CIA designation as equal to the CPA designation.
1978	The <i>Standards for the Professional Practice of Internal Auditing</i> was approved: It consists of five general standards and 25 function-specific standards.
1985	The 2 <sup>nd</sup> CBOK study was conducted.
1992	The COSO published a detailed report (COSO 1 – Internal Control: Integrated Framework) on internal control and the criteria for the evaluation of an effective internal control system.
1999	A new definition of internal auditing was issued. A 3 <sup>rd</sup> CBOK study was conducted. A Competency Framework for Internal Auditing (CFIA) was established.
2000	The new <i>International Standards for the Professional Practices of Internal Auditing (Standards)</i> were introduced to address the increasing scope of internal auditing and the changing business environment.
2001	IAEP programme launched to provide guidance to tertiary institutions presenting internal audit programmes.
2002	The <i>Standards</i> became mandatory for all internal auditors and internal audit activities.
2003	The <i>Professional Practices Framework (PPF)</i> , consisting of the <i>Standards</i> , the <i>Code of Ethics</i> , practice advisories, and various development and practice aids, was issued.
2004	The PPF was revised. COSO published a second report (COSO II - Enterprise Risk Management: Integrated Framework) in which the new focus area for internal auditors, namely risk management, was included.
2006	The 4 <sup>th</sup> CBOK study was conducted globally, to determine the competencies required of professional internal auditors.
2007	The CFIA was revised.
2009	The PPF was revised and the title changed to IPPF.
2010	The 5 <sup>th</sup> CBOK study was conducted globally.
2013	A revised IACF was issued. COSO published a third report (COSO III – Integrated Internal Control) which is a revised version of COSO I.
2014	The revised IPPF is issued.

Date	Highlight(s)
	A career map was issued by the IIA as an extension of the revised IACF.
2015	The 6 <sup>th</sup> CBOOK study was conducted.

Source: (IIA, 2015b; IIA, 2010; Pickett, 2010:14; Ramamoorti, 2003:2; Sawyer *et al.*, 2003:13).

It is clear from the above discussion that the IIA focuses increasingly on the development of knowledge and skills of its members. The professional body has, since its inception, implemented several initiatives to establish the profession globally and to promote the development of both the competence and professionalism of its members. The IIA initiatives to foster the professional development (including the development of competence) of internal auditors, specifically in the form of IIA guidance documents, are discussed in the next section of this chapter. A detailed discussion of various IIA regions' initiatives, with specific reference to internal audit workplace learning, is addressed in Chapter 4.

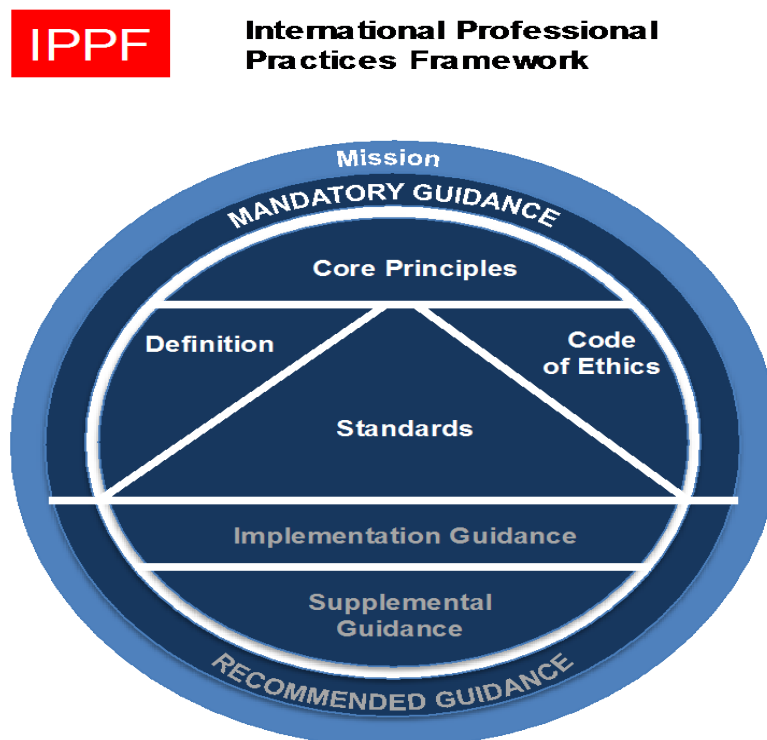
### 2.4.3 IIA guidance

The IIA guidance, with specific reference to its relevance to the development of competent internal audit professionals in the workplace, is discussed next. These guidance documents include the IPPF, the IAEP curriculum for tertiary education institutions, the CIA certification programme, the CBOOK studies and the IACF.

#### 2.4.3.1 *The International Professional Practices Framework (IPPF)*

The IPPF has been developed by the IIA's Professional Practices Advisory Council in consultation with the IIA's international technical boards and committees, including the Advanced Technology Committee, the Board of Regents, the Committee on Quality, the Ethics Committee, the Internal Audit Standards Board, and the Professional Issues Committee (IIA, 2015b). The IPPF is a conceptual framework that provides authoritative guidance to internal auditors to facilitate internal audit effectiveness and consists of a mission statement for internal auditing, core principles of internal auditing, a definition of internal auditing, a code of ethics, International Standards for the Professional

Practice of Internal Auditing (hereafter referred to as the *Standards*), implementation guidance (previously referred to as practice advisories) and supplemental guidance (previously referred to as practice guides) as illustrated in Figure 2.1 (IIA, 2015b). These authoritative guidance components of the IPPF were carefully studied in this research to look for specific directives regarding the development of competent internal audit professionals in the workplace. It was noted that, apart from the mission statement and definition of internal auditing, all the other components explicitly see the competency and proficiency of internal auditors. The seven components of the IPPF are briefly discussed below, with specific reference to the development of competent internal audit professionals in the workplace.



**Figure 2.1: Framework for internal audit effectiveness: The new IPPF**

Source: (IIA, 2015b).

### *Mission Statement*

The mission of internal auditing is “to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight” (IIA, 2015b).

## *Core Principles for the Professional Practice of Internal Auditing*

The IPPF includes ten core principles which refer to attributes and capabilities of internal auditors, such as demonstrating competence and due professional care (Core principle 2 and also an attribute standard) and communicating effectively (Core principle 7).

### *Definition of internal auditing*

The evolution of the profession is the key to understanding changes in the definition of internal auditing over the last 70 years. The definition's revisions show the progression from the classification of internal auditing as an independent appraisal service in the organisation, with its focus on evaluating activities and promoting effective control at a reasonable cost, to a description, issued in 1999, which embraces the internal audit function's greatly expanded areas of interest and responsibility, namely risk management, internal control and governance processes (IIA, 1999:5; Ramamoorti, 2003:4; Pickett, 2010:15). When the first two definitions are compared, it is clear that the focus of internal auditing has moved from a compliance-driven activity (focusing on internal control) to a pro-active activity focusing on risk management, internal control and governance processes. In addition, the 1999 definition highlights the expansion of the services rendered by internal auditors that now include not only assurance services, but also consulting services. These changes in the scope of the internal audit function's work are also highlighted by the users of internal audit services (Bou-Raad, 2000). The recognition of the expanded role of internal audit is also mentioned by Harrington (2004) and Ramamoorti (2003), whose explanations of the change in the internal audit focus were discussed in detail in Section 2.3.1, above.

The 1999 definition was reviewed again in 2009 as a result of the changes that occurred in the business environment during the first decade of the 21<sup>st</sup> century, a period in which internal audit's attention moved to effective governance. Research on this period often refers to it as the governance era (IFAC, 2004) because of several instances of catastrophic and spectacular mismanagement,

fraud and corruption (Carcello, Hermanson & Raghunandan, 2005:117). The role the internal audit function can play in providing value-adding services to a variety of stakeholders has also been pointed out in recent surveys and literature (Mihret & Yismaw, 2008; PwC, 2014).

Today, internal auditing is defined as:

...an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. (IIA, 2014:2)

The 2009 definition highlights that the internal audit function is designed to add value. The concept of adding value has been researched extensively in the context of internal auditing (Kwon & Banks, 2004:619; Mihret & Yismaw, 2008:567; Nagy & Cenker, 2002:130; Sarens & De Beelde, 2006:220; Selim, Woodward & Allegrini, 2009:9), and much of this debate has focused on internal audit's effectiveness and quality (see Section 2.3.2).

It is evident from the discussion of the definition of internal auditing that the rendering of value-adding assurance and consulting services requires individuals who act with integrity, who are objective, who treat the client's information as confidential and, finally, who are competent to perform internal audit engagements. These characteristics or attributes of an internal auditor are specifically addressed in the IIA's Code of Ethics (IIA, 2015b).

### *Code of Ethics*

The IIA's Code of Ethics highlights the ethical principles and rules of conduct underpinning professional behaviour: these are integrity, objectivity, confidentiality and competency. Competency is described by the IIA as "the application of the knowledge, skills and experience needed in the performance of internal audit services" (IIA, 2015b). The IIA's Code of Ethics further describes the specific rules of conduct which have to be complied with to ensure



competency: (i) to engage only in those services for which internal auditors have the necessary knowledge, skills and experience; (ii) to perform internal audit services in accordance with the IPPF; and (iii) to continually improve their proficiency as well as the effectiveness and quality of their services (IIA, 2015b).

As mentioned earlier, adherence to a professional code of ethics is a key prerequisite for recognition as a professional (see section 2.4.1). The attribute of competence is highlighted in the IIA's Code of Ethics and in its Attribute Standards, and related practice advisories that provide more detail on what constitutes proficiency.

### *International Standards*

In addition to the IIA's Code of Ethics, the Attribute Standards (standards describing the characteristics of the individual internal auditor) expand on the principle of competence by prescribing, in *Standard 1200 – Proficiency and Due Professional Care*. This implies that "... internal audit engagements must be performed with proficiency and due professional care" (IIA, 2015b). In *Standard 1210 – Proficiency*, the fact that internal auditors must possess the knowledge, skills and experience necessary to perform their work competently is again emphasised. An interpretation of this Standard also states that internal auditors are encouraged to demonstrate their proficiency by obtaining appropriate professional certifications and qualifications, such as the CIA qualification or other qualifications offered by the IIA and other similarly competent professional organisations (IIA, 2015b). Standard 1210 also states that the internal audit activity must collectively possess the necessary knowledge, skills and experience needed to deliver the required services, and that the Chief Audit Executive (CAE) should obtain from outside sources any advice and assistance needed, if his/her internal audit function does not possess it (IIA, 2015b). Expanding on the latter requirement, Standard 1210 requires internal auditors to possess basic fraud prevention and IT knowledge, but they need not be expert fraud investigators or IT auditors (IIA, 2015b). Standard 1230 states that internal auditors must continuously improve their education and subscribe to a CPD programme in order to stay abreast of the latest developments in the business environment and

in the internal audit profession (IIA, 2015b). CPD activities span the spectrum from further professional and academic studies, through attending workshops and seminars, to doing research (IIA, 2015b). The IIA has a formal CPD policy in place and several IIA chapters offer regionally appropriate CPD training courses, seminars and webinars every year (IIA, 2015h).

To sum up: the discussion of the first four mandatory elements of the IPPF requires internal auditors to be competent, and to act with proficiency and with due professional care when rendering internal audit services (IIA, 2015b). In addition, the professional development of internal auditors is seen as a continuous process which includes further education and training, as well as workplace learning.

### *Implementation guidance*

In addition to the *Standards* (mandatory guidance), the implementation guidance and practice advisories (recommended guidance) assist internal auditors in their understanding and application of the standards, and promote good practices (IIA, 2015b). Related to *Standard 1210 – Proficiency*, Practice Advisory 1210-1 recommends that the CAE should perform an annual analysis of the internal audit activity's knowledge, skills and other competencies in order to identify areas that can or should be addressed by CPD, by recruiting or by co-sourcing. In addition, the practice advisory catalogues the specific knowledge and skills requirements of internal auditors as follows:

- proficiency in applying internal audit standards, procedures and techniques in performing engagements;
- proficiency in accounting principles and techniques;
- knowledge to enable identification of the indicators of fraud;
- knowledge of key IT risks and controls and technology-based audit techniques;
- an understanding of management principles;
- an appreciation of the fundamentals of business subjects such as Accounting, Economics, Commercial Law, Taxation, Risk Management and Fraud;

- skills in dealing with people, understanding human relations, and maintaining satisfactory relationships with engagement clients; and
- skills in oral and written communications.

It can thus be concluded that internal auditors need a mix of knowledge, technical and non-technical skills in order to meet stakeholders' expectations. This is supported by the studies conducted by the IIARF (IIARF, 2010, 2014), as well as by PwC's and Protiviti's annual research reports, which emphasise the need for competent internal auditors with a variety of skills (Protiviti, 2014; PwC, 2014).

### *Supplemental guidance*

Supplemental guides provide detailed guidance for conducting internal audit activities and include specific tools, techniques, methodologies and approaches. No supplemental guides explicitly address the parameters for the development of entry-level internal audit professionals through workplace skills development programmes (IIA, 2015b). A practice guide entitled *Measuring Internal Audit Effectiveness and Efficiency* was issued in December 2010 and highlights the performance measures for the efficiency and effectiveness of the internal audit function. This practice guide presents a balanced scorecard framework for assessing internal audit efficiency and effectiveness (IIA, 2010:5). One of the elements of the framework is staff development. The development of competencies is specifically mentioned, and performance measures such as training hours per auditor, staff experience and the percentage of auditors in the internal audit function in possession of professional designations, are included in the framework (IIA, 2010:5).

This focus on staff development is in line with the IPPF, which states that internal auditors must be competent and possess the necessary knowledge, skills and experience to perform internal audit engagements. With reference to knowledge acquisition, the IIA supports the concept of internal audit education at a tertiary level, and provides global guidance in the form of a standardised curriculum.

### **2.4.3.2 Internal Audit Educational Partnership (IAEP) curriculum**

As discussed in Section 2.4.1, an important criterion for the development of a professional is the acquisition of occupation-specific expertise. Internal audit knowledge and skills are obtained during tertiary education and in the workplace. The IIA has a formal IAEP programme in place to assist tertiary educational institutions to set up and manage undergraduate internal audit education programmes. In addition, the IIA has developed a specific curriculum for these programmes. This curriculum was developed by an IIA-convened international Academic Relations Committee (ARC) populated by representatives from academia and public practice, and the curriculum was implemented in 2010 (IIA, 2015c).

The IIA distinguishes three levels of education providers: the highest level is a Centre of Excellence, the second level is a Partner, and the third level is the Development level. In total, the IIA has accredited 30 tertiary institutions globally as internal audit education providers or IAEP schools. Only six of these institutions are accredited at the highest level, namely at the Centre of Excellence level (IIA, 2015i). These institutions are the University of Texas in Dallas, the Louisiana State University and the University of Houston in the USA, the Erasmus and Amsterdam Universities in the Netherlands, and the University of Pretoria in South Africa (IIA, 2015i). To be considered for accreditation as a Centre of Excellence, an IAEP programme should fulfil the following requirements (IIA, 2015h):

- it should establish and maintain an Advisory Board (comprising internal audit practitioners representing various industries, representatives from the local IIA chapter, and representatives from academia); the purpose of this Board is to provide on-going advice and guidance to the IAEP programmes;
- internal audit educators should be CIAs;
- internships should be offered to internal audit students (practical work experience for a period of two to six weeks prior to obtaining an academic qualification);
- internal audit programmes should be aligned with the IAEP curriculum;

- a student body or chapter should exist;
- internal audit academic staff should serve as IIA ARC members; and
- guest speakers are to be used to present expert lectures on specialist topics to students.

The IIA recognises the IAEP curriculum as the benchmark for internal audit education at a tertiary level, and encourages all tertiary institutions offering internal audit programmes to use this curriculum as a basis for their individual internal audit curriculum development processes (Barac, Motubatse, Erasmus & Van Staden, 2013:20). The IAEP curriculum was developed by comparing and integrating the previous IACF with the 2006 CBOK results and the CIA curriculum. A summary of the IAEP curriculum is presented in Table 2.4.

**Table 2.4: Summary of IAEP curriculum**

Course title	Core =C / Supplemental =S	Recommended course order
Principles of internal auditing	C	1
Ethics and organisational governance	C	2
Fraud and forensics	C	3
IT auditing	C	4
Business communication skills for internal auditors	C	Any order after 1
Internship and/or case studies and/or internal audit projects	C	Ideally after or at the end of course work or as co-op time
Advanced internal auditing	S	5
Developing and managing an internal audit function	S	6
Risk management	S	Any order after 1
Advanced organisational governance	S	Any order after 2
Advanced IT systems and auditing	S	Any order after 4
Internal auditing topics	S	Any order after 1

Source: (IIA, 2015b).

In conclusion, it should be evident that the IIA, through its global IAEP programme, contributes primarily to knowledge acquisition at a tertiary level and,

to a lesser extent, to the development of competencies for the workplace. The curriculum highlights the core knowledge and skills areas which provide a basis for developing competent internal audit professionals, prior to preparing for the CIA examination.

### **2.4.3.3 Certified Internal Auditor (CIA) curriculum**

In addition to the IPPF and the IAEP curriculum, the curriculum leading to the CIA examination also provides guidance on competency requirements. The current CIA curriculum (updated in 2004 and 2012) (IIA, 2015c) consists of three parts:

- Part 1 – The internal audit activity’s role in governance, risk and control;
- Part 2 – Conducting the internal audit engagement; and
- Part 3 – Business analysis and information technology.

The CIA examination consists exclusively of multiple choice questions and a score of 75% is needed for each part to complete the examination successfully. The need to change the curriculum in 2012 came from an analysis of findings of a Job Analysis Study (JAS) conducted for the CIA programme in 2011 (IIA, 2011). The JAS determined that the body of knowledge related to the profession of internal auditing had changed significantly since the last examination content update in 2004 and therefore needed to be adjusted to reflect those changes (IIA, 2011). The most significant change was the integration of Paper 4 – Business management into Part 3, subsequently reducing the CIA examination from four to three parts. Table 2.5 provides more detailed information on the CIA curriculum.

**Table 2.5: CIA examination curriculum**

<p><b>Part 1: The Internal Audit Activity’s Role in Governance, Risk, and Control</b></p> <p>Topics tested include aspects of the IPPF; responsibilities of the internal audit activity; independence and objectivity; governance concepts; risk identification and management; management controls, and audit planning.</p>
<p><b>Part 2: Conducting the Internal Audit Engagement</b></p> <p>Topics tested include steps for conducting audit engagements; types of engagements (such as technology, financial, or operational); fraud elements; audit engagement tools; audit documentation and reporting, and follow-up procedures.</p>

### **Part 3: Business Analysis and Information Technology**

Topics tested include governance and business ethics; risk management; organisational structure, including business processes and risks; communication; management and leadership principles; IT and business continuity; financial management; and the global business environment.

Source: (IIA, 2015j).

In conclusion, it is evident that the successful completion of the CIA examination forms part of the development of an internal auditor's competency. Although changes to the current CIA examination have been proposed, it remains a certification which can only be obtained on completion of both the education and the practical experience requirements. The content of the CIA examination is determined with reference to the CBOK studies, amongst others. These studies are discussed next.

#### **2.4.3.4 Common Body of Knowledge (CBOK) studies**

Several studies have been undertaken by the IIA to examine and establish a competency framework for internal auditors. These studies are referred to as the CBOK studies; six of these have been conducted to determine the competencies needed by internal auditors globally (IIARF, 2015). Data have been collected from the global membership of the IIA and the research instruments seek to record and understand the perceptions of internal audit practitioners at various levels, ranging from internal audit leaders to new internal audit staff.

The 2010 CBOK study attempted to identify, amongst other things, the competencies needed by practising professional internal auditors as perceived by internal audit practitioners (IIA, 2010). The previous CBOK studies (IIA, 1972, 1985, 1999, 2006) also report on the findings of similar surveys conducted amongst internal audit practitioners globally. Abdolmohammadi, Burnaby and Hass (2006:811-821) summarise the similarities and differences between the various CBOK studies. A summary of the main objectives and findings of the various CBOK studies are included in Table 2.7 and form part of the competency studies in internal auditing.

A direct outcome of the CBOOK studies has been the IACF. The CBOOK studies provide a basis for recognising the specific competencies needed by internal audit staff, internal audit management and internal audit leaders (CAEs). However, these studies do not refer to internal audit trainees or to the specific competencies they need to develop in order to become competent internal audit staff members. This is also the case with the competency frameworks of 2007 and 2013 – both these frameworks identify specific competencies appropriate for internal audit staff, internal audit management and CAEs, but no reference is made to internal audit trainees (IIA, 2007, 2013a). In addition, no guidance has yet been provided on ways in which to develop these competencies in the workplace. The aim of this study is, therefore, to provide a framework for such workplace learning.

#### **2.4.3.5 Internal Auditor Competency Framework (IACF)**

Drawing on the results of the CBOOK studies, an IACF<sup>6</sup> was developed by the IIA in 2007, which addressed the competency requirements for six levels of internal auditors: 1 – new internal audit staff (less than 1 year); 2 – new internal audit staff (more than 1 year); 3 – internal audit supervisor; 4 – internal audit manager; 5 – internal audit director; and 6 – CAE (IIA, 2007). The 2007 framework identifies *competency areas* (tools and techniques, knowledge areas, standards, theory and methodology, and interpersonal skills), as well as *competency levels* (Level 1 – awareness only; Level 2 – basic competence and knowledge with support from others; Level 3 – independently competent with routine situations; Level 4 – independently competent in unique and complex situations).

However, in 2013, a revised IACF was issued by the IIA which differs significantly from the 2007 framework. The revised IACF identifies ten core competency areas, but only three levels of internal auditors are included, namely internal audit staff, internal audit management and CAEs (IIA, 2013a). For the purposes of this study, the use of a competency framework as a tool to guide competence development in the workplace, is a focus area. A study to determine the specific

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<sup>6</sup> The 2013 competency framework is called the IACF whereas the prior version is called CFIA.



competencies to be developed by internal audit trainees during their first three years of workplace learning falls beyond the scope of this study (see Section 1.3). A summary of the ten core competency areas listed in the 2013 IACF is provided in Table 2.6.

**Table 2.6: IACF – summary of core competency areas for internal auditors**



Source: (IIA, 2013a).

A review of the literature addressing the competency requirements, as well as the education, training and professional development of internal auditors published globally since the 1970s (when the first CBOOK study was conducted and the CIA certification was established), is essentially based on the six CBOOK studies, which led to the development of competency frameworks by the IIA (UK & Ireland) in 2006, the IIA in 2007 and the IIA (AUS) in 2010 (IIA (UK & Ireland), 2006; IIA, 2007; IIA (AUS), 2010). However, research published over the last forty years, with specific reference to internal audit competence, is limited in that the majority of these studies use the CBOOK results as a point of departure (see Table 2.6) for further analysis. Only two studies focused specifically on workplace learning practices in developing internal audit competencies (Dunlop, Hassal & Challis, 2000; Pickett, 2000), whereas the other studies highlight competency requirements for internal auditors. A summary of competency-related studies in the internal audit landscape since the 1970s is presented in Table 2.7.

In other accountancy professions, several competency studies have been conducted globally between 1986 and 2003, and these have been summarised by Palmer *et al.* (2004:889-896) and later by Barac (2009:22). The summary presented by Barac (2009:22) includes studies conducted by the American Institute of Certified Public Accountants (AICPA), the Association of Chartered Certified Accountants (ACCA), the Canadian Institute of Chartered Accountants (CICA), the Institute of Chartered Accountants in England and Wales (ICAEW), as well as the IFAC, amongst others. In addition, the IFAC has issued several education standards relevant to the professional development of accountants and auditors (IFAC, 2014). These education standards and workplace learning practices of the above-mentioned professional accountancy institutes are discussed in Chapter 4 of this study.

It is evident from the above discussion that internal audit as a profession has grown significantly over the past few decades. With reference to competence development, the IIA as a professional body has contributed significantly to the professional development of its members by supporting and conducting global competency studies, as well as by providing comprehensive guidance in terms of identifying the attributes of an effective internal audit function.

Numerous other competency studies examining the status of internal auditing highlight the need for competent internal audit professionals. This has been addressed by the IIA's IACF, which identifies the specific competencies that internal auditors should possess at the staff, management and executive levels. It is clear that internal auditors must possess specific competencies (addressing knowledge, skills, and experience) in order to render value-adding services to a variety of stakeholders.

**Table 2.7: Competency studies in internal auditing**

Year	Author & country	Title of study	Purpose of study
1972	IIA	CBOK study I	To define a common body of knowledge for internal auditing
1985	IIA	CBOK study II	To establish the competencies needed by practising internal auditors

Year	Author & country	Title of study	Purpose of study
1991	Phillips & Lewis	Internal audit education: The accounting curriculum's greatest deficiency	To explain the lack of adequate inclusion of internal audit courses at a tertiary level
1992	IIA	CBOK study III	To establish the competencies needed by practising internal auditors for various levels of internal auditors
1995	Foster & Greenawalt	Internal audit education: A comparison across countries	To determine the status of internal audit education at a tertiary level
1996	Hassal, Dunlop & Lewis	Internal audit education: Exploring professional competence	To determine the nature of professional competence for internal auditing by means of a taxonomy
1999	Dunlop, Hassal & Challis	Professional competence development: the internal audit experience	To review the education process (including developing professional competence) of new internal auditors in the UK and the USA
1999	IIA	CFIA	To define the competencies needed by various levels of internal auditors
2000	Pickett	Developing internal audit competencies	To explain the importance of training and development strategies in developing internal audit competence
2002	McCartney, Marden & Adair	Topical coverage in internal auditing: Academic versus practitioner perceptions	To investigate differences between academics' perceptions of relevant internal audit topics and the use of case studies at a tertiary level versus the views of practitioners
2002	Ratliff & Reding	Introduction to auditing: Logic, principles and techniques	To define the expanded responsibilities and skill-set for the 21 <sup>st</sup> century internal auditor
2003	IIA Research Foundation (Ramamoorti)	Internal auditing: History, evolution and prospects	To provide a 60-year overview of the history and evolution of the internal audit profession, the impact on internal audit competency needs and to provide future research prospects.
2004	Palmer, Ziegenfuss and Pinkster	International knowledge, skills, and abilities of auditors/accountants: evidence from recent competency studies.	To provide a summary of competency studies in the accounting and auditing professions, including the IIA's CBOK studies.
2004	Vinten	The future of UK internal audit education: Secularisation and	To discuss the status of internal audit education in the UK and to call for an enhanced curriculum to meet

Year	Author & country	Title of study	Purpose of study
		submergence?	the future needs of internal audit stakeholders.
2006	IIA	CBOK study IV	To determine the competencies needed by various levels of internal audit practitioners as perceived by internal audit leaders, management and staff.
2006	IIA (UK and Ireland)	Competency framework for internal auditors	To define the competencies needed by various levels of internal auditors in organisations in the UK and Ireland
2007	IIA	Competency framework for internal auditors (revised)	To define the various levels of competencies needed by various levels of internal auditors focusing on knowledge areas, tools and techniques, standards and interpersonal skills
2009	Plant & Steyn	Education and training considerations for internal auditors: a South African perspective	To explore internal audit education and training practices in South Africa
2010	IIARF	CBOK study V	To determine the competencies needed by various levels of internal audit practitioners as perceived by internal audit leaders, management and staff
2010	National Treasury, South Africa	Competency framework for internal auditors in the South African public sector	To define the competencies needed by various levels of internal auditors in the South African public sector
2010	IIA (AUS)	Internal auditor competency framework	To define the competencies needed by various levels of internal auditors in organisations in Australia
2011	CIPFA – UK	The excellent internal auditor – a good practice guide to skills and competencies	To define the competencies needed by various levels of internal auditors in public sector organisations in the UK and Ireland
2011	Seol <i>et al.</i>	Factor structure of the competency framework for internal auditing (CFIA) skills for entering level internal auditors	To determine a list of competencies needed by entering level internal auditors using the 1999 CBOK results as a point of departure
2013	IIA	Internal auditor competency framework (IACF) (revised)	To define the ten core competencies needed by internal auditors to perform their work effectively
2014	IIA	Career map (read in	To specify specific tasks and job roles for internal audit staff, internal

Year	Author & country	Title of study	Purpose of study
		conjunction with IACF)	audit management and CAEs.
2014	IIARF	Internal audit around the world: a perspective on global regions.	To highlight the competency needs of internal auditors, with specific focus on general competencies and technical and behavioural skills.
2014	Siriwardane <i>et al.</i>	Skills, knowledge, and attitudes important for present-day auditors.	To highlight the competency needs of auditors.
2015	IIARF	CBOK VI	To determine the competencies needed by internal auditors and to provide more information in eight knowledge tracks including a report on core competencies for the global world.

Source: See discussion in Sections 1.2; 2.4.3.4 and 2.4.3.5.

## 2.5 SUMMARY AND CONCLUSION

The purpose of this chapter was to study the evolution of the internal audit profession, with specific reference to the competency development and professional development of internal auditors. The history and development of auditing and of internal auditing were discussed first, in order to illustrate the recent rapid expansion of the internal auditing landscape, as well as to highlight the particular theories underpinning internal auditing. Next, the changing profile of internal auditing was discussed, again emphasising the evolution of the internal auditor, from an assessor of mainly financial information to the provider of an expanded service in the areas of governance, risk management and control. Finally, the role of the professional body, the IIA, was discussed, and the IIA's published guidance was reviewed because it has an impact on the development of competent internal audit professionals.

It is evident from the literature that internal auditing has evolved, and continues to evolve, rapidly as a profession. It is clear that the history of auditing is venerable (some archaeologists trace its origins to 4000 BC), whereas the history of internal auditing can be traced back only to the 15<sup>th</sup> century, and the establishment of internal audit as a recognised profession only to 1941. This short 70-year history notwithstanding, internal auditing has grown into a global profession with a global

professional body, a significant membership base and a readily accessible and frequently updated body of guidance in the form of an IPPF. The internal audit function has become an important role-player in business, as a key component of any organisation's governance mechanism on the one hand, and as the provider of independent assurance and consulting services on the other.

Although research on the theories underpinning internal auditing is limited, it is clear that the agency theory, together with the shareholder, stakeholder and accountability theories are all relevant to the continuing role of internal auditing. The agency and shareholder theories appear to support the traditional role of internal auditing (acting essentially in the best interests of management and shareholders only), while the second pair of theories, the stakeholder and accountability theories, support the evolving role of internal auditing, in that they require business to act in the best interests of, and be accountable to, a variety of stakeholders. The continuing evolution of internal auditing has therefore created a number of challenges in terms of the competencies needed to meet the needs of this wide variety of stakeholders effectively.

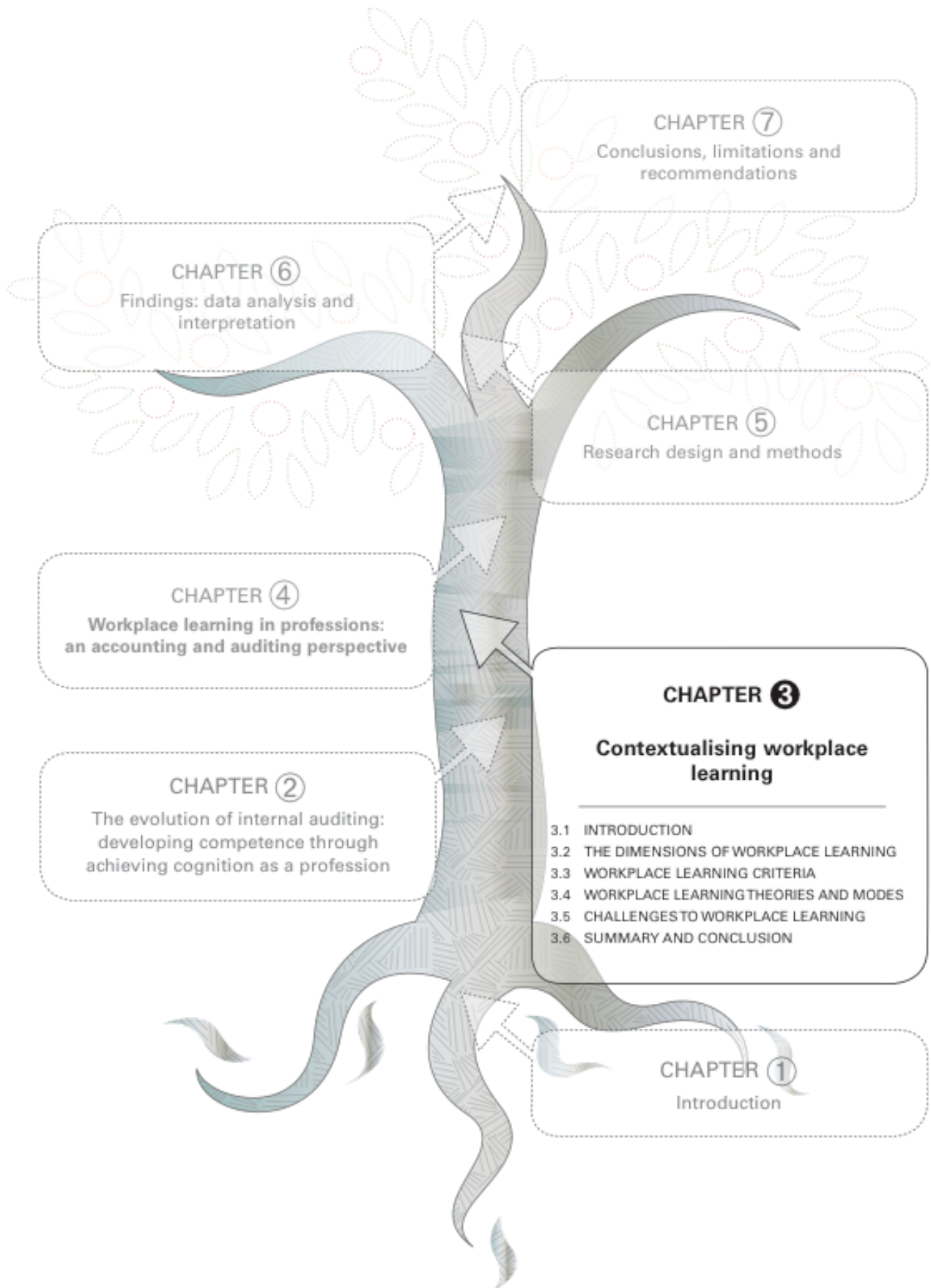
The debate on whether internal audit is a profession is on-going. There are several arguments for regarding internal auditing as a growing profession in need of competent internal audit professionals. Internal auditing meets the requirements to be regarded as a profession – the internal audit profession is supported by a global professional body, the IIA, which provides guidance for professional development (amongst other things) and which conducts regular studies to determine the parameters of the common body of knowledge which help define the competencies needed by various levels of internal auditors. Furthermore, the IIA has developed an IACF that identifies the core competencies needed by different levels of internal auditors. However, guidance in terms of *how* to achieve these competencies is not provided in this competency framework.

Although the IIA (UK & Ireland) and the IIA (AUS) have developed their own competency frameworks to provide guidance regarding competency development, these frameworks relate to the IIA's guidance and the focus is on

internal audit staff, internal audit management and CAEs. The learning and development programme to be followed by internal audit trainees has not yet been formally addressed by the IIA. Hence, it is clear that the development of a workplace learning framework for developing internal audit trainees into entry-level internal audit professionals is an urgent need. This study is an attempt to address this vacuum.

It is also evident that studies determining the required competency levels in internal auditing are dominated by the studies performed by the professional body, the IIA. The views and perceptions presented in these studies are predominantly those of internal audit leaders. There are a few authors who have addressed the education of internal auditors at a tertiary level, and a similarly small number of others continue to debate the professional competence of internal auditors. There is a dearth of research specifically on the workplace learning programmes and the educational development of internal audit trainees into entry-level internal audit professionals.

It is concluded that the evolution of the internal audit profession and the changing profile of internal auditors has set in motion improved competency development initiatives that will have to be considered by both the IIA and industry. These initiatives include various workplace learning and development activities. The phenomenon of workplace learning is therefore contextualised in the next chapter of this study, Chapter 3.





## CHAPTER 3

# CONTEXTUALISING WORKPLACE LEARNING

### 3.1 INTRODUCTION

Chapter 2 discussed the evolution of internal auditing. Amongst other topics, it explored the need for internal auditors to develop and maintain specific competencies at work to be regarded as competent professionals. The aim of this chapter is to explore the phenomenon of workplace learning or learning in organisations. The discussion considers the workplace learning scholarships available as mentioned in the literature across disciplines (Fenwick, 2008:18; Billet, Gruber & Harteis, 2010:iv). The focus on the accounting and auditing literature is then presented in Chapter 4. The insights gained from contextualising workplace learning serve as a theoretical underpinning for the development of a workplace learning framework for developing entry-level internal audit professionals, which is the aim of this study.

The notion and practice of workplace learning has been studied extensively (Billet, 2004; Billet *et al.*, 2010; Cheetham & Chivers, 1996; Chisholm & Blair, 2006; Dall’Alba & Sandberg, 2006; Dornan *et al.*, 2007; Ellström & Kock, 2008; Eraut, 2004; Eraut, Maillardet, Miller & Steadman, 2004; Fenwick, 2013; Jacobs & Park, 2009; James & Holmes, 2012; Parle, Maguire & Heaven, 1997; Van der Vleuten & Schuwirth, 2005; Vaughan, 2008; Webster-Wright, 2009). Authors examine topics such as the workplace as a learning environment, the specific learning methods applied in the workplace, the impact of teams and other participatory practices on learning, as well as the benefits and the challenges of workplace learning. Recent studies on workplace learning increasingly point out the changing nature of work in complex business environments and the need for more skilled workers who are able to adapt, change and innovate in today’s knowledge society (Vaughan, 2008:5).

The literature focused on internal auditors and their learning at work remains limited (Hassall, Dunlop & Lewis, 1999; McCartney, Marden, Adair, 2002:311-

329) and as discussed in Chapter 2, the focus in the prior research has been on internal audit education at a tertiary level (Barrett *et al.*, 1974; Dunlop *et al.*, 1999; Foster & Greenawalt, 1995; Hassall *et al.*, 1996). As has already been mentioned, a wealth of literature that contributes to the body of knowledge on learning at work is available. For the purposes of this study, the topics identified in the literature that put workplace learning into context and are relevant to early career individuals aspiring to become internal audit professionals are the following:

- the adult learner and the learning environment;
- workplace learning criteria, such as the use of a competency framework and the assessment of outcomes achieved (performance measurement);
- workplace learning modes and underlying learning theories; and
- challenges to workplace learning.

The discussion in this chapter is limited to the themes that emerged from the empirical part of the study (see Chapter 6) and are discussed in the order outlined here. Firstly, the dimensions of workplace learning (particularly adult learning) are studied. This includes placing workplace learning in the context of an enabling learning environment, in this case, the South African learning environment. Secondly, workplace learning criteria are discussed with specific reference to the use of competency frameworks for developing and assessing professional competence. Thirdly, the modes of adult learning and the underlying adult learning theories are explained. Finally, challenges of workplace learning are considered.

## **3.2 THE DIMENSIONS OF WORKPLACE LEARNING**

### **3.2.1 Introduction**

In examining the dimensions of workplace learning, it is important to note the various traditions about learning and how to learn. The notion of learning has been debated for many years in various disciplines (Baert & Govaerts, 2012; Gerardhi, Nicollini & Odella, 1998; Hunter, 2004; Van der Vleuten & Schuwirth,

2005). Adult learning as a professional field of practice has been debated since the 1920s, and the first research studies on adult learning were done from a behavioural psychological perspective (Merriam, 2001:3). In the middle of the 20<sup>th</sup> century the research focus shifted from understanding whether adults *could* learn, to *how* adults learn. A distinction was made between pedagogy – the art and science of teaching children (Merriam, 2001:5) and andragogy – the art and science of how adults learn (Knowles, 1977). Today, the main focus is the differentiation between teacher-focused learning and learner-focused education for people of all ages (Casey, 2005:140).

Malcolm Knowles (1977, 1990), the father of andragogy, argued that the distinction between pedagogy and andragogy is not always clear, and that learners should rather be viewed on a continuum; this suggests that a child learner or an adult learner can function anywhere on the continuum (Knowles, 1990). Knowles's four critical assumptions of a learning theory system were later expanded to six assumptions about adults in the andragogical model developed by Knowles, Holton III and Swanson (2014:61): these assumptions are (i) the need to know; (ii) the learners' self-concept and ability to direct his/her own learning; (iii) the role of the learners' experiences; (iv) readiness to learn; (v) orientation to learning; and (vi) motivation to learn.

The scholarship of andragogy makes a strong case for an autonomous, free and growth-oriented learner (Merriam, 2001:8). The main criticism of andragogy as a valid theory for adult learning is that it ignores the context of adult learning. The latter topic has gained prominence in recent years as the influence of factors such as history, politics, society and culture on the learning process have been studied extensively (Fenwick, 2008:227; Jarvis & Parker, 2005; Littlejohn, Milligan & Margaryan, 2012:226-238; Vaughan, 2008:1-32).

It is apparent from the literature that the assumptions of andragogy debated in the 20<sup>th</sup> century continue to contribute an understanding of how adults learn. The discussion below centres on the dimensions of workplace learning.

### 3.2.2 Defining workplace learning

The purpose of this thesis is not to provide a comprehensive discussion of the theories of learning from an educational perspective, but rather to contextualise workplace learning for developing entry-level internal audit professionals.

Workplace learning is a highly complex phenomenon. Hence, no single definition that encapsulates all the dimensions of workplace learning is available in the literature (Matthews, 1999:18). Matthews (1999:18) describes workplace learning as... a process of reasoned learning towards desirable outcomes for the individual and the organisation fostering sustained development of both the individual and the organisation within the present and future context of organisational goals and individual career development". This definition is similar to that of Jacobs and Park (2009:134), who regard workplace learning as processes and outcomes of experiential learning that individual employees and groups of employees undertake with the purpose of acquiring the competence necessary to meet current and future work requirements.

Workplace learning is also known as on-the-job learning or learning at work (Metso & Kianto, 2014:130) and adult learning and development (Karakowsky & McBey, 1999:192). Candy and Matthews (1999) see workplace learning as a site for formally accredited learning, for complex technical interactions and problem-solving, as well as for sharing and creating knowledge and consider to be a part of the knowledge society, an organic entity, capable of learning and adaptation in its own right.

In addition to situating the context of learning in the workplace, it appears that these definitions are in line with descriptions of the notion of learning – the learning is seen as a process or activity; new knowledge, skills, behaviour and attitudes are acquired through a process of transformation. The learning usually occurs as part of a learner's education, training and a personal development process (Field, 2004:17; Hager, Lee & Reich, 2012; Illeris, 2003a:396; Mezirow, 1985). Furthermore, it is noted that adult learners, through workplace learning, need to develop competencies to meet the employer's expectations to promote

learning in the entire organisation, whilst meeting their own personal and professional needs (Lee & Roth, 2007:101).

Studies of workplace learning in the context of the changing nature of work, knowledge and learning are increasingly emphasised in the literature (Evans & Kersh, 2006; Rhodes & Shiel, 2007:173; Vaughan, 2008:1). The discussion below attempts to address these issues. The learner, for the purposes of this study, is defined as an adult learner and the learning environment is the workplace.

### **3.2.3 Adult learners and their learning environment**

Knowles's theory of adult learning is based on the assumptions that an adult learner is someone who is motivated and willing to learn, and who engages in a process of self-directed learning (Knowles, 1977). More recently, Knowles's theory has been used to support a number of cognitive and behavioural models (see Section 3.4.1) where learning is conceptualised as an individual activity (Mann, 2011:60) and the focus is on the learner only. However, other scholars in the learning landscape consider adult learner with reference to their learning environment (Lee & Roth, 2007; Marsick, Watkins & O'Connor, 2011), namely the workplace. Researchers and theorists see learning as a multi-dimensional, socio-cultural activity that cannot be separated from the context in which it takes place (Billet, 2004:313; Lattuca, 2002:711; Lave, 2009; Rogoff, 1990). Rogoff (1990) and Lave (2009:200-208) describe learning as a social and cultural activity. Similarly, Lattuca (2002:711) states that learning activities occur through social interaction whereas Billet (2004:313) argues that individuals at work learn through participatory practices and not in isolation.

More recent studies expand on the social context of learning by examining the learning environment as a knowledge society (Vaughan, 2008:1) and a community of practice (Wang, Ran, Liao & Yang, 2010:167). In addition, the notion of the workplace as a learning organisation (Gilley & Maycunich, 2000:103-154; Marquardt, 1996:226; Senge, 1990) has gained prominence. Prior to discussing the workplace learning environment in the South African context, the notion of the workplace as a learning organisation is examined, because the

focus of this study is developing entry-level internal audit professionals via the workplace as a site for learning.

### **3.2.3.1 Learning organisations**

The purpose of this discussion is not to provide an extensive review of the literature in the field of human resource development, but rather to examine the notion of a learning organisation as a lens to view the workplace learning environment.

Marquardt (1996:226) defines a learning organisation as an entity that “learns powerfully and collectively, continually transforming itself to more effectively manage knowledge. Learning organisations empower their people to learn as they work, utilising technology to maximise learning and production.” Gilley and Maycunich (2000:123) explain that a study of the learning organisation focuses on the systems, principles and characteristics of organisations that are used for learning and produce as a collective entity (the *what* of learning). In describing the characteristics of a learning organisation, they expand on four subsystems of learning organisations identified by Marquardt (1996) and also discussed by Eraut and Hirsch (2010:1-97): learning, organisation, people and knowledge. These subsystems are explained in more detail below.

Firstly, *learning* as a subsystem occurs at three levels:

- individual, as an increase in competence (see Section 1.6.3) through various modes of learning (see Section 3.4.2) underpinned by adult learning theories (see Section 3.4.1);
- the team/group, as an increase in the competence of, by and within groups (see Section 3.4.2); and
- organisational, as an increase in the learning capacity of the organisation with reference to the depth and breadth of learning.

Secondly, the *organisation* itself is recognised as a subsystem of a learning organisation (Boud & Garrick, 1999; Marquardt, 1996). Gilley and Maycunich

(2000:113) support this view and emphasise that the culture, vision, strategy and structure of an organisation where learning takes place should be aligned to facilitate a learning environment for continuous learning and improvement, as well as sustainable business success. Thirdly, the *people* as a subsystem refer to all the internal and external stakeholders, such as the employees (as adult learners who should take responsibility for increasing their competence), managers (as coaches, mentors and leaders who should take responsibility for providing learning opportunities) and alliance partners (such as professional bodies or government agencies who share competencies) (Evans & Kersh, 2006; Gilley & Maycunich, 2000:114). Finally, the *knowledge* subsystem is described as the management of acquired, created, stored, transferred and used knowledge in the organisation, which is an ongoing and interactive process where problem-solving skills and insights are required (Bierema & Eraut, 2004:63; Gilley & Maycunich, 2000:114; Vaughan, 2008:10).

In addition to the above characteristics of a learning organisation, Marquardt (1999:39) recognises *action learning* as both a programme and a process assisting in the creation of learning organisations. Such organisations are created through teams who develop solutions to problems that form the basis for solving future problems. This action learning process increases the body of knowledge and the pace of learning in organisations (Gilley & Maycunich, 2000:117). Both Gilley and Maycunich (2000:116) and Marquardt (1999) recognise the work done by Revans (1998, 2011), who believed that “there is no learning without action and no action without learning”. Revans’s (1998) perspective equates learning to knowledge, skills and experience (in current use) and questioning (fresh insights into what is not yet known).

In a later study, Marquardt and Waddill (2004:187) explain that the action learning process includes real people resolving and taking action on real problems in real time, whilst learning through questioning and reflection. They also note that action learning is an effective tool to stimulate learning at the individual, team and organisational levels at minimum cost (Marquardt & Waddill, 2004). In addition, the action learning process underpins the five paradigms of adult learning as discussed in Section 3.4.1.

It appears from the literature that the workplace is recognised as a site for learning where both adult learners and their learning environment are studied. The notion of a learning organisation contributes to an understanding of adult learning at work in an environment where the focus is on subsystems: learning, the organisation, people and knowledge. For the purposes of this study, the workplace as a learning environment in the South African context (with specific reference to the role of government and legislation) is studied next.

### **3.2.3.2 The South African workplace as a learning environment**

Workplace learning has been on the agenda of the South African government since the commencement of industrialisation in the latter half of the 19<sup>th</sup> century (Badroodien & McGrath, 2005). The need for various levels of skills in the workplace first arose in the growing mining industry in the country, when skills needs were addressed by employing skilled people from European countries rather than by developing the skills of the local people (McGrath & Badroodien, 2006:485). Reforms to skills development and, specifically, legislation and policies relating to education and training, were initiated by studies conducted by the Human Sciences Research Council and the National Training Board (Bauer *et al.*,<sup>7</sup> 2015:8). These studies included the broad democratic movement through the National Education Policy Investigation (NEPI) and were aimed at transforming “the fragmented, unequal and undemocratic education and training system pre-1994” (Bauer *et al.*, 2015:8).

According to McGrath and Badroodien (2006:485), the trade union movement provided the principal drive for the transformation of skills development in South Africa seen today. The National Union of Metalworkers of South Africa (NUMSA) project (1991), a vocational training project, was the first of many such projects. Around the same time, the Department of Education (DoE) developed an Education Renewal Strategy (ERS) which advocated three streams of education – academic (associated with formal education at school or tertiary institutions),

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<sup>7</sup> The report published by Bauer *et al.* in 2015 titled *Analysis of the QCTO Model: Recommendations and Vision for Qualification* is based on a comprehensive study conducted by the GFA Consulting group (Germany) and is used as an authoritative source for this discussion.



vocational (associated with training in the workplace), and vocationally-oriented education (a combination) (Allais, 2012:632; Vaughan, 2008:11). A consistent theme in all these initiatives was a call for the integration of education and training systems to improve access to knowledge acquisition and skills development in the country (Bauer *et al.*, 2015:8; McGrath & Akoojee, 2009:149). However, in spite of various initiatives for skills development during the changeover to the country's new democratic government in the early 1990's, high rates of unemployment and an unskilled workforce remained a problem (McGrath & Akoojee, 2009:154).

In 1994, with the commencement of democracy in South Africa, three policy documents were published, laying the foundation for the *South African Qualifications Authority (SAQA) Act, 58 of 1995* (RSA, 1995), the *African National Congress (ANC) Policy Framework for Education and Training* (1994), the Discussion Document on a National Training Strategy Initiative (1994), and the Implementation Plan for Education and Training (1994) (Badroodrien & McGrath, 2005). Subsequently, a *White Paper on Education and Training* (DoE, 1995) followed and a need was identified to develop a National Qualifications Framework (NQF) to provide a framework against which national standards and qualifications could be registered (DoE, 1995).

The *NQF Bill* was promulgated as the *SAQA Act, 58 of 1995* on 4 October 1995 (RSA, 1995). In addition, Parliament provided mandates to the Ministry of Higher Education and Training (previously the Department of Education), which is currently split into the Department of Basic Education and the Department of Higher Education and Training, as well as the Ministry of Labour to implement and manage relevant skills development initiatives (Bauer *et al.*, 2015:10). Both the *Skills Development Act, 97 of 1998* (RSA, 1998) and the NQF were implemented in 1998. The NQF contains two formative concepts: the integration of all forms of education and training, and secondly, the requirement that specific learning outcomes must be achieved by learners for each national standard and qualification (Bauer *et al.*, 2015:14). Simultaneously, the SAQA took responsibility for qualifications development via several standard-generating bodies (SGBs), for quality assurance via SETAs acting as Education and Training Quality Assurance

Bodies (ETQAs), and for an electronic management information system (a national learners' database) (Bauer *et al.*, 2015:14).

From 2001 to 2007, the Ministers of Education and Labour established several study groups, including the Accelerated Shared Growth Initiative (ASGI) and the Joint Initiative for Priority Skills Acquisition (JIPSA). These groups conducted studies to review the implementation of the NQF (Bauer *et al.*, 2015:23; McGrath & Akoojee, 2007:425-426). With specific reference to workplace learning (including skills development requirements), the need for employers' commitment, increased capacity and a view that all national qualifications represent a continuum of education and training was expressed (Bauer *et al.*, 2015:10; Groener, 2013:728). However, several tensions between discipline-based learning (associated with vocational education and training institutions) and skills development (associated with workplace learning) were identified. These included the different and independent actions by education and workplace communities to develop academic and occupational qualifications, and to integrate education and training. Furthermore, a need was identified for the NQF to recognise the different modes of learning and to facilitate collaboration between institutional education and workplace learning (Bauer *et al.*, 2015:21).

Towards the end of 2007, a Joint Policy Statement prepared by the Departments of Labour and Education to support the integration of education, training and skills development initiatives was issued (Bauer *et al.*, 2015:26). The Joint Policy Statement included a proposal for a new structure of the NQF and was completed consisting of three sub-frameworks to be established under three quality councils: the Council for Quality Assurance in General and Further Education and Training (Umalusi), the Department of Higher Education and Training (DHET) and the QCTO (Bauer *et al.*, 2015:23). Operationally, these three quality councils would take responsibility for the development of qualifications and quality assurance. Each of the quality councils, in consultation with SAQA, would develop criteria for the registration of their qualifications and qualification types by SAQA (see Table 3.1). The Joint Policy Statement formed the basis of new legislation, and in 2008 the *NQF Act, 67 of 2008* (RSA, 2008a) replaced the *SAQA Act* (RSA, 1995) and the *Skills Development Amendment*

*Act, 37 of 2008* (RSA, 2008b) was promulgated and gave legislative effect to the new policy (Bauer *et al.*, 2015:14).

**Table 3.1: National qualifications framework of South Africa**

National Qualifications Framework <i>National Qualifications Act, 67 of 2008</i>		
	Levels	
Doctoral degree	10	Development of occupational qualifications at these levels are in progress
Master's degree	9	
Honours degree Postgraduate diploma	8	
Bachelor's degree Advanced diploma	7	
Diploma Advanced certificate	6	Occupational certificate level 6
Higher certificate	5	Occupational certificate level 5
National certificate / School Grade 12	4	Occupational certificate level 4
Intermediate certificate / School Grade 11	3	Occupational certificate level 3
Elementary certificate / School Grade, 10	2	Occupational certificate level 2
General certificate / School Grade 9	1	Occupational certificate level 1

Source: (Adapted from RSA, 2008a).

However, in 2009 a re-structuring of the cabinet by the then newly elected President Jacob Zuma called for a split in the Department of Education into a Department of Higher Education and Training (DHET) and a Department of Basic Education (DBE) (Bauer *et al.*, 2015:29). This resulted in the transfer of the responsibility for skills development from the Department of Labour to the DHET, acting as the custodian of the *NQF Act* (RSA, 2008a) and responsible for the integration of higher education and training (HET), further education and training (FET), as well as skills development (Bauer *et al.*, 2015:29).

By 2010, the implementation of the NQF in South Africa gained momentum and the newly integrated infrastructure (see Tables 3.1 and 3.2) supporting education and training had a shared view on the provision of quality learning and facilitating vertical and horizontal articulation of national qualifications (SAQA, 2015).

**Table 3.2: Sub-qualifications frameworks in South Africa**

	<b>Sub-framework</b>	<b>Custodian</b>	<b>Supporting legislation</b>
	Occupational qualifications framework	QCTO	<i>Skills Development Act, 97 of 1998 amended 2008</i>
	General and further education and training qualifications framework	Umalusi	<ul style="list-style-type: none"> <li>• <i>General and Further Education and Training Quality Assurance Act, 58 of 2001</i></li> <li>• <i>South African Schools Act, 84 of 1996</i></li> <li>• <i>FET Colleges Act, 16 of 2006, amended 2010</i></li> <li>• <i>Adult Basic Education and Training (ABET) Act, 52 of 2000, amended 2010</i></li> </ul>
	Higher education qualifications framework	DHET	<i>Higher Education Act, 101 of 1997 amended 2010</i>

Source: (RSA, 1996; 1997; 2000; 2001; 2006; 2008b).

For the purposes of this study, the focus is on the QCTO, established as a juristic person by the *Skills Development Act, 97 of 1998, as amended in 2008* (RSA, 2008b) to establish and maintain occupational standards and qualifications and to provide quality assurance and learning in and for the workplace (Bauer *et al.*, 2015:30; OQSF, 2012). Since 2010, it has taken responsibility for managing the occupational qualifications<sup>8</sup> sub-framework (OQSF, 2012). The OQSF was designed to (i) facilitate the workplace based education of post school learners to contribute to the social, cultural and economic development of South Africa; (ii) provide occupational qualifications that can be credibly benchmarked against similar international occupational qualifications; (iii) be easy to understand and user-friendly and iv) facilitate as far as possible the articulation between occupational qualifications within the sub-framework and across the NQF to qualifications developed and managed by other Quality Councils. (OQSF, 2012 section 9).

<sup>8</sup> An occupational qualification refers to “a qualification associated with a trade, occupation or profession, resulting from work-based learning and consisting of knowledge unit standards, practical unit standards and work experience unit standards as defined in the Skills Development Act and has an external summative assessment” (Bauer *et al.*, 2015:55).

With the provision of occupational qualifications, the QCTO encourages a stakeholder approach where a community of experts is involved with the development of these qualifications based on a needs analysis (Bauer *et al.*, 2015: 31). Internal audit education, training and skills development, the development of internal audit qualifications in South Africa, as well as the related accreditation, assessment and certification requirements are discussed in Chapter 4.

In 2011, the New Growth Path Framework was issued by the EDD together with a National Skills Accord to prioritise skills development in South Africa (EDD, 2011). The National Skills Accord describes eight commitments made by authorities to enhance skills development in South Africa: (i) to expand the level of training by using existing facilities; (ii) to make internship and placement opportunities available in the workplace; (iii) to set guidelines and ratios for trainees; (iv) to improve funding for training; (v) to set targets for training; (vi) to align training to the new growth path and improve Sector Skills Plans; (vii) to improve the role and performance of workplace learning; and (viii) to enhance the roles of the FETs, SETAs and industry in facilitating education and training (EDD, 2011).

In 2012, the publication of a *Green Paper on Post School Education and Training* and a NDP with a vision for 2030 showed the continued emphasis by government on the need to improve education and training and to develop highly skilled professionals in the country (DHET, 2012; National Planning Commission, 2012). Since 2012, the South African government has continued its efforts to enhance the quality of education and training, to facilitate improved access, mobility and progression in education, training and career paths, and to create a single integrated national framework for learning achievements (SAQA, 2015).

The above significant education, training and development (ETD) initiatives influencing workplace learning over the last 25 years in South Africa are briefly summarised in Table 3.3.

