

**Internal Control System and Financial Performance of Small and Medium Scale
Enterprises in Kebbi State**

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Faculty of Management and Social Sciences,
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Certification

This is to certify that Abubakar Illo Muhammad with the matriculation number LCU/PG/001688 carried out this research work titled “Internal Control and Financial Performance on Small and Medium Scale Enterprises in Kebbi State” in the Department of Management and Accounting, Faculty of Management and Social Sciences, Lead City University Ibadan, Oyo State, Nigeria for the award of Master’s Degree (M.Sc) in Accounting and that this has not been previously submitted.

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Date

Dedication

This research work is dedicated to God Almighty.

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Acknowledgement

I give Praise to Almighty God for guiding me through my course of study in this noble University, Lead City University, Ibadan. My unreserved gratitude to Lead City University, Ibadan, Nigeria for the opportunity to undergo this degree. I appreciate the Head of Department and all Lecturers in this prestigious Institution.

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Even though the above-mentioned institutions and persons have assisted in the process of this research work, I alone stand responsible for the errors, if any, found in the work.

Abstract

In recent time, poor financial capacity among industries in the Nigerian productive sector has resulted into poor internal control policies and the success of every organization depends on her financial capacity. This study investigated the impact of internal control and financial performance on small and medium scale enterprises in Kebbi State, Nigeria. A descriptive survey design research was adopted. A total of 338 respondents were used for the study which consists of C.E. O's, Managers, and Internal control units of the various SMEs in Kebbi State, Nigeria. Simple percentages were used to answer research questions while Pearson Product Moment Correlation Coefficient Analysis was employed to test the five hypotheses with a two-tailed test of significance at $P < 0.01$ level. The results revealed that there is a significant relationship between individual internal control components and financial performance of small and medium enterprises in Kebbi state Nigeria. There also exists significant and positive relationship among combined internal control components and financial performance of small and medium enterprises in Kebbi state Nigeria. The study recommends regular and timely financial audits to help SMEs detect any gaps in their financial systems and financial performance. A frequent risk assessment be conducted so that SME management may determine whether or not their goals will be reached.

Keywords: Financial performance, Internal Control, Small and Medium Enterprises, Management, SMEDAN

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Table of Contents

Preliminary Page	Page
Title page	i
Certification	ii
Dedication	iii
Acknowledgement	iv
Abstract	v
Table of Contents	vi
List of Tables	
viii	
List of Figure	x
List of Acronyms	xi
Chapter One: Introduction	1
1.1 Background to the Study	1
1.2 Statement of the Problem	4
1.3 Aim and Objectives of the Study	5
1.4 Research Questions	6
1.5 Hypotheses	6
1.6 Scope of the Study	7
1.7 Significance of the Study	7
1.8 Operational Definitions of Terms	8
Endnotes	10
Chapter Two: Literature Review	11
2.1 Conceptual Review	11
2.2 Theoretical Framework	48
2.3 Review of Empirical Studies	52
2.4 Conceptual Framework	79
2.5 Summary of Gaps in Literature Reviewed	79
Endnotes	80
Chapter Three: Methodology	87
3.1 Research Design	87
3.2 Population of the Study	87

3.3	Sample Size and Sampling Technique	88
3.4	Research Instrument	89
3.5	Validity of the Instrument	89
3.6	Reliability of Instrument	90
3.7	Administration of Instrument and Method of Data Collection	91
3.8	Method of Data Analysis	92
	Endnotes	93
	Chapter Four: Results and Discussion of Findings	94
4.1	Demographic Data Analysis	94
4.2	Presentation of Data	98
4.3	Presentation of Hypotheses	
	108	
4.4	Discussion and Findings	
	118	
	Endnotes	
	123	
	Chapter Five: Conclusion	
	124	
5.1	Summary of the Findings	
	124	
5.2	Conclusion	
	125	
5.3	Recommendations	
	125	
5.4	Contribution to Knowledge	
	126	
5.5	Suggested Areas of Further Research	
	126	
	Bibliography	
	128	
	Appendix	
	137	

Biodata

179

University Compliance Certificate

181

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List of Tables

Table Page	Title	
3.1	Reliability Statistics	91
4.1	Gender of Respondents	94
4.2	Age of Respondent	95
4.3	Highest Educational Qualification	95
4.4	Respondents Employment Status	96
4.5	Respondents Business Type/Organization	96
4.6	Respondents Designation	97
4.7	Respondents Work Experience	97
4.8	Control Environment	98
4.9	Risk Management	
100		
4.10	Control Activity	
102		
4.11	Monitoring	
104		
4.12	Information and Communication	
105		
4.13	Financial Performance	
107		
4.14	Relationship between Control Environment and Financial performance	
		109
4.15	Relationship between Risk evaluation and Financial Performance	
		110
4.16	Relationship between Control Activities and Financial Performance	
		111
4.17	Relationship between Monitoring and	

	112	Financial performance
4.18		Relationship between Information and Communicational Financial Performance
	113	
4.19		Model Summary
114		
4.20		ANOVA
115		
4.21		Coefficients
116		

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List of Figures

Figure Page	Title	
2.1	COSO's Internal Control framework	34
2.2	2021 updated COSO Framework	35
2.3	Conceptual Model for Internal Control on Financial Performance	79

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List of Acronyms

Abbreviation	Meaning
BACJFSA Agency	Business Accounting Council of the Japanese Financial Services Agency
BSCs	Business Support Centres
CBN	Central Bank of Nigeria
CICA	Canadian Institute of Chartered Accountants
CIRD	Centre for Industrial Research and Development
COSO	Committee of Sponsoring Organisations
ID	Identification
MRR	Minimum Rediscount Rate
MSME	Micro, Small and Medium Enterprises
NBCI	Nigerian Bank for Commerce and Industry
NBTE	National Board for Technical Education
NIDB	Nigerian Industrial Development Bank
NUC	Nigerian University Commission
NYSC	National Youths Service Corps
OGSCOFED	Ogun State Cooperative Federation Limited
ROA	Return on Assets
ROE	Return on Equity
ROS	Return on Sales
SEEDA	Science and Technology Entrepreneurship for Economic Development in Africa
SMEDAN	Small and Medium Enterprises Development Agency of Nigeria
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for the Social Science
SSA	Stabilization Securities Account
UAC	United African Company
UK	United Kingdom
USA	United State of America

Chapter One

Introduction

1.1 Background to the Study

Small and Medium Enterprises (SMEs) are recognized all over the world as backbone of modern economies because they make major contributions to global economic growth and sustainable development through employment generation, poverty alleviation, wealth creation and food security. It is the recognition of the important roles played by SMEs that has resulted in increased attention and education on the approach to develop and sustain a viable SMEs sector

However, any effort geared towards advancing any economy without a particular emphasis on adequate government support for the development of small and medium scale business, is likely not to produce favourable outcomes in the long term¹.

This owe to the fact that government support programmes creates important contextual conditions which facilitate the capacity of SMEs to contribute to development through the production of goods and services and the creation of employment². Believed that SMEs in emerging economy particularly in Nigeria are plagued with high rate of failure and underperformance due to inadequate internal control. Hence, government consciousness needs be stirred to align with the reality undermining the actualization of the full economic potentials of this sector.

Government supports are programmes developed to facilitate and stimulate success of business activities of SMEs. It is important to note that venture support programmes and initiatives by various governments are responsible for different levels of success in various countries around the world. In Korea for instance, government support

programmes were found to be instrumental in the development of the SME sector and the industrialization of the country. Moreover, in China SMEs increased the economic status of nearly 200 million people from severe poverty as the result of the economic reform in 1979 (World Bank Group). In the case of Singapore, SMEs account for more than 50 per cent of the economic output and contributed 70 per cent of total employment (Government Enhances Support)¹.

This is mainly challenging, given that SMEs are often acknowledged as a primary tool for creation of economic values; and their increasing social and environmental impacts are highly significant. Government venture development programmes are major mechanism required to stimulate the growth of SMEs. However, the volatile economic environment and infrastructural deficit have adversely affected SMEs in Nigeria. Driving developmental programmes among SMEs is considered as a major strategic task in many developed nations and SMEs are given a place prominence particularly because they contribute to nation wealth by creating new jobs, markets, industries, technology and net increases in productivity leading to equitable distribution of income and higher standard of living for the populace².

