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RESEARCH TOPIC

**AN EVALUATION ON THE EFFECTIVENESS OF THE INTERNAL AUDIT
FUNCTION ON PERFORMANCE OF STATE-OWNED ENTERPRISES IN ZIMBABWE.
A CASE OF GRAIN MARKETING BOARD (GMB).**

BY

B200691B

**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
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APPROVAL FORM

The undersigned certify that they have read and recommended to the Bindura University of Science Education for acceptance of the dissertation entitled **“An Evalauation On The Effectiveness Of The Internal Audit Function On Performance Of State Owned-Enterprises In Zimbabwe. Case Study Of Grain Marketing Board (Gmb).”**

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Dedication

I dedicate this research paper to my family and friends, who have supported me throughout my academic career. I really appreciate their drive, support, and believe in me.

ABSTRACT

In state-owned enterprises (SOEs), the internal audit function is essential for ensuring the effectiveness and efficiency of operations, as well as asset protection. However, concerns have been raised about the effectiveness and efficiency of internal audit functions within Zimbabwean businesses due to an increase in fraud and corruption. Internal auditing is an important internal control mechanism that helps a firm succeed by playing an oversight role in improving the quality of corporate governance. This study aims to address the gap by assessing the efficiency of the internal audit function in a chosen SOE in Zimbabwe, identifying any shortcomings, and making suggestions for improvement. The specific objective is to examine the audit environment, procedures, practices, and internal audit function in the selected state-owned businesses. The study employs a case study research design combined with a qualitative research methodology. Data was obtained through in-depth interviews with audit managers, senior internal auditors, chief audit executives, chief executive officers, audit committees, and boards of directors of Zimbabwean state-owned firms, as well as from auditor general's reports and relevant literature. The sample size consisted of thirty-three (33) employees from the Grain Marketing Board's (GMB) headquarters. The rationale for choosing a public SOE is threefold: 1) SOEs are crucial institutions for the Zimbabwean government as they provide a significant portion of the government's income; 2) documented corruption incidents involving government institution CEOs, management, and staff have raised doubts about the effectiveness of internal auditing practices and functions in SOEs; and 3) the government and national and international professional associations have laws and regulations governing the internal auditing practices of state-owned enterprises (SOEs). The research findings are expected to provide significant value to Zimbabwe's state-owned businesses.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

An overview of the study is given in this chapter. An evaluation on the effectiveness of the internal audit function on performance of state-owned enterprises in Zimbabwe. Zimbabwe's state-owned enterprises will be the primary subject of the investigation. This chapter includes a study background, sub-research questions and objectives, study justification, and definitions of essential terms that will be used in the research. The chapter also examines its underlying assumptions or hypotheses, as well as limitations and delimitations. The chapter is further concluded by a summary.

1.2 Background of the study

State-owned enterprises, or SOEs, are entities that, subject to the availability of resources, are responsible for providing essential goods and services to the general public. The Republic of Zimbabwe Constitution (Constitution, 2013) states that because SOEs are crucial to the nation's ability to create jobs, supply necessities, and generate economic value, they are strategically significant. Since Zimbabwe's independence, state-owned enterprises have been integral to the country's economy, managing important sectors of the economy and fostering socio-economic development. The main goals of state-owned enterprises have been to promote ownership, enhance economic self-sufficiency, and guarantee the equitable distribution of resources. In Zimbabwe, state-owned enterprises (SOEs) operate in a number of industries, including manufacturing, telecommunications, energy, mining, and agriculture. A few well-known examples include Agricultural Rural Development Authority (ARDA), Tobacco Industry Marketing Board (TIMB) (NRZ), Grain Marketing Board (GMB), and Reserve Bank of Zimbabwe (RBZ). Many state-

owned enterprises (SOEs) in Zimbabwe have struggled with issues such poor leadership, corruption, inefficiency, and accountability over time. These problems have led to monetary losses, lower productivity, and a smaller overall economic contribution. Only via improving financial probity, accountability, transparency, and SOE management performance will these goals be met (Aproskie, 2014).

A dependable outlet for their excess corn production and a fair share of the domestic and export markets are among the responsibilities of the Grain Marketing Board (GMB), the nation's premier grain trade and marketing organization that was founded in 1931 as the maize control board. The Board was created to ensure that there would be enough maize available to meet local demand, whether through exports or domestic production. In 1951, the Grain Marketing Act changed the name of the Board to Grain Marketing Board (Chapter 18:14). In previous years, audit reports presented showed no enhancement on the performance of Grain Marketing Board (GMB). According to the auditor general report presented in 2020, the audit opinion on GMB was presented as an adverse opinion which arise from non-compliance with IAS 21 effects of exchange rates and valuation of buildings.

Concern over effective and transparent public financial management, particularly in state-owned businesses, has been ongoing and expanding (Onumah, 2012). Although a wealth of research exists on state-owned enterprises, little is known about internal auditing practices in Zimbabwe (Fourie, 2001), (PWC and IoDSA, 2011). There is a lot of discussion in the literature about SOEs, but not much in the way of thorough research on the efficiency of internal auditing in SOEs. According to (Okibo, 2012), internal audit functions (IAFs) in state-owned enterprises (SOEs) are expected to assess and enhance corporate governance and risk management practices by committees of audit and management. However, nothing is known about how an IAF operates in a developing nation like Zimbabwe. This study aims to close the gap by evaluating the effectiveness of the internal audit function at a selected SOE, identifying any flaws, and offering recommendations for

improvement. Therefore, the purpose of this study is to understand how internal audit activities affect the performance of SOEs in developing nations like Zimbabwe. Internal audit functions (IAFs) are essential internal assurance systems in public financial controls and monitoring tools, as well as in evaluating management actions prior to independent auditor inspection, according to a 2018 Institute of Internal Auditors (IIA) report.

1.3 Statement of problem

This research's focal point is on the effectiveness of internal audit departments in securing successful financial operation and performance within state owned enterprises in Zimbabwe. In previous years audit reports presented by external auditors shows no enhancement on the performance of the Grain Marketing Board of Zimbabwe. Internal audit functions are essential to an organization's success because they provide value and enhance efforts to meet objectives by using a logical and controlled approach to controlling and assessing operations. However, the usefulness of the internal audit role has been called into doubt due to the rise in accounting scandals and corporate governance both in Zimbabwe and around the world. According to Diansyah et al. (2012), Umar (2011), and Wicaksono (2009), inadequate internal audit responsibilities have led to a rise in fraud and corruption in state-owned companies (SOEs) and government organizations.

1.4 Research Objectives

The study's overall goal is to assess how well internal audit functions affect Zimbabwe's state-owned firms' performance. That being said, the particular goals that need to be achieved are:

- a) To determine the effect of internal audit function on performance of state-owned enterprises in Zimbabwe
- b) To ascertain the effect of risk management initiatives on performance of state-owned business.

- c) To determine the impact of control and monitoring systems on state-owned enterprise performance.
- d) To examine the effect of internal control environment on performance of state-owned enterprises in Zimbabwe.

1.5 Research Questions

- a) What impact does the internal audit function have on state-owned enterprises performance?
- b) How does monitoring and control systems affect company performance of state-owned enterprise in Zimbabwe?
- c) What are the measures that can be implemented by state-owned enterprises in Zimbabwe to enhance internal audit function effectiveness?
- d) Does risk management affect performance of state-owned enterprise in Zimbabwe?

1.6 Delimitations

The features known as delimitations, which include the choices the researcher has the power to make, are what constrain the investigation's breadth and range (Simon, 2011). The study investigated the impact of internal audit function effectiveness on business performance in Zimbabwe's public institutions. Its primary concern was the extent to which an organization's performance might be positively or negatively impacted by the internal audit function.

1.7 Assumptions

- a) The feedback provided on the questionnaires are correct and give a true and impartial representation of the institutions.

- b) The researchers sample size will give an accurate and fair representation of the State Owned Enterprises.

1.8 Importance of the study

a) To the Researcher

The research served as an addition to the course material for Bindura University of Science Education's Bachelor of Commerce (Honors) Accounting degree program. The researcher will gain a significant deal of knowledge regarding the function of internal auditing from the study.

b) To Bindura University of Science and Education

The research will provide literature for other students and assist them in their studies.

c) To Zimbabwe Parastatals

The study will assist in highlighting key audit functions to be monitored by parastatals in Zimbabwe and also how they can improve the effectiveness of the audit function and also make use of them in evaluating their performance.

1.9 Limitations of the study

There are certain restrictions on the study, which could cause some difficulties. Time limits the study that is being conducted at a certain point in time. The amount of time allotted to carefully examine the research is insufficient, which could cause some important information to be overlooked. External stakeholders must collaborate with the researcher for the study to be successful, however some participants might mislead or conceal crucial information from them. Despite the obstacles, my research will continue.

1.10 Definition of key terms

1.10.1 Internal Auditing

A neutral, objective process of assurance and consultation used to improve the effectiveness of an organization. (Institute of Internal Auditors (IIA) , 2013).

1.10.2 Internal Audit function

According to the Institute of Internal Auditors (IIA), (2018) the internal audit role is an impartial, independent assurance and consulting activity that adds value to an organization's operations by assessing and enhancing the efficacy of risk management, control, and governance systems.

1.10.3 Stated Owned Enterprises

State Owned enterprises are business entities that are owned, controlled or partially owned by the government or its agencies at the national, regional or local level. (World Bank 2005)

1.10.4 Internal controls

Internal controls are the strategies, protocols, and systems that a business uses to protect its resources, guarantee that its goals are reached, and enhance its overall performance. (COSO, 2013)

1.11 Chapter summary

This chapter focused on various features introduced that gave rise to this study. The study examined various aspects, including the study's background, aims, problem statement, research questions, significance, delimitations, limitations, and term definitions. The following chapter addressed the review of the literature.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter provides an overview of the literature on the effectiveness of the internal audit function on of state-owned enterprises. Literature review encompasses the writings of prior authors that the researcher analyzed to gain a more comprehensive understanding of the subject matter and research challenges. Western Sydney University (2017) pointed out that, literature review helps the research in understanding past studies and debates relating to the study. The chapter gives a detailed analysis of internal auditing effectiveness and company performance by reviewing relevant literature from different researchers. It goes on to look at the theories which the researcher used and a research gap which exist in the study. This chapter, overall, integrates the body of empirical research that has already been conducted on the subject of the effectiveness of internal audits in state-owned enterprises. It concludes by summarizing the review and pointing out the gaps in the body of knowledge. This critical examination of existing literature allows the researcher to contextualize their own work within the broader scholarly conversation and identify areas for further investigation.

