

The Role of Internal Audit Governance in Supporting Competitive Advantage in Companies:

A field study on Companies Operating in the Cement Industry in Aden Governorate (Yemen)

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Abstract:

The study aims to identify the role of internal audit as one of the governance mechanisms in support of competitive advantage, through its role in improving processes (governance, risk management, internal control). Yemeni cement manufacturing companies in Aden's governorate represent the study's population. The study sample is (Al-Wehda Company and Al-Watania Company), and a questionnaire was formed to collect the necessary data and information to achieve the study's objectives. It was distributed to the study sample members (general manager, deputy general manager, department manager, department head, internal auditor, and accountant). The number of questionnaires distributed was (80), and The number of questionnaires recovered was (71), with a recovery rate of 88.75%.

According to the results of the study, there is a statistically significant effect of internal audit governance in supporting the competitive advantage of companies by improving the processes (governance, risk management, and internal control) and the resulting (cost reduction, time reduction, and increased efficiency) and thus support competitive advantage. The study suggested Giving more importance to internal auditing by corporate management. Also, giving the internal auditor more independence and authority so that he can perform his duties with impartiality and objectivity to improve the company's internal operations and support its competitive advantage. Based on the importance of the independence of the internal auditor, the duties of the accountant and the internal auditor should be separated. According to the same study companies, most accountants perform the internal audit function.

Keywords: internal audit, corporate governance mechanisms, competitive advantage.

Introduction:

After a series of financial failures of global companies, corporate governance has received a lot of attention, as it aims to search for ways and methods that make the company's operations more efficient and effective in order to ensure the rights of stakeholders, win customer satisfaction, attract more customers in the long run, and make the company's products more competitive. Competition is an important factor in the existence of control in companies, as it forces them to achieve efficiency and productivity lest they lose market share.

Gaining a competitive advantage has become a legitimate goal that all companies are trying to achieve in order to achieve a strong competitive position and a greater number of customers. This requires companies to pay attention to the efficiency of their internal activities, especially the internal audit activity, as it is one of the internal governance mechanisms that support the effective application of corporate governance through the assurances and guarantees it provides to management. It has an important role in activating risk management and internal control systems, as well as the auxiliary role of management in ensuring the achievement of goals and the added value of the company, which contributes to supporting the competitive advantage.

Through its function in enhancing the processes (governance, risk management, internal control), this study intends to establish the role of internal audit as one of the governance mechanisms in support of competitive advantage in Yemeni enterprises working in the sector of cement manufacture in Aden.

This study consists of two parts, the first part presents the theoretical section, while the second part covers statistical analysis and testing of study hypotheses.

Problem of the Study:

How does an internal audit, as one of the governance mechanisms, help companies maintain their competitive advantage?

Given the foregoing, the solution to this problem consists in answering the following questions:

1. What are governance corporate and its mechanisms?
2. What is the role of internal audit in improving governance processes?
3. What is the role of internal audit in improving internal control processes?
4. What is the role of internal audit in improving risk management processes?
5. What role does internal audit play in supporting competitive advantage, based on its role as one of the governance mechanisms?

Hypotheses of the Study:

This study is built on a major hypothesis from which three supporting sub-hypotheses branch out to answer the questions of the study problem:

The main hypothesis *"There is a statistically significant impact of internal audit governance in supporting the competitive advantage of companies".*

The following sub-hypotheses are derived from the main hypothesis:

1. There is a statistically significant impact of internal audit governance represented in (improving governance processes) in supporting competitive advantage.
2. There is a statistically significant impact of internal audit governance represented in (improving risk management) in supporting competitive advantage.
3. There is a statistically significant impact of internal audit governance represented in (improving internal control processes) in supporting competitive advantage.

Objectives of the Study:

The study aims to identify the role of internal audit as one of the internal governance mechanisms in support of competitive advantage, by identifying corporate governance and its mechanisms, as well as the role of internal audit in improving (governance processes, internal control, and risk management) to support and enhance the competitive advantage of companies.