**Table 3.3: Summary of the significant South African ETD initiatives impacting workplace learning – a 25-year overview**

Year	Skills development initiatives	Purpose
Pre-1994	<ul style="list-style-type: none"> <li>• NEPI</li> <li>• ERS</li> </ul>	<ul style="list-style-type: none"> <li>• To transform the unequal and undemocratic education and training system.</li> <li>• To promote three streams of education, namely academic education, vocational education and vocationally-oriented education.</li> </ul>
1994	<ul style="list-style-type: none"> <li>• ANC Policy Framework for Education and Training.</li> <li>• Discussion Document on a National Training Strategy Initiative.</li> <li>• Implementation Plan for Education and Training.</li> </ul>	<ul style="list-style-type: none"> <li>• To provide the background against which the SAQA Act was drafted.</li> </ul>
1995	<ul style="list-style-type: none"> <li>• White Paper on Education and Training.</li> <li>• SAQA Act promulgated.</li> </ul>	<ul style="list-style-type: none"> <li>• To express the need for a NQF.</li> <li>• To provide a framework against which all national standards and qualifications could be accredited.</li> </ul>
1998	<ul style="list-style-type: none"> <li>• NQF and Skills Development Act implemented.</li> </ul>	<ul style="list-style-type: none"> <li>• To promote an integrated system of outcomes-based education and training (including skills development).</li> </ul>
2001-2006	<ul style="list-style-type: none"> <li>• ASGI</li> <li>• JIPSA</li> </ul>	<ul style="list-style-type: none"> <li>• To review the implementation of the NQF and to recommend initiatives to improve the integration of institutional education and workplace learning.</li> </ul>
2007	<ul style="list-style-type: none"> <li>• Joint Policy Statement published by Departments of Labour and Education.</li> </ul>	<ul style="list-style-type: none"> <li>• To provide the basis for new legislation and a new structure for the NQF comprising of three quality councils: Umalusi, DHET and QCTO.</li> </ul>
2008	<ul style="list-style-type: none"> <li>• NQF Act and Skills Development Amendment Act promulgated.</li> </ul>	<ul style="list-style-type: none"> <li>• To legislate the proposed new structures mentioned above.</li> </ul>
2009	<ul style="list-style-type: none"> <li>• Split in Department of Education into DHET and DBE.</li> </ul>	<ul style="list-style-type: none"> <li>• To transfer responsibility for the implementation of the NQF to the DHET.</li> </ul>
2010	<ul style="list-style-type: none"> <li>• QCTO was implemented.</li> </ul>	<ul style="list-style-type: none"> <li>• To register occupational qualifications to be included in the NQF.</li> </ul>
2011	<ul style="list-style-type: none"> <li>• National Growth Path Framework including a National Skills Accord published by the EDD.</li> </ul>	<ul style="list-style-type: none"> <li>• To highlight government's commitment to skills development and the roles academic institutions and industry play in building a skilled nation.</li> </ul>
2012	<ul style="list-style-type: none"> <li>• NDP published by the National Planning Commission.</li> </ul>	<ul style="list-style-type: none"> <li>• To highlight government's continued commitment to developing skilled professionals.</li> </ul>

Year	Skills development initiatives	Purpose
	<ul style="list-style-type: none"> <li>Green paper on Post School Education and Training published by the DHET.</li> </ul>	<ul style="list-style-type: none"> <li>To highlight the need for increased opportunities for workplace learning and improved articulation between academic and vocational education.</li> </ul>
2013 – 2015	<ul style="list-style-type: none"> <li>SAQA acts as custodian of the NQF and with specific reference to occupational qualifications the QCTO takes responsibility for the registration and quality assurance of occupational qualifications.</li> </ul>	<ul style="list-style-type: none"> <li>To ensure the establishment and maintenance of all occupational qualifications based on a needs analysis following a stakeholder approach and to provide quality assurance.</li> </ul>

Sources: See discussion in Section 3.2.3.3.

It is apparent from the literature that the learning environment plays an important role in workplace learning. It could even be regarded as an enabler of or a barrier to workplace learning (Metso & Kianto, 2014). With specific reference to the South African workplace learning landscape, it is clear from prior research that the need for an integrated education and training system was identified more than 20 years ago. Although the South African government has established several initiatives to facilitate effective learning in the workplace, it still remains a challenge (National Planning Commission, 2012).

Against this background of workplace learning in the context of the workplace as a site for learning, other criteria for workplace learning have been identified and are discussed below.

### 3.3 WORKPLACE LEARNING CRITERIA

Workplace learning is a complex phenomenon (see Section 3.2.2). While the learning context or the learning environment remains a key issue that influences workplace learning (see Section 3.2.3), other issues such as the reason for learning, the learning process, the outcomes and sustained development cannot be ignored (Matthews, 1999:20). Evans (1985:61) maintains that “if we have a better understanding of where we are and what we are capable of doing, then we shall have a better sense of where we want to go, and can then begin to try to work out what we need to do to get there”. Evidence suggests increased use of competency models or frameworks by organisations to drive workplace learning

initiatives for the dual purpose of facilitating the identification of learning needs and ensuring that learning provision addresses business needs (Garavan & McGuire, 2001). In terms of Matthews's (1999:20) perspective, a competency framework could serve as a criterion to guide learning activities. Competencies (knowledge, skills and attitudes) are widely used to define performance and for targeting training (Eraut & Hirsh, 2010) and these competencies can be assessed as criteria for learning outcomes. The theories and modes of workplace learning (see Section 3.4) cast light on the learning process.

For the purposes of this study, workplace learning criteria for developing entry-level professionals include a competency framework and a system to assess whether competence has been achieved. Although these criteria are discussed separately, they are intrinsically linked, in that the use of a competency framework facilitates the development of specific competencies in the workplace (Ennis, 2008) and the achievement of these competencies is monitored and assessed (Biemans, Nieuwenhuis, Poell, Mulder & Wesselink, 2004:533).

### **3.3.1 Competency frameworks**

The construct of competence (see Section 1.6.3) has been studied in recent years by many authors in the context of various fields and disciplines (Boyatis, 1982:2; Ellström & Kock, 2008:5; Garavan & McGuire, 2001:144; Gonzi, Hager & Olivier, 1990:2; Hoffmann, 1999:275; Markowitsch & Plaimauer, 2009:817; Pinnington, 2011:443; Shavelson, 2010). With specific reference to workplace learning, Boyatis (1982:2) defines job competency as "... an underlying characteristic of an employee (such as a skill or trait) which results in effective and/or superior performance in a job". This is similar to Gonzi *et al.*'s (1990:2) reference to such an employee as possessing the necessary attributes to perform at a specific standard in a job as a competent professional.

According to Hoffmann (1999:275), two main meanings or approaches can be identified: the first focuses on an outcomes-based or performance-based approach (using output measures to determine whether competence is achieved), whereas the second focuses on the inputs or underlying attributes



(also referred to as capabilities) required of a person to achieve competent performance. Garavan and McGuire (2001:149) refer to the “competency approach” in workplace learning activities, but point out the lack of a coherent definition, with specific reference to the conceptualisations of competence, its function and the differences in the context of competency and competence. Garavan and McGuire (2001:158) identify competence as a holistic concept that includes professional, managerial, people and mental elements, as well as values and attitudes. They argue that, in the interests of clarity, consistency and reliability of measurement, consensus needs to be reached on the parameters and definition of competence (Garavan & McGuire, 2001:144).

In a more recent study, Shavelson (2010:44) provides a synthesis of various definitions of the construct of competence and highlights that competence involves:

“(i) a physical or intellectual ability, skill or both; (ii) a performance capacity (doing as well as knowing); (iii) standardisation of the conditions under which performance is observed; (iv) some level or standard of performance as “adequate,” “sufficient,” “proper,” “suitable” or “qualified”; (v) which can be improved upon; (vi) draws on an underlying complex ability; and (vii) needs to be observed in real-life situations”.

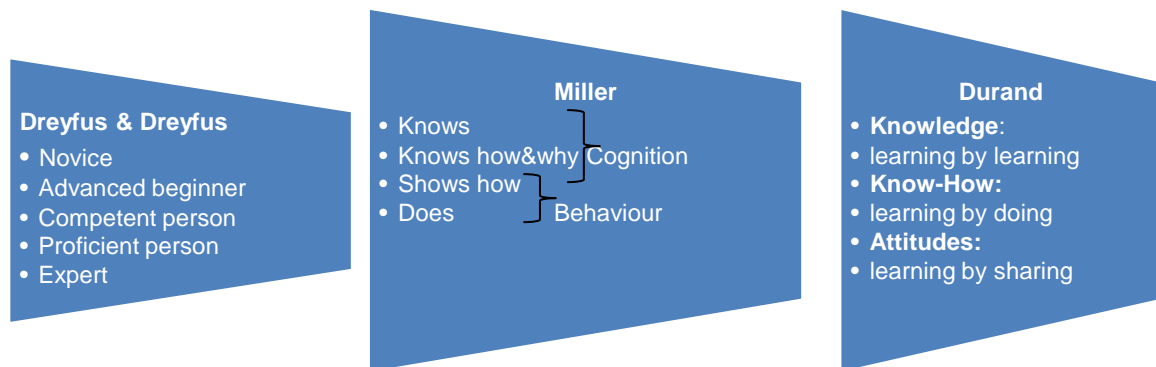
Recent studies exploring the notions of competence and competence development in the context of workplace learning continue to recognise the complexities of defining these notions (Shavelson, 2010:44) and measuring the achievement of competence. However, there appears to be consensus that competence development forms an important element of workplace learning (Poortman, Illeris & Nieuwenhuis, 2011:267) and it seems that the learning environment (Hefler & Markowitsch, 2010:79), relations with others (Cunliffe, 2010:124; Eraut, 2007:403) and even the biography and experience of the learner (Evans & Kersh, 2006:1) play a role in competence development.

Different authors also explore the use of various competency models or frameworks for developing competence in the workplace (Cheetham & Chivers, 1996:20-30; De Vos, De Hauw & Willemsse, 2011:1-38; Ennis, 2008:24; Eraut &

Hirsh, 2010; Garavan & McGuire, 2001:144; Illeris, 2003a:432; Lucia & Lepsinger, 1999; Rothwell & Lindholm, 1999:90). Armstrong (1999:23) discusses the use of competency frameworks from a human resource development perspective, exploring aspects such as training content, assessment, career pathing, individual development planning, coaching, mentoring and succession planning as forming an integral part of competency development. The work of Boyatis (1982) in the early 1980s also needs to be noted, with specific reference to the link he made between three influences on job performance, namely job demands, individual competence and the organisational environment. Lucia and Lepsinger (1999) define a competency model as a descriptive tool that identifies the knowledge, skills, abilities and behaviour needed to perform effectively in an organisation. Rothwell and Lindholm (1999:90) examined the use of competency frameworks or models to guide training and development specialists to identify organisation-specific competencies in order to improve human performance and to unite individual capabilities with organisational core competencies. Rothwell and Lindholm (1999:90) also comment on the use of competency models by educators and policy-makers to clarify the link between workplace requirements and educational programmes and curricula.

Dreyfus and Dreyfus (1986) presented a stage model indicating the different roles needed for skills acquisition. These roles start with the novice role, followed by the advanced beginner, evolving into the competent person, the proficient person and finally the expert. Miller's competence model is based on the dimensions of cognition and behaviour as a person transforms from one role to the next (*knowing to doing*), indicating the process of accumulating knowledge and skills from being a novice to an expert (Miller, 1990). Similarly, Durand's competence model refers to the three dimensions of competence: *knowledge* (what you need to know), *know-how* (skills needed to perform a job) and *attitude* (mental orientation needed to perform a job) (Durand, 1998:303-330; Palo, 2013:19). Furthermore, Durand (1998:318-320) investigated the learning activities that support each of the three dimensions: where knowledge is acquired through formal training, using an existing knowledge base (learning by learning), and where know-how is developed through instructional companionship using existing skills (learning by doing). The attitude dimension is developed through self-

identity and social companionship and learning by sharing. A summary of the characteristics of these models is presented in Figure 3.1.

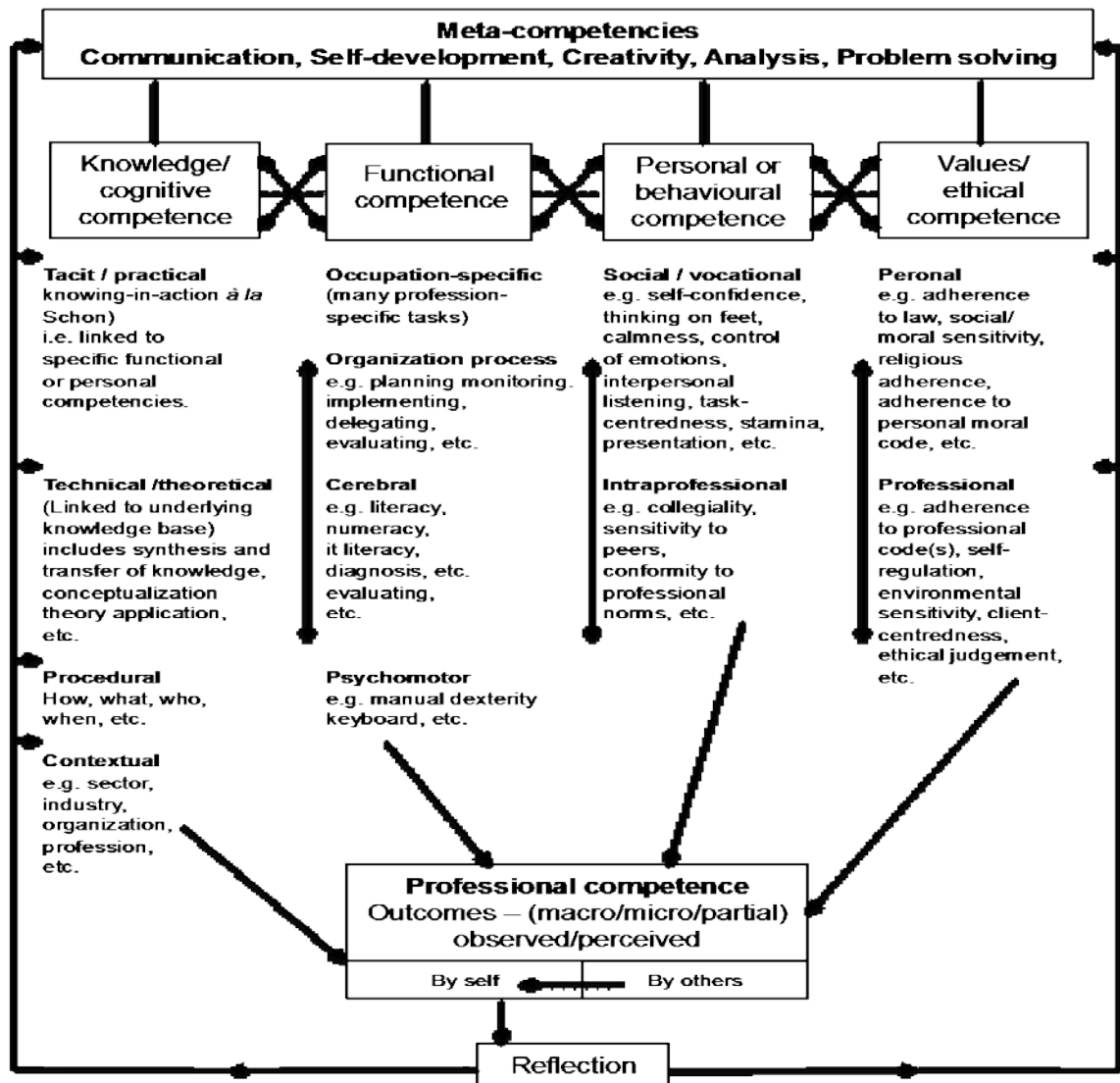


**Figure 3.1: Summary of competence models**

Source: (Dreyfus & Dreyfus, 1986; Durand, 1998:303; Miller, 1990).

A comprehensive study by Cheetham and Chivers (1996:25) proposes a holistic model for developing specifically professional competence. Their model is based on prior models and incorporates dimensions of job competence, as proposed by Mansfield and Matthews (1993), occupational standards (from the UK National Vocational Qualifications (UKNCVQ) (UKNCVQ, 1994), behavioural competence (as proposed by Boyatis (1982) and Shroder (1989)), professional practice (with reference to Schön's (1987) concept of the reflective practitioner and the role of reflection in facilitating learning), meta-competencies, core skills and ethics and values (Eraut, 1994). The model developed and tested by Cheetham and Chivers (1996:25-30) is based on four core components and related constituents, namely functional competence (ability to do the work to achieve specific outcomes); personal or behavioural competence; knowledge/ cognitive competence (possession of work-related knowledge put to use), and values and ethics competence (possession of appropriate personal and professional behaviours). Furthermore, their model includes overarching meta-competencies (such as self-development, creativity, problem-solving, analysis) necessary to enhance more specific competencies.

Figure 3.2 illustrates Cheetham and Chivers's holistic model for developing professional competence.



**Figure 3.2: Model for developing professional competence**

Source: (Cheetham & Chivers, 1996:28).

Subsequent studies by Garavan and McGuire (2001:144-164) and Dall’Alba and Sandberg (2006:412) discuss problems associated with using a competency framework or model to guide workplace learning. Garavan and McGuire (2001:146) argue that there are philosophical and epistemological tensions between specifying competencies in a model for use in the workplace, as in the objective, rationalistic perspective on the one hand, and a more humanist perspective, which is often neglected. Furthermore, they argue that competency frameworks could be bureaucratic and can become a recipe for under-achievement, and that it is challenging to define and measure the underlying competencies (Garavan & McGuire, 2001:146). Dall’Alba and Sandberg

(2006:383-412) criticise the stage models mentioned above and argue that these models conceal the fundamental aspects of professional skills development. They propose an alternative model that builds on the strengths of previous models by suggesting a focus that includes both knowledge and skills acquisition through practical work experience, as well as “an embodied understanding of the professional practice in question” (Dall’Alba & Sandberg, 2006:383-412). In a more recent study by Sandberg and Pinnington (2009:1138), professional competence is described as “ways of being” and not only “knowing-in-action”.

From the above discussion, it appears that the workplace has an important role to play in developing the competencies of employees (adult learners), while ensuring business success. For early career professionals, workplace learning is an important process in acquiring the competencies needed to perform their work (Eraut & Hirsh, 2010) and becoming ready to enter a profession (Hicks, Bagg, Doyle & Young, 2007:61). The use of competency frameworks in workplaces to develop and assess competencies for various levels of employees is recognised in the literature, but the complexities of practice-based learning which goes beyond the boundaries of mere knowledge and skills acquisition should be noted. Furthermore, defining and measuring competence create challenges. The assessment of competencies is also a process intrinsically linked to the measuring of individual and organisational performance (Clark, 2005:41), which is discussed next.

### **3.3.2 Assessment of competence**

Assessment is a component of workplace learning, as the goal of learning should be a positive change in the learner, resulting in improved performance on the job (Burrow & Berardinelli, 2003; Zegwaard, Coll & Hodges, 2003:9). A performance management system is a tool which organisations can use to align individual performance with organisational performance (Ferreira & Otley, 2009). To achieve this objective, Woodall (2000:29) suggests that performance management systems should be complementary to work-based development. Beattie (2006:111) takes a broader view, considering continuous assessment where supervision is a pivotal element in workplace learning which links organisational

processes such as induction, quality standards, appraisal and learning opportunities. Beattie (2006:116) suggests regular one-to-one development and performance discussions which “provide the conditions for rapport and trust to be developed, critical for meaningful developmental relationships”.

Another suggestion is using a holistic managerial performance framework to assess performance, which includes a clear description of the work tasks that individuals should be competent at (micro competences), that enable them to complete those tasks effectively (macro competencies), and specific role-focused criteria for performance excellence (social context) (Cheng, Dainty & Moore, 2005:384). Wang *et al.* (2010:167) point out the benefits of a performance-orientated approach to workplace learning, including measuring the achievement of learning objectives and monitoring the learning process. This is in line with the argument that it is important to allow greater integration of learning and work, and to incorporate employees’ individual learning needs and wishes into the provision of performance, training and development (Gardiner, Leat & Sadler-Smith, 2001).

With regard to approaches to competency development and assessment, prominent approaches in the literature are the process-driven approach (focusing on the work process performed by model employees) and the outcomes-driven approach (focusing on the key outputs required for a specific job, occupation, team or work group) (Rothwell & Kazanas, 1999; Rothwell & Lindholm, 1999:99). In a more recent study, Shavelson focuses on the assessment of the construct of competence by means of the observation of a sample of real-life tasks and responses, where these are subsequently interpreted and scored by modelling and applying various theories (Shavelson, 2010:42).

Eraut (2011:9), who is known for his work on workplace learning for early career professionals, advocates a holistic approach to assessing workplace learning and performance by identifying a number of possible outcomes to be included in an appraisal. He refers to these outcomes as “learning trajectories” and emphasises that, in contrast to a competency approach to assessment, using these learning paths (such as task and role performance, personal development, team work, academic knowledge, judgement and decision-making) enables expansion of

quality and practice over time, allows for new practices to be developed and embraces a philosophy of lifelong learning (Eraut, 2011:10).

It is apparent from the literature that a competency framework or model which sets out the competencies to be developed, and a performance measurement system for monitoring and assessing the achievement of competence are important criteria for workplace learning. However, to understand the process or practice of workplace learning fully, it is also important to examine the theories underpinning workplace learning and various modes of learning applied in the workplace.

### **3.4 WORKPLACE LEARNING THEORIES AND MODES**

How learning takes place is studied in neuropsychology, educational psychology, learning theory, pedagogy and andragogy (Billet, 2004; Eraut, 1994; Knowles, 1990; Merriam, 2001). The focus of this study is not to explore the psychological dimension of learning, but rather to reflect on the adult learning theories underpinning various workplace learning modes for developing entry-level professionals (Casey, 2005:136).

#### **3.4.1 Workplace learning theories**

Several meta-theories of learning have been studied by educationists (Marquardt & Waddill, 2004; Knowles, Holton III & Swanson, 2014; Merriam & Caffarella, 1991). Merriam and Caffarella (1991) identified five paradigms: the cognitivist, behaviourist, constructivist, social learning and humanist schools. Merriam and Caffarella's views (1991) are similar to those in a later study by Marquardt and Waddill (2004:186), who identified commonalities and overlap between some of these theories. Firstly, cognitivism focuses on how humans learn and understand using internal processes of acquiring, understanding and retaining knowledge (Marquardt & Waddill, 2004:187). Learning takes place when humans reorganise experiences and make sense of input from the environment (Marquardt & Waddill, 2004:187). Behaviourism focuses on how humans learn through control of the external environment (Knowles *et al.*, 2014). According to the behaviourist

school, learning is built on three assumptions: (i) learning is indicated by changed behaviour; (ii) learning is determined by elements in the environment; (iii) repetition and re-enforcement of learning behaviours helps in the learning process (Marquardt & Waddill, 2004:1). Thirdly, social learning refers to the principle that learning is embedded in activities, context and culture (Bandura, 1997; Lave & Wenger, 1991), and is usually unintentional rather than deliberate (Rogoff 1990). This implies that learners learn from each other; by observing others' behaviour and attitudes, as suggested in Vygotsky's notion of learning through social development (Rogoff 1990). Social interaction and collaboration are essential components of situated learning, and learners become involved in a community of practice where certain beliefs and behaviours are acquired.

In a constructivist paradigm, learning is seen as a process where humans make personal meaning of their learning experiences through internal construction or reality (Eskola, 2011:26; Marquardt & Waddill, 2004:188), and is thus not a passive receiving of information, but a creation of new internal meanings from such information (Eskola, 2011:26). Furthermore, the constructivist view of learning is not a unified theory. It can be seen as "a collection of diverse dispositions having some general common features" (Eskola, 2011:26). Constructivist learners therefore continuously develop their knowledge and understanding as they explore real-world problems (Eskola, 2011:27). Finally, humanists focus on the affective domain and whole person development. They seek self-actualisation through learning and the learning is often self-directed (Marquardt & Waddill, 2004:189; Mezirow, 1985:27).

David Kolb (1984) studied the concept of learning through experience, He developed an experiential learning model. In line with the work of Knowles (1990), Kolb and Kolb (2005) argue that learning occurs through experience, reflection, conceptualisation and experimentation (Kolb & Kolb, 2005). The theory builds on six propositions, namely (i) learning is best conceived through a learning process (not outcomes), (ii) all learning is relearning; (iii) conflict, disagreements and differences drive the learning process; (iv) learning is a holistic process of adaptation to the world; (v) learning results from synergetic transactions between the learner and the environment; and (v) learning is a



process creating knowledge (Kolb & Kolb, 2005:194). Through an experiential learning process, learners gain real knowledge from real-life experiences by analysing these experiences and finding meaning (Meredith & Burkle, 2008:200; Tynjälä, 2008).

Hoover, Giambatista, Sorenson and Bommer (2010:192) expanded the concept of experiential learning into whole person learning, and argue that whole person learning is applicable to a learner who demonstrates personal responsibility in actions and decisions and who "...is exposed to both direct and vicarious modes of participation, cognitively, emotionally, and behaviourally processes knowledge, skills, and/or attitudes in a high intensity learning situation characterised by a high level of active involvement." Hoover *et al.* (2010:194) argue that a whole person learning approach is particularly effective for skills acquisition amongst adult learners.

With regard to adult learning theories specifically applicable to workplace learning, Evans, Hodkinson, Rainbird and Unwin (2006:12) state that the preferred approach to learning at work appears to be the social theory of learning, as introduced by Lave and Wenger (1991) and further explained by Wenger (1999:5), where learning at work is regarded as a social process of "belonging (community of practice) of becoming (developing identity as a member of the community), of experiencing (the meaning of the common work task) and of doing (practical action contributing to common work task)". However, they call for an expansion of the concepts of situated learning to include three specific dimensions: learning is situated, firstly, in practical activity, secondly, in the culture and context of the workplace/learning environment, and thirdly in the sociobiographical features of the learner's life (Evans *et al.*, 2006:13).

Vaughan (2008:5) identifies two broad trends: the focus on the individual adult learner and his/her cognitive abilities on the one hand, and the focus on social or situated learning on the other. However, she suggests a combination of the two theories (Vaughan, 2008:5), which is in line with Illeris (2003b:177) and Poortman, Illeris and Nieuwenhuis (2011:269), who recommend a more

comprehensive learning theory that takes into account the cognitive, the emotional and social dimensions of learning.

It is apparent from the above discussion that learning theories are well established in the literature. However, as Vaughan (2008:8) and Poortman *et al.* (2011:268) point out, little educational research on specifically workplace learning theory and its applicability to practice has been done. It appears that an integration of the cognitive, emotional and social dimensions of learning should be incorporated in a comprehensive learning theory (Illeris, 2003a:405) and that such a theory could serve as a framework for studying workplace learning. It is therefore concluded that an understanding of workplace learning theories is necessary, as these theories underpin workplace learning modes applied in developing professional competence.

### **3.4.2 Workplace learning modes**

Traditionally, formal classroom-type training was regarded as the most prominent form of workplace learning (Gardiner *et al.*, 2001; Jarvis, 2011), whereas currently a variety of learning and development initiatives are recognised as useful tools to stimulate learning in the workplace. Formal learning modes (associated with classroom-type training), and informal learning modes (associated with individuals' random decisions and actions when confronted with a learning need in a work context) are discussed in the literature (Baert & Govaerts, 2012:539; Jacobs & Park, 2009; Vaughan, 2008:4). These modes include coaching, mentoring, industrial theatre, role-play, electronic learning (e-learning) and group facilitation (Meyer & Orpen, 2007).

Most studies focusing on workplace learning modes that relate to trades, occupations and professions fall into the realm of vocational education and training (Billet *et al.*, 2010:8; McGrath, 2012:623-631). Vocational education and training apprenticeships, learnerships, traineeships or articles that are done at post-secondary education levels (Visser & Kruss, 2009:357-374) with the specific aim of preparing an individual for a trade, occupation or profession. Eraut and Hirsh (2007:1-90) specifically studied early career workplace learning and

developed a typology of early career learning distinguishing between work processes with learning as a by-product (such as participation in group processes, working alongside others, consultation and working with clients), learning activities located in work or learning processes (such as asking questions, getting information, listening and observing, reflecting, learning from mistakes and feedback) and finally learning processes at or near the workplace (being supervised, coached or mentored).

Billet *et al.* (2010:8) claim that there is a growing interest in the modes of learning and learning experiences applied in the workplace to develop the knowledge required to practise occupations effectively. In the foreword to their book, they state that the focus on professional learning (learning processes outside of educational institutions focusing on initial and further development of professional practice) is often on the academic education component provided by educational institutions, but that the qualities, processes and outcomes of learning in practice should be better understood (Billet *et al.*, 2010:8).

With regard to workplace learning for developing entry-level professionals, the use of learnerships, apprenticeships, articles and traineeships (hereafter collectively referred to as learnerships) are discussed in the literature (Evans & Kersh, 2006; Fuller & Unwin, 2009, 2010; Worthen & Berchman, cited in Billet *et al.*, 2010:243). All of these modes entail completing practical work experience and appear to be a preferred mode of workplace learning for ensuring the transition into work and developing early career professionals (Eraut, 2011; Evans & Kersh, 2006:1). An interesting study Evans and Kersh (2006:1) focused on the benefits of learnerships based on the situated learning theory, developing communities of practice, enabling legitimate participation and exposure to real work opportunities. They argue for a deeper understanding of the impact of individual learners' biographies and experiences in facilitating interrelationships between employees and their work environments (Evans & Kersh, 2006:1). Worthen and Berchman (cited in Billet *et al.*, 2010:244) also argue that effective application of learnerships contributes to transparency, legitimacy and a community of practice as advocated by the situated learning theory of Lave and Wenger (1991). Worthen and Berchman (cited in Billet *et al.*, 2010:244) explore

the workplace learning component of learnerships and conclude that a community of practice and the interactions between the learners and their supervisors are important conditions, because the production of a new generation of skilled workers contributes to the economic welfare of the older generation (Billet *et al.*, 2010:244).

Furthermore, studies on workplace learning modes have been conducted to explore the role that a coach or a mentor plays in facilitating effective learning in the workplace aimed at developing early-career professionals (Brewer, 2012:197; Van Woerkom, 2010:255). Van Woerkom (2010:256) points out that the terms coaching and mentoring are often used interchangeably; both modes refer to a one-on-one relationship between a coach/mentor and coachee/mentee, which calls for close guidance, monitoring and assistance by the coach or mentor in the personal and professional development of the coachee or mentee.

Role-play as a workplace learning mode is also mentioned in the literature (Marsick, Watkins & O'Connor, 2011). Authors highlight the benefits of using role-play for learning in the workplace, facilitating active participation focusing on social learning and developing learners' behavioural skills (Börner, Moormann & Wang, 2012:225). Furthermore, the use of electronic learning (e-learning), which is defined as learning facilitated via any form of electronic or digital device (Clark & Mayer, 2011:7) as a mode for learning at work is increasingly being studied (Clark & Mayer, 2011; Wang, 2011:191). Clark and Mayer (2011:11) explain that e-learning used in the workplace, similar to other modes of learning, has as its purpose the development of individuals' competencies to achieve specific job outcomes, and the improvement of organisational performance. According to Wang (2011:191), it is a preferred mode of facilitating learning in the workplace owing to its "flexibility to access, just-in-time delivery and cost-effectiveness". For organisations to choose between face-to-face learning, e-learning (self-study or instructor-led) or a blended learning approach (a mix between face-to-face learning and e-learning), consideration should be given to the purpose of learning, the prior knowledge of the learners and the environment in which the learning will take place (Clark & Mayer, 2011:23).

In another interesting study conducted by Lombardo and Casey (2008:297-315), they highlight the critical role of developmental relationships in competency development for new graduates in the workplace. There are also various studies on the practice of learning in teams or from others, or in group work (Eraut & Hirsch, 2010; Hicks *et al.*, 2007:74). Eraut and Hirsch (2010:49) describe learning in teams as a process where groups are integral social systems with clear boundaries and common tasks to perform. They argue that working in teams or groups can facilitate a closer connection between performance, capability and learning (Eraut & Hirsch, 2010:88).

A summary of the various workplace learning modes is provided in Table 3.4.

**Table 3.4: Summary of workplace learning modes**

Workplace learning mode	Definition
Apprenticeship	A workplace learning mode associated with developing specific skills needed to perform a specific trade or occupation.
Learnership	A workplace learning mode consisting of an education (academic) and a training (workplace implementation of principles learned) component and usually applied in various trades and occupations.
Articles	A workplace learning mode applied to gain pre-qualification experience usually associated with professionals, such as accountants and lawyers.
Traineeship	Similar to articles, a workplace learning mode applied to gain pre-qualification experience.
Coaching	A workplace learning mode where a coach is used to train and counsel employees.
Mentoring	A workplace learning mode where an individual (mentor) with knowledge and experience guides an individual (mentee).
Role-play	A workplace learning mode where actors simulate a workplace scenario to employees.
E-learning	A workplace learning mode where various electronic learning tools are used to facilitate learning.
Group facilitation	A workplace learning mode where a discussion takes place within a group. Viewpoints from group members are heard and discussed to facilitate learning.

Sources: See discussion in Section 3.4.2.

Based on the literature, it appears that various learning modes are found in workplace learning. Furthermore, it is apparent that both formal modes and various

informal modes of learning contribute to the development of competence in the workplace. The workplace as a learning environment should take cognisance of the various learning modes when implementing a workplace learning framework to ensure that effective individual and collective learning occurs. To contextualise workplace learning further, the challenges are discussed below.

### **3.5 CHALLENGES OF WORKPLACE LEARNING**

Organisations are increasingly faced with the challenge of creating an environment which meets all organisational and legislative requirements (Meyer & Orpen, 2007:140) and where individuals can learn and develop (Short & Harris, 2010:359). Workplaces have certain expectations and norms in the interests of sustainable business, but learners also have their own interests and goals (Billet, 2004). Kostos (2006:82), who holds a similar view to Billet (2004), mentions two challenges faced by organisations: firstly, the challenge of making training and learning a valuable and viable asset that meets business needs, and secondly, the challenge of making training and learning initiatives meet the needs of employees who are self-regulated (Kostos, 2006:82; Littlejohn *et al.*, 2012:226).

Another challenge of workplace learning identified in the literature is the need to secure appropriate forms of knowledge (Billet, 1999). Billet (1999) argues that the potency of workplace learning is determined by the quantity and quality of guided access to authentic activities, and that if individuals are denied engagement in activities of an increasingly non-routine nature this could limit their learning outcomes.

Evans *et al.* (2006:3-23) present research evidence which suggests that in organisations where the strategic focus is the delivery of standard goods and services, there is little scope for the development of skills, creativity and innovation, and employers are reluctant to invest in skills development. Furthermore, the view that workplace learning is the acquisition of mere knowledge and skills and not participatory practice and “purposeful interaction in social settings” appears to be counterproductive (Evans *et al.*, 2006:9,11). Short and Harris (2010:382) caution against merely sporadic commitment by

management, a lack of adequate resources and the failure of human resource development practitioners to indicate the benefits of workplace learning and development strategies in enhancing organisational performance.

According to Lohman (2005:502), a growing concern regarding workplace learning is that the intensification of professional work has diminished the opportunities and time available for participation in many learning activities. A possible solution is to structure and sequence learning experiences in the workplace to provide a pathway for an individual from peripheral to full participation (Billet, 2004). A competency framework (as explained in Section 3.3.1) can be used to guide and facilitate workplace learning.

The assessment or evaluation of workplace learning remains a challenge. Zegwaard *et al.* (2003:10) ascribe this problem to the complexities of assessing whether learning actually takes place. Workplace training and assessment are costly, “a good deal of experience is unrecorded simply because the costs are too high” (Seng, Zannes & Pace, 2002). Some suggestions are made in the literature to reduce costs: learners should take responsibility for their own learning and gather their own evidence of competence, use actual workplace performance as evidence of performance and assess more than one competency at a time (Docking, 1999). Seng *et al.* (2002) argue that modern computer-based technology encourages the automation of routines and this could substantially reduce the costs of recording workplace learning.

In the formation of a professional identity, the relationship between professional and personal aspects of life becomes relevant (Billett & Pavlova, 2005:195; Hodkinson & Hodkinson, 2003:6). Hodkinson and Hodkinson (2003:5) argue that employees “do step outside the workplace, but cannot step outside social structures that are a part of their habitus and identity”. Nyström (2009:2) therefore proposes that graduates’ professional identity formation is more than professional and personal development; “it is a dynamic and changeable relationship expanding over their whole life situation”. In her study to explore student and novice professional psychologists’ and political scientists’ processes of professional identity formation in their transition from higher education to working

life, Nyström (2009:13) found that graduates form their professional identity as a connection between the different spheres in their lives: the professional, the private and the personal. As newcomers engage as peripheral members in a new community of practice, trying to be included in the group of professionals, they experience competing influences of personal and socially derived spheres of interest (such as family and work) (Billett & Pavlova, 2005:209; Nyström, 2009:15). Even though their intention could be to keep the work, personal and social spheres compartmentalised, these get blurred or intertwined which, for some employees, offers challenges (Hegarty, Kelly & Walsh, 2011:531; Nyström, 2009:16).

In their comprehensive meta-analysis of antecedents and correlates of employee turnover, Griffeth, Hom and Gaertner (2000:479) found that various job attitudes (including organisational commitment) modestly predict job turnover, with overall job satisfaction being the best predictor. Other studies show that participation in training and learning activities play an important role in enhancing employees' organisational commitment (Bartlett, 2001:335; Cho & Kwon, 2005:149). If employees have a strong affective commitment (an emotional attachment to and identification with, and involvement in the organisation), as well as continuance commitment (based on an awareness of the costs associated with leaving the organisation), then retention is not a challenge because they would want to stay in the organisation (Cho & Kwon, 2005:143).

Hence, the challenges identified in the literature are the difficulties in securing appropriate forms of knowledge for learning, the lack of available time, the complexity and cost of assessment or evaluation of workplace learning, the need to balance workplace learning with private/personal spheres in life and the attitude of employees, as well as their perceptions about organisational commitment towards their learning. The perceptions of the organisation's commitment were also identified as an important factor to retain employees.

It is apparent from the literature that there are multiple challenges to facilitating effective workplace learning in and through the workplace. These require improved alignment between individual, group and organisational performance.



The continued commitment of management to investing time and resources and to creating a nurturing learning environment in challenging times when a business has its own needs, is complex and continuously changing, does indeed remain challenging.

### **3.6 SUMMARY AND CONCLUSION**

This chapter explored the phenomenon of workplace learning. In the first part, the dimensions of workplace learning were discussed. In an attempt to integrate the literature from various disciplines, workplace learning was discussed with reference to workplace learning definitions, early career adult learners and their workplace learning environment (including learning organisations and the South African workplace learning landscape). This is followed by a discussion on the use of competency frameworks and performance measurement systems as criteria for workplace learning. Learning theories and specifically workplace learning theories were subsequently examined, followed by a discussion of the various modes of workplace learning highlighted in the literature. Finally, the challenges to workplace learning were highlighted.

It is clear from the literature that the phenomenon of workplace learning has been debated extensively in various academic fields, but that with reference to internal auditors learning at work, limited research is available. This chapter is an attempt to draw on the literature on workplace learning in these other fields and apply it to internal audit trainees learning at work and developing into entry-level internal audit professionals.

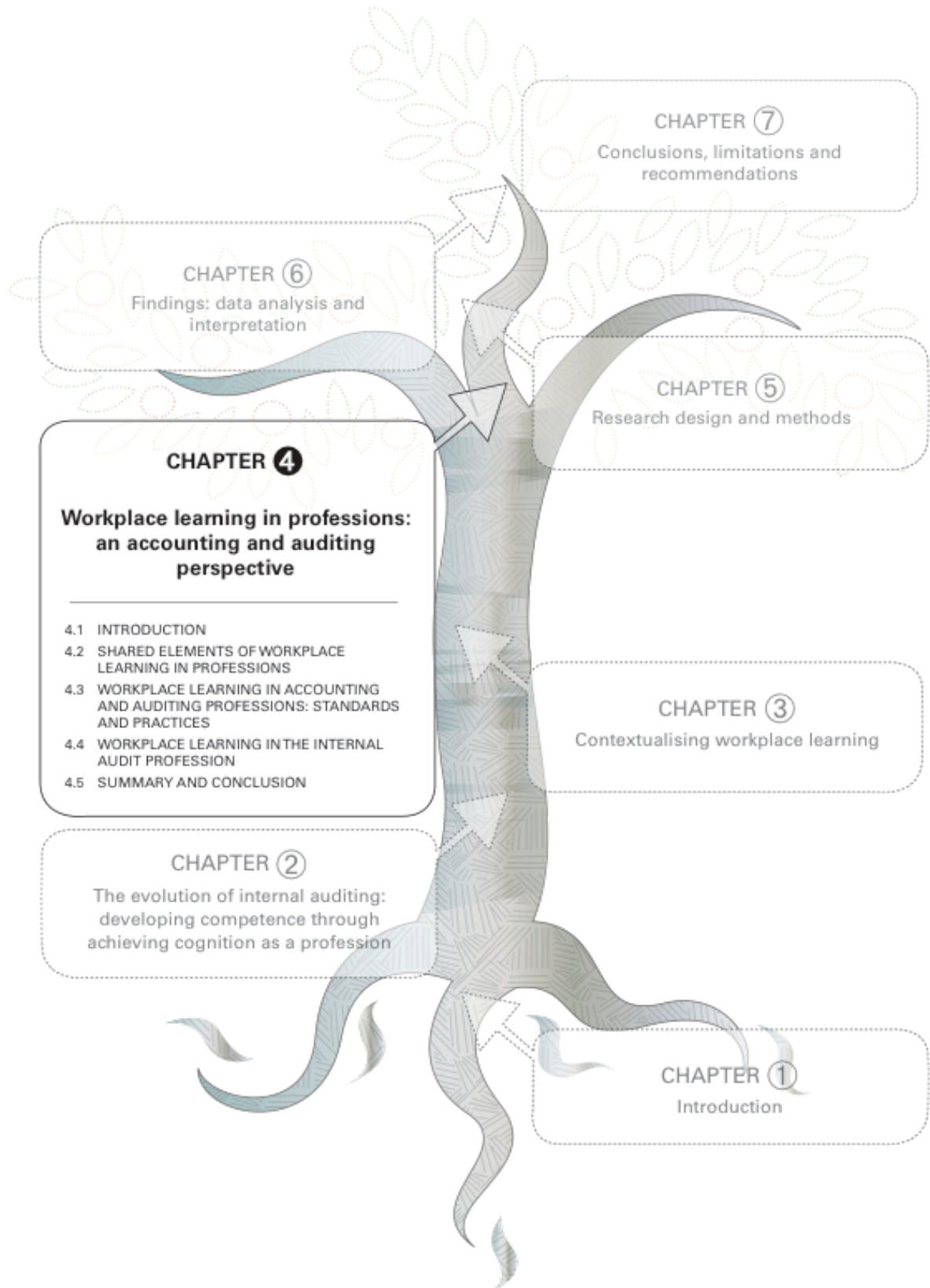
From the literature on workplace learning, it appears that an adult learner is able to learn. Researchers have developed criteria for workplace learning, including the learning environment (where the workplace is recognised as a site for learning), a framework for competence development (or a competency framework used to monitor the development of job competencies and professional competence), as well as a performance measurement system (for the assessment of competencies or learning outcomes aligned to job performance). The workplace as a learning environment plays a vital role in facilitating effective

learning and, increasingly, research shows that situated learning or learning in context should be the focus, in contrast to learning in isolation. Furthermore, organisations should see themselves as learning organisations where knowledge, learning, people and the organisation are intrinsically linked to facilitate learning at the individual, group and organisational levels.

In the South African workplace learning environment, various education, training and development initiatives have been implemented in the last 25 years. These initiatives focus on promoting skills development and highlight the importance of workplace learning in facilitating skills development.

It is clear from the literature on adult learning theories underpinning workplace learning that theories should not be studied in isolation, but should be integrated and applied in combination. There has been a call for a comprehensive workplace learning theory (Illeris, 2003a:405, 2003b:167) that encapsulates the cognitive, emotional and social dimensions of learning. It is also apparent that workplace learning theory underpins various workplace learning modes, ranging from formal, classroom-type learning to informal learning in groups or individually. Workplaces should take cognisance of the various learning modes of individual learners and should be flexible in designing and facilitating learning at work. Moreover, as Fenwick (2013:353) points out, a study of workplace learning should go beyond an examination of workplace learning practices to include an analysis of broader structures, organisational culture and professional practice. Finally, various challenges still exist in facilitating effective learning in and through the workplace. These include the tension between an organisation's own needs and aims and creating a nurturing learning environment. In addition, the literature identifies other challenges, such as difficulties in securing appropriate knowledge forms for learning, time and cost constraints, difficulties for employees in balancing workplace learning with other spheres of their lives, and the importance of job attitudes and organisational commitments in the learning process, which could also influence an organisation's ability to retain employees who have benefitted from workplace learning opportunities. Organisations need to take cognisance of these challenges in implementing workplace learning strategies.

It is therefore concluded that the criteria for workplace learning include a learning environment where competency development and the monitoring of performance are aligned to contribute to a learner's personal growth objectives, as well as the organisation's goals and objectives. In addition to these criteria, workplace modes and the underpinning workplace learning theories should be considered to ensure the facilitation of effective workplace learning. However, challenges to workplace learning, such as a lack of management commitment and adequate resources could hinder workplace learning and should be managed. These elements form part of the workplace learning landscape and should be fully understood by all constituents. The next chapter focuses on workplace learning in professions, particularly the accounting, auditing and internal audit professions. It examines existing elements of workplace learning applied in these professions.



## **CHAPTER 4**

### **WORKPLACE LEARNING IN PROFESSIONS: AN ACCOUNTING AND AUDITING PERSPECTIVE**

#### **4.1 INTRODUCTION**

In Chapters 2 and 3, the literature review for the study was presented. Chapter 2 showed that internal auditing has evolved from a compliance function to a valued corporate governance mechanism in today's business environment. This perspective requires internal auditors to demonstrate a multiplicity of competencies. Chapter 3 showed that the workplace is a suitable environment for aspiring professionals, such as internal audit trainees, to develop the necessary competencies, which are generally driven mainly by the use of competency frameworks. Chapter 4 now presents the standards and practices of workplace learning in the accounting and auditing landscape.

Firstly, a brief overview is presented of the shared elements of workplace learning in other professions, such as medicine, law and engineering. Secondly, workplace learning is studied, globally and in South Africa, in the financial sciences<sup>9</sup> environment. For the financial sciences, the International Education Standards (IESs) prepared by the IFAC are used as a point of departure, because these standards are prescribed by most professional accounting and auditing bodies as the globally recognised standards for the education and training of accounting and auditing professionals (IFAC, 2014). The workplace learning programmes of these professional bodies are aligned with the relevant requirements of the IFAC standards. Finally, workplace learning in the internal audit profession in South Africa and elsewhere is examined in accordance with the IFAC standards.

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<sup>9</sup> For the purposes of this study, the financial sciences environment refers to the financial accounting, financial management, taxation and auditing disciplines. In the South African context, this is in line with the classifications of trades and occupations published by the national occupations framework (NQF, 2015).

## 4.2 SHARED ELEMENTS OF WORKPLACE LEARNING IN PROFESSIONS

As has already been discussed in Chapter 2 (see Section 2.4.1), one of the characteristics of a profession is specialised education, training and practical experience (initial professional development). It has been shown that initial professional development requires some form of workplace learning (as discussed in Chapter 3), which is also a requirement for professional development. In the accounting or auditing professions, as in the medical, legal and engineering professions, practical experience is a prerequisite before entering these professions (Epstein & Hundert, 2002:226; Perucci, 1971; Rotem, Godwin & Du, 1995:211; Williams, 2010:624). The majority of professions are regulated by law (Garoupa, 2004:3) and make provision for a workplace learning component in their professional development frameworks.

An examination of the requirements for becoming a member of a profession, with specific reference to the traditional professions in medicine, the law and engineering, revealed that workplace learning in all these professions shares the following characteristics (Argyris & Schön, 1974; Dall'Alba & Sandberg, 1996:411; Epstein & Hundert, 2002:226; Gray & Sim, 2011; Maudsley & Strivens, 2000:535; Perruci, 1971; Pinnington, 2011; Rotem *et al.*, 1995:211; Williams, 2010:624):

- relevant policies and legislation regulating the education and training of professionals;
- a professional body or council accepting responsibility for the education and training of professionals;
- a professional development model consisting of an academic education component, a workplace learning component and a final test of competence prior to registration;
- compulsory workplace learning requirements prior to registering as a professional;
- assessment of professional competence prior to certification or registering as a professional; and
- CPD programmes subsequent to registration to ensure that professional competence is maintained.

In his seminal work *The System of Professions* Andrew Abbott explores central questions about the role of professions in modern life and views professions as exclusive occupational groups applying abstract knowledge to particular cases (Abbott 1988:8). The development and maintenance of an abstract system of knowledge is considered the key to professions' survival and the claim to professional stature because "professions both create their work and are created by it" (Abbott 1988:316). The link between a profession and its work, referred to as a jurisdiction by Abbott (1988:20), is established from this abstract knowledge base. It enables a profession to define and redefine the problems it addresses, develop the services and practical techniques that must be performed to address these problems and control jurisdiction against competing professions or factions within the profession (Sarens, De Beelde & Everaert 2009). Frost (2001:5) argues that the claims for professionalism are based on learning and expertise.

Based on the literature, it therefore appears that professional development includes a component of workplace learning prior to obtaining a professional designation.

### **4.3 WORKPLACE LEARNING IN THE ACCOUNTING AND AUDITING PROFESSIONS: STANDARDS AND PRACTICES**

#### **4.3.1 Global standards**

Workplace learning, work experience and competence development are common practice in the accounting and auditing environment (Eraut, 2011:181-197; IFAC, 2014:198). Prior research has focused on accounting and auditing education at a tertiary level, whereas research on learning in the workplace for developing early-career professionals is limited (see Chapter 2). In most cases, workplace learning practices form part of the competency frameworks of specific professional bodies in the accounting and auditing environment, and is formalised to ensure that members of these bodies meet the necessary practical experience requirements. Most professions in the accounting and auditing environment are members of the IFAC. IFAC has published a set of IESs, and for the purposes of this study, these Standards are used as a point of departure. The IFAC has recently revised the

first seven of its eight IESs, all of which are relevant to developing entry-level professionals in the accounting and auditing environment (IFAC, 2014:1-302):

- IES 1: Entry requirements to a programme of professional accounting education;
- IES 2: Initial Professional Development – Technical Competence;
- IES 3: Initial Professional Development – Professional Skills;
- IES 4: Initial Professional Development – Professional values, ethics and attitudes;
- IES 5: Initial Professional Development – Practical experience;
- IES 6: Assessment of professional capabilities and competence;
- IES 7: Continuing professional development: A programme of lifelong learning and continuing development of professional competence; and
- IES 8: Competence requirements for audit professionals.

With specific reference to the focus of this study, namely workplace learning prior to obtaining a professional designation IES 2, IES 3, IES 4, IES 5 and IES 6 are relevant, because these standards provide specific guidance on workplace learning prior to achieving professional competence and obtaining a professional qualification (IFAC, 2014:229). The pre-qualification workplace learning component forms part of a person's "initial professional development (IPD)" as defined in Chapter 1; an IPD refers to "...learning and development through which individuals first develop competence leading to performing the role of a professional accountant" (IFAC, 2014:292). The focus areas at the IPD stage are general education, professional accounting education, practical experience and assessment (IFAC, 2014:24, 49). *General education* refers to a broad-based education process (usually followed at an academic institution) where knowledge, skills and capabilities are developed. *Professional accounting education* refers to education, learning and development processes aimed at developing professional knowledge, skills, values, ethics and attitudes. *Practical experience* refers to the workplace activities relevant to developing competence; and *assessment* refers to the measurement of professional competence gained through learning and development (IFAC, 2014:11-13).



#### 4.3.1.1 IFAC standards

In this section, the IFAC standards are briefly discussed, and the principles covered by each standard are subsequently aligned with the workplace learning requirements of selected professional bodies in the accounting and auditing environment.

- *IES 2: Initial Professional Development – Technical Competence*

IES 2 focuses on technical competence, and it adopts a learning outcomes approach to demonstrating professional competence. IES 2 specifies minimum proficiency levels for 11 competence areas (IFAC, 2014:236-240), including financial accounting and reporting, management accounting, finance and financial management, taxation, audit and assurance, governance, risk management and internal control, business laws and regulations, information technology, business and organisational environment, economics and business management and strategy. To achieve technical competence, three levels of proficiency are used, namely the foundation level, intermediate level and advanced level, and achievement of technical competence lays the foundation for performing the role of a professional (IFAC, 2014:244-246). In aligning the principles of IES 2 to the workplace learning requirements in selected professions in the financial sciences environment, the focus is on:

- the existence of specific competence areas; and
- an indication of different levels of proficiency.

It is therefore concluded that technical competence refers to achieving proficiency in specific technical competence areas during the IPD process.

- *IES 3: Initial Professional Development – Professional Skills*

IES 3 focuses on the professional skills that should be developed and prescribes the learning outcomes that develop the skills required of aspiring<sup>10</sup> professional accountants: “Professional skills are the intellectual, personal, interpersonal, communication and organisational skills that a professional integrates with technical competence and professional values, ethics, and

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<sup>10</sup> For the purposes of this study, “aspiring” refers to an individual commencing a professional learning and development programme as part of the initial professional development prior to achieving professional competence (IFAC, 2014:291).

attitudes to demonstrate professional competence” (IFAC, 2014:248). In comparing IES 3 to the workplace learning requirements of selected professions in the financial sciences environment, the focus was on;

- the existence of learning outcomes addressing the development of professional skills; and
- the integration of the professional skills, technical competence and professional values, ethics and attitudes.

Professional skills therefore refer to non-technical skills, including the personal, interpersonal and communication skills needed to demonstrate professional competence.

- *IES 4: Initial Professional Development – Professional Values, Ethics and Attitudes*

IES 4 prescribes the learning outcomes that demonstrate the professional values, ethics and attitudes required of aspiring professional accountants by the end of IPD (IFAC, 2014:27). These are defined as the professional behaviour and characteristics that identify professional accountants as members of a profession and “... a commitment to (a) technical competence, (b) ethical behaviour, (c) [a] professional manner, (d) pursuit of excellence and (e) social responsibility” (IFAC, 2014:27). According to IES 4, three competence areas are applicable, namely professional scepticism and professional judgement, ethical principles and commitment to the public interest (IFAC, 2014:261). In aligning the principles of IES 4 to the workplace learning requirements in the professions in the financial sciences environment, the focus is on the existence of:

- learning outcomes addressing the development of professional values, ethics and attitudes; and
- competence areas addressing professional scepticism and professional judgement, ethical principles and commitment to the public interest.

Professional values, ethics and attitudes therefore refer to the professional scepticism, professional judgement, ethical principles and commitment to the public interest demonstrated by an individual during the IPD process.

- *IES 5 – Practical Experience Requirements*

IES 5 stipulates that IFAC member bodies must require that aspiring professional accountants gain a sufficient number of years' practical experience to "...demonstrate that they have gained the professional knowledge, professional skills and professional values, ethics and attitudes required for performing their work with professional competence" (IFAC, 2014:275). The practical experience gained through various workplace activities should be assessed by applying an input-based approach (using input measures), an output-based approach (using output measures) or a combination of these two kinds of measure (IFAC, 2014:275). The standard also highlights the important role that mentors and supervisors play in planning and monitoring the practical experience gained (IFAC, 2014:280).

In addition to the standard, an international education practice statement (IEPS 3) provides specific guidance on the implementation of IES 5 (IFAC, 2014:197-226). IEPS 3 expands on the practical experience period, the assessment of competence and the roles and responsibilities of the trainees, mentors and employers in ensuring that the practical experience gained is adequate in achieving professional competence. In aligning the principles of IES 5 to the workplace learning requirements in selected professions in the financial sciences environment, the focus is on the existence of

- practical experience requirements;
- an assessment tool; and
- a mentoring system to monitor the practical experience gained in the workplace.

It is concluded that adequate practical experience must be gained by trainees during the initial pre-qualification period's workplace learning and development process in order to achieve professional competence.

- *IES 6 – Assessment of Professional Competence*

IES 6 provides guidelines on the forms of assessment activities to be completed during IPD, as well as CPD, and highlights the reliability, validity, equity, transparency and sufficiency of the assessment process (IFAC, 2014:284-290). The standard states that IFAC member bodies should

formally assess whether trainees have attained an appropriate level of professional competence by the time their IPD is completed and they are ready to enter the profession (entry-level professionals). In aligning the principles of IES 6 to the workplace learning requirements in professions in the financial sciences environment, the focus is on the existence of a formal assessment process. It is therefore concluded that the assessment of professional competence is a necessary component of the workplace learning process for developing entry-level professionals.

A summary of the relevant standards and the specific focus areas used for the comparison between the IFAC standards and the workplace learning practices of the Global Accounting Alliance (GAA) members, the ACCA, the Chartered Institute of Management Accountants (CIMA), the SAICA, the Southern African Institute of Government Auditors (SAIGA) and the South African Institute of Professional Accountants (SAIPA) is provided in Table 4.1.

**Table 4.1: International education standards relevant to workplace learning**

<b>IESs relevant to workplace learning for developing entry-level accounting and auditing professionals</b>					
<b>IES 1</b>					
<b>Entry requirements</b>					
<ul style="list-style-type: none"> <li>• Flexible access and various entry points to professional accounting education programmes (including workplace learning)</li> <li>• Recognition of various pathways into the profession</li> </ul>					
<b>Initial professional development</b>	<b>IES 2</b>	<b>IES 3</b>	<b>IES 4</b>	<b>IES 5</b>	<b>Initial professional development</b>
	Competence areas	Professional skills	Professional values, ethics and attitudes	Practical experience	
	Eleven technical competence areas: <ul style="list-style-type: none"> <li>• financial accounting and reporting</li> <li>• management accounting, finance and financial management</li> </ul>	Professional skills: <ul style="list-style-type: none"> <li>• intellectual skills</li> <li>• communication skills</li> <li>• personal skills</li> <li>• interpersonal skills</li> <li>• organisational</li> </ul>	Professional behaviour is a commitment to <ul style="list-style-type: none"> <li>• technical competence</li> <li>• ethical behaviour</li> <li>• professional manner</li> <li>• pursuit of excellence</li> </ul>	A sufficient number of years' practical experience with regard to <ul style="list-style-type: none"> <li>• technical competence (IES 2)</li> <li>• professional skills (IES 3); and</li> </ul>	

<ul style="list-style-type: none"> <li>• taxation</li> <li>• audit and assurance</li> <li>• governance, risk management and internal control</li> <li>• business law and regulations</li> <li>• information technology</li> <li>• business &amp; organisational environment</li> <li>• economics</li> <li>• business management and strategy</li>   <li>• Three levels of proficiency: Foundation, intermediate and advanced.</li> </ul>	<p>skills</p> <ul style="list-style-type: none"> <li>• the existence of learning outcomes addressing the development of professional skills;</li> <li>• the integration of the professional skills, technical competence and professional values, ethics and attitudes.</li> </ul>	<ul style="list-style-type: none"> <li>• social responsibility</li> <li>• the existence of learning outcomes addressing the development of professional values, ethics and attitudes</li> <li>• the existence of competence areas addressing professional scepticism and professional judgement, ethical principles and commitment to the public interest.</li> </ul>	<ul style="list-style-type: none"> <li>• professional values, ethics and attitudes (IES 4)</li> <li>• the existence of practical experience requirements;</li> <li>• the existence of an assessment of the practical experience;</li> <li>• the existence of a mentoring system to monitor the practical experience requirements.</li> </ul>
<p><b>IES 6</b></p> <p><b>Assessment of professional competence</b></p> <p>various assessment activities are used that are reliable, valid, equitable, sufficient and transparent to measure whether an appropriate level of professional competence is achieved</p>			
<p><b>IES 7</b></p> <p><b>CPD</b></p> <p>a commitment to further learning and development activities to maintain professional competence</p>			

Source: (Adapted from IFAC, 2014).