2.1.0 Theoretical Literature

Similar to how a case that lies on an established characterizes the general outside of a house, a theoretical framework is a reference that forms the basis for observations, meanings of ideas, research plans, presentations, and analyses. This section examines relevant theories that clarify how the internal audit role affects business performance. These theories consist of stewardship theory, control theory, and institutional theory. Grant and Osanloo (2014) points out that, theoretical literature involves utilizing relevant existing theories, along with concepts, constructs,

and theoretical principles, in the current study. The theories which the researcher found to be relevant for the study are control theory, agency theory, institutional theory and stewardship theory.

2.1.1 Control Theory

Control theory is described as a non-disciplinary method of illustrating how dynamic systems with data and information sources lead game plans. This theory emphasizes the importance of control mechanisms in organizations to achieve desired outcomes. The internal audit function acts as control, identify weaknesses, and recommending improvements to enhance the overall performance of state-owned enterprises. The need for controlling hypotheses is to ensure that the director will provide the best possible answers for the collection activity and that they will be given in methods that will be sustained over time and not falter. Maintain self-control in order to keep a situation or a person outside of what is normal or permitted. Control naturally operated inside a theory's confines. It involves a variety of unrelated components, such as the social environments influence on procedural beliefs, essential information about controls, strategies, and methodology.

From a directive perspective, the importance of internal assessment performance stems from the need to modify the organization's investors' level of attention to management, with the ultimate goal being to hold management responsible for the entity's acquisitions and boost the profitability of the internal review division. Davidson (2005) refers to the remarkable collaborations between these internal examination systems as the corporate administrative mosaic.

Since it appears to be essential to operations and accomplishing organizational goals, the control theory is still in use in organizations today. Evaluating the internal control framework's feasibility and confirming that it is operating as intended is the aim of internal auditing.

2.1.2 Institutional Theory

Institutional theory is a sociological perspective that looks at how organizations are shaped by the rules, norms and values of the broader society. It refers to strategies that establish legal guidelines for social behavior through structures such as plans, guidelines, measurements, and schedules (Scott, 2004). According to the notion, organizations are impacted by the social environment in which they function in addition to being logical, profit-seeking entities. The institutional theory designs organizations such that the public can easily understand how they operate and that their purposes align with social norms. As a result, an organization's external operations, which are frequently difficult to perceive and overwhelming, are secondary to its external conformity. Additionally, a company's operational procedures and the technology it employs define the external perspective of the entity. According to institutional theory, an organization is created such that its operations are obvious to the general public and that its functions meet social expectations.

The establishment theory's main contribution is to our understanding of the true objectives of an organization. All the same, an organ's natural accomplishments and average accomplishments are usually remarkable. Although a company's revenues are not always increased by keeping networks of connection with misfits, most work using worldwide procedures that are untouchable and have fewer defects.

This study emphasizes the relationship between institutional theory and the economic resource dependence perspective in order to offer a more thorough conceptual framework for understanding that is required for assessing activities in public sector organizations. It considers the processes by which frameworks such as schedules, measurements, standards, and plans are allowed to grow into reliable criteria for judging sincerity.

2.1.3 Stewardship Theory

The fields of psychology and sociology provide the basis of the Stewardship Theory. By definition, shareholders are the executives and managers of the company who work hard to safeguard and maximize profits for the investors, with minimal intervention from the board of directors. The senior administrators should coordinate their goals as a crucial component of the company, in accordance with the stewardship idea. When the organizational goal is accomplished, the aforementioned hypotheses are validated and fulfilled.

The stewardship theory used in this study makes the assumption that managers and directors will always act in the best interests of shareholders. It identifies particular elements that pose a risk in relation to the company's auditing procedures. According to the notion, the audit committee and management should be eager to spot any risks that might result from the accounting and auditing committees' failure to disclose an organization's transparent status. The fundamental premise of Stewardship's solutions is that, in principle, the chef's methods have been adjusted to take into account the students' interests.

2.2 Conceptual Framework

The conceptual framework tells the story of the research study or uses graphics to illustrate it. Dependent, independent, and occasionally intervening or control factors are some of the variables being studied. The alleged relationships between the variables are also presented (Miles et al., 2014). According to Ravitch and Riggan (2017), it illustrates the importance of the research being done as well as the acceptability and applicability of the methods and procedures utilized to finish it. In this study, risk management, internal environmental auditing procedures, and monitoring and control activities are the independent factors, while firm performance is the dependent variable. The research hypothesis, the study structure, and the relationship between the independent variable and the research are shown in Figure 2.1 for international audit processes.

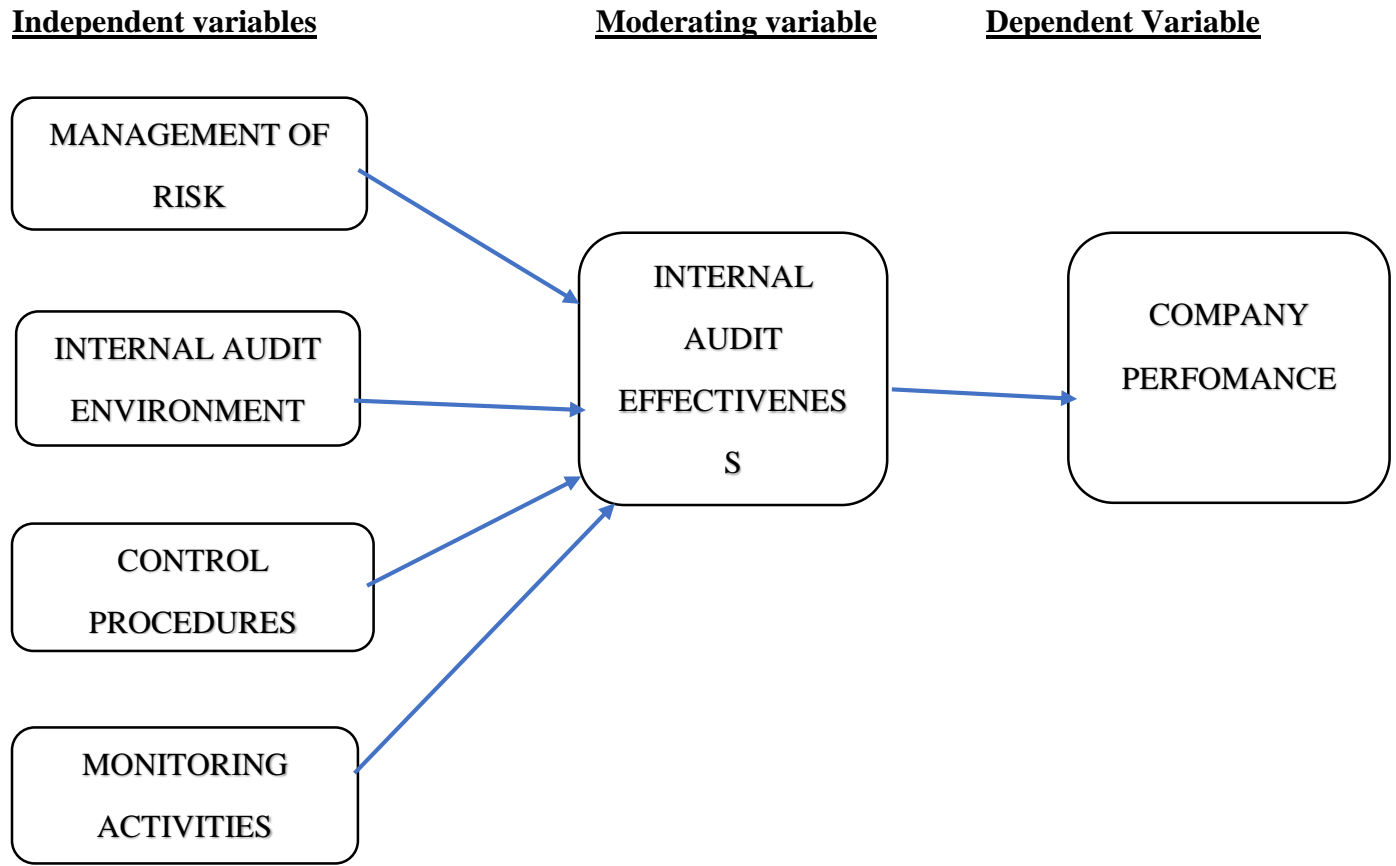


Figure 2.1: Conceptual Framework

Source: Author (2024)

2.3.0 Empirical Reviews

2.3.1 Internal Auditing

The evolution of internal audit has been gradual, driven by the demands of corporate management and social and economic developments. Similarly, Dittenhofer (2001) claims that internal auditing is changing as a management practice in both the public and private sectors (Dittenhofer, 2001). According to Tatiana et al. (2010), the goal of internal audit is to provide an unbiased assessment of whether an organization's objectives are being met, and if not, to identify the obstacles

preventing their achievement (Tatiana et al., 2010). Thus, internal audit is critical for accomplishing business goals.

Internal auditing is defined by the Institute of Internal Auditors as an impartial, independent assurance and consulting activity that aims to improve an organization's operations (Institute of Internal Auditors, 2014). The Institute goes on to say that by using a methodical, disciplined approach to evaluate and enhance the efficacy of risk management, control, and governance systems, internal auditing aids a company in achieving its objectives (Institute of Internal Auditors, 2014). Internal auditing is described by Gupta (2001) as an impartial appraisal function that is set up within an organization to go over and assess its operations as a service to the company. The purpose of internal auditing is to support employees in effectively performing their jobs.

Internal audit helps a firm achieve its goals by offering a methodical and structured way to evaluate and improve the effectiveness of its risk management, control, and governance processes. The phrase "internal auditing" is used when value-adding and consulting activities take the role of traditional assurance services (Brody and D.J., 2000; Mihret and Yismaw, 2007; Mihret and Woldeyohannis, 2008; Nagy and Cenker, 2002). The internal audit function needs to be effective in order to deliver the necessary value-adding service (Mihret and Yismaw, 2008; Mihret et al., 2010). As a result, the parent company receives the anticipated value-adding service from an efficient internal audit function.