Importance of the Study:

The study emphasizes the importance of the internal audit governance role in improving internal processes for companies, as it establishes in theory and in practice, the logical link between the internal audit governance role and competitive advantage.

Study Methodology:

The descriptive analytical approach was used in the study, and the basic concepts related to the subject of the study were reviewed after reviewing previous studies that discussed the study vocabulary. A field questionnaire was prepared and distributed to achieve the study objectives and collect the necessary data and information. Then, the collected data were analyzed using appropriate statistical methods.

Study population:

The study population is represented in the Yemeni companies working in the field of cement industry in Aden governorate.

Study sample:

The study sample is (Al-Wehda Company and Al-Watania Company), as they are the only two companies working in manufacturing and packaging cement in Aden Governorate, while the rest of the cement companies in Aden governorate work in packaging only. As for the members of the sample included in the study (general manager, deputy general manager, department manager, department head, internal auditor, accountant).

Previous Studies:

Nawal (2016) aimed to identify the three modern dimensions of internal auditing, as addressed by the Institute of Internal Auditors (IIA) international internal audit standards, and the extent to which they reflect on the embodiment of corporate governance, as well as the extent to which these dimensions are embodied in Algerian companies. This study concluded that the internal auditor, during the implementation of the internal audit mission, focuses on evaluating and improving internal control, which in turn contributes to risk management as part of the process, which is reflected in the embodiment of corporate governance.

While **Rashwan and Qassem (2020)** tried to know the impact of applying mandatory governance rules on risk management in the investment sector companies listed on the Palestine Exchange. According to the results of this study, the application of the rules of governance in the investment sector companies listed on the Palestine Stock Exchange leads to the assistance of the internal control departments. As well as strengthening the links between risk management and company management. It also increases the ability of these companies to provide more transparent information to investors.

Al-Hamaqi (2020) attempted to clarify the modern professional integration of internal governance mechanisms and studies that were developed in the so-called three lines of defense for internal control, internal audit, and risk management. Through corporate governance and current internal audit trends. The study confirmed that there is a link between internal audit and internal control, as well as between internal audit and risk management.

While Beasley et al (2006) provided evidence about factors associated with the overall impact of risk management on the activities of the internal audit function. Based on responses from 122 companies in several countries. The study concluded that the impact of risk management on internal audit is affected by the stage of development of risk management in the company, and the extent of explicit calls for the participation of internal audit in risk management from other participants in governance.

Nginyo et al (2018) sought to investigate the role of corporate governance practices in the competitive advantage of the KenolKobil Company Limited use case. This study confirmed that transparency, accountability, fairness, and responsibility have a positive and statistically significant impact on competitive strategy.

While Hazaea et al (2020) sought to know the impact of internal audit quality on the financial performance of Yemeni commercial banks. The study concluded that adherence to internal audit standards, the independence of internal auditors, and quality governance have a significant impact on the financial performance of banks, while the size of the internal audit committees, as well as their meetings, often have a small positive impact on the performance of banks.

Moreover, **Ayagre (2015)** evaluated the ability of internal audit units in public sector organizations to promote good governance. The study concluded that the ability of internal audit to ensure better governance is limited by the following: technical and professional skill set, low motivation, limited spending on internal audit, and lack of support for the internal audit function from management. Other limiting factors include the issue of the independence of the internal auditor, which directly affects the objectivity of the internal audit and may indirectly affect the audit process that is carried out as planned.

Abdul Razzaq (2017) measured the impact of internal auditing as an added value in supporting and activating cost management strategies in Egyptian companies. The study confirmed that there is a positive impact of the role of internal audit in reviewing the implementation of (cost reduction strategies, the target cost method, and the value engineering method), and internal audit contributes to its support and activation in companies.

According to previous studies, internal audit, as one of the internal governance mechanisms, plays an important role in improving governance processes, risk management and internal control, which leads to adding value to companies.