#### 4.3.1.2 Summary

Based on the IFAC standards, it is apparent that workplace learning for developing accounting professionals should, at least specify practical experience requirements, which should include competence areas and related learning outcomes, the development of specific professional skills, as well as professional values, ethics and attitudes. In addition, the standards recommend a sufficient

number of years' practical experience. They indicate that all activities performed during this period of workplace learning should be formally assessed. For the purposes of answering one of the secondary research questions for this study, namely what the current workplace learning practices in the professions in the accounting and auditing environment are (globally and in South Africa), it is important to study the learning and development processes of these professional bodies, focusing focus on workplace learning practices.

#### **4.3.2 Global practices: Workplace learning in the GAA countries**

This discussion is limited to an overview of the workplace learning and development practices of selected professional bodies in the accounting and auditing environment, namely the members of the GAA, the ACCA and CIMA. The reasons for including the GAA institutions are that the ten professional member bodies fall in the accounting and auditing environment, are representative of the global world (all the continents are represented and the alliance includes over 800 000 of the world's leading professional accountants and auditors in over 180 countries) (GAA, 2015a). Furthermore, the GAA works in collaboration with the IFAC and is actively involved in the process of learning and the development of aspiring accounting and auditing professionals (GAA, 2015a). Its current members include (full titles are presented):

- the American Institute of Certified Public Accountants (AICPA);
- the Chartered Professional Accountants of Canada (CPA Canada);
- Chartered Accountants Australia and New Zealand (CAANZ);
- the Hong Kong Institute of Certified Public Accountants (HKICPA);
- the Institute of Chartered Accountants in England and Wales (ICAEW);
- Chartered Accountants Ireland;
- the Institute of Chartered Accountants of Scotland (ICAS);
- the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW);
- the Japanese Institute of Certified Public Accountants (JICPA); and
- the South African Institute of Chartered Accountants (SAICA).

In addition to the above institutions, the ACCA and CIMA were included in the study. Reasons for including these two professional bodies are that both these

bodies are members of the IFAC (IFAC, 2015), both bodies are well represented across the globe (see Section 4.3.3). They are the two largest IFAC member bodies, excluding GAA members, and both are in the financial sciences domain with auditing as a competence area in their learning and development processes.

#### **4.3.2.1 Alignment with IFAC standards**

For the purposes of this discussion, the IFAC standards are used as a point of departure to discuss the professional bodies' workplace learning and development processes. The focus is on pre-qualification workplace learning, highlighting the practical experience requirements, including the development of technical competence, professional skills, professional values, ethics and attitudes, as well as assessment of professional competence by means of a professional examination/final test of competence (see Section 4.3.1). In addition, the specific professional designation obtained and the point of entry into the profession is highlighted in the discussion.

There are two member bodies of the GAA on the North American continent, the AICPA and the CPA Canada (GAA, 2015b). AICPA is the older of the institutes (125 years) and currently has over 386 000 members in 128 countries (GAA, 2015b). Membership requirements differ among the various states in the USA, but in most cases, membership is granted to candidates who successfully complete an academic education programme, at least two years' practical work experience in public accounting and a final examination, the uniform CPA examination (AICPA, 2015a). With regard to workplace learning, AICPA highlights that the duration of experience and the types of experience depend on a specific state's licensing jurisdiction (AICPA, 2015b). Successful candidates qualify as CPAs once they have sat for the professional examination and have completed the practical experience requirements (AICPA, 2015a). The CPA Canada (formerly CIMA and CICA<sup>11</sup>) currently has approximately 190 000 members, who are known as chartered professional accountants (Canadian CPAs) (CPA, 2015a). Workplace learning requirements are formalised and

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<sup>11</sup> CICA amalgamated with CIMA (Canada) in 2013 and is currently known as the CPA.

amount to at least 30 months' practical experience, which should be assessed by the professional body (CPA, 2015b).

Similarly, the other English-speaking countries' institutes in the UK and Ireland, Scotland, Australia and New Zealand provide specific workplace learning requirements. The ICAEW has 140 000 members who are registered as Associate Chartered Accountants (ACAs) (GAA, 2015b). Their work experience has to amount to 450 working days (between three and five years) at an authorised ACA employer and focuses on the practical application of technical knowledge gained during tertiary studies (ICAEW, 2015). In Scotland, the ICAS is the world's first professional body of accountants. It currently has over 16 000 members (GAA, 2015b). The ICAS applies a similar route to qualifying as that for a chartered accountant (CA), and the work experience required also amounts to 450 working days for an authorised employer (ICAS, 2015). In Ireland, the Chartered Accountants Ireland has 21 000 members; prospective CAs must complete practical experience of three years in a structured environment, and must be signed off by a member of the Chartered Accountants Ireland (Chartered Accountants Ireland, 2015). CAANZ<sup>12</sup> has more than 70 000 members (GAA, 2015b). Membership requirements include an academic education component, a practical experience component, and a final test of competence (CAANZ, 2015). At least three years' practical experience must be gained at an approved training employer under the supervision of an approved mentor (CAANZ, 2015) prior to professional registration.

In Europe, only the IDW is a member of the GAA. The IDW was founded in 1932 and currently has more than 13 000 members (GAA, 2015b). Prospective members must complete an academic programme, and must gain at least three years' practical experience and must complete a final professional examination (IDW, 2015).

For GAA members in Asian countries, workplace learning requirements are similar to those in the rest of the globe, although it appears that these

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<sup>12</sup> The New Zealand Institute of Chartered Accountants (NZICA) and the Institute of Chartered Accountants in Australia (ICAA) amalgamated to become CAANZ in 2013 (CAANZ, 2015).



requirements were formalised only in the early 1960s and 1970s, with the promulgation of the *Certified Public Accountants Act in 1966* in the USA (GAA, 2015b). The HKICPA, established in 1973, has over 35 000 members. Prospective members must complete an academic programme, gain practical experience of at least three years at an approved employer or supervisor, and pass a final examination to qualify as a CPA (HKICPA, 2015). The HKICPA has developed a formal practical experience framework which provides guidance on the specific competencies that need to be developed in the workplace (HKICPA, 2015). In Japan, the JICPA was established in 1966, and as for its Hong Kong counterpart, prospective members in Japan must complete an academic programme, have practical experience of at least two years, and pass a final assessment (JICPA, 2015).

Finally, in Africa, the SAICA is the only member of the GAA. The SAICA is more than a 100 years old and currently has over 35 400 members (SAICA, 2015a). The SAICA's workplace learning requirements are discussed in Section 4.3.4.1 as part of the South African practices.

#### **4.3.2.2 Summary**

The professional bodies' websites were accessed and information relating to workplace learning prior to qualifying as a professional member was obtained to use as a basis for this discussion. It appears from the electronic documentation that all the member institutes have pre-qualification workplace learning requirements aligned to the IFAC requirements. It is apparent that every GAA member regards the practical experience component (IES 5) as an essential component for developing accounting professionals. In addition, all the GAA members require the successful completion of a professional examination (as an assessment tool) prior to entry into the profession. They also all use the designations CA or CPA (IES 6) (AICPA, 2015b; CPA, 2015b; HKICPA, 2015; ICAEW, 2015; Chartered Accountants Ireland, 2015; ICAS, 2015; IDW, 2015; JICPA, 2015; SAICA, 2015a). It is also apparent from the comparison that specific minimum academic education requirements exist as part of the competency frameworks of all the member institutes (AICPA, 2015b; CPA,

2015b; HKICPA, 2015; ICAEW, 2015; Chartered Accountants Ireland, 2015; ICAS, 2015; IDW, 2015; JICPA, 2015; SAICA, 2014). It is evident from the comparison that some professional bodies promote the concurrent acquisition of an academic degree or equivalent programme and practical experience, whereas others promote the completion of an academic degree prior to gaining the practical experience. The majority of GAA members provided details on the competence areas included in their education and training programmes (IES 2). With regard to professional skills, professional ethics, values and attitudes (IES 3 & IES 4), some member bodies indicated the implementation of specific training initiatives to develop these skills. In addition to the GAA members of the IFAC, the ACCA and CIMA are also discussed, comparing the IESs.

### **4.3.3 Global practices: Other relevant workplace learning frameworks**

Two other professional bodies in the accounting/auditing environment, the ACCA and CIMA, are both IFAC members. Both include an auditing component in their competency frameworks. An overview of the workplace learning frameworks for both these professional bodies is provided below:

#### **4.3.3.1 *The Association for Chartered Certified Accountants (ACCA)***

The ACCA was established in 1904 in the UK as a professional body aimed at advocating the accountancy profession. Since 1904, the ACCA has grown to be an internationally recognised professional body, with more than 162 000 professional members operating in more than 173 different countries globally, as associate chartered and certified accountants or fellow chartered and certified accountants (FCCAs) (ACCA, 2015a).

With regard to workplace learning requirements, the ACCA adheres to the IFAC requirements (see Table 4.2) as follows: firstly, ten broad competence areas (IES 2) form part of the ACCA Competency Framework (ACCA, 2015b). Secondly, professional skills (IES 3) are addressed in detail with 12 behavioural skills integrated with the practical experience requirements. Thirdly, the professional

ethics, values and attitudes (IES 4) are covered in detail as a competence area and as part of the practical experience component of the ACCA competency framework (ACCA, 2015b). Fourthly, candidates should also successfully complete the practical experience requirements (IES 5) of the ACCA before registering as an associate chartered and certified accountant.

These requirements have been developed to complement the technical knowledge acquired in the academic education programmes (ACCA, 2015b). There are 13 specific performance objectives which cover a full range of practical activities required to develop competent finance professionals. These performance objectives are clearly linked to each competence area in the ACCA competency framework (ACCA, 2015b). The practical experience requirements have to be met over a three-year period and should be completed at an approved training provider (ATP). The ATP (who is also the employer) should appoint a mentor for every accounting trainee, and should ensure that the workplace learning process is effectively managed and monitored (ACCA, 2015b). Finally, in line with IES 6, candidates must complete a professional written examination as part of the process to qualify as a competent finance professional (ACCA, 2015c). Membership is granted only to those candidates who successfully complete the professional examination, the practical experience and the professional ethics components (ACCA, 2015c).

#### **4.3.3.2 Chartered Institute of Management Accountants (CIMA)**

The CIMA was established in 1919 in the UK, as a professional body aimed at advocating the managerial accounting profession (CIMA, 2015a). Since 1919, the CIMA has grown to be an internationally recognised professional body with more than 218 000 professional members operating as chartered global management accountants (CGMAs) in 177 different countries (CIMA, 2015a).

With regard to workplace learning requirements, the CIMA adheres to the IFAC requirements (see Table 4.2) as follows: firstly, eight technical competence areas (IES 2) form part of the CGMA Competency Framework (CIMA, 2015b). Secondly, professional skills (IES 3) are addressed in the CGMA Competency

Framework as people skills and leadership skills, and are integrated with the practical experience requirements. Thirdly, ethics, integrity and professionalism (IES 4) form the basis of the CGMA Competency Framework and are covered in detail as a competence area and as part of the practical experience component of the CGMA Competency Framework (CIMA, 2015b). Fourthly, candidates should also successfully complete the practical experience requirements (IES 5) of the CIMA before registering as a CGMA.

The practical experience requirements – basic experience, core experience (at least 18 months) and supplementary experience – have to be met over a three-year period and can be completed at a CIMA training partner. The training partner should appoint a mentor for every management accounting trainee and should ensure that the workplace learning process is effectively managed and monitored (CIMA, 2015c). Finally, in line with IES 6, candidates must complete a professional written examination as part of the process to qualify as a competent finance professional. The professional examination is based on three broad learning pillars (enterprise, performance and financial) at three different levels (operational, management and strategic levels) (CIMA, 2015d). In addition, membership is only granted to candidates who successfully complete the professional examination (nine papers plus a case study), the practical experience and the case study components. Table 4.2 provides a summary of the workplace learning requirements of the ACCA and CIMA with reference to the IFAC standards.

**Table 4.2: A summary of the ACCA and the CIMA workplace learning requirements**

	<b>ACCA</b>	<b>CIMA</b>
<b>Designation</b>	Associate Chartered and Certified Accountant	Chartered Management Accountant (CMA)
<b>IES 2 Competence areas</b>	Ten broad competence areas	Eight competence areas
<b>IES 3 Professional skills</b>	12 behavioural skills	People skills Leadership skills
<b>IES 4 Professional ethics,</b>	Separate module to be completed which forms part of	Included as part of the practical experience

	<b>ACCA</b>	<b>CIMA</b>
<b>values and attitudes</b>	the practical experience component	component
<b>IES 5 Practical experience requirements</b>	Three years at an approved training partner	Three years at a CIMA training partner
<b>IES 6 Assessment: Professional Examination</b>	Five professional papers for candidates with a tertiary education background	12 exams: Nine papers, including three strategic case studies
<b>Membership</b>	Only upon completion of education, practical experience and assessment components	Only upon completion of education, training and assessment

Source: See discussion in Sections 4.3.3.1 and 4.3.3.2.

#### **4.3.3.3 Summary**

It is apparent from the above discussion of the ACCA and CIMA workplace learning programmes that all the requirements highlighted by the IESs are addressed by both the ACCA and CIMA. In addition, membership to these professional bodies is only granted upon completion of the education, workplace learning and assessment components. It is also clear that these institutes play an active role in monitoring workplace learning programmes, by accrediting employers as ATPs, reviewing the practical experience records (PERs) and setting the final professional examinations.

Both the ACCA and CIMA have members in South Africa. There are various other professional accounting and auditing bodies registered with the SAQA and in the process of registering with the QCTO (QCTO, 2015) in South Africa. The next section provides an overview of the workplace learning programmes of three of these professional bodies.

#### **4.3.4 Workplace learning programmes in the accountancy landscape: A South African perspective**

For the purposes of this study, the workplace learning programmes of the SAICA, the SAIGA and the SAIPA were studied. These are the only professional bodies

in South Africa, apart from the IIA (see Section 4.4), that include an audit-related workplace learning component. Furthermore, these bodies are significant in terms of their membership numbers. Therefore the discussion is limited to these three professional accountancy bodies.

#### **4.3.4.1 South African Institute of Chartered Accountants (SAICA)**

SAICA was established in 1907 in South Africa as a professional body aimed at advocating the chartered accountancy profession. Since 1907, SAICA has grown to into an internationally recognised professional body, with more than 36 000 professional members using the designation CA (SA), Chartered Accountant, South Africa (SAICA, 2015a). As mentioned earlier, SAICA is also a member of the IFAC (SAICA, 2015a).

With regard to workplace learning requirements, SAICA adheres to the IFAC requirements (see Table 4.3) as follows: firstly, seven competence areas (IES 2) form part of the SAICA Competency Framework (SAICA, 2014). Secondly, a number of professional skills (IES 3) are addressed in the SAICA Competency Framework and are integrated with the practical experience requirements (SAICA, 2014). Thirdly, ethics, integrity and professionalism (IES 4) form the basis of the SAICA Competency Framework - these are covered in detail as the first competence area (referred to as pervasive skills) and as part of the practical experience component of the SAICA Competency Framework (SAICA, 2014). Fourthly, candidates must also successfully complete the practical experience requirements (IES 5) of the SAICA before registering as a CA (SA).

The practical experience requirements – basic experience, core experience (at least 18 months) and supplementary experience – have to be met over a three-year period. If a trainee commences training without a relevant degree, the period is extended to five years (SAICA, 2014) and can be completed at a registered training office (RTO). The training partner should appoint a mentor for every accounting trainee and should ensure that the workplace learning process is effectively managed and monitored (SAICA, 2014). Finally, in line with IES 6, candidates must complete a professional written examination as part of the

process to qualify as a competent professional. The professional examination consists of two qualifying examinations: the initial test of competence (ITC) is written immediately on completion of the tertiary education component, followed by the assessment of professional competence (APC) after 18 months of workplace learning (SAICA, 2015b). In addition, membership is granted only to candidates who successfully complete the education, have gained the requisite practical experience and have passed both the professional examinations.

It is evident from the competency framework that SAICA addresses all the IESs in its competency framework. The integration of knowledge acquisition and practical experience to achieve professional competence is illustrated in the competency framework, and it is aimed at producing competent, chartered entry-level accountants (SAICA, 2014).

#### **4.3.4.2 Southern African Institute of Government Auditors (SAIGA)**

SAIGA was established in 1988 in South Africa as a professional body aimed at advocating the registered government auditing profession (SAIGA, 2015a). Since 1988, SAIGA has grown to be a recognised professional body with more than 400 professional members operating in the public sector as registered government auditors (RGAs) in Southern Africa (SAIGA, 2015).

Candidates must successfully complete SAIGA's academic education, practical experience requirements and registered government auditor examination before registering as an RGA (SAIGA, 2014). These requirements were developed as part of the Common Body of Knowledge and Skills for Registered Government Auditors to ensure the development of highly educated and experienced government auditing professionals (SAIGA, 2014). The specific outcomes are designed to cover a full range of experiences referred to as "experience bands" and aim to expose a trainee to a wide variety of situations relevant to government auditing professionals. This specifically defined public sector auditing experience is referred to as government auditing experience (SAIGA, 2014). The experience has to be gained over a four-year period, and a minimum of three years must be served at the Auditor General South Africa (AGSA), or another accredited training

provider working as an authorised auditor for the AGSA. The fourth year of practical experience can be gained by working in auditing- or accounting-related fields in the wider public sector, including government departments, local authorities, public entities, government contract work or internal audit in the public sector (SAIGA, 2014). In line with IES 6, the successful completion of the RGA professional examination forms part of the process to assess professional competence and qualify as an entry-level professional (SAIGA, 2014).

Based on the professional literature provided by SAIGA, it appears that all the requirements of the IESs are met, although SAIGA is not a member of the IFAC.

#### **4.3.4.3 The South African Institute of Professional Accountants (SAIPA)**

SAIPA was established in the early 1970s and is a member of the IFAC. SAIPA currently has over 10 000 members offering services such as financial accounting, taxation, financial management and audit services to various clients in South Africa (SAIPA, 2015a). Aspiring members of SAIPA must complete the requisite academic education requirements and the practical experience requirements, as well as pass a written professional evaluation before qualifying for membership (SAIPA, 2015b). The practical experience or workplace learning component entails completing three years' supervised workplace learning at an Approved Training Centre (ATC). The role of the ATC is similar to that of the RTO for SAICA. Alternatively, prospective candidates must prove that they have six years' verifiable experience in an accounting environment (SAIPA, 2015b). SAIPA has registered a learnership programme with SAQA, at NQF level 8 (see Section 3.2.3.2) for developing professional accountants in practice and professional accountants in business. Workplace learning is closely monitored by SAIPA. Candidates should complete a logbook of practical experience gained (SAIPA, 2015b). Membership is granted only to candidates who have successfully completed the academic education and practical experience requirements, as well as the professional evaluation (PE) (a written assessment to test a candidate's ability to integrate academic knowledge with practical skills needed in the workplace) (SAIPA, 2015b).



It is evident from the workplace learning guidelines that SAIPA adheres to the IESs as a member of the IFAC. Guidelines are provided to prospective members in terms of the competence areas focused on (IES 2). The development of professional skills and ethics, values and attitudes (IES 3 and IES 4) and the practical experience requirements (IES 5) are evident from the SAIPA logbook. The completion of the final professional evaluation also meets the requirement of IES 6.

Table 4.3 provides a summary of the workplace learning requirements of SAICA, SAIGA and SAIPA, with reference to the IFAC Standards.

**Table 4.3: A summary of the SAICA, the SAIGA and the SAIPA workplace learning requirements**

	<b>SAICA (also a GAA member)</b>	<b>SAIGA</b>	<b>SAIPA (an IFAC member)</b>
<b>Designation</b>	CA(SA)	RGA	Professional Accountant (SA)
<b>IES 2 Competence areas</b>	Seven competence areas	Seven competence areas	Five competence areas
<b>IES 3 Professional skills</b>	Integrated with practical experience requirements	Integrated with practical experience requirements	Integrated with practical experience requirements
<b>IES 4 Professional ethics, values and attitudes</b>	Integrated with practical experience requirements	Integrated with practical experience requirements	Integrated with practical experience requirements
<b>IES 5 Practical experience requirements</b>	Three years at a RTO	Eleven Experience bands/areas Four years at an accredited employer	Three years at an ATC or alternatively six years
<b>IES 6 Assessment: Professional Examination</b>	ITC and APC	RGA examination	Final PE
<b>Membership only upon completion of education, training and assessment</b>	Membership granted at the end of the IPD period	Membership granted at the end of the IPD period	Membership granted at the end of the IPD period

Source: See discussion in Sections 4.3.4.1; 4.3.4.2 and 4.3.4.3.

#### **4.3.4.4 Summary**

Based on the above-mentioned discussions on workplace learning in the accounting and auditing professions in South Africa, it is clear that workplace learning is a pre-requisite for entry into the profession. For all the professional accounting and auditing bodies studied, it appears that workplace learning forms a necessary component of the route to joining the profession and is integrated into a professional education programme, which consists of education, practical experience and assessment requirements in order to achieve professional competence. It also appears that the workplace learning requirements for all these professional bodies adhere to the IFAC's IESs. In addition, it is clear that all these bodies distinguish between an accounting trainee and a professional accountant or auditor.

The next section examines workplace learning in the internal audit profession. Although the IIA is an associate to the IFAC and functions within the accounting and auditing environment, the next question that arises is whether the IIA also adheres to the IESs to develop professional internal audit competence.

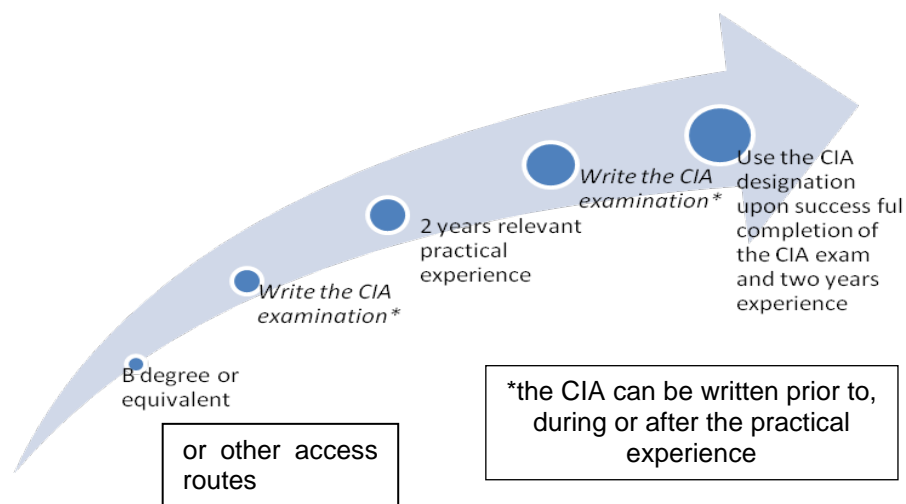
#### **4.4 WORKPLACE LEARNING IN THE INTERNAL AUDIT PROFESSION**

The purpose of this section is to examine workplace learning requirements established by the professional body, the IIA, with reference to the IFAC's IESs. As discussed in Chapter, 2, research on workplace learning in the internal audit profession is limited. Internal audit workplace learning practices in South Africa are apparent from the empirical results of this study and are discussed in Chapter 6. Firstly, internal audit workplace learning is discussed with reference to the USA, Canada, Europe, UK and Ireland, Australia and Asia. These regions represent the largest chapters of the IIA, based on individual membership (IIA, 2015a) and represent every continent, apart from Africa. Secondly, internal audit workplace learning in South Africa is explained.

#### 4.4.1 Workplace learning for internal auditors in context

The IIA has 103 Institutes worldwide (IIA, 2015d), and has accepted an informal and flexible approach to the development of the competencies of internal auditors in the workplace. Entry requirements have recently been revised to allow increased access into the profession (IIA, 2015c). Previously, any Bachelor's degree or equivalent allowed access into the CIA programme<sup>13</sup>, whereas the new requirements allow access through various routes. However, a recent global study confirmed that the most frequently required level of formal education for internal auditors is a bachelor's degree (IIARF, 2014:27).

With regard to the practical experience requirements, the IIA requires a minimum of two years' relevant experience (IIA, 2015c). The relevance of work experience is assessed by the IIA and ranges from experience gained whilst working in positions such as accountant, external auditor, management accountant and consultant (IIA, 2015c). The aforementioned study indicates that globally the domain of the internal audit profession seems to be based on accounting and finance experience (IIARF, 2014:28). The global certification route of the IIA is illustrated in Figure 4.1.



**Figure 4.1: The global certification route to become a CIA**

Source: (Adapted from IIA (SA), 2014).

<sup>13</sup> The IIA regards the CIA programme as the premier certification: the CIA is "...the only globally accepted certification for internal auditors and remains the standards by which individuals demonstrate their competency and professionalism in the internal auditing field" (IIA, 2015d).

In contrast to the afore-mentioned professional bodies, the IIA provides no formal standard, and gives limited guidance in respect of the scope of practical experience or workplace learning that should be undertaken by internal auditors before qualifying as CIAs. The IIA has developed a competency framework but this framework is specifically applicable to internal audit staff, internal audit management and chief audit executives (IIA, 2013a). The previous version of the competency framework did, however, distinguish between “new staff” (those with less than one year experience) and staff (those with at least one or two years’ experience) (IIA, 2011). No reference is made to internal audit trainees in either the current or the previous versions of the IIA competency framework. This is not in line with other professional accounting and auditing bodies referred to in the first part of this chapter, nor the IESs of the IFAC, which all clearly distinguish between a trainee (GAA, 2015b) and pre-qualification experience or initial professional development (IFAC, 2014).

With reference to competency requirements of internal auditors, a recent follow-up study on the 2010 CBOK study found the following general competencies for internal auditors to be regarded by respondents as most important: communication skills, problem identification and solution skills, the ability to promote the value of internal audit, knowledge on industry and regulatory changes and organisational skills (IIARF, 2010:7-9; IIARF, 2014:86). These respondents perceived confidentiality, objectivity, communication and judgement as most important behavioural skills, while leadership and team building skills were deemed to be not as important (IIARF, 2010:11-13; IIARF, 2014:87). Understanding the business, risk analysis and control assessment techniques, identifying types of controls as well as governance, risk and control tools and techniques were perceived as the most important technical skills by these respondents (IIARF 2010:17-20; IIARF, 2014:88). Some of these competencies were also highlighted during the 2006 CBOK study for example communication skills was then perceived as the top overall general competency and confidentiality and objectivity were perceived as the most important behavioural skills, while understanding the business was ranked by the respondents as the most important overall technical skill (IIARF, 2010:7, 13 & 20).

For the purposes of this study, the focus is on workplace learning to develop entry-level internal audit professionals. An overview of the global requirements as well as the South African requirements to qualify as a CIA (the designation recognised by the IIA as the only globally accepted certification demonstrating competency and professionalism) is provided below, with a specific focus on workplace learning requirements.

#### **4.4.2 Internal audit workplace learning: A global perspective**

As mentioned earlier, for the purposes of this study, a brief overview is provided of the workplace learning requirements in the USA, Canada, the UK and Ireland, Europe, Australia and Asia.

##### *USA*

The IIA has 160 chapters in the USA and is currently known as the IIA North America (previously IIA Inc). The chapter in the USA was established in 1941, so it is the oldest internal audit institute in the world (Ramamoorti, 2003). The IIA North America has adopted the global certification route (as explained in Section 4.4.1) to becoming internal audit professional (IIA, 2015c). As discussed in Section 2.4.3.5, the IIA's competency framework sets out the competencies to be achieved for internal audit staff. The ten core competencies are ethics, internal audit management, the IPPF, governance, risk and control, business acumen, communication, persuasion and collaboration, critical thinking, internal audit delivery and improvement and innovation (IIA, 2013a). In 2014, the IIA developed a career map that uses the ten core competencies as a point of departure, and that also specifies different levels of proficiency, ranging from limited awareness, general awareness, applied knowledge, and skilled to expert (IIA, 2014). The various job roles for internal auditing are also described. These include internal audit staff. The IIA recommends that internal auditors use the career map tool to prepare their own career development plans, including the specific competencies to be developed to meet their individual career objectives (IIA, 2014). However, no reference is made to new internal auditors or internal audit trainees.

## *Canada*

The IIA (Canada) was established in 2006, and currently has more than 7 500 members (IIA (Canada), 2015). The IIA Canada has adopted the global certification route to becoming an internal audit professional.

## *UK and Ireland*

In the UK and Ireland, prior to 2015, those who aspired to become internal audit professionals had to complete a formal and structured learning and development programme to qualify as chartered internal auditors, and not CIAs (IIA (UK & Ireland), 2012). The learning and development programme was a two-year programme that entailed an academic education component and practical work experience (IIA (UK & Ireland), 2012). The academic education component consisted of the completion of a diploma and advanced diploma in internal auditing (IIA (UK & Ireland), 2012). Candidates who successfully completed both the academic and practical experience requirements qualified as chartered internal auditors (IIA (UK & Ireland), 2012). However, the IIA (UK & Ireland) has recently aligned its qualification requirements to the IIA's global route, so aspiring CIAs in this region do not need to follow the diploma routes anymore, but follow the global route instead. Apart from the CIA designation, the chartered internal auditor designation is still accessible, and aspiring candidates need to successfully complete the IIA's QIAL if they want chartered status (IIA (UK & Ireland), 2015).

## *Europe*

Representing the wider geographic area of Europe and the Mediterranean region, the European Confederation of Institutes of Internal Auditing (ECIIA) was established to promote the internal audit profession and act as a global voice for internal auditors in 34 countries which include the IIA Austria, the IIA France and the IIA Germany, the three largest IIA regions in Europe (ECIIA, 2015). Except for the IIA UK & Ireland (see previous discussion), it appears from the information available in English on the websites of these other affiliates in Europe that they have adopted the global route to certification.

## *Australia*

Similar to the UK and Ireland, the IIA (AUS) has expanded its career path to make provision for its own unique qualification enabling professional membership, namely Chartered Member of the Institute of Internal Auditors Australia (CMIIA) (IIA (AUS), 2015a). The entry requirements to qualify as a CMIIA are membership of the IIA (AUS), a bachelor's degree or equivalent (in any discipline) from an accredited university-level institution, as well as two years' work experience in internal auditing, or experience in audit/assessment disciplines, including external auditing, quality assurance, compliance and internal control. In addition, an aspirant CMIIA must also complete one of the following: the local graduate certificate in internal auditing (GradCIA – 4 modules: risk-based internal auditing; legal and regulatory environment; organisational systems and processes; professional in practice), the global CIA programme, or an assessment of current competence (which can be an oral examination or providing a portfolio of evidence and the completion of a course in the IPPF (IIA (AUS), 2015b). The IIA (AUS) also indicates that a Master's degree or work experience in related business professions (such as accounting, law or finance) can be substituted for one year of experience (IIA (AUS), 2015b).

In 2010, the IIA (AUS) developed its own competency framework “to answer a need for well-trained internal auditors” in the Australian business environment who can meet stakeholders' expectations. The competency framework does make specific reference to new internal auditors, and provides guidelines in terms of the IPPF, knowledge areas, technical skills and interpersonal skills (IIA (AUS), 2010).

## *Asia*

On the continent of Asia, similar to the continent of Europe and its surroundings, the IIA has established an Asian Confederation of Institutes of Internal Auditors (ACIIA) which is a confederation of eighteen IIA affiliates in the Asia-Pacific region. ACIIA consists of the IIA (AUS), the IIA Azerbaijan, the IIA China, the IIA Hong Kong China, the IIA Fiji, the IIA India, IIA Pakistan, IIA Indonesia, IIA Japan, IIA Korea, IIA Malaysia, IIA New Zealand, IIA Papua New Guinea, IIA

Philippines, IIA Singapore, IIA Sri Lanka, IIA Chinese-Taiwan and IIA Thailand (ACIIA, 2015). Except for the IIA (AUS) (see previous discussion), it appears from the information available in English on the websites of these other affiliates in Asia that they have adopted the global route to certification.

A summary of the IIA workplace learning requirements aligned to the IESs is provided in Table 4.4. From the discussion above, it appears that practices differ slightly in various chapters, depending on the continent and/or country in which the IIA affiliate operates.

**Table 4.4: Summary of IIA workplace learning requirements (outside South Africa) for internal audit trainees**

	USA	Canada	UK and Ireland	Europe	Australia	Asia
<b>Designation</b>	CIA	CIA	CIA & Chartered Internal Auditor	CIA	CMIIA Chartered Member of the Institute of Internal Auditors	CIA
<b>IES 2 Competence areas</b>	IA Competency Framework	IA Competency Framework	IA Competency Framework	IA Competency Framework	IIA (AUS) Competency Framework	IA Competency Framework
<b>IES 3 Professional skills</b>	√	√	√	√	√	√
<b>IES 4 Professional ethics, values and attitudes</b>	√	√	√	√	√	√
<b>IES 5 Practical experience requirements</b>	No learning outcomes provided	No learning outcomes provided	No learning outcomes provided	No learning outcomes provided	Formal workplace learning outcomes	No learning outcomes provided
<b>IES 6 Assessment: Professional Examination</b>	CIA examination	CIA examination	CIA examination	CIA examination	CIA examination	CIA examination
<b>Membership only upon completion of education, training and assessment</b>	No	No	No	No	No	No

Source: See discussion in Section 4.4.2.



#### 4.4.3 Internal audit workplace learning: A South African perspective

As discussed in Section 2.4.2, the IIA (SA) was established in 1964 and currently has more than 10 000 members (IIA (SA), 2015e). The IIA (SA) developed a new career path for internal auditors, which includes a formal, structured workplace learning programme – the professional training programme (PTP). The PTP entails completing two learnership programmes (see Section 3.4.2): the Internal Audit Technician (IAT) and the Professional Internal Auditor (PIA) learnership programmes (IIA (SA), 2015b). These learnerships were initially developed by the IIA (SA) in 2003 to expand entry into the profession for candidates who do not have an academic qualification, but who work in internal auditing (Shellard, 2011). However, to address the need for skilled internal auditors in South Africa, the entry requirements for the learnerships have been adjusted to ensure that only candidates with a Bachelor's degree can enrol (Shellard, 2011). Both learnerships are comprised of an education component and a practical experience component (both workplace-based) (IIA (SA), 2015b).

Like Australia, South Africa has also identified a need to formalise the development of internal audit professionals, thus establishing the PTP programme. Currently, the IIA (SA) promotes the PTP programme as the preferred pathway to qualify as a CIA and has over 140 employers who are registered as service providers for the learnership programmes. More than 1 600 internal auditors have completed the learnership programmes (1215 IAT and 434 PIA) (IIA (SA), 2015f:13). As discussed in Section 3.2.3.2, the South African learning environment currently requires the re-registration of occupational qualifications, including those related to internal auditing. A community of internal audit experts (of whom the researcher is also a member) is involved in the development of two internal audit qualifications (internal auditor and internal audit manager), which will be presented to the QCTO to consider for registration (Von Eck, 2015).

The first PTP programme is a two-year programme, the IAT, and consists of 24 days of classroom training. The eight training modules cover relevant internal audit topics. These topics include the following (IIA (SA), 2015b):

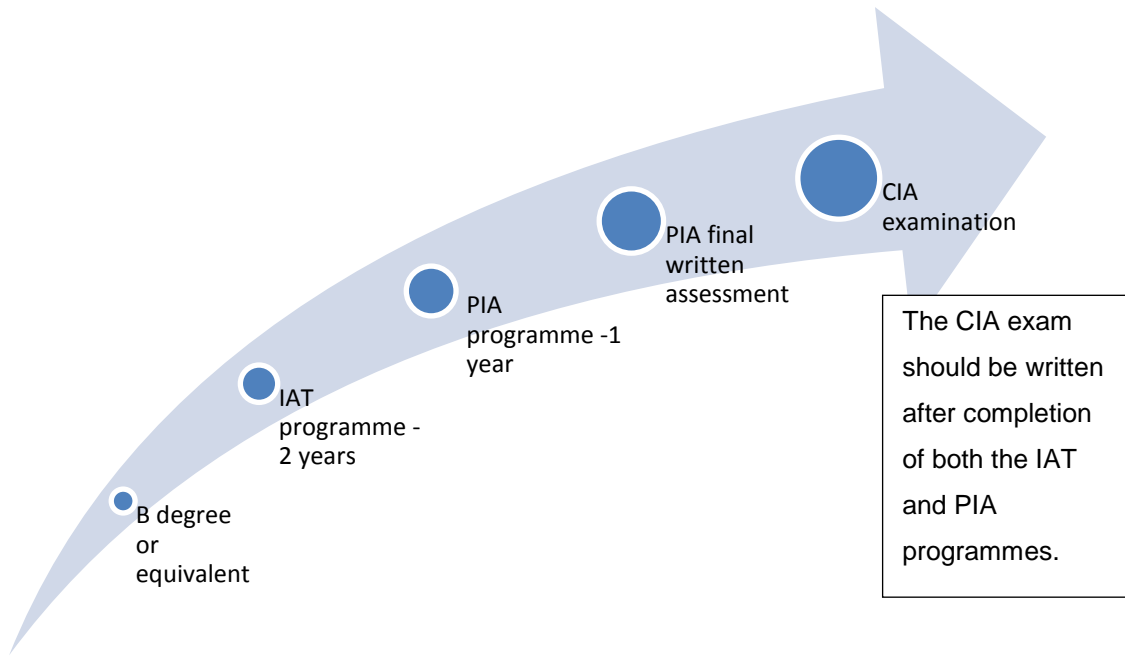
- introduction to the internal audit profession and work readiness programme;
- internal audit's role in governance;
- internal audit and fraud;
- internal audit and information technology;
- internal audit communicating at work;
- internal audit process;
- business processes; and
- financial management.

During the two years, learners are required to keep a logbook of practical experience gained (IIA (SA), 2015b). The PIA learnership programme is a one-year programme and consists of 12 days of classroom training covering five training modules. These modules include the following (IIA (SA), 2015b):

- internal audit's role in governance;
- internal audit's role in risk management and control;
- managing the internal audit activity;
- the internal auditor communicating at work; and
- specific internal audit engagements.

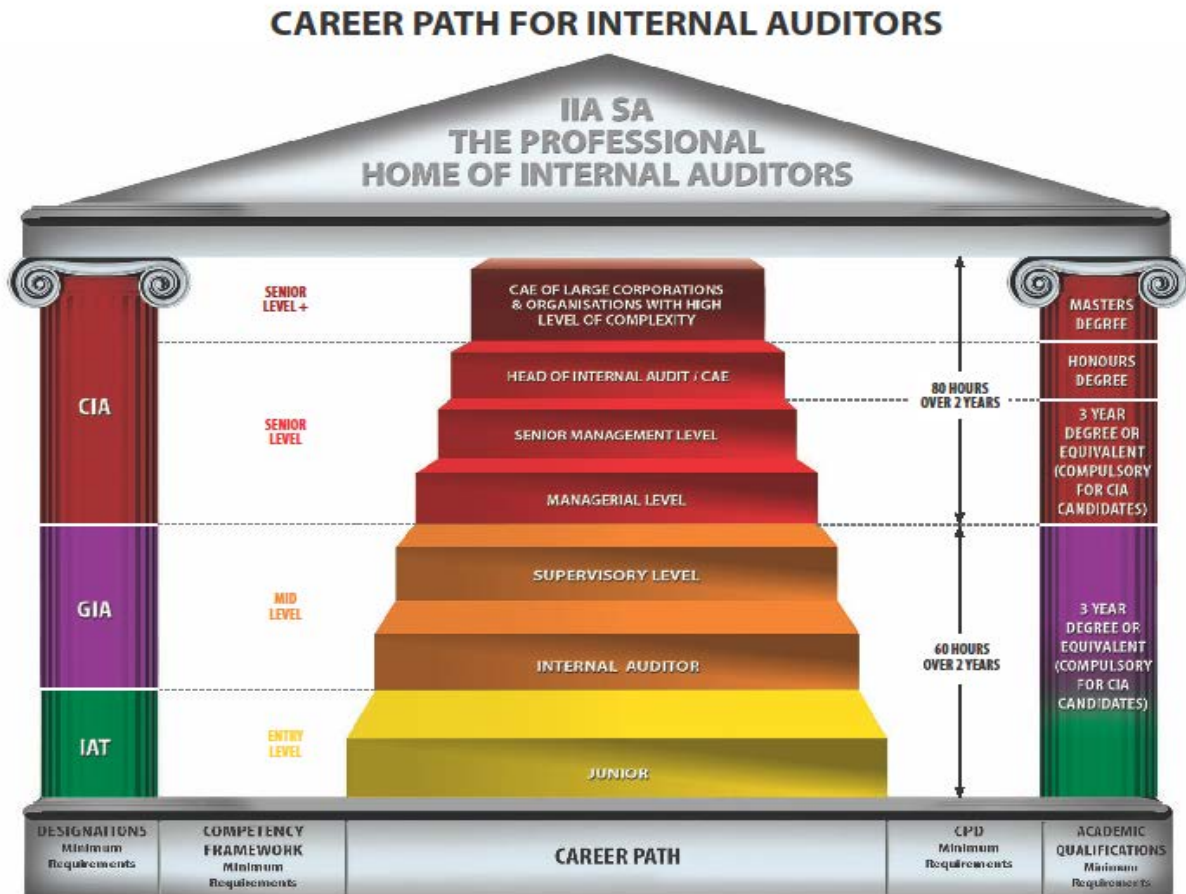
The logbook must be monitored by a supervisor or mentor (IIA (SA), 2015b). The assessment process for both the IAT and PIA programmes entails continuous written and oral assessments (formative assessment) during the three years, as well as final oral assessments done by external registered assessors from the IIA (SA) at the end of each programme. In addition, a comprehensive written assessment (summative assessment) must be completed at the end of the PIA programme (IIA (SA), 2015b).

Figure 4.2 illustrates the preferred route to becoming a CIA in South Africa. Figure 4.3 provides an overview of the IIA (SA) career path.



**Figure 4.2: Preferred route to becoming a CIA in South Africa**

Source: (Adapted from IIA, 2015a).



**Figure 4.3: IIA (SA) career path**

Source: (IIA (SA), 2015a).

The IIA (SA) also considers recognition of prior learning (RPL) for candidates who meet certain minimum requirements, or who possess other professional designations such as the CA (SA) designation. When aligning the requirements of the IESs to the internal auditing landscape in South Africa, it appears that the IIA (SA) is establishing more formalised structures and programmes for internal audit workplace learning. With reference to IES 2, competence areas are indicated in both the learnership programmes. Similarly, with reference to IES 3 and IES 4, the development of professional skills, as well as professional ethics, values and attitudes is addressed to a certain extent in the learnership programmes. The practical experience requirements (IES 5) are formalised for both learnership programmes (two years and one year respectively) and a logbook is kept by trainees indicating work experience gained. The logbooks must be monitored and signed off by supervisors or mentors. With reference to IES 6, both learnership programmes require a final assessment of competence. Table 4.5 is a summary of the IIA (SA) workplace learning requirements aligned to the IESs.

**Table 4.5: A summary of IIA (SA) workplace learning requirements**

	IIA (SA)
<b>Designations</b>	IAT PIA CIA
<b>IES 2 Competence areas</b>	IPPF IT Fraud Internal audit process Governance Risk management Internal control Business processes Financial management Specific internal audit engagements
<b>IES 3 Professional skills</b>	Integrated in learnership programme and workplace learning
<b>IES 4 Professional ethics, values and attitudes</b>	Integrated in learnership programme and workplace learning

	<b>IIA (SA)</b>
<b>IES 5</b> <i>Practical experience requirements</i>	2-3 years' verifiable practical experience recorded in a logbook
<b>IES 6</b> <b>Assessment:</b> <b>Professional Examination</b>	Continuous assessments during learnership programmes Summative/final assessments on completion of IAT and PIA CIA assessment (three papers)
<b>Membership</b>	Individuals can register as members of the Institute PRIOR to successful completion of education, training and assessment processes

Source: See discussion in Section 4.4.3.

#### 4.4.4 Summary

It appears from the discussion above that only two countries globally have formalised internal audit workplace learning monitored by a professional body, namely the IIA (AUS) and the IIA (SA). The rest of the world accepts relevant practical experience for joining the profession. It is also evident that these two countries have identified specific competency areas and have developed specific outcomes that must be achieved to develop professional internal audit competence. From a South African perspective, it is evident that the IIA (SA), although part of a developing country, is striving to meet changing competency needs for internal auditors (See Table 2.1) with the introduction of the new career path and learnership programmes. The move away from the global certification route could be an indication that one size does not fit all, and that the IIA should take cognisance of the local context of its certification (Coetzee, Erasmus & Plant, 2015:19).

#### 4.5 SUMMARY AND CONCLUSION

The objective of this chapter was to study standards and practices of workplace learning in the accounting and auditing landscape. Firstly, workplace learning in professions was discussed, by referring to shared elements of workplace learning in the medical, legal and engineering professions, and, secondly, examining workplace learning in the accountancy landscape. Finally, workplace learning in

the internal audit profession was discussed. The IESs published by the IFAC were used as point of departure to ascertain whether they are aligned to the existing workplace learning requirements of professional accountancy institutes and internal audit institutes.

It was noted that workplace learning forms a critical component of developing professional competence. In professions, gaining practical experience in the workplace is a prerequisite upon and for entering the profession. With specific reference to the accountancy profession, institutes responsible for developing trainees into professionals all highlight formal workplace learning practices that form part of the initial professional development or pre-qualification development. In line with the IESs of the IFAC, workplace learning is integrated with academic education programmes to develop professional competence. Furthermore, it is clear that membership is granted only to candidates who have achieved professional competence upon entering the profession.

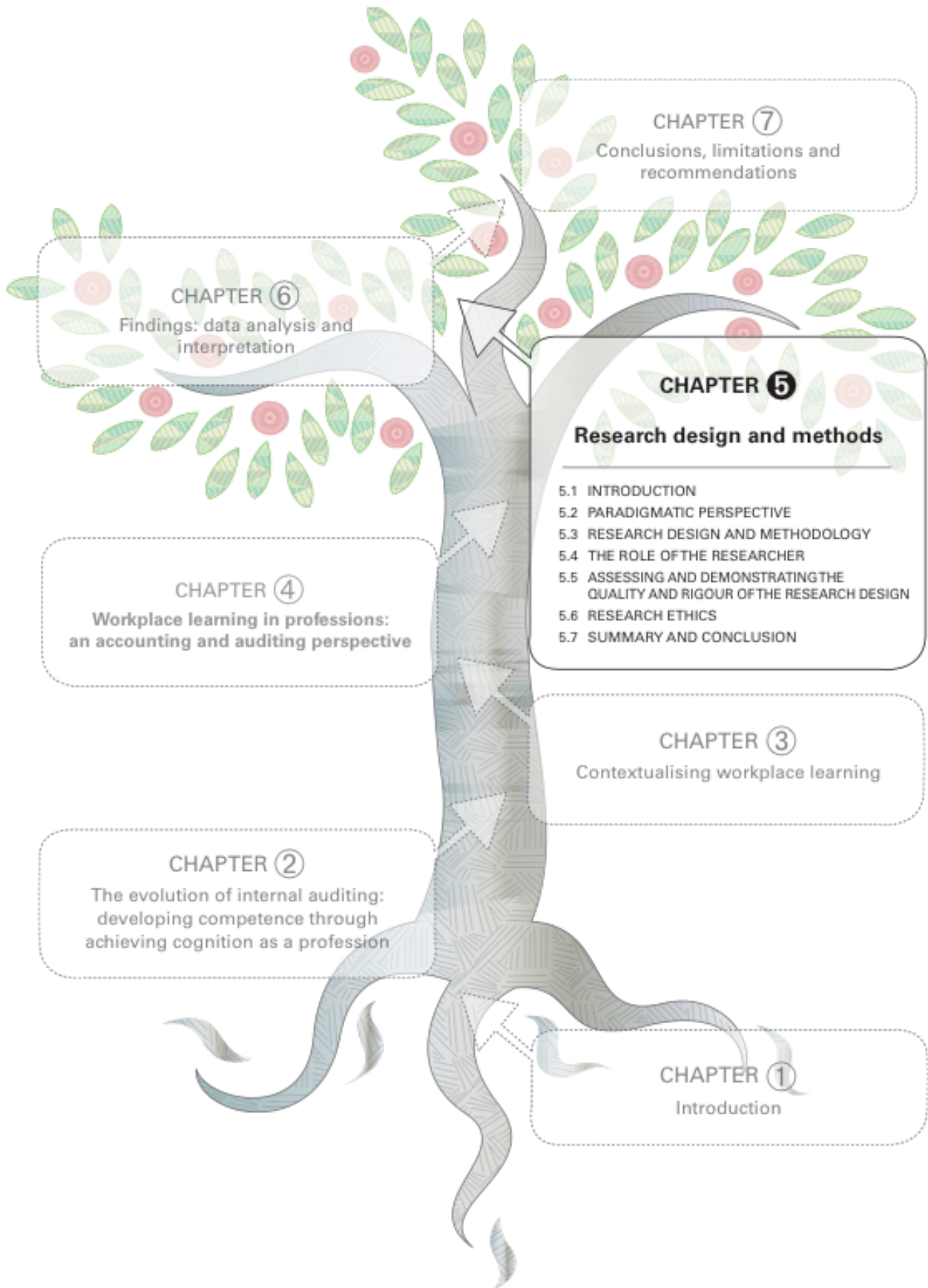
In the internal audit profession, it was noted that there is little specific guidance and there are few standards for workplace learning. Based on the professional literature studied, it is also clear that most countries allow membership to the professional body without completion of a formal education component, a minimum period of workplace learning and a final assessment. This is in stark contrast to the membership requirements of other accounting and auditing professional bodies studied (see discussion in Sections 4.3.3 and 4.3.4). Although the IIA has a competency framework (as discussed in Section 2.4.3.5), these competencies are focused on internal audit staff, internal audit management and CAEs. No reference is made to *new* internal audit staff or internal audit *trainees*. The majority of the IIA's chapters globally appear to follow the global certification route implying any relevant practical experience to be gained. However, in Australia and in South Africa, the development of internal audit trainees into internal audit professionals has been formalised to a greater extent. The IIA chapters in these two regions have developed specific learning outcomes that must be achieved in the workplace prior to qualifying as a CIA. The achievement of learning outcomes must be documented by designated individuals in the workplace and reported to the local IIA.

With specific reference to the IIA (SA)'s career path, it should be noted that although the completion of learnership programmes has become the preferred route, a number of organisations are applying their own in-house workplace learning practices. In addressing Secondary research objective 4, this study aims to investigate the existing workplace learning practices, including both in-house workplace learning and IIA (SA) learnership programmes as experienced by various internal audit stakeholders.

It is therefore concluded that:

- workplace learning should form part of the IPD to develop internal audit trainees into internal audit professionals;
- specific learning outcomes (aligned to competence areas) should be formulated to develop internal audit trainees into internal audit professionals;
- learning outcomes should focus on developing professional competence, which includes technical competencies and behavioural skills;
- practical experience requirements must be integrated with knowledge gained from formal education to enable trainees to develop professional competence;
- the appropriate level of professional competence needs to be assessed at the end of the initial professional development process; and
- a workplace learning framework could be used as a standard or benchmark for internal audit workplace learning, which highlights the considerations for workplace learning and the requirements for developing professional competence in the workplace.

The next chapter discusses the research process followed in determining what internal audit workplace learning is, applying a qualitative research methodology in the constructivist/interpretivist paradigm.





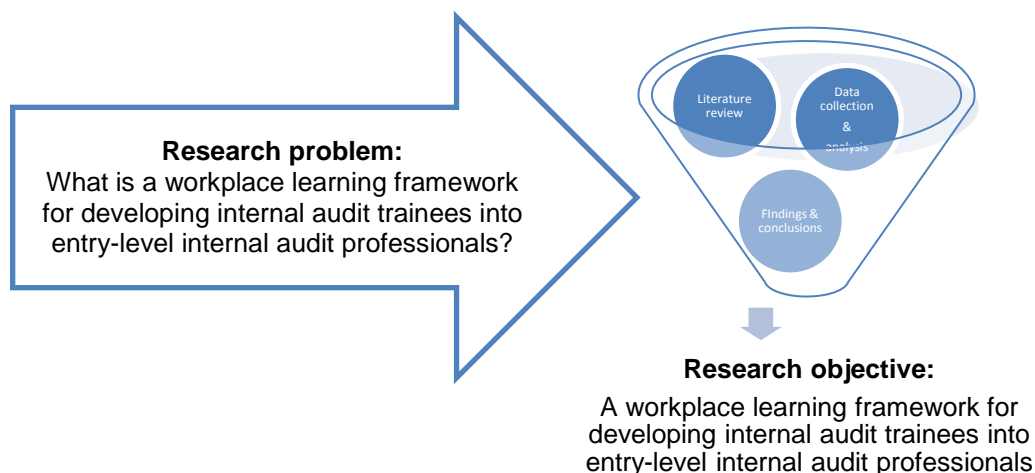
## CHAPTER 5

### RESEARCH DESIGN AND METHODS

#### 5.1 INTRODUCTION

In Chapters 2 to 4, the context of this study was provided by a review of the literature on the evolution of internal auditing, focusing on the development of professional competence through workplace learning. Based on the literature, it was concluded that although workplace learning for the development of entry-level professionals is well-established, this is not the case for internal audit workplace learning. The aim of this academic study is therefore to address this gap by proposing a workplace learning framework for developing internal audit trainees into entry-level internal audit professionals.

The purpose of this chapter is to discuss the research process (as summarised in Figure 5.1) that was followed in achieving the research objective. This includes a description of the research paradigm and the research design and methods applied to address the specific research problem. The selection of participants, the data collection, data analysis and interpretation, and the role of the researcher in the process are also highlighted. Finally, the quality criteria and the ethical considerations contributing to the accountability of the research process are discussed.



**Figure 5.1: Research process**

Source: Own compilation

## 5.2 PARADIGMATIC PERSPECTIVE

Philosophical paradigms or worldviews refer to a researcher's general orientation about the world and the nature of research (Bryman, 2012:25; Creswell, 2009:6). Paradigms set the tone for an academic study and imply that a researcher should take cognisance of the ontological (what is *reality*?) and epistemological (what is the nature of *knowledge*?) considerations when planning a research study (Bryman, 2012:25; Lincoln, Lynham & Guba, 2011:6; Mertens, 1998:7; Tashakkori & Teddlie, 2010:271).

For the purposes of this study, it was important to obtain the views of various stakeholder groups (*multiple realities*) to glean an understanding of the phenomenon of internal audit workplace learning. It was also critical to give recognition to the stakeholders' *subjective realities* of the experienced phenomenon. *Knowledge* was constructed via multiple participant meanings (Creswell, 2009:6) and was also viewed as context-dependent (Mertens, 1998:7). In addition, it was important for the researcher to become "immersed" (Yin, 2011:14) in the stakeholders' worlds so that a better understanding of the experienced phenomenon could be constructed (*social construction*). The study was therefore anchored in a constructivist/interpretivist paradigm that underpins the methodological approach applied.

### 5.2.1 Interpretivism and constructivism as paradigms

From an interpretivist/constructivist perspective, reality is regarded as being socially constructed by the participants of a study (Mertens, 1998:6). An *interpretivist* epistemological position entails understanding the social world by examining the interpretation of that world by its participants (Bryman, 2012:402; Mertens, 1998:7), as well as a *constructivist* ontological position, which involves social properties as outcomes of the interaction between individuals. Evans *et al.* (2006:11) advocate the application of a constructivist approach in search of a better understanding of workplace learning. The researcher aimed to understand internal audit workplace learning as interpreted by the stakeholders and to construct meaning by studying interactions between the viewpoints of these

stakeholders. The multiple statements or realities of the experienced phenomenon were reported on. Multiple realities for the purposes of this study are thus intertwined (Ferreira, 2008:34), including the realities as described by the literature, the researcher and the participants (Ferreira, 2008:34).

Based on the constructivist/interpretivist paradigm, a qualitative research methodology was used to investigate, interpret and describe multiple realities (Cohen, Manion & Morrison, 2000; Merriam, 1998:4).

### **5.2.2 Qualitative methodology**

A qualitative methodology, as explained above, assumes multiple realities (Merriam, 1998:4). In contrast to quantitative research, qualitative research focuses on the words, not the numbers, regarding the viewpoints of the participants, and not the researcher (Yin, 2011:8). It is a process and is not static; it focuses on contextual understanding and not generalisation, and includes rich, deep data in natural settings and not hard, reliable data in artificial settings (Bryman, 2012:426; Creswell, 2009:211).

For the purposes of this study, data on the phenomenon of internal audit workplace learning were collected in a way that enabled the researcher to understand the essence of the phenomenon and provide a description of it. The purpose is thus to describe the collective experiences of various internal audit stakeholders of reality-as-perceived (Eskola, 2011:23) within their environment (Creswell, 2009:211). In line with the statements of Bryman (2012:426), Creswell (2009:211), Merriam (1998:4) and Yin (2011:8), the qualitative research methodology was chosen as it related best to the purpose of this study and enabled the researcher to understand the essence of internal audit workplace learning, based on the experiences of internal audit stakeholders in South Africa, such as internal audit employers, internal audit trainees, workplace presenters and assessors, and members of the IIA (SA) Education and Training Committee (see Section 5.3.2). In addition, approaching the qualitative study from an interpretivist/constructivist paradigm contributed to an understanding of the phenomenon in the specific context of internal auditing in South Africa. With

reference to a qualitative research methodology, the empirical approach of phenomenography was applied.