2.3.2 Effective Internal Audit

A lot of interest in exists in finding out how to carry out internal audits efficiently. This explains the authors' divergent views on this concept. Consequently, internal audit effectiveness is defined as "the degree (including quality) to which established objectives are achieved" by the Institute of

Internal Audit (2010). According to Vijayakumar and Nagaraja (2012), the results of an efficient internal audit system seem to be quite important. They argue that these kinds of systems boost productivity, boost earnings, and protect the government from tax losses.

According to Mizrahi and Ness-Weisman (2007), the extent and quantity of flaws that are fixed after the audit process is what constitutes audit effectiveness. Conversely, Shoommuangpak, (2009) describe audit effectiveness as achieving the audit's objective through the acquisition of sufficient and pertinent audit evidence to form a fair conclusion about the financial statements' adherence to generally accepted accounting standards. According to Alberta (2005), which Mu'azu Siti, (2013) cited, competent internal auditors should have the following abilities: the capacity to match the internal audit function's organizational structure with its operations; comprehension of the requirements and standards of the audit committee; and managerial abilities for preserving proper visibility.

Strong service delivery capabilities (including the capacity to supply services with consistency in approach, standards, and delivery) should be present. Strong managerial abilities are also necessary to guarantee that internal audit teams are motivated and equipped with the necessary competencies. Apart from what has already been said, the level of education, training, and experience of internal auditors, together with their professional credentials, also had an effect on them being effective. The characteristics listed above are what we believe to be essential elements of an effective internal auditing system. Organizational independence and a formal mandate (having an approved audit charter, unlimited scope, professional audit standards, unrestricted access, enough staff, and an audit committee) are attributes of effective internal control, according to Belay, (2007) and De Smet & Mention, (2011).

The Chartered Institute of Public Finance and Accountancy (2006), as stated in the organization's goals and needs, is viewed as a catalyst for change at the core of the organization because, as stated by Mu'azu, (2013), it recognizes its place in relation to other sources of assurance and plans its work accordingly. This is a related development. Along with valuing and assisting the organization in accomplishing its objectives, it also helps to establish the organization's norms and ethics, ensures that the resources it needs are available, and searches for chances to collaborate with other organizations. A simple glance at the aforementioned highlights the comprehensive nature of professional standards for an efficient internal audit system. It essentially functions as establishing the benchmark by which the efficacy of internal controls is evaluated.

Gerrit and Mohammad's (2010) study found evidence that supports the monitoring role of the internal audit function, specifically a positive correlation between management ownership and the proportionate size of the internal audit function (Gerrit and Mohammad, 2010). This finding contradicts the expectations of traditional agency theory, which would expect a negative association. The study suggests that increased management ownership could lead the board of directors to authorize greater internal auditing powers to monitor managers' performance more closely (Gerrit and Mohammad, 2010).

Harvey (2004) asserts that the ability of a program to yield a desired goal or a qualitatively quantifiable result determines the efficacy of internal audit methods (Harvey, 2004). Effective internal audit processes, according to Rezaee and Zabihollah (2002), are necessary for functional reports, efficient organizational controls, accurate financial accounting, and property protection.

2.3.3 Auditing function and organizational performance

Internal audit is a crucial part of business and budgets that present methods for both public and commercial enterprises. Enhancing organizational sufficiency and efficiency through meaningful review input is the aim of an effective internal audit. There are four main components to international auditing: reviewing suggestions for administrative improvements, assessing administrative staff competence and suitability for the company's strategies, assessing fulfillment methods, assessing the ratio and investigative approach, and checking assembled records.

According to internal audit practitioners, better financial-related execution is correlated with a challenging internal review task. According to Beyanga, (2013), flexible indirect review management may reduce risk, distinguish approaches to enhance efficiency, and broaden the scope of detectable flaws from closely related company items, all of which can undoubtedly affect an organization's execution. According to (Sarens, 2009), if an organization looks for consistency and distinct mental qualities that are reflected in a typical set of phrases or mentalities, then the internal mental capacity will take a more significant toll. Crucial organizational goals and administrative sufficiency are both influenced by internal business procedures. Drawing boundaries highlights how crucial an organization's integrity and moral principles are to preserving a healthy culture. Fadzil, Haron, and Jantan, (2005) showed that the growth in the company's respect among shareholders is attributable to the competent and effective internal auditors.

Finally, Hermanson and Rittenbrg (2005) came to the conclusion that persistent authentic execution is typically linked to the ability of internal auditors to be effective. At the operational level, the KPMG-managed study (1998) demonstrates that internal audits function in the associations, contribute substantially to the execution change, and aid in identifying the firm's benefit in capital projects, particularly the reliable archiving of a relationship between financial reporting and fiscal responsibility. Nevertheless, the internal review process of implementing a guard dog's procedures safeguards the company against irresponsible and irregular activity. This

helps the company achieve its goals of providing surprisingly high levels of assistance and efficiency.

2.3.4 Risk Management and Organizational Performance

Corporate advertising frameworks need senior management to provide a range of riskier advertisements and notify investors about the framework, claims Pickett (2003). A company must pinpoint a single key in order to effectively create compelling risk management. A company's capacity to maintain the quality of its finances, assets, and management is affected by changes. The internal examiner has a corporate responsibility to determine all audible exercises, the major risk factors, and the importance of each. Internal control needs to be modified in order to effectively address any new or previously unmanageable dangers (Radu & Ramona, 2013). A hazard assessment finds and assesses the internal and external factors that could compromise the administrative body's ability to collect, process, and analyze information objectively.

A successful risk assessment should identify, interpret, and evaluate external factors that may negatively impact the organization's goals, such as fluctuating financial circumstances, business changes, and technological advancements, as well as internal factors like the multifaceted nature of the organization's framework, the identification the institutions' activities, the nature of the work environment, various levels of change, and agent turnover. It is necessary for the risk assessment to evaluate the many exercises and backups of the combined management of an account at the level of individual departments or branches of a business. This can be refined using several approaches (Pickett, 2010). A thorough risk assessment examines the components of hazards that impact the advantages they offer and takes into account both quantifiable and non-quantifiable aspects of risk.

Risk identification, evaluation and analysis, risk reduction, risk mitigation, and risk reassessment include the assessment of risk procedures. Finding out about the nature of risk, its implications, and the company's assessment and analysis of it are all part of risk identification. Evaluation and analysis of risk needs Statistical approaches must be used to analyze vast volumes of digital data in order to develop risk management that is grounded on scientific principles. Responses to analyses or risk evaluations may include the possibility of the risk's occurrence in order to establish dependent guidelines for decision-making. The choice of how to manage the risk must be made by the risk assessor.

Effective risk management procedures are essential for optimizing a firm's value, as Schroeck (2002) and Nocco (2006) contend that companies with enterprise risk management (ERM) have a long-term competitive advantage over those that manage and monitor risks on an individual basis (Schroeck, 2002; Nocco, 2006). Schroeck (2002) further argues that effective risk management ensures best practices, which can lead to increased revenue (Schroeck, 2002). The survival and success of a financial organization depend on its ability to handle risks effectively (Khan, 2001). Moreover, as Akkizidis (2008) and Al-Tamimi (2007) point out, good risk management is crucial for providing shareholders with larger returns (Akkizidis, 2008; Al-Tamimi, 2007). Furthermore, if financial institutions want to avoid having financial problems turn into major financial catastrophes, they need to adopt prudent risk management practices.

2.3.5 Organizational Performance and Internal environment audit practices

"Internal environmental audit practices" are defined by Whatttington and Pany (2001) as "the nature of many actions by effecting the control of individuals' awareness." For many other industries, the environmental sector's frank disclosure is seen as the norm. Outside environmental review exercises refine the executive standards and operating procedures, top-level staff or survey boards, an authoritarian structure that may involve appropriate orchestrating, coordinating, and

disorganized framework, and the controls, responsibilities, and expertise of staff members carrying out designated errands.

The request and structure are provided by the creation of each unique internal control. Integrity and moral beliefs, a dedication to wellbeing, organizational ideals and work practices, the way a company distributes goods and services, and how it deals with and respects its family are some of the external environmental key aspects. The external environmental control methods dictate how the five parts of the internal control system are arranged. Both the overall behavior of the vessel and the behavior of its components are impacted by its configuration and use (Fish, 2012). As a result, environmental science has a significant influence on how effective internal control systems are as well as the cutting-edge technology needed to set up a trustworthy internal environmental control system (Eden, 2006).

Anything that involves an external corporate framework cannot go beyond the competence and reliability of those who design, implement, actualize, and oversee the framework. Furthermore, administrative philosophy and style are included (Eden, 2006). Professional competence and staff integrity are two common topics covered by internal environmental auditing methods. Employees play two roles in the company: first, they are the targets of internal controls that specify how their responsibilities are performed. Secondly, the company's external channels are aimed at them. They are guided and commanded by one another.

2.4 Critique of literature review

The effect that internal audit operations have on an organization's performance has been studied. The operational effectiveness of state-owned businesses was found to be positively correlated with

the internal audit function in Mukono's (2022) study, which focused on internal controls, government procedures, and enterprise risk management (ERM). Similarly, Muhammad's (2015) study found that internal audits, internal control systems, and the financial performance of an Indian university were positively correlated. However, because the study only looked at one company, it was unable to show how risk management and corporate governance affected profitability.

The efficacy of internal audits in the public sector was examined by Mihret and Yismaw (2007), who concluded that improvements were needed in a number of areas, including audit preparation, documentation, communication, and follow-up on suggestions. They suggested that further boosting audit effectiveness should involve regularly documenting audit activities, appropriately following up on findings, disseminating audit reports more widely, and improving reporting quality.

Ahmad (2009) conducted an assessment of the effectiveness of internal audits in Malaysia's public sector. The study highlighted the impact of the internal audit function on organizational performance and indicated a significant impediment to efficient internal auditing: a shortage of audit personnel. Furthermore, Arena's (2009) investigation on the factors influencing internal audit effectiveness in Italy discovered that the relationships inside the business, the internal audit team's characteristics, and the audit processes and activities all had an impact.

2.5 Research Gap

According to the study's analysis of the literature, many studies have concentrated on the internal audit's efficacy while ignoring the performance of the organization as a whole. Arena, (2009),

study is centered on how successful internal audits are. This study has a gap in it since it ignores the performance of other organizations. There are few empirical studies that examine the mechanisms underlying the apparent association between the success of a firm and the internal audit function. Since many studies have been conducted outside of Zimbabwe, the study also attempts to fill in that vacuum.