Despite the acknowledgement of its immense contribution to sustainable economic development, its performance still falls below expectation in many developing countries³. This suggests that despite the existence of many SMEs support programmes that provide backing to SMEs, they continue to experience high failure rate⁴.

This raises questions on whether the SME owner/managers have a considerable knowledge and awareness of internal control policies to manage the SMEs in a manner that enhances growth and survival or not.

Internal control is a broad concept that covers the entire range of procedures, methods, and controls established by an organisation to increase the probability to achieve its business goals⁵.

Also, internal control can be seen as a group of policies and procedure that are embedded to form control on firm's activities to ensure the entity followed objectives set by management and board of directors⁶.

However, it is theorised that an effective internal control system will improve the achievement of organisational objectives; it will maintain the firm's profitability, growth, and continuity⁷.

The authors further revealed that internal control is an organisational system planned to prevent fraud and error, safeguard assets and monitoring the efficient implementation of a policy.

It is an essential aspect of the organisational management that supports managers to achieve set objectives by efficiently employing the firm's resources. The weak performance of an organisation can be as a result of the absence of effective internal control in the system⁸.

There is, therefore, a relationship between the Firm's performance and internal control. Moreover, according to Organisations that had invested on effective internal control systems had more improved performance as compared to those organisations that had a weak internal control system⁹?

lack of proper information and communication systems and weak internal controls activities have led to loss of revenue, embezzlement of collected revenue, and encouraged collusion to fraud among the county governments. Specifically, it was revealed that organisations that observed control activities, risk assessment, ethical

values, integrity, monitoring, and information technology recorded higher financial performance Internal controls refer to the measures instituted by an organization so as to ensure attainment of the entity's objectives, goals and missions¹⁰.

They are a set of policies and procedures adopted by an entity in ensuring that an organization's transactions are processed in the appropriate manner to avoid waste, theft and misuse of organization resources. It is worth noting that internal controls only provide reasonable but not absolute assurance to an entity's management and board of directors that the organization's objectives will be achieved. An internal control system comprises the whole network of systems established in an organization to provide reasonable assurance that organizational objectives will be achieved.

Benefits of an internal control system include effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The small and medium scale business enterprises form the informal sector which has been recognized not only to play a major role in Nigeria's economy but also provide the much-needed employment opportunities. Studies have shown that the sector has the necessary ability of alleviating poverty through the creation of employment opportunities and generation of income¹¹.

In recognition of the steady increase in unemployment, the Nigerian government has appreciated the role the small and medium scale enterprises are set to play.

Therefore, the study seeks to assess the impact of internal control policies among SMEs in Kebbi State and investigate the employees' attitudes towards maintaining internal control policies and investigate the kind of internal control strategies employed by SMEs leaders in order to boost SMEs and achieve their desired objectives.

1.2 Statement of the Problem

Small and Medium-Scale Enterprises are the integral aspect which is work globally in developing economies. Likewise in Nigeria, SMEs remain the solid foundation of the economy and a key source of economic and dynamic growth and flexibility¹².

Despite the high number of businesses operating as SMEs, there are reports of business failure due to lack of effective internal control systems¹³.

The failure of SMEs was related to some managers beliefs that establishing internal control systems will increase costs without tangible results. A close observation indicates that there is lack of awareness and knowledge of worth of internal control by SMEs managers and they generally implement a common strategy irrespective of differences of trades and business environment. A significant number of SME leaders are also unwilling to establish internal control systems because of shortage of human and financial resource¹⁴.

1.3 Aim and Objectives of the Study

The aim of the study is to examine the impact of internal control on the financial performance of Small and Medium Enterprises in Kebbi State Nigeria. The Specific objectives are to:

- i. examine whether control environment influence financial performance of SMEs in Kebbi State Nigeria.
- ii. determine whether risk assessment influence financial performance of SMEs in Kebbi State Nigeria.
- iii. identify whether control activities influence financial performance of SMEs in Kebbi State Nigeria.

- iv. assess whether monitoring put in place influence financial performance of SMEs in Kebbi State Nigeria.
- v. examine whether information and communication influence financial performance of SMEs in Kebbi State Nigeria.

1.4 Research Questions

The following research questions were raised to formulate the research hypothesis:

- i. To what extent can control environment influence financial performance of SMEs in Kebbi State Nigeria?
- ii. How can risk assessment influence the financial performance of SMEs in Kebbi State, Nigeria?
- iii. In what ways Control activities influence financial performance of SMEs in Kebbi State Nigeria?
- iv. How does Monitoring put in place influence the financial performance of SMEs in Kebbi State Nigeria?
- v. To what degree can information and communication influence the financial performance of SMEs in Kebbi State Nigeria?

1.5 Hypotheses

To achieve the objectives, the following hypotheses were formulated.

H₀₁: Control Environment has significant effect on the financial performance of SMEs in Kebbi State.

H₀₂: There is significant effect of the level of Risk assessment on the financial performance of SMEs in Kebbi State.

H₀₃: The Control activities put in place have significant effect on the financial performance of SMEs in Kebbi State.

H₀₄: The Monitoring activities improve financial performance of SMEs in Kebbi State Nigeria.

H₀₅: Information and Communication enhance financial performance of SMEs in Kebbi State Nigeria.

1.6 Scope of the Study

This research will specifically focus on the activities of small and medium scale enterprises in Kebbi State. The focus of this research is to show impact of internal control system on the financial performance of small medium scale enterprises.

1.7 Significance of the Study

Despite the significance of Internal Control System in small and Medium Scale Enterprise, there are few studies conducted in the area especially in Kebbi State. However, studies were carried out with regard to small and medium scale Enterprise as well as pertaining the internal control System on different dimensions. For instance, a study explored the strategies leaders of SMEs in Nigeria use for improving internal control practices. Building on the internal control theory and transactional leadership theory, semi structured face-to-face and phone interviews were conducted with 8 purposively selected leaders of SMEs in Nigeria who successfully implemented internal control practices¹³.

In addition, this study is built on assessing the level of awareness and compliance of internal control policies among SMEs leaders in Kebbi State.

1.8 Operational Definition of Terms

Internal Control: is a procedure or policy put in place by management to safeguard asset, promote accountability, increase efficiency and stop fraudulent behaviour. In other words, an internal control is a process put in place to prevent employees from stealing asset or committing fraud.

Management: it is defined as the process of planning, coordinating, organizing and controlling the activities of an organization. It is seen as a group of people who monitor and control the organization's activities towards the achievement of the organization's objectives

Performance: Refers to an ongoing process that involves managing the criteria for which an institutions, agency or projects can be held accountable.

Return on Sales: is a ratio used to evaluate a company's operational efficiency

Risk: is a situation involving exposure to danger, the possibility that something unpleasant or unwelcome will happen.

Run to Assets: is an indicator of how profitable a company is relative to its total assets.

Run to Equity: is a measure of financial performance calculated by dividing net income by shareholders equity.

Small and Medium Enterprises: is a separate and distinct business entity, including cooperative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy”.

SMEDAN: this means Small and Medium Enterprises Development Agency of Nigeria, established to enhance the survival of small and medium scale enterprises.

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Chapter Two

Literature Review

2.1 Conceptual Review

The conceptual review attends to identify in-depth analysis of the concepts under study, the theoretical review serves as guide the identification and analysis of all relevant theories on which the study will be based and better simplify the perception of the study, the empirical review will discuss the various relevant studies that have been conducted on the variables under study, while the research conceptual framework will attempts to explain the relationship between variables under study

2.1.1 Small and Medium-Scale Enterprise

Small scale industry orientation is part and parcel of Nigeria. Evidence abounds in our respective communities about what successes our great grandparents made of their respective trading concerns, yam barns iron smelting, farming, cottage industries and the likes. So, the secret behind their success of a self-reliant strategy does not lie in any particular political philosophy, so much as in the people's attitude to enterprise and if the right incentive is adequate enough to make risk worthy ventures and decisions worth taking.

Back home in Nigeria, the respective government policies accorded and gave priority to the country's small scale enterprises. This has been in recognition that they constitute the fountain head of the vitality of the National economy, and consequently their problems have been viewed as those of the nation, by virtue of their number, diversity, penetration in all sectors of production and marketing contribution to employment and to the prosperity of the particular areas in which they operate. In concrete terms, small scale industries constitute a greater percentage of all registered companies in Nigeria, and they

have been in existence for a quite long time. Majority of the small-scale industries developed from cottage industries to small enterprises and from small scale, to medium and large scale enterprises.