### 5.3 RESEARCH DESIGN AND METHODOLOGY

#### 5.3.1 Phenomenographic research design

The specific qualitative research methodology applied is phenomenography. A number of authors highlight the relevance of using phenomenography for educational research in identifying variation in approaches to learning (Eskola, 2011:14; Marton, 1986:28; Smith & Hepworth, 2012:157-183). Whereas phenomenology is associated with understanding psychology, phenomenography is a specific research design derived from the philosophy of phenomenology (Ashworth & Lucas, 1998:415-431). Phenomenology was introduced by Husserl in the early 1900s as a philosophy that involves the understanding and description of the core meaning or essence of a lived experience that several individuals give to a phenomenon (Creswell, 1998:37). Phenomenography, on the other hand, is "...an empirical study of the limited number of qualitatively different ways in which phenomena in and aspects around us are experienced, conceptualized, understood, perceived and apprehended" (Marton, 1994:4425).

For the purposes of this study, the phenomenon is stakeholders' experiences of internal audit workplace learning – a relatively unexplored area. It was important to select participants who have consciously experienced the phenomenon (Leedy & Ormrod, 2013:145) and who can provide the multiple meanings needed to answer the research question.

#### 5.3.2 Selecting the participants

In a qualitative research paradigm, the selection of participants who can provide multiple meanings about the phenomenon is critical to the research process. In this study, the participants consisted of a heterogeneous group of internal audit stakeholders. **Three categories in the group of internal audit stakeholders that are directly involved in the workplace learning practices of internal**

**audit trainees were identified: internal audit employers, internal audit trainees and internal audit workplace presenters, workplace assessors and members of the IIA (SA) Education and Training Committee. However, it is noted that there are other internal audit stakeholders such as audit committee members, boards of directors, senior management and external auditors. These stakeholders are not directly involved in the workplace learning practices of internal audit trainees and were therefore excluded the purposes of this study.**

### **5.3.2.1 Categories of participants**

From a phenomenographic perspective, these different stakeholders were selected as participants in an attempt to maximise conceptual variations in the data (Sin, 2010:313).

- Stakeholder category 1: employers who appoint internal audit trainees and who provide audit and advisory services (including outsourced and co-sourced internal audit services).
- Stakeholder category 2: internal audit trainees.
- Stakeholder category 3: internal audit workplace presenters and assessors; and members of the IIA (SA) Education and Training Committee.

The geographic scope of the participants is South Africa. With regard to the employers, those operating in both the private and public sectors in South Africa were included as participants. The reasons for including these internal audit stakeholders are set out below:

- *Stakeholder category 1: Employers who are responsible for workplace learning and development of internal auditors*

These employers are responsible for facilitating workplace learning for their employees. They provided information on the current status of learning and development of internal audit trainees. These individuals included the chief audit executives/heads of internal audit departments/senior internal audit managers in the organisations. Two different groups of employers were

included, namely employers who provide accredited learning programmes (specifically the IIA (SA) learnership programmes) and employers who provide their own in-house learning and development programmes and do not participate in the IIA (SA) learnership programmes.

- *Stakeholder category 2: Internal audit trainees*

These trainees are directly involved in workplace learning, as they are the individuals being developed and trained. They provided information on their learning experiences in the workplace. These individuals are in their second or third year of employment. Two different groups of trainees were included, namely trainees who are formally enrolled for a two- or three-year professional training programme (specifically the IIA (SA) learnership) with their employers, and trainees who attended/are attending employers' in-house learning and development programmes.

- *Stakeholder category 3: Internal audit workplace presenters, assessors and members of the IIA (SA) Education and Training Committee*

Firstly, internal audit workplace presenters and assessors are training providers and consultants who present internal audit training programmes to internal audit trainees and who conduct assessments of internal audit trainees' competencies on behalf of the IIA (SA). They provided information on workplace learning and development programmes, with reference to the objectives of the programmes, the content of training material, the learning outcomes to be achieved, as well as the challenges, strengths and shortcomings relating to workplace learning and development. Secondly, the IIA (SA) Education and Training Committee members represent internal audit practitioners and internal audit academia and the IIA (SA) Education and Training Manager. This committee makes recommendations to the IIA (SA) Board regarding internal audit education and workplace learning programmes. They provided information on the current internal audit workplace learning programmes, more specifically on the formal learnerships offered by the IIA (SA).

### **5.3.2.2 Number of participants selected**

For the purposes of this qualitative study, a purposive sample of 65 stakeholders was selected as participants (see ANNEXURE A for profiles of participants). The researcher argues that purposive or non-probability sampling (the selection of a sample of participants based on the researcher's judgement) (Saunders *et al.*, 2007:354) is the most relevant sampling method to answer the research question. The reason for this is that, with regard to the topic of internal audit workplace learning, the South African internal audit environment has a number of key role-players who are directly or indirectly involved in workplace learning and who have the experience and "voice" to provide insight into the phenomenon. The inclusion of specific stakeholders who are "information rich" (Patton, 1990:169) is fundamental to the quality of the data gathered, as the aim of the qualitative enquiry is to explore a central phenomenon and not to generalise to a population (Lincoln & Guba, 1985; Teddlie & Tashakkori, 2010).

The researcher consulted with the IIA (SA) Education and Training Manager who agreed that purposive sampling would be the best approach to follow for the purposes of gathering quality data from specific stakeholders (Shellard, 2011). He also confirmed that the South African internal audit environment has a few key role-players involved in internal audit workplace learning and recommended that their views should be solicited as they could make a valuable contribution to the study.

### **5.3.3 Data collection**

The data collection process consisted of two phases of primary data collection. The use of a combination of data collection methods is a common practice in qualitative studies (Morgan & Smircich, 1980:492; O'Reilly & Parker, 2012:3) and has a positive impact on the quality and rigour of the research. During Phase 1, data were collected via focus group discussions, and during Phase 2, data were collected via semi-structured interviews. In line with O'Reilly and Parker's (2012:3) recommendation, the focus group discussions provided breadth in the data, whereas the subsequent interviews provided depth. The researcher used a

focus group discussion (Phase 1) as a data collection method to inform the questions for the subsequent individual interviews (in Phase 2), as recommended by Cooper and Schindler (2001:142). Focus group discussions were held for Stakeholder categories 1 and 2 (see Section 5.3.2.1), and individual interviews were held with at least four participants from each of the three stakeholder categories.

### **5.3.3.1 Phase 1: Focus group discussions**

During Phase 1, data were gathered from four focus groups. The reasons for using focus group discussions for the purposes of this study are the following:

- the topic, namely internal audit workplace learning, is focused (Saunders *et al.*, 2007:339);
- the focus is on a particular issue or phenomenon, namely internal audit workplace learning, and encompasses the need for interactive discussion amongst participants (Adams, Khan, Raeside & White, 2007);
- the participants were selected based on particular characteristics that they have in common (see Table 5.1) and they were encouraged to discuss and share their points of view (Krueger & Casey, 2000); and
- the discussion provided a “shared understanding” from several individuals (Creswell, 2012:218).

#### *(i) Composition of focus groups*

During Phase 1, data were collected from Stakeholder categories 1 and 2, namely employers and internal audit trainees, by means of focus group discussions. Separate focus group discussions were held for different categories of stakeholders: employers and trainees involved in in-house workplace learning programmes and those involved in IIA (SA) learnership programmes. Four focus group discussions were thus held for Stakeholder categories 1 and 2 as follows:

- Focus group 1: employers with in-house workplace learning programmes;
- Focus group 2: employers with IIA (SA) learnerships;



- Focus group 3: internal audit trainees exposed to in-house workplace learning programmes; and
- Focus group 4: internal audit trainees exposed to IIA (SA) learnerships.

For the purposes of this study, participants were selected based on specific characteristics or criteria. According to Northcutt and McCoy (2004:87), the participants should have the ability to reflect on the research question, have the time and the inclination to participate, respect and practise group dynamics, and be homogeneous in respect of the dimensions of distance and power. Apart from these criteria, additional criteria (as summarised in Table 5.1) were used for selecting the participants for the purposes of this study.

The reasons for using focus group discussions for Stakeholder categories 1 and 2 only, and not for Stakeholder category 3, are the following: it was very difficult to get all the participants in Stakeholder category 3 (internal audit workplace presenters and assessors and members of the IIA (SA) Education and Training Committee) together at the same time and at the same place, as they were spread all over the country. In addition, in order to apply the IQA technique (see Section 5.3.3.1(ii)), a minimum of ten participants is needed, and the number of active presenters and assessors involved in internal audit workplace learning at that time was fewer than ten (IIA (SA), 2012). The majority of the members of the IIA (SA) Education and Training Committee also formed part of Focus group 1, namely employers of internal audit trainees. The other members of the committee are academics (including the researcher) and were excluded for the purposes of this study on workplace learning. However, it was decided that at least the chairperson of the Committee and the head of the IIA (SA) Education and Training Department should be interviewed.

**Table 5.1: Summary of characteristics of stakeholders for data collection**

Individuals	Characteristics/Criteria	Data collection method
<b>Stakeholder category 1 – Internal audit employers with in-house workplace learning programmes</b>		
Employers who appoint internal audit trainees and provide workplace learning (in-house programmes and other programmes excluding learnerships) to develop internal audit professionals (for outsourced and co-sourced internal audit services)	<ul style="list-style-type: none"> <li>• acting as internal audit practitioner;</li> <li>• at least five to ten years' experience in an internal auditing related field;</li> <li>• responsible for the development of junior staff members/mentoring capacity; and</li> <li>• in the employ of an organisation which currently employs or plans to employ internal audit trainees exposed to workplace learning.</li> </ul>	Focus group 1 & semi-structured interviews
<b>Stakeholder category 1 – Internal audit employers with IIA (SA) learnership programmes</b>		
Employers who appoint internal audit trainees and provide workplace learning (via IIA(SA) learnerships) to develop internal audit professionals (for outsourced and co-sourced internal audit services)	<ul style="list-style-type: none"> <li>• acting as internal audit practitioner;</li> <li>• at least five to ten years' experience in an internal auditing related field;</li> <li>• responsible for the development of junior staff members/mentoring capacity; and</li> <li>• in the employ of an organisation which currently employs or plans to employ internal audit trainees exposed to workplace learning.</li> </ul>	Focus group 2 & semi-structured interviews
<b>Stakeholder category 2 – Internal audit trainees exposed to in-house workplace learning programmes</b>		
Internal audit trainees	<ul style="list-style-type: none"> <li>• part of in-house workplace learning or graduate programme;</li> <li>• minimum academic qualification held (degree or equivalent); and</li> <li>• objective to become internal audit professional.</li> </ul>	Focus group 3 & semi-structured interviews
<b>Stakeholder category 2 – Internal audit trainees with IIA (SA) workplace learning programmes</b>		
Internal audit trainees	<ul style="list-style-type: none"> <li>• part of formal IIA (SA) learnership;</li> <li>• minimum academic qualification held (degree or equivalent); and</li> </ul>	Focus group 4 & semi-structured interviews

Individuals	Characteristics/Criteria	Data collection method
	<ul style="list-style-type: none"> <li>objective to become an internal audit professional.</li> </ul>	
<b>Stakeholder category 3 – Internal audit workplace presenters and assessors and members of the IIA (SA) Education and Training Committee</b>		
Internal audit workplace presenters and assessors	<ul style="list-style-type: none"> <li>acting as workplace presenters for the current IIA(SA) learnership programmes and/or</li> <li>registered assessors with a relevant SETA and currently involved in assessing internal audit trainees.</li> </ul>	Semi-structured interviews
Members of the IIA (SA) Education and Training Committee	<ul style="list-style-type: none"> <li>current member, other than academic member.</li> </ul>	Semi-structured interviews

(ii) *Focus group discussion process*

All four focus group discussions were held at the University of Pretoria in the same venue and lasted approximately two and a half hours. For each of the four focus group discussions, the same independent facilitator/moderator was used, as recommended by Bryman (2012:510). All 49 participants (11 to 13 participants per group) (see ANNEXURE A) signed a combined letter of information and consent prior to the discussion being held (SEE ANNEXURE B).

Data was generated via inductive (process of naming) and deductive (process of reorganising) reasoning. This method of data gathering is described by John Dewey as the “double movement of reflective thought” (cited in Cooper & Schindler, 2001; Northcutt & McCoy, 2004). The process followed was the IQA process where data collection and data analysis were part of the same process and where participants were actively involved in identifying themes and creating theory associated with the phenomenon being researched (Northcutt & McCoy, 2004).

The stages in the IQA process include:

- participants’ generation data via the IQA way of brainstorming;

- participants' sorting the data into categories of meaning (inductive coding); and
- the facilitator's assisting in expanding the clarification of meaning for the presented themes (axial coding).

The independent facilitator started the session with a warm-up exercise enabling the group participants to relax and to become focused on the topic of internal audit workplace learning. He referred the participants to the background information (see ANNEXURE C) which explained the aim of the study and relevant terminology. After a few minutes, he posed the following question to the participants: *What are your views and/or experiences on workplace learning for the development of internal audit trainees into entry-level internal audit professionals?* The participants were requested to write down their thoughts on flash cards, in silence. Each flash card could reflect only one viewpoint, experience or idea expressed in words, phrases or pictures. Continuing in silence, the participants were asked to stick their cards onto a wall, whereafter all participants could move around in the room and had an opportunity to sort the cards. During this process, the facilitator repeated the question a few times and reminded participants to record any views or experiences about workplace learning. Any criteria could be used for sorting, but the grouping of the cards had to be representative of the group's idea on workplace learning for internal auditors. Participants could also add additional cards at this stage, if applicable.

Once all participants had familiarised themselves with the flash cards, the facilitator opened the discussion. Each flash card was explained by its preparer and was subsequently grouped into emerging themes. The participants discussed the groupings and the facilitator requested clarification of each of the groupings (concepts relating to themes) as arranged by the participants. This process took approximately two hours. The participants were thanked, and the way forward was explained.

After the focus group discussion, the researcher used the grouped cards to compile a definition or description for each of the identified concepts and for

related themes. Each participant received these definitions/descriptions of the concepts and the identified themes (in hard copy or via e-mail) to review, and the participants agreed that these descriptions were reasonable representations of the focus group discussions held. In the researcher's view, this technique used to conduct focus group discussions was adequate in identifying the concepts and related themes for internal audit workplace learning, which informed the questions posed by the researcher during the interviews held in Phase 2 of the study.

*(iii) Advantages and limitations of focus group discussions*

The use of focus group discussions to collect data has advantages and limitations. These were considered by the researcher prior to the data collection phase. The advantages include the following:

- a focus group discussion with ten participants is not as time-consuming as individual interviews (Creswell, 2012:218);
- knowledge is constructed on the experienced phenomenon in a relatively short period of time;
- a focus group discussion enables the researcher to study the ways in which individuals collectively make sense of a phenomenon (Bryman, 2012:512); and
- a focus group discussion allows for the perspectives of participants to be revealed via the interaction of the participants in the focus group and their verbal expressions about their experience of internal audit workplace learning (Creswell, 2012:218).

The limitations of using focus group discussions to collect data include the following:

- in comparison with individual interviews, the researcher has less control over the proceedings (Bryman, 2012:525) – for each of the four focus groups held for the purposes of this study, an independent facilitator was used to guide the discussion, which enabled a certain degree of control, but the researcher

had no control over the discussion and acted as an observer, recorded the discussions and made notes;

- it is difficult to organise and obtain the commitment from participants with busy schedules to attend a group discussion at a specific date and time (Bryman, 2012:525) – for the purposes of this study, the researcher was very fortunate to have the commitment of at least 10 participants for each focus group; each group discussion took place at the same venue and the same independent facilitator was used for each discussion;
- there could be problems with group effects, such as participants who “take over the show” or those who do not participate at all (Bryman, 2012:525) – for the purposes of this study, the independent facilitator acted effectively in ensuring that all participants contributed to the discussion; the specific technique used to gather data from the participants, namely IQA, also ensured that each participant had to prepare notes and had to explain his/her notes to the other members of the group; and
- there could be a lack of depth of data (O’Reilly & Parker, 2012:3) – for the purposes of this study, the lack of rich data obtained via the focus group discussions resulted in the decision to expand the data collection to a second phase by conducting interviews with participants from each stakeholder category, thus contributing to a deep understanding of the phenomenon.

### **5.3.3.2 Phase 2: Semi-structured interviews**

In Phase 2, data were gathered via semi-structured interviews. The interviews were semi-structured, as the questions are based on the results of the focus group discussions. However, the questions were open-ended, allowing the respondents to give answers in their own way, in contrast to closed-ended questions which provide a number of alternative answers from which a respondent is instructed to choose (Saunders *et al.*, 2007:368). According to Creswell (2012:220-223), open-ended questions allow interviewees to answer from their own experiences, perceptions, feelings and actions. The interview protocol used for the interviews is provided in ANNEXURE D.

For the purposes of the phenomenographic approach applied to this study, interviews were held to obtain participants' ideas about workplace learning (the central phenomenon of the study), as recommended by Marton (1986). A number of pre-planned open-ended questions were asked, in line with Smith and Hepworth (2012:159), to explore the ways in which participants experienced workplace learning for developing entry-level internal audit professionals. Some participants also provided documentation relating to their workplace learning for internal audit trainees, which was also analysed for the purposes of this study.

(i) *Interview process*

Prior to, during and after the interview process, the researcher, who acted as the interviewer, carefully considered the following guidelines provided by Creswell (2012:220-223) and Leedy and Ormrod (2013:153-157):

- *Identify the interviewees*

As discussed in Section 5.3.2, a purposive sampling strategy was used to identify interviewees. Interviewees were contacted via e-mail requesting a suitable time and venue for the interview. At least four interviewees per stakeholder category were interviewed for the purposes of this study, and in total 16 interviews were conducted (see ANNEXURE A).

- *Select a suitable location*

The majority of the interviews were conducted at the interviewees' workplaces. Owing to the nature of work of the presenters and assessors (extensive travelling to workplace sites), these interviews were conducted at a convenient, quiet location without distractions, at each interviewee's convenience.

- *Obtain written consent from interviewees*

Each interviewee signed a combined letter of information and consent (in line with the University of Pretoria's ethics clearance policy) prior to the interview.

This letter indicates that the study is anonymous and that the confidentiality of the interviewees' responses is assured (see ANNEXURE B).

- *Explain key terms used in the questions to the interviewee*

Each interviewee received a written explanation of the terms “workplace learning”, “internal audit trainee” and “internal audit professional” prior to conducting the interview (see ANNEXURE C). These are key terms for the purposes of this study and it was important to provide the context to the interviewees.

- *Use pre-planned questions, but be flexible*

As discussed in Section 5.3.3, the questions used in the interviews were based on the themes identified during the focus group discussions. The researcher used an interview protocol to conduct the interviews (see ANNEXURE D). The themes identified in the focus group discussions were used as a point of departure for posing questions, but the researcher was flexible in following the conversation with the interviewee. Probing was also used where applicable to obtain additional information or to clarify comments made by the interviewees.

- *Obtain authentic responses*

The researcher attempted to keep her own views about the phenomenon to herself in order to ensure that the interviewee was not influenced in any way.

- *Record the interview*

All interviews were recorded using a voice recorder. The researcher also made brief notes during the interviews.

- *Conclude the interview*

The researcher thanked the interviewees and confirmed that a written transcript of the interview would be sent to the interviewees to confirm that it was a reasonable representation of the interview conducted.



(ii) *Advantages and limitations of interviews*

The use of interviews to collect data has advantages and limitations. Advantages include the following (Creswell, 2012:218; Denscombe, 2014:201):

- a one-on-one interview provides useful information and enables interviewees to provide detailed personal information;
- the interviewer has better control over the types of information received and can ask probing questions if the interviewee's answer seems unclear; and
- the interview protocol is not fixed, and enables the interviewer to engage with the interviewee and to ask questions in response to the interviewee's comments.

Limitations of using interviews to collect data include the following (Creswell, 2012:218):

- conducting one-on-one interviews is time-consuming and costly – for the purposes of this study, interviews were limited to one hour each, and the researcher was able to use earmarked research funds for the transcribing of interviews;
- the presence of the interviewer might affect the responses of the interviewee – in this study, the researcher used ice-breakers during the interview in an attempt to put the interviewee at ease and encourage the interviewee to talk; and
- interview data could be deceptive, in that interviewees could provide the perspectives that the interviewer wants to hear – in this study, the researcher attempted to establish trust with the interviewee by explaining the importance of the study and by emphasising the confidentiality of the interviewee's identity.

#### **5.3.4 Data analysis and interpretation**

The process of qualitative data analysis involves making sense of text data (Creswell, 2009:183) by preparing the data for analysis, conducting different analyses and making an interpretation of the deeper meaning of the data.

According to Creswell (2012:237-264), the data analysis and interpretation process involves the following six activities: preparing and organising the data for analysis, engaging in an initial exploration of the data through the process of coding the data, using the codes to develop a more general picture of the data – descriptions and themes, representing the findings through narratives and visuals, making an interpretation of the meaning of the results by reflecting personally on the impact of the findings and on the literature that might inform the findings, and finally, using suitable strategies to validate the accuracy of the findings.

The data analysis process followed for the purposes of this study is discussed in more detail below, using the work of Creswell (2012:237-264) as a point of departure.

#### **5.3.4.1 *Preparing and organising the data for analysis***

For the purposes of this study, manual file folders and computer files were used to organise the data collected. Manual files for each stakeholder category were prepared, which include the original colour cards generated by the focus group participants, the signed letters of combined information and consent, as well as notes made by the researcher, where applicable. Electronic folders were generated for each stakeholder category and these include copies of the audio files generated during the data collection, lists of themes and sub-themes identified during the focus group discussions, and the transcribed interview files.

*Data collected during the focus group discussions (phase 1)* (themes and sub-themes generated on colour cards) were typed by the researcher in an Excel file containing different sheets for each of the four focus group discussions. *Data collected during the semi-structured interviews (phase 2)* were recorded and transcribed. The transcription process was done verbatim by an independent transcriber. Transcripts were returned to the interviewees to check for accuracy.

### 5.3.4.2 Coding

The first step in data analysis is to explore the data and develop codes (Creswell, 2012:243). *Data collected during Phase 1 (four focus group discussions)* were initially categorised by participants during the group discussions (see Section 5.3.3.1(ii)) into thematically organised groupings. Altogether, 340 “idea” cards were generated and sorted into categories, groupings or clusters by participants. With the assistance of the independent facilitator, participants labelled each cluster as affinities,<sup>14</sup> and where applicable, labels were identified for sub-categories within each cluster (sub-affinities). Participants had an opportunity to name, re-organise, clarify and refine the affinities (axial coding), as recommended by Northcutt and McCoy (2004:98). (See Section 6.3 for a detailed analysis.) Furthermore, the facilitator encouraged the participants to narrow down the meanings of the affinities and their categories. Subsequent to all four focus group discussions, the researcher recorded the cards and affinities. The researcher read through all the affinities and sub-affinities generated and eliminated duplicate affinities and sub-affinities. The researcher re-organised and refined the data, examined the affinities for overlap and redundancy and collapsed these affinities into broad themes in the data, as described by Creswell (2012:243). The researcher reduced the list of affinities to 11 broad themes (with 58 sub-themes) and was satisfied that a point of data saturation was achieved, and that no new information needed to be added to the list of themes.

*Data collected during Phase 2 (semi-structured interviews)* were analysed with the use of the Atlas.ti software program, which enables a researcher to store, organise and code the data gathered (Creswell, 2012:241). Atlas.ti enables a researcher to conduct different analyses and to make an interpretation of the deeper meaning of the data. Although there are other software programs available to assist in qualitative data analysis, Atlas.ti was chosen because of the researcher’s ready access to the program and the support provided within the researcher’s environment. Prior to the data analysis, the 11 broad themes were

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<sup>14</sup> An affinity refers to a thematically organised grouping and is the term used by Northcutt and McCoy (2004:98) for the themes that emerge during the IQA process.

analysed again, eliminating duplicate and redundant themes, combining themes and reorganising themes, as recommended by Creswell (2012:241). Five themes (including 24 sub-themes) emerged from this data analysis. Data collected via the individual interviews were coded based on these themes, and the segments of information from the transcripts were labelled in line with these themes and sub-themes.

#### **5.3.4.3 *Using the codes to develop descriptions and themes***

The purpose of this phase is to develop broad themes or categories of ideas that emerge from the data. The researcher needs to form an in-depth understanding of the central phenomenon through description and development of themes (Creswell, 2012:247). In this study, with the assistance of the facilitator, initial descriptions were prepared for each of the 11 themes and 58 sub-themes. According to Creswell (2012:248), "... themes are similar codes aggregated together to form a major idea in the data". These 11 themes informed the interview questions and, based on the data collected during the interviews, the researcher was able to provide "multiple perspectives" for each theme. During the analysis of the data collected during the interviews, the researcher considered the "layering" of themes, as well as the "interrelatedness" of themes for the purpose of interpreting the phenomenon of internal audit workplace learning. Five themes (including 24 sub-themes) emerged from this data analysis.

#### **5.3.4.4 *Representing the findings through narratives and visuals***

The purpose of this phase is to display the findings and explain what the researcher found in response to the research question. For the purposes of this study, the researcher used tables, figures and a narrative discussion (including dialogue to support themes) to report the findings, in line with Creswell (2012:254).

### 5.3.4.5 Interpretation of the meaning of the results

For the purposes of this study, the researcher reviewed the main findings and how the research question was answered (see Section 7.3), findings were compared and contrasted with the literature (see Section 6.3), the limitations of the study were discussed and recommendations were made for future research in Chapter 7. In line with the qualitative nature of the research, the researcher's personal reflection on the meaning of the data was also included in the final chapter, Chapter 7.

### 5.3.4.6 Conducting strategies to validate the accuracy of the findings

The aim of this final phase is to illustrate the significance of the study (Yin, 2011:220). The researcher needs to determine the trustworthiness of the findings through the application of relevant strategies. As discussed in Section 5.5, for the purposes of this study, the researcher applied triangulation, member checking and peer evaluation to validate the accuracy of the findings.

A summary of the broad research design for this study is presented in Table 5.2

**Table 5.2: Summary of the broad research design for this study**

Broad research design for this study		Rationale
Research area		The phenomenon of internal audit workplace learning
<b>Paradigmatic perspective</b>		
Ontology	Constructivism	Multiple participant meanings about the phenomenon
Epistemology	Interpretivism	Subjective interpretation of the phenomenon
<b>Research design and method</b>		
Research design	Phenomenography	The experiences of various stakeholders on internal audit workplace learning were obtained.
Research method	Qualitative	The collection of qualitative data is necessary to obtain an in-depth understanding of the research question, namely: What is an internal audit workplace learning framework for developing internal audit trainees into entry-level internal audit professionals?

Broad research design for this study		Rationale
<b>Data collection and analysis</b>	Focus groups and semi-structured interviews	<p><i>Data collection:</i> Sequential data collection in two phases:</p> <p><i>Phase 1: Focus groups:</i> Focus group discussions with four focus groups conducted inductively and deductively to identify themes associated with internal audit workplace learning to be used as stimulus material for the semi-structured interviews.</p> <p><i>Phase 2: Semi-structured interviews</i> Individual semi-structured interviews were conducted with stakeholders using the themes generated by the focus groups as a point of departure.</p> <p><i>Data analysis:</i> <i>Qualitative data analysis:</i> <i>Phase 1:</i> During the focus groups, the IQA technique were used to analyse data gathered. <i>Phase 2:</i> For the data gathered via the semi-structured interviews, data were analysed and interpreted according to the stages identified by Creswell (2012).</p>
Broad research design for this study		Rationale
<b>Outcome</b>		
An internal audit workplace learning framework for developing internal audit trainees into entry-level internal audit professionals.		
<b>Contribution</b>		
Expanding the body of knowledge on developing internal audit trainees into entry-level internal audit professionals.		

#### 5.4 THE ROLE OF THE RESEARCHER

It was important for the researcher, who played an active role in the research process, to remain alert to her own subjective meanings of the phenomenon. The researcher acted as observer during the focus group discussions and as interviewer for the individual interviews.

As a member of the IIA (SA) Education and Training Committee and member of the IIA (SA) task team, she has also participated in the revision of the two learnership programmes developed by the IIA (SA) (see Section 4.4.3). The scope of the work done for the IIA (SA) task team was directly related to the research phenomenon. On the one hand, the researcher felt that her direct involvement with the IIA (SA)'s activities with regard to internal audit workplace learning enhanced the academic study in progress and emphasised the significance of the research, but on the other hand, the dual role of both researcher and advisor created some challenges. This dual role forced the researcher to focus more consciously on the research process, constantly reflecting on the importance of providing the verbatim responses of all the participants. The verbatim responses provided a descriptive understanding of the phenomenon as the participants experienced it and contributed to the trustworthiness of the research data.

Reflecting on the research process, which extended over a few years, the researcher recalls the following activities which had a significant impact on the research process:

- the commitment, enthusiasm and dedication of the 65 participants – the researcher felt extremely humbled and grateful towards all the participants during the process; the positive attitude towards and interest in the phenomenon of internal audit workplace learning far exceeded the challenges faced in scheduling four focus group discussions and 16 interviews; and
- the receipt of the “best PhD paper” award at the 11<sup>th</sup> academic conference on internal audit and governance, held in Oslo, Norway, in April 2013 – receiving this award motivated the researcher to continue with the study and provided some degree of credibility to the research aim and research design.

## 5.5 ASSESSING AND DEMONSTRATING THE QUALITY AND RIGOUR OF THE RESEARCH DESIGN

It is important to gain an understanding of the specific criteria and evaluation techniques that are appropriate for demonstrating the quality and rigour of a research study, with reference to the specific strategy of inquiry. The factors that could potentially prejudice or distort one's research findings should also be identified and effectively managed to reduce the impact of any bias or distortion (Saunders *et al.*, 2007).

The quality and rigour of the research design for this qualitative study required the application of methods that contribute to the trustworthiness and credibility of the research process (Lincoln & Guba, 1985; Krefting, 1990:215; Porter, 2007:79). Whether the research is qualitative or quantitative, the criteria remain the same; information gathered should have truth value, should be applicable, consistent and neutral (Guba & Lincoln, 1981; Krefting, 1990:217). In Krefting (1990:217), the qualities to increase trustworthiness of qualitative research are summarised as the credibility, transferability, dependability and confirmability of the data gathered. Several strategies are available to increase the trustworthiness of the data. For the purposes of this study, *triangulation*, *member checks* and *peer evaluation* were used to increase the quality of the research.

*Triangulation* refers to obtaining multiple perspectives for the mutual confirmation of data to ensure that all aspects of a phenomenon have been investigated (Knafl & Breitmayer, 1989). Various types of triangulation are possible, including triangulation of data methods, data sources, and theoretical triangulation (Knafl & Breitmayer, 1989). The first two types are relevant to this study – different data collection methods were used (focus groups and semi-structured interviews) and different sources were used by involving different categories of stakeholders (internal audit employers; internal audit trainees; trainers/presenters, assessors and members of the IIA (SA) Education and Training Committee).

*Member checks* and *peer evaluation* are techniques used to test research data, analytics, categories, interpretations and the research process followed, with both



the participants and an impartial peer/colleague to ensure that the data analysed is a true reflection of people's experiences and/or perceptions (Seale & Silverman, 1997:380). For the purposes of this study, both the outcomes of the focus group discussions and the transcribed interviews were returned to the participants to confirm that they were a true reflection of the participants' perceptions. In addition, an expert in qualitative research performed a peer evaluation of the data collected and the themes identified.

Factors that may influence the trustworthiness of the data collected include subject or participant bias, as well as observer bias. These factors were managed by including the semi-structured interviews and by properly planning and preparing for the interviews, taking into account the timing for and location of the interview. Relevant information (such as a combined letter of introduction and informed consent on a University of Pretoria (UP) letterhead, an explanation of the key terms and the question(s) for discussion and interviews) on the research study was also provided to all participants before the focus group discussions and the interviews to promote credibility. Furthermore, the use of an independent facilitator for the focus group discussions and the independent transcription of the interviews enhanced the trustworthiness of the data collected.

## **5.6 RESEARCH ETHICS**

Research ethics refers to the manner in which a researcher formulates and clarifies the research topic, designs the research and gains access, collects data, processes and stores data, analyses data and documents the research findings (Saunders *et al.*, 2007:178). These actions relating to conducting research should be carried out in a moral and responsible way, taking into account the rights of all the stakeholders in the research process (Saunders *et al.*, 2007:195).

Ethics issues that were considered prior to, during and after this research study, with reference to Saunders *et al.* (2007:181), include the privacy of possible and actual participants, the voluntary nature of participation and the right to withdraw partially or completely from the process, consent from participants and possible deception of participants, reactions of participants to the ways in which data is

collected, used and analysed, as well as the behaviour and objectivity of the researcher. The specific ethical issues applicable to the various stages, as identified by Saunders *et al.* (2007:180), of this study were:

- *Stage 1: Formulating and clarifying the research topic*

The researcher asserted her right to the absence of sponsor coercion. There were no sponsors for this study; however, the IIA (SA) Education and Training Committee played an active role by establishing a task team investigating the IIA (SA) learnership programmes whilst this study was being conducted, and constantly emphasised the importance and relevance of the study to the internal audit profession in South Africa. The researcher received a grant from the National Research Foundation (NRF) in South Africa to assist in the finalisation of the thesis (appointment of teaching replacement during study leave and payment of editorial services). The researcher was never forced to change the research aims and research design and therefore there were no impairments to the researcher's independence;

- *Stage 2: Designing the research and gaining access*

The participant's right to be fully informed and the participant's privacy were respected. The participants for this study (focus group discussions and individual interviews) took part on a voluntary basis and all the participants signed a letter of consent to be involved anonymously in the study. The consent form made provision for participants to withdraw at any stage from the study. In addition, the IIA (SA) provided contact details of relevant participants and encouraged these individuals to participate in the study;

- *Stage 3: Collecting the data*

The participants' right to informed consent, right to withdraw, right to confidentiality/anonymity, and the right to quality research were respected. Deception by the participant should also be considered at this stage. All participants signed a letter of consent which indicated that the study did not pose a safety risk, was conducted anonymously and that the participant had the right to withdraw at any stage;

- *Stage 4: Processing and storing the data*

The participants' rights as individuals to the processing and storing of their data were respected. For the purposes of this study, the data collected were treated as confidential, information was reviewed by participants and all focus group cards and transcripts of interviews are in the safekeeping of the researcher; and

- *Stage 5: Analysing the data and reporting the findings*

The participants' right to confidentiality/anonymity was honoured. As mentioned, participants signed a letter of consent which indicated that the study was conducted anonymously and that the researcher undertook to treat the information as confidential. All the participants were also informed that the findings of the study would be reported in a PhD thesis and in an academic article(s). It is argued that the participants may also have benefited from participating in the experiences of the phenomenon.

The researcher's application for ethics clearance as required by the UP was approved by the Faculty of Economic and Management Sciences' Research Ethics Committee and indicates the researcher's commitment to ethical behaviour with regard to conducting the research.

## **5.7 SUMMARY AND CONCLUSION**

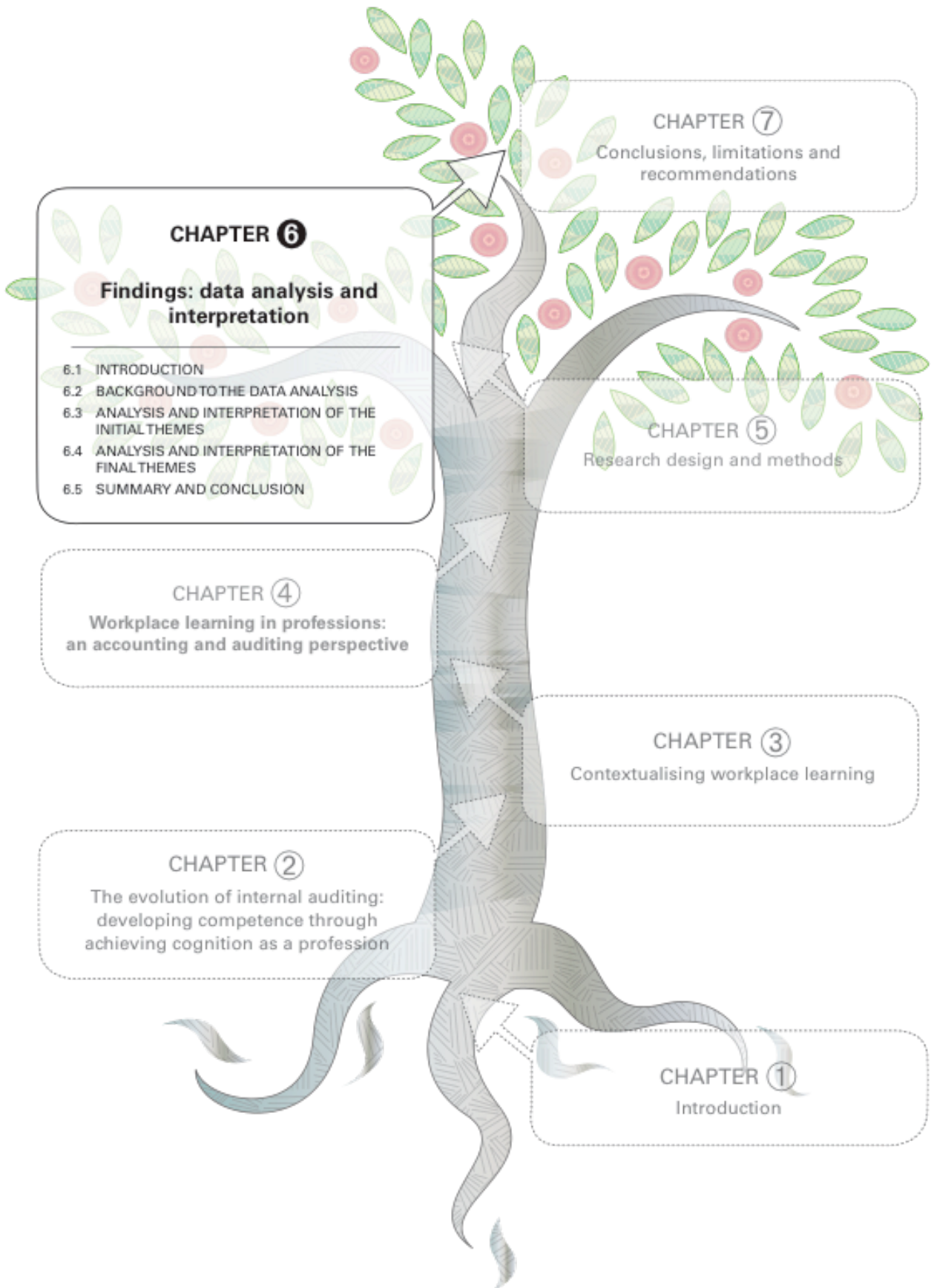
This chapter aimed to present and justify the research process followed for the purposes of this study. Firstly, a generic overview was provided on research paradigms; secondly, the research design and methods were discussed. Finally, the role of the researcher, the assessment of quality and rigour of the research, as well as research ethics were considered in the context of this study.

Based on the discussion of the literature and the description of the research process, it is concluded that:

- it was appropriate to study the phenomenon of workplace learning within an interpretivist/constructivist paradigm, because the study aimed to obtain a deeper understanding of the phenomenon within a specific social context;

- the interpretivist/constructivist paradigm called for a qualitative research methodology, because the study aimed to interpret multiple meanings of the phenomenon;
- the research design selected to answer the research question was phenomenography, because the study aimed to obtain the experiences of various internal audit stakeholders of the phenomenon;
- data collection occurred via focus groups and semi-structured interviews from a purposive sample of 65 internal audit stakeholders, because the research question should be answered via the acquisition of rich data from multiple settings;
- an iterative process of data analysis was used; firstly, analysing the themes that emerged from the focus group discussions; secondly, analysing the data collected via the semi-structured interviews using AtlasTi, thus enabling transcribed documents to be coded and analysed because the study aimed to develop common themes about the phenomenon;
- the research process allowed for the findings of the study to be reported structurally according to themes which form the basis of the elements of a framework of internal audit workplace learning;
- the role of the researcher, who has a particular interest in the phenomenon, was recognised because the qualitative research methodology called for the researcher to be an active participant in the process of data collection and analysis;
- triangulation, member checks and peer evaluation were used to increase the quality of the research, because a qualitative research methodology calls for the credibility, transferability, dependability and confirmability of the findings; and
- the ethical implications of the research study were considered by the researcher to ensure that the research process was carried out in an ethical and professional manner.

The next chapter presents the data analysis, interpretation and findings supporting the achievement of this study's research objective.



## **CHAPTER 6**

### **FINDINGS: DATA ANALYSIS AND INTERPRETATION**

#### **6.1 INTRODUCTION**

Chapters 2, 3 and 4 presented the literature review of this study, which aims to propose a workplace learning framework for developing internal audit trainees into entry-level internal audit professionals. In Chapter 2, the evolution of internal auditing was considered, with specific emphasis on the development of the internal audit competence needed to achieve recognition as a profession. In Chapter 3, workplace learning was contextualised, and Chapter 4 considered workplace learning standards and practices in various accounting and auditing professions. In Chapter 5, the research design and methods applied to achieve the research objectives for this study were described.

The aim of this chapter is to present the findings of the study. As mentioned in Chapter 5, data were collected in two phases: in four focus group discussions in Phase 1, and semi-structured interviews in Phase 2. This chapter provides the background to the data analysis, followed by the data analysis itself, and an interpretation of the initial themes that emerged from the focus group discussions, presented in the form of narrative descriptions of the phenomenon of workplace learning. Thereafter, an analysis and interpretation of the final themes that emerged from the interviews are presented. Related areas for improvement of the workplace learning framework are also included. Finally, a workplace learning framework for developing entry-level internal audit professionals is proposed, based on the overall findings.

#### **6.2 BACKGROUND TO THE DATA ANALYSIS**

Prior to the data collection by means of the focus group discussions (Phase 1) and the individual semi-structured interviews (Phase 2), the aim of the study and the following terms were defined and explained to all participants (see ANNEXURE C):

- *Research aim*  
To propose a workplace learning framework for the development of internal audit trainees into entry-level internal audit professionals.
  
- *Workplace learning*  
Workplace learning refers to any form of learning in the workplace in an internal audit trainee's first three years of employment, and it can be one or a combination of the following:
  - a formal learnership;
  - informal learning;
  - in-house training programmes or seminars;
  - on-the-job training;
  - mentoring and coaching; and
  - other.
  
- *Internal audit trainee*  
An internal audit trainee refers to an individual with at least a Bachelor's degree or an equivalent, and in the first three years of employment in an internal audit function. With the development of competencies in the workplace, he/she can become an entry-level internal audit professional.

### **6.2.1 An overview of the data analysis**

For the purposes of this study, the researcher recognised the “multifaceted world of qualitative research” (Yin, 2011:11) during the research process, as well as the methodological variations available in qualitative research. She customised the data analysis process (depicted in Figure 6.1) of the study, as suggested by Yin (2011:11). A three-way process was followed in the data analysis:

- *First analysis*  
During the focus group discussions, 340 ideas were generated by 49 participants and classified as sub-affinities. Through the IQA technique (Northcutt & McCoy, 2004), participants grouped these sub-affinities together

and allocated overall affinity labels. The researcher conducted a thematic analysis by analysing all affinities and sub-affinities subsequent to the focus group discussions (in the context of the literature), resulting in 63 themes and 277 sub-themes (see Table 6.1).

- *Second analysis*

The researcher decided at this stage to adapt the IQA process<sup>15</sup> by conducting semi-structured interviews with 16 participants as an additional method of data collection. A refinement process was followed (see Table 6.8), resulting in an interview protocol based on 11 themes and 58 sub-themes (see Table 6.9 and ANNEXURE D).

- *Third analysis*

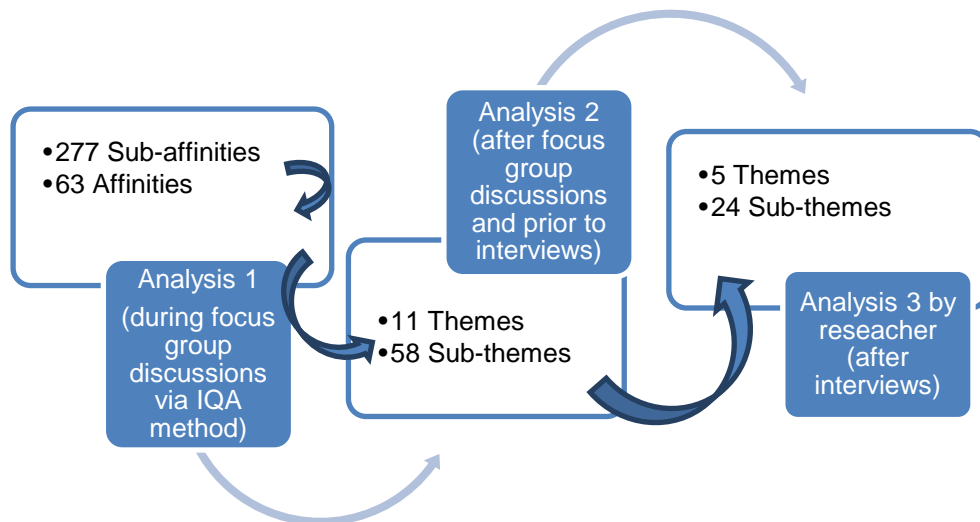
After the interviews based on the above-mentioned interview protocol, the researcher refined themes and sub-themes in line with the iterative process of qualitative analysis (Yin, 2011:198). This resulted in a more coherent list, as recommended by Saldaña (2011:149), consisting of five themes and 24 sub-themes (see Table 6.10). These themes and sub-themes were used as the basis for the data analysis. The triangulation of data in the research process enabled the researcher to prepare rich and “thick” descriptions (Yin, 2011:12) of the phenomenon studied. The purpose was not to build theory inductively or to determine relationships by means of the IQA process. However, it is noted that this could be a possible area for future research.

An overview of the data analysis process used in this study is given in Figure 6.1.

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<sup>15</sup> The IQA process was used as a data collection and analysis technique in a recent phenomenological study by Nienaber (2013:351). He gathered data from four focus group discussions. In his study, he noted the limitations of IQA as a technique to provide the basis for an integrated holistic framework and therefore conducted a thematic analysis of the focus group themes.





**Figure 6.1: Data analysis process followed in this study**

Source: Own compilation

The next section elaborates on the data analysis process followed in Phase 1, the focus group discussions.

## 6.2.2 Phase 1: Focus group discussions

As explained in Section 5.3.3, data were collected in four focus group discussions (held in sequence) during Phase 1 of the empirical research. The purpose of the focus group discussions was to collect data from two of the three stakeholder categories (Stakeholder category 1: employers; Stakeholder category 2: trainees – see Section 5.3.2). These focus group discussions were limited to two stakeholder categories, as it was not a feasible option for Stakeholder category 3: workplace learning presenters, assessors and IIA (SA) Education and Training Committee members. Applying the IQA requires a minimum of ten participants per focus group (see Section 5.3.3.1) and this was not possible for Stakeholder category 3. The two stakeholder categories that participated in the focus group discussions were divided into four focus groups, namely:

- Internal audit employers with in-house workplace learning (FG1);
- Internal audit employers with IIA (SA) learnership programmes (FG2);
- Internal audit trainees exposed to in-house workplace learning (FG3); and
- Internal audit trainees exposed to IIA (SA) learnership programmes (FG4).

Table 6.1 provides information on the focus groups, number of participants and number of themes and sub-themes identified per focus group.

**Table 6.1: Number of focus group participants, themes and sub-themes generated per focus group**

Stakeholder category	Focus group	Number of participants	Reference in analysis	Number of themes	Number of sub-themes
1 (Employers)	1	11	FG1 – Table 6.3	11	79
	2	13	FG2 – Table 6.4	13	69
2 (Trainees)	3	13	FG3 – Table 6.5	24	76
	4	12	FG4 – Table 6.6	15	53
		<b>49 participants (see ANNEXURE A)</b>		<b>63</b>	<b>277</b>

The use of the IQA technique in each of the focus group discussions facilitated the collection and initial analysis of data simultaneously (see Section 5.3.3.1(ii)). For each of the focus groups, one similar question was asked by the independent facilitator, namely: *What are your views and/or experiences on workplace learning for the development of internal audit trainees into entry-level internal audit professionals?* Under the guidance of the independent facilitator, the above question was interrogated by focus group participants (see Section 5.3.3.1(ii)). The analysis and interpretation of ideas generated by focus group participants are discussed in Section 6.3. Subsequent to Phase 1 of the data collection, semi-structured interviews were held as explained next.

### 6.2.3 Phase 2: Semi-structured interviews

During Phase 2 of the empirical research, data were gathered by means of semi-structured interviews. The purpose of the semi-structured interviews was to collect data from all three stakeholder categories, namely:

- *Stakeholder category 1*
  - A. Internal audit employers with in-house workplace learning programmes (hereafter referred to as E1);

- B. Internal audit trainees exposed to in-house workplace learning programmes (hereafter referred to as T1).
- *Stakeholder category 2*
  - A. Internal audit employers with IIA (SA) learnership programmes (hereafter referred to as E2)
  - B. Internal audit trainees exposed to IIA (SA) learnership programmes (hereafter referred to as T2).
- *Stakeholder category 3*  
 Presenters of internal audit workplace training courses, workplace assessors and members of the IIA (SA) Education and Training Committee not included in Stakeholder categories 1 and 2 (hereafter referred to as O3).

A purposive sampling strategy was used to identify interview participants. The number of participants in each stakeholder group is presented in Table 6.2.

**Table 6.2: Number of interview participants**

Stakeholder category	Reference in analysis	Number of participants	Reference in analysis
1	E1	4	P1, P2, P3, P5
	T1	2	P10, P11
2	E2	3	P7, P8, P9
	T2	3	P6, P12, P15
3	O3	4	P4, P13, P14, P16
		<b>16 participants (see ANNEXURE A)</b>	

During the interviews, the researcher mentioned each theme and described each theme with reference to the descriptions that emerged from the focus group discussions. Participants were then requested to provide their own views and experiences on workplace learning with reference to each of the 11 themes (see Table 6.9). The interviews were recorded and subsequently transcribed (see Section 5.3.4.1).

Prior to the analysis of the interviews using Atlas.ti, and in line with the iterative process of qualitative analysis as described by Yin (2011:198), the researcher realised that some of the 11 themes used in the interviews could be combined further and reorganised. The researcher therefore re-analysed the 11 themes, eliminating duplicate and redundant themes, combining themes and reorganising themes, as recommended by Creswell (2012:247) and Yin (2011:186-199). Five themes (including 24 sub-themes) emerged from this third data analysis, as presented in Tables 6.10 and 6.11.

The transcribed interview documents were analysed per theme by identifying words, phrases or statements in the transcript of the interview that illustrate or explain the theme – this is referred to as axial coding. Some participants from Stakeholder category 1 mentioned an in-house developed workplace programme or process and offered to provide the relevant documentation. These documents were also used in the analysis.

The next section explains the process followed to analyse and interpret the initial ideas generated by the focus group participants in Phase 1 of the empirical research.

### **6.3 ANALYSIS AND INTERPRETATION OF THE INITIAL THEMES**

In the focus group discussions, 49 participants (see ANNEXURE A for details of the participants in each focus group) generated ideas using the IQA way of brainstorming (see Section 5.3.3.1 (ii)). They sorted the data into categories of meaning/affinities (inductive coding). The independent facilitator then clarified these affinities (axial coding) with each of the four focus groups by first grouping sub-affinities together and then, once the group was satisfied with all the sub-affinities in a grouping, an overall affinity/theme label was allocated to each grouping by the focus group participants. Altogether, 63 affinities/themes and 277 sub-affinities/themes were generated in the focus group discussions (see Table 6.1). The researcher prepared descriptions for each affinity/theme which were checked to confirm that it was a reasonable representation of the focus group discussion. These descriptions were checked by the independent facilitator and

the focus group observers – the study leaders also attended the focus group discussions as observers. The researcher used an MSExcel spreadsheet to record the affinities/themes and sub-affinities/sub-themes (hereafter referred to as themes and sub-themes) generated by each focus group. Finally, these themes per focus group were tabled by the researcher in a first attempt to align similar themes and identify duplicate themes (see Table 6.7). The themes, sub-themes and descriptions that emerged from each focus group discussion are presented below. Sub-themes are printed in italics.

### **6.3.1 Focus group 1 (FG1) discussion**

#### **6.3.1.1 Themes that emerged from FG1**

FG1 identified and described 11 themes and 79 *sub-themes* (see Table 6.3), as discussed below. This focus group consisted of internal audit employers with in-house developed workplace learning practices.

##### *Theme 1 – Expectations*

This theme describes the *general expectancies* in workplace learning programmes for different levels of internal audit trainees (in their first year, second year and third year) at different levels of activity (project level, programme level and process level) in an organisation. In addition, participants commented on the existence or non-existence of a guideline for a specific internal audit engagement, assignment or project for different levels of internal auditors, referred to as an *engagement expectations framework*. All the participants agreed that specific expectations to be achieved in terms of competencies (technical and non-technical) should be stipulated in a *competency framework*.

##### *Theme 2 – Effective communication*

This theme refers to both verbal and written communication skills, which are a very important capability that internal audit trainees should develop during workplace learning. This should be *integrated* in all facets of workplace learning.

### *Theme 3 – Outcomes*

Outcomes refer to the characteristics of learners who have completed workplace learning, namely learners who achieve *high standards* and *excellence*, who have *initiative* (also an expectation of the programme), who are *commercially focused* and thus demonstrate *business acumen* and who promote internal audit *quality*. Other outcomes identified by participants were the *readiness of trainees to progress to the next level*, the need to develop *interpersonal skills* and to demonstrate an *understanding of different knowledge areas*.

### *Theme 4 – Training methods*

This theme describes the various training or learning methods that can be used for workplace learning. These methods include both *formal* and *informal* methods of learning such as *on-the-job training*, *knowledge-sharing*, *role-play*, *e-learning*, *technical buddy system*. *Personal support* and *coaching* are also important. With regard to options for formal training sessions, participants suggested *interactive in-house workshop training sessions*, *contact sessions to provide technical updates*, *participating in CPD offerings* and *quarterly briefings held by experts*. Participants mentioned that training and development of trainees should be *accelerated learning* and *continuously monitored*.

### *Theme 5 – On-the-job training*

This theme was also identified as a sub-theme of training methods (see Theme 4), but all the focus group participants agreed that it should also be described as a separate theme. On-the-job training refers to the specific activities that take place “on-the-job” such as *interaction* and *knowledge sharing* between senior internal auditors and internal audit trainees, *explorative* learning through such interaction on a *one-on-one* basis, and *attending meetings with managers*. Participants also mentioned the importance of *guidance* and *feedback* from mentors and managers during on-the-job training. Participants reported on their experiences of the importance of internal audit trainees’ using *review notes* prepared by audit supervisors on the work done by trainees as a tool to improve

performance and facilitate learning. Similarly, participants mentioned the practices of *review and redo, show and tell, look and learn* and *observation*. *Role-play* was also mentioned by participants as a form of on-the-job training.

### *Theme 6 – Challenges*

Challenges refer to aspects that make it difficult to support effective workplace learning, such as the *cost of training*, the *time* needed to learn and teach, and the *retention of staff*. In addition, there is also the challenge of still needing to be *profitable whilst training* internal audit trainees who are *not always motivated and willing to learn*. *On-the-job training* as a training method creates a challenge in the learning environment, because training has to be done while simultaneously completing an assignment or job. The challenges of balancing workplace learning and serving the needs of clients in a *pressurised, overwhelming environment* where *innovative* products need to be produced or services rendered, are *never-ending*, and on-the-job learning implies facing an environment filled with *distractions*, a lack of *specific or limited skills and experience* as well as a possible *lack of effective communication skills*.

### *Theme 7 – Team building*

This theme refers to the importance of allowing the group of internal auditors to *have fun* whilst learning in the workplace. An example of *sky diving* excursions was mentioned to illustrate this point.

### *Theme 8 – Performance management*

This theme refers to the importance of managing the performance of internal audit trainees in the form of *assessment*, which was also highlighted as an outcome of workplace learning and as a driver of success. *Feedback* on learning was identified as part of performance management, but also as part of on-the-job training. Such feedback could be provided during *monthly, quarterly and half-yearly reviews*. It was suggested that *exit points* be determined to benchmark a

trainee's development at specific intervals. Participants alluded to the difficulty of giving (and receiving) a *reprimand* for underperformance.

#### *Theme 9 – Enablers*

Enablers refer to the existence of *equipment*, *web-learning* opportunities, such as *web-casts*, as well as other *tools* such as *software programmes* used for performing audit engagements, *computer assisted audit techniques (CAATs)* and *risk assessments* to facilitate workplace-learning. In addition, the availability of an *induction* programme at the commencement of the workplace learning programme is an important element of a supportive workplace learning environment for all internal audit trainees to familiarise these trainees with the workplace, organisational culture and methodologies, amongst other things.

#### *Theme 10 – Training content*

This theme describes the detail of topics to be covered in workplace learning. Participants suggested that training content should be *based on a needs analysis*. In addition, *soft skills (non-technical) training* and *technical training*, such as *auditing*, *risk*, *industry-specific (sector-based) knowledge* and *commercial awareness* should also be included in the training content.

#### *Theme 11 – Drivers for success*

This theme describes the elements that drive the success of workplace learning and identifies *management as the owners* of the workplace learning programme as a driver for success. Management should *lead by example* and drive the programme. In addition, if workplace learning as a *structured, systematic and disciplined process* within a *nurturing environment* it is more likely to succeed. Including *relevant and effective training programmes with management support* and *participation* involving internal audit trainees who are *willing to learn* contributes to the success of workplace learning.

The above themes and sub-themes are summarised in Table 6.3.