2.6 Summary

The primary goal of the chapters was to review the theoretical literature and pertinent theories that applied to the study. The researcher looked at findings conducted by other researchers for identical research problems, which were further examined. The chapter concluded with a critique of the literature reviewed and a research gap that existed in the previous studies.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

The methodology and research strategy used to carry out the study and collect the required data are described in this chapter. It describes the target population of the study, the sample size that is anticipated, the sampling procedure, and the kinds of instruments that are used. It also explores the methodologies used for gathering data and the analytical strategies used to interpret the study's conclusions. This research study is noteworthy for its integration of qualitative and quantitative data.

3.1 Research design

The general strategy for carrying out a research study is referred to as the research design. This includes choosing what kind of study to carry out, what research techniques to apply, and how to gather and process data. According to (Cresswell, 2009), the strategy or structure of an inquiry used to find solutions to problems or research questions is known as the research design. Research design outlines the steps that guide the investigator in collecting data and analyzing findings (Higson, 2015). An essential framework for illustrating a flow Ji, (2016) chart of the steps necessary to complete the study's scope is a research design. Research design includes a mechanism for determining if the research objectives were met, a system for generating research questions in a logical order, and a workable plan for obtaining the required research data. The researcher employed a descriptive research design to evaluate how effective the internal audit function is on company performance. According to Best (2014), a descriptive research design is one that concentrates more on investigations conducted by particular people or groups. refers to descriptive research design as giving information exactly as it is, enabling the evaluation of the

situation as it is, and emphasizing urgent demands in a specific setting. Unlike other research designs that test hypotheses or theories, descriptive research is focused on describing the phenomenon under study. In this case, the researcher employed this study technique because it contributed to establishing the impact of the internal audit function on corporate performance at the Grain Marketing Board. Adding on, Kakkar (2015) stated that it focuses on answering what, where, when and how questions, but not why questions. A substantial quantity of quality data was gathered, resulting in a thorough analysis and crucial recommendations from the investigator.

3.2.0 Case study selection

It is a type of research methodology in which a single individual, a group, or an occasion is thoroughly examined. A case study is an in-depth examination of a particular issue or organization, according to (Harrison, 2017). The aim of a case study is to give a thorough and complete knowledge of the situation, often involving a rich and nuanced exploration of the context, complexities, and dynamics involved. Selecting a small geographic area helps the researcher to concentrate and go through the data closely. In this case, the researcher's only data source was the Grain Marketing Board (GMB). The researcher selected this design due to its adaptability to allow the use of both quantitative and qualitative research methodologies. When investigating distinct or odd events that are difficult to study with conventional research techniques, case studies are especially helpful.

Carolan, (2016) stated that, using a case study may restrict how widely the findings may be applied. Furthermore, doing case studies is difficult, time-consuming, and results in an excessive amount of documentation.

3.2.1 Limitations of case studies

The case study method, while valuable in many respects, it is also associated with several limitations. Case studies often lack the scientific rigor of controlled experiments. Their findings may not be generalizable to a broader population due to the small sample size and specific context of the study. Since case studies focus on specific instances or individuals, their findings may not apply universally. They provide detailed insights into a particular context but may not represent broader patterns or trends. Despite these limitations, case studies remain valuable for gaining in-depth understanding of complex phenomena within real-world contexts.

3.3 Qualitative Research Approach

To comprehend the impact of the internal audit function on business performance, the study employed qualitative research techniques, including questionnaires and interviews. According to Crossman (2018), the qualitative technique gathers and summarizes qualitative data in order to evaluate the data's importance and ascertain the extent to which internal audit function influences performance. Mahajan (2018) mentioned that some of the techniques of inquiry used in qualitative research to investigate human phenomena include discourse analysis, biographies, interviews, action research, grounded theory, phenomenological research, and ethnography. Conducting qualitative research allows the researcher to gain an insightful understanding of the management's perspective regarding the impact of the internal audit function on business performance. Hughes asserts that qualitative research method is essential in highlighting plausible relationships, causes, effects, and dynamic processes. Through the use of the qualitative research method, the researcher gained firsthand knowledge of the relevant fields.

The qualitative research method had its disadvantages to the researcher as data collection was time-consuming and more prone to bias. Time constraints meant some respondents would omit important questions from the research, and this would lead to inadequate relevant information. This also means the quality of the collected data would be compromised, which would furthermore

affect the conclusions drawn from the data. Salvador (2016) stated that, data manipulation might occur at the data interpretation stage since the collector could highlight or downplay the respondents' answers, which would alter their intended meaning.

In order to address the investigation's goals and themes such as the personnel of the Grain Marketing Board (GMB)'s opinions on internal auditing and corporate performance, the researcher opted for a qualitative technique.

3.4 Quantitative Approach

Quantitative data is primarily concerned with quantity. Quantitative research, according to Smith et al. (2019), entails the methodical gathering and examination of numerical data in order to identify trends and connections. In order to make inferences, data analysis typically involved counting and quantifying the numerical data that was collected. When gathering and analyzing numerical data to find answers to research questions or test hypotheses, a quantitative research technique is a methodical, structured approach. In order to measure and quantify correlations, patterns, and trends in a population or sample, statistical techniques are applied. In a quantitative research study, researchers typically collect data through methods such as surveys, experiments, or observations, using standardized instruments or tool.

According to Locke et al. (2015), data gathering should be able to support knowledge claims through statistical analysis because the existence of anything should be backed by some kind of measurement. Salvador (2016) contends that this technique is crucial since it is necessary to look into the linkages between variables, in this case the relationships between internal audit function and performance. Statistical analysis is made possible by the fact that most acquired data is numerical in nature. This approach aims to provide objective and generalizable results by focusing on larger sample sizes and employing rigorous statistical methods.

In his discussion of the impact of the internal audit function on corporate performance, the researcher employed both quantitative and qualitative methods to guarantee the accuracy of the data used to draw conclusions and to raise morale with the research findings.

3.5 Study Population

Qureshi (2016), views a population as any set of individuals, objects or things selected for study that share a given set of attributes. The total population comprised of thirty-six employees located at the Head Offices of Grain Marketing Board (GMB). The two groups that make up a target population are the accessible population and the main demographic. The target population, according to Asiamah, (2017), is the entire group of people to whom the study's conclusions are intended to be applied. The people that might participate in a study are referred to as the available population.

3.6.0 Sample size

In a research study, the number of subjects or components that make up the sample is referred to as the sample size. Sample size is an important consideration in research design since it can impact the validity and generalizability of the study's conclusions. According to the findings of Johnson et al. (2022), sample size is important for research design since it affects how reliable and applicable the study's conclusions are. The ideal sample size depends on a number of factors, including the nature of the research question, the expected level of statistical precision, the study objectives, and the available resources. The Taro Yamane formula can be used to calculate the sample size. The formula had a 95% confidence level when it was created in 1967. The formula used to determine the sample size is shown below.

Therefore, $N = 36 / 1 + 36(0.05^2)$

$N = 33$ employees

3.6.1 Sampling

The process of selecting a subset of subjects or objects from a larger group for research purposes is known as sampling. Johnson and Brown (2018) define sampling as the process of selecting a subset of individuals or objects from a larger population for research purposes. Sampling, according to Hajima, 2014, is the process of choosing a research sample that is typical of the population under investigation. The researcher adopted judgmental sampling as it was the most suitable in gaining relevant information for the study. Sampling was done in order to collect data for general demographic inferences. To ensure that study findings may be broadly applied, sampling aims to provide a sample that faithfully reflects the traits of the greater population.

3.6.2 Judgmental sampling

Purposive sampling, another name for judgmental sampling, is a non-probability sampling method in which the researcher selects participants based on knowledge or judgment to determine which are most pertinent or representative for the study. According to Wilson (2014), the researcher uses their own discretion in selecting components that they believe to be representative of the entire population. This approach entails deliberately choosing participants or elements based on particular criteria that correspond with the research objectives or particular characteristics of interest. The researcher used judgmental sampling because, among other reasons, it can be utilized in situations where there are few people with in-depth subject knowledge. Brown and Davis (2021) define judgmental sampling as a purposive sampling technique that enables researchers to pick out participants centered on their understanding, experience, or distinctive attributes that are pertinent to the research objectives.

3.7.0 Data Sources

The method used to collect data for a study is very important (Surbhi, 2016). Primary and secondary data are the two categories of data that can be acquired using a variety of techniques. The investigator gathered information solely from original sources.

3.7.1 Primary Data

Primary data are firsthand accounts of information that researchers have collected specifically for their study from original sources. According to Smith and Johnson (2023), primary data is first-hand information that researchers have personally collected, providing them control over the data collection process and ensuring data relevance and accuracy. It is previously uncollected data that is gathered by a range of methods, such as experiments, observations, interviews, and surveys. This helps researchers to address their own research objectives or questions. The fundamental advantage of primary data, according to Marston (2014), is that the researcher has removed irrelevant material during the data gathering process, increasing the data's reliability, relevance, credibility, and trustworthiness. Primary data collection gives researchers control over the process of gathering data, enabling them to create techniques and tools specifically for their project. This guarantees that the data is current and especially appropriate for the researcher's analysis, and it also helps researchers to get data that is directly related to their goals.

Generally speaking, primary data is more accurate and dependable when compared to secondary data. This is because secondary data exist after being used by another researcher for a certain research other than the current one. However, Surbhi (2016) pointed out that the researcher has to expend a lot of money and time collecting primary data. This presented a significant obstacle because the researcher needed to make a trip to the Grain Marketing Board Head Office, which was located some distance away from the researcher's home. Data was gathered via questionnaires and interviews with Grain Marketing Board employees. The researcher preferred primary data as it helped in clearly addressing the research objectives. New data was also acquired, increasing the research's relevance.

3.7.2 Secondary data

Data gathered by another party for objectives unrelated to the ongoing study is referred to as secondary data. Researcher access to pre-existing data for analysis is provided by secondary data, which is defined by Brown and Davis (2024) as information that has been gathered by other researchers or organizations. It is data that already exist and has been generated from previous research studies, government reports, organizational records, publications, or other sources. This type of data was less expensive than primary data because it was instantaneously available and took less time to gather. Since the material was not selected with prejudice in mind, there was no chance of bias in the secondary data. Researchers can access secondary data to analyze and gain insights without having to conduct their own primary data collection.