Prior to Nigerian Independence, the business climate was almost totally dominated by the Colonial and other European Multinational companies like United African Company (UAC), GB Olivant, Lever Brothers Company, Patterson Zechonics, Leventis, and many others. These companies primarily engaged in bringing into Nigeria finished goods from their parent companies overseas. These companies have vast business experience and strong capital base, and dominated the Nigerian economy. The government of those days encouraged them to become stronger by giving incentives as favorable tariffs and tax concessions.

Towards the tail end of the 1950s, the Nigerian Industrial Development Bank (NIDB) was established to assist potential entrepreneurs to get involved in Agriculture, exploration of natural resources Commerce and Industrial production. That period and the early 1960s saw the massive increase in import in the Nigerian market, while the Nigerian economy became largely dominated by very few large foreign firms.

A major/remarkable breakthrough in small scale business came about through the later in. These were genuine attempts by the Federal Government to make sure that Nigerians play an active and worthwhile role in the development of the economy. In its 1970-74 National development Plan, the Federal Government gave special attention to the development of small-scale industries particularly in rural areas¹.

This was in recognition of the roles of small and medium scale industries, as the seedbeds and training grounds for entrepreneurship.

The cardinal point of the 1970 – 1974 development plans was accelerating the pace of industrialization and dispersal of industries, generating substantial employment opportunities, promoting individual initiatives and entrepreneurship among the populace, assisting in the established of small-scale industries, developing and increasing export trade, and complementing large scale industries².

Within this period, the government policy measures placed emphasis on the technological aspects of industrial development of small-scale industries in Nigeria. Various tiers of government within this decade embarked on corrective measures to divert efforts towards the maximum exploitation of natural resources and tried to discourage capital intensive mode of production in the light of the abundant resources available. In this regard, the industrial policy tried to focus its attention mainly on local resource utilization through various forms of incentives worked out by governments. Some of the basic policy strategy aimed at revitalizing the industrial sector included the use of more local materials in the industrial development activities. Encourage greater capacity utilization in Nigerian industries.

The federal and state government have both contributed to the growth of small-scale industries in Nigeria especially in the rural areas. In recent times various fiscal and non-fiscal incentives have been established for investors and entrepreneurs in the small-scale sectors of the economy. Of special mentioning was the strategy adopted by the federal government towards the training and motivation of the unemployed graduates, to be gainfully employed after graduation referred to as the entrepreneurship development programs.

To show its seriousness, the Federal Government through its educational agencies like the National Board for Technical Education (NBTE), the Nigerian University Commission (NUC), and the National Youths Service Corps (NYSC) programs give a

directive that Entrepreneurship development courses and programs be incorporated into the curricula of tertiary institutions and in the NYSC programs.

2.1.2 Conceptualising SMEs

Small scale business, small scale industries and small-scale entrepreneurship are used interchangeably to man a small-scale industry firm. In Nigeria and worldwide, there seems to be no specific definition of small business. Several authors, scholars, and schools have different ideas as to the differences in capital outlay, number of employees, sales turnover, fixed capital investment, available plant and machinery, market share and the level of development. These features equally vary from one country to the other.

There are many enterprises in Nigeria categorized as small businesses. Most of them are in the commercial sector and there is also a trend now towards the service industry hotels, restaurants, fast foods, etc.

2.1.3 Types of SMEs

There are around 41.5 million SMEs in Nigeria. SMEs are businesses with less than N100 million in annual turnovers and have less than 300 employees. The number of SMEs in Nigeria exceeds those in the USA.^{25 Aug 2020³}.

2.1.4 Characteristics of SMEs in Nigeria

A major characteristic of Nigeria's SMEs relates to ownership structure or base, which largely revolves around a key man or family. Hence, a preponderance of the SMEs is either sole proprietorships or partnerships. Even where the registration status is thus that of a limited liability company, the true ownership structure is that of a one-man, family or partnership business. other common features of Nigeria's SMEs include the following among others: labour-intensive production processes, concentration of management on

the key man, limited access to long term funds, high cost of funds as a result of high interest rates and bank charges, high mortality rate, especially within their first two years, over-dependence on imported raw materials and spare parts, poor inter and intra-sectoral linkages.

Hence they hardly enjoy economies of scale benefits, poor managerial skills due to their inability to pay for skilled labour, poor product quality output, absence of research and development, little or no training and development for their staff, poor documentations of policy, strategy, financials, plans, info, systems, low entrepreneurial skills, inadequate educational or technical background, lack of adequate financial record keeping, poor capital structure, that is, low capitalization, poor management of financial resources and inability to distinguish between personal and business finance, high production costs due to inadequate infrastructure and wastages, use of rather outdated and inefficient technology. Especially as it relates to processing, preservation and storage, lack of access to international market, lack of succession plan and poor access to vital information.

2.1.5 Small Scale Industry and Nigeria Development

Small scale industries have a lot of important contributions to make to the economic development of a country like Nigeria, some which are enumerated some of them as follows¹:

1. The provision of employment amongst the youth so innovative area marketing for goods and services which are offered for sales. A lot of youths, retired workers and out of school graduates, are now gainfully employed, thereby reducing the unemployment rate, and its attendant's social complication of armed robbery and white-collar crimes.

2. It helps to bring about, new goods and services and supply the needs of large industries, who have to rely on the small-scale operators for business success; It satisfies the convenience of consumers at any given time, with the availability of products.
3. They represent most of the industrial capacity in developing countries. Where it was postulated that presenting small scale business in Nigeria constitute over 80 percent of all registered companies, occupying positions in Agra based and allied industries, rubber based, leather shoe industries, chemical, electronics, general merchandising, restaurants, dress making, hair dress making, cane-chairs, leather products, pomade and toiletries, animal feeds and husbandry, printing, are mostly SMEs³.
4. They promote the development of indigenous manpower as well as increasing local participation in the manufacturing sector⁴.
5. Small scale acts as a check towards rural migration by the planned and systematic development of rural areas. The much talked about urban migration is reduced by the introduction of small-scale industries in rural areas, and the provision of facilities to support these SMEs.
6. The activities of small business firms have resulted in the mobilization of the resources of the environment and thereby improving on the standard of living of the population.
7. They contribute to the development of the labour market by absorbing an ever-growing supply of goods, services and labour. In doing this, they have sufficiently helped to curtail the rising unemployment in Nigeria⁵.
8. They have accounted for a large percentage of all businesses and a favourable percentage of the nation's gross national product. This fact is more relevant in the

developed countries of Great Britain, United State where a proper accounting system is kept.

9. Other noticeable impacts are its contribution to the development of indigenous entrepreneurship. Mention has been made of the Dantatas, Fajemirokuns, Igbinedions, EkeneDiliChukwus, Ilodibes, Dankabos, Dangotes, Adenuga and the Amazuss of Nigeria. These are successful entrepreneurs.
10. Its contribution to the mobilization of domestic savings and utilization of local resources is also a noticeable factor. They serve as a good agent for the disposal of industrial products and some services and have contributed immensely to the production of raw materials in the form of semi-processed goods for use by bigger industries.
11. It is a base for the development of appropriate technology and provides a veritable ground for skilled, unskilled and semi-skilled workers. It has provided productive self-employment to a number of educated and less educated young men and women coming out of schools, colleges, polytechnic, and universities. specifically mentioned the role of SMEs in the accelerated industrial development, by enlarging the supply of entrepreneurs and the enlarging of small and medium enterprise sector, which offers better potential for employment generation and wider dispersal of industrial ownership¹⁵.
12. It has assisted in improving the performance of small industries by enlarging the supply of carefully selected, trained and well-rounded entrepreneurs, and diversifying sources of entrepreneurship and business ownership.

In Nigeria, Scholar has enumerated that the entrepreneur viz a viz the small-scale business person is the most critical factors in the economic development of any Nation. Entrepreneur organizes and utilizes the various factors of production and finally sets the

productive machinery in action towards overall economic development. Consequently, the availability of the small-scale industry is therefore the undisputed precondition for economic growth.