**Table 6.3: FG1 – Summary of themes and sub-themes**

		<b>Sub-themes</b>	<b>Themes</b>
1	1	<i>General expectations</i>	Expectations
	2	<i>Engagement expectations framework</i>	
	3	<i>Competency framework</i>	
2	4	<i>Integrated communication skills</i>	Effective communication
3	5	<i>High standards</i>	Outcomes
	6	<i>Initiative</i>	
	7	<i>Excellence</i>	
	8	<i>Quality</i>	
	9	<i>Commercial “savvy” (business acumen)</i>	
	10	<i>Readiness for next stage</i>	
	11	<i>Interpersonal skills</i>	
	12	<i>Knowledge areas</i>	
	13	<i>Understanding</i>	
	4	14	
15		<i>Focus on CPD and study towards CIA</i>	
16		<i>Technical update contact sessions (speed learning)</i>	
17		<i>On-the-job training</i>	
18		<i>Coaching tips</i>	
19		<i>Accelerated learning (stepping stones)</i>	
20		<i>Formal/Informal training</i>	
21		<i>Interactive, in-house workshop training sessions</i>	
22		<i>Knowledge sharing</i>	
23		<i>Quarterly briefings and expert presentations</i>	
24		<i>Role-play</i>	
25		<i>Technical buddy</i>	
26		<i>Continuous monitoring</i>	
27		<i>Personal support</i>	
5	28	<i>Attending meetings with managers</i>	On-the-job training
	29	<i>Review notes</i>	
	30	<i>Review and redo</i>	
	31	<i>Guidance</i>	
	32	<i>Feedback</i>	
	33	<i>Show and tell</i>	
	34	<i>Look and learn</i>	
	35	<i>Observe</i>	
	36	<i>Interaction</i>	
	37	<i>Explorative learning</i>	
	38	<i>Knowledge sharing</i>	
	39	<i>Role-play</i>	
	40	<i>One-on-one training</i>	

		<b>Sub-themes</b>	<b>Themes</b>
6	41 42 43 44 45 46 47 48 49 50 51 52 53	<i>Cost</i> <i>Time to learn and teach</i> <i>Never-ending challenges</i> <i>Profitability whilst training</i> <i>Retention of staff</i> <i>Motivation and willingness to learn</i> <i>On-the-job training</i> <i>Communication skills</i> <i>Distractions</i> <i>Specific and limited skills and experience</i> <i>Pressurised</i> <i>Overwhelming</i> <i>Innovative</i>	Challenges
7	54 55	<i>Sky-diving</i> <i>Fun</i>	Team building
8	56 57 58 59 60	<i>Assessment</i> <i>Feedback</i> <i>Exit points</i> <i>Monthly, quarterly and half-year reviews</i> <i>Scold</i>	Performance management
9	61 62 63 64	<i>Induction</i> <i>Web-learning and web-casts</i> <i>Tools – software for audits, CAATs and risk</i> <i>Equipment</i>	Enablers
10	65 66 67 68 69	<i>Sector based training</i> <i>Training according to needs analysis</i> <i>Soft skills</i> <i>Risk and audit modules</i> <i>Commercial</i>	Training content
11	70 71 72 73 74 75 76 77 78 79	<i>Owners of programme lead by example</i> <i>Management ownership</i> <i>Structured process</i> <i>Disciplined systematic process</i> <i>Willing to learn</i> <i>Relevant</i> <i>Management support</i> <i>Nurturing environment</i> <i>Effective training programme</i> <i>Participation</i>	Drivers for success

### **6.3.1.2 Summary**

Reflecting on the group dynamics during the focus group discussion and the debriefing session with the facilitator and the observers afterwards, it appears that the discussion generated themes that are relevant to workplace learning from employers' perspectives. Based on the analysis of the data generated in FG1, it appears that all the employers who use in-house workplace learning programmes for developing entry-level internal audit professionals agree that workplace learning is not only about a programme, training content and methods, but also about the enablers and challenges. It is evident that the themes from FG1 are well established in the literature on workplace learning (see Chapter 3), but the experiences or views of internal audit employers, as reported on in this study, is a new perspective.

The next section discusses themes that emerged from the second focus group discussion.

## **6.3.2 Focus group 2 (FG2) discussion**

### **6.3.2.1 Themes that emerged from FG2**

FG2 identified, 13 themes and 69 *sub-themes* (see Table 6.4). These are discussed below. This focus group consisted of internal audit employers with the IIA (SA) learnership programmes.

#### *Theme 1 – Planned exposure*

This theme refers to the importance of exposing internal audit trainees to *diverse* audits and industries, and to *interacting with clients* to ensure a *comprehensive* learning experience. Participants reported on their experiences of having a *multi-skilled, process-driven* internal audit function as internal audit trainees *need exposure to fields not previously audited, who see the big picture and who are stretched and challenged to learn*. In the participants' opinions, training content should focus on the development of *technical and non-technical skills*, be

*practical* and *project-based* and include *case studies* and the *audit tools* used to perform an internal audit engagement in *practice*. Although participants agreed that internal audit trainees need to be thrown in at the *deep-end*, they commented that planned exposure was necessary to make learning more effective.

#### *Theme 2 – Customisation of training plans*

This theme refers to the individual customisation of *training plans* to ensure adequate exposure to *industry-specific knowledge*, which entails *knowledge of the client organisation and industry* in which the organisation operates, *including the organisation's goals, objectives and risks*. Furthermore, participants mentioned the possibility of *combined classrooms where exposure and experience* contribute to “real-life” learning.

#### *Theme 3 – Soft skills*

This theme refers to the importance of *building relationships (internally with colleagues, staff and management and externally with clients)* and developing *interpersonal skills* whilst *socially interacting* with various parties. Participants also reported on their experiences as managers, mentors and supervisors of internal audit trainees, where *having a good attitude, enthusiasm and patience with these trainees* contributed to an enhanced learning experience.

#### *Theme 4 – Mentorship*

This theme refers to the importance of mentoring, *coaching* or *counselling* by a senior or manager who *motivates* internal audit trainees and who contributes to the *transfer of skills* to these trainees, as well as their *career development*. Participants reported favourably on their experiences of *watching how different personalities develop into auditors* and commented that *it is interesting to watch a competent internal auditor emerging* and to observe *two learners who begin at the same time but whose development is not the same*. Participants took a long-term view, suggesting that mentoring should be *an integrated and holistic activity* focusing on providing guidance to the *person* as well as on the *task* at hand. The

observation was made that *two learners may begin at the same time but their development may not be the same*.

#### *Theme 5 – Selection of mentors*

Advisors and mentors should be selected after identifying the right individuals to act as mentors or councillors. Participants viewed this as a very important element of workplace learning, and therefore indicated the selection of mentors as a separate theme, in addition to Theme 4. Participants reported on their experiences of having a *dedicated mentor*, someone who is a *leader* and who possesses the necessary *patience* to mentor, guide and facilitate learning.

#### *Theme 6 – Different streams/backgrounds*

This theme refers to the profiles of internal audit trainees involved in the workplace learning programmes. Participants reported on their experiences of the learnership programme *not only being used for new employees*, but also for non-auditors who are seconded to the internal audit function, such as *engineers and safety, health and environment officers*, and often *individuals with no previous internal audit experience*. The mix of internal audit trainees who come from *different streams and backgrounds* and who are appointed as either *junior consultants or consultants* creates a challenge in workplace learning. Participants even mentioned the concept of *change management* as it relates to non-auditors, who are often professionals in other disciplines and who need to change to “the way internal auditors think and do”. *Leadership* is needed to support such individuals in the transition process.

#### *Theme 7 – IIA (SA)*

This theme refers to the professional body that developed the *learnership* programmes, as well as the *logbook* to record practical experience. Participants reported on their experiences of the learnership programme as a *structured* programme, but which *focuses on fundamentals* only and does not necessarily accommodate wider training and development needs.

### *Theme 8 – National logistics*

This theme refers to the challenge of managing the *logistics* of training sessions when internal audit trainees are situated all over the country and a minimum number of trainees are needed to facilitate formal training sessions. Participants from smaller internal audit functions also reported on their experiences of not having enough trainees to schedule formal classroom training sessions (as a component of the IIA (SA) learnership programme), and having to wait for training sessions to be scheduled in the area or province for a mixed group of trainees.

### *Theme 9 – Review and feedback*

This theme refers to the *critique* given by internal audit managers and supervisors to internal audit trainees when reviewing their working papers and providing them with constructive feedback.

### *Theme 10 – Continuous evaluation*

This theme refers to the performance management process which contributes to the *development of competent auditors*. Participants reported that the evaluation process should be *performance-based, including key performance indicators (KPIs) and performance criteria*. The process should also include *assessments (both internal and external)* during (in the form of a *mini-performance appraisal*) and at *the end* of the learning process to assess competence. It was mentioned that *review assessments* should focus on the *quality of work* performed.

### *Theme 11 – Reward and recognition*

This theme refers to the importance of rewarding trainees for successfully completing a workplace learning programme, by giving recognition in the form of a *celebration and graduation*. Participants reported that there is a need to *develop the profession* by enhancing its status and facilitating better *alignment between the CA and CIA designations*.

### *Theme 12 – Learning environment*

This theme refers to the importance of a *collaborative partnership* where the employer is *involved* and committed to establishing a “learning organisation” and where there is a *balance between employer needs and employee needs*, where regular *discussion groups* are held and *auditors are allowed to ask anybody anything, anytime*, and *knowledge transfer* takes place. One participant also mentioned involvement in a *young professionals committee* where the needs of internal audit trainees aspiring to qualify as entry-level internal audit professionals are considered.

### *Theme 13 – Commitment and responsibility of the learner*

This theme refers to the attitudes of the internal audit trainees. Participants reported negatively on their experiences of trainees who are *not dedicated* to learning and *not attending* formal training sessions. They also mentioned struggling with the challenges of *work/life balance*. Participants also stated that a lack of adequate *planning, booking and scheduling* of training sessions well in advance results in *non-attendance* due to client pressures.

The above themes and sub-themes are summarised in Table 6.4.

**Table 6.4: FG2 – Summary of themes and sub-themes**

		<b>Sub-themes</b>	<b>Themes</b>
1	1	<i>Big picture</i>	Planned exposure
	2	<i>Stretching them/challenging</i>	
	3	<i>Multi-skilled – process-driven</i>	
	4	<i>Exposure to fields not previously audited</i>	
	5	<i>Comprehensive</i>	
	6	<i>Technical and non-technical skills</i>	
	7	<i>Deep end</i>	
	8	<i>Diverse</i>	
	9	<i>Project-based</i>	
	10	<i>Case studies</i>	
	11	<i>Client interaction</i>	
	12	<i>Tools</i>	

		<b>Sub-themes</b>	<b>Themes</b>
	13 14	<i>Practical Practice</i>	
2	15 16 17	<i>Training plans Combined classrooms: Exposure and experience Industry-specific knowledge: Knowledge of organisation and industry – goals, objectives and risks</i>	Customisation of training plans
3	18 19 20 21 22 23 24	<i>Building relationships Development of interpersonal skills Social interaction Good attitude Enthusiasm Patience Relationships (internal &amp; external)</i>	Soft skills
4	25 26 27 28 29 30 31 32 33	<i>Coaching Career development Counselling Skills transfer Watch how different personalities develop into auditors Interesting to watch a competent internal auditor emerging Motivation Two learners may begin at the same time but the development may not be the same Integrated/holistic – person and task</i>	Mentorship (group & individual)
5	34 35 36	<i>Leadership of mentor Dedicated mentor Patience</i>	Selection of mentors
6	37 38 39 40 41	<i>Learnership not only for new employees Include engineers and safety, health and environment officers No previous internal audit experience Junior consultants and consultants Change management</i>	Different streams/backgrounds
7	42 43 44 45 46	<i>Structure of training Structured Learnerships Focus on fundamentals Logbook</i>	IIA (SA)
8	47	<i>Logistics</i>	National logistics
9	48	<i>Critique</i>	Review and feedback
10	49	<i>Focus on quality review assessments</i>	Continuous evaluation



		<b>Sub-themes</b>	<b>Themes</b>
	50 51 52 53 54 55	<i>Formal assessments</i> <i>Performance-based approach/KPIs/Criteria</i> <i>Internal assessment (end of process)</i> <i>Mini-performance appraisal</i> <i>Competent auditors produced</i> <i>Assessment</i>	
11	56 57 58	<i>Development of profession</i> <i>Celebration and graduation</i> <i>Alignment (CA versus CIA)</i>	Reward and recognition
12	59 60 61 62 63 64 65	<i>Collaborative partnership</i> <i>Auditors allowed to ask anybody anything, anytime</i> <i>Involved – commitment from employer</i> <i>Discussion groups</i> <i>Balance between employer needs and employee needs</i> <i>Young professionals committee</i> <i>Knowledge transfer</i>	Learning environment
13	66 67 68 69	<i>Non-attendance</i> <i>Work/life balance</i> <i>Bookings / scheduling</i> <i>Dedication</i>	Commitment and responsibility of the learner

### **6.3.2.2 Summary**

Reflecting on the group dynamics during the focus group discussion and the debriefing session with the facilitator and the observers afterwards, it appeared that the discussion generated themes that are relevant to workplace learning from employers' perspectives. Based on the analysis of the data generated by FG2, it appears that all participating employers who use the IIA (SA) learnership programmes for developing entry-level internal audit professionals agree that workplace learning is a structured programme with planned exposure in a learning environment where mentors play an important role to facilitate learning and where the commitment and responsibility of the learner is a determinant of success.

When the findings from FG2 are compared to the themes generated by FG1 (the other employer group), it appears that there are a number of recurring themes,

such as communication or soft skills, mentorship, performance management and the learning environment. Themes that emerged from this focus group discussion that were not covered by FG1 include how involvement of individuals from different backgrounds, logistics and the IIA (SA) posed challenges to employers. It is also evident that the themes from FG2 are well established in the literature on workplace learning (see Chapter 3), but the experiences or views from employers of internal audit trainees as reported on in this study offer a new perspective.

Themes and sub-themes that emerged from the third focus group discussion are discussed in the next section.

### **6.3.3 Focus group 3 (FG3) discussion**

#### **6.3.3.1 Themes that emerged from FG3**

FG3 identified and described 24 themes and 76 *sub-themes* (see Table 6.5). This group consisted of internal audit trainees exposed to in-house developed workplace learning practices.

##### *Theme 1 – New exposures*

This theme refers to the *learning of new concepts through being exposed to different types of audits*. With every new audit engagement, it is often a *trial and error* experience. Furthermore, all the participants agreed that *managing exposure* to different types of audits and industries was important to facilitate learning.

##### *Theme 2 – Academic background*

This theme refers to trainees' *previous education*. All the participants agreed that this background determines a trainee's frame of reference and also mentioned the *use of academic textbooks* for guidance during the first three years of employment.

### *Theme 3 – Different corporate involvement opportunities*

This theme refers to *broad-based* or extensive training, where trainees experienced being involved in non-audit related organisational activities during their first three years of employment, such as *graduate recruitment* (assisting with the recruitment of new trainees) and *secondments*. Secondments entail being sent to work at a different office for the same company, or being seconded to another organisation for a while.

### *Theme 4 – People skills*

This theme refers to *soft skills*. Participants agreed that *meeting new people* and *new client interactions* are important people skills needed in the first three years of employment. They commented that they had to learn how to obtain the right information from the right people by applying effective consultation skills. Furthermore, they all agreed that exposure to *different management styles* was a helpful learning experience.

### *Theme 5 – On-line learning*

This theme refers to *e-learning* as an important method of learning in the workplace that can be specifically encouraged during *idle time*.

### *Theme 6 – Formal mentoring*

This theme refers to *guidance* provided by mentors in the organisation (usually partners or *senior managers*) to new trainees, specifically during the trainees' *first year*.

### *Theme 7 – Informal mentoring*

This refers to having a *buddy* or mentor who is an experienced employee who can be *shadowed* and who *empowers* trainees by means of informal discussions, giving advice and guidance.

### *Theme 8 – Independent learning*

This refers to *own training*, where trainees experience workplace learning with *limited supervision, drafting systems and processes with little knowledge of the industry* and using *google* when they do not know what to do. Furthermore, they mentioned *starting from scratch* with an audit engagement, often in *complex situations*, as a valuable learning experience. This situation was experienced differently by trainees dealing with in-house versus outsourced functions. It appears that trainees in in-house functions had opportunities to develop their own templates, trainees from the Big 4 audit firms with outsourced functions agreed that they had to use the organisation's templates at all times.

### *Theme 9 – On-the job training*

This theme refers to *learning from the client, receiving training from seniors and teaching and coaching junior staff* (when a trainee is in his/her second or third year, the trainee will coach a first-year trainee). The use of *review notes* was experienced by all participants as a very important element of on-the-job training where feedback received from supervisors was used during the next audit engagement and thus facilitated learning. However, one participant reported on the fact that there was *no review of his work*, which resulted in a limited learning experience. Learning about *risks and controls*, as well as *recording processes with limited experience* (as identified in Theme 8) were also viewed as on-the-job training.

### *Theme 10 – Templates/drafts*

This refers to *trainees' experiencing the use of last year's file* as a template to assist them in performing an audit engagement as workplace learning. They also mentioned that *bad filing* hindered their learning, because where that was the situation, there was no reference to work from.

### *Theme 11 – Work relationships*

This refers to relationships with colleagues and clients. Participants agreed that an *open door policy* in their organisations, where they can ask questions of colleagues, share ideas and *share knowledge*, contributed significantly to their learning experiences. Trainees also reported on *great teamwork focus* and *easy-going management's* being part of their workplace learning experience, whereas *good and bad managers* can also play a role in encouraging or discouraging workplace learning. Participants mentioned their *participation* in teamwork at *audit engagement* and *firm levels*. Participants also reported on *friendships made* and *good working relationships* where *clients became like family*.

### *Theme 12 – Time management*

This theme refers to managing *budgeted time* for audit projects. Participants commented that this was a challenge in workplace learning. Interestingly, one participant also commented that his own time management during the first three months of employment was ridiculous and that contributed to his sense of being overwhelmed (see also Theme 14).

### *Theme 13 – Remuneration*

This theme refers to the salary or *money* received during the first three years of employment. A few participants stated that remuneration is an important factor to consider whilst completing one's articles or traineeship.

### *Theme 14 – Being overwhelmed*

This theme refers to the emotions experienced specifically during the first six months of employment, when there trainees experience an *information overload*, *a fear of doing things wrong*, feelings of being thrown in at the *deep end* in a *different environment from university*, being full of *uncertainties* and getting a *shock to the system*. Participants also stated that *unrealistic deadlines from*

*management* and *long hours* are a given during the initial training period. The need for *open communication* was also identified.

#### *Theme 15 – Work/life balance*

This theme refers to the challenge of finding a *balance between work and life* due to *extensive travelling to clients and out-of-town assignments* and having very *limited time off or leave*.

#### *Theme 16 – Subjectivity of managers*

This theme refers to *favouritism* by managers who only want certain trainees to work for them, and who treat trainees differently or inconsistently. For example, one trainee mentioned that he received a *warning letter* for not doing a report on time, whereas other trainees in a similar situation did not get a warning.

#### *Theme 17 – Staff logistics*

This theme refers to the allocation of staff to audit assignments or projects. Participants reported on their experiencing frustration with *idle time* and mentioned the lack of opportunities during *idle time*, which could influence one's performance appraisal. Participants agreed that a flexible internal audit plan and ad hoc management requests inherent to the internal audit landscape make staff logistics challenging.

#### *Theme 18 – Management of idle time*

This theme refers to the *planning* and efficient use of idle time by doing e-learning, although some participants admitted that idle time was their only time off, so they purposefully used it to take a break.

### *Theme 19 – Induction*

This theme refers to the introduction to the organisation, as well as the internal audit function, to new internal audit trainees. Although the participants agreed that an induction is an important element of workplace learning, they reported differently on their experiences of induction programmes, using terms such as *information overload* (see Theme 14), and not enjoying doing the *nitty gritty training*, such as how to prepare working papers, save them on the right servers and send them to the right people.

### *Theme 20 – Career development*

This theme refers to the assistance provided by employer organisations to obtain *professional qualifications*, such as the CIA certification. Participants had different experiences, ranging from Big 4 audit firms encouraging all trainees to obtain professional qualifications, to in-house functions not focusing on career development because of increased salary expectations based on improved qualifications, although some participants from in-house functions reported positively on their employers' commitment to their career development.

### *Theme 21 – Informal positive feedback*

This theme refers to *acknowledgement* from internal audit management as well as clients for work done. Participants reported on their experiences of feeling that they made a difference and had *added value* during the performance of these engagements.

### *Theme 22 – Performance monitoring*

This theme refers to the regular monitoring and *appraisal* of performance. All the participants agreed that this is an important element of workplace learning for developing entry-level internal audit professionals.

### Theme 23 – Code of ethics

This theme refers the ethical and professional behaviour of internal audit trainees (with reference to the IIA Code of Ethics) in taking *responsibility* for their own careers, learning and development, and being held *accountable* to stakeholders for decisions the trainees made. Participants reported on their experiences of acting with *integrity* (“applying ethics on-the-job”) and receiving regular *ethics training* during their first three years of employment.

### Theme 24 – Technical training

This theme refers to the *formal training* received during the first three years of employment and includes *standardised training* or *specific topic training* when required or needed, as well as *set training programmes per level of internal audit trainee*. Participants had strong views on the need to *formalise* or *standardise* internal audit workplace learning in comparison to external audit workplace learning, which, in their view, is taken more seriously by management because workplace learning is formally monitored and reported to the professional body (SAICA 2015b).

The above themes and sub-themes are summarised in Table 6.5.

**Table 6.5: FG3 – Summary of themes and sub-themes**

		<i>Sub-themes</i>	<b>Themes</b>
1	1 2 3 4	<i>Different types of audits</i> <i>Learning new concepts</i> <i>Trial and error</i> <i>Managing exposure to different types of audits and industries</i>	New exposures
2	5 6	<i>Previous education</i> <i>Use of academic textbooks</i>	Academic background
3	7 8 9	<i>Graduate recruitment</i> <i>Broad-based learning</i> <i>Secondments</i>	Different corporate involvement opportunities
4	10 11	<i>Soft skills</i> <i>Meeting new people</i>	People skills



		<b>Sub-themes</b>	<b>Themes</b>
	12	<i>New client interaction</i>	
	13	<i>Different management styles</i>	
5	14	<i>E-learning</i>	On-line learning
6	15	<i>Mentoring by senior staff</i>	Formal mentoring
	16	<i>Mentor in trainee's first year</i>	
	17	<i>Guidance</i>	
7	18	<i>Buddy system</i>	Informal mentoring
	19	<i>Shadow experienced employee</i>	
	20	<i>Being a buddy</i>	
	21	<i>Empowerment</i>	
8	22	<i>Own training</i>	Independent learning
	23	<i>Google</i>	
	24	<i>Starting from scratch</i>	
	25	<i>New templates</i>	
	26	<i>Limited supervision</i>	
	27	<i>Drafting systems/processes with little knowledge of industry</i>	
	28	<i>Process</i>	
	29	<i>Complex situations</i>	
9	30	<i>Learning from client</i>	On-the job training
	31	<i>Training from seniors</i>	
	32	<i>Teaching and coaching junior staff</i>	
	33	<i>Review notes</i>	
	34	<i>No review of work</i>	
	35	<i>Risks and controls</i>	
	36	<i>Drafting processes and experiences</i>	
10	37	<i>Last year's file</i>	Templates/drafts
	38	<i>Bad filing</i>	
11	39	<i>Open door policy</i>	Work relationships
	40	<i>Great teamwork focus</i>	
	41	<i>Easy-going management</i>	
	42	<i>Good and bad managers</i>	
	43	<i>Teamwork – per audit engagement and at firm level</i>	
	44	<i>Participation</i>	
	45	<i>Sharing knowledge</i>	
	46	<i>Friendships made</i>	
	47	<i>Good working relationships – family/friendships</i>	
12	48	<i>Budget (hours)</i>	Time management
13	49	<i>Money</i>	Remuneration
14	50	<i>Information overload</i>	Overwhelmed (specifically

		<b>Sub-themes</b>	<b>Themes</b>
	51	<i>Unrealistic deadlines</i>	at during the first six months)
	52	<i>Long hours</i>	
	53	<i>Uncertainties</i>	
	54	<i>Fear of doing things wrong</i>	
	55	<i>Communications</i>	
	56	<i>Deep end / shock to system</i>	
	57	<i>Different environment from university</i>	
15	58	<i>Extensive travelling to clients and out-of-town assignments</i>	Work/life balance
	59	<i>Time off/leave</i>	
16	60	<i>Favouritism</i>	Subjectivity of managers
	61	<i>Warning letter</i>	
17	62	<i>Idle time</i>	Staff logistics
18	63	<i>Planning</i>	Management of idle time
19	64	<i>Nitty gritty training</i>	Induction
20	65	<i>Professional qualifications</i>	Career development
21	66	<i>Acknowledgement</i>	Informal positive feedback
	67	<i>Value-add</i>	
22	68	<i>Appraisal</i>	Performance monitoring
23	69	<i>Responsibility and accountability</i>	Code of ethics
	70	<i>Integrity</i>	
	71	<i>Ethics training</i>	
24	72	<i>Generic and needs-based training</i>	Technical training
	73	<i>Specific topic training when required/needed (needs training)</i>	
	74	<i>Set training programmes per level of employee</i>	
	75	<i>Need for standardised training</i>	
	76	<i>Formal training</i>	

### 6.3.3.2 Summary

Reflecting on the group dynamics in the focus group discussion and the debriefing session with the facilitator and the observers afterwards, it appears that the discussion generated themes that are relevant to workplace learning from trainees' perspectives. Based on the analysis of the data generated by FG3, it appears that all internal audit trainees who went through in-house workplace learning programmes in developing as entry-level internal audit professionals agree that the first three years of employment are overwhelming, but that learning

is extensive in the form of on-the-job training, technical training and mentoring. Being exposed to different types of audits and industries whilst working with clients and colleagues, as well as receiving regular feedback, also enhances the learning experience.

In comparison to FG1 and FG2, several recurring themes emerged (such as on-the-job training, performance monitoring, training methods, mentoring and induction), although it is evident that, from the trainees' perspectives, certain issues (such as the experience of being overwhelmed and different management styles) are more prominent. It is also evident that the majority of themes that emerged from FG3 are well established in the literature on workplace learning (see Chapter 3). However, the experiences or views of internal audit trainees as reported on in this study offer a new perspective.

The next section discusses the themes and sub-themes that emerged from the fourth focus group discussion.

### **6.3.4 Focus group 4 (FG4) discussion**

#### ***6.3.4.1 Themes that emerged from FG4***

FG4 identified and described 15 themes and 53 *sub-themes* (see Table 6.6). This focus group consisted of internal audit trainees exposed to IIA (SA) learnership programmes.

##### *Theme 1 – Organisational exposure*

This theme refers to exposure to various business areas in the organisation. Participants reported on their experiences of limited exposure to *different business processes and cycles* and a need for *greater exposure to various business areas within the organisation and to the energy and mining sector in South Africa* and to specific processes such as the *tendering process*. Participants agreed that exposure differs from organisation to organisation, but it appears that trainees often felt limited to exposure in one industry.

### *Theme 2 – Effective communication*

This theme refers to *client relationships, interviewing skills, dealing with difficult clients and knowing which questions to ask to whom (how, why, what and when).*

### *Theme 3 – On-the-job training*

This theme refers to *in-house learning*. Participants reported on their experiences of on-the-job training which, in their view, is more *hands-on experience compared to theoretical learning*. It also entails being *coached by a supervisor, manager or more than one mentor*. These people also provide *support*, usually on an *informal* basis. Participants mentioned the *transfer of skills and knowledge via the audits performed by seniors and colleagues* and *one-on-one training – supervisor to auditor – providing on-the-job training as and when required*. However, participants agreed that the *quality of on-the-job training is not always the same* and that it differs from organisation to organisation.

### *Theme 4 – Informal discussions amongst colleagues*

This theme refers to *auditor discussions and interactive, group sessions* on a variety of topics, which enhances the learning experience.

### *Theme 5 – Informal lines of reporting*

This theme refers to *informal* communication with seniors and supervisors during internal audit engagements, which participants see as a learning experience.

### *Theme 6 – Client interaction*

This theme refers to interactions between internal audit trainees and audit clients, which can be a learning experience. This theme also includes *senior management presentations to the client, exposure to own findings prepared and discussions of these with the client, conducting research when performing audits and having discussions with stakeholders*.

### *Theme 7 – Peer reviews*

This theme refers to regular *reviews* of working papers by peers and supervisor, and learning from the experience of receiving review notes and comments.

### *Theme 8 – Organisational challenges*

This theme refers to the challenges experienced by internal audit trainees in the organisation in the first three years of employment, such as cases where workplace learning and development was *not well documented in terms of the human resources (HR) policy*, and where therefore expectations were not clear from the start. One participant reported on his experience of there being *no structured in-house workplace learning programme* when he was appointed. A number of participants reported on their experiences of *seniors and supervisors being selfish and resistant to share knowledge* and even regarding new internal audit trainees with better academic qualifications as a *threat*.

### *Theme 9 – Deep end*

This theme refers to the *challenging environment in the first year of work life*.

### *Theme 10 – Audit process induction*

This theme refers to the introduction of the internal audit function and its *audit plan*, including the *audit manual induction*, and its *alignment to the internal audit charter*. Although all participants saw an induction to the internal audit function and the methodologies used as important, not all of them experienced induction favourably.

### *Theme 11 – Organisational induction*

This theme refers to the induction about *auditing in the organisation*. All the participants saw this as an important element of workplace learning.

### *Theme 12 – Performance management*

This theme refers to the existence of a *performance management system* linked to trainees' *performance development plans*, where *continuous development assessments* are performed and *feedback from senior management* is received *every six months*. Furthermore, having a development facilitator and *continuously* providing feedback to one's facilitator contributed to an enhanced learning experience. Some concerns were raised about situations where similar assessments are done by a variety of facilitators and not only by *one facilitator*.

### *Theme 13 – Structured programme*

This theme refers to the workplace learning programme's being *structured, well-facilitated* and *aligned to the IIA (SA) learnership programme*, as well as *based on organisational frameworks*. Not all participants reported favourably on their experiences of a *well-organised* and structured programme. Some commented that there was room for improvement in terms of the learnership programme's being better organised and more *outcomes-based* and *learner-oriented*.

### *Theme 14 – Audit process*

This theme refers to the learning experience whilst being involved in the audit process. It includes activities such as *preparing work papers and reports, planning an audit from the beginning to issuing the final report, exposure to owning the process being audited and providing guidance where required, removal of findings on the report by senior management, formal discussions of audit projects* and *review of work where concepts will also be discussed*. Furthermore, participants also mentioned the challenge of *deadlines and pressures* associated with the audit process. These challenges could be mitigated by having *formal discussions* on projects.

### Theme 15 – Risk management

This theme refers to the need expressed by participants to *understand effective risk management strategies* and to make these recommendations to management within their client organisations.

The above themes and sub-themes are summarised in Table 6.6.

**Table 6.6: FG4 – Summary of themes and sub-themes**

		<b>Sub-themes</b>	<b>Themes</b>
1	1	<i>Exposure to various business areas within the organisation</i>	Organisational exposure
	2	<i>Business process/cycles</i>	
	3	<i>Great exposure to the energy and mining sector</i>	
	4	<i>Exposure eg. tendering process</i>	
2	5	<i>Client relationships</i>	Effective communication
	6	<i>Interviewing skills/dealing with difficult clients</i>	
	7	<i>Questions (how, why, what and when)</i>	
3	8	<i>In-house learning</i>	On-the-job training
	9	<i>Coached by the supervisor</i>	
	10	<i>Transfer of skills and knowledge via the audits performed by seniors and colleagues</i>	
	11	<i>Quality not always the same</i>	
	12	<i>Informal / manager-based</i>	
	13	<i>One-on-one training – supervisor to auditor – providing on-the-job training as and when required</i>	
	14	<i>More than one mentor</i>	
	15	<i>Support</i>	
	16	<i>Hands-on experience vs theoretical learning</i>	
4	17	<i>Auditor discussions</i>	Informal discussions amongst colleagues
	18	<i>Interactive</i>	
	19	<i>Group sessions</i>	
5	20	<i>Informal</i>	Informal lines of reporting
6	21	<i>Senior management presentations to client</i>	Client interaction
	22	<i>Exposure to owning your findings and discussing with client</i>	
	23	<i>Research when performing audits and discussions with stakeholders</i>	
7		<i>No sub-themes</i>	Peer reviews of working papers

		<b>Sub-themes</b>	<b>Themes</b>
8	24 25 26 27	<i>Not well documented in terms of HR policy</i> <i>No structured in-house programme when appointed</i> <i>Selfish – resistance to sharing</i> <i>Threat</i>	Organisational challenges
9	28	<i>Challenging in the first year</i>	Deep-end
10	29 30 31	<i>Audit manual induction</i> <i>Audit plan</i> <i>In line with internal audit charter</i>	Audit process induction
11	32	<i>Induction about audit in the organisation</i>	Organisational induction
12	33 34 35 36 37 38 39	<i>Performance development plan</i> <i>Continuous development assessments</i> <i>Performance management system</i> <i>Personal development plan</i> <i>Mid-year and year-end feedback from senior management</i> <i>One facilitator</i> <i>Continuous feedback to facilitator</i>	Performance management
13	40 41 42 43 44 45	<i>Structured – aligned with the IIA</i> <i>Organised</i> <i>Based on organisational frameworks</i> <i>Outcomes-based</i> <i>Well-facilitated</i> <i>Learner-oriented</i>	Structured programme
14	46 47 48 49 50 51 52	<i>Work papers and reports</i> <i>Review of work where concepts will also be discussed</i> <i>Exposure to owning the process being audited and providing guidance where required</i> <i>Planning and audit from the beginning to the issuing of the final report</i> <i>Removal of findings on the report by senior management</i> <i>Deadlines/pressures</i> <i>Formal discussions of projects</i>	Audit process
15	53	<i>Effective risk management strategies</i>	Risk management

#### **6.3.4.2 Summary**

Reflecting on the group dynamics during the focus group discussion and the debriefing session with the facilitator and the observers afterwards, it appeared



that the discussion generated themes that are relevant to workplace learning from trainees' perspectives. Based on the analysis of the data generated by FG4, it appears that all internal audit trainees who went through IIA (SA) learnership programmes had similar views and experiences to those reported by their counterparts from FG3. Recurring themes include effective communication, on-the-job training, performance management, exposure and induction. But it also appears that these trainees felt overwhelmed by deadlines and pressures. Nevertheless, they felt that they had learned from client interactions and discussions with colleagues. The participants from FG4 commented on the need for a structured workplace learning programme. It is also evident that the themes from FG4 are well established in the literature on workplace learning (see Chapter 3). The experiences or views of internal audit trainees as reported on in this study do offer a new perspective.

As explained in Section 6.2.1, a staggered process was followed to refine the themes identified in this study. This three-way process is explained in the next section.

### **6.3.5 Refinement of themes**

#### **6.3.5.1 *First analysis***

Subsequent to the focus group discussions, the researcher studied the themes generated by each focus group and followed an iterative process to analyse the themes, eliminate duplicate and redundant themes, combine themes and reorganise the themes, as recommended by Creswell (2009:185) and Yin (2011:186-199). The purpose of this first step in the data analysis process (first data analysis) was to obtain an overview of the themes that emerged from the focus group discussions. All the themes generated via the four focus group discussions are presented in Table 6.7 (numbered 1 to 63).

In addition to the themes presented in Table 6.7, below, the sub-themes that emerged from the focus group discussions that overlapped with the literature review and that provided examples or explanations of the themes (numbered a to

r) in Table 6.7) were also included at this stage of the data analysis. Eraut and Hirsh (2010:1-90) have identified a number of learning activities located with work or learning processes, such as asking questions, getting information, listening and observing, reflecting, learning from mistakes and feedback. These related to the on-the-job learning sub-themes identified by FG1: *look and learn, review and redo, knowledge sharing* and *guidance*. In addition, FG2 identified *combined classrooms* based on exposure and experience which could contribute towards experiential learning (Kolb & Kolb, 2005). Van Woerkom (2010) has identified coaching as a mode of learning in the workplace, and Börner *et al.* (2012) highlighted the benefits of role-play for workplace learning. Therefore the sub-themes *coaching* (as identified by FG1, FG2 and FG4) and *role-play* (as identified by FG1) were also added to the list in Table 6.7.

**Table 6.7: Results of the first analysis of the initial themes and sub themes<sup>16</sup> generated in the focus group discussions**

Focus group 1	Focus group 2	Focus group 3	Focus group 4
<b>Employers In-house workplace learning</b>	<b>Employers IIA (SA) learnership programmes</b>	<b>Trainees In-house workplace learning</b>	<b>Trainees IIA (SA) learnership programmes</b>
1 Expectations: <i>a General &amp; specific</i> <i>b Competency framework</i>	12 Planned exposure 13 Customisation of training plans	25 New exposures 26 Academic background 27 Different corporate involvement opportunities	49 Organisational exposure
2 Effective communication	14 Soft skills	28 People skills	50 Effective communication
3 Outcomes <i>c Business acumen</i>	<i>q Combined classroom learning</i>		
4 Training methods	15 Mentorship 16 Selection of mentors	29 On-line learning 30 Formal mentoring 31 Informal mentoring 32 Self-directed and independent learning	

<sup>16</sup> All the themes generated by the participants are included in the table. Sub-themes that emerged from the focus groups and that were prominent in the initial literature review on workplace learning (see Chapter 3) were also included during this stage of data analysis.

Focus group 1	Focus group 2	Focus group 3	Focus group 4
Employers In-house workplace learning	Employers IIA (SA) learnership programmes	Trainees In-house workplace learning	Trainees IIA (SA) learnership programmes
5 On-the-job training: d Look & learn e Review & redo f Knowledge sharing	i Coaching	33 On-the-job training 34 Templates/Drafts 35 Work relationships	51 On-the job training 52 Informal discussions amongst colleagues 53 Informal lines of reporting
g Role-play h Guidance i Coaching j CPD			54 Client interaction 55 Peer reviews i Coaching
6 Challenges k Motivation to learn l Cost of training & time for training m Retention of staff n Profitability whilst training	17 Different streams/backgrounds 18 IIA (SA) 19 National logistics	36 Time management 37 Remuneration 38 Overwhelmed 39 Work/life balance 40 Subjectivity of managers 41 Staff logistics 42 Management of idle time	56 Organisational challenges 57 Deep end
7 Team-building		43 Induction	58 Induction: Audit
			59 Induction: Organisation
8 Performance management	20 Review & feedback 21 Continuous evaluation 22 Reward & recognition	44 Career development 45 Informal positive feedback 46 Performance monitoring	60 Performance management
9 Enablers	23 Learning environment		61 Structured programme
10 Training content	r Industry-specific knowledge	47 Code of ethics 48 Technical training	62 Audit process 63 Risk management
11 Drivers for success o Management ownership & support p Willing to learn	24 Commitment & responsibility of learner		

Organisations are faced with the challenge of balancing the interests of a sustainable business with trainees' own goals and expectations (Billet, 2004).

This notion relates to the sub-theme of *loss of profits whilst training*, identified by FG1. Studies show that participation in workplace learning activities play an important role in enhancing employees' organisational commitment (Bartlett, 2001:335; Cho & Kwon, 2005:149); this could have a positive impact on staff retention (Cho & Kwon, 2005:143). Therefore the sub-themes *profitability whilst training* and *retention of staff*, as identified by FG1, were included in the list in Table 6.7.

Eraut (2011:9), a well-known scholar for his work on workplace learning for early career professionals, refers to "learning trajectories" (outcomes). He identifies learning paths (such as task and role performance, personal development, team work, academic knowledge, judgement and decision-making) needed to develop new practices and to embrace life-long learning. Various scholars (for example, Clark, 2005:41; De Vos *et al.*, 2011:1-38; Hicks *et al.*, 2007:61) also explored the use of competency frameworks to develop competencies and assess these outcomes. In Chapter 4, the use of competency frameworks by various accounting and auditing professional bodies was discussed. This relates to the development of general and specific outcomes using a *competency framework* as guidance, thus meeting such *general and specific expectations*. These sub-themes were identified by FG1, together with *CPD*; these were added to the list in Table 6.7.

Workplace training and assessment are costly (Seng *et al.*, 2002). Trainees, as newcomers in a community of practice, can experience competing influences (Billet & Pavlova, 2005; Nyström, 2009). The two sub-themes *cost* and *time*, as identified by FG1, were therefore included in Table 6.7. Knowles's theory on adult learning is based on the assumption that an adult learner is someone who is motivated and willing to learn, and who engages in a process of self-directed learning (Knowles, 1977). Based on the aforementioned theory, the sub-themes *motivation to learn* (identified by FG1) and *willing to learn* (identified by FG1) were included in Table 6.7. Short and Harris (2010) have identified sporadic commitment of management as a challenge of workplace learning and therefore the sub-themes *management ownership* and *support* as identified by FG1 were included.

Internal auditors are required to move from the backroom to the boardroom (Von Eck, 2011). They need technical expertise as listed in the IACF, and need to have a thorough grasp of governance, risk, control and business acumen (IIA, 2013a) so that they can advise managers on matters such as enterprise risk management, the control environment and sustainability (PwC, 2012; IIARF, 2014). Against this background, the sub-themes *business acumen* and *industry-specific knowledge*, as identified by FG1 and FG2 respectively, were added to the initial list of themes (see Table 6.7).

From the above it is clear that during the first analysis process, 18 sub-themes (*a-r*) that emerged from focus group discussions that are in line with the literature were added to the 63 themes initially identified via the focus group discussions (see Table 6.7).

In addition to the first analysis, a second analysis process was followed and is explained in the next section.

### 6.3.5.2 Second analysis

The first analysis was followed by a refinement process to eliminate duplicate themes by combining and reorganising themes, as recommended by Creswell (2009:185) and Yin (2011:186-199). This refinement process is presented in Table 6.8. The themes and subthemes that were deleted as duplicates are struck through, and numbers indicate where themes were moved or combined.

**Table 6.8: Refinement process: Second analysis to re-organise themes and sub-themes<sup>17</sup>**

Focus group 1	Focus group 2	Focus group 3	Focus group 4
<b>1 Expectations</b> 1.1 General & specific 1.3 Competency framework	1.2 Planned exposure 1.4 Customisation of training plans	<del>25 New exposures</del> <del>26 Academic background</del> 1.6 Different corporate involvement opportunities	<del>49 Organisational exposure</del>
<b>6 Non-technical skills</b> 6.4 Effective	6.1 Soft skills	6.5 People skills	50 Effective communication

<sup>17</sup> Duplicate themes or sub-themes were eliminated.

Focus group 1	Focus group 2	Focus group 3	Focus group 4
communication			
1.5 Outcomes 8.5 Business acumen	q Combined classroom learning		
7.1 Training methods Split into: 8 Formal learning 9 Informal learning	5 Mentoring 5.1 Selection of mentors	8.9 On-line learning <del>30 Formal mentoring</del> <del>31 Informal mentoring</del> 9.1 Self-directed and independent learning	
3 On-the-job training 3.2 Look and learn 3.3 Review and redo 3.4 Knowledge sharing 3.5 Role-play 3.7 Guidance 9.3 Coaching 8.4 CPD	<i>i-Coaching</i>	<del>33 On-the-job training</del> 3.1 Templates/Drafts 3.8 & 6.2 Work relationships	<del>51 On-the-job training</del> 9.2 Informal discussions amongst colleagues <del>53 Informal lines of reporting</del> 6.3 Client interaction 3.6 Peer reviews <i>i-Coaching</i>
10 Challenges 10.2 Motivation to learn	7.2 Different streams/ academic backgrounds	10.5 Time management 7.6 Remuneration 10.12 Overwhelmed	<del>56 Organisational challenges</del> 10.11 Deep end
10.3 Cost of training 10.4 Time for training	7.3 IIA (SA)	10.1 Work/life balance	
10.6 Retention of staff 10.8 Profitability whilst training	7.4 National logistics	10.10 Subjectivity of managers 10.9 Staff logistics 10.7 Management of idle time	
Team-building		<del>43 Induction</del>	2 Induction: Audit 2.1 Induction: Organisation
4 Performance management	4.1 Review & feedback 4.2 Continuous evaluation 4.3 Reward & recognition	7.5 Career development <del>45 Informal positive feedback</del> <del>46 Performance monitoring</del>	<del>60 Performance management</del>
9 Enablers	7 Learning environment		8.1 Structured programme
Training content	8.8 Industry-specific knowledge	1.7 Code of ethics 8.3 Technical training	8.6 Audit process 8.7 Risk management
11 Drivers for success	11.1 Commitment & responsibility of		

Focus group 1	Focus group 2	Focus group 3	Focus group 4
11.2 <i>Management ownership &amp;</i> 11.3 <i>Management support</i> <i>Willing to learn</i>	learner		

A list of 11 themes (including 58 sub-themes) emerged from this process. These 11 themes formed the basis of the interview protocol used for the semi-structured interviews (see Table 6.9). Although the interview protocol included 15 questions, these questions were merely prompting questions to facilitate a discussion and did not hinder the discovery process, as recommended by Yin (2011:104). A copy of the interview protocol (ANNEXURE D) was made available to each interview participant prior to the interview.

**Table 6.9: Results of second analysis: Themes and sub-themes used for interview protocol**

	Themes	Sub-themes	Questions
1	Expectations	1.1 General and specific expectations 1.2 Planned exposure 1.3 Competency framework 1.4 Customisation of training plans based on needs analysis (flexibility) 1.5 Outcomes 1.6 Different corporate involvement opportunities 1.7 Code of ethics – ethical behaviour of internal audit staff	1. Describe the expectations that you have for a workplace learning framework for internal audit trainees in your industry.  2. Describe the specific competencies (technical and behavioural) that you expect to develop in a workplace learning framework for internal audit trainees in your industry.
2	Induction	2.1 Organisational induction (including audit methodology induction)	3. Describe what an induction programme should include for a workplace learning framework for internal audit trainees.

	<b>Themes</b>	<b>Sub-themes</b>	<b>Questions</b>
3	On-the-job training	3.1 Templates /Drafts 3.2 Look and learn 3.3 Review and redo 3.4 Knowledge sharing 3.5 Role-play 3.6 Peer reviews 3.7 Guidance 3.8 Work relationships	4. Describe the specific “on-the-job” training/learning initiatives that you regard as critical to a workplace learning framework for internal audit trainees.
4	Performance measurement	4.1 Review and feedback 4.2 Continuous evaluation 4.3 Recognition and reward	5. Describe the nature and extent of performance measurement for a workplace learning framework.
5	Mentoring	5.1 Selection of mentors	6. How do you select mentors for internal audit trainees? 7. Describe the nature and extent of mentoring.
6	Non-technical skills	6.1 Soft skills 6.2 Discussions with colleagues & work relationships 6.3 Discussions with clients & client interactions 6.4 Communication skills 6.5 People skills	8. Describe the specific communication skills you would require of an internal audit trainee. 9. Describe the initiatives to be included in a workplace learning framework for internal audit trainees that would develop the necessary communication skills.
7	Learning environment	7.1 Training methods 7.2 Different streams / backgrounds 7.3 IIA (SA) 7.4 National logistics 7.5 Career development 7.6 Remuneration	10. What are the enablers for a learning environment?
8	Formal learning	8.1 Structured programme 8.2 Class room learning 8.3 Technical discussion sessions 8.4 Continuing professional development (CPD)	11. What formal learning initiatives should form part of a workplace learning framework for internal audit trainees?



	Themes	Sub-themes	Questions
		Training content: 8.5 Business acumen 8.6 Audit process 8.7 Risk management 8.8 Industry-specific knowledge 8.9 On-line learning /E-learning	
9	Informal learning	9.1 Self-directed and independent learning 9.2 Informal discussions amongst colleagues 9.3 Coaching	12. What informal learning initiatives could form part of a workplace learning framework for internal audit trainees?
10	Challenges	10.1 Work/life balance 10.2 Motivation to learn 10.3 Cost of training 10.4 Time for training 10.5 Time-management 10.6 Retention of staff trained 10.7 Management of idle time 10.8 Profitability whilst training 10.9 Management of staff logistics 10.10 Subjectivity of managers 10.11 Overwhelmed 10.12 Deep end	13. What are the challenges to workplace learning for the development of internal audit trainees into internal audit professionals in your industry?
11	Drivers for success	11.1 Commitment and responsibility of the learner 11.2 Management ownership 11.3 Management support	14. What are the drivers for success of a workplace learning framework for internal audit trainees?
<b>Total: 11 themes and 58 sub-themes</b>			
Question 15: Is there anything else you would like to add with regard to a best practice workplace learning framework for the development of internal audit trainees into internal audit professionals?			

The interviews with 16 participants (see Table 6.2 and ANNEXURE A) were based on the interview protocol from Table 6.9. After the views of participants

were analysed, additional themes were identified. These were added and further refined (third analysis) and are explained in the next section.

### **6.3.5.3 Third analysis**

After reconsidering the views expressed by the participants during the interviews, three additional themes emerged and four themes were re-classified. The first is *different management styles* (this was initially identified as a sub-theme by FG3 (see Section 6.3.3.1 theme 4), but was not included by the researcher for further analysis). The second is *recruitment of internal audit trainees* and this was added to the theme on the retention of internal audit trainees, which was subsequently re-named attracting and retaining internal audit trainees. Thirdly, *perceived status of the internal audit profession* also emerged as an important theme from the interviews. Although the theme was indirectly referred to by FG2 (see the discussion of theme 11 in Section 6.3.2.1), it was added in this round of analysis as sub-theme of the learning environment and was classified as a challenge. The theme learning environment was reclassified: learning environment was classified as both a determinant of success and a challenge to workplace learning. The theme initially called motivation to learn was expanded to include trainees' attitude and commitment to learn, and was re-named *trainees' commitment*. This was classified as both a determinant of workplace learning success and a challenge to workplace learning. In addition, the third change is that the theme performance management was expanded to include the *monitoring and final assessment of competence*. The fourth change was the addition of the views expressed by participants on workplace learning methods provided for the identification of specific modes of *on-the-job learning*, *formal learning* and *informal learning*. The results of the third analysis are presented in Tables 6.10 and 6.11.

### **6.3.5.4 Summary**

Based on the above three-way analysis, the final five themes and 24 sub-themes used in the study to underpin the workplace learning framework were formulated and are presented in Table 6.11.

The next section provides the collective descriptions, analyses and interpretations of these five themes, presented in a qualitative narrative, in line with Creswell (2009:189), including a comparison with information from the literature or theories (Creswell, 2009:189) followed by identified areas for improvement of the phenomenon studied (Creswell, 2009:190; Yin, 2011:214), presented in the form of recommendations in Chapter 7. The analysis and interpretation of each of the five themes and 24 sub-themes are presented as follows:

(i) *A discussion of the theme/sub-theme*

- firstly, the source of the initial theme is discussed, followed by a synthesis of descriptions of the theme or sub-theme emerging from the four focus group discussions; the collective description of the theme or sub-theme was used during the interviews to provide background information to interview participants prior to posing the questions and prompting further discussion;
- secondly, the experiences and views of internal audit stakeholders with regard to the theme/sub-theme as reported on during the semi-structured interviews are presented; and
- thirdly, an analysis of relevant documentation provided by participants is provided, where applicable.

(ii) *Summary*

- An integrated collective description (focus groups + interviews + documentation) is provided, including a comparison with information from the literature, where applicable.

**Table 6.10: Results of third analysis of themes**

Themes per interview protocol		Allocation of themes Based on literature review	Final themes	Final sub-themes	Literature control
1	Expectations	→ Criteria	<b>Theme 1 Workplace learning criteria</b>	1 Induction 2 Competency framework 3 Planned exposure 4 Flexibility 5 Performance measurement	Chapter 3
2	Induction	→ Criteria			
3	On-the-job training	→ Methods	<b>Theme 2 Workplace learning content</b>	6 Non-technical skills 7 Professional ethics 8 Business acumen 9 Industry-specific knowledge 10 Technical skills	Chapter 4
4	Performance measurement	→ Criteria			
5	Mentoring	→ Methods	<b>Theme 3 Workplace learning methods</b>	11 On-the-job training 12 Formal learning 13 Informal learning 14 Mentoring and coaching 15 CPD	Chapter 3
6	Communication skills	→ Content	<b>Theme 4 Determinants of success</b>	16 Learning environment 17 Management support 18 Trainees' commitment 19 Structured programme	Chapter 3
7	Learning environment	→ Determinant of success → Challenge			
	Learning environment				
8	Formal learning	→ Methods	<b>Theme 5 Challenges to workplace learning</b>	20 Learning environment 21 Trainees' commitment 22 Attracting and retaining trainees 23 Resource limitations 24 Different management styles	Chapter 3
9	Informal learning	→ Methods			
10	Challenges	→ Challenges			
11	Drivers for success	→ Determinants of success			

**Table 6.11: Summary of final themes and sub-themes underpinning a workplace learning framework**

Main themes	Workplace learning criteria	Workplace learning content	Workplace learning methods	Workplace learning determinants of success	Workplace learning challenges
Sub-themes	Induction	Non-technical skills	On-the-job: Peer learning Knowledge-sharing Experiential learning	Learning environment	Learning environment: Changing landscape Changes to qualifying as an internal audit professional
	Competency framework	Professional ethics	Formal learning: Classroom training E-learning Role-play	Management support	Perceived status of the internal audit profession
	Planned exposure	Business acumen	Informal learning: Self-directed and independent learning	Trainees' commitment: Attitude and motivation to learn	Trainees' commitment: Attitude and motivation to learn
	Flexibility (Customised training plans)	Industry-specific knowledge	Mentoring & coaching	Relevant, structured and effective learning and development programme	Attracting and retaining trainees
	Performance management: Monitoring performance Assessing competence	Technical skills: Audit process Risk management	CPD		Resource limitations: Cost and time  Different management styles

## 6.4 ANALYSIS AND INTERPRETATION OF FINAL THEMES

### 6.4.1 Workplace learning criteria (Theme 1)

In this study, criteria refer to those standards or norms necessary to facilitate workplace learning. For the purposes of this discussion, five sub-themes that emerged from the data analysis and are supported by the literature were identified: (i) an introduction or induction to the formal workplace learning programme; (ii) the use of a competency framework to guide the achievement of specific competencies during workplace learning; (iii) planned exposure during the first three years of employment as a criterion for trainees to get exposure to specific industries and types of audit engagements; (iv) the flexibility of workplace learning to accommodate an individual's personal development needs; (v) regular monitoring and measuring of performance by means of a formal performance appraisal system as well as the formal assessment of professional competence.

#### 6.4.1.1 Induction

##### (i) Discussion

**In the focus group discussions**, three of the four groups identified induction as a theme or sub-theme of workplace learning (FG1 see Section 6.3.1.1 theme 9; FG3 see Section 6.3.3.1 theme 19; FG4 see Section 6.3.4.1 theme 10). They described an induction as both the introduction of the employer's organisation to internal audit trainees and an introduction to the internal audit function, including specific audit methodologies to be followed. The description of the induction as an introduction to the internal audit function was used as a basis for the interviews, in which induction was described as a separate theme (Theme 2), and participants were asked to describe an induction programme that should be included in a workplace learning framework for internal audit trainees (see Table 6.9).

**In the interviews**, all the participants agreed that a formal induction programme is an important aspect of introducing new trainees to their employers'

organisational culture, and of familiarising them with “the way things are done” (Trevino, 1986:603) in the organisation that they join and its internal audit function.

An E1 participant<sup>18</sup> specifically emphasised that “you can’t expect a person to start working if they don’t understand the methodology” (P1:20, 71:71)<sup>19</sup>. There was general consensus amongst the E1 participants that they want “all trainees to be at a certain level of competency” (P1:43, 113:113), and that they want to “make it clear from the start what they expect of trainees and lay the ground rules” (P5:8, 35:35). An O3 participant referred to the importance of the organisation’s “onboarding” programme as part of the workplace learning to introduce new internal audit trainees to both the organisation and the internal audit function. The programme might focus firstly on “the organisation, its structures, its leadership”, how services are rendered and accounted for, and secondly on the internal audit division, the global internal audit methodology applied in the organisation, and the various audit tools and techniques used when performing internal audit engagements (P16:1, 49:49). A similar practice was reported by two other E1 participants: “It’s one induction into the bigger (firm name) and then, very specifically for internal audit” (P1:18, 71:71), “the one is at a firm wide level...then we have another induction into risk advisory” (P3:9, 89:89).

In contrast to the E1 participants, E2 participants recognised the need for an internal audit specific induction programme, but some participants admitted that this is lacking from their programmes. Specifically, those in the public sector commented that “we don’t have an induction programme and that’s a deficiency” (P7:12, 79:81). One E2 participant mentioned that “government started, it was earlier this year or last year, with a formalised induction programme for government employees” (P7:10, 73:73). Interestingly, one E2 participant held a long-term view, stating that the most important purpose of an induction programme should be to explain to trainees what it means to be an internal audit

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<sup>18</sup> For the purposes of the data analysis and to ensure greater confidentiality, the masculine form is used for both male and female participants throughout Section 6.4.

<sup>19</sup> Participant number: transcript page number, transcript line (start): transcript line (end).

professional, and how, by starting as an internal audit trainee, “you can make it up the rungs of the ladder and become the head of internal audit” (P9:10, 58:58). An E2 participant reported that his organisation has an induction programme, but he questioned its value, because trainees performed poorly in the follow-up assessment: “...it is actually shocking...what they have taken in” (P8:15, 125:130).

E1 and E2 participants referred to the content of organisational induction programmes. The programmes include information on administrative matters (how to complete timesheets), some information technology exposure (how to read e-mails, use Word and Excel), exposure to the organisation’s audit methodology and proper communication skills (how to respond to clients and colleagues), thus meeting the requirements to act as a professional: “I think induction – it’s about professionalism and they [incoming trainees] do not understand what it means” (P9:11, 64:64).

From the trainee participants’ perspectives, divergent views emerged. Some T1 participants were very positive about their employers’ induction programmes, which were extensive in duration (ranging from three days to two weeks) at different levels, introducing them to their employer’s organisation, the various business units and internal auditing. One T1 participant asserted: “It was nice to see how we, as internal audit, fit into the bigger picture” (P10:7, 62:64). Some trainee participants mentioned the need for an induction programme. One of the trainee participants, for example, asserted: “It was the first time that I got into the internal auditing environment” (P12:1, 20:20). Another T1 participant mentioned that although he attended an induction programme for the organisation, no induction programme was offered to introduce trainees to internal auditing: “I was expecting too much...for internal audit – there isn’t [an induction programme]” (P11:2, 49:50).

T2 participants confirmed the lack of internal audit-specific induction programmes at their organisations, but indicated that they did receive some induction to the public sector environment. One T2 participant perceived this induction as “eye opening ... understanding the public sector” (P12:5, 56:58). T1 and T2



participants concurred with the views expressed by E1 and E2 participants on the content of organisational induction programmes.

All O3 participants were in favour of a formal induction programme. They all agreed that the current practice of employers tends to focus on organisation-wide inductions, and that an internal audit-specific induction is not included in the IIA (SA) learnership programme (**P14:1, 33:35**). One O3 participant who is exposed to both in-house workplace learning and IIA (SA) learnership programmes indicated that inductions should be “an integration of someone into your team” (**P13:6, 21:27**) and should not only focus on technical issues - “a lot of things are too technical, we miss the softer skills” (**P13:7, 29:29**), but should look at non-technical issues as well. The same participant perceived incoming trainees to be “still rough around the edges when they come in” (**P13:7, 33:35**).