Accordingly, this study seeks to complement the efforts of previous studies in determining the role of internal audit governance in improving governance processes, risk management and internal control to support the competitive advantage of companies. Through a field study on Yemeni companies working in the cement industry in Aden governorate.

First: Theoretical section:

1. Corporate governance:

Corporate governance involves a set of relationships between a company's management, its board, its shareholders, and other stakeholders. Furthermore, it offers the framework for the company's goals (Hermanson & Rittenberg, 2003).

The Institute of Internal Auditors (IIA) defines corporate governance as the amalgam of processes and structures designed to help the organization achieve its objectives. These processes and structures are influenced not only by risks that affect an organization's ability to achieve objectives but also by the organization's efforts to mitigate known risks and discover unknown risks (IIA, 2018).

Actually, there are many different definitions of corporate governance but they all address the following elements (Madhani,2020):

- Systems of controls within the company,
- Relationships between the company's board/shareholders/stakeholders,
- The company being managed in the interests of the shareholders (stakeholders),
- Greater transparency and accountability to enable users of corporate information to determine whether the business is being managed in a way that they consider appropriate.

As a result, governance revolves around being competitive in order to achieve strong performance, which not only strengthens competitive advantage but also gives the impression that the business is being managed appropriately (Nginyo et al,2018).

1.1. Corporate Governance Mechanisms:

Corporate governance mechanisms primarily protect the rights of shareholders and other stakeholders by tightening supervision and control over the performance of the company management and accounting monitoring. Corporate governance mechanisms are divided into two parts (Mohammed,2016):

- **internal mechanisms:** The internal mechanisms include the board of directors and other control bodies within the company, such as the internal control systems in general, the internal audit, and the audit committee.
- **external mechanisms:** The external mechanisms also include parties or institutions outside the company, such as the external auditor, the labor market, the financial market, and banks.

2. Internal Audit :

Current developments in the internal audit function are reflected in the latest definition of the Institute of Internal Auditors (IIA) as an independent, objective, assurance, and consulting activity that adds value to and improves an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes (IIA,2019). Effective internal audit activity is a valuable resource for management, the board or its equivalent, and the audit committee due to its understanding of the company and its culture, operations, and risk profile. The objectivity, skills, and knowledge of competent internal auditors can significantly add value to a company's internal control, risk management, and governance processes. Similarly, an effective internal audit activity provides critical assurance to other stakeholders, such as regulators, employees, providers of finance, and shareholders (Deloitte,2011). Internal audit services consist of two primary services:

- Assurance Services: An objective examination of the evidence to provide an independent assessment of the organization's governance, risk management, and control processes.
- Consulting Services: Advisory and related client service activities, the nature and scope of which are agreed upon with the client, are intended to add value and improve an organization's governance, risk management, and control processes without assuming management responsibility by the internal auditor (IIA,2009).

2.1.Internal Audit Objectives:

The objectives of the internal audit began to evolve with the development of its concept, and the International Auditing Standard (610) issued by the International Federation of Accountants (IFAC) included the following internal audit objectives:

- Supervising the review of internal control systems and providing recommendations on ways to improve them.
- Examining financial and operating information, by reviewing the means used to identify, measure, classify and report on financial and operating information;
- Reviewing operational activities in terms of economic effectiveness, and efficiency, including non-financial activities.
- Review compliance with laws, regulations, other external requirements, management policies, and directives, and other internal requirements.

- Identify and assess significant risks, and contribute to improving risk management and control systems.
- Evaluate the governance process and the extent to which it achieves its objectives related to ethics, values, performance management, accountability, and the communication of risk and control information to the concerned parties in the company (IFAC,2010).

In turn, we believe that the main objective of internal auditing, based on the definition of internal audit issued by the Institute of Internal Auditors (IIA), is to add value to the company and help achieve its goals by improving processes (governance, internal control, risk management).

3. **Competitive Advantage:**

Competitive advantage refers to the ability to stay ahead of present or potential competition; Consequently, market leadership will be ensured by the superior performance attained through competitive advantage (Wang et al, 2011).