2.1.6 Special Causes of Small-Scale Enterprises Failure in Nigeria

There is the insufficient capital outlay. There is a lack of capital or inadequate capital to buy the stocks and equipment. Securing of loans from the banks and Financial Institutions takes time and, in most cases, only exist on paper. Many banks require the satisfaction of much conditionality before loans are granted, and the small-scale industries find it difficult to secure such loans facilities.

There is also the use of obsolete business methods, and equipment's, as a means of maintaining stocks and inventory. These old methods do not tally with modern business procedures. Most business ideas are things inherited from parents, and most of the ideas die with the originators. Some are not scientific in nature and cannot be assessed easily. There is also the lack of credit control, as money could be brought in and taken out of the business easily for personnel and not for business purposes.

There is the absence of business planning. Planning is done by rule of thumb, and haphazardly too. This makes it difficult to detect and understand the predictable and unpredictable market changes. The non-existence of actual planning strategies makes it difficult to stand the changing, dynamic and very unpredictable economic and business conditions. There is also the failure to maintain plan for emergencies, and the failure to anticipate and plan for the financial demands and needs of the small-scale industries. These problem retards the growth and development of SMEs in Nigeria.

Coupled with the above problems is that of low motivation, and lack of confidence. Most entrepreneurs believe they cannot make it, in the face of competition with the bigger

companies. The desire and motivation to succeed is reduced because of the existence of these conglomerates. Most entrepreneurs are even undecided about the type of business to set up and there are lack Necessary business ideas for the entrepreneurs.

Some small-scale operators are undecided on how to finance their business and where to source for the funds. Other obstacles and causes of small-scale business as enumerated Includes socio cultural obstacles which includes the lack of entrepreneurship culture and education, Nigeria's social system limits opportunities for creative activities, and the limiting role of most relying beliefs which bars admission to initiatives and entrepreneurships¹⁶.

They preach perseverance, rather than risk taking, aggressiveness, necessary for business. Others include technological backwardness of Nigeria, which leads to labour and inefficiency, political instability occasioned by civil unrests, political sabotage, *coupdetats*, local and youth restiveness, thuggery, and armed robbery. All these create insecurity in the minds of entrepreneurs. Some managerial problems include the absence of strategic management skills and attitudes, the inability to respond to threatening environmental conditions, lack of clearly defined objectives, lack of delegation, inability to select appropriate equipment and resources, and the faulty design, implementation and evaluation by small scale businesses, and their entrepreneurs¹⁷.

2.1.7 Establishment of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN)

In order to enhance the survival of small and medium scale enterprises, the established the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). The Agency seeks to promote the development of the Micro, Small and Medium Enterprises

(MSME) of the Nigerian Economy. Among the services SMEDAN is expected to provide are the following¹⁸:

Compile, review and update all existing economic policies, regulations, incentives, and legislation affecting MSME operations, source and make available information on international markets, product standards/specifications and regulations, update and develop databank on MSMEs, raw materials, available local technologies, machineries and prototypes.

Business Support Centers (BSCs) will be established in each state, to provide business advisory services; i.e. link MSMEs to sources of funds, advise on regulatory and standardization frameworks and collate all relevant business information that could be useful to SMEs, Encourage and facilitate business clusters, networks and cooperatives for enhanced productivity and easier access to factors of production including finance, encourage and facilitate new investment in designated priority areas in each State, Improve the financial management skills of MSMEs through training workshops, develop and implement effective strategies for opening up domestic and international markets for MSMEs products, hold regular consultations with international donor agencies, trade groups, relevant ministries, research institutes, states and local governments with the view to sharing ideas and partner in implementing programmes for the development of MSMEs¹⁹.

In a special report to mark the 50th Independence Anniversary of Nigeria, the then Director General of SMEDAN, Alhaji Muhammad Nadada Umar hinted that the vision of the agency is to establish a structured and efficient Micro, Small and Medium Enterprises (MSMEs) Subsector that will enhance sustainable economic development of Nigeria while the mission is to facilitate the access of micro, small and medium entrepreneurs all the resources required for their development. The SME subsector is an

area that has created a lot of momentum in the Nigerian economy in terms of its resources and potentials, but it is sad that little emphasis has been paid to that very important segment of the economy²⁰.

Frowned at the neglect that the SME subsector had experienced in Nigeria, adding that this same subsector was the major source of the rapid economic growth in South-East Asia²¹.

A small-scale business is defined as one which is independently owned and operated and not dominant in its field of operation²².

It can also be defined in terms of sales volume and by the number of employees in the business. What might therefore be defined as Small and Medium Scale Enterprise (SME) in a developed country can be regarded as a large-scale enterprise in a developing country, using such parameters as fixed investment and employment of the labor force. It is important also to recognize that definitions change over time and hence, even in a developing country, what was previously classified as SME could be regarded as a large-scale industry when the quantities of relevant parameters change during the production process²³.

In Nigeria, several attempts have been made to define and classify SMEs. Moreover, probably due to differences in policy focus, different government agencies apply various definitions. For instance, the Centre for Industrial Research and Development (CIRD) of the University, Ile-Ife defining a small-scale enterprise as an enterprise with a Working capital base not exceeding N250, 000 and employing on a full-time basis, 50 workers or less²⁴.

The Nigerian Bank for Commerce and Industry (NBCI) adopted a definition of small-scale business as one with total capital not exceeding N740, 000, (excluding cost of land

but including working capital). The Federal Ministry of Industry's guidelines to NBCI defined small scale enterprise as one with a total cost not exceeding N500, 000 (excluding cost of land but including working capital). The Nigerian Industrial Development Bank (NIDB) defined small scale enterprise as an enterprise that has investment and working capital not exceeding N750,000 or \$5,000 while it defined medium scale businesses as those operating within the range of N750,000 to N3.0 million (\$5,000 to \$20,000).

In 1979, the Central Bank of Nigeria (CBN), in its credit guidelines to commercial banks, stated that small scale enterprises were those with annual turnover not exceeding N500, 000; while the merchant banks were to regard small scale enterprises as those with capital investment not exceeding N2 million (excluding cost of land) or with maximum turnover of not more than N5 million. In Nigeria, these businesses are very small employing up to a maximum of 50 people, who in most cases are members of the same family or close associates. The major activities of small-scale businesses in Nigeria are food vending, farming, hair dressing/barbing salon, welding, bread/cake baking, sale of second hand clothing, produce buying, sale of health/herbal products, secretarial/telephone services, sale of hand sets and recharge cards, repairs/unlocking of hand sets, moulding of cement blocks for sale, sale of vehicle spare parts, soft drinks/bee sales etc.

Against general background information on the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), this paper will subsequently test how adequately this body is performing, especially in ensuring the survival of small businesses in Kebbi State, Nigeria.

2.1.8 Internal Control System

Internal controls refer to the measures instituted by an organization so as to ensure attainment of the entity's objectives, goals and missions. They are a set of policies and procedures adopted by an entity in ensuring that an organization's transactions are processed in the appropriate manner to avoid waste, theft and misuse of organization resources. Internal Controls are processes designed and effected by those charged with governance, management, and other personnel to provide reasonable assurance about the achievement of an entity's objectives regarding the reliability of the financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations²⁵.

It is worth noting that internal controls only provide reasonable, but not absolute assurance to an entity's management and board of directors that the organization's objectives will be achieved. The likelihood of achievement is affected by limitations inherent in all systems of internal control²⁶.

2.1.9 Components of Internal Control System

An effective internal control must Contain Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring.

Internal control comprises five components: the control environment, the entity's risk assessment process, the information and communication systems, control activities, and the monitoring of controls²⁷.

For an organization to achieve its organizational objectives, then the five control components of internal control must be integrated into management processes over the entire organization (Subsidiaries, divisions, units)²⁸.

In another study, developed a model and added information technology in their research, and revealed that measuring the effectiveness of internal control is concerned with the existence and functioning of the six major control components identified by the model²⁹.

2.1.10 Control Environment

Control environment sets the tone for the organization, impact on the consciousness of the employees; it is the foundation for all the other components of internal control system. The control environment includes the attitudes, awareness, integrity and ethical values of all the employees, and actions of management and directors, management and those charged with governance concerning the entity's internal control and their importance in the entity³⁰.

In another study, Control environment refers to all factors which are effective in determining, increasing or decreasing the effectiveness of policies, procedures, and methods specific to a process. Control environment stands out with the basic understanding adopted by the senior management of the corporation to control the organization, its attitude toward problems and approach to solving problems and their perspective of the importance of moral values³¹.