#### *(ii) Summary*

All participants agreed that an induction programme to introduce internal audit trainees to both the organisation and the internal audit function and its role is an important element of a workplace learning programme. It appears that the practice of induction at different levels (organisation-wide, to the business unit; to the internal audit function) is a well-established practice among employers with in-house workplace learning programmes, whereas the practice of inducting trainees specifically regarding internal audit’s role and function is either absent or inadequate for employers who present the IIA (SA) learnership programmes. Furthermore, it is suggested that the internal audit induction include both technical and non-technical aspects, and introduce internal audit trainees to the concept of professionalism and what it means to be an internal audit professional.

#### **6.4.1.2 Competency framework**

##### *(i) Discussion*

**During the focus group discussions**, only one focus group (FG1 see Section 6.3.1.1 theme 1) identified the need for a guideline on specific competencies

(technical and non-technical) to be achieved at different levels (for first year, second year and third year trainees). Such a guideline should set and clarify the general expectations (overall expectations to achieve professional competence) and specific expectations (performance per internal audit engagement) for internal audit trainees and is referred to as a competency framework. Although the other focus groups did not explicitly mention a competency framework, they provided descriptions for *planned exposure* and *customisation of training plans* per level of employee. For the purposes of the interviews, a competency framework was described to participants as part of the first theme, namely expectations with regard to workplace learning (see Table 6.9) and for the purposes of this discussion, it was re-categorised as an element of workplace learning criteria (see Table 6.11).

**During the interviews**, the notion of a competency framework that clearly defines specific expectations regarding the competencies to be achieved by the different levels of internal audit trainees was deliberated by all E1 and E2 participants. All E1 participants stated that their organisations developed their own in-house competency frameworks, “defined pathway(s)” **(P5:2, 19:19)** or “qualification framework(s)” **(P9:4, 40:40)**. These are used as part of formal performance management systems. An E1 participant emphasised the importance of outcomes: “You cannot assess a person’s performance if you do not assess it against something” **(P1:13, 44:44)**. This participant went on to say that “...for every competency we need to make an assessment” **(P1:15, 48:48)**. Another E1 participant also mentioned the importance of a competency framework, but he added that it should be used as a tool to nurture the development of a trainee: “I think it is important that there is ...a benchmark that you set in the form of a competency framework so that the individual...[can] be nurtured along the way and mentored along the way” **(P3:45, 189:189)**.

Some E1 and E2 participants emphasised the importance of specific expectations per job level. One E1 participant explained this as follows **(P2:3, 32:36)**:

...so the difference between our first year trainees and our third year trainees are the amount of guidance and assistance they require. But the basic

expectations are the same, which is to be able to understand a process, to be able to document it in terms of risk and controls and be able to link it and to come up with the audit programme to test that control.

One E2 participant mentioned that his organisation does not have a competency framework and it also does not use the IIA framework, and that it is “a bit of a problem at the moment” (P8:5, 58:58). This participant believed that his organisation intends to introduce a competency framework, and stated that it should be a practical solution for both the employer and the trainee: “It is quite a fine balance of not overburdening them” (P8:6, 70:70). An E1 participant reported that his organisation makes use of a competency framework: “I think it is important...this [training performance] must be linked back to your competency framework” (P5:18, 48:49).

The experiences of participants whose companies use the IIA (SA) learnership programmes differed from the in-house participants’ experiences. All of them stated that, although they recognise the importance of using a competency framework to guide competency development, no formal frameworks are used as guides in their organisations, and that their companies rely solely on the IIA (SA) learnership programmes to meet competency expectations. Furthermore, there appears to be awareness of the IACF developed by the IIA, but this framework is not used in the learning environment. In this regard, an O3 participant expressed concern with the learnership programme applied in the public sector. He indicated that there is no alignment between the IIA (SA) learnership programme and the IACF, and that career planning and personal development initiatives are non-existent. This O3 participant’s view is that internal audit trainees are offered learnerships, and complete the learnership programme in two or three years, but after successful completion they are “replaced by new learners” (P14:2, 60:61).

## (ii) Summary

All the participants agreed that the use of a competency framework to guide the development of professional competence is an important element of workplace learning. All the E1 participants reported that their organisations have developed

their own in-house competency frameworks, and it appears that these frameworks specify the specific competencies required for specific levels of internal audit trainees. These frameworks are also used as a benchmark for assessing competence as part of a formal performance management system.

This requirement is in line with the literature, in which the use of competency frameworks or models to guide competency development is well established (see Sections 3.3.1 and 4.3). Various scholars (for example, Clark, 2005:41; Hicks *et al.*, 2007:61; De Vos *et al.*, 2011:1-38) have explored the use of competency frameworks to develop and assess competencies. In Chapter 2, the IACF was discussed as part of the IIA guidance to achieve professional competency (see Section 2.4.3.5), although no specific guidance is provided for developing internal audit trainees into entry-level internal audit professionals.

Views expressed by E2 participants confirmed that a formal competency framework such as the IACF is not included in the IIA (SA) learnership programme. None of the T2 participants mentioned a formal competency framework to direct their learning. This omission raises some concern and could point towards an area for improvement.

#### **6.4.1.3 Planned exposure**

##### *(i) Discussion*

**During the focus group discussions,** the planning of the work exposure that an internal audit trainee should obtain during the first three years of employment was identified as a theme or sub-theme by three focus groups. FG2 (see Section 6.3.2.1 theme 1) described planned exposure and referred to different industries as part of the *customisation of training plans* (see Section 6.3.2.1 theme 2) where internal audit trainees are obtaining industry-specific knowledge needed to perform their work. FG2 (see Section 6.3.2.1 theme 1) also described the use of *case studies* as part of the training plans to expose internal audit trainees to a variety of scenarios where on-the-job training is not feasible. FG3 (see Section 6.3.3.1 theme 1) identified *new exposures* as a theme and described it as

exposures to different types of audit engagements by managing or planning each internal audit trainee's exposure to learn new concepts. FG4 (see Section 6.3.4.1 theme 1) identified *organisational exposure* as a theme and described it as exposure to various business areas and processes in an organisation. For the purposes of the interviews, planned exposure was categorised as part of expectations (Theme 1) and participants were asked to describe the expectations that they have for a workplace learning framework for internal audit trainees, with specific reference to planned exposure (see Table 6.9).

**During the interviews**, both employer and trainee participants stated that exposure to different clients and industries is facilitated as far as possible, but remains a challenge. An E1 participant explained that especially for lower level staff "we're actually trying to encourage them to work across different industries so that they can gain the knowledge from that" **(P2:40, 150:150)**. Another E1 participant claimed that his organisation attempts to expose trainees to various divisions, such as forensics, IT, internal auditing and IT consulting. Interestingly, an E1 employer stated that planned exposure with regard to specific areas is difficult in the internal auditing landscape because

...the audit plan varies so much. So even across our client, we cannot have certain people looking at treasury, for example, and just look at treasury for a whole year long across different clients. So I think our need in terms of this experience is almost the need to know the basics of how to look at a process and evaluate it and come up with risks and controls, irrespective of what process it is. **(P2:3, 32:32)**

The same E1 participant maintained that rotation of trainees "is not something that is very big on the agenda" **(P2:10, 44:44)**. Furthermore, this E1 participant alluded to the fact that "clients are insisting on having a consistent team, because "it takes away explaining the process every time, over and over to new people" **(P2:11, 45:46)**. The example of data analytics as an area of specialisation was mentioned by an E2 participant who claimed that his organisation tries to give trainees some exposure: "...actually [there is] one guy that does the data mining but that doesn't mean I don't want to give other people an opportunity to actually do this" **(P7:44, 250:250)**. Another E2 participant summarised these concerns as

follows: “One person had a lot more exposure and training than the other person. So, I agree 100%, there is no consistency in terms of what people get” **(P7:24, 160:160)**. One E2 participant maintained that to maximise training exposure, a rotation policy in his organisation is applied: “We even have a rotation policy to make sure of that” **(P9:44, 242:242)**.

Two T1 participants viewed planned exposure as a challenge. They reported that internal audit trainees who are assigned, for example, to public sector clients are kept on public sector assignments for a number of months or even years, because “it is more time-consuming to train somebody else” and “they know that you know the laws and regulations” **(P10:36, 262:265)**. They added that being “stuck” in one industry is “not good”, and that then “there isn’t much that you can learn” **(P11:21, 171:177)**. They believed that the chances are good that they will stay in this industry “for the rest of [their] career” **(P10:36, 262:265)**. One of them also reported that on some engagements work exposure could be limited: “I’m going there to assist with the fieldwork” **(P11:1, 40:41)**, while on other engagements he was responsible “to start with the audit from planning phase to the reporting phase” **(P11:1, 40:41)**.

*(ii) Summary*

Although participants generally supported the notion that internal audit trainees should obtain exposure as widely as possible, achieving this laudable aim could prove difficult and challenging. Different views emerged from both employers and trainees, but there is some consensus that clients are not in favour of a rotation of trainees, and prefer a consistent internal audit team. Similarly, audit managers find it challenging to accommodate trainees’ needs, due to the time and effort needed to manage trainees who are not familiar with a client’s industry. Some participants acknowledged that ensuring sufficient work exposure for internal audit trainees is not a high priority in their organisations. A solution to these challenges appears to be a rotation policy where exposure of trainees to different industries is planned to facilitate learning. Exposure to various learning activities has also been identified as one of the challenges to workplace learning in the literature (see Section 3.5; Lohman, 2005:502) and solutions are proposed in the

form of a structured pathway (Billet, 1999; Billet *et al.*, 2010) or a competency framework (IFAC, 2014).

#### **6.4.1.4 Flexibility**

##### *(i) Discussion*

**In the focus group discussions**, the flexibility of workplace learning initiatives was identified as a theme by FG2 (see Section 6.3.2.1 theme 2) and FG3 (see Section 6.3.3.1 theme 24), and was labelled the individual *customisation of training plans* based on a needs analysis (FG2) to ensure adequate exposure to *industry specific knowledge* which entails *knowledge of the client organisation and industry* in which it operates, *including the organisation's goals, objectives and risks*. Furthermore, participants mentioned the practice of *combined classrooms where exposure and experience* contribute to “real-life” learning. FG3 described training based on a needs analysis as part of technical training which assumes the flexibility of workplace learning initiatives. For the purposes of the interviews, flexibility was described as part of the expectations (Theme 1) with specific reference to the customisation of training plans based on a needs analysis (see Table 6.9).

**During the interviews**, seven participants alluded to the flexibility of workplace learning during the interviews. E1 participants specifically highlighted that they expose all new internal audit trainees to the same formal training initiatives with regard to workplace learning content (see Section 6.4.2). However, there is some flexibility to customize training plans based on a needs analysis. One of the E1 participants explained: “Everybody does the exact same training, but...if there are specific needs, we add that on” (P1:48, 121:121). This E1 participant explained that flexibility is especially required for additional learning interventions. He stated that the company has a formal counselling process with all new trainees and “if we pick up that trainee X is a bit behind his/her peers, we put very specific interventions, per individual, in place” (P1:42, 113:113). An E2 participant reported that his organisation's performance management system is used to maintain flexibility in the training programme. He referred to the “customisation of

training plans based on a needs analysis, we do have a system in place...it is a performance management system” (P7:5, 41:41).

A T1 participant confirmed the practice of formal counselling, with managers assisting in developing the career paths of new trainees on a one-on-one basis. A T2 participant also mentioned the use of a performance development plan that is flexible enough to accommodate the specific training needs of an internal audit trainee. No specific comments were received from O3 participants, probably because these participants are not directly involved in the design of the workplace learning programmes.

*(ii) Summary*

Based on the analysis, it appears that workplace learning programmes need to be flexible in order to accommodate individual trainees’ learning and development needs. Some participants reported that their organisation’s workplace learning programmes provide for customised training plans that are linked to trainees’ performance management systems. Although it appears that all trainees are exposed to similar learning initiatives, employer participants agreed that personal development plans are used to customize training and facilitate learning. These were considered valuable for specific development needs.

**6.4.1.5 Performance management: Monitoring performance and assessing competence**

*(i) Discussion*

**In the focus group discussions**, performance management was described by all focus groups as the continuous monitoring of trainees’ performance, as well as the regular assessment of competence. All four focus groups (FG1 see Section 6.3.1.1 theme 8; FG2 see Section 6.3.2.1 theme 10; FG3 see Section 6.3.3.1 theme 22; FG4 see Section 6.3.4.1 theme 12) identified performance management as a separate theme and described it as an important element of workplace learning, which includes continuous evaluation and feedback, monthly,



quarterly and half-year reviews and formal assessment (against key performance indicators). Furthermore, the recognition of and reward for good performance was also described during the focus group discussions (FG2 see Section 6.3.2.1 theme 11). For the purposes of the interviews, performance measurement was described as review and feedback, continuous evaluation and recognition and reward. Interview participants were asked to describe the nature and extent of performance measurement (see Table 6.9).

**During the interviews**, performance measurement was alluded to 37 times by mostly E1 and E2 participants. All E1 and E2 participants commented on the importance of a formal performance assessment for each internal audit trainee. An E1 participant said: “we track everybody” **(P1:11, 44:44)**. By using an engagement review form, every trainee’s performance can be assessed against the expected competencies after every internal audit engagement, and written feedback is provided. This E1 participant emphasised the practice of “continuous evaluation after every internal audit engagement” and a “formal performance management review done and revised every six months” **(P1:29, 87:87)**. One of the E1 participants mentioned that after an assignment has been completed, his organisation obtains feedback from the client, which is also considered part of the performance assessment: “We...get feedback from our clients and that would then also be part of the learning of our team” **(P3:29, 151:151)**. This view is supported by another E1 participant “as the assignment is finished, then there is written feedback” **(P2:21, 78:78)**. The practice of performance measurement is also linked to promotion - Participant P2 also stated that new trainees who meet the requirements or expectations are easily promoted to the next level. However, at manager or senior manager levels, promotions are linked not only to the individual’s performance, but also to the organisation’s performance. It could create expectations around promotions and career development: “And sometimes the business is doing well and there’s a lot of opportunity for people to be promoted and sometimes it’s not” **(P2:35, 118:118)**. An E1 participant reported that if the overall performance of a trainee is below expectation, such a trainee is put on “an accelerated development programme where every two or three weeks he/she has to meet with the personal case manager” **(P1:65, 147:147)**.

Similarly, E2 participants also expanded on the practice of performance management of internal audit trainees' performance after every internal audit engagement (in the form of feedback from the internal audit manager or supervisor on the team), and once every six months to identify strengths (which can be further enhanced) and weaknesses (to "identify remedial action in the form of formal training or on-the-job training") (P7:6, 42:45). An E1 participant also mentioned the value of client feedback: "...then we also have clients' feedback...if there was a person that did not pull his/her weight and the client picked it up or the client wants to complain" (P5:20, 49:49), then remedial action can be taken. One E2 participant believed that through performance measurement, quality training of internal auditors could be assured. This participant referred to the rigorous performance requirements of the external audit profession in South Africa, and stated that "they've really got a strong base". He therefore recommended internal audit trainees "be lifted up a level" (P8:45, 528:528).

A T1 participant held a positive view on performance management and stated that he benefited significantly from the feedback from his senior after every internal audit engagement – "I do believe that is really key in your learning" (P10:12, 88:88). He indicated that the regular interaction with his seniors gave him an "in-depth perspective" on his performance (P10:12, 88:88). The same T1 participant referred to sessions with a counselling manager, "a person who will help you with your career" (P10:23, 148:152). By contrast, another T1 participant experienced a lack of adequate planning of performance outcomes and communicating expectations to internal audit trainees prior to commencing with internal audit engagements. He voiced his concern as follows: "...but there was no time for us [internal audit trainees] to discuss what you [manager] expected of me. So now you are punishing me for something I had...no control over" (P11:12, 123:125). This T1 participant also felt that recognition for work done was not adequate – "reward is not enough, it can never, never be enough" (P11:8, 105:107).

In line with performance management, the majority of E1 and E2 participants further deliberated on the use of personal development plans or career maps to

assist internal audit trainees through the different stages of their careers. An E1 participant referred to the “book of life which tracks your career at the organisation, the types of audits done, and the different industries exposed to” **(P1:90, 197:197)**. Another E1 participant emphasised that each employee should “drive his/her own career development” **(P5:50, 126:126)** and a T2 participant concurred by stating that he cannot blame his coach for not driving his career, he must take responsibility.

Three trainee participants experienced the personal and career development plans for the external audit trainees in the organisation as more focused and structured. They felt that “the external audit route is taken more seriously than the internal audit route” **(P10:34, 235:237; P11:24, 199:201; P14:8, 241:242)** and this demotivates internal audit trainees when it comes to planning their careers. Such a comparison left one T1 participant discouraged – he expressed his concern about future prospects: “If you do not know what you are shooting for, you are kind of going with the flow, ...but I have noticed...about external audit people they have, this like, vision of what is happening after their three years” **(P10:34, 235:237)**.

An O3 participant expressed his concern with the lack of adequate performance management in public sector organisations which have learnership programmes. Specifically the recognition of performance is lacking at these organisations, and this appears to be a concern as the learners are employed as temporary staff members with no career planning. They are used as “cheap labour” and once they have completed a learnership programme, “they leave the organisation due to a lack of permanent employment offerings” **(P14:3, 99:101)**. This O3 participant felt that, specifically in the public sector, there was no recognition or limited recognition for performance. He regarded the fact that public sector employers temporarily employ learners and put them through the IIA (SA) learnership programme as a major problem. Even learners who excel during the learnership programme have to leave after two or three years and are “never rewarded with a permanent position” **(P14:10, 340:340)**. This practice also results in demotivated learners (see Section 6.4.5) and a lack of personal and career path development.

A number of participants specifically highlighted the assessment of competence as an important element of performance management, and commented that the standard of assessment should be adequate to evaluate professional competence. One O3 participant stated that one wants “to make sure that the assessment is good and strong because we don’t want people to just breeze through on the job training things” **(P13:14, 51:51)**. Another O3 participant mentioned that the workplace learning process should assist internal audit trainees “to become well rounded competent internal auditors” **(P16:13, 451:451)**.

*(ii) Summary*

It appears that all participants agree to the use of a formal performance management system to monitor performance and assess professional competence. It is also evident that such a performance management system is part of the criteria for enabling workplace learning for developing entry-level internal audit professionals. Employers and trainees agree that regular feedback on work performed from both clients and supervisors contributes to the learning process. Furthermore, employers indicated the importance of assessing competence, which is in line with the academic and professional literature (Ferreira & Otley, 2009; Garavan & McGuire, 2001; IFAC, 2014), which indicates that assessment is a necessary component of workplace learning for professional development. Some trainees also experienced a lack of recognition and reward for performance, together with a sense of more focused performance measurement for external audit trainees in the same organisation, which has a negative impact in the internal audit trainees’ career development. The workplace learning programme, for example, of SAICA is based on specific outcomes (competencies) and continuous monitoring and assessment (SAICA, 2015b). The value of personal development plans or career maps in managing performance was acknowledged by some trainee participants. A trainee participant referred to the value of continuous assessment through one-on-one discussions with seniors, a notion that is supported in the literature (for example, Beattie, 2006:16).

#### 6.4.1.6 Summary (Theme 1)

Based on the analysis, it appears that there are workplace learning criteria that should be in place to facilitate learning and professional development. These criteria include an induction programme (which introduces new internal audit trainees to the organisation and to the internal audit function) and a competency framework (which guides professional development and sets out the competencies to be achieved for some levels of internal auditors). Furthermore, the facilitation of planned work exposure to facilitate learning in different business areas and industries is an important criterion of workplace learning, but remains a challenge. A measure to compensate for this challenge is to provide for the flexibility of training plans based on a needs analysis. This enables employer organisations to align workplace learning to personal development plans and career maps. Finally, a performance management system (to monitor performance and assess professional competence on a regular basis), is a well-accepted standard of practice, although some trainees experienced a lack of recognition and reward for performance, together with a sense that there is a more focused performance measurement for external audit trainees within the organisation, which has a negative impact on the internal audit trainees' career development.

Table 6.12 presents a summary of the key findings of Theme 1, as well as areas for improvement.

**Table 6.12: Theme 1 – Workplace learning criteria: Key findings and areas for improvement**

Key findings	Areas for improvement
<b>Induction</b>	
<ul style="list-style-type: none"> <li>A formal induction programme at different levels (organisation-wide; business unit; internal audit function) appears to be well established for employers with in-house workplace learning programmes whereas the practice of induction to specifically internal audit's role and function is</li> </ul>	<ul style="list-style-type: none"> <li>Workplace learning programmes should include induction programmes at both levels (organisational and internal auditing), incorporating aspects of internal audit professionalism, as well as technical and non-technical skills needed to perform internal audit engagements effectively.</li> </ul>

Key findings	Areas for improvement
<p>either absent or inadequate among employers who present the IIA (SA) learnership programmes.</p>	
<b>Competency framework</b>	
<ul style="list-style-type: none"> <li>• The use of a competency framework to guide the development of professional competence is an important element of workplace learning.</li> <li>• It appears that organisations have developed their own in-house competency frameworks and these frameworks specify the specific competencies required for specific levels of internal audit trainees.</li> <li>• These frameworks are also used as a benchmark for assessing competence as part of a formal performance management system.</li> <li>• It appears that the use of competency frameworks is limited in organisations that apply the IIA (SA) learnership programme.</li> </ul>	<ul style="list-style-type: none"> <li>• It is recommended that all organisations who appoint internal audit trainees use a competency framework as benchmark / criterion to facilitate workplace learning.</li> <li>• Trainees should be informed during the induction of the competencies needed to achieve outcomes and the ways in which these outcomes will be assessed.</li> </ul>
<b>Planned exposure</b>	
<ul style="list-style-type: none"> <li>• Ensuring adequate work exposure is a challenge to workplace learning, because clients prefer the same internal auditors, and managers do not have time to re-train internal auditors.</li> <li>• Exposure to different industries and business areas is important for learning.</li> </ul>	<ul style="list-style-type: none"> <li>• It suggested that a secondment or rotation policy be considered, where exposure of trainees to different industries is planned to facilitate learning.</li> <li>• It is recommended that work exposure be properly planned via a structured pathway or competency framework.</li> </ul>
<b>Flexibility</b>	
<ul style="list-style-type: none"> <li>• Workplace learning programmes need to be flexible to accommodate individual trainees' learning and development needs.</li> <li>• Some organisations' workplace learning programmes provide for customised training plans that are linked to trainees' performance management systems.</li> <li>• Although it appears that all trainees are exposed to similar learning initiatives, employer participants agreed that personal development</li> </ul>	<ul style="list-style-type: none"> <li>• It is recommended that workplace learning programmes be flexible and customised to address the personal development plans of trainees, and be linked to the organisation's performance measurement system.</li> </ul>

Key findings	Areas for improvement
<p>plans are used to customise training and facilitate learning. These were considered valuable for specific development needs.</p>	
<b>Performance measurement</b>	
<ul style="list-style-type: none"> <li>• It appears that all participants agree to the use of a formal performance management system to monitor performance and assess professional competence.</li> <li>• It is also evident that such a performance management system is part of the criteria for enabling workplace learning for developing entry-level internal audit professionals.</li> <li>• Employers and trainees agree that regular feedback on work performed from both clients and supervisors contributes to the learning process.</li> <li>• Employers also indicated the importance of assessing competence.</li> <li>• Some trainees also experienced a negative impact on their career development from a lack of recognition and reward for performance, together with a sense of more focused performance measurement for external audit trainees in the organisation.</li> <li>• The value of personal development plans or career maps in managing performance was acknowledged by some trainee participants.</li> </ul>	<ul style="list-style-type: none"> <li>• It is recommended that workplace learning programmes should include a performance measurement system that facilitates regular monitoring of performance and assessment of professional competence.</li> <li>• The system should also ensure continuous monitoring, regular feedback from both clients and audit supervisors to facilitated learning and should be linked to personal development plans.</li> </ul>

The next section presents the findings relating to Theme 2, workplace learning content.

#### 6.4.2 Workplace learning content (Theme 2)

Workplace learning content refers to the focus areas for both formal and informal learning methods. For the purposes of this discussion, the following sub-themes that emerged from the data analysis and are supported by the literature are highlighted: (i) non-technical skills; (ii) professional ethics; (iii) business acumen; (iv) industry-specific knowledge; and (v) technical skills.

#### 6.4.2.1 *Non-technical skills*

(i) *Discussion*

**In the focus group discussions**, communication skills emerged as a theme or sub-theme from all four groups (FG1 see Section 6.3.1.1 theme 2; FG2 see Section 6.3.2.1 theme 3; FG3 see Section 6.3.3.1 theme 4; FG4 see Section 6.3.4.1 theme 2). They also referred to other non-technical skills, such as *soft skills*, or *people skills*. Focus groups described learning effective communication skills as an important part of on-the-job training, particularly the interaction of internal audit trainees with colleagues and clients on a daily basis. A lack of adequate communication skills was described as a challenge to workplace learning.

**In the interviews**, all the participants agreed that communication skills are very important and this sub-theme was alluded to 26 times during the interviews. The majority of participants also indicated effective communication skills as the most important skill to be developed during workplace learning. One O3 participant stated that “if we really want to get top class internal auditors, I think we should test for this capability, because there is nothing worse than an auditor that just sits there and cannot communicate. You send such a person to one meeting and the whole reputation of an internal audit function is down the [drain]. I think this is massive” (P13:19, 68:68).

All E1 and E2 participants emphasised the importance of verbal and written communication skills. With regard to verbal communication skills, the ability to interact effectively with clients was highlighted by the majority of E1 and E2 participants. One E1 participant reported that “discussions with colleagues, work relationships, discussions with clients, client interaction are very, very important” (P1:23, 87:87), showing the interrelationship between various non-technical skills: consultation, relationship-building and interviewing skills in relation to communication skills. Another E1 participant stated that “for internal auditors to add value, they need to be efficient in dealing with people and be able to think on their feet” (P1:10, 285:285) and “confidently present [themselves]” (P1:10,



**285:285**). The latter was also alluded to by an O3 participant who stressed the importance of good client relations, because “in the end it becomes something like relationships, more than anything else, and good communication” (**P13:7, 29:29**).

Some E1 and E2 participants referred to other non-technical or interpersonal skills. An E1 participant commented that developing communication and other “softer” skills such as interpersonal skills is part of on-the-job training, with specific reference to the process of learning how to write proper audit findings. An E2 participant elaborated on the critical need for written communication skills by stating that “reporting is our deliverable” (**P8:7, 80:80**).

One E1 participant argued that, as internal audit trainees progress in their careers, verbal communication skills become more important. He explained as follows: “...the more senior...you have got to be able to articulate yourself and sell value propositions...to clients” (**P3:19, 113:113**). A T1 participant also highlighted the importance of effectively communicating audit findings to the client – “you need to train auditors to be able to have those difficult discussions, to be able to stand up and say I think this is an issue, I don’t care how you bully me, I am going to stick with what I found and that we have difficulty with” (**P10:16, 113:115**). Another E2 participant had an interesting view that effective communication skills is a result of technical competence, stating that “technical proficiency leads to proficiency in communication” (**P7:35, 190:190**). He also mentioned that internal auditors need to be confident and assertive, because “audit findings are always challenged and if you don’t have the right confidence when you communicate...I can quickly pick up if someone is really floundering about and is not really sure of himself” (**P7:35, 192:192**).

With specific reference to soft skills, one E1 participant stated that “soft skills [are] critical”, and he went on to explain emotional intelligence by referring to soft skills, for example, in emotional intelligence regarding how to deal with a difficult client: “How to deal with a client that has just gone through a very personal experience, that you are aware of, but now you need to come and bring your audit and your findings from another side. Now you need to come over a completely different

way because every word you say this person is going to... might take personally, they might explode. How do you deal with an explosive person? So that is critical” **(P5:13, 39:39)**. This view was supported by an O3 participant who stated that he views effective communication skills and emotional intelligence as “even more important than the technical experience” **(P16:7, 20:20)**.

All T1 and T2 participants also emphasised the importance of communication skills and all indicated that they participated in some form of communication skills training during the first three years of employment. The majority of T1 and T2 participants reported on their experiences of interacting with clients. One T1 participant suggested that workplace learning should focus on developing the communication skills needed to interact effectively with clients – “If you have an idea of how you would approach a client, how you would ask for documentation, it would make such a big difference because then your client would be so much more cooperative with you, they would even have more respect for what you are doing, because most of the time it’s like – oh, auditors – why are you here?” **(P10:17, 115:115)**. Another T1 participant reported on his experience of formal training in communication skills where role-play as a learning method was used effectively to teach internal audit trainees “how to communicate with difficult clients” **(P11:17, 143:149)**. A T1 participant also alluded to the time management skills needed by internal auditors, where a tight deadline requires them to manage their time. In this regard, this T1 participant pointed out that internal audit trainees need to communicate effectively with managers as “it helps to communicate with managers to say ‘no, this...cannot be done in forty hours’” **(P11:28, 221:221)**.

In the light of the importance of communication skills, all participants reported that their organisations present various training courses, for example, in report writing, business communication and presentations. The fact that many internal audit trainees do not speak English as a first language was also identified as a concern which required attention in the South African context: “How to use English...how to communicate [in English] in audit...how to get the message across” **(P5:26, 56:57)**.

**From the document analysis**, it is evident that a number of non-technical skills are included as competence areas in the internal audit workplace learning programmes of both in-house programmes (**D1**) and the IIA (SA) learnership programmes (**D2**). In addition, the IACF also includes non-technical skills referred to as personal skills (including communication skills, persuasion and collaboration, and critical thinking) as a core competency area.

*(ii) Summary*

All participants reported on the importance of developing non-technical skills such as soft skills, interpersonal skills and communication skills in the workplace. Reference was made to various soft or interpersonal skills such as consultation skills and relationship building skills in relation to communication skills. Both employers and trainees highlighted interaction with clients and colleagues as valuable learning experiences. Participants highlighted the challenge of dealing with difficult clients and reporting findings confidently to relevant parties. Although formal training on communication skills does occur in organisations, there appears to be a concern with regard to the quality of English used as a communication medium. This was ascribed to the South African context, where many internal audit trainees are not first-language English speakers. Trainees also mentioned the need for effective time management skills. In general, these findings are in line with the literature, which also indicates the importance of effective communication skills for internal audit staff (IIARF, 2010; IIARF, 2014; Smith, 2005). The IIA's CBOK study in 2010 indicates that communication skills were ranked the highest in terms of importance as perceived by chief audit executives and internal audit managers (IIARF, 2010; IIARF, 2014), whereas Smith (2005:513) highlights the importance of effective communication skills in interacting with various stakeholders and communicating the results of internal audit engagements. Specific traits identified for internal auditors are emotional intelligence, assertiveness and confidence.

#### 6.4.2.2 Professional ethics

##### (i) Discussion

Interestingly, **in the focus group discussions**, only one focus group (FG3 see Section 6.3.3.1 theme 23), mentioned a code of ethics and described this theme as the guideline for professional behaviour for all internal auditors, specifically, the integrity of internal audit trainees aspiring to become internal professionals, their accountability for their actions and professional behaviour. For the purposes of the interviews, a code of ethics was described as part of the expectations theme (see Table 6.9) and it was re-organised for the purposes of this discussion as part of learning content (see Table 6.11). **In the interviews**, some participants confirmed that ethical and professional behaviour is very important in the internal audit landscape, and that they have ethics training sessions for all employees (including internal audit trainees): “We have ethical training” (P2:13, 56:56). Interestingly, the same E1 participant mentioned that “you just sometimes wonder if people even know there is an ethical code for internal auditors” (P2:23, 87:87), whereas an O3 participant expressed concern about the unethical behaviour of internal audit trainees. He reported that “a number of internal audit trainees are not acting ethically, and not taking responsibility for their own learning and career development” (P14:1, 33:33).

**From the document analysis**, it is evident that professional ethics is included in the workplace learning programmes of both in-house (D1) and IIA (SA) learnership programmes (D2). In comparison to the IACF, the core competency of professional ethics and integrity forms the basis of the IIA’s competency framework.

##### (ii) Summary

Adherence to a code of ethics which is based on the ethical principles of integrity and accountability appears to be an accepted principle, and ethics training appears to be part of the workplace learning programmes of all organisations. This is in line with the literature, which indicates the importance of the inclusion of

ethics training into workplace learning programmes for developing entry-level audit professionals (ACCA, 2015b; CIMA, 2015b; GAA, 2015b). However, there appears to be a challenge with regard to the attitude of some internal audit trainees (see Section 6.4.5) which affects their professional behaviour negatively.

### **6.4.2.3 Business acumen**

#### *(i) Discussion*

**In the focus group discussions**, business acumen emerged as a theme from FG1 (see Section 6.3.1.1 theme 3), who described business acumen as part of the outcomes of the workplace learning programme. All participants of FG1 agreed that internal audit trainees should acquire “commercial savvy” during the first three years of employment. For the purposes of the interviews, business acumen was categorised as part of training content (see Table 6.9).

**In the interviews**, some participants agreed that a sound understanding of the business environment is very important. Two participants (an E2 and O3 participant) mentioned that it is a challenge to expose internal audit trainees to various business arenas, especially for internal auditors, because “there are just so many different types of business – where do you start?” (**P8:33, 336:337**) and “to understand business – that takes you a long time” (**P13:26, 102:102**). The need to provide internal audit trainees with sufficient work exposure to develop into professionals is discussed under Theme 1: criteria – planned exposure (see Section 6.4.1.3). An E2 participant also stated that “it is a challenge weighing up the business acumen versus internal auditing skills, it is always a challenge” (**P8:42, 451:452**) and reported on his experience of recruiting internal audit staff from within business. An O3 participant alluded to the fact that in the current internal audit training environment, he does not expect a trainee to have business acumen, but suggested that “secondment of internal audit trainees to business for time periods” could be a way of improving the business acumen of internal audit trainees (**P13:26, 102:102**).

**From the document analysis**, it is evident that business acumen is included in the workplace learning programmes of both in-house **(D1)** and IIA (SA) learnership programmes **(D2)**. In comparison to the IACF, the core competency of technical expertise includes business acumen.

*(ii) Summary*

From the analysis, it appears that business acumen is a skill that is acquired over time and is not a form of specific training content that should be included in a formal learning curriculum. However, it is noted that the first three years of workplace learning can contribute to the acquisition of this skill, if learning and development initiatives are properly planned, such as the secondment of internal audit trainees to industry for a period of their traineeship, and the recruitment of internal audit trainees from industry. In comparison to the IACF, business acumen is one of the ten core competencies recognised by the IIA (see Section 4.4.2).

#### **6.4.2.4 Industry-specific knowledge**

*(i) Discussion*

**In the focus group discussions**, the notion of industry-specific knowledge emerged from all four focus groups, although it was not explicitly referred to as *industry-specific knowledge*. FG1 (see Section 6.3.1.1 theme 10) described industry-specific knowledge as *sector-based training* and explained that it should be part of the training content themes, whereas FG2 (see Section 6.3.2.1 theme 2) described industry-specific knowledge as part of a *customisation of training plans*. FG2 explained that internal audit trainees need to have knowledge of their organisations or client organisations, and of the industries in which these organisations operate, their organisational goals, objectives and risks. FG3 (see Section 6.3.3.1 theme 1) identified *organisational exposure* as a theme and explained that exposure to different business processes in different industries is important during the first three years of employment. Interestingly, FG3 (see Section 6.3.3.1 theme 8) described their experiences of a lack of adequate

industry-specific knowledge as part of the theme *independent learning*, where they acquired the necessary industry-specific knowledge via self-directed learning methods. FG4 (see Section 6.3.4.1 theme 1) stated that in South Africa in particular, *great exposure to the energy and mining industry* is important. For the purposes of the interviews, industry-specific knowledge was categorised as part of training content (see Table 6.9) and participants were asked to describe the training content of a workplace learning programme with specific reference to industry-specific knowledge.

**In the interviews**, all the participants agreed that industry-specific knowledge is important, but that it remains a challenge, particularly for outsourced internal audit functions. One E1 participant mentioned that, in his view, it is more important for internal auditors to know the principles of auditing than to understand all the different types of industries. Another E1 participant believed that internal auditors of the future will specialise in particular industries, but he regarded such specialisation as inappropriate at a junior level: “We are going the industry route, but we do not encourage the juniors yet” (**P2:39, 148:148**). An E1 participant reported that internal auditors working in the public sector need to understand the public sector environment, and therefore industry-specific knowledge is important: “We work in government, we put them through training to understand the public sector or the do’s and don’ts of the public sector so we try and specialise in that” (**P1:50, 121:121**). The challenge experienced by some participants to ensure their audit trainees obtain sufficient work exposure (see Section 6.4.1.3) relates to their development of industry-specific knowledge. One could argue that without adequate work exposure, the development of adequate industry-specific knowledge will remain a challenge.

**From the document analysis**, it is evident that industry-specific knowledge is included in the workplace learning programmes of both in-house (**D1**) and IIA (SA) learnership programmes (**D2**). In comparison to the IACF, the IIA (SA) does not classify industry-specific knowledge as a core competency, but as an underpinning to the core competency of business acumen, the maintenance of industry-specific knowledge appropriate to the organisation and specific internal audit engagements is regarded as an important skill for internal audit staff (IIA, 2013a).

## (ii) Summary

Based on the analysis, it appears that industry-specific knowledge is an important content area for a workplace learning programme for internal audit trainees. However, specialisation in specific industries is regarded not important at a junior level; the focus should be more on an understanding of the principles of auditing. Furthermore, it appears that without adequate work exposure, the development of adequate industry-specific knowledge will remain a challenge.

### 6.4.2.5 Technical skills

#### (i) Discussion

**From the focus group discussions**, technical skills emerged as a theme or sub-theme from all four focus groups. FG1 (see Section 6.3.1.1 theme 10) described technical skills as part of workplace learning content and specifically mentioned *risk management* and *auditing* as well as an *understanding of commerce*; FG2 (see Section 6.3.2.1 theme 1) mentioned technical skills as part of *planned exposure*, whereas FG3 (see Section 6.3.3.1 themes 8 & 9) mentioned technical skills training such as *risk management*. FG4 (see Section 6.3.4.1 themes 14 & 15) mentioned *auditing*, *risk management* and an *understanding of business processes and cycles*. For the purposes of the interviews, technical skills were described as part of the formal learning methods (see Table 6.9), but in the analysis of the interview data, it was re-categorised under workplace learning content.

**From the interviews**, it was clear that most participants expected internal audit trainees to obtain technical knowledge in their formal education at tertiary institutions. In addition, technical skills are included in the participants' workplace learning programmes. As the focus of this study is on internal audit trainees who have already obtained undergraduate degrees, only a few participants referred to technical skills in the interviews. One O3 participant commented on technical skills specifically and mentioned the increased focus on the development of technical skills – "I think a lot of things are too technical" (P13:7, 29:29) – during



the first three years of employment, whereas the focus on the development of soft skills has shifted towards the end of the first three years of employment. Another E1 participant also mentioned that his organisation focuses on technical training for internal audit trainees at lower levels, but as they progress to senior levels, “we start focusing on the softer skills” (P3:18, 113:113). An E2 participant alluded to the interrelationship between technical skills and communication skills. He maintained that “technical proficiency leads to proficiency in communication” (P7:35, 190:190). According to him, internal audit findings are frequently challenged, and therefore these findings should be technically correct and properly communicated. One T2 participant mentioned that the most important technical skill that he had developed was knowing how “internal auditing standards are implemented” (P12:4, 26:26).

**From the document analysis**, it is evident that technical skills are included in workplace learning programmes. Similarly, the IACF includes technical skills such as governance, risk and control. The IIA (SA) learnership programmes also include these and other technical skills relating to performing internal audit engagements.

*(ii) Summary*

From the analysis, it appears that the development of specific technical skills (including auditing, risk management and business processes) is essential in the workplace during the first three years of employment. This is in line with the competence areas specified in the majority of accounting and auditing professions’ competency frameworks (see Sections 4.3.2 and 4.3.3) and also for internal auditing (IIARF, 2014), although it is regarded as too technically focused. However, the focus of this study is not to identify the specific technical and other skills needed to develop entry-level internal audit professionals (this remains an area for future research), but rather to obtain a better understanding of the underlying structures in which learning takes place. Therefore participants were not prompted to elaborate on technical and non-technical skills, and hence they provided only limited explanations.

#### 6.4.2.6 Summary (Theme 2)

Based on the analysis, it is evident that there are specific competence areas that need to be included in a workplace learning programme for developing entry-level internal audit professionals. These competence areas include technical and non-technical skills, which include effective verbal and written communication skills, consultation skills, relationship-building and time management skills. With regard to communication skills, it appears that some formal training is done, but that more attention should be given to trainees who are not English first-language speakers. Furthermore, specific traits such as emotional intelligence, assertiveness and confidence were also identified. Professional and ethical behaviour is regarded as important, and ethics training is conducted regularly. Both industry-specific knowledge and business acumen are regarded as very important. This finding is supported by the literature identifying challenges in relation to competence needs as reported in Table 2.1 chapter 2. Although it remains a challenge to provide comprehensive work exposure to internal audit trainees, secondment to and recruitment from other business areas and industries could be possible solutions. The development of specific technical skills (including auditing, risk management and business processes) is essential during the first three years of employment, although this period is perceived by some as too technically focused. The key findings and areas for improvement are summarised in Table 6.13.

**Table 6.13: Theme 2 – Workplace learning content: Key findings and areas for improvement**

Key findings	Areas for improvement
<b>Non-technical skills</b>	
<ul style="list-style-type: none"> <li>• Effective communication skills, both verbal and written, are very important, especially the need to communicate audit findings effectively to clients.</li> <li>• Other important non-technical skills include consultation skills, relationship-building and time management skills.</li> <li>• Traits identified for internal auditors are: emotional intelligence, assertiveness and confidence.</li> </ul>	<ul style="list-style-type: none"> <li>• It is suggested that the development of non-technical skills be included in workplace learning programmes even at junior levels, and not only at senior levels.</li> <li>• It is suggested that effective communication skills be developed, both formally with training interventions, and informally during on-the-job training, with specific reference to trainees who are not English first-language speakers.</li> </ul>

Key findings	Areas for improvement
<ul style="list-style-type: none"> <li>Formal training in communication skills is done, but more attention should be given to trainees who are not English first-language speakers.</li> <li>A lack of non-technical skills, such as effective communication skills, is a challenge to workplace learning.</li> </ul>	
<b>Professional ethics</b>	
<ul style="list-style-type: none"> <li>Ethical and professional behaviour is important.</li> <li>Ethics training is presented.</li> <li>Trainees' attitude could have a negative impact on their professional behaviour.</li> </ul>	<ul style="list-style-type: none"> <li>It is suggested that a focus on professionalism and the characteristics of a profession be addressed during induction.</li> <li>It is suggested that professional ethics training be included in workplace learning programmes.</li> </ul>
<b>Business acumen</b>	
<ul style="list-style-type: none"> <li>Business acumen is a very important skill.</li> <li>It is a challenge to expose internal audit trainees to all business areas.</li> <li>Secondment of internal audit trainees to industry or recruitment from within business could be possible solutions.</li> </ul>	<ul style="list-style-type: none"> <li>It is suggested that the introduction of a formal secondment policy for internal audit trainees be considered which allows them to do a period of their traineeship in industry.</li> <li>The appointment and recruitment policies of an organisation should be adapted to specifically target individuals with industry-specific knowledge as internal auditors.</li> </ul>
<b>Industry-specific knowledge</b>	
<ul style="list-style-type: none"> <li>Industry-specific knowledge is important at more senior levels.</li> <li>Internal audit trainees should know the principles of auditing.</li> <li>Industry-specific knowledge is very important in the public sector.</li> </ul>	<ul style="list-style-type: none"> <li>It is suggested that the work exposure of internal audit trainees be planned to ensure that they will obtain sufficient industry-specific knowledge over the training period (the outcomes should be met).</li> </ul>
<b>Technical skills</b>	
<ul style="list-style-type: none"> <li>The development of technical skills is an important element of workplace learning, although the first three years of employment appears to be "too technical."</li> <li>Internal auditing, risk management and knowledge of business processes and cycles should be included in workplace learning programmes.</li> </ul>	<ul style="list-style-type: none"> <li>It is suggested that technical skills be developed via formal and informal learning methods as part of workplace learning for developing entry-level internal audit professionals.</li> <li>It is suggested that the composition of internal audit teams be considered to ensure that members collectively have the necessary technical and non-technical skills.</li> </ul>

The next section presents the findings relating to Theme 3, workplace learning methods.

### 6.4.3 Workplace learning methods (Theme 3)

Workplace learning methods refer to the ways in which learning is facilitated in organisations (Eraut & Hirsch, 2010). With specific reference to workplace learning for developing entry-level internal audit professionals, five workplace learning methods emerged from the data analysis and are supported in the literature: (i) on-the-job training, (ii) formal learning, (iii) informal learning (iv) coaching and mentoring, and (v) CPD.

#### 6.4.3.1 *On-the-job training*

##### (i) *Discussion*

**In the focus group discussions**, on-the-job training was identified by three of the four groups (FG1 see Section 6.3.1.1 theme 5; FG3 see Section 6.3.3.1 theme 9; FG4 see section 6.3.4.1 theme 3) as a main theme. On-the-job training was described by these three focus groups as *hands-on learning by interacting with both clients and colleagues*. The latter provides guidance and feedback on work performed and shares knowledge to facilitate learning. Although FG2 did not mention on-the-job training explicitly, they identified *review, feedback and redo* as a main theme and identified and classified *knowledge-sharing* and *guidance* as sub-themes of the learning environment. Two of the four focus groups also mentioned either *coaching* or *mentoring* as an element of on-the-job training (see Section 6.4.3.4). For the purposes of the interviews, a collective description of on-the-job training (Theme 3) was provided to participants, and they were asked to describe the specific on-the-job training initiatives that they regard as critical to a workplace learning framework for internal audit trainees (see Table 6.9).

**In the interviews**, all the participants agreed with the combined description of on-the-job training as presented in the interviews. There was general consensus among all participants that on-the-job training is a very important component of

workplace learning (alluded to 35 times) – “on-the-job training is probably one of the most valuable things” (P2:20, 76:76), “it makes out 70% the workplace learning” (P2:29, 100:100) and “it is a critical one” (P5:11, 39:39). An E1 participant added that on-the-job training is about more than mere practical application – it is about “being in that situation and making it work at that point in time given the circumstances that surround it” (P2:20, 76:76). Another E1 participant stated that on-the-job training is about “being out there at the client and interacting with the internal audit manager and partner” (P1:21, 83:83). Similarly, a third E1 participant agreed that one learns the most whilst interacting with clients on a daily basis. Furthermore, the majority of the E1 participants felt that knowledge sharing is an important aspect of on-the-job training and reported on their experiences of “best-practice sharing” (P3:24, 123:125) and “learning from experience”, where learning according to a T1 participant, is facilitated by sharing real-life experiences of best-practices amongst colleagues during “informal discussions” (P11:26, 213:215). One E1 participant commented: “We do encourage the guys to talk amongst themselves and share experiences” (P1:61, 145:145). This participant also explained the value of one-on-one discussions between seniors and junior staff members – “sitting them [the juniors] down and explaining to them, why it [an audit finding] was raised...that for us is key” (P1:22, 83:83).

Trainee participants shared the views of employer participants and reported on their experiences of on-the-job training as much more value-adding than formal classroom training. One T1 participant maintained that the success of on-the-job training “depends on the individual” (P11:3, 818). One T2 participant stated that “you engage more in the learning” with on-the-job training and also mentioned the importance of “knowledge sharing” via “informal discussions” amongst colleagues (P6:5, 23:23). A T1 participant alluded to the benefits of these informal discussions and reported on his experience as follows: “We talk about our experiences at different clients and then it also helps to say ‘I was at this client; this client was very difficult; and how did I handle it; this is how I handled it’” (P11:25, 205:215). Another T1 participant concurred by expressing that it is “...not just asking for documents to test. It was also sitting with them [clients] to explain our draft report...why does this impact them, I think it was quite amazing” (P10:4, 45:45).

Although he was not directly involved in the on-the-job training, one O3 participant described it as “to do, to perform, to observe, to identify, to analyse, to attend, to listen, to ask questions and to make suggestions” (**P4:4, 134:134**). Another O3 participant took a long-term view and called for improved alignment between the IIA (SA) learnership programme’s classroom training and on-the-job training (**P14:5, 151:151**). He mentioned that the IIA (SA) does have a logbook to record practical work experience gained, but that this logbook is not regularly signed off by internal audit managers or mentors and is not clearly aligned with the classroom training modules of the learnership programme. This is an area of concern that needs to be addressed.

*(ii) Summary*

It is apparent from all participants that on-the-job training is a very important element of workplace learning for developing entry-level internal audit professionals. It is also evident that both employer and trainee participants view the practice of learning on-the-job whilst interacting with clients and colleagues as a form of knowledge-sharing and learning by doing. This is in line with the literature on workplace learning, and specifically on learning methods where learning by doing is underpinned by experiential learning theories (Eraut, 2010; Kolb, 1984). Concern was raised that the IIA (SA) learnership programme’s classroom training (formal learning component) is not clearly aligned with on-the-job training, and that although logbooks are used to record the effectiveness of on-the-job learning experiences, monitoring mechanisms (sign-offs by internal audit managers and mentors) could be questioned.

#### **6.4.3.2 Formal learning**

*(i) Discussion*

**In the focus group discussions**, all four focus groups identified and described some form of formal, standardised or structured learning element as part of workplace learning, either as a theme or sub-theme. FG1 (see Section 6.3.1.1 theme 4) identified formal learning methods as a sub-theme of training methods,

FG2 (see Section 6.3.2.1 theme 7) mentioned the IIA (SA) learnership programme as structured training, FG3 (see Section 6.3.3.1 theme 24) described formal training as a sub-theme of technical training, and FG4 (see Section 6.3.4.1 theme 13), like FG2, referred to the IIA (SA) learnership as a structured programme. For the purposes of the interviews, formal learning methods were described as planned training sessions held in the workplace, such as structured classroom training, in-house technical discussion sessions, CPD programmes and e-learning presented by employers, professional bodies or other service providers (see Table 6.9). For the purposes of this study, CPD is discussed separately (see Section 6.4.3.5). Participants were asked to share their experiences of formal learning initiatives that form part of a workplace learning framework.

**In the interviews**, all participants agreed with the description of formal learning as presented during the interviews. There was general consensus that internal audit trainees should take responsibility for their own learning. An E1 participant explained the notion as follows: “We certainly encourage that people’s careers are their own responsibility” **(P2:41, 160:160)**. The fact that formal learning was alluded to much less than on-the-job learning could be a result of the increased importance of more hands-on, practical learning. All participants agreed that some form of formal learning takes place in their organisations, and the focus in the workplace appears to be much more on the on-the-job training. Two E1 participants mentioned that formal classroom training only amounts to 20% of workplace learning for internal audit trainees **(P2:29, 100:100; P3:10, 60:60)**. Interestingly, one E1 reported that his organisation follows a multi-disciplinary approach to formal learning or training sessions, where internal auditors, actuaries, business process engineers and IT specialist are “all in the same training, which gives you that variation of skill and expertise” **(P2:31, 104:104)**. The majority of E1 participants reported that these formal learning or training sessions usually focus on specific technical topics per employee level and are mostly facilitated in-house in the larger organisations.

It appears that a certain number of formal training sessions are compulsory per employee per annum (approximately 120 hours in a 3-year cycle, with a minimum of 20 hours per annum) whereas additional training sessions are scheduled

based on a training needs analysis discussed with management (**P1:31, 23:25**). This practice appears to be in line with CPD requirements for members of the IIA (SA) (IIA (SA), 2015g). It was also mentioned by one E1 participant: “I think many of these sessions are all structured in such a way that people can get CPD recognition for it” (**P2:38, 146:146**). Most of the E1 participants reported that formal training sessions on topics such as audit methodology, audit tools and processes are often presented in-house by senior internal audit managers. One T1 participant mentioned other areas covered by his organisation’s formal training programme. These include “business acumen, understanding the industry, our audit process [and] risk management” (**P10:20, 129:132**).

Based on the views of E1 and E2 participants, soft skills training is also presented in formal training interventions. An interesting observation came from an E2 participant, who referred to the impact of the size of the organisation on the formal training opportunities presented: “We were only able to deal with core competencies...because we are a tiny, tiny department” (**P9:29, 125:125**). Another E2 participant stated that the IIA (SA) learnership programme’s classroom training component is regarded as the formal learning method in his organisation. This E2 participant mentioned that most of the formal training is presented by the IIA (SA), which presents a practical solution for a public sector entity: “The reason why we do that is [that] from a procurement viewpoint it’s very easy to do” (**P7:43, 218:218**). However, another E2 participant argued that the IIA courses are not applicable to his organisation in the private sector, because “they tend to focus on ...government [auditing]” (**P8:31, 313:313**). This E2 participant and one O3 participant reported on their perceptions of the quality of the IIA (SA)’s formal training courses or seminars and both participants had concerns – “if they gave training that was set at a bit higher level, there would be a bigger demand for it” (**P8:32, 317:317**). With specific reference to the quality of the IIA (SA) learnership programme’s classroom-type training, an O3 participant mentioned that there are inconsistencies in the manner in which modules are presented; some presenters even “read stuff from the slides for the entire day” (**P14:4, 50:50**). By contrast, another participant held a more favourable view; he explained in the first training module he expected to gain an understanding of the



application of standards and “that is exactly what I have learnt...we got a very, very clear understanding and explanation” (P12:3, 26:26).

With specific reference to e-learning as a learning method, it appears from the literature (see Section 3.4.2) that e-learning is regarded as both a formal and informal learning method. For the purposes of this study, it is discussed as a formal method of learning in workplace. **In the focus group discussions**, e-learning emerged as a theme in one focus group (FG4) and as a sub-theme in another (FG1). **In the interviews**, a number of participants agreed that, in combination with other learning methods, it appears to be an effective way to present training, because it allows for flexibility. An O3 participant explained that not all internal audit trainees join an organisation at the same time, so “it is difficult, because you got people starting at different times” (P13:13, 128:128). The trainees also develop at a different pace and they are spread over the country: “You have the demographical challenge...so what is the alternative?” (P13:13, 130:130). One E1 participant mentioned his organisation’s global intranet, which offers various e-learning and training opportunities “from report writing and soft skills all the way through to industry-specific training (P2:29, 100:100).

The majority of participants reported on the current or future use of e-learning methods in their organisations. Two E2 participants reported that e-learning accounts for 10% of their workplace learning (the other 70% is on-the-job training and 20% is classroom training). Another E1 participant reported that e-learning is often used to manage any idle time of internal audit trainees: “If we can’t keep them busy at clients, we expect them to do the e-learning modules and we track that” (P1:57, 135:135). Participants also highlighted the benefits of e-learning methods, such as accessibility, “working at home at your own time” (P10:20, 129:132), which is in line with the literature (Wang, 2011:191). One E1 participant also alluded to “formal learning groups for the CIA” which his organisation has introduced to assist trainees in preparing for the professional CIA examination (P3:21, 123:123). However, one O3 participant reported on his experience of e-learning and indicated that, in his view, “face-to-face classroom training is more beneficial” (P14:2, 45:45) because trainees are exposed to hands-on training

where they are actively engaged in the learning process via role-play, presentations, simulations and discussions.

*(ii) Summary*

From the data analysis, it is apparent that although there was general consensus that internal audit trainees should take responsibility for their own learning, some form of formal learning takes place in the workplace during the first three years of employment. Due to the fact that on-the-job training elicited more views than formal training and that some employer and trainee participants alluded to the fact that 70% of the workplace training of internal audit trainees consists of actual on-the-job training, it is clear that formal training is not the main focus of workplace learning for internal audit trainees. With specific reference to developing entry-level internal audit professionals, it appears that organisations either present their own in-house developed and facilitated formal training sessions (the extent of training appears to be a function of the size of the entity) or use external service providers, such as the IIA (SA), although the “low” quality and the government focus of the IIA (SA) material are areas of concern. Furthermore, it is apparent that internal audit trainees attend a minimum number of compulsory formal training sessions per annum, amounting to 20% of their workplace learning, whereas the on-the-job component amounts to 70%, and independent or informal learning makes up the remaining 10%. Topics covered by formal training sessions were mentioned, namely audit methodology, audit tools and processes, as well as soft skills. With regard to e-learning, most participants recognised its usefulness, because it allows for flexibility and geographical removes, and organisations’ global networks can be used. One O3 participant suggested that a blended learning approach (face-to-face and e-learning sessions) is more conducive for developing entry-level internal audit professionals in the workplace.

### 6.4.3.3 *Informal learning*

#### (i) *Discussion*

**In the focus group discussions**, three of the four focus groups identified some form of informal learning, although it was clear during these discussions that on-the-job training and informal learning methods are referred to interchangeably. This is in line with the literature (Baert & Govaerts, 2012:539; Jacobs & Park, 2009; Vaughan, 2008:4), which indicates that informal learning could occur whilst on-the-job and when confronted with a learning need in a work context. FG1 (see Section 6.3.1.1 theme 4) identified informal learning as a sub-theme of training methods; FG3 (see Section 6.3.3.1 theme 8) referred to independent learning and own learning with limited supervision. FG4 (see Section 6.3.4.1 theme 5) mentioned informal discussions amongst colleagues and informal reporting. Interestingly, the practice of informal learning, reporting or feedback did not emerge as a theme or sub-theme from FG2. This could be because the IIA (SA) learnership programme is used, which is viewed as a “formal, structured training programme” (FG2).

For the purposes of the interviews, informal learning (Theme 9, see Table 6.9) was described as self-directed and independent learning, informal discussions amongst colleagues and coaching. For the purposes of this discussion, only self-directed and independent learning are categorised as informal learning, whereas informal discussions amongst colleagues is categorised as part of on-the-job training. Coaching is discussed as part of a separate theme, namely learning methods – sub-theme: mentoring and coaching (see Section 6.4.3.4). Participants were asked to describe the informal learning initiatives that could form part of a workplace learning framework for internal audit trainees.

**In the interviews**, it was evident that participants recognised that independent and self-directed learning should contribute to an enhanced learning experience. One O3 participant stated that “in today’s age there is no excuse for not doing informal learning on your own, because there is just so much out there. I would expect any trainee to actually be able to demonstrate this kind of thing, how do

they keep abreast with things? Do they read the papers?” **(P13:28, 110:110)**. One E2 participant recognised the existence of informal learning in the workplace, but admitted that this method is not preferred in his organisation, due to the lack of formal assessment usually associated with informal methods of learning. He also acknowledged that although his organisation’s formal learnership programme is well-structured according to the IIA (SA)’s learnership requirements, it is not the case for its informal programme: “I do not think our informal programme may be well structured” **(P7:67, 322:322)**. Interestingly, another E2 participant reported on the manner in which he explained informal learning to the trainees:

We worked quite hard on explaining this informal learning. I told them, okay, the beauty of being in an audit firm is that you can learn all the time, you get exposure to different clients, okay, you work with different managers, but the team revolves and we even have a rotation policy to make sure of that.  
**(P9:43, 242:242)**

An E2 participant mentioned the example of conference attendance as an informal learning opportunity. A similar practice was followed by an E1 participant where directors of his organisation present papers to internal audit trainees which they have presented at conferences. The responsibility of doing presentations can also be passed to the trainees. One E1 participant shared his organisation’s practice in this regard: “An interesting thing we do is where we have our departmental meetings we ask some of the trainees...to do presentations, you know the fun stuff for them, to take the lead” **(P1:38, 101:101)**. With specific reference to independent and self-directed learning, another E2 participant commented that “these are qualities that I don’t find often” **(P7:45, 260:260)**.