Utilizing secondary data has a number of benefits. Because the data is easily accessible and researchers don't need to gather it themselves, it can save time and resources. Furthermore, by using secondary data, researchers can examine longer-term patterns or examine bigger populations for which primary data collection may not be practical. However, in order to satisfy the unique requirements of the researcher, data from secondary sources must be altered (Wolf, 2016). Given the previously indicated critiques, the investigator employed primary data. This was the result of the secondary data's failure to provide precise research information.

3.8.0 Research Instruments

The term "research instruments" describes the equipment or techniques researchers employ to gather data for a study. Research instruments, in the opinion of Johnson and Smith (2023), are crucial tools used by researchers to gather data in an organized and methodical way in order to answer their research questions. These instruments are meant to gather the information required to solve problems or support theories. Observation procedures, questionnaires, tests, surveys, and interviews are a few examples of research instruments. Research equipment is necessary to ensure the validity and reliability of the data collected. To determine the key subjects for this case,

interviews were conducted prior to the questionnaire's distribution. Using the questionnaire, all relevant information was acquired.

3.8.1 Interviews

Interviews are a research instruments commonly used to collect data in qualitative research studies. They involve engaging in direct and interactive conversation with participants to gather in-depth information, insights, and perspectives on a specific topic. Interviews may yield insightful first-hand recollections and subjective assessments from people who are directly involved in or knowledgeable about the internal audit function and its influence on organization performance, which is useful when assessing the impact of the internal audit function on the state-owned enterprise performance. Interviews, which provide rich, contextualized data and a range of viewpoints, are a useful research tool for examining the impact of the internal audit function on the performance of state-owned firms (Smith and Johnson, 2022). The interviewer's concerns are addressed during the question-and-answer session. They also discussed many ways to conduct interviews, such as by email, in-person, and phone. In order to make sure their questions are understood, candidates are allowed to rephrase or modify their questions throughout an interview, which allows for flexibility.

The researcher conducted interviews at different GMB depots and also at the Head Office to gather the necessary data required. The interviews were of great assistance to the researcher as the necessary data was acquired through the interviews. Because of their adaptability, the interviews proved to be a significantly more effective way to examine subjects when it was challenging to formulate or know what questions to ask. By modifying vague questions, the researcher was able to get more information and satisfactory answers. The researcher was able to investigate the role, procedures, difficulties, and perceived efficacy of the internal audit function through interviews.

Researchers can learn more about a topic and identify subtle insights that might not be found using other data gathering techniques by asking follow-up and probing questions during an interview. A successful interview requires a strong communicator. Some information was withheld throughout the interviews due to the lack of anonymity, which hindered the research's progress. It was pricey considering the researcher's travel costs.

3.8.2 Questionnaires

A questionnaire is a research instrument commonly used to collect data in quantitative and qualitative research studies. Questionnaires are designed to gather standardized information from a larger number of respondents, allowing for efficient data collection and analysis. According to Johnson and Smith (2023), questionnaires are widely used research instrument for collecting standardized data from a larger number of respondents, providing efficiency and the potential for generalizability.

When it comes to gathering data, questionnaires have many benefits. They make it possible to gather data in a uniform manner, guaranteeing uniformity among respondents and making statistical analysis easier. They also make it feasible for researchers to gather information from a bigger sample size, which enables the extrapolation of the results to a larger population. Compared to interviews, the questionnaire was a less expensive, superficial tool with a substantially bigger sample size. There are a number of drawbacks to using questionnaires, such as the potential for response bias, wrong interpretation of questions, and a restriction on the amount of information that respondents can supply in their answers.

According to Rowley (2014), findings will always be consistent since questions are more carefully constructed and provide guidance on how to respond. According to Zohrabi (2013), the researcher seizes to have control of the questionnaire once it has been sent to the respondents which leads to some questionnaires being unanswered and some responses for questions missing. The researcher designed a questionnaire which was sent to the target population. This questionnaire helped in achieving the objectives of the study as the respondents answered the questionnaire properly. The questionnaires were sent to the targeted depots and at the head office of GMB.

3.9 The Likert Scale

A research questionnaire tool called the Likert scale is used to get respondents' thoughts on the statements and questions the researcher has given them. Following the rating of their preferences, Moore and Mellor (2014). Kumar, (2011) states that a modified five-point scale, ranging from highly agree to strongly disagree, was used for this investigation. This measure worked better when combined with closed-ended questions since it ensured that a decision was made on the issue at hand. Because this method is quick, it allows for fast data gathering, which made respondents willing to assist. A typical Likert scale consists of a series of statements, often expressing attitudes, opinions or perceptions. The Likert Scale allows researchers to capture the intensity or strength of respondents' attitudes or opinions towards specific statements.

It provides a quantitative measure that can be analyzed statistically, allowing for comparisons, average, and correlations. This scale is flexible and can be adapted to various research context and topics. According to Brown and Davis (2024), the Likert scale is widely used item response format that captures the level of agreement or disagreement with series of statements, allowing for quantitative measurement of attitudes or opinions.

Table 3.1: Likert Scale

Category/ Attitude	Scale	Explanation
Strongly Support	5	Absolutely positive
Support	4	Highly-positive
Undecided	3	Undecided
Oppose	2	Moderately-negative
Strongly Oppose	1	Absolutely negative

Source: Author (2024)

3.10.0 Validity and reliability of research instruments

3.10.1 Validity

Validity pertains to the degree to which the data faithfully represents the intended idea or construct being measured. It serves as a gauge for the reliability and quality of the data gathered for a study. Validity is essential because it ensures that the data accurately reflects the phenomenon or variables being studied, allowing researchers to draw meaningful and accurate conclusions. The degree to which the instruments are able to capture the topic of the study is known as validity. The researcher in this study ensured that the data was accurate by making an effort to ensure that every question on the questionnaire and in the interviews satisfied every demand of the research objectives. Before disseminating surveys, the researcher ensured that every question was concise and understandable in order to prevent this. According to Johnson and Smith (2023), data validity is an important consideration in research, ensuring that the data accurately represents the phenomenon or variables being studied.

3.10.2 Reliability

The consistency, stability, and repeatability of data measurements or observations are referred to as data reliability. It is an assessment of the extent to which comparable measurements or outcomes may be achieved by repeating the data gathering procedure in comparable circumstances. Additionally, study data ought to be trustworthy, meaning that inferences should be based on them. Yasar, (2014) discovered a relationship between dependability and a fair portrayal of the intended audience that gets rid of certain bias. According to Mohajana, (2017), bias and inaccuracy were removed from the study's results by asking the same questions of each responder on both instruments, which increased the study's dependability. Unreliable study data has no value and has lost trustworthiness. According to Brown and Davis 2024, data reliability is crucial in research, ensuring that measurements or observations are consistent and reproducible, providing confidence in the data collected. The researcher selected experienced workers of the Grain Marketing Board (GMB) to assure data reliability so as to enhance the dependability of survey responses.

3.11 Presentation of data and analysis

Data organization, summarization, and interpretation in research studies are activities that are referred to as data presentation and analysis. It entails converting unprocessed data into information that is comprehensible and relevant to research goals, test hypotheses, and make conclusions. For readers to notice, absorb, and make sense of the information offered, it needs to be presented succinctly and simply regarding the subject at hand. Kraus, (2014). Clear and succinct visual representation of data is a need of data presentation. This could involve presenting descriptive statistics, patterns, trends, and relationships in the data using tablets, graphs, charts, and other visual aids.

While data presentation is presenting the data succinctly and clearly to explain the research findings, data analysis entails processing and evaluating the data to obtain useful insights (Kumar, 2023). Meaningful information was conveyed with the proper data display. According to Johnson

and Smith (2023), data presentation and analysis are vital stages in research study, involving the organization, summarization, and interpretation of collected data to derive meaningful insights and support research conclusions. The most common responses influenced the analysis and conclusions drawn from the interview data. The analysis process may involve coding, categorizing, and organizing qualitative data, or performing statistical calculations and tests on quantitative data.

3.12 Chapter summary

The primary focus of this chapter was research methodology, which covered the selected research design for the study and the data that supported it. It covered the specified research approach, which for this study incorporated both qualitative and quantitative methodologies. The goals of the research are supported by the research design, which can be experimental, a survey, or a case study. The chapter then discusses data collection strategies, explaining the tactics employed, including interviews. The target population, sample size, and sampling processes are also given in depth, along with an explanation of how the selected strategy assures representativeness. The research study was safeguarded by adhering to ethical issues and good research methodologies while also undertaking data validity and reliability tests. Data interpretation and visualization will be covered in the upcoming chapter.

CHAPTER 4

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter looks at data from questionnaires and interviews to assess the impact of the internal audit function on state-owned enterprises' performance. It covers the data's presentation, interpretation, and analysis. Tables, pie charts, and graphs were used to show and make the data understandable. Data sources for the data presentation and analysis were the surveys and interviews that were done. The researcher created tables, pie charts, and graphs using SPSS and Microsoft Excel.

4.1.0 Instruments response rate

Table 4.1 Rate of response from the questionnaires distributed

Respondents	Questionnaires circulated	Questionnaires Replied	Rate of response (%)
Directors	5	3	60
Internal Auditors	3	3	100
Senior Management	5	4	80
Accountants	4	4	100
Accounts Clerks	8	6	75
Depot Managers	4	4	100
Supervisors	4	4	100
Total	33	28	85

Source: Primary Data (2024)

Table 4.1 displays an overall response rate of 85%, falling within a respectable range according to Saunders et al. (2015). Picket (2019) also stated that a researcher should aim for a response rate of 60%: The rate of response of 85% was deemed most appropriate. Through the use of Google Forms, the researcher was able to cover a large number of the target population. The researcher sent a total of thirty-three to the respondents, which included managers, supervisors, auditors, and accountants, just to mention a few. From the thirty-three questionnaires sent, the researcher received only twenty-eight, which made the rate of response 85%.

4.1.1 Interview responses

The researcher had aimed to conduct at least eight interviews for the research. This was not the case, as only six interviews were successfully conducted and the remaining three failed to meet the schedule. The response rate for the interview turned out to be 75%. Information that is gathered through interviews is considered more reliable since there is a direct exchange of information, Makanga (2018).