The element of control environment includes communication, enforcement of integrity, and ethical values.

Control environment is the control consciousness and attitude toward internal control build and maintained by the management and the employees of an organization. It may be viewed as the foundation for other components of internal control providing discipline and structure²⁰.

Seven factors are identified that affect the control environment: integrity and ethical

values, human resource policies and practices, assignment of authority and responsibility, a commitment to the competence, organizational structure, and management's philosophy and operating style, and board of directors or audit committee. The following is control environment principles which organization should consider:

- i. The organization should demonstrate a commitment to ethical values and integrity. Through attributes of establishing standards of conduct, evaluate adherence to standards of conduct; setting the tone at the top; and address deviations promptly³².

The board of directors demonstrates the independence of management and exercises oversight of the development and performance of internal control. Through attributes: provide oversight during the development and performance of the system of internal control; retain or delegate oversight responsibilities as appropriate; establish a board of directors oversight responsibilities; board of directors operates independently of the organisation; and apply relevant expertise³³.

- ii. Management establishes with the board, an appropriate authorities and responsibilities in the pursuit of objectives, reporting lines, and oversight structures, through the following attributes: consider all structures of the organization (including out-sourced service providers), establish reporting lines; limit authorities, define, and assign responsibilities³⁴.

- iii. The organization should demonstrate a commitment to retain, develop, and attract competent individuals in alignment with its objectives. Attributes: plan and prepare for succession, develop, attract, and retain the individual, establish policies and procedures, evaluate competence and address shortcomings.

- iv. The organization should also hold individuals accountable for their internal

control responsibilities in the pursuit of objectives. This can be achieved through the following attributes: establish performance measures, authorities, and responsibilities, enforce accountability through structures, rewards, and incentives, evaluate performance measures, incentives, and rewards for ongoing relevance, evaluate performance and rewards or discipline individuals, consider excessive pressures.

2.1.11 Risk Assessment

Risk assessment is among the component of internal control. Risks threaten the achievement of objectives. An entity's risk assessment process is the process of identifying and responding to business risks and the results thereof³⁵.

Risk Assessment is also defined as identification of potential errors and implements procedures, policies, and control to detect those errors and prevent them. Risk assessment can also be the identification and analysis of risks relevant to the achievement of objectives³⁶.

In other words risk assessment is the process of detecting, assessing and determining how to succeed in these things. Both external and internal risks could prevent the achievement of established objectives at every level in an organization. Every organization, be it private or public, large or small, faces risks from both external and internal sources that must be assessed. Therefore, management should take necessary actions to prevent these risks. But, sometimes management cannot avoid the risk from occurring. In these situations, management should determine whether to accept the risk, reduce it up to the acceptable levels, or avoid. An organization principally establishes an early warning system to identify risks with low-probability, and take the necessary steps to minimize or remove such risks. The following risk assessment was identified as

principles which organization should consider²⁵.

The organization should assess and detects changes that could significantly impact the system of internal control. Control operations consist of a variety of activities, these activities are; Physical controls (such as controlling whether necessary measures are taken in order to reach assets and records or not, controlling the physical presence or absence of assets, compared between accounting records and periodic inventory); Performance assessment (to compare between the actual operations and objectives of a corporate); Information processing controls; Should also; assess changes in leadership; assess changes in the business model; assess changes in the external environment; Segregation of duties (for instance registration procedures, and custody of assets; assigning different employees with different tasks such as procurement of assets)³⁷.

- i. The organization should consider the potential for fraud assessing risks to the achievement of its objectives. The organization should specify objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives. Should; consider tolerance for risk and required a level of precision/materiality comply with externally established standards and frameworks and laws and regulations reflect management's choices; reflect entity activities; include operations and financial performance goals; from the basis for committing of resources. Should also consider various ways that fraud can occur; consider risk factors; assess incentive and pressures; assess opportunities; assess attitudes and rationalisations.
- ii. The organization should identify risks across the entity to the achievement of its objectives and should also analyze those risks as a basis for determining how the risks should be managed. This can be achieved through the following attributes; involve appropriate levels of management; division, subsidiary, functional levels,

and operating unit; analyze both external and internal factors; the determine how to respond to risks, and estimate the significance of the risks identified.

- iii. The organization specifies objectives with sufficient clarity to enable the assessment and identification of risks relating to objectives. Attributes: consider toleration for risk and required level of precision/materiality; comply with externally established standards and frameworks and laws and regulations; reflect management's choices; reflect entity activities; include operations and financial performance goals; form basis for committing of resources.

2.1.12 Information and Communication System

Another component of the internal control system is to be able to obtain information both horizontally and vertically and ensure communication among employees. These are only possible if the management information system and its information subsystems are arranged in a disciplined and responsive manner. Effective communication should be established including all employees at all levels of the corporation. Information and communication focus on the quality and nature of information needed for effective control that the systems use to develop such information, and reports necessary to communicate it effectively. Information systems produce reports of operational, financial, and compliance-related information that make it possible to run and control the business³⁸.

Effective communication also must exist with external parties, such as customers, suppliers, regulators, and shareholders³⁹.

Organizations need information at all levels to assist the management in meeting its objectives. This information should be communicated from top to bottom level that needs it within a specific time that helps them to carry out their objectives.

Communication also uses by outside parties such as customers, suppliers, and regulators. Control environment, control activities, risks, information about an organization's plans, and performance must be communicated down, up, across an organization. Reliable and relevant information from both external and internal sources must be processed, captured, identified and communicated to the people who need it in a form and timeframe that are useful⁴⁰.

Information and communication can reduce the risk of fraud in two ways. First, the possibility of fraudulent concealment is reduced using the accuracy of information and integrity, thus that a person who commits a fraud can't have the opportunity of hiding it for a long time. Secondly, an active and open communication adopted in an organisation helps to detect and prevent the possibility of fraud in advance⁴¹.

The following are information and communication principles organisation should consider;

- i. The organization obtains or generates and uses relevant, quality information to support the functioning of other components of internal control. Attributes: identify information requirements; capture internal and external courses of data; process relevant data into information; maintain quality throughout processing; consider costs and benefits³⁷.
- ii. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of other components of internal control. Attributes: communicate internal control information with personnel; communicate with the board of directors; provide separate communication lines; select the relevant method of communication
- iii. The organization communicates with external parties regarding matters affecting

the functioning of other components of internal control. Attributes: communicate with external parties; enable inbound communications; provide separate communication lines; communicate with the board of directors; select the relevant method of communication

2.1.13 Control Activities

The fourth component of internal control is controlled activities, the procedures, and policies that ensure how management directives have executed that help ensures that necessary actions are taken to address the risks involved in the achievement of the entity's objectives⁴².

Control activities are tools, both manual and automated that help prevents or reduce the risks that can impede accomplishment of the organization's objectives and mission. Management should establish control activities to accomplish the organization's objectives and mission effectively, and efficiently. Accordingly, the control activities that are relevant to the audit include Performance review; Information processing; Physical control; Segregation of duties. However, a study noted that authorization, segregation of duties, and verification before making the payments, control over access to resources, reconciliation, review operations and supervision as the control activities in any organisation³⁹.

The literature highlighted those benefits of relevant, timely and effective internal and external communication; improved communication about expectation, responsibilities, and objectives of an organization; Enhanced decision making; reduced dependence on individual employees who assist in the prevention and detection of frauds. The following are control activities, attributes organization should consider:

- i. The organization should develop and selects control activities that contribute to mitigating of risks to the achievement of objectives to acceptable levels. This can be achieved through the following attributes: address segregation of duties; consider at what level activities are applied; evaluate a mix of control activity types; consider entity-specific factors; determine relevant business processes; integrate with risk assessment.
- ii. The organization should select and develops general control activities over technology to support the achievement of objectives. With the help of the following attributes: establish relevant technology acquisition, development, and maintenance process control activities; establish relevant technology infrastructure control activities; establish relevant security management process control activities; determine dependency between the use of technology general controls and technology in business processes.
- iii. The organization deploys control activities, as manifested in policies that establish what is expected and in relevant procedures to affect the policies. This can be achieved through the following attributes: the reassess policies and procedures take corrective action; perform promptly; perform using competent personnel; establish accountability and responsibility for executing policies and procedures; and establish policies and procedures to support the deployment of management's directives.