According to Negulescu, a company can obtain a competitive advantage from internal sources, external sources, or from both sources simultaneously:

- **Internal sources:** The internal sources of competitive advantage generally refer to new ways of approaching the business that exists or can be created within the company, to technical aspects regarding new ideas, and generally to all aspects within the company that can create an advantage compared to the competition.
- **External sources:** they refer to any change in the external environment that gives the company new opportunities to create profit, so the response to change and opportunities is an attribute of strategic management, resulting from the company's ability to respond to change (Negulescu, 2019);

3.1.Types of Competitive Advantage :

There are two primary sorts of competitive advantages that a company might have: low cost or differentiation. Though a company can have a variety of strengths and weaknesses in comparison to its competitors (Porter,1998). We can distinguish between the two types of competitive advantage, as:

- **Lower cost advantage:** A company can have the lowest cost advantage if its accumulated costs of value-producing activities are less than those of competitors, and obtaining it is based on cost development factor control;

- Differentiation feature: The Company is distinguished from its competitors when it is able to produce goods and services with unique characteristics that make the customer relate to it follows (Mohammed, 2016);

Second: Field Study:

The descriptive analytical approach was used to achieve the study objectives and collect the necessary data and information. A field questionnaire was created, and 80 questionnaires were distributed to the sample members (general manager, deputy general manager, department manager, department head, internal auditor, and accountant). The number of questionnaires recovered was 71, with a retrieval rate of 88.75%, which is an excellent retrieval rate.

The researcher used the Statistical Program for Social Sciences (SPSS) to obtain more accurate results when analyzing the study data. The following data was entered using the Likert scale quintet .The most important statistical methods used in this study:

- Cronbach's alpha coefficient and coefficient of honesty to test the validity and reliability of the study tool.
- Arithmetic mean and standard deviation in order to know the Trends of the answers of a sample study.
- Simple linear regression coefficient to see the effect of the independent variables individually (improving governance processes, improving risk management processes, improving internal control processes) on the dependent variable (competitive advantage).

1. Stability Coefficient :

The reliability of the study tool was verified using (Cronbach's Alpha) coefficient, as well as the validity of the study tool through the use of the validity coefficient for the study tool as a whole and for each of the axes of the study, and the results were as follows:

Table No. (1)

Cronbach's alpha test and coefficient of honesty

study axes	Phrase count	Stability Coefficient Cronbach's Alpha	Coefficient of Honesty
first axis	12	0.835	0.914
second axis	10	0.890	0.943
Total	22	0.857	0.926

Source: Prepared by the author

It is clear from the results in table No.1 above, that all the stability coefficients for the study axes were statistically acceptable, which means that the study tool has stability and validity.

The reliability coefficient of the study tool was (0.857), which is a very good factor that makes the tool suitable for collecting data related to the study. The value of the validity coefficient was (0.926), which is a strong factor that makes the study tool honest in collecting data related to the study.

2. Description of the characteristics of the study sample:

2.1.Age:

Figure No. (1)

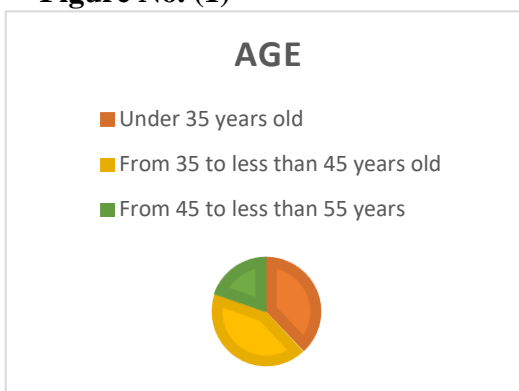


Figure No.1 reveals information about age. The largest category is (from 35 to less than 45 years) with 42.3%, which is a category characterized by maturity, followed by the category (less than 35 years) with 38%, which is a youth category characterized by activity, followed by the category (from 45 years to 55 years). With a rate of 19.7%, this is a highly experienced category.