4.2.0 Demographic profile of respondents

4.2.1 GMB employees gender

Another objective of the questionnaire was to analyze the respondents' gender. Not only was this important for the study, but it also brought attention to problems that the internal audit department can address. Gender equality inside an organization is the topic of this discussion. Based on the data, the researcher estimated that 49% of respondents were female and 51% of respondents were male.

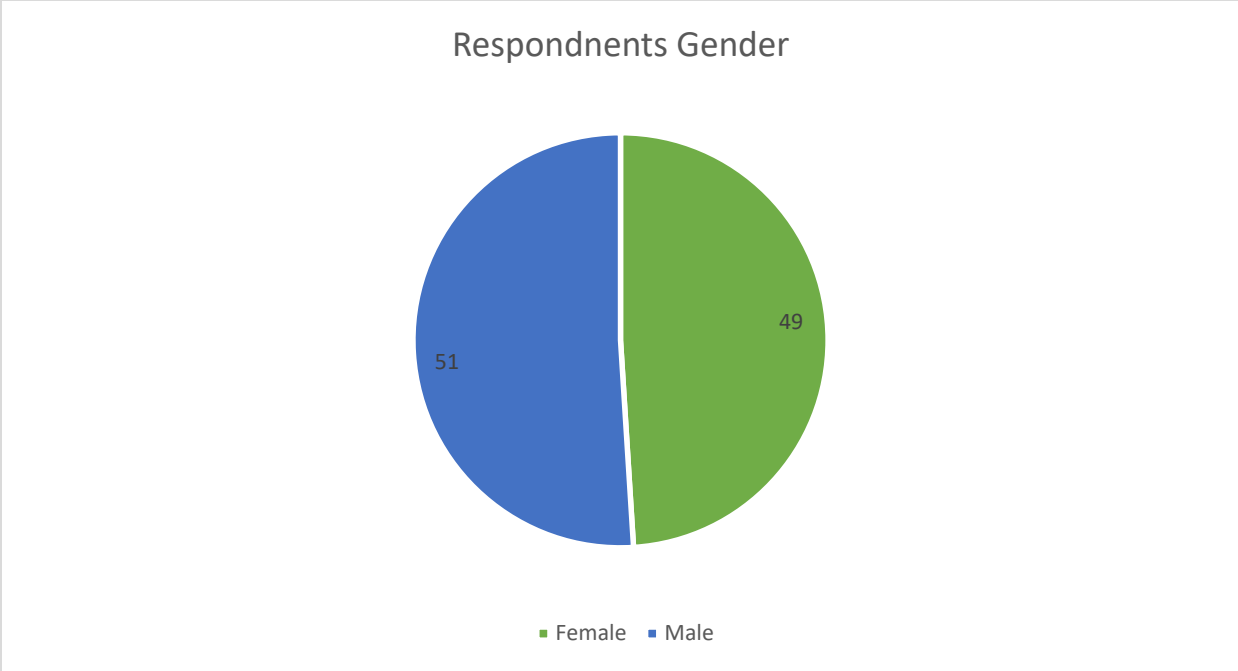


Figure 4.1 GMB employees gender

Source: Primary Data

Respondents working experience

Table 4.2 Respondents work experience.

Years	0-4 years	5-7 years	8-14 years	15 years and above
No of respondents	6	11	10	6
Percentage %	18	33	30	18

Source: Primary Data 2024

It was necessary for the researcher to learn every information about the respondents' professional background. This let the researcher determine how much more value the respondents' responses may add to the study. This is due to the fact that workers who have been employed by a certain

company for longer than three years are generally unhappy with their working conditions. Table 4.2 demonstrates that many of the respondents had been with the study for longer than three years, which was beneficial to the researcher.

4.2.2 Respondents' educational attainment

Table 4.3 educational attainment of the respondents

Level of Education	Number	Percentage(%)
Diploma	5	15
Honors Degree	10	30
Masters Degree	5	15
PHD	0	0
CIMA	3	9
CIA	2	6
ACCA	6	18
OTHER	2	6

Source: Primary data 2024

The researcher also analyzed the highest level of education of each respondent. This helps the researcher to identify if quality information is going to be gained considering the level of education for each respondent. The quality of information to be shared during interviews or through the questionnaire increased with education level. The educational background of the respondents is displayed in Table 4.3.

4.3 Reliability Test

A Cronbach's alpha test was performed by the researcher to ensure the data's reliability. The agreement scale pertaining to the impact of the internal audit function on business performance was the main focus of the reliability assessment. According to DeVellis (2017), an alpha of 0.70 or above is considered to be the generally acknowledged reliability. The reliability score of 0.705, which is within the permissible range, is shown in the table below. This gave the researcher confidence that the respondents' answers were trustworthy.

Table 4.4 Statistical Reliability

Cronbach's Alpha	N of Items
0.705	18

Source: SPSS Output

4.4.0 Research related questions

Below is an analysis of the questionnaire data. Thirty-three (33) questionnaires were distributed in all, and twenty-eight (28) of those were returned to the researcher.

4.4.1 Risk management

Table 4.5 Frequency of risk management responses

	RM1	RM2	RM3	RM4	RM5
Strongly Oppose	0	3	0	0	3
Oppose	1	11	0	1	11
Undecided	3	14	10	3	14
Support	12	0	16	12	0
Strongly Support	12	0	2	12	0
Mean	4.25	2.39	3.71	4.25	2.39
Standard Deviation	0.799	0.685	0.600	0.799	0.685

Source: SPSS output

The investigation's goal is to assess how well the risk management practices being employed in tandem with the Grain Marketing Board (GMB) are working. This helps the researcher assess how successful the internal audit function is. The table shows the staff members' responses from GMB. Table 4.4, which indicates that 42% of respondents either strongly supported or agreed with this statement, demonstrates the firm's well-defined risk management plan. Just 8.3% of respondents disapproved of the position, and 10.7% expressed uncertainty. The researcher could see from this that GMB had a well-defined risk management plan. The firm appears to have an efficient risk management system in place, as evidenced by the high mean score of 4.25 and the comparatively low standard deviation of 0.79.

The responses of the respondents on GMB having a risk surveillance system that detects possible dangers are further displayed in the table. Regarding this information, the respondents were mainly unsure of their opinions; 10.7% strongly disagreed, 39.3% disagreed, and 50% were unsure. According to these figures, GMB does not appear to have a risk-monitoring mechanism. Most respondents (11 oppose and 14 undecided) indicate that GMB does not have an effective surveillance system to detect possible risks. The low mean score of 2.39 and standard deviation of 0.685 suggests that the risk surveillance system needs improvement.

A majority of respondents (16 support) indicated that the company has the capability to conduct risk assessments. The mean score of 3.71 and standard deviation of 0.600 suggest that the risk assessment function is relatively effective. Overall, the results suggest that the Grain Marketing Board (GMB) has an effective risk management strategy and a capable risk management committee but lacks an effective risk surveillance system and comprehensive inspection plans to reduce inherent risks. These findings indicate that the internal audit function may need to focus on improving the risk surveillance system and risk reduction plans to enhance the overall performance and risk management of the state-owned enterprise. The outcomes corroborate those of Berinato (2006), who argued that risk management is essential since managing a company in a complicated world increasingly requires managing risk.

Key: RM1 The Grain Marketing Board has a clearly outlined strategy for managing risks.

RM2 GMB has a surveillance system that detects possible risks.

RM3 The company is capable of conducting perform risk assessments.

RM4 Identified risks are evaluated and decisions are made by a risk management committee.

RM5 The company has implemented comprehensive inspection plans to reduce the inherent risks, which are regularly reviewed and revised.

4.4.2 Internal audit environment

Frequency table 4.6 Internal audit environment

	IAE1	IAE2	IAE3	IAE4	IAE5
Strongly Oppose	0	0	0	1	2
Oppose	0	0	0	1	4
Undecided	9	10	3	2	9
Support	17	15	16	11	12
Strongly Support	2	3	9	13	1
Mean	3.75	3.75	4.21	4.21	3.21
Standard Deviation	0.585	0.645	0.630	0.995	0.995

Source: SPSS output

Key: IAE1 An operational audit department exists within the company.

IAE2 Findings from internal audits are reported directly to top management.

IAE3 The organization takes the recommendations of the internal audit unit very seriously.

IAE4 The internal audit department within the company plays a vital role in detecting and preventing fraud.

IAE5 Audits are always completed in a timely manner.

This section of the query was directed at GMB's internal audit division. The replies from the respondents about the internal audit function are displayed in Table 4.6. the majority of respondents (17 support and 2 strongly support) indicate that there is an operational audit department within the company. The high mean score of 3.75 and standard deviation of 0.585 suggest that the company has an established internal audit function. Additionally, the respondents were largely in agreement that the report's results are communicated to upper management; of those surveyed, 53.6% agreed, 35.7% disagreed, and 10.7% strongly agreed. Similar to IAE1, the majority of respondents (15 support and 3 strongly support) indicated that the findings from internal audits are reported directly to top management. The high mean score of 3.75 and standard deviation of 0.645 suggest that the reporting of audit findings is effective.

The respondents held a more elevated perspective, primarily concurring that the internal audit unit's recommendations are given serious consideration inside the organization. Most respondents (16 support and 9 strongly support) indicated that the organization takes the recommendations of the internal audit unit very seriously. The high mean score of 4.21 and standard deviation of 0.630 suggest that the internal audit recommendations are valued and implemented by the organization. The table's result further demonstrates that the respondents overwhelmingly agreed that the internal audit function contributes more to the prevention, detection, and control of fraud. A majority of respondents (11 support and 13 strongly support) indicated that the internal audit department plays a vital role in detecting and preventing fraud. The high mean score of 4.21 and standard deviation of 0.995 suggest that the internal audit function is effective in this regard. The responses are more mixed, with 12 respondents supporting and 2 strongly opposing the statement that audits are always completed in a timely manner. The mean score of 3.21 and standard deviation of 0.995 suggest that there is room for improvement in the timely completion of audits.

Overall, the findings point to a fairly successful internal audit function within GMB. The company has set up an operational audit division; audit results are communicated to upper management; audit suggestions are given careful consideration; and the internal audit division is essential to the identification and avoidance of fraud. The results support Nawhera's (2012) assertion that performance is enhanced by the internal audit function. According to Corama, Fergusora, and Moroney (2006), businesses that have effective internal auditing systems are more likely to detect fraud than those that do not. The result verifies the internal audit function of the Grain Marketing Board (GMB), which is in charge of managing, preventing, and detecting fraud.