## *(ii) Summary*

Based on the analysis, it appears that the use of informal learning practices is widely accepted, although some of these practices are also referred to as on-the-job learning and include informal discussions amongst colleagues and even presentations made by peers or seniors. It appears from views expressed by employer participants that there are ample opportunities for informal learning, but

that such practices, where internal audit trainees actually learn independently with limited supervision, are not well established. Informal learning modes, associated with individuals' random decisions and actions when confronted with a learning need in a work context, are discussed in the literature (Baert & Govaerts, 2012:539; Jacobs & Park, 2009; Vaughan, 2008:4) and could include coaching, mentoring, industrial theatre, role-play, electronic learning (e-learning) and group facilitation. Some of these modes are referred to in Section 6.4.3.1 (on-the-job training) and Section 6.4.3.4 (coaching and mentoring).

#### **6.4.3.4 Coaching and mentoring<sup>20</sup>**

##### *(i) Discussion*

**In the focus group discussions**, either coaching or mentoring as a theme or sub-theme emerged from all four focus groups (FG1 see Section 6.3.1.1 theme 4; FG2 see Section 6.3.2.1 theme 4; FG3 see Section 6.3.3.1 themes 6 and 7; FG4 see Section 6.3.4.1 theme 3). A synthesis of the descriptions from the four groups entails the selection of a dedicated and patient coach, a mentor or counsellor who can provide technical and non-technical guidance and motivation in a formal or informal manner during workplace learning for developing entry-level internal audit professionals. This description was used as a point of departure during the interviews, and participants were asked to discuss the nature and extent of mentoring in their organisations, with specific focus on the selection of effective mentors (see Table 6.9).

**In the interviews**, mentoring was mentioned 35 times by participants. All the participants reported on the existence of either formal or informal mentoring systems in their organisations. One E1 participant confirmed such practices: "There is somebody that would value your input ... there are a lot of them [trainees] in our office here that do make use of the opportunity" (P1:33, 91:91). Employer participants stated that new internal audit trainees are assigned to a

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<sup>20</sup> For the purposes of the data collection and analysis, these concepts are used interchangeably and refer to both formal and informal methods of guidance provided by managers, seniors or supervisors to internal audit trainees. For the purposes of this discussion, the term mentoring is used.

mentor, coach or counsellor who plays an important role during the first three years of employment. It seems that the mentor, coach, or counsellor is often somebody in the same business unit, but it could also be somebody independent. An E1 participant illustrated the importance of mentoring in his organisation by stating that it presents training to develop facilitators to ensure they are “competent in doing it [mentoring], we roll out on an annual basis development facilitator training” **(P3:8, 85:85)**.

An E1 participant alluded to the fact that “not everybody can be a counsellor or coach to someone, not everybody’s got that attribute, it’s just human nature” **(P3:5, 21:21)**. Another E1 participant concurred, and explained that his organisation uses a voluntary mentorship programme because “experience shows that [if the] relationship is not there, it is forced” **(P1:31, 89:89)**. Another E1 participant explained that his organisation follows a flexible approach and is willing to change mentors/coaches to ensure a suitable relationship is established between mentor and mentee: “...sometimes it just.., it does not work, and then you swop them around” **(P2:46, 180:180)**. An E1 participant also alluded to the fact that mentoring should be done on a voluntary basis: “...not everybody likes the idea of having a mentor” **(P5:23, 53:53)**. One of the E2 participants confirmed that his organisation does not have a mentorship programme and uses on-the-job training as an alternative. Another E2 participant acknowledged that “a mentor does help, but how do you manage this? How do you force people to mentor?” **(P8:21, 205:205)**.

In addition to the above concerns, an O3 participant raised a valid concern by questioning the “quality of the people who are going to be mentors” **(P13:15, 54:56)** and he suggested a monitoring process which could form part of a performance management system. In this regard, another E2 participant referred to the use of a logbook to record regular meetings between mentor and mentee. One E1 participant mentioned that his organisation follows an informal mentoring system, and that the need for mentoring is usually identified during formal performance assessment sessions (see Section 6.4.1.5) – when an internal audit trainee “needs a bit of extra TLC [tender, loving care], we recommend a mentor” **(P1:32, 89:89)**. He also reported on the practice of allocating internal audit

trainees whose overall performance is below expectation to a mentor for more regular feedback and guidance sessions (every two to three weeks versus a six-monthly review). Another E1 participant reported that his organisation has a “buddy system” for new trainees which appears to be a more informal relationship between a new trainee and a second-year or third-year internal audit trainee, where the latter provides guidance or assistance on a regular basis. This participant believes “that is something that we actually do well” (P3:11, 89:89) and mentioned that his organisation rotates mentors. He explained this practice as follows: “...so I think it’s also that diversity of mentoring that they would get, I think, which is good” (P3:12, 99:99).

The majority of trainee participants had very positive views on the use of mentoring and coaching in workplace learning. However, one T1 participant reported on his experience of not having a technical buddy to assist with technical queries during internal audit engagements: “...but with the coaching system you almost have to always approach them [coaches] to say ‘I have a problem’” (P11:5, 134:135). Another T1 participant explained the value of the buddy system as follows – he can approach his buddy “[i]f I feel like there are certain things that I cannot talk to my coach as maybe he is a manager” (P11:14, 129:131). A T2 participant stated that the guidance provided by a competent mentor is very valuable, whereas an O3 participant reported on his experience in the public sector of “a lack of competent and committed mentors and coaches in the workplace” (P14:2, 29:29).

## (ii) Summary

From the discussion, it appears that mentoring is a very important element of workplace learning. It is evident that the mentor-mentee relationship, whether formal or informal, can contribute significantly to an enhanced learning experience for internal audit trainees, if competent and committed mentors are selected and internal audit trainees are motivated to learn. This is in line with the literature on the role of mentoring in the workplace learning process, which describes the use of mentoring in facilitating the development of early-career

professionals (Van Woerkom, 2010:256). In this regard, one E1 participant reported that his organisation offers training to develop mentors.

There was general consensus that a mentoring process is not without challenges. The main concern is to ensure a fruitful relationship between mentor and mentee. Two E1 participants reported that because an optimal solution cannot be provided, their organisations have not introduced a mentoring process. One of these participants' organisations uses on-the-job training as an alternative. Some suggestions are to have a voluntary mentoring process, to rotate mentors to allow for flexibility and to ensure that competent and committed mentors are selected. Furthermore, it is suggested that the mentoring process be recorded and aligned to both the mentor and the mentee's performance management systems.

#### **6.4.3.5 Continuing Professional Development (CPD)**

##### *(i) Discussion*

**In the focus group discussions**, CPD emerged as a sub-theme of training methods for FG1 (see Section 6.3.1.1 theme 4), possibly because CPD is regarded as a post-qualification activity and therefore as not applicable to the development of entry-level internal audit professionals. For the purposes of the interviews, CPD was discussed as part of formal training (see Table 6.9).

**In the interviews**, all the participants agreed that CPD is part of the formal learning of a workplace learning programme, but only two E1 participants offered additional comments or insights. An E1 participant explained: "We do expect the guys [internal audit trainees] to adhere to CPD requirements" (**P1:53, 125:125**). Another E1 participant maintained that his organisation attempts to align training interventions with CPD requirements: "Many of these updates ... are structured in [such] a way that people can get CPD recognition" (**P2:38, 146:146**).



(ii) *Summary*

CPD is an important element of workplace learning and essential for maintaining professional competence in the majority of professions (see Chapter 4). However, with reference to developing entry-level internal audit professionals (indicating the period prior to professional licensure), it seems that that CPD initiatives considered less, as they are associated with the period after obtaining professional licensure. However, in line with IESs published by the IFAC, CPD is associated with both the pre- and post-qualification periods (IFAC, 2014) and is therefore included in the proposed workplace learning framework as part of the learning content theme. Only two E1 participants shared views on CPD. One of them explained that his organisation expects internal audit trainees to adhere to CPD requirements, and the other reported that his organisation's training interventions are structured accordingly.

**6.4.3.6 Summary (Theme 3)**

Based on the analysis, it is evident that, although internal audit trainees should take responsibility for their own learning, there are various workplace learning methods that can enhance the learning experience for internal audit trainees. On-the-job training was regarded by all participants as the most important method (amounting to 70% of workplace learning), focusing on work relationships in the form of interactions with clients and discussions with colleagues as forms of knowledge sharing and learning by doing. Formal learning methods were also applied (amounting to 20% of workplace learning), using either in-house developed courses or external service providers and aligning these formal learning initiatives to CPD. E-learning is also recognised as a useful learning tool in the workplace to improve flexibility, meet geographical needs and use organisations' global networks. Informal learning in the form of independent and self-directed learning amounts to the smallest part of a workplace learning programme and, although various informal learning opportunities were identified, some concern was expressed on the use of informal learning. Mentoring (formal or informal) was identified as a very important element of workplace learning for developing internal audit trainees into entry-level internal audit professionals, but

its success depends on the competence and commitment of the mentor and the relationship between mentor and mentee. It appears from the literature that the workplace learning methods applied to develop internal audit trainees, are not unique to internal auditing. However, with reference to workplace learning criteria and content (See Themes 1 and 2), the need for multi-disciplinary expertise as well as business acumen and industry-specific knowledge appears to be specific competency needs for internal auditing. This finding is supported by the literature identifying challenges in relation to competence needs as reported in Table 2.1 in chapter 2. A summary of the key findings and areas for improvement is presented in Table 6.14.

**Table 6.14: Theme 3 – Workplace learning methods: Key findings and areas for improvement**

Key findings	Areas for improvement
<b>On-the-job training</b>	
<ul style="list-style-type: none"> <li>On-the-job training is a very important element of workplace learning for developing entry-level internal audit professionals. It amounts to 70% of workplace learning.</li> <li>Interacting with clients and colleagues is a form of knowledge sharing and learning by doing.</li> </ul>	<ul style="list-style-type: none"> <li>It is suggested that on-the-job training be monitored and recorded, for example, in a logbook signed off by a supervisor or mentor.</li> <li>Formal and on-the-job training should be aligned to ensure sufficient work exposure and the achievement of outcomes (competencies at different levels).</li> </ul>
<b>Formal learning</b>	
<ul style="list-style-type: none"> <li>Organisations either present their own in-house developed and facilitated formal training sessions, or use external service providers, such as the IIA (SA).</li> <li>Formal learning is aligned with CPD and could be compulsory or on a needs basis.</li> <li>It amounts to 20% of workplace learning.</li> <li>E-learning is recognised as a useful learning tool in the workplace to improve flexibility, overcome geographical distance and uses organisations' global networks.</li> </ul>	<ul style="list-style-type: none"> <li>It is suggested that organisations consider a blended learning approach (a combination of face-to-face and e-learning sessions) to develop entry-level internal audit professionals in the workplace.</li> <li>The focus of the IIA (SA) learnership programme should be re-assessed to ensure that it is appropriate to both the private and public sectors.</li> </ul>

Key findings	Areas for improvement
<b>Informal learning</b>	
<ul style="list-style-type: none"> <li>• Informal learning is also viewed as on-the-job training.</li> <li>• It is not structured and is not easy to assess.</li> <li>• Informal discussions amongst colleagues contribute to the learning experience.</li> <li>• Limited use is made of independent and self-directed learning opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>• It is suggested that organisations consider establishing a comprehensive performance management system which includes the assessment and monitoring of informal and formal learning.</li> </ul>
<b>Coaching and mentoring</b>	
<ul style="list-style-type: none"> <li>• Effective coaching and mentoring contributes to the learning experience.</li> <li>• A mentorship process could be formal or informal, but should not be forced.</li> </ul>	<ul style="list-style-type: none"> <li>• It is suggested that mentoring programmes include flexibility by making provision for a voluntary mentoring process and the rotation of mentors.</li> <li>• Competent and committed mentors should be selected.</li> <li>• The mentoring process should be tracked and aligned to both the mentor and mentee's performance management systems.</li> </ul>
<b>CPD</b>	
<ul style="list-style-type: none"> <li>• CPD is applicable mainly to the post-qualification or certification period.</li> <li>• Organisations structure formal training initiatives to ensure CPD for all internal audit staff (including internal audit trainees).</li> </ul>	<ul style="list-style-type: none"> <li>• CPD should form part of every professional's learning and development process, as it is part of life-long learning.</li> </ul>

The next section presents the findings relating to Theme 4, determinants of workplace learning success.

#### **6.4.4 Determinants of workplace learning success (Theme 4)**

This theme describes four elements that drive the success of workplace learning: firstly, the workplace as a nurturing learning environment is identified as a determinant of success. Secondly, management's commitment to the development of internal audit trainees aspiring to become internal audit professionals, is a determinant of workplace learning success. Thirdly, the internal audit trainees'

commitment (including their attitude and motivation to learn), determines workplace learning success. Fourthly, establishing and maintaining a relevant, structured and effective learning and development programme in the workplace, is a determinant of workplace learning success.

#### **6.4.4.1 Learning environment**

##### *(i) Discussion*

**From the focus group discussions**, the learning environment emerged as a theme or sub-theme from the two employer focus groups. FG1 described the learning environment as a sub-theme of drivers for success, stating that effective workplace learning only takes place in a nurturing environment where there is management support and commitment (see Section 6.3.1.1 theme 11). FG2 also described the learning environment as an environment where the employer is involved and committed, where knowledge is transferred and where there is a balance between employer needs and employee needs (FG2 see Section 6.3.2.1 theme 12).

For the purposes of the interviews, the learning environment was described as a separate theme encompassing the training methods and equipment used to facilitate workplace learning, the need to accommodate internal audit trainees from different streams or backgrounds, the role of the professional body, the IIA (SA) as an enabler of workplace learning and the alignment of workplace learning programmes with career development programmes in the learning environment. Although the remuneration of internal audit trainees was initially categorised as part of the learning environment, based on the focus group descriptions, it was categorised as a challenge to workplace learning. Participants were asked to describe what, in their views, the enablers and drivers for success are with specific reference to the learning environment (see Table 6.9).

**In the interviews**, it was evident that the learning environment could be both an enabler of and a challenge to workplace learning. For the purposes of this analysis, the learning environment is discussed as a challenge to workplace

learning in Section 6.4.5.1. One O3 participant believed that the learning environment should be conducive to both the trainees and the organisation, saying that "...there is an expectation both ways" (P13:3, 9:9). It was apparent from employer participants' views that to create an environment conducive to learning – two participants, E1 and E2, referred to a "nurturing environment" (P3:40, 177:177; P8:48, 476:476) that requires a balance between the organisation's needs and the development needs of trainees. An E1 participant said, for example: "So it is looking at resources; that is going to be critical to get success" (P5:49, 126:126).

#### *(ii) Summary*

Based on the analysis, the learning environment is regarded as both a determinant of success and a challenge to workplace learning (see Section 6.4.5). Employers highlighted the importance of the workplace's being a "nurturing environment", conducive to learning. They also mentioned considering the needs of both the organisation and the internal audit trainees. This is in line with the literature on workplaces as learning organisations. Billet (2004) and Lee and Roth (2007:101) highlight two challenges faced by organisations: firstly, the challenge of training and learning's remaining a valuable and viable asset meeting business needs, and, secondly, the challenge of training and learning initiatives' meeting the needs of employees who are self-regulated.

#### **6.4.4.2 Management commitment**

##### *(i) Discussion*

**In the focus group discussions**, management commitment to workplace learning for developing entry-level internal audit professionals emerged as a theme or sub-theme from both employer focus groups. FG1 (see Section 6.3.1.1 theme 11) described management commitment as management support and ownership of workplace learning programmes. FG2 (see Section 6.3.2.1 theme 12) referred to the involvement and commitment of the employer as a sub-theme of the learning environment.

For the purposes of the interviews, this theme was categorised as a driver for success and described as such during the interviews. Participants were asked to describe the drivers for success of a workplace learning framework for internal audit trainees with specific reference to management ownership and management support (see Table 6.9) and renamed management commitment for the purposes of this discussion.

**In the interviews**, management commitment was alluded to 14 times. All the participants saw management's commitment (including ownership and support) as a very important enabler of effective workplace learning. One E2 participant stated: "Owners of the programme lead by example, there should be ownership and commitment" (**P5:47, 471:472**). An E1 participant highlighted that management's attitude towards learning and development should be positive; it should be strategically driven from the top: "When the benefits are sold up front, everyone buys into it" (**P3:37, 177:177**). He also stated that "if it's a mere compliance thing, then it's not really going to work" (**P3:38, 177:177**). Another E1 participant stated that their senior management value and "see the absolute necessity of training" and they involve audit partners in the formal training sessions to "demonstrate their commitment to learning interventions" (**P1:94, 201:201**). An O3 participant reported that having a dedicated senior manager responsible for learning and development, someone who is "enthusiastic and a good coach" and a good leader, can assist in enabling effective workplace learning (**P13:5, 15:15**).

Not all participants reported positively on their experiences regarding management's commitment in their organisations. An E2 participant reported on his experience of management's not being committed to training and believing that it is a waste of time – "they see training as a waste of time, instead of being on a job, you know, why must they leave their audit client and then go and attend training" (**P9:35, 169:170**).

Trainee participants also reported on their experiences of management's commitment to workplace learning. As with the employers' views, there were both positive and negative experiences. One T1 participant stated that "training always

gets postponed” and “there is always a crisis” due to client pressures; he felt that “there is not much in terms of ownership for training here” (P11:32, 239:241). He also stated that there is no purpose in having formal learning and development sessions “if managers are not willing to release the trainees” for training (P11:32, 239:241). In his view, improved planning and communication of training schedules could assist in ensuring that internal audit trainees are able to attend formal training sessions. Two E1 participants reported on similar experiences where internal audit trainees scheduled for training sessions were withdrawn from these sessions by their managers and partners due to “some big client crisis” (P1:89, 97:97; P2:35, 40:40).

An E2 participant’s statement provides a synthesis of the employers’ views on getting management involved:

Leadership in the organisation needs to understand that they have to prioritise learning...I have explained to them a million times, if you allow me to train your staff and make them more competent, you will have less upward delegation, less pressure on yourselves, so make it your priority when you do your planning, put my training first and then build everything around it. (P9:33, 168:168)

#### (ii) *Summary*

Based on the analysis, it appears that management’s commitment to workplace learning is essential to facilitate effective learning and development. It is also evident that a lack of management’s support and buy-in results in learning and development initiatives’ not being prioritised. Contrasting views were obtained from both employer and employee participants, and it appears that workplace learning only becomes a priority when management is committed to it.

#### **6.4.4.3 Trainees’ commitment (*attitude and motivation to learn*)**

##### (i) *Discussion*

**In the focus group discussions**, trainees’ motivation to learn emerged as a sub-theme from the two employer groups. FG1 (see Section 6.3.1.1 themes 6 &

11) described the trainees' motivation to learn as a sub-theme of both a driver for success and a challenge to workplace learning, and FG2 (see Section 6.3.2.1 theme 13) highlighted the commitment and responsibility of the learners towards workplace learning and development. For the purposes of the interviews, trainees' motivation to learn was categorised as a driver for success, as well as a challenge to workplace learning (see Table 6.9).

**In the interviews**, this sub-theme was alluded to several times and was expanded to include trainees' attitude and commitment to workplace learning and development. It appears from the experiences reported by employers in particular that they are often "frustrated" with trainees' attitude (**P2:60, 259:260**), which ranges from a lack of commitment, not "going the extra mile" (**P1:75, 157:157**) and not being motivated to learn, to still "expecting to be promoted" (**P5:31, 69:69**). Two E1 participants reported on their similar experiences of the "new generation" internal audit trainees who "demand and expect promotion" and always seek other job opportunities – "they are not committed to a company, they're not afraid to job hop" (**P1:83, 181:181; P2:60, 261:261**). An E2 participant lamented that he wants internal audit trainees who are "willing to continuously learn and explore avenues", but stated that "the current batch of learners, they don't have drive" (**P7:49, 266:266**). This, for him, is the "biggest problem" (**P7:52, 276:276**). Both E1 and E2 participants commented that the new generation demand to work only the minimum required hours per day with an attitude of "if I don't get through the work, it is not a problem" (**P1:85, 185:185**) – "the youngsters of today have a sense of entitlement" (**P9:9, 58:58**). The E2 participant also alluded to new internal audit trainees' attitude, saying that "they know everything, we can't teach them anything" and "they're lazy in a sense, they think that their degree or diploma is all that they'll ever need" (**P9:36, 173:173**). An O3 participant reported similar experiences with this "different generation" being a "big challenge" in organisations – "they learn at their own pace and they do what they think is good for them and then they'll look at what else there is" (**P13:13, 134:136**). He also made the observation that "in today's age there is no excuse for not doing informal learning on your own regularly because there is just so much out there" (**P13:28, 110:110**). However, this participant however maintained that the internal audit trainees of today need to have the right attitude



to capitalise on these opportunities. Adding to the aforementioned view, an E2 participant stated: “The most important...is the desire and commitment by the learner...you can take the horse [to the water], you cannot make it drink” (P9:48, 267:267).

In addition, the practice of making workplace learning (and specifically the attendance of formal classroom training) compulsory, appears to be a challenge, especially in organisations that are using the IIA (SA) learnership programmes. One E2 participant stated that in his organisation, “it is forced on them, because I told them they won’t move levels, they will stay juniors for the rest of their lives” (P9:49, 274:274). A T2 participant also stated that internal audit trainees must participate in the learnership programmes, but that they are not motivated or committed at all – “they drag their feet when they have to attend” (P11:23, 183:196). An opposing view was expressed by a T1 participant, claiming that training is mostly “driven by the individual” and that there is enough support in his organisation “to assist to drive me forward” (P11:10, 115:115). This view was shared by another T1 participant, claiming that it depends on the individual’s commitment, on “how willing you are to accept what is ... in front of you” (P10:19, 123:124). This participant went on to say that “if you do not have a positive attitude, you are not going to be willing to learn” (P10:37, 278:280).

On the positive side, a few employers highlighted that there are a number of internal audit trainees who have the right attitude, specifically towards learning and development, and who are committed to the organisation – “they are confident, they get involved and that is nice to see” (P13:41, 146:146). An E1 participant interestingly deliberated on trainees’ attitudes being related to specific cultures and educational backgrounds. He reported on his experience of internal audit trainees who are white and Afrikaans-speaking, and who “recognise that it would be difficult for them to find a job, so they excel here and they stay here and have a very good reputation” (P1:80, 173:173). An E2 participant perceived internal audit trainees with the intention to become “career auditors” to be “perfectionist which makes criticism very, very difficult to deal with” (P5:51, 132:132).

(ii) *Summary*

From the analysis, it is evident that internal audit trainees' attitude and motivation to learn can be both a determinant of success and/or a challenge to workplace learning. However, it is concerning to note the apparent extent of negative attitudes among internal audit trainees ranging from feelings of entitlement to a lack of motivation, drive to learn and commitment to the organisation. Furthermore, it is apparent that employers are struggling to manage this "new generation" of internal audit trainees and that those trainees that "go the extra mile" and "are willing to learn" are few and far between. Some employee participants concurred with the view that a positive attitude is needed to demonstrate commitment to workplace learning. Some positive views were expressed on internal audit trainees' attitude towards workplace learning. An E1 participant alluded to the complexities of internal audit trainees' behaviour, because other factors (such as cultural orientation, educational background and future prospects) have an impact. This is an area for future research.

**6.4.4.4 *Relevant, structured and effective learning and development programme***

(i) *Discussion*

**In the focus group discussions**, three focus groups identified relevant, structured and effective learning and development programmes as a theme or sub-theme. FG1 (see Section 6.3.1.1 theme 11) described workplace learning as a structured process including an effective training programme among the drivers for success theme. FG2 (see Section 6.3.2.1 theme 7) identified a structured training programme as a sub-theme of the IIA (SA), whereas FG4 (see Section 6.3.4.1 theme 13) identified such a programme as a theme and described it as organised, based on organisational frameworks, outcomes-based, well-facilitated, learner-oriented and aligned to the IIA's competency framework. For the purposes of the interviews, this theme was categorised as part of formal learning and described as such to interview participants (see Table 6.9).

**In the interviews**, this theme was alluded to 11 times and all participants agreed that a relevant, structured and effective learning and development programme is necessary for workplace learning, although not all the participants' experiences were positive. One E1 participant stated that “a structured process is key” (**P1:95, 203:203**) and “workplace learning is critical for any internal audit department to be relevant” (**P1:99, 279:279**), whereas another E1 participant confirmed that his organisation uses “a very structured learning curriculum” (**P3:25, 135:135**). An E2 participant referred to the need for “a structured, systematic process” (**P8:47, 471:472**). Similarly, an E1 participant argued that with a structured programme, training could be standardised across an organisation operating in various locations and this would reduce “inconsistencies [found] in the past” (**P2:53, 219:220**).

One T1 participant reported on his experience claiming that the learning and development initiatives in his organisation are not adequately structured and aligned to a career path. He compared the internal audit learning and development initiatives to those for the external auditors in his organisation and stated that “a programme needs to be effectively run, just like the [chartered accountant] CA programme, that would be the most ideal situation, because now internal audit, I don't think it's taken seriously” (**P11:34, 255:255**).

*(ii) Summary*

Based on the analysis, it appears that the use of a relevant, structured and effective learning and development programme is essential for workplace learning. Furthermore, it appears that not only the formal learning, but the entire career development path for internal audit trainees, should be adequately structured from the induction through to successful completion of the professional examination prior to entry into the profession. Some employer and employee participants used the example of the CA training model applied by SAICA as an example of a structured, relevant and effective learning and development programme. This matter is considered further in Section 6.4.5.1, where some employer, trainee and other participants criticised the IIA (SA) learnership programme, questioning its quality.

#### 6.4.4.5 Summary (Theme 4)

Based on the analysis, it is evident that there are a number of determinants that contribute to workplace learning success. A nurturing learning environment is conducive to successful learning. Management's commitment to the learning and development of internal audit trainees enables learning, whereas a lack of such commitment contributes to a hostile learning environment. Trainees who have a positive attitude and are motivated to learn ensure workplace learning success. This is in line with the literature, which indicates the on-going challenges to balance the needs of organisations to perform with employees' needs and career planning (Gardiner *et al.*, 2001). Finally, the establishment and maintenance of a quality, effective, relevant and structured training programme is an important determinant of successful workplace learning. The key findings and areas for improvement relating to Theme 4 are summarised in Table 6.15.

**Table 6.15: Theme 4 – Determinants of workplace learning success: Key findings and areas for improvement**

Key findings	Areas for improvement
<b>Learning environment</b>	
<ul style="list-style-type: none"> <li>• Creating a nurturing learning environment is conducive to workplace learning.</li> <li>• The needs of both employers and trainees should be balanced.</li> </ul>	<ul style="list-style-type: none"> <li>• It is suggested that management aim to maintain a nurturing learning environment by considering the workplace learning needs of internal audit trainees who are committed to learning, and that management commit to investing in internal audit trainees to turn them into entry-level internal audit professionals.</li> </ul>
<b>Management commitment</b>	
<ul style="list-style-type: none"> <li>• Managements who are committed to workplace learning for developing entry-level internal audit professionals provide continuous support.</li> <li>• Managements who are not committed to workplace learning result in a hostile learning environment where trainees are not motivated to learn.</li> </ul>	<ul style="list-style-type: none"> <li>• It is suggested that workplace learning be taken by management beyond mere compliance to ensure a totally aligned learning organisation where all the dimensions of workplace learning are integrated and management is committed to the learning and development of internal audit trainees into entry-level internal audit professionals. Workplace learning of internal audit trainees should become a strategic objective of an organisation.</li> </ul>

Key findings	Areas for improvement
<b>Trainees' commitment</b>	
<ul style="list-style-type: none"> <li>• Trainees who are committed to workplace learning and development are motivated to learn and have a positive attitude.</li> <li>• Trainees who are not committed to workplace learning and development have a sense of entitlement, are not motivated to learn, and have a negative attitude.</li> </ul>	<ul style="list-style-type: none"> <li>• It is suggested that that trainees be informed during the induction programmes of the expectations and relevance of workplace learning and development to encourage a commitment to life-long learning.</li> <li>• Motivational discussions by role models could be offered during the workplace learning programme to promote a positive attitude.</li> </ul>
<b>Relevant, structured and effective programme</b>	
<ul style="list-style-type: none"> <li>• Workplace learning initiatives should consist of a quality learning programme. This implies that the workplace learning programme is structured, relevant, effective and of a high quality.</li> </ul>	<ul style="list-style-type: none"> <li>• It is suggested that organisations implement and maintain a structured, relevant and effective workplace learning programme which is aligned to the other dimensions of workplace learning, namely workplace learning criteria, workplace learning methods and workplace learning content. This could reduce the impact of workplace learning challenges (see Table 6.16).</li> <li>• As a benchmark, the SAICA workplace learning model could be used to identify positive features of an organisation's workplace learning framework for internal auditors.</li> </ul>

The next section presents the findings relating to Theme 5, workplace learning challenges.

#### 6.4.5 Workplace learning challenges (Theme 5)

This theme refers to those issues that make it difficult to support effective workplace learning. **From the focus group discussions**, workplace learning challenges emerged as a separate theme from FG1 (see Section 6.3.3.1 theme 6): from the employers' perspectives - the challenge to still be profitable whilst training internal audit trainees who are not always motivated and willing to learn; the challenges to find time to train internal audit trainees, the cost of training and the retention of staff trained. FG3 (see Section 6.3.3.1 themes 12, 14, 15, 16, 17

and 18) also mentioned time management as a challenge together with work/life balance, subjectivity of managers, staff logistics, the management of idle time and a sense of being overwhelmed and thrown into the deep end. For the purposes of the interviews, workplace learning challenges were described to participants with reference to the FG1 and FG3 descriptions (see Table 6.9).

For the purposes of this discussion, workplace learning challenges are described as the learning environment, trainees' commitment, the attraction and retention of trainees, resource limitations and different management styles.

#### **6.4.5.1 Learning environment**

The learning environment is described as a challenge to workplace learning, with specific focus on three themes that emerged for the first time during Phase 2 of the empirical research, the semi-structured interviews with internal audit stakeholders, namely, firstly, the changing landscape, secondly, the new pathway to qualifying as an internal audit professional in South Africa, and thirdly, the perceived status of the internal audit profession in the South African context.

##### *(i) Discussion*

##### **(a) Changing landscape**

Interestingly, this theme only emerged during the interview process and was alluded to ten times, namely as the challenge of facilitating effective workplace learning in an ever-changing landscape. Employers specifically highlighted the shift in focus to adjust learning and development programmes in accordance with the changing internal audit landscape – “the focus has changed...we now only focus on the core things” **(P5:1, 21:21)**. Furthermore, the need for employees to respond immediately to these changes was deliberated on: “You are in a different world now, you need to adapt, and adapting...the quicker, the better” **(P5:43, 118:118)**. This E2 participant also stressed that “times have changed” **(P5:48, 124:124)**, whereas an O3 participant mentioned the pace at which business is changing, together with the pressure to meet clients' needs and to provide

suitable learning and development opportunities to staff **(P16:5, 38:38)**. An O3 participant also alluded to these changes in the business environment as affecting the internal audit profession **(P16:3, 14:14)**. He stated that the internal audit profession is also changing and that “the expectations of stakeholders of internal auditors change a lot” **(P16:4, 20:20)** and “you need to be able to adapt” **(P16:7, 18:18)**.

This is in line with the literature on the evolution of internal auditing. Internal auditors are required to move from the backroom to the boardroom (Von Eck, 2011), providing advice to management on matters such as enterprise risk management, the control environment and sustainability (PwC, 2012), and to act as facilitators of change who are business process-focused, rather than transaction audit-focused (Pickett, 2010:101; Sarens & De Beelde, 2006; Spira & Page, 2003:640). Furthermore, internal auditors need to take note of the needs of stakeholders and progress to a function within the organisation that is effective and adding value (Lenz & Hahn, 2015:5).

#### **(b) Changes to qualifying as an internal audit professional in South Africa**

The IIA (SA) implemented two learnership programmes (see Section 4.4.3) in 2003 for developing competent internal audit professionals in the workplace. These existing learnerships were revised in 2013 and promoted by the IIA (SA) since 2014 as the preferred pathway for qualifying as internal audit professionals in South Africa. In 2015, the IIA (SA) developed two new internal audit-related occupational qualifications, namely internal auditor and internal audit manager. These two new qualifications underpin the designations of IAT and PIA respectively (see Figure 4.2) and will be registered with the QCTO in 2016. Interestingly, this theme relating to these changes in qualifying as an internal audit professional in South Africa, only emerged during the interview process. A number of participants mentioned the “different landscape” and the changes to certification, although all employer participants agreed that they want their staff to “complete formal articles” **(P16:1, 15:15)** and qualify as CIAs. One O3 participant mentioned that “there is a tick-the-box approach in the industry and we need to move away from that” **(P16:1, 14:14)**; and stated that he wants internal audit

trainees to “become well rounded competent internal auditors” (P16:13, 19:19). Although one focus group identified the quality of workplace learning as an outcome (FG1 see Section 6.3.1.1 theme 3), this theme only emerged during the interviews and it could be that focus group participants were hesitant to make statements about the quality of the existing IIA (SA)’s learnership programme in front of other internal audit role players. Two E2 participants alluded to the quality of the existing IIA (SA) learnerships, and both compared it to the external audit learnerships. One stated that “there needs to be high standards and I think that is where internal auditing falls short. I mean here, CIAs are not looked up to, not at all. It’s still very much the mindset of CAs” (P8:50, 49:49). One E2 participant also reported on his experience of the quality of the existing final workplace assessments to determine professional competence and stated that “those final assessments are ridiculous, I think each assessor has their own way of doing the final assessment and it shouldn’t be like that; there should be much more consistency” (P9:53, 314:314). He suggested that the final assessment “should be a standard framework and standard questions and a standard way to evaluate the responses from trainees” (P9:54, 324:330). He also commented that the IIA (SA) also need to improve the quality of its administrative support and stated that “there’s quite a lot of room for improvement” (P9:57, 339:339).

One T1 participant also reported on his experience of the quality of the existing IIA (SA) learnership, and compared the classroom training component of the learnership to a postgraduate degree; he stated that the postgraduate degree is at “the highest level” (P11:22, 181:181). He also stated that “they don’t take the learnership quite seriously; they’re just doing it because they have to do it” (P11:23, 183:196). An O3 participant also alluded to the quality of the existing IIA (SA) learnership in comparison to the SAICA training model and stated that “the learnerships should be at a standard where they [the internal audit trainees] actually want to buy into it” (P16:14, 234:234). He also mentioned that the benefits of using the IIA (SA) learnership programme (and not an in-house developed programme) are not exceeding the costs thereof – “it’s a huge cost; it’s costly and I don’t see the benefit at this stage, I really don’t” (P16:14, 235:235).



An O3 participant supported the concept of a learnership programme and felt that employer organisations need to align their workplace learning programmes to the IIA (SA)'s learnership programmes. However, this view was not supported by all participants. One E1 participant reported that his organisation's "learning curriculum is much stronger" (P3:1, 12:12) than the IIA (SA) learnership programme, with specific reference to the technical training, soft skills training and leadership development. He also commented that there was "no incentive for us to go the IIA learnership route" (P3:1, 12:12).

A number of employers also commented on the use of the existing IIA (SA) learnership programme versus an in-house workplace learning programme. One E1 employer reported that, in his experience, the learnership programmes are used by small black economic empowerment (BEE) audit firms and public sector organisations (P3:3, 36:38). Another E1 employer expressed similar views and reported that, in his view, there is a need for the IIA (SA) learnership in these organisations, because, compared to the Big 4 audit firms, they do not have the infrastructure to facilitate in-house workplace learning. One E2 employer (from a BEE audit firm) reported on his experience of implementing the existing IIA (SA) learnership programme and stated that in his view, "it suits our environment, the audit firm, it suits us better than it suits the in-house function, because we can swop staff from one job to another so they can get the exposure" (P9:60, 349:349). He also stated that the concept of a learnership is similar to articles or traineeships for external auditors:

I am a chartered accountant (CA) and it correlates to the concept of articles, the IIA (SA) learnership programme all made sense to me, it seemed to correlate directly with what I was looking for ... we put them through the learnership to empower them and ultimately we want them to be CIAs. (P9:3, 34:34)

### **(c) Perceived status of the internal audit function and the internal audit profession in South Africa**

A concern expressed by various participants was the status of the internal audit profession. Trainee participants working at Big 4 audit firms expressed similar concerns. They were of the opinion that external auditors are highly regarded,

while that is not the case for internal auditors, and this perception influenced their commitment to traineeship. One T1 participant explained: “Now, internal auditing...I do not think it is taken seriously...even at the clients...but when external auditors come in, the [clients are rushing, they are all over the place” **(P11:34, 255:255)**. This sentiment was shared by an O3 participant when he stated that the changes in the South African internal audit profession regarding qualification as a professional internal auditor “will help us to get CA status...and that will make learners proud of what they do, give them much more” **(P13:21, 78:78)**. The same O3 participant also stated that “the perception of internal auditors...it must get its technical quality up ... there is a lot of marketing [to do] ... and this has been a challenge for how long” **(P13:45, 176:176)**. Similarly, another O3 participant mentioned that the SAICA model (as discussed in Section 4.3.4.1) is a good example of the integration of the development of technical, non-technical and practical skills, but that the IIA (SA) learnership model “is completely lacking” **(P16:15, 32:32)**. An E2 participant concurred by saying that “CIAs are not looked up to here, not at all, it is still very much the mindset of CAs” **(P8:50, 491:491)**.

One E2 employer expressed his concern with the status of internal audit functions in the South African public sector and emphasised that better skilled internal audit functions could assist the external audit function, namely the AGSA, “much sooner than the auditor general comes, they should pick it up ... for the sake of our country, I think internal audit’s got such an important role” **(P9:62, 349:349)**.

*(ii) Summary*

From the above analysis, it is evident that, in today’s complex business environment, the organisation as a site for workplace learning creates challenges. The new preferred pathway promoted by the IIA (SA) to qualify as an internal audit professional is still in its infancy, but if it is managed and marketed properly, it could contribute to the development of more competent internal auditors in South Africa. Furthermore, the perceived status of the internal audit profession versus the external audit profession remains a challenge.

#### **6.4.5.2 Trainees' commitment (including attitude and motivation to learn)**

See discussion in Section 6.4.4.3.

#### **6.4.5.3 Attracting and retaining trainees**

##### *(i) Discussion*

**In the focus group discussions**, the retention of internal audit trainees who have gone through a workplace learning and development programme for three years and then leave the organisation was identified as a challenge (FG1 see Section 6.3.1.1 theme 6). For the purposes of the interviews, the retention of trainees was classified as a challenge to workplace learning, and participants were asked to describe challenges to workplace learning with specific reference to the retention of the trainees who have been trained (see Table 6.9). Attracting internal audit trainees emerged as a theme only during the interview process, possibly because the aim of the focus group discussions was to gather data on workplace learning, and not on any activity prior to (such as recruitment of trainees) or after completion of the workplace learning period (such as CPD activities).

**In the interviews**, one O3 participant stated that prospective internal audit trainees from the new generation (see Section 6.4.4.3) do not ask if they can come and work for a company: "...they ask you – why should I come and work for you?" (P16:5, 23:23). He reported that today's internal audit function needs to change and adapt constantly to keep abreast of the changing landscape. The challenge of retaining internal audit trainees after their first three years of employment was alluded to a number of times by both employer and other participants. They all stated that the retention of staff is a serious challenge.

An E2 participant reported on his experience of developing internal audit trainees and investing a significant amount of resources in these individuals, who then left the organisation due to higher remuneration packages being offered, and an apparent lack of commitment to stay with the organisation and build a career path. An O3 participant also highlighted the lack of a return on investment due to

internal audit trainees' leaving the organisation after their first three years of learning and development – “they really get better at what they do and then all of a sudden another department picks them up” **(P13:25, 98:100)**. An E1 participant also stated that they are seeking a return on investment for developing internal audit trainees into entry-level internal audit professionals – “we are investing in you as an individual, we do expect some kind of return on investment” **(P3:30, 155:155)**. This view was supported by all the E2 participants. One of the E2 participants explained as follows: “You just get them up to the skill level where they know what they are doing and they are running” **(P5:37, 415:417)**. Some employer participants added that in South Africa with its transformation pressures, this challenge is critical. An O3 participant shared the following experience: “You cannot keep them; they [are] the stars... [and meet] the EE [employment equity] requirements” **(P13:42, 152:152)**.

All the employer participants from Big 4 audit firms reported that internal audit trainees at their organisations have to commit to a three-year traineeship, and they were all comfortable with the training period. One E2 participant reported on his experience in the South African public sector, where internal audit trainees are appointed for a period of two years and then released. He stated that the public sector relies on these temporary internal audit trainees for “production” **(P7:29, 174:174)** and they therefore have to learn whilst doing the work. He even reported that, in his view, “we might be misusing these people, you know” **(P7:29, 174:174)**. This was also highlighted by an O3 participant, who reported on his experience of internal audit trainees' successfully completing the IIA (SA) learnership programmes during their first three years of employment in the public sector, but with no permanent job opportunities. He highlighted that, in his view, these internal audit trainees working in the public sector are only used for “cheap labour” **(P14:2, 133:133)** and have no career development opportunities. An E1 participant had a different view on the retention of staff and stated that his organisation only wants to retain individuals “who are willing to accept change and to go with the change” **(P5:47, 122:122)**.

An E2 participant took a long-term view, suggesting that the South African public sector could easily establish a national database with names of candidates who

have completed the IIA (SA) learnership programmes, per province. It would then assist CAEs in the public sector to recruit entry-level internal auditors from this database. In addition, two E1 participants reported on strategies implemented in their organisations to improve staff retention. One E2 participant referred to these strategies as “consequence management” (**P8:49, 484:486**), where trainees must pay back all costs invested in terms of training if they leave the organisation within the first three years of employment.

*(ii) Summary*

From the above analysis, it appears that the retention of internal audit trainees who have completed three years of formal and informal workplace learning remains a challenge. The reason is that employers do not always experience a return on investment when trainees explore other job opportunities after three years of employment, and there seems to be a lack of commitment from the trainees’ side to remain with the organisation and build a future career. The above views raise some questions, because by offering workplace learning, an organisation has committed to being a learning/training organisation, recruiting trainees and appointing them for a limited period. Is the expectation to retain staff in line with the objective of a training office? Or did the participants only refer to difficulties experienced in retaining the selected staff members (especially those from disadvantaged backgrounds due to transformation pressures) as part of a “grow your own ....strategy”? These questions were not explored further during the interviews and suggest an area for future research. Furthermore, it is evident that the retention of internal audit trainees in the South African public sector is an area of concern and should be addressed to ensure adequate resourcing of internal audit professionals. Some strategies were mentioned to retain staff: offer attractive career opportunities, create a national database for the public sector and enter into contractual agreements with retention conditions. These findings complement the results of a study conducted by Clune and Gramling (2012:1) indicating that a majority of organisations attract and hire new graduate internal auditors and that a need for experienced internal auditors is the reason for not hiring new internal audit graduates.

#### **6.4.5.4 Resource limitations: Cost and time**

##### *(i) Discussion*

**In the focus group discussions**, resource limitations were identified by FG1 (see Section 6.3.1.1 theme 6). These include the cost of training and the time needed to train (and learn) as challenges to workplace learning. For the purposes of the interviews, the cost of training and the time spent on training were seen as challenges to workplace learning, and participants were asked to describe the challenges to workplace learning with reference to the cost of training and the time for training (see Table 6.9).

**In the interviews**, all the employer participants agreed that resource limitations such as the cost of training and the time needed to train remain challenging. All E1 and E2 participants reported that rendering effective services to clients whilst exposing internal audit trainees, particularly to formal learning (off-the-job), is challenging. An E1 participant stated that “it is not only the direct cost of training but the loss of productive hours” (P1:67, 155:155). This E1 participant stated that the time for training represents hours that “cannot be converted into revenue” (P1:50, 184:184). Two other employer participants from the private sector commented on the balance required between time and cost (because these two are so interrelated) used for formal training of internal audit trainees and the need to service clients and to generate revenue – “it is a catch twenty two situation” (P5:42, 118:118). A way to balance this is to conduct the training during quieter times, but according to an E1 participant, it could still be cost intensive. An O3 participant reported that the cost of training in the South African public sector is “not really an issue” but that the time for training is a challenge, because one has “certain production targets that have to be achieved” (P13:43, 154:154). An E2 participant from a small auditing firm stated that his organisation’s training budget was significantly reduced, due to senior management’s viewing “training as a luxury” (P9:47, 231:231). He explained that with regard to meeting all the training requirements, “really small firms are not going to be able to pull it off” and therefore they have to “join forces with other firms to create the necessary capacity” (P9:61, 349:349).

O3 participants had differing views. They stated that cost and time are “not excessive” and “not too much”, particularly when compared to the amount of resources invested in the development of external auditors. Some E1 participants also alluded to time constraints experienced in organisations. The point was made that internal audit trainees do not progress with their studies and they do not qualify as CIAs because of work pressure. One E2 participant explained that in his organisation, internal auditors have many years of experience, but they did not qualify: “They tried, but they are not making it, because they do not get enough time to study ... because the clients’ needs are so huge ... working until midnight” **(P9:26, 112:112)**. An E1 participant discussed time pressures and described the difficulty of maintaining a work/life balance while doing traineeship. This E1 participant added that such employees deliver substandard work. Another E1 participant looked at time constraints from a different perspective. He argued that by the time that formal written feedback on engagements is issued, a trainee is already involved in another assignment (this can take up to three months), which hampers a trainee’s development. As a countermeasure, this participant suggested that “informal feedback should probably get more focus” **(P2:43, 164:164)**.

An E1 participant maintained that as trainees progress, work demands increase, and then a work day of “seven and a half hours is not enough anymore, if you have to put those extra hours in” **(P1:12, 155:157)**.

*(ii) Summary*

From the analysis, it appears that the costs involved in training and developing internal audit trainees could create a challenge in an environment where senior management regards the training and development of internal audit trainees as a luxury. Furthermore, the time spent on training, particularly formal training sessions where internal audit trainees are removed from the workplace for a number of days per annum, is a challenge. It is also evident from the literature (Seng *et al.*, 2002) that workplace learning initiatives are dependent on sufficient funding and time, and that a lack of management commitment to provide these essential resources could be detrimental to the development of entry-level internal audit professionals

in the workplace. Some suggestions were made to balance the training needs and an organisation's commitments: offer training during periods marked by an absence of work, offer training in conjunction with other organisations, provide continuous feedback and set realistic expectations for work hours, taking into account the requirement to study towards formal qualifications.

#### **6.4.5.5 Different management styles**

##### *(i) Discussion*

**In the focus group discussions**, in-house workplace learning trainees mentioned the challenge of working for different managers, being evaluated by different managers and being exposed to the subjectivity and *favouritism* of these *good and bad managers* as part of work relationships. Furthermore, they described the importance of having the people skills to deal with these *different management styles* (FG3 see Section 6.3.3.1 theme 11). For the purposes of the interviews, this sub-theme was discussed as part of the challenges to workplace learning (see Table 6.9).

Interestingly, **in the interviews**, this sub-theme was alluded to 11 times by most of the employers, in contrast to the focus group discussions, where this theme emerged from the trainees' focus group discussions. One E1 participant mentioned that the "inconsistency between managers" is a "battle" (**P2:45, 174:174**). He specifically referred to the different ways in which managers require work to be done, the ways they review trainees' work, provide feedback and formally evaluate their performance. An O3 participant agreed that different management styles pose a challenge, and reported on his experience of management's being "very selective about who they want on their team", but stated that "this happens everywhere" (**P13, 101:101**). He also stressed that the use of a competency framework could ensure that all managers use the same set of standards to evaluate trainees' performance. One E1 participant even took a long-term view by suggesting that trainees should know how to "transition" themselves "to work with a new manager" (**P5:29, 59:61**).



An E2 participant alluded to the importance of the relationship between a trainee and his manager. Although trainees are encouraged to ask questions of their managers as part of the on-the-job training, he asked: “If you don’t like your manager, are you going to ask the questions?” (P8:23, 213:215). An O3 participant agreed that the diversity of management styles is a reality in audit practice, but highlighted that the key factor is the “quality of the manager or supervisor” (P13:40, 144:144). “The good guys will give people exposure. They’ll push them and they’ll get them into difficult situations, but the ones who are not good at these things, they’ll just...get them to make copies and type up minutes” (P13:40, 144:144).

One T1 participant reported on his experience of different management styles. He stated that “managers do reviewing differently, you have to adapt to each and every manager’s style, and that is very, very challenging” (P11:6, 93:95). However, he confirmed that “it becomes easier” (P11:6, 93:95) over time, and one gets acquainted with the different management styles. This T1 participant added that some managers give credit where justified, while others “will always look for something that is wrong” (P11:7, 103:103). Interestingly, a few trainee participants also highlighted the subjectivity of the performance management system by stating that some managers gave preference to certain internal audit trainees, and that the process could not be regarded as fair.

#### *(ii) Summary*

From the analysis, it appears that the existence of different management styles in the internal audit landscape is a reality that trainees face. Specifically during the first three years of employment, internal audit trainees find it challenging to adapt to different management styles for the different internal audit engagements. Some employee participants were outspoken about the inconsistencies demonstrated by various managers in their work expectations and assessments.

#### **6.4.5.6 Summary (Theme 5)**

Based on the analysis, it appears that there are numerous challenges to workplace learning. If the learning environment is not conducive to learning and

development, this could pose a challenge. It is evident that the changing landscape affects the learning environment, as does the recently introduced change in what is required to qualify as an internal audit professional, and the perceived status of internal audit versus external audit in the learning environment. Attracting “new generation” internal audit trainees and retaining trainees who have completed a three-year workplace learning programme also creates challenges in the learning environment. This finding is supported by the literature identifying challenges in relation to competence needs as reported in Table 2.1 chapter 2. Employers do not always experience a return on investment when trainees explore other job opportunities after three years of employment, and there appears to be a lack of commitment from the trainees’ to remain with the organisation and build a future career. Retention of internal audit trainees in the South African public sector is an area of concern. Different management styles appear to be a hindrance to effective workplace learning for internal audit trainees. Resources invested in workplace learning, such as cost and time, are a serious challenge if there is limited return on investment. Time spent on training, particularly formal training sessions, where internal audit trainees are removed from the workplace for a number of days per annum, is a challenge. Workplace learning initiatives are dependent on sufficient funding and time and a lack of management commitment to provide these necessary resources could be detrimental to the development of entry-level internal audit professionals in the workplace.

The key findings and areas for improvement relating to Theme 5 are presented in Table 6.16.

**Table 6.16: Theme 5 – Challenges to workplace learning: Key findings and areas for improvement**

Key findings	Areas for improvement
<b>Learning environment (changing landscape, new pathway to qualify as an internal audit professional in South Africa and perceived status of the internal audit profession in South Africa)</b>	
<ul style="list-style-type: none"> <li>The business environment is a changing landscape that has an impact on the organisation as a learning organisation.</li> <li>The new pathway to qualify as a PIA</li> </ul>	<ul style="list-style-type: none"> <li>It is suggested that internal audit stakeholders take cognisance of the changing business landscape when planning workplace learning for developing entry-level internal audit</li> </ul>

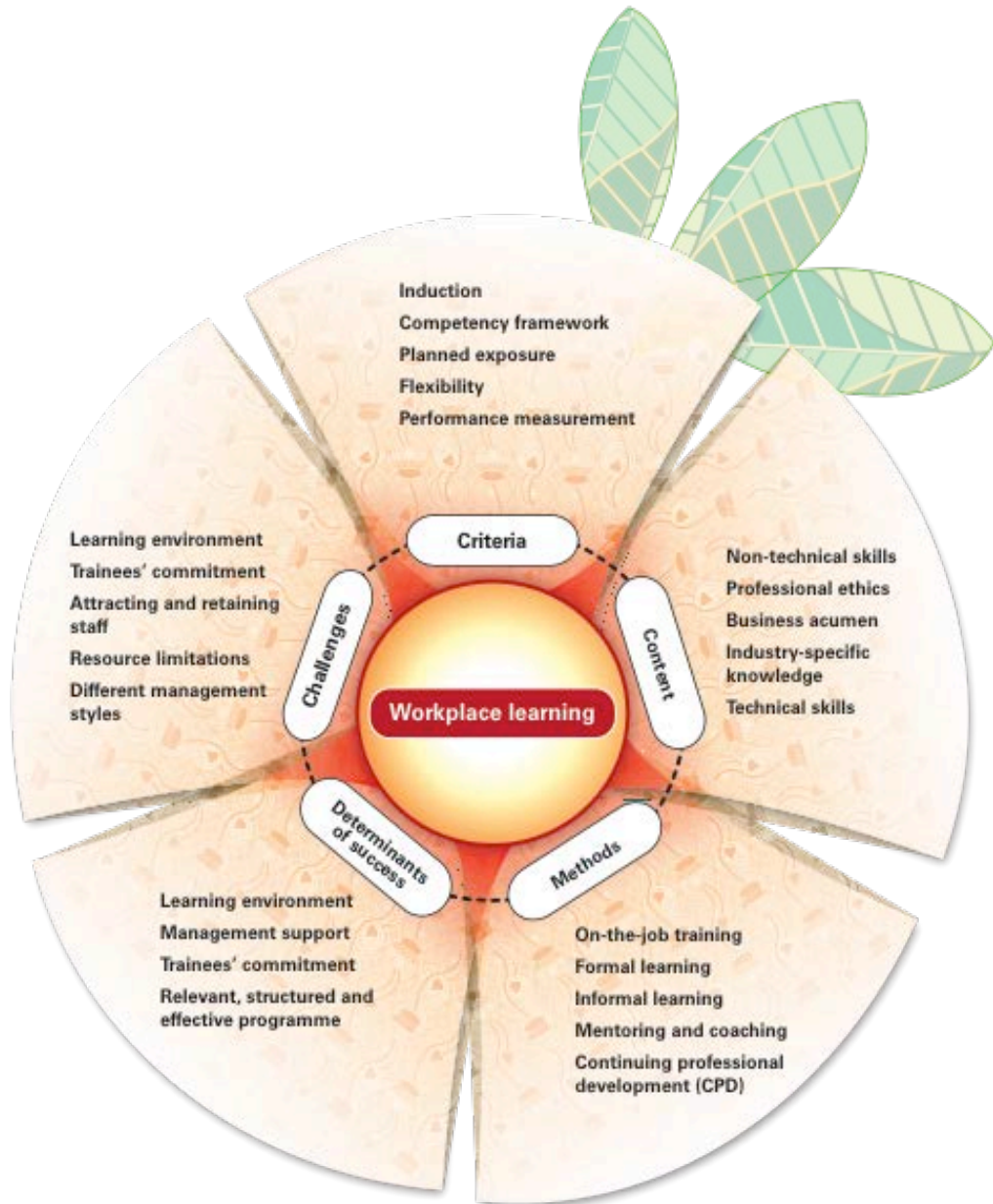
Key findings	Areas for improvement
<p>in South Africa affects the learning environment.</p> <ul style="list-style-type: none"> <li>The perceived status of the internal audit profession versus the external audit profession influences the workplace learning experience of internal audit trainees.</li> </ul>	<p>professionals.</p> <ul style="list-style-type: none"> <li>It is suggested that further research be conducted to benchmark workplace learning practices for developing entry-level internal audit professionals against, for example, external auditing.</li> <li>It is suggested that the new pathway to qualify as a PIA in South Africa be effectively marketed by the IIA (SA) and that the IIA (SA) Education and Training Committee monitor the quality of workplace learning practices (including the criteria, content and modes) more closely.</li> <li>It is recommended that both employers and the professional body, the IIA (SA), work together more closely to enhance the perceived status of the internal audit profession in the workplace.</li> </ul>
<b>Trainees' commitment (see Table 6.14)</b>	
<b>Attraction and retention of trainees</b>	
<ul style="list-style-type: none"> <li>The recruitment of internal audit trainees who are part of a "new generation" with a sense of entitlement creates a challenge in the workplace.</li> <li>Retention of internal audit trainees who have completed three years of formal and informal workplace learning remains a challenge.</li> <li>Employers do not always get a return on their investment if trainees explore other job opportunities after three years of employment.</li> <li>There appears to be a lack of commitment from the internal audit trainees' side to remain with the organisation and build a future career.</li> <li>Retention of internal audit trainees in the South African public sector is an area of concern.</li> </ul>	<ul style="list-style-type: none"> <li>It is suggested that organisations ensure adequate resourcing of internal audit training by implementing various strategies in terms of career opportunities and formal agreements, including retention conditions.</li> <li>Employers should be equipped to deal with the "new generation" of recruits to ensure that the best person for the job is appointed.</li> <li>It is suggested that the South African public sector establish a national database of internal audit trainees who have completed three years of workplace learning via the IIA (SA) learnership programme and who are eligible for appointment.</li> </ul>
<b>Resource limitations: Cost and time</b>	
<ul style="list-style-type: none"> <li>The costs involved in training and developing internal audit trainees could create a challenge in an</li> </ul>	<ul style="list-style-type: none"> <li>It is suggested that employers of internal audit trainees plan and budget adequately for workplace learning</li> </ul>

Key findings	Areas for improvement
<p>environment where senior management regards the training and development of internal audit trainees as a luxury.</p> <ul style="list-style-type: none"> <li>• Time spent on training, particularly formal training sessions, where internal audit trainees are removed from the workplace for a number of days per annum, is a challenge.</li> <li>• Workplace learning initiatives are dependent on sufficient funding and time, so a lack of management commitment to provide these necessary resources could be detrimental to the development of entry-level internal audit professionals in the workplace.</li> </ul>	<p>initiatives.</p> <ul style="list-style-type: none"> <li>• Some suggestions are to plan formal learning initiatives during quiet periods, to join other firms and to set realistic expectations based on past practices.</li> </ul>
Different management styles	
<ul style="list-style-type: none"> <li>• It appears that the existence of different management styles in the internal audit landscape is a reality that internal audit trainees face.</li> <li>• During the first three years of employment, internal audit trainees find it challenging to adapt to different management styles for the different internal audit engagements.</li> </ul>	<ul style="list-style-type: none"> <li>• It is suggested that employers of internal audit trainees include the exposure of internal audit trainees to different management styles as part of the induction programme to create an awareness of such differing styles and to equip trainees with the skills to deal with this reality effectively in the first three years of employment,.</li> <li>• Employers could consider applying standardised, uniform practices to monitor and assess internal audit trainees' performance during the first three years of employment.</li> </ul>

## 6.5 SUMMARY AND CONCLUSION

This chapter presented the results of the empirical phase of this study as the basis for answering the research question and achieving the primary research objective. The empirical phase of the study (see Secondary research objective 4) was to investigate the current workplace learning practices in South Africa by gathering data from focus group discussions and semi-structured interviews with relevant internal audit stakeholders. The results obtained from the focus group discussions and semi-structured interviews were documented in this chapter in

the form of initial descriptions provided by each of the focus groups on the phenomenon of workplace learning, followed by collective descriptions of the final themes that emerged from the semi-structured interviews. These collective descriptions form the basis of the workplace learning framework proposed in this study, as presented in Figure 6.2.