Source: Prepared by the author

2.2.Academic qualification:

Figure No. (2)

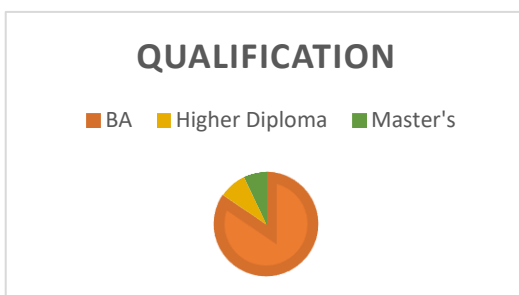


Figure No.2 of the scientific qualification shows that the largest category holds a bachelor's degree with a percentage of 84.5%, indicating that the companies in the study lack high qualifications as only 7% have a master's degree.

Source: Prepared by the author

2.3.Specialization:

Figure No. (3)

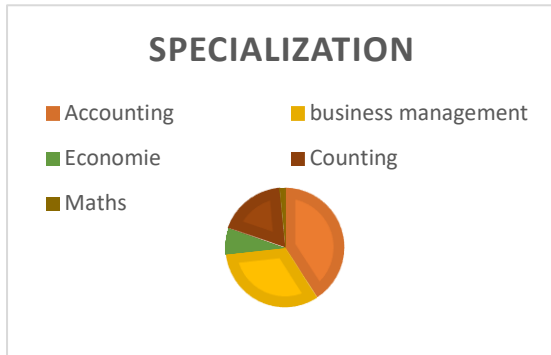


Figure No.3 of the specialization shows that the largest category specializes in (Accounting) with 40.8%, followed by (Business Administration) with 32.4%, and therefore the specializations of the study sample members are related to the subject of the study.

Source: Prepared by the author

2.4.Job title:

Figure No. (4)

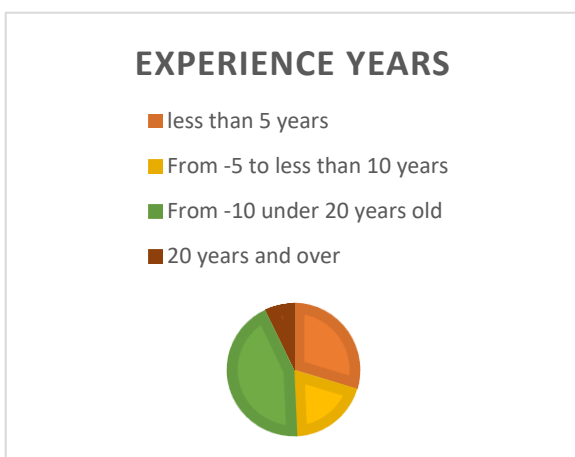


The job title can be seen in Figure No.4. A department head job has the highest percentage of 43.7%, followed by an accountant job with a percentage of 40.8%, a general manager job with a percentage of 7%, an internal auditor with a percentage of 5.6%, and a department manager with a percentage of 2.8%. We discovered that the majority of the accountants in the study sample companies also perform internal auditing.

Source: Prepared by the author

2.5.Experience years:

Figure No. (5)



According to Figure No.5, the category (from 10 years to less than 20 years) has the highest percentage of 43.7%, followed by the category (less than 5 years) with 29.6%, the category (from 5 years to less than 10 years) with 19.7%, and the category (from 20 years and over) with 7%. It is worth noting that the category (from 10 to less than 20 years) ranks first, indicating that the majority of the study sample has adequate work experience.