4.4.3 Control Activities

Table 4.7 control activities responses

	CA1	CA2	CA3	CA4
Strongly Oppose	2	1	4	2
Oppose	5	0	11	0
Undecided	10	3	11	5
Support	9	9	1	13
Strongly Support	2	15	1	8
Mean	3.14	4.32	2.43	3.89
Standard Deviation	1.044	0.945	0.920	1.066

Source: SPSS output

Key: CA1 The company has established effective channels for information sharing and communication.

CA2 The company's whistleblower mechanism has proven to be a valuable tool for reporting critical and sensitive information, enabling the company to effectively address and prevent fraudulent activities.

CA3 The company has a well-defined separation of responsibilities across its departments.

CA4 The company has established clear and effective guidelines for information management and communication.

The purpose of this section of the question is to gain an understanding of the Grain Marketing Board's internal control operations. The replies from the respondents about the internal control operations are displayed in Table 4.7. Reactions to the question of whether the company has effective channels for information sharing and communication are divided, with 9 respondents in favor and 10 answering in the negative. The company's information exchange and communication channels might use some work, as indicated by the mean score of 3.14 and standard deviation of 0.945.

The majority of respondents (15 strongly support, 9 support) said that the company's whistleblower mechanism has proven to be a valuable tool for reporting sensitive and important information, allowing the company to effectively address and prevent fraudulent activities. This indicates that whistleblowing is effective in the organization. The high mean score of 4.32 and the standard deviation of 0.945 indicate that the company's whistleblower system is a successful control measure.

The respondents were both mainly unsure and opposed to the company's having a clear segregation of tasks for different financial operations. There is a mixed response on whether the company has a clear division of responsibilities among its departments, with 11 respondents disagreeing and 11 not sure. The low standard deviation of 0.920 and mean score of 2.34 indicate that the company's responsibility division needs to be improved. This indicates that there has most likely not been a consistent division of labor inside the company. The majority of respondents (seven of whom highly supported the company's establishment of clear and efficient procedures for communication and information management) said as much.

Overall, the findings imply that the Grain Marketing Board (GMB) has clear policies in place for information management and communication, as well as an efficient whistleblower mechanism. The organization must, however, strengthen its channels for information exchange and communication as well as the division of duties among its sections.

4.4.4 Company Performance

Table 4.8 company performance

	CP1	CP2	CP3	CP4
Strongly Oppose	3	0	0	1
Oppose	12	1	2	4
Undecided	10	2	4	16
Support	3	11	15	5
Strongly Support	0	14	7	2
Mean	2.46	4.36	3.96	3.11
Standard Deviation	0.838	0.780	0.838	0.875

Source: SPSS output

The researcher selected this part of the questionnaire to analyze the company's trend in performance. Table 4.8 shows the employees responses regarding the company's performance. The respondents' opinion regarding the company's profitability increasing in the last 5 years were 42.9% opposing, 10.7% strongly opposing, 35.7% undecided, and 10.7% supporting. The fact that so many respondents disagreed with this statement indicated that the organization's performance has not been improving. Nonetheless, the respondents believed that the organization's operational performance had been improving. 50% strongly agreed with the opinion, 39.2% agreed, 14.2% were unsure, and 7.1% disagreed. This demonstrated to the researcher that the organizations' operations have generally been getting better. Regarding the performance of the company, the respondents were unsure overall. This demonstrated to the researcher that there was something fishy about the organization's performance.

4.5.0 Hypothesis Testing

The researcher evaluated his theories in order to determine the correlations between the variables. The SPSS application program was used to analyze the variables, which were control activities, internal environment, risk management, and firm performance. The purpose of the analysis was to examine the link between the dependent variable, corporate performance, and the independent variables, risk management, control activities, and internal environment.

4.5.1 Relationship between risk management and company performance

Table 4.9 Correlations of Company Performance and Risk Management

		Risk Management	Company Performance
Risk management	Pearson Correlation	1	.470**
	Sig. (2-tailed)		.000
	N	28	28
Company Performance	Pearson Correlation	.470**	1
	Sig. (2-tailed)	.000	
	N	28	28

** Correlation is significant at the 0.01 level (2-tailed)

Source: SPSS output

Table 4.10 ANOVA^a for Risk management

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	.000	1	.000	.002	.000 ^b
Residual	5.292	26	.204		
Total	5.292	27			

a. Dependent Variable: Performance

b. Predictors: (Constant), Risk

The risk management regression model on business performance is displayed in Table 4.9. The person correlation coefficient, or R, is 0.470 at the 0.00 significance level, as the table illustrates. A somewhat positive connection between the variables is shown by the results. Table 4.9 demonstrates that risk management significantly and favorably affects the performance of the business. This implies that performance will be impacted by any modifications made to risk management. Risk management and business performance have a 0.470 Pearson correlation coefficient, which is statistically significant at the 0.01 level (2-tailed). This suggests that the company's overall performance and its risk management procedures have a somewhat high positive link. Better business success may be correlated with more effective risk management, according to the positive and statistically significant correlation. This suggests that an essential factor affecting the organization's performance is the internal audit function, which is a crucial part of the company's risk management system.

The internal audit function is in charge of assessing how well the company's governance, control, and risk management procedures are working. Through proactive risk identification and

management, the internal audit function assists the business in reducing possible threats and seizing opportunities, ultimately leading to enhanced financial and operational results. The correlation coefficient of 0.470 suggests that the internal audit function has a moderate effect on the performance of the organization. This indicates that although risk management procedures have a significant role, the performance of the company as a whole is probably also influenced by a number of other factors and organizational competencies. In conclusion, the analysis indicates that the performance of the organization is positively and statistically significantly impacted by the internal audit function as a result of its involvement in efficient risk management. The correlation's modest strength, however, suggests that a number of elements, including the internal audit function, influence the overall performance outcomes of the organization.

The findings of a regression analysis using the single predictor variable "risk" are displayed in ANOVA table 4.10. The variance that the model can explain is represented by the "Regression" row, while the variation that is left unexplained is represented by the "Residual" row. At the $p < 0.000$ level, the F-statistic of 0.002 indicates statistical significance. This suggests that the regression model using "risk" as the predictor variable is statistically significant in terms of its ability to explain variations in the dependent variable, "performance." The state-owned firm, GMB,'s performance appears to be significantly impacted by its risk management procedures, as indicated by the significant p-value and low F-statistic.

4.5.2 Relationship between Internal audit environment and company performance

Table 4.11 Correlations of Company performance and Internal environment

		Performance	Internal audit environment
Performance	Pearson Correlation	1	.348**
	Sig. (2-tailed)		.000
	N	28	28
Internal audit environment	Pearson Correlation	.348	1
	Sig. (2-tailed)	.000	
	N	28	28

Source: SPSS output

The relationship between internal audit environment and corporate performance is displayed in Table 4.10. According to the table, R is 0.348 at the 0.00 level of significance. The findings show that there is a substantial beneficial association between an organization's performance and its internal audit environment. This suggests that the performance of the organization is comparatively affected by changes in the internal audit environment. The internal audit environment and business performance have a Pearson correlation coefficient of 0.348, which is statistically significant at the 0.01 level (2-tailed). This suggests that the company's overall performance and the internal audit environment have a somewhat positive link.

Better business performance may be correlated with an internal audit environment that is more efficient and supportive, as indicated by the positive and statistically significant correlation. This suggests that an organization's performance is significantly impacted by the caliber and potency of the internal audit function, as demonstrated by the internal audit environment. The competence and experience of internal auditors, the resources and support given to the internal audit function, the overall organizational culture and commitment to internal auditing, and the independence and

objectivity of the internal audit function are all included in the internal audit environment. The moderate strength of the correlation (0.348) suggests that the internal audit environment has a moderate impact on company performance. This indicates that although the internal audit function plays a key role, the overall performance of the organization is also probably influenced by a number of other factors, including market conditions, operational efficiency, and strategic planning.

It is noteworthy that the correlation analysis fails to establish a direct causal relationship between the performance of the organization and the internal audit environment. Better organizational outcomes are linked to an internal audit function that is more effective, as evidenced by the positive and significant association. In conclusion, the analysis points to a somewhat favorable relationship between the performance of the business and the caliber and efficacy of the internal audit function, as demonstrated by the internal audit environment. This emphasizes how crucial it is to keep the organization's internal audit function robust and encouraging.

4.5.3 Relationship between company performance and control activities

Table 4.12 Correlations of Company Performance and Control Activities

		Company Performance	Control Activities
Company Performance	Pearson Correlation	1	.564**
	Sig. (2-tailed)		.001
	N	28	28
Control Activities	Pearson Correlation	.564**	1
	Sig. (2-tailed)	.001	
	N	28	28

Source: SPSS output

Control efforts and corporate performance have a Pearson correlation coefficient of 0.564, which is statistically significant at the 0.01 level (2-tailed). This suggests that the company's overall performance and its control operations have a somewhat significant positive link. Better business success appears to be correlated with more effective control actions, according to the positive and statistically significant correlation. The policies, processes, and practices that an organization uses to guarantee that its goals are met, that financial reporting is accurate, and that it complies with relevant laws and regulations are referred to as control activities. The reasonably strong correlation (0.564) suggests that the company's control operations have a major impact on how well it performs overall. Better financial and operational results are a result of the organization's ability to reduce risks, guarantee the integrity and accuracy of financial data, and boost operational effectiveness.

Segregation of roles, authorization and approval processes, physical controls over assets, and operating performance assessments are just a few examples of the control activities that may be included. These control actions can improve the organization's capacity to meet its operational and strategic objectives when they are effectively planned and carried out. According to the report, the internal audit function is essential to the overall success of the business since it assesses and keeps track of the efficiency of the organization's control measures.

The internal audit function assists the organization in strengthening its control environment and eventually enhancing performance by identifying and resolving control shortcomings. In conclusion, the correlation study shows that the company's total performance and its control operations have a reasonably strong positive association. This emphasizes the significance of strong control procedures as a vital component of the organization's performance and the vital role the internal audit function plays in evaluating and improving these procedures.

4.6 Interview Questions

The researcher conducted 6 successful interviews to the employees of Grain Marketing Board. The researcher conducted the interviews with 2 accounts clerks, 2 auditors, 2 managers, 1 supervisor, and 1 director.

Qn1: What are the challenges faced by the internal audit department in maintaining its independence and effectiveness?