**Figure 6.2: Workplace learning framework for developing entry-level internal audit professionals**

The results of the study indicate that the phenomenon of workplace learning for developing internal audit trainees into entry-level internal audit professionals can be understood with reference to five dimensions, which are discussed below.

#### *Dimension 1: Workplace learning criteria*

Based on the analysis, it appears that there are workplace learning criteria that should be in place to facilitate learning and professional development. These criteria include an induction programme (which introduces new internal audit trainees to the organisation and to the internal audit function), and a competency framework (which guides professional development and sets out the competencies to be achieved for certain levels of internal auditors). Furthermore, the facilitation of planned work exposure to facilitate learning in different business areas and industries is an important criterion of workplace learning, but remains a challenge. A measure to compensate for this challenge is to provide for the flexibility of training plans based on a needs analysis. This enables employer organisations to align workplace learning to personal development plans and career maps. Finally, a performance management system (to monitor performance and assess professional competence on a regular basis), is a well-accepted standard of practice, although some trainees experienced a lack of recognition and reward for performance, together with a sense that there was more focused performance measurement for external audit trainees in the organisation, thus affecting the internal audit trainees' career development negatively.

#### *Dimension 2: Workplace learning content*

There are specific competence areas that need to be included in a workplace learning programme for developing entry-level internal audit professionals. These competence areas include technical and non-technical skills. The non-technical skills include effective verbal and written communication skills, consultation skills, relationship-building and time management skills. With regard to communication skills, it appears that formal training is done, but that more attention should be given to trainees who are not English first-language speakers. Furthermore,

specific traits, such as emotional intelligence, assertiveness and confidence were also identified. Professional and ethical behaviour is regarded as important, and ethics training is conducted regularly. Both industry-specific knowledge and business acumen are regarded as very important and, although it remains a challenge to provide comprehensive work exposure to internal audit trainees, secondment to and recruitment from other business areas and industries are possible solutions. The development of specific technical skills (including auditing, risk management and business processes) is essential during the first three years of employment, although this period is sometimes perceived as too technically focused.

### *Dimension 3: Workplace learning methods*

There are various workplace learning methods that enhance the learning experience for internal audit trainees, but internal audit trainees should take responsibility for their own learning. On-the-job training appears to be the most relevant workplace learning method, focusing on work relationships in the form of interaction with clients, and discussions with colleagues as a form of knowledge sharing and learning by doing. Formal learning methods are also applied and a blended approach (combining face-to-face learning and e-learning sessions) is regarded as useful in engaging trainees in the learning process. Finally, informal learning in the form of independent and self-directed learning amounts to the smallest part of a workplace learning programme. Although various informal learning opportunities were identified, some concern was expressed on their use. Mentoring was identified as a very important element of workplace learning for developing internal audit trainees into entry-level internal audit professionals, but its success depends on the commitment and competence of the mentor, as well as the relationship between mentor and mentee. Workplace learning initiatives should be aligned to CPD requirements.

### *Dimension 4: Determinants of successful workplace learning*

There are a number of determinants that contribute to workplace learning success. A nurturing learning environment is conducive to successful learning.

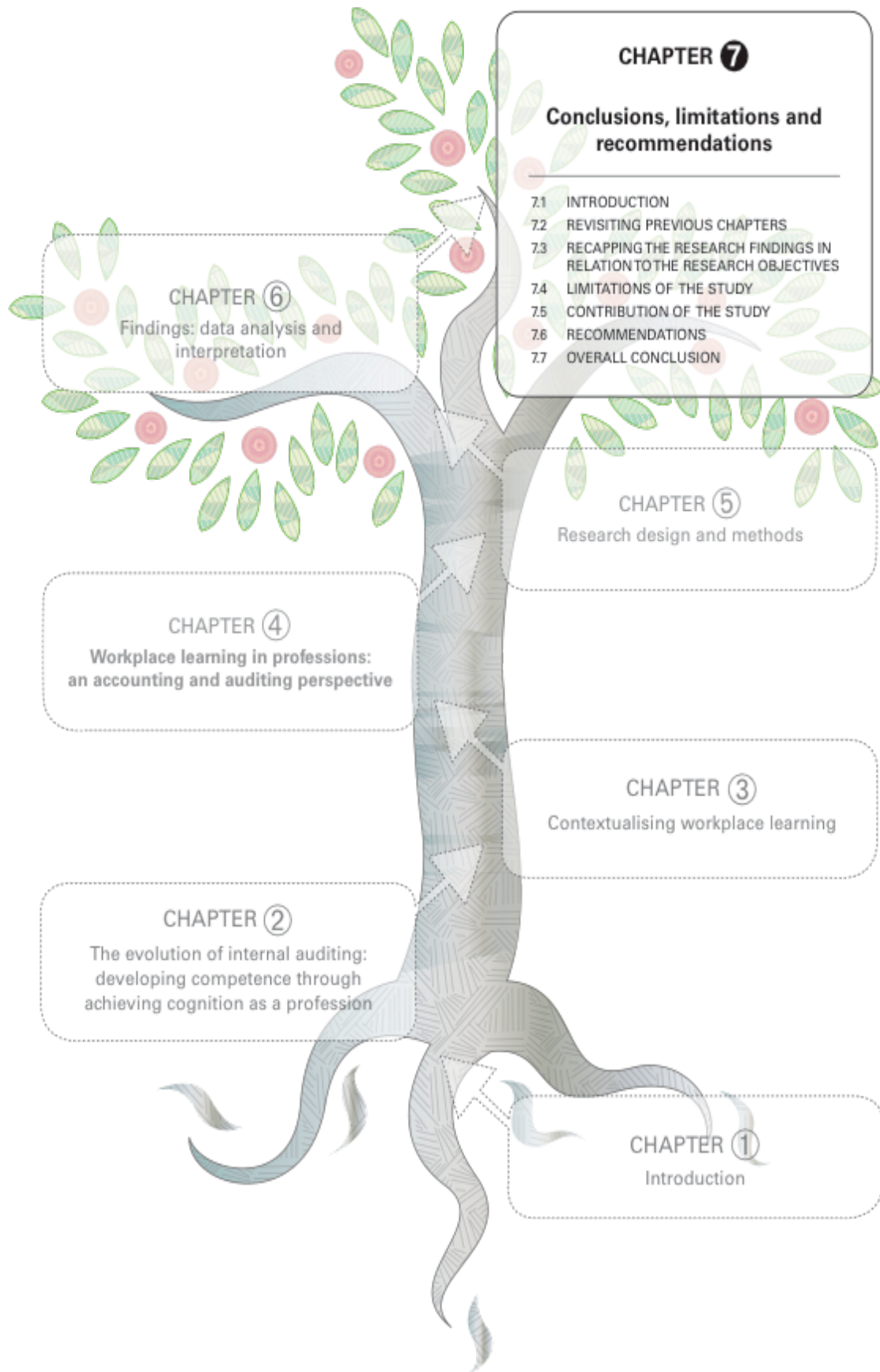
Management's commitment to the learning and development of internal audit trainees enables learning, whereas a lack thereof contributes to a hostile learning environment. Trainees who have a positive attitude and are motivated to learn help to ensure workplace learning success. Finally, the establishment and maintenance of a high quality, effective, relevant and structured training programme is an important determinant of successful workplace learning.

#### *Dimension 5: Challenges to workplace learning*

There are numerous challenges to workplace learning. The learning environment, if it is not conducive to learning and development, could be a challenge. It is evident that the changing business landscape has an impact on the learning environment, as do the recently introduced changes to what is required to qualify as an internal audit professional, and the perceived status of internal audit versus external audit in the South African learning environment. Attracting “new generation” internal audit trainees and retaining trainees who have completed a three-year workplace learning programme also create challenges. Employers do not always get a return on their investment if trainees explore other job opportunities after three years and there appears to be a lack of commitment from the trainees' side to remain with the organisation and build a future career. The retention of internal audit trainees in the South African public sector is an area of concern. Different management styles appear to be a hindrance to effective workplace learning for internal audit trainees. Resources invested in workplace learning, such as cost and time, create a serious challenge if there is limited return on investment. Time spent on training, especially on formal training sessions where internal audit trainees are removed from the workplace for a number of days per annum, is a challenge. Workplace learning initiatives are dependent on sufficient funding and time, and a lack of management commitment to providing these necessary resources could be detrimental to the development of entry-level internal audit professionals in the workplace.

The next chapter provides the overall conclusion and recommendations, highlights areas for future research and acknowledges the limitations of the study.





## CHAPTER 7

# CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

### 7.1 INTRODUCTION

In the previous chapter, the research findings were discussed. In this chapter, conclusions are drawn in an attempt to answer the research question and to achieve the primary research objective of answering the following research question:

*What is a workplace learning framework for developing entry-level internal audit professionals?*

Furthermore, the chapter reflects on the contribution made by this study to the field of internal auditing research. Resulting from the findings, recommendations for both future research and internal audit practice are made. The limitations of the study are also acknowledged in this chapter.

### 7.2 REVISITING PREVIOUS CHAPTERS

In Chapter 1, the rationale for this study was presented and the purpose of this study was explicated, namely to study the phenomenon of workplace learning in the internal audit landscape, specifically workplace learning for developing entry-level internal audit professionals. The key terms used in the study were also explained. The research design used to achieve the research objectives and the role of the researcher in the research process were also introduced. Chapter 1 also highlighted the quality of the research and ethical considerations, and provided an outline of the thesis.

In Chapters 2 and 3, the literature review for the study was presented. Chapter 2 showed that internal auditing has evolved from a compliance function to a valued corporate governance mechanism in today's business environment. This evolution implies that internal auditors now need to demonstrate a multiplicity of

competencies. Furthermore, the need to develop professional competence towards achieving recognition as a profession was highlighted. Chapter 3 contextualised workplace learning and showed that the workplace is a suitable environment for aspiring professionals, such as internal audit trainees, to develop the necessary competencies, generally driven by the use of competency frameworks or models. Workplace learning theories and modes were also discussed, including the challenges faced by various constituencies to facilitate effective workplace learning for developing professional competence.

Chapter 4 presented the standards and practices for workplace learning in the accounting and auditing landscape by examining the workplace learning components of these global and local professions' competency frameworks, with reference to the IESs issued by IFAC. This chapter showed that competency frameworks in the accounting and auditing professions provide specific guidance for trainees who aspire to develop professional competence in terms of the competence areas to be covered, the professional skills, values, ethics and attitudes needed, practical experience requirements and the assessment requirements regarding competence. However, it is evident that the internal auditor competency framework does not focus on internal audit trainees. Furthermore, it is clear that the professional bodies for internal auditing provide very limited guidance in terms of workplace learning compared to their external auditing counterparts.

Chapter 5 explained the research design and methods applied to answer this study's research question. The objective of the study was to develop a workplace learning framework for developing entry-level internal audit professionals, and a qualitative research design. In order to achieve this objective, data were collected qualitatively from three different internal audit stakeholder categories, as this appeared to be the most suitable research design to apply. The research design and methods applied in two phases assisted the researcher to obtain a better understanding of the phenomenon of workplace learning and provided the basis for the proposed workplace learning framework.

Chapter 6 presented the research findings. The process followed in the data analysis and interpretation of data collected via the focus group discussions and interviews was explained in detail. The findings were stated, discussed and related to the relevant literature.

### **7.3 RECAPPING THE RESEARCH FINDINGS IN RELATION TO THE RESEARCH OBJECTIVES**

The purpose of this section is to summarise the research findings in relation to the primary research objective. First, the achievement of the secondary research objectives is discussed, which supports the achievement of the primary research objective, which is then considered.

#### **7.3.1 Secondary research objective 1: To study the evolution of the internal audit profession and its impact on the competency requirements of internal auditors**

It is evident from the literature that internal auditing has evolved, and continues to evolve, rapidly as a profession. Its short 70-year history notwithstanding, internal auditing has grown into a global profession with a global professional body, a significant membership base and a readily accessible and frequently updated body of guidance in the form of an IPPF. Internal audit has become an important role-player in business, as it is a key component of any organisation's governance mechanism on the one hand, and the provider of independent assurance and consulting services on the other.

Although research on the theories underpinning internal auditing is limited, it is clear agency theory, together with shareholder, stakeholder and accountability theories are all relevant to the continuing role of internal auditing. Agency and shareholder theories appear to support the traditional role of internal auditing (essentially acting in the best interests of management and shareholders only), while stakeholder and accountability theories support the evolving role of internal auditing, in that they require business to act in the best interests of, and be accountable to, a variety of stakeholders. The continuing evolution of internal

auditing has therefore created a number challenges in terms of the competencies needed to meet the needs of this wide variety of stakeholders effectively.

The debate as to whether internal auditing is a profession is ongoing. It is evident that there are several arguments for regarding internal auditing as a growing profession in need of competent internal audit professionals. Internal auditing meets the requirements to be regarded as a profession – the internal audit profession is supported by a global professional body, the IIA, which provides guidance for professional development (amongst other things), and which conducts regular studies to determine the parameters of the common body of knowledge which help to define the competencies needed by various levels of internal auditors. Furthermore, the IIA has developed an IACF which identifies the core competencies needed by different levels of internal auditors. However, this competency framework does not provide enough guidance on *how* to achieve these competencies.

Although the IIA (UK & Ireland) and the IIA (AUS) have developed their own competency frameworks to provide guidance on competency development, these frameworks relate to the IIA's guidance and the focus is on internal audit staff, internal audit management and CAEs. The learning and development programme to be followed by internal audit trainees has not yet been formally addressed by the IIA. It is therefore clear that there is an urgent need for a workplace learning framework for developing internal audit trainees into entry-level internal audit professionals. This study is an attempt to address this vacuum.

It is also clear that thus far competency needs for internal auditors have changed. In meeting stakeholder expectations, internal auditors with a broader mix of knowledge and skills, business acumen, communication skills and strategic thinking skills are needed. Furthermore, internal audit leaders need to find a balanced, multi-disciplinary team of internal auditors whilst promoting continuous learning and professional development.

It is concluded that the evolution of the internal audit profession and the changing profile of internal auditors has set in motion a quest for improved competency

development initiatives, and this will have to be considered by both the IIA and industry.

### **7.3.2 Secondary research objective 2: To contextualise workplace learning and examine its contribution to the development of professional competence**

The literature shows that the phenomenon of workplace learning has been debated extensively in various academic fields other than internal auditing, but little research is available on how internal auditors learn at work. It was noted that the workplace as a learning environment plays a vital role in facilitating effective learning. The literature increasingly shows that situated learning or learning in context should be the focus, in contrast to learning in isolation. Furthermore, the organisation should regard itself as a learning organisation, where knowledge, learning, people and the organisation are intrinsically linked to facilitate learning at the individual, group and organisational levels.

In the South African workplace learning environment, various education, training and development initiatives have been implemented in the last 25 years. These initiatives focus on promoting skills development and highlight the importance of workplace learning in facilitating the development of skills.

The literature on adult learning theories underpinning workplace learning suggests that these theories should not be studied in isolation, but should be integrated and applied in combination. It is worth noting the existing call for a comprehensive workplace learning theory (Illeris, 2003a:405) that integrates the cognitive, emotional and social dimensions of learning. It is apparent that workplace learning theory underpins various workplace learning modes, ranging from formal classroom-type learning to informal learning in groups or individually. Workplaces should take cognisance of the various learning modes preferred by individual learners and should be flexible in designing and facilitating learning at work. However, as Fenwick (2013:353) has pointed out, a study of workplace learning should go beyond an examination of mere workplace learning practices to include an analysis of broader structures, organisational culture and

professional practice. Finally, there are still various challenges in facilitating effective learning in and through the workplace. These include the tension between an organisation's own needs and aims and creating a nurturing learning environment. In addition, the literature identifies other challenges, such as difficulty in securing appropriate knowledge forms for learning, time and cost constraints, difficulties that employees experience in balancing workplace learning with other spheres of their lives, and the importance of job attitudes in and organisational commitment to the learning process, which could also influence an organisation's ability to retain employees who have benefited from workplace learning opportunities. Organisations need to take cognisance of these challenges when they implement workplace learning strategies.

It is therefore concluded that the criteria for workplace learning include a learning environment where competency development and the monitoring of performance are aligned to contribute to a learner's personal growth objectives, as well as to the organisation's goals and objectives. In addition to these criteria, workplace modes and the underpinning workplace learning theories should be considered to ensure the facilitation of effective workplace learning. However, challenges to workplace learning, such as a lack of management commitment and adequate resources, could hinder workplace learning and should be managed. These elements form part of the workplace learning landscape and should be fully understood by all constituents.

### **7.3.3 Secondary research objective 3: To study existing competency frameworks of professional bodies focusing on the workplace learning component and relevant to the development of internal auditors**

It is evident from the literature that, in professions, workplace learning assists in the development of professional competence. Furthermore, gaining practical experience in the workplace is a prerequisite upon entering the profession. In the accountancy profession in particular, institutes responsible for developing trainees into professionals all highlight workplace learning practices that form part of initial professional development or pre-qualification development. In line with the IESs of the IFAC, workplace learning is integrated with academic education

programmes to develop professional competence. Furthermore, it is clear that membership is only granted to candidates who have achieved professional competence upon entering the profession.

In the internal audit profession, it was noted that the specific guidance and standards for workplace learning are limited. Based on the professional literature studied, it is also clear that in most countries membership to a professional body is allowed without completion of the formal education component, a minimum period of workplace learning and a final assessment. This is in stark contrast to the membership requirements of other accounting and auditing professional bodies studied. Although the IIA has a competency framework (the IACF), the competencies are focused on internal audit staff, internal audit management and chief audit executives. No reference is made to *new* internal audit staff or internal audit *trainees*. The majority of the IIA's chapters globally appear to follow the global certification route implying any relevant practical experience to be gained. However, in Australia and in South Africa, the development of internal audit trainees into internal audit professionals has been formalised to a greater extent. The IIA chapters in these two regions have developed specific learning outcomes that should be achieved in the workplace, prior to qualifying as a CIA. The achievement of these learning outcomes should be documented by designated individuals in the workplace and should be reported to the local IIA.

It is therefore concluded that:

- workplace learning should form part of the initial professional development for developing internal audit trainees into internal audit professionals;
- specific learning outcomes (aligned to competence areas) to develop internal audit trainees into internal audit professionals should be formulated;
- learning outcomes should focus on developing professional competence, which includes technical competencies as well as behavioural skills;
- practical experience requirements must be integrated with knowledge gained from formal education to enable trainees to develop professional competence;



- the appropriate level of professional competence needs to be assessed at the end of the initial professional development process; and
- a workplace learning framework can be used as a standard for internal audit workplace learning which highlights the considerations for workplace learning and the requirements for developing professional competence in the workplace.

#### **7.3.4 Secondary research objective 4: To investigate current internal audit workplace learning practices in South Africa through data gathered from focus groups and semi-structured interviews with relevant internal audit stakeholders**

This empirical investigation has produced trustworthy evidence from different stakeholder groups which was used as the basis of a workplace learning framework for developing entry-level internal audit professionals. The framework consists of five dimensions of workplace learning, which are discussed below.

##### **7.3.4.1 Dimension 1: Workplace learning criteria**

It is concluded that workplace learning criteria should be in place to facilitate learning and professional development. These criteria include an induction programme (which introduces new internal audit trainees to the organisation and to the internal audit function) and a competency framework (which guides professional development and sets out the competencies to be achieved for certain levels of internal auditors). The facilitation of planned work exposure to promote learning in different business areas and industries is indeed an important criterion of workplace learning, but it remains a challenge. As a mitigating measure, employer organisations could align workplace learning to personal development plans and career maps. Finally, a performance management system (to monitor performance and assess professional competence on a regular basis) is an accepted standard of practice. However, some trainees who responded in this study experienced a lack of recognition and reward for performance, together with a sense that more focused performance

measurement was applied to external audit trainees in the organisation, thus impacting negatively on these respondents' career development.

#### **7.3.4.2 Dimension 2: Workplace learning content**

It is concluded that specific competence areas should form part of a workplace learning programme for developing entry-level internal audit professionals. These competence areas include technical and non-technical skills. The non-technical skills include effective verbal and written communication skills, consultation skills, relationship building and time management skills. With regard to communication skills, it appears that formal training is done, but that more attention should be given to trainees whose first language is not English. Furthermore, specific traits, such as emotional intelligence, assertiveness and confidence were also identified. Professional and ethical behaviour are regarded as important, and ethics training is conducted regularly. Both industry-specific knowledge and business acumen are regarded as very important, but it remains a challenge to provide comprehensive work exposure to internal audit trainees. The development of specific technical skills (including auditing, risk management and business processes) is an essential requirement during the first three years of employment, although this period has been perceived as too technically focussed.

#### **7.3.4.3 Dimension 3: Workplace learning methods**

It is concluded that there are various workplace learning methods that enhance the learning experience for internal audit trainees, although internal audit trainees should take responsibility for their own learning. On-the-job training appears to be the most relevant workplace learning method, focusing on work relationships in the form of interaction with clients and discussions with colleagues as a form of knowledge sharing and learning by doing. Formal learning methods were also applied and a blended approach (face-to-face and e-learning sessions) was regarded as useful in engaging trainees in the learning process. Finally, informal learning in the form of self-directed and independent learning amounts to the smallest part of a workplace learning programme and although various informal

learning opportunities were identified, some concern was expressed on their use. Mentoring was identified as a very important element of workplace learning for developing internal audit trainees into entry-level internal audit professionals, but its success depends on the commitment and competence of the mentor, as well as the relationship between mentors and mentees.

#### **7.3.4.4 Dimension 4: Determinants of successful workplace learning**

It is concluded that a number of determinants contribute to workplace learning success. A nurturing learning environment is conducive to successful learning. If management is committed to the learning and development of internal audit trainees, it enables learning, whereas a lack of such commitment creates a hostile learning environment. Trainees who have a positive attitude and are motivated to learn also help to ensure workplace learning success. Finally, the establishment and maintenance of a high quality, effective, relevant and structured training programme is an important determinant of successful workplace learning.

#### **7.3.4.5 Dimension 5: Challenges to workplace learning**

It is concluded that there are numerous challenges to workplace learning. If the learning environment is not conducive to learning and development, this could pose a challenge. It is evident that the changing landscape has an impact on the learning environment, as well as on the IIA (SA)'s recently introduced changes in the requirements for qualifying as an internal audit professional, and the perceived status of internal auditing versus external auditing within the South African learning environment. It is also difficult to attract "new generation" internal audit trainees and to retain trainees who have completed a three-year workplace learning programme. Employers do not always get a return on their investment if trainees leave to explore other job opportunities after three years, and employers reported a lack of commitment from the trainees' side to remain with the organisation which trains them and build a future career there. The retention of internal audit trainees in the South African public sector is a particular area of concern. Different management styles appear to be an obstacle to effective

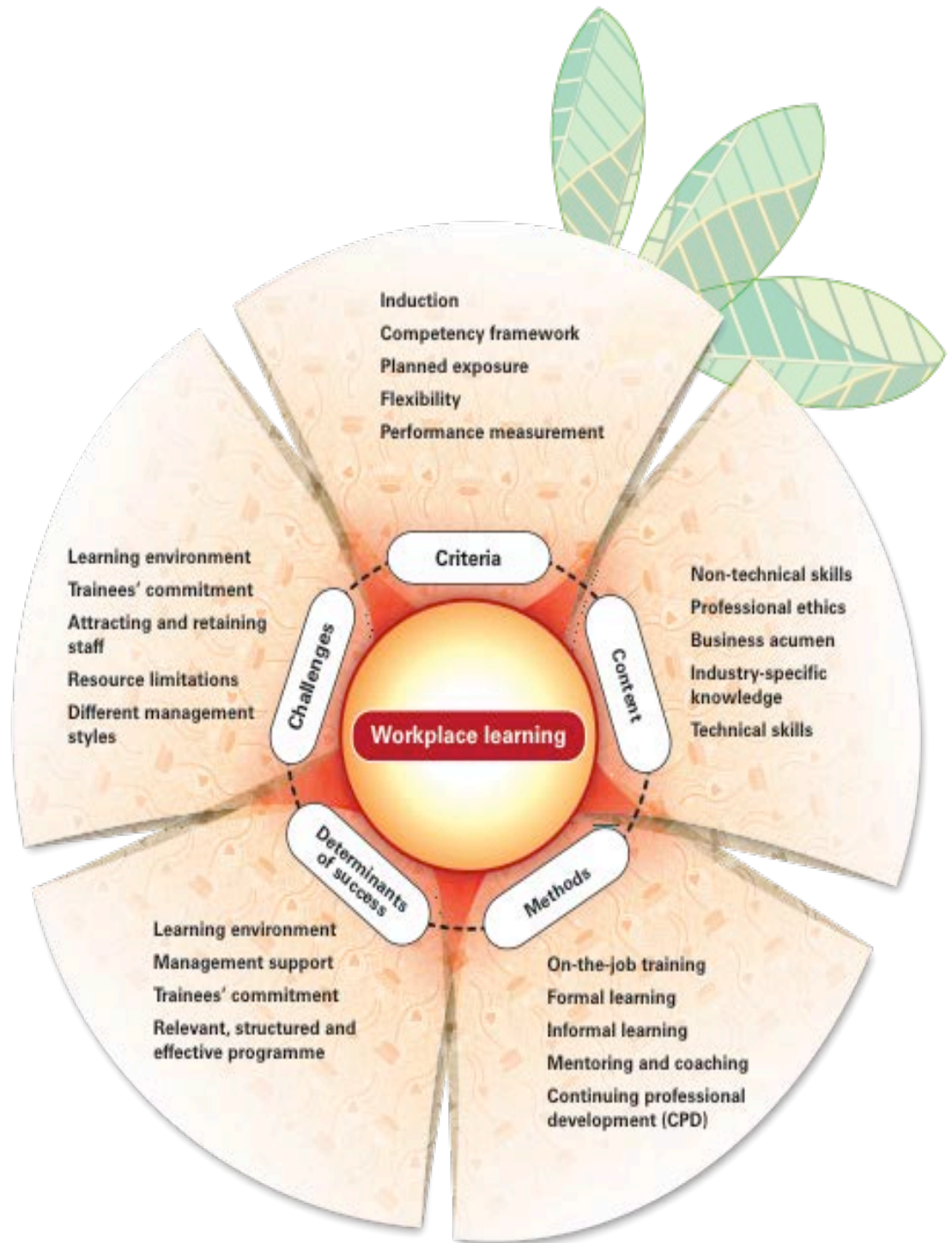
workplace learning for internal audit trainees. Resources invested in workplace learning, such as money and time, are wasted if there is a limited return on that investment. The loss of working time spent on training, specifically on formal training sessions where internal audit trainees are removed from the workplace for a number of days per annum, is costly. Hence, workplace learning initiatives depend on sufficient funding and time, and a lack of management commitment to providing these necessary resources could be detrimental to the development of entry-level internal audit professionals in the workplace.

### **7.3.5 Primary research objective: To propose a workplace learning framework for developing internal audit trainees into entry-level internal audit professionals**

On the basis of the findings, a workplace learning framework consisting of five workplace learning dimensions identified in this study is presented in Table 7.1 and Figure 7.1.

**Table 7.1: Workplace learning framework for developing entry-level internal audit professionals**

Main themes	Workplace learning criteria	Workplace learning content	Workplace learning methods	Workplace learning determinants of success	Workplace learning challenges
Sub-themes	Induction	Non-technical skills	On-the-job: Peer learning Knowledge-sharing Experiential learning	Learning environment	Learning environment: Changing landscape Changes to qualifying as an internal audit professional
	Competency framework	Professional ethics	Formal learning: Classroom training E-learning Role-play	Management support	Perceived status of the internal audit profession
	Planned exposure	Business acumen	Informal learning: Self-directed and independent learning	Trainees' commitment: Attitude and motivation to learn	Trainees' commitment: Attitude and motivation to learn
	Flexibility (Customised training plans)	Industry-specific knowledge	Mentoring & Coaching	Relevant, structured and effective learning programme	Attracting and retaining trainees
	Performance management: Monitoring performance & Assessing competence	Technical skills: Audit process Risk management	CPD		Resource limitations: Cost and time  Different management styles



**Figure 7.1: Workplace learning framework for developing entry-level internal audit professionals**

## **7.4 LIMITATIONS OF THE STUDY**

The study has a number of limitations. Firstly, the study was conducted in South Africa only, applying a purposive sampling technique for selecting participants from three stakeholder categories. The results of the study can therefore not be generalised, although assuring the credibility and trustworthiness of the findings was explicitly addressed (see Section 5.5). Secondly, the participants in the study included internal audit employers, internal audit trainees (with at least a three-year academic qualification) and internal audit workplace presenters, assessors and members of the IIA (SA) Education and Training Committee, but did not include other internal audit stakeholders such as audit committee members, boards of directors, senior management or external auditors.

Furthermore, internal audit trainees with other qualifications (such as occupational qualifications or general and further education qualifications – see Section 3.2.3.2) and internal audit trainees who had already completed three years' workplace learning and who could reflect on the impact of workplace learning practices during their full first three years of employment, were not included. Both these groups of participants' perspectives could contribute to a future study on internal audit workplace learning. Finally, the study was not a longitudinal study to determine the impact of workplace learning practices on competence development over a given period, but rather a cross-sectional study of workplace learning practices, as reported by a variety of internal audit stakeholders at a specific point in time.

## **7.5 CONTRIBUTION OF THE STUDY**

Prior research on workplace learning for developing internal audit trainees into entry-level internal audit professionals is limited. This dearth of research can partly be ascribed to the fact that, as an academic discipline, internal auditing is still in its infancy, and therefore it is still a relatively unexplored research area (Sarens 2009:1), especially from a South African viewpoint (De Jager, 2014:1). This study contributes to the body of knowledge on learning and development processes for internal auditors towards achieving professional competence, with

specific reference to the workplace learning component. By obtaining a better understanding of the formal and informal workplace learning practices for the development of entry-level internal audit professionals in South Africa, this study attempts to fill the gap in the literature because of the limited research done in this field, the limited guidance offered by the IIA, IIA (SA) and the IIA in other regions (see Section 4.4) on how to develop competencies during workplace learning, as well as the perceived discontent of South African employers with internal audit trainees' competence (Fourie, 2014). The contribution of this study is therefore a workplace learning framework for developing internal audit trainees into entry-level internal audit professionals.

## **7.6 RECOMMENDATIONS**

This study has a number of implications for a variety of stakeholders:

- internal audit employers (as internal audit practitioners who appoint, mentor and supervise internal audit trainees during their first three years of employment);
- internal audit trainees (as internal audit graduates in their first three years of employment who aspire to qualify as entry-level internal audit professionals and who are exposed to workplace learning practices);
- presenters or facilitators of workplace learning programmes and assessors of workplace learning outcomes and professional competence;
- internal audit academics (as facilitators of under- and postgraduate internal auditing programmes at tertiary institutions and as researchers contributing to the body of internal auditing knowledge); and
- the internal audit profession and professional bodies (all members who represent the internal audit profession, as well as the IIA and IIA (SA) as the professional institutions certifying internal auditors as professionals).

These implications are discussed in the form of recommendations for these internal audit stakeholders per dimension of workplace learning, as included in the proposed workplace learning framework. Finally, recommendations for future research are also made.



## **7.6.1 Recommendations relating to workplace learning criteria (Dimension 1)**

### ***7.6.1.1 Recommendations for internal audit employers, presenters and assessors of internal audit workplace learning, academics and the internal audit professional body***

It is recommended that internal audit employers, presenters and assessors of internal audit workplace learning, academics and internal audit professional bodies take cognisance of workplace learning criteria when they plan workplace learning initiatives for internal audit trainees who aspire to qualify as entry-level internal audit professionals. Internal audit employers should take responsibility for identifying and implementing workplace learning criteria, and the professional body should play an oversight role and provide guidance in the form of a competency framework. Although presenters and assessors are responsible for formal workplace learning initiatives, such as the technical training or case study training, they should preferably also be involved in the workplace learning process from the outset. Similarly, the involvement of academics responsible for the formal education processes which are usually completed before workplace learning commences, could be extended. During the induction, internal audit educators, employers and professional bodies should ensure that the organisation and the internal audit function are introduced to internal audit trainees, incorporating aspects of professionalism as well as technical and non-technical skills.

It is also recommended that internal audit employer organisations use a competency framework (their own or the IIA's) as benchmark or criterion to facilitate workplace learning, and that presenters, assessors and internal audit trainees become familiar with the specific competency frameworks prescribed by internal audit employers. Internal audit academics could also expose internal audit trainees during their formal education to competency framework expectations of internal audit employers. Furthermore, it is recommended that during their induction internal audit trainees be informed by internal audit

employers and the professional body of the general and specific expectations of a workplace learning programme, the competencies needed to achieve specific outcomes, as well as the ways in which these outcomes will be assessed. Adequate alignment of these competencies to internal audit employer organisations' performance management systems is also suggested. Internal audit employers should ensure that their organisations' performance management system facilitates regular monitoring of performance and assessment of professional competence. The performance management system should also ensure continuous monitoring, regular feedback from both clients and audit supervisors to facilitate learning, and should be linked to internal audit trainees' personal development plans.

The implementation of a secondment or rotation policy to facilitate planned work exposure of internal audit trainees to different business areas and industries is another recommendation that has an impact on internal audit employers. It is also recommended that employer organisations align planned exposure to a structured pathway or competency framework. It is suggested that the workplace learning programmes implemented by internal audit employers be flexible and be customised to address internal audit trainees' personal development plans, and be linked to the employer organisations' performance measurement systems.

#### **7.6.1.2 Recommendations for internal audit trainees**

It is recommended that internal audit trainees take cognisance of and participate in the workplace learning criteria implemented by their organisations. Internal audit trainees should be aware of the general and specific expectations of workplace learning needed to qualify as entry-level internal audit professionals. It is recommended that internal audit trainees take cognisance of secondment and rotation policy initiatives and customised options to review their planned work exposure to different business areas and industries.

### **7.6.1.3 Recommendations for the internal audit profession and the internal audit professional body**

It is recommended that the IIA review its competency framework to include internal audit trainees as a specific job level. Furthermore, the IIA could also provide guidance in terms of the alignment of its competency framework to organisations' performance management systems. The IIA career map which was recently published is a first attempt in providing such alignment (IIA, 2014). It is recommended that the IIA (SA) align its learnership programmes to the internal auditor competency framework to ensure adequate coverage at the internal audit trainee level.

### **7.6.1.4 Summary**

All internal audit stakeholders involved in workplace learning are called on to be pro-actively involved in determining and implementing workplace learning criteria, whilst taking cognisance of the other four dimensions of the proposed workplace learning framework for developing entry-level internal audit professionals.

## **7.6.2 Recommendations relating to workplace learning content (Dimension 2)**

### **7.6.2.1 Recommendations for internal audit employers, presenters and assessors of internal audit workplace learning, academics and the internal audit professional body**

Internal audit employers, presenters and assessors of internal audit workplace learning, academics and the professional body should take cognisance of the workplace learning content to be included in formal, informal and on-the-job learning initiatives. These role-players, who are responsible for the development of course content and the presentation thereof, should ensure that non-technical skills, professional ethics, business acumen, industry-specific knowledge and technical skills are included. With reference to non-technical skills, it is suggested that these skills be included at junior levels focusing on consultation skills,

relationship building and time management skills. With reference to professional ethics, it is suggested that the notion of professionalism and the characteristics of a profession be addressed during the induction, and that regular professional ethics training should form part of workplace learning.

### **7.6.2.2 Recommendations for the internal audit professional body**

It is recommended that the IIA provide specific guidance on workplace learning content areas for internal audit trainees aspiring to qualify as entry-level internal audit professionals. Although the IIA publishes practice guides on various topics, guidance on non-technical skills, professional ethics, business acumen, industry-specific knowledge and technical skills (auditing and risk management) focusing on developing the competencies of internal audit trainees in these areas, could add value. The IIA (SA) should ensure that these content areas are included in the learnership programmes.

### **7.6.2.3 Recommendations for internal audit employers, presenters and assessors of internal audit workplace learning and academics**

It is recommended that internal audit employers, presenters and assessors of internal audit workplace learning and academics be aware of the workplace learning content to be covered via formal, informal and on-the-job learning modes to ensure adequate coverage. It is also suggested that both technical and non-technical skills be developed during formal education while being expanded on via the aforementioned workplace learning modes. With specific reference to effective communication skills (as a non-technical skill), it is suggested that internal audit employers, presenters and assessors include the development of both verbal and written communication skills, especially for trainees who do not speak English as a first language. Formal and informal learning interventions (such as on-the-job training) could be used during workplace learning for the development of communication skills and professional ethics.

#### **7.6.2.4 Recommendations for internal audit employers**

It is recommended that internal audit employers plan work exposure of internal audit trainees to ensure that they obtain sufficient industry-specific knowledge over the course of the training period (this is related to Dimension 1, in particular planned exposure). In addition, employers can introduce a formal secondment policy which allows internal audit trainees to complete a period of their traineeship in industry. The appointment and recruitment policies of internal audit employer organisations could be adapted specifically to target individuals with industry-specific knowledge as internal auditors. It is also suggested that the composition of internal audit teams be carefully considered to ensure that members collectively have the necessary technical and non-technical skills.

#### **7.6.2.5 Summary**

Internal audit stakeholders should take cognisance of the workplace learning content that should be covered via formal, informal and on-the-job learning modes. Although workplace learning content is important, it is recommended that it be aligned to workplace learning outcomes (criteria), the workplace learning modes applied to facilitate learning, and the assessment of trainees' competence. This is in line with the literature which calls for a constructive alignment between learning outcomes, learning methods and assessment (Biggs, 1996).

### **7.6.3 Recommendations relating to workplace learning modes (Dimension 3)**

#### **7.6.3.1 Recommendations for internal audit employers, internal audit trainees and presenters and assessors of internal audit workplace learning**

It is recommended that internal audit employers, internal audit trainees and internal audit presenters and assessors consider various learning methods (including formal, informal and on-the-job learning methods) to facilitate learning in the workplace. It is recommended that on-the-job training be monitored by

internal audit employers and recorded, for example, in a logbook signed off by a mentor. Internal audit employers should also facilitate the alignment of formal and on-the-job training to ensure sufficient work exposure and the achievement of the desired outcomes. Where presenters of formal workplace learning initiatives and employers (for selecting in-house developed formal learning initiatives or external service providers) are responsible identifying for formal learning methods, they should consider a combination of classroom-type training, e-learning and role-play methods to enhance the learning experience. Internal audit presenters, assessors and employers could also liaise with mentors and coaches in providing guidance to internal audit trainees.

### **7.6.3.2 Recommendations for internal audit employers**

Internal audit employers should consider establishing a comprehensive performance management system which includes assessment and monitoring of informal and formal learning. Furthermore, internal audit employers should consider the flexibility of mentoring programmes, by making provision for a voluntary mentoring process, the rotation of and careful selection of mentors for internal audit trainees. The mentoring process should be tracked and aligned to both the mentor and mentee's performance management systems. These mentors should be committed to undertaking, and competent to perform their mentoring roles. Internal audit employers should ensure that CPD forms part of the learning and development process, as it is part of life-long learning.

### **7.6.3.3 Recommendations for the internal audit professional body**

It is recommended that both the IIA and the IIA (SA) provide guidance to employers on the range of learning methods that can be applied in the workplace to develop entry-level internal audit professionals. They should consider not only formal learning initiatives, such as classroom-type training, e-learning and role play, but also informal learning (self-directed learning) and on-the-job learning through knowledge sharing, peer learning and experiential learning. It is also recommended that both the IIA and the IIA (SA) provide guidance to mentors and coaches of internal audit trainees in their specific roles as career advisors and

“sharers of knowledge”. The focus of the IIA (SA) learnership programme should be re-assessed to ensure that it is appropriate to both the private and the public sectors.

#### **7.6.3.4 Summary**

Internal audit stakeholders should take cognisance of the various formal, informal and on-the-job learning methods available to facilitate workplace learning and to develop the competencies needed to qualify as an entry-level internal audit professional. These methods also include formal and informal coaching and mentoring, as well as CPD.

#### **7.6.4 Recommendations relating to determinants of workplace learning success (Dimension 4)**

##### ***7.6.4.1 Recommendations for internal audit employers and presenters and assessors of internal audit workplace learning***

Internal audit employers should be committed to the workplace learning of internal audit trainees. Employers should provide management support by investing in internal audit workplace learning, and should establish a nurturing learning environment. Internal audit employers (with the assistance of internal audit presenters and assessors of workplace learning) should design, implement and maintain workplace learning programmes that are structured, relevant and effective. These programmes should be aligned to the other dimensions of workplace learning, namely workplace learning criteria, workplace learning methods, and workplace learning content. Internal audit employers and internal audit presenters and assessors in South Africa could use the SAICA workplace learning model as a benchmark to identify positive features of workplace learning for internal auditors. Furthermore, internal audit employers should look at workplace learning and should go beyond mere compliance to ensure a fully aligned learning organisation where all the dimensions of workplace learning are integrated, and both management and trainees are committed to learning and development. Motivational discussions by role models could be offered during

workplace learning to promote a positive attitude. Finally, workplace learning should become a strategic objective of every organisation.

#### **7.6.4.2 Recommendations for internal audit trainees**

Internal audit trainees should take responsibility for their own learning and development too, and should show appreciation of management's support and commitment to workplace learning. Internal audit trainees should also embrace all opportunities to learn, build their careers and obtain professional designations. Internal audit trainees should ensure that they understand the expectations of the organisation's workplace learning programme during the induction programme, and should be committed to life-long learning.

#### **7.6.4.3 Recommendations for the internal audit professional body**

The IIA and the IIA (SA) should be actively involved in the workplace learning of internal audit trainees. The IIA (SA) in particular could ensure that its learnership programmes are structured, relevant and effective to meet both internal audit employers' and trainees' expectations.

#### **7.6.4.4 Summary**

Internal audit stakeholders should take cognisance of the determinants of workplace learning success. It is recommended that a nurturing learning environment be created where management and trainees are committed to learning and development, by participating in a relevant, structured and effective workplace learning programme which is intertwined with workplace learning criteria, content and methods.



## **7.6.5 Recommendations relating to workplace learning challenges (Dimension 5)**

### ***7.6.5.1 Recommendations for internal audit employers, presenters and assessors of internal audit workplace learning and internal audit academics***

It is recommended that internal audit employers and presenters and assessors be aware of the learning environment in which workplace learning takes place. The challenges posed by the fact that the learning environment is continuously changing affect the role that internal audit employers, presenters and assessors play – they must be up to date with these changes and must consider the implications of the changes on formal education, workplace learning content and workplace learning methods. Further research should also be conducted to make it possible to benchmark workplace learning practices against, for example, external auditing. It is recommended that internal audit employers ensure adequate resourcing of internal audit trainees. They should implement career opportunities and formal agreements, including retention conditions. Internal audit employers should also be equipped to deal with the “new generation” of recruits to ensure that the best person for the job is appointed.

### ***7.6.5.2 Recommendations for internal audit employers***

It is recommended that internal audit employers adequately plan and budget for workplace learning initiatives. Care should be taken that sufficient resources are available. Some suggestions are to plan formal learning initiatives during quiet periods, to join forces with other firms, and to set realistic expectations based on past practices. It is suggested that internal audit employers include exposure of internal audit trainees to different management styles as part of the induction programme, in order to create an awareness of different styles, and to equip trainees with the skills they need to deal effectively with this reality during their first three years of employment. Employers could also consider the application of standardised, uniform practices to monitor and assess internal audit trainees' performance during their first three years of employment.

### **7.6.5.3 Recommendations for the internal audit professional body**

Both the IIA and IIA (SA) should take cognisance of the challenges to workplace learning for developing internal audit trainees into entry-level internal audit professionals. The IIA (SA) should be sensitive to the continuously changing landscape mentioned and should work closely with internal audit employers, trainees and educators to enhance the perceived status of the internal audit profession in the workplace. It is suggested that the new pathway to qualify as a PIA in South Africa be effectively marketed by the IIA (SA) and that the IIA (SA) Education and Training Committee monitor the quality of workplace learning practices (including the criteria, content and modes) more closely.

### **7.6.5.4 Summary**

Internal audit stakeholders should take cognisance of the various challenges to workplace learning. It is recommended that internal audit employers and presenters and assessors of internal audit workplace learning adapt to the changing landscape to facilitate effective workplace learning, and to meet clients' expectations. The internal audit professional body should work closely with internal audit stakeholders to enhance the perceived status of the internal audit profession. It is recommended that internal audit employers consider the impact of other challenges, such as how to attract and retain trainees, and how to address resource limitations in the form of training costs and time. Finally, it is recommended that internal audit employers prepare internal audit trainees for the challenge of being exposed to different management styles during each internal audit engagement.

### **7.6.6 Recommendations for future research**

A number of future research opportunities resulting from the proposed workplace learning framework include the possibility of:

- studies on each dimension of the framework. For example, a future study could investigate workplace learning criteria to obtain a deeper

understanding, reveal additional elements and show interrelationships between elements;

- a study to determine the specific competencies needed by internal audit trainees – such a study could inform the revision of the IIA’s IACF to include a focus on internal audit trainees;
- a study to determine the specific competencies needed by career internal auditors versus management training ground internal auditors – such a study could inform the revision of the IIA’s IACF to include a focus on both these types of internal auditors;
- a study to determine the views of other stakeholders (such as senior management and audit committee members) on the workplace learning process of internal trainees developing into entry-level internal audit professionals;
- a longitudinal study using a suitable programme evaluation methodology to assess the competence of a group of internal audit trainees prior to and subsequent to a workplace learning intervention to determine the effectiveness of the intervention;
- a study to determine the impact on internal audit employers and entry-level internal audit professionals of the new preferred pathway to qualify as a PIA in South Africa;
- a study to determine interrelations between the dimensions of the proposed workplace learning framework;
- a study to investigate the influence of organisational culture and professional practice on internal audit workplace learning;
- a study to explore the work-readiness or employability of internal audit graduates, involving academics and practitioners;
- studies on informal, on-the-job and e-learning methods to determine the impact of these methods on the learning experience of internal audit trainees;
- a study to determine the factors that influence an internal audit trainee’s commitment and motivation to learn; and
- global and cross-cultural studies on workplace learning for developing entry-level internal audit professionals.

## 7.7 OVERALL CONCLUSION

This qualitative research study is a first attempt to understand workplace learning for developing internal audit trainees into entry-level internal audit professionals. An understanding of the phenomenon of workplace learning was gained from the perspectives of three different stakeholder categories. Participants shared their experiences of workplace learning in their organisations. The results of the study identified five dimensions of workplace learning that are supported in the literature and that form the basis for a workplace learning framework for developing internal audit trainees into entry-level internal audit professionals.

In conclusion, the proposed workplace learning framework could serve as a foundation for future research on the various dimensions of internal audit workplace learning. The researcher agrees with Fenwick (2013:353), who points out that a study of workplace learning should expand beyond an examination of mere workplace learning practices, to include an analysis of broader structures, organisational culture and professional practice. The contribution made by this study to the body of knowledge is, in the researcher's view, a better understanding of the tree of internal audit knowledge, where workplace learning facilitates growth and development to bear the fruit of professional competence.

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## ANNEXURE A

### Data collection: Participants' profiles

Phase 1 – Focus groups			
Participant number	Stakeholder category	Industry	Sector
<b>Focus group 1 – Employers with in-house workplace learning</b>			
1	1	Retail	Private
2	1	Retail	Private
3	1	Financial services	Private
4	1	Auditing	Private
5	1	Auditing	Private
6	1	Auditing	Private
7	1	Auditing	Private
8	1	Auditing	Private
9	1	Auditing	Private
10	1	Auditing	Private
11	1	Auditing	Private
<b>Focus group 2 – Employers with IIA (SA) learnerships</b>			
12	1	National department	Public
13	1	Auditing	Private
14	1	Auditing	Private
15	1	Public entity	Private
16	1	Auditing	Private
17	1	Public entity	Public
18	1	Retail	Private
19	1	Financial services	Private
20	1	Public entity	Public
21	1	Auditing	Private
22	1	Retail	Private
23	1	National department: Finance	Public
24	1	National department	Public
<b>Focus group 3 – Trainees exposed to in-house workplace learning</b>			
25	2	Auditing	Private
26	2	Auditing	Private
27	2	Auditing	Private

<b>Phase 1 – Focus groups</b>			
<b>Participant number</b>	<b>Stakeholder category</b>	<b>Industry</b>	<b>Sector</b>
28	2	Auditing	Private
29	2	Education	Private
30	2	Auditing	Private
31	2	Auditing	Private
32	2	Auditing	Private
33	2	Auditing	Private
34	2	Telecommunications	Private
35	2	Health services	Private
36	2	Health services	Private
37	2		
<b>Focus group 4 – Trainees exposed to learnerships</b>			
38	2	National department	Public
39	2	Public entity	Public
40	2	Public entity	Public
41	2	Public entity	Public
42	2	Retail	Private
43	2	Health services	Private
44	2	Public entity	Public
45	2	Public entity	Public
46	2	Retail	Private
47	2	Public sector	Public
48	2	Auditing	Private
49	2	Auditing	Private
<b>Phase 2 – Semi-structured interviews</b>			
50	1	Auditing	Private
51	1	Auditing	Private
52	1	Mining	Private
53	1	Auditing	Private
54	1	Financial services	Private
55	1	National department	Private
56	2	Auditing	Public
57	2	Financial services	Public
58	2	Auditing	Private

<b>Phase 2 – Semi-structured interviews</b>			
<b>Participant number</b>	<b>Stakeholder category</b>	<b>Industry</b>	<b>Sector</b>
59	2	Auditing	Private
60	2	Auditing	Private
61	2	National department	Public
62	3	IIA (SA) Education & Training	Both
63	3	IIA (SA) Education & Training	Both
64	3	Presenter and assessor	Both
65	3	Presenter and assessor	Both
<b>65</b>			

## ANNEXURE B

### Combined letter of introduction and informed consent



UNIVERSITEIT VAN PRETORIA  
UNIVERSITY OF PRETORIA  
YUNIBESITHI YA PRETORIA

Faculty of Economic and  
Management Sciences

#### Combined letter of introduction and informed consent for participation in an academic research study

#### Department of Auditing WORKPLACE LEARNING FOR THE DEVELOPMENT OF ENTRY-LEVEL INTERNAL AUDIT PROFESSIONALS

Research conducted by:  
Ms Kato Plant (91211965)  
kato.plant@up.ac.za  
Cell: 082 782 4423

Dear Respondent

You are invited to participate in an academic research study conducted by Kato Plant, a doctoral student from the Department of Auditing at the University of Pretoria. The study aims to:

*Propose a workplace learning framework for the development of internal audit trainees into entry-level internal audit professionals.*

Please note the following:

This study consists of two phases.

In Phase 1, focus group discussions have been held with internal audit stakeholders to identify themes relevant to internal audit workplace learning as perceived by:

- Focus group 1: Employers with in-house workplace learning & training programmes
- Focus group 2: Employers with Institute of Internal Auditors (IIA–SA) learnership programme
- Focus group 3: Internal audit trainees who participate(d) in in-house workplace learning & training programmes
- Focus group 4: Internal audit trainees who participate(d) in IIA–SA learnership programme

In Phase 2, the themes identified during the focus group discussions are used to conduct semi-structured interviews with a number of key stakeholders to obtain more in-depth information about workplace learning.

Your participation does not expose you to any risks. The comments you make will be tape recorded and be treated as strictly confidential and in the secure possession of the researcher. You will not be identified in person and the information provided by you will only be viewed as a perception.

Your participation in this study is very important to us. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.

The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide you with a summary of our findings on request.

Please contact my supervisors, Prof Karin Barac or Prof Herman de Jager, 012 4204427, if you have any questions or comments regarding the study.

Please sign the form to indicate that:

- you have read and understand the information provided above; and
- you give your consent to participate in the study on a voluntary basis.

\_\_\_\_\_  
**Respondent's signature**

\_\_\_\_\_  
**Date**

## ANNEXURE C

### Background information provided to participants

#### STAKEHOLDERS identified for the purposes of the study:

Group 1 – employers with in-house learning programmes;

Group 2 – employers with IIA(SA) learnership programmes;

Group 3 – internal audit trainees who participate(d) in-house programmes; and

Group 4 – internal audit trainees who participate(d) in IIA(SA) learnership programmes.

Group 5 – other (regulators, IIA Education and Training committee, presenters and assessors)

**Research question:** What is an internal audit workplace learning framework for the development of internal audit trainees into entry-level internal audit professionals?

**Research aim:** To propose a workplace learning framework for the development of internal audit trainees into entry-level internal audit professionals.

### TERMINOLOGY

#### Workplace learning:

Workplace learning refers to any form of learning in the workplace during the internal audit trainee's **first three years of employment** and can be one or a combination of the following:

- Formal learnership
- Informal learning
- In-house training programmes or seminars
- On-the-job training
- Mentoring and coaching
- Other

#### Internal audit trainee:

An **internal audit trainee** refers to an individual with at least a Bachelor's degree or equivalent and in the first three years of employment in an internal audit function. With the development of competencies in the workplace, he/she will become a **competent entry-level internal audit professional**.

## ANNEXURE D

### Interview protocol

	Themes	Sub-themes	Questions
1	Expectations	1.1 General and specific expectations 1.2 Competency framework 1.3 Planned exposure 1.4 Customisation of training plans based on needs analysis (flexibility) 1.5 Outcomes 1.6 Different corporate involvement opportunities 1.7 Code of ethics – ethical behaviour of internal audit staff	1. Describe the expectations that you have for a workplace learning framework for internal audit trainees in your industry.  2. Describe the specific competencies (technical and behavioural) that you expect to develop in a workplace learning framework for internal audit trainees in your industry.
2	Induction	2.1 Organisational induction (including audit methodology induction)	3. Describe what an induction programme should include for a workplace learning framework for internal audit trainees.
3	On-the-job training	3.1 Templates /Drafts 3.2 Look and learn 3.3 Review and redo 3.4 Knowledge sharing 3.5 Role-play 3.6 Peer reviews 3.7 Guidance 3.8 Work relationships	4. Describe the specific “on-the-job” training/learning initiatives that you regard as critical to a workplace learning framework for internal audit trainees.
4	Performance measurement	4.1 Review and feedback 4.2 Continuous evaluation 4.3 Recognition and reward	5. Describe the nature and extent of performance measurement for a workplace learning framework.
5	Mentoring	5.1 Selection of mentors	6. How do you select mentors for internal audit trainees?  7. Describe the nature and extent of mentoring.

	<b>Themes</b>	<b>Sub-themes</b>	<b>Questions</b>
6	Non-technical skills	6.1 Soft skills 6.2 Discussions with colleagues & work relationships 6.3 Discussions with clients & client interactions 6.4 Communication skills 6.5 People skills	8. Describe the specific communication skills you would require of an internal audit trainee. 9. Describe the initiatives to be included in a workplace learning framework for internal audit trainees that would develop the necessary communication skills.
7	Learning environment	7.1 Training methods 7.2 Different streams / backgrounds 7.3 IIA (SA) 7.4 National logistics 7.5 Career development 7.6 Remuneration	10. What are the enablers for a learning environment?
8	Formal learning	8.1 Structured programme 8.2 Class room learning 8.3 Technical discussion sessions 8.4 Continuing professional development (CPD)  Training content: 8.5 Business acumen 8.6 Audit process 8.7 Risk management 8.8 Industry-specific knowledge 8.9 On-line learning /E-learning	11. What formal learning initiatives should form part of a workplace learning framework for internal audit trainees?
9	Informal learning	9.1 Self-directed and independent learning 9.2 Informal discussions amongst colleagues 9.3 Coaching	12. What informal learning initiatives could form part of a workplace learning framework for internal audit trainees?
10	Challenges	10.1 Work/life balance 10.2 Motivation to learn 10.3 Cost of training 10.4 Time for training	13. What are the challenges to workplace learning for the development of internal audit trainees into



	<b>Themes</b>	<b>Sub-themes</b>	<b>Questions</b>
		10.5 Time-management 10.6 Retention of staff trained 10.7 Management of idle time 10.8 Profitability whilst training 10.9 Management of staff logistics 10.10 Subjectivity of managers 10.11 Overwhelmed 10.12 Deep end	internal audit professionals in your industry?
11	Drivers for success	11.1 Commitment and responsibility of the learner 11.2 Management ownership 11.3 Management support	14. What are the drivers for success of a workplace learning framework for internal audit trainees?
Question 15: Is there anything else you would like to add with regard to a best practice workplace learning framework for the development of internal audit trainees into internal audit professionals?			

## ANNEXURE E

### Ethics clearance



UNIVERSITEIT VAN PRETORIA  
UNIVERSITY OF PRETORIA  
YUNIBESITHI YA PRETORIA  
**FACULTY OF ECONOMIC AND  
MANAGEMENT SCIENCES**

#### RESEARCH ETHICS COMMITTEE

Tel: +27 12 420-2306  
E-mail: [anske.grobler@up.ac.za](mailto:anske.grobler@up.ac.za)

7 June 2012

Prof H de Jager  
**Department of Auditing**

**Strictly confidential**

Dear Professor de Jager

**Project:** *A workplace-based training framework for the development of entry-level internal audit professionals*  
**Researcher:** K Plant  
**Student No:** 91211965  
**Supervisor:** Prof H de Jager  
**Department:** Auditing

Thank you for the application you submitted to the Committee for Research Ethics, Faculty of Economic and Management Sciences.

I have pleasure in informing you that the Committee for Research Ethics formally approved the above study on an *ad hoc* basis on 8 June 2012. The approval is subject to the candidate abiding by the principles and parameters set out in her application and research proposal in the actual execution of the research.

The approval does not imply that the researcher, student or lecturer is relieved of any accountability in terms of the Codes of Research Ethics of the University of Pretoria if action is taken beyond the approved proposal.

The Committee requests you to convey this approval to Mrs Plant.

We wish you success with the project.

Sincerely

**PROF AF GROBLER**  
**CHAIR: COMMITTEE FOR RESEARCH ETHICS**