Source: Prepared by the author

3. Analysis of the study variables:

The mean and standard deviation for each of the study variables will be calculated for each of the study axes as follows:

3.1. The mean and standard deviation of the first axis:

Table No. (2)

The mean and standard deviation of the first axis

No	The First Axis: The Internal Audit Governance:	Mean	Standard deviation
First: Improving Governance Processes:			
1	supporting governance processes and foundations.	4.55	0.580
2	Evaluation of governance systems and processes.	4.34	0.533
3	Provide assurances about the efficiency and effectiveness of governance processes.	4.28	0.680
4	Provide the necessary recommendations to assist management in improving governance processes.	4.21	0.653
The overall mean (mean and standard deviation)		4.3451	0.44394
Second: Improving Risk Management Processes:			
5	Assist in the identification and evaluation of risks and response actions.	4.46	0.693
6	Evaluate risk management activities and processes.	4.24	0.572
7	Provide assurance on the efficiency and effectiveness of risk management processes.	4.24	0.665
8	Provide the necessary recommendations to management on ways to improve risk management processes.	4.17	0.632
The overall mean (mean and standard deviation)		4.3768	0.49977
Third: Improving Internal Control Processes:			
9	Endorsing and supporting the efficient application of the internal control system.	4.46	0.556
10	Evaluate the operations of the company's internal control system.	4.41	0.575
11	Provide assurances about the efficiency and effectiveness of the internal control system.	4.32	0.692
12	Provide the necessary recommendations to assist management in improving the internal control system.	4.31	0.646
The overall mean (mean and standard deviation)		4.3768	.499770

Source: Prepared by the author

The previous table No. 2 relating to the first axis clearly shows that:

- improving governance processes:

It was discovered that statement No. 1 (supporting governance processes and foundations) had the highest mean of 4.55, indicating that the study sample members understood the role of internal audit as one of the internal governance mechanisms in consolidating and supporting the governance foundations and pillars. With a standard deviation of 0.44394, the overall mean (improving governance processes) was 4.3451.

- improving risk management processes:

It was observed that statement No. 5 (Assist in the identification and evaluation of risks and response actions) scored the highest mean of 4.46. This indicates that the study sample members' understanding of the governance role of internal audit in assisting risk management in identifying key risks, evaluating them, and proposing response measures, with a standard deviation of 0.49977, the overall mean (improving risk management processes) was 4.3768.

- improving internal control processes:

Statement No. 9 (endorsing and supporting the efficient application of the internal control system) achieved the highest mean of 4.46, indicating the study sample members' understanding of the governance role played by internal audit in supporting and endorsing the application of internal control systems. The overall mean (improving internal control processes) was 4.3768, and the standard deviation was 0.49977.

At the first axis level in general, statement No. 1 (supporting governance processes and foundations) received the highest mean of 4.55, while statement No. 8 (Provide necessary recommendations to management on ways to improve risk management processes) received the lowest mean of 4.17.

3.2. The mean and standard deviation of the second axis:

Table No. (3)

The mean and standard deviation of the second axis

No	The second axis: support competitive advantage	Mean	Standard deviation
First: Cost Reduction:			
1	Protect assets from damage or theft	4.61	0.492
2	Reduce errors, reduce risks.	4.52	0.503
3	Reducing material spoilage, thus reducing industrial costs.	4.35	0.612
4	Reducing operating costs, waste, and loss.	4.32	0.713
The overall mean (mean and standard deviation)		4.4507	0.44041
Second: Time Reduction:			
5	Reducing lost time as a result of reducing errors	4.54	0.530
6	Rapid responses to risks.	4.41	0.645
7	Ensuring rapid responses to customer needs and thus providing products and services in the shortest possible time.	4.41	0.599
The overall mean (mean and standard deviation)		4.4507	0.51362
Third: Raising the Efficiency:			
8	Raising the efficiency of management's performance in decision-making.	4.56	0.579
9	Raising the efficiency of financial and administrative performance.	4.51	0.531
10	Raising the efficiency of the performance of operations and activities, which leads to raising the company's productivity	4.58	0.525
The overall mean (mean and standard deviation)		4.5493	0.45808

Source: Prepared by the author

The previous table No. 3 relating to the second axis clearly shows that:

- cost reduction:

Statement No. 1 (Protect assets from damage or theft) was given the highest mean of 4.61 indicating the study sample members' understanding of the governance role of internal audit in reducing costs by protecting the company's assets from theft or damage. The overall mean (cost reduction) was 4.4507, with a standard deviation of 0.44041.