This question delved into the potential obstacles or difficulties encountered by the internal audit function in fulfilling its objective. The respondents seemed to share the same ideology as they pointed out on resource constraints as a challenge faced by the internal audit department. The respondents claimed limited resources including budgetary constraints and staffing shortages has

affected the auditing department. The respondents also pinpointed out that conflicting priorities has affected the internal audit function in maintaining its effectiveness. The researcher was also able to understand that staff competence and training also affected the effectiveness of the audit department.

Qn2: What are some of the risks that are faced with the organization and has there been measures to control those risks?

The question aimed to understand the amount of risk which the organization is facing. The respondents agreed on the fact that market price fluctuations are a major threat to the organization. The respondents noted that GMB is exposed to the risk of market price fluctuations for agricultural commodities. The respondents also noted that grain theft is a major risk which the organization is exposed to. The researcher learnt that GMB has employed a loss control team which assist in mitigating grain theft. The researcher was also highlighted of possible risk within payment of grains.

Qsn3: How effective are the risk management processes within the organization?

The internal audit department, according to interviewees, efficiently manages risks within the company. They said that for efficient audit performance, the internal audit executes the risk assessment procedure during the planning stage and allocates audit resources to high-risk areas. They also commented that the internal audit team gives a guidance on how to manage the risk and also plan for imminent risks.

4.7 Chapter Summary

The chapter's main aim was to present, interpret and analyze the data collected using the research instruments. Much of the data was analyzed using SPSS application software which gave a guide

to the tests and analysis. The researcher discussed the results of the findings giving relevance to other researches.

CHAPTER 5

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.0 Introduction

This chapter summarizes the study's key findings, lays out the pertinent implications, and offers suggestions for further research and practical applications based on the study's findings. The purpose of the study was to investigate the connection between business performance and the efficacy of the internal audit function.

5.1 Summary of Findings

This study evaluated the effectiveness of the internal audit function on the performance of state-owned enterprises. The researcher focused on control activities, management of risk, internal environment, and company performance as guidelines for the study. A descriptive research design was employed, which incorporated both a qualitative and quantitative approach. A target population of thirty-three (33) respondents from Grain Marketing Board employees was used, with only twenty-eight being accessible. A questionnaire was used to collect data, and interviews were also held.

The responses from the group of employees were considered reliable as the selected group showed a higher level of education. Both qualitative and quantitative analyses were adopted for this study. To find out how the independent variables risk management, internal audit environment, and control activities relate to the dependent variable, firm performance, a correlation analysis was carried out. The study's findings indicate a strong correlation between risk management and

business performance. The highest relationship was observed at control activities (0.564), with risk management following at 0.470 and the internal audit environment at 0.384. The results also indicated that Grain Marketing Board, as a state-owned enterprise, has an effective risk management team (loss control) that assesses, evaluates, and mitigates risks within the organization. The findings also suggested that although there is a risk management committee, there are areas of concern that need improvement for company performance.

The study also showed control activities have a significant relationship with company performance at 0.564. This implies that a positive change in control activities relatively affects the company's performance positively. The results also indicated that the control activities within the grain marketing board are well viewed. The control activities, however, need a greater level of improvement so as to improve the performance of the organization. The researcher also analyzed the relationship between internal audit environments, which showed a moderate relationship at 0.38. This suggests that the Grain Marketing Board has an operational audit department, which plays a vital role in detecting and preventing fraud.

5.2 Conclusions

Concluding the study, the researcher notes that the independent variables (risk management, internal environment, and control activities) need improvement for company performance to improve. The research also agrees with other research findings conducted by other researchers. According to the findings, internal audit departments do have a place in state-owned businesses. But, management must assist these departments by giving them the tools and funding they need to fulfill their mandates. In order to achieve a higher level of performance improvement, state-owned firms must make significant investments in the internal audit function.

The research noted that the internal audit function within state-owned enterprises is effective in contributing to company performance. The study also believes that further action can be taken to employ a highly experienced internal audit team, improve risk assessment techniques, conduct regular checks, and improve control activities. The study also noted that, due to the effectiveness of the internal audit function, the company performance of Grain Marketing Board is notably in a good position.

5.3 Recommendations

From the research's findings and conclusions, the investigator was able to determine the following suggestions: The researcher observed that in order to enhance and increase the effectiveness of the internal audit function, management should put in extra effort to evaluate the internal audit function within their firm. To guarantee that their work is completed without interference, management should also guarantee that the internal audit teams have access to sufficient resources. State-owned enterprises should advocate for strong enterprise risk management to ensure risk assessment, mitigation, evaluation, and identification are carried out effectively within the organization. The researcher also recommends a strong improvement in the internal environment and control activities, which are of greater importance to company performance.

5.4 Areas of further study

In addition to the study being able to cater to state-owned enterprises within Zimbabwe, there are also other areas on which future researchers can focus. To begin with, the research was focused on a case study on the Grain Marketing Board, which meant that much of the research dwelled on this organization. This leaves more room for research for other sectors and companies within and outside of Zimbabwe. The study also looked at the internal audit function as a contributing factor to company performance, neglecting other factors that are directly linked to company performance.

The researcher believes this gives room for other researchers to conduct studies on other factors that affect company performance.

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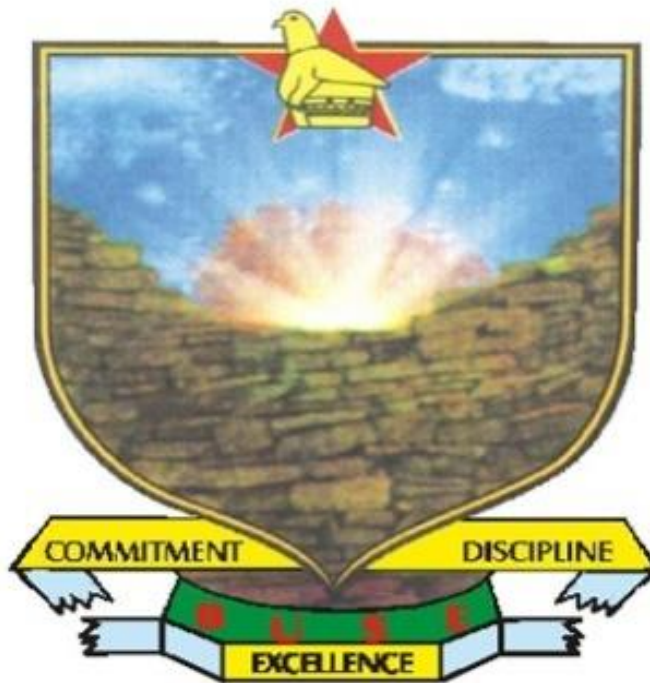
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APPENDIX 1

QUESIONNAIRE

BINDURA UNIVERSITY OF SCIENCE EDUCATION



FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

RESEARCH TOPIC: An evaluation on the effectiveness of the internal audit function on performance of state-owned enterprise in Zimbabwe. Case of GMB

Dear Respondent

B200691, a student at Bindura University of Science Education, compiled this questionnaire. The student must evaluate the effectiveness of the internal audit function on performance of state-owned enterprises. The data obtained will be used solely for academic purposes, and strict confidentiality will be maintained.

Your time and cooperation is highly appreciated. For any queries or questions regarding the questionnaire please contact the researcher on **+263 77 132 2838** or email:

INSTRUCTIONS

1. Do not sign your name on the survey.
2. Indicate your response by ticking the respective answer box.
3. If you are unsure of your answer, leave the question out.

SECTION A: GENERAL INFORMATION

1. Work

Position.....
.....

2. Working Experience

	0-4 years
	5-7 years
	8-15 years
	16-19 years
	20 years and above

3. Gender

	MALE
	FEMALE

4. Respondents age

	30 and Below
	31-36
	37-40

	41-45
	46 and Above

5. Level of Academic Qualification

	DIPLOMA
	HONORS DEGREE
	MASTERS DEGREE
	PHD
	PROFESSIONAL COURSE(CIMA,ACCA,CIA)
	OTHER

(SPECIFY).....

SECTION B: Risk Management

The following table seeks to understand risk management strategies employed within your organization (Grain Marketing Board). Using the scale please provide a tick (✓) in the box to show the extent to which you support or oppose with the following questions.

Scale:

SS	S	U	O	SO
Strongly Support	Support	Undecided	Oppose	Strongly Oppose
5	4	3	2	2

Risk Management	5	4	3	2	1
6. The Grain Marketing Board has a clearly outlined strategy for managing risks.					
7. GMB has a surveillance system that detects possible risks.					
8. The company is capable of conducting perform risk assessments.					
9. Identified risks are evaluated and decisions are made by a risk management committee					
10. The company has implemented comprehensive inspection plans to reduce the inherent risks, which are regularly reviewed and revised.					

SECTION C: Internal audit function

The following part seeks understand the internal audit function in Grain Marketing Board

Internal audit function	5	4	3	2	1
11. An operational audit department exists within the company.					
12. Findings from internal audits are reported directly to top management					

13. The organization takes the recommendations of the internal audit unit very seriously.					
14. The internal audit department within the company plays a vital role in detecting and preventing fraud					
15. Audits are always completed in a timely manner.					

SECTION D: Control Activities

This part of the sections seeks to understand the control procedures and activities within your organization

Control Activities	5	4	3	2	1
16. The company has established effective channels for information sharing and communication.					
17. The company's whistleblower mechanism has proven to be a valuable tool for reporting critical and sensitive information, enabling the company to					

effectively address and prevent fraudulent activities.					
18. The company has a well-defined separation of responsibilities across its financial departments.					
19. The company has established clear and effective guidelines for information management and communication					

SECTION E: Company Performance

The last part of this questionnaire seeks to understand the performance of the organization from previous years up to now.

Company Performance	5	4	3	2	1
20. The company's profitability has shown a sustained increase over the last five years.					
21. The operational performance in the company has increased in the last years					
22. The market position and industry trends have improved in the last 5 years					
23. Diversified investments in the company over the last 5 years have been increasing					

APPENDIX 2 INTERVIEW GUIDE
BINDURA UNIVERSITY OF SCIENCE EDUCATION



FACULTY OF COMMERCE
DEPARTMENT OF ACCOUNTING

Qn1: What are the challenges faced by the internal audit department in maintaining its independence and effectiveness?

Qn2: What are some of the risks that are faced with the organization and has there been measures to control those risks?

Qsn3: How effective are the risk management processes within the organization?