2.1.14 Monitoring

The quality of the internal control systems can be assessed by monitoring over time through separate evaluations, ongoing monitoring activities, or a combination of the two⁴⁰.

Internal control system and application of controls change over time. This can be due to the arrival of new personnel, varying effectiveness of implementing the procedures or supervision, time and resource constraints or changes in the circumstances for which the internal control system originally was designed⁴³.

The objective of monitoring is to determine whether internal control is effective, properly executed, and adequately designed. Internal control is adequately designed and properly executed if all five internal control components (Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring) are present and functioning as designed⁴⁴.

The ability to identify risks that may occur due to some changes within the organization and among employees and the ability to provide continuity of internal control need to be monitored in the course of time. Management should emphasize monitoring efforts on internal control and accomplishes.

The organization objectives. Monitoring should be performed on a assess results; communicate deficiencies to management; report deficiencies to senior management and the board of directors; monitor corrective actions.

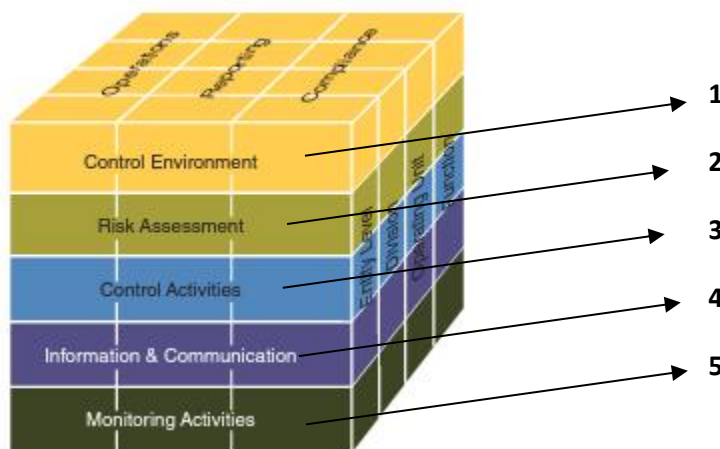


Figure 2.1: COSO's Internal Control Framework

Source: KPMG Internal Control Framework

2.1.15 Internal Control and its Role in an Organization

The most holistic view of the role of the internal control in the organization or enterprise is presented by the internal control framework. It connects definition and main components of internal control. In this research, the role of internal control is represented by the Internal Control Framework⁴⁵.

The most widely recognized and implemented. Moreover, it is also well developed, being published already in the year 1992 and recently updated in 2013. Therefore, it gives comprehensive knowledge on the subject. Other known frameworks exist: COCO (Criteria of Control) by the Canadian Institute of Chartered Accountants (CPA Canada); The Turnbull Report by The Financial Reporting Council in UK and J-SOX by Business Accounting Council of the Japanese Financial Services Agency. They are not so popular worldwide and tend to be mostly implemented in their countries of origin. However, their objectives and framework for internal control are typically similar⁴⁶.

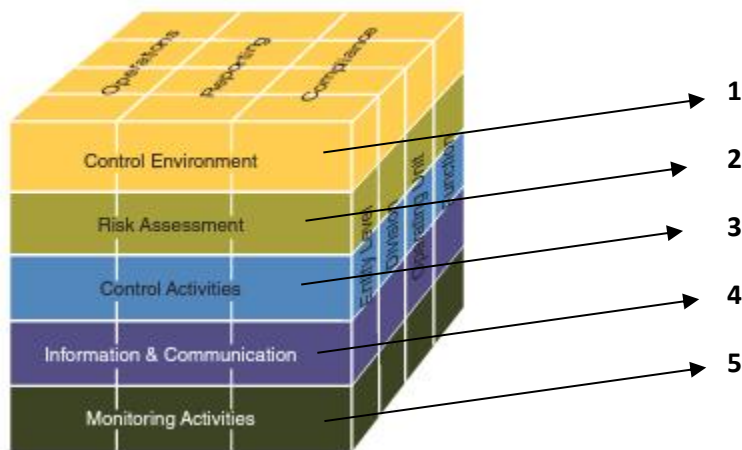


Figure 2.2 2021 updated COSO Framework

Source: KPMG (2021) Researchers design based on COSO's Internal Control framework

It is depicted in the form of a cube, to represent the fact that components are affecting each other and “the entity, either an entity-wide basis or specifically on a divisional, regional or product line basis⁴¹”

As it is represented in Figure 2.2, internal control has five main components shown in the rows (Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring Activities). They compose the “effective” internal control and allow for achieving entity’s goals by the fulfilment of objectives. Objectives are shown in vertical columns (Operations, Reporting and Compliance). They have an impact on the organizational structure level of the entity (Entry Level, Division, Operating Unit and Function) shown by the third dimension of the cube.

As it is stated in COSO definition, internal control is a process that assures the achievement of objectives:

Operational – Efficient and Effective Operations

Reporting - Reliable Financial Reporting

Compliance – with Laws and Regulations

Five main components, application which creates control⁴⁷

Control environment - what kind of message the management sends to its employees about the importance of internal control?

Risk assessment - management performs risk assessment; they put the effort where their greatest risk is; risks for which internal controls are set up must be reliable to the risks and everyday problems of employees

Control Activities - actual controls that are in place, for example, segregation of duties, authorization and transactions

Information and Communication - how are the results and to whom are the results communicated in the organization? How the departments communicate between each other? Is it internal communication (within organization) and also external? (to shareholders).

Monitoring - how are the controls monitored by management; regular monitoring to uncover issues and ensure that the problem is communicated and solutions are found; an answer to dynamically changing environment.

Together, with the third dimension of the cube, components, and objectives of the COSO Framework create an opportunity for effective internal control implementation. "Business environment and management policy are also effective in creating control environment. Risks identified in terms of an entity's strategic, financial and operational objectives have a significant role in determining the design of control activities. Information, communication and monitoring also help to assess and review the efficiency of control activities⁴³.

The role of internal control is to help the organization achieve specific goals or objectives. COSO Framework's role is to drive internal controls and to allow the realization of these goals using improved organizational performance and governance. Therefore it is vital that all structures comply with internal control principles. Principles must also be relevant to the organization. Only in this way the value-adding internal control is created.

Key benefits of implementing internal control increase efficiency of operations and management of risks. However, management will also be supported by⁴⁸

Application of standardized procedures, rules, and regulations, securing entity's current assets;

Providing reliable financial reporting, ensuring compliance with laws and regulations, Elimination of income or resource losses, Goal-oriented and accurate decision making, Identification and prevention of fraud.

Inadequate internal control systems would be an impediment that slows down the company. It is important that during the development of internal controls, it is responding to specific and main risks. It must also be cost efficient and comprehensive, as well as consistent and well understood by all employees⁴⁹.

Internal control is part of the basic instruments of enterprise control that allows companies to achieve an advantage over others in their industry. Only effective internal control can give potential for achieving goals and tasks. It does so by risk control and the ability to perceive and eliminate threats. Internal control is a source of security in the ever-changing business environment rather than just financial control. Therefore, it should be well implemented, monitored and constantly updated in an organization⁴⁵.

2.1.16 Types of Internal Control system

There are three main types of internal controls: detective, preventative, and corrective. Controls are typically policies and procedures or technical safeguards that are implemented to prevent problems and protect the assets of an organization.

All organizations are subject to threats occurring that unfavourably impact the organization and affect asset loss. From innocent but costly mistakes, to fraudulent manipulation, risks are present in every business. Regardless of why it transpires, controls need to be established to avoid or minimize loss to the organization.

There are also limitations to these controls to consider, making it essential to have ongoing reviews and monitoring of your system.

Detective Internal Controls

Detective internal controls are those controls that are used after the fact of a discretionary event. Think of Sherlock Holmes, walking onto the scene of an event, trying to piece together what happened.

Some examples of detective controls are internal audits, reviews, reconciliations, financial reporting, financial statements, and physical inventories.

Preventative Internal Controls

Preventative internal controls are those controls put in place to avert a negative event from occurring. For example, most applications have checks and balances built-in to avoid or minimize entering incorrect information. There are also physical controls or administrative preventive controls, such as segregation of duties that are routinely performed by companies. Assigning one person to write checks, and another staff member to authorize the payments, are segregation of duties that fall under the umbrella of preventative controls from an administrative standpoint. Others, like video surveillance or posting security guards at entry points verifying ID credentials and restricting access, are illustrative of physical safeguards.

Training programs, drug testing, firewalls, computer and server backups are all types of preventative internal controls that avoid asset loss and undesirable events from occurring.

Corrective Internal Controls

Corrective internal controls are typically those controls put in place after the detective internal controls discover a problem. These controls could include disciplinary action, reports filed, software patches or modifications, and new policies prohibiting practices

such as employee tailgating. They are usually put into place after discovering the reasons why they occurred in the first place.

2.1.17 Limitations of Internal Control System

All internal controls no matter how sophisticated or elaborate cannot by itself guarantee efficient administration, completeness and accuracy of the records nor can it be a proof against fraudulent practices of indigenous staff. Internal control in a financial statement Audit, identifies the following inherent limitations that explain why internal control, no matter how well designed and operated, can provide only reasonable assurance regarding achievement of an entity's control objectives.

Mistake in Judgement: Occasionally, management and other personnel may exercise poor judgment in making business decisions or in performing routine duties because of inadequate information, time constraints, or other procedures.

Breakdowns: Breakdowns in established control may occur when personnel misunderstand instructions or make errors owing to carelessness, distractions or fatigue. Temporary or permanent changes in personnel or in systems or procedures may also contribute to breakdowns.

Staff Collusions: This means that internal control system which depends on segregation of duties for its efficient operations can be rendered ineffective by the collusions of staff performing complementary functions.

Management Overriding Established Control: This happens when members of the management by virtue of their office refuse to submit themselves to control procedures put in place for the smooth operations of the organization. For example, management refuse to be subjected to security checks be gatekeepers. Such actions are emulated by

officers immediately below the management and before you know it, the control is bastardized and rendered ineffective as only low cadre staff is subjected to it.

Cost versus Benefits: The cost of an organization's internal control should not exceed the benefits that are expected to ensue because precise measurement of both cost and benefits usually is not possible, management must make both quantitative and qualitative estimates and judgments in evaluating the cost benefit relationship.

2.1.18 Objectives of Internal Control

Internal control is essential feature of any organization that is run efficiently. However, it is established to achieve specific objectives, prominent among these are summarized and discussed below:

Safeguarding of Assets: Allowing assets to be broken, lost or stolen is unacceptable and procedures are always devised to safeguard them, hence, the primary objective of internal control system is to safeguard the assets from fraud and theft such as under billing of customer, overpayment of suppliers and physical loss.

Prevention and Detection of Errors and irregularities: Internal control system is designed in a way as to discourage any element of fraud and fraudulent activities. This does not mean that the possibility of errors and fraud is eliminated. Rather with sound internal control system the chances are very minimal. Also, with proper internal control system errors and regularities are detected before long.

Reliability of Accounting Records: Clearly the converse is unacceptable in any business as both internal and external auditor's report cannot be accurate if the financial statements are not free from distortion, manipulation, and defalcation and teeming and lading. Thus, the reliability of accounting records to both internal and external auditors cannot be over emphasized.

Ensure Adherence to Management Policies: Delegated responsibility flows from the top-level management down to the subordinates making it possible to share the organization's corporate operation into units of operation. Hence, dining every function and make sure they are discharged as planned so as to achieve the organization's goals.

Profitability and Minimization of Unnecessary Cost: Sound and adequate internal control system enables an organization to minimize unnecessary cost. This is normally achieved through guiding against unauthorized expenditure and hence, it will make it possible to the organization to achieve cost reduction of every risk to be undertaken.

2.1.19 Financial Performance

The concept of performance, as it appears to define in the dictionaries of French, English and Romanian, defines more the idea of outcome, achieved a goal, quality, and less the economic aspects of efficiency and effectiveness. The Explanatory Dictionary of the Romanian Language defines performance as a "a result (particularly good) obtained by someone in a sporting contest; a special achievement in a field of activity; the best result obtained by a technical system, a machine, a device, etc. The definition shows that the term performance was originally taken from the mechanics and sports fields, in order to subsequently be used to characterize the very good results also achieved in other fields. This means that performance is obtained only by a limited number of entities, those who get the best results.

Performance cannot be associated with any result achieved, but only with a special one. What does "special mean? In the first place, net superior to what was obtained in an earlier period, in the second place, superior to results obtained by "others" and, in a third place, different from the objectives obviously set, in a favorable acceptance. Currently there are a variety of definitions attributed to the concept of performance due to its

subjective nature. In the literature, there are many articles or studies that define the concept of performance closely related to environmental factors⁵⁰.

Believes that the performance consists in "achieving the goals that were given to you in the convergence of enterprise orientations". In his opinion, performance is not a mere finding of an outcome, but rather it is the result of a comparison between the outcome and the objective.

Considers that this concept is a comparison of the outcome and the objective. The author's definition is far from clear, as both outcomes and objectives vary, most often⁵¹.

From one field of activity to another, Characterizes the performance as future-oriented, designed to reflect the particularities of each organization/individual and is based on a causal model linking components and products. He defines a "successful" business as one that will achieve the goals set by the management coalition, not necessarily one that achieved them. Thus, performance is dependent as much of capability and future⁴⁸.

Unlike other authors noted the difference between "a performance", "performance" and "being performant". "A performance" is subject generally to a measured result, higher than that provided for or arising from the previous results. "A performance" thus indicates always a positive connotation. "Performance" can be both positive and negative and relates to past results⁴⁸.

Performance is not an objective reality, waiting somewhere to be measured and assessed, but a socially constructed reality that exists in people's minds, if it exists somewhere.

Performance may include components, products, consequences, impact and can also be linked to economy, efficiency, effectiveness, cost effectiveness or equity⁴⁹.

Performance as subjective and interpretative, not least, being related to the cost lines, which emphasizes the ambiguous nature of the concept, believes that the performance of an organizational system is a complex relationship involving seven performance criteria that must be followed: effectiveness, efficiency, and quality, and productivity, quality of work, innovation and profitability. Performance is closely related to the achievement of the criteria listed above, which can be regarded as performance objectives⁵². It cannot be established a precise definition of in the research of performance in business, the definition of performance has led to highlight three priorities or objectives of governance of performance⁵³.

Firstly, performance should be analyzed by each entity within the limits of the environment in which they decide to operate. For example, a company's performance needs to be analyzed in the markets in which it operates and not those that are not relevant to its operations⁴⁸.

Secondly, performance is always linked to one or several objectives set by the entity whose performance is analyzed. Therefore, a company measures its performance against objectives and targets established and accepted internally rather than on those used by external bodies. Thirdly, performance is reduced to the relevant and recognizable features⁴⁹.

Theory performance is influenced by the environment, the objectives to be achieved and the relevant and recognizable features uses several definitions for the concept of performance as it should be analysed and quantified from several points of view⁵⁰.

Performance should consider quantifying the efficiency and effectiveness of actions. This quantification can be expressed both qualitatively and quantitatively. According to

the definition of and other authors, performance is closely related to efficiency and effectiveness⁵¹.

Performance is something that a person leaves behind and which exists outside the said purpose. Performance is defined at the level of each individual within the organization or at organization level. It is perceived as an understanding of the achieved results. The author emphasizes the particular nature of the definition and the impossibility of outlining a general definition. Therefore, we can speak of an accuracy of the definition at a particular level and an ambiguity of it at a general level⁵².

2.1.20 Financial Performance Measures

Performance is the indicator used to measure set goals and objectives. Business owners make the performance an utmost priority. General performance of an organization is largely dependent on the right management approach which involve three levels of management. The authors further alluded that business performance measures market-related items such as sales growth and market share and future positioning of the firm. Financial performance is the major outcome organizational effectiveness⁵³.

Though such performance standards are considered vital, but not sufficient to determine the overall effectiveness. Accounting-based considers profitability in terms of Return on Sales (ROS), Return on Assets (ROA) and Return on Equity (ROE) to measure financial performance. Organizational effectiveness measures tend more towards stakeholders than shareholders. There are two perspectives with indicators in respect to quality such as product quality, worker satisfaction, overall quality and those indicators linked with social responsibility like environmental and community responsibility.