- time reduction:

It was revealed that statement No. 5 (Reducing lost time as a result of reducing errors) was assigned the highest mean of 4.54, indicating the study sample members' understanding of the

governance role of internal audit in reducing the lost time by reducing errors to a minimum. With a standard deviation of 0.51362, the overall mean (time reduction) was 4.4507.

- Raising the Efficiency:

It was realized that statement No. 10 (Raising the efficiency of the performance of operations and activities, which leads to raising the company's productivity) had the highest arithmetic mean of 4.58. This demonstrates the study sample members' understanding of internal audit's governance role in improving the performance efficiency of internal operations and activities, which leads to increased company productivity. With a standard deviation of 0.45808 the overall mean (raising efficiency) was 4.5493.

Statement no. 1 (protecting assets from damage or theft) received the highest mean of 4.61 at the level of the second axis in general, while statement No. 4 (reducing operating costs, waste, and loss) received the lowest mean of 4.32.

4. Testing hypotheses:

The main hypothesis "There is a statistically significant impact of internal audit governance in supporting the competitive advantage of companies".

The following sub-hypotheses are derived from the main hypothesis:

4.1. there is a statistically significant impact of internal audit governance represented in (improving governance processes) in supporting competitive advantage.

To analyze the above hypothesis:

We define the independent variable (improving governance processes) and the dependent variable (supporting competitive advantage). The variables were entered into the SPSS program using linear regression. The results were as follows:

Table No. (4)

The first sub-hypothesis test

Independent Variable	Constant Coefficient A	Regression Coefficient B	Correlation coefficient R	Coefficient of Determination R ²	T. test		F. test	
					T. value	Sig	F. value	Sig
improving governance processes	0.230	0.201	0.546	0.298	5.412	0.000	29.290	0.000

Source: Prepared by the author

According to the previous table No.4, the independent variable (improving governance processes) affects competitive advantage support by 29.8%, which is statistically significant at the level of significance of 0.05, while the remaining 70.2% of the effect is due to other factors not included in the model. This indicates that the role of internal audit governance represented in (improving governance processes) has an effect on supporting competitive advantage. As a result, the first sub-hypothesis is accepted.

4.2.there is a statistically significant impact of internal audit governance represented in (improving risk management processes) in supporting competitive advantage.

To analyze the above hypothesis:

We define the independent variable (improving risk management processes) and the dependent variable (supporting competitive advantage). The variables were entered into the SPSS program using linear regression. The results were as follows:

Table No. (5)

The Second sub-hypothesis test

Independent Variable	Constant Coefficient A	Regression Coefficient B	Correlation Coefficient R	Coefficient of Determination R ²	T. test		F. test	
					T. value	Sig	F. value	Sig
improving risk management processes	0.332	0.109	0.344	0.119	3.046	0.003	9.276	0.003

Source: Prepared by the author

Based on the previous table No. 5, the independent variable (improving risk management processes) affects competitive advantage support by 11.9%, which is statistically significant at the level of significance of 0.05, while other factors not included in the model account for 88.1% of the effect. This indicates that the role of internal audit governance represented in (improving risk management processes) has an effect on supporting competitive advantage. As a result, the second sub-hypothesis is thus accepted.

4.3.There is a statistically significant impact of internal audit governance represented in (improving internal control processes) in supporting competitive advantage.

To analyze the above hypothesis:

We define the independent variable (improving internal control processes) and the dependent variable (supporting competitive advantage). Linear regression is used to enter the variables into the SPSS program. The results were as follows:

Table No. (6)

The third sub-hypothesis test

Independent Variable	Constant Coefficient A	Regression Coefficient B	Correlation Coefficient R	Coefficient of Determination R ²	T. test		F. test	
					T. value	Sig	F. value	Sig
improving internal control processes	0.197	0.160	0.368	0.135	3.287	0.002	10.803	0.002

Source: Prepared by the author

As shown in the previous table No.6, the independent variable (improving internal control processes) affects competitive advantage support by 13.5%, which is statistically significant at the level of significance of 0.05, while other factors not included in the model rate for 86.5% of the effect. This indicates that the role of internal audit governance represented in (improving internal control processes) has an effect on supporting competitive advantage. As a result, the third sub-hypothesis is accepted.