Return on Sales (ROS)

Return on sales (ROS) is a ratio used to evaluate a company's operational efficiency. This measure provides insight into how much profit is being produced per dollar of sales. An increasing ROS indicates that a company is growing more efficiently, while a decreasing ROS could signal impending financial troubles. ROS is very closely related to a firm's operating profit margin.

The Return on Sales (ROS) is a percentage measure, used to indicate how efficiently a business transforms sales into profits, e.g., the amount of profit generated per dollar earned. If a company's ROS is on the rise, this signals growth at a steady efficient rate. Diminishing ROS, however, may indicate serious financial difficulties. Increasing sales can help improve Return on Sales, though this could require an overhaul of current strategies.

Return on Assets (ROA)

Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA gives a manager, investor, or analyst an idea as to how efficient a company's management is at using its assets to generate earnings. ROA is displayed as a percentage, the higher the ROA the better.

Significance of Return on Assets (ROA)

ROA, in basic terms, tells you what earnings were generated from invested capital (assets). ROA for public companies can vary substantially and will be highly dependent on the industry. This is why when using ROA as a comparative measure, it is best to compare it against a company's previous ROA numbers or a similar company's ROA.

The ROA figure gives investors an idea of how effective the company is in converting the money it invests into net income. The higher the ROA number, the better, because the company is earning more money on less investment.

Because of the balance sheet accounting equation, note that total assets are also the sum of its total liabilities and shareholder's equity. Both of these types of financing are used to fund the operations of the company. Since a company's assets are either funded by debt or equity, some analysts and investors disregard the cost of acquiring the asset by adding back interest expense in the formula for ROA.

Return on Equity – ROE

Return on equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE is considered the return on net assets. ROE is considered a measure of the profitability of a corporation in relation to stockholders' equity.

2.1.21 Internal Controls and Financial Performance

Internal control system and financial Performance were statistically significant in determining corporate goals. This is in tandem with the objective of this study. Internal control promote efficiency, reduce risk of asset loss and help ensure the reliability of financial statements and compliance with the laws and regulations. The comprehensiveness of internal controls in addressing the achievement of objectives in financial reporting, operations and compliance with laws and regulations. A company level of control problems, which cannot be audited as easily, are associated with lower earning quality, which explore links between disclosure and material weakness and fraud, earning management or re-statement.

An effective internal control is one of the mechanisms used to address the agency problems. Bank that have effective internal controls in place easily address the agency problems, minimize agency cost and mitigates against earning management resulting to scandalous reporting that could lead to loss of resources.

2.2 Theoretical Framework

Various theories have been formulated on internal control and financial performance. However, this study is anchored on the Agency Theory and Contiguous Theory.

2.2.1 Agency Theory

The agency theory is concerned with resolving problems that can exist in agency relationships; that is, between principals such as shareholders and agents of the principals for example, company executives. The two problems that agency theory addresses are: the problems that arise when the desires or goals of the principal and agent are in conflict, and the principal is unable to verify what the agent is actually doing and the problems that arise when the principal and agent have different attitudes towards risk. Because of different risk tolerances, the principal and agent may each be inclined to take different actions.

Agency theory can provide for richer and more meaningful research in the internal audit discipline. Agency theory contends that internal auditing, in common with other intervention mechanisms like financial reporting and external audit, helps to maintain cost-efficient contracting between owners and managers.

2.2.2 Contiguous Theory

Contiguous theory is an approach to the study of organizational behavior in which explanations are given as to how contingent factors such as technology, culture and the

external environment influence the design and function of organizations. The assumption underlying contiguous theory is that no single type of organizational structure is equally applicable to all organizations. Rather, organizational effectiveness is dependent on a fit or match between the type of technology, environmental volatility, the size of the organization, the features of the organizational structure and its information system. Contiguous theory is used to describe the relationships between the context and structure of internal control effectiveness and organizational performance, especially reliability of financial reporting. Empirical study suggests that internal auditors who are specialized and higher in internal audit ability will achieve internal control effectiveness analysis and that the firm will benefit from the organizational effectiveness via internal control mechanism efficiency.

Some factors which impact management control systems; these are: external environment, technology, structure and size, strategy and national culture. It suggests that the demands imposed by technical tasks in the organization encourage the development of strategies to coordinate and control internal activities. The location of information in relation to technology and environment has an important influence on organization structure. In uncertain environments with non-routine technology, information is frequently internal²⁷.

Where environments are certain, or where technology is routine, information is external. The dimensions of structure and control include authority structure and activity's structure, that is, rules and procedures that determine the discretion of individuals.

Authority relates to social power. In the contiguous model, decentralized authority is more appropriate where uncertain environments or non-routine technology exist. Centralized authority is more Appropriate when environments are certain Contingency theory states that the considerably, depending on the area of a company under audit and

the type of business model, so auditors must carefully manage their inspections and take variables into account to get the job done. The contiguous theory also can be applied to an audit team's structure. Typically, audit team managers receive audit projects. They then create ad hoc audit teams for the projects, selecting auditors based on expertise and experience in the subject areas, and on auditor availability, all of which add up to contingencies for any given audit project.

The underpinning theory of this research is Transactional Leadership Theory, which was proposed as a paradigm for understanding and characterizing the dealings between organizational leaders and employees. Classified leadership styles in an organization as either transactional or transformational⁵³.

Transactional leaders use conventional reward and punishment to gain compliance from their followers. Transactional leadership is managerial control that focuses on the role of supervision, organization, and performance⁵⁴.

The leaders ensures that subordinates comply through both rewards and punishments. Transactional leaders pay attention to subordinates' shortcomings and deviations. Transactional leadership is responsive, works within the organizational culture, and motivates followers by appealing to their self-interest⁵⁵.

The transactional leadership approach uses a one size-fits-all universal approach to leadership theory construction that puts aside situational and contextual factors related to organization challenges⁵⁶.

Transactional leadership behavior is in contrast with transformational behavior. While transactional behavior canters on cooperation through the exchange of rewards, transformational style of leadership focuses on method, by which a leader can inspire

and apply that ability of motivation thinking business leaders could exhibit either transformational or transactional leadership styles⁵⁷.

Transactional leadership practices lead followers to the short-term relationship of exchange with the leaders. Those relationships often create hatred among the participants. Some scholars criticize the transactional leadership theory because of its one-size-fits-all universal approach by neglecting situational and contextual factors regarding enterprise challenges⁵⁸.

Transformational leadership has a positive influence on subordinates and organizational performance⁵⁴.

Both transactional and transformational leadership has their merits and demerits. Transactional leaders focus on processes rather than forward thinking ideas as in transformational leadership. Transactional leadership is good in a crisis and emergency situations⁵⁸.

Transformational leaders pay attention to creating a positive change of the followers. Transformational leaders are mindful of interests of everybody in the group. Transformational leadership increases the motivation, performance, and morale of subordinates through various mean.

The foundation for transformational leadership is the application to higher-level needs of employees. Business leaders could use either transactional or transformational leadership style to introduce or strengthen the firms' internal control systems. Scholars have distinguished between transactional and transformational leadership styles. First, transactional leadership is responsive while transformational leadership is proactive. Second, transactional leadership works within the organization while transformational leadership works to change the organizational culture by implementing new ideas. In

transactional leadership, the leader sets a policy of rewards and punishments through which the employers achieve business set objectives and employees achieve personal objectives through higher ideals and moral values. Finally, transactional leaders motivate followers by appealing to their self-interest while transformational leaders motivate followers by encouraging them to put group interests first. A leader's leadership style is critical to the successful implementation and maintenance of internal control practices.

Studies in leadership have gained considerable prominence in scholarly literature over the past few decades. Traditional leadership theories emphasize the concept of rewards and punishment⁵⁹.

Traditional leadership theories emphasize power sharing between leaders and subordinates, teamwork, and human relation. Business leaders should use appropriate leadership style to establish and sustain internal control systems⁶⁰.

2.3 Review of Empirical Studies

There are a huge number of empirical studies conducted in the area of small and medium-scale enterprise with varying scope and objectives. In this section, relative literature comprising articles, theses and dissertations are presented.

A study aimed to examine the effect of implementing corporate governance proxied by board accountability (BA), audit committee (AC), transparency and disclosure (TD), shareholder rights and investor relations (SI), and ownership and control disclosure (OC), leverage, and firm size as control variables on the company's financial performance. The sample