Results:

- 1- There is an understanding among the study sample members of the importance of the role of internal audit governance in supporting competitive advantage.
- 2- Internal audit helps in establishing the foundations of corporate governance. It also provides assurances about the effectiveness of the governance system and makes recommendations on how to improve it.
- 3- The management's internal audit provides assurances and guarantees regarding the effectiveness and efficiency of the internal control system and risk management, as well as recommendations on how to improve it.

4- Internal audit governance supports competitive advantage by:

A. Cost Reduction :

By protecting the company assets from damage or theft, reducing errors, reducing risks, reducing material spoilage, and thus reducing industrial costs. Also reducing operating costs, waste, and loss, detecting manipulations and fraud, improving the financial and administrative performance of the company, and increasing company productivity.

B. Time Reduction :

By quickly adapting to rapid and successive changes, reducing lost time due to fewer errors, rapid responses to risks, rapid responses to customer needs, and the provision of products and services in the shortest possible time.

C. Raising the Efficiency:

By raising the efficiency of the performance of the senior management in decision-making, raising the efficiency of the performance of the departments and sections in the company, raising the efficiency of the performance of the company employees, improving the efficiency of the company internal activities and operations (governance, internal control, risk management).

5- The results of the field study showed the following:

- A. The overall mean for internal audit governance's role in supporting competitive advantage (cost reduction) was 4.4507, which is very high.
- B. The overall mean for internal audit's governance role in supporting competitive advantage (time reduction) was 4.4507, which is very high.

- C. The overall mean for internal audit's governance role in supporting competitive advantage (raising efficiency) was 4.5493, which is very high.
- 6- The results of the field study showed the acceptance of the main hypothesis "there is a statistically significant impact of internal audit governance in supporting the competitive advantage of companies". When measuring the sub-hypotheses emanating from the main hypothesis, the following results emerged:
- A. there is a statistically significant impact of internal audit governance in improving governance processes to support the competitive advantage of companies. The independent variable (improving governance processes) affects supporting the competitive advantage by 29.8%, which is statistically significant at the level of significance of 0.05.
 - B. There is a statistically significant impact of internal audit governance in improving risk management processes to support the competitive advantage of companies. the independent variable (improving risk management) affects supporting the competitive advantage by 11.9%, which is statistically significant at the level of significance of 0.05.
 - C. There is a statistically significant impact of internal audit governance in improving internal control processes to support the competitive advantage of companies. the independent variable (improving internal control) affects supporting the competitive advantage by 13.5%, which is statistically significant at the level of significance of 0.05.

Recommendations :

- 1- Based on the importance of corporate governance, cement companies operating in the governorate of Aden must pay attention to the processes and rules of governance, activate their mechanisms, and adhere to their proper application.
- 2- Giving more importance to internal auditing by corporate management. Also, giving the internal auditor more independence and authority so that he can perform his duties with impartiality and objectivity to improve the company's internal operations and support its competitive advantage.
- 3- Based on the importance of the independence of the internal auditor, the duties of the accountant and the internal auditor should be separated. According to the same study companies, most accountants perform the internal audit function.
- 4- Improving communication between internal auditors, the board of directors, senior management, and audit committees in order to identify and correct weaknesses, errors, and risks in a timely manner.
- 5- Qualifying the internal auditors working in the company and developing their scientific and practical level on a regular basis, to familiarize them with the duties of internal auditing and modern trends in the profession in order to add value and support the company's competitive advantage.
- 6- Commit to applying the standards issued by the Institute of Internal Auditors (IIA) so that the internal auditor can perform his duties properly and add value to the company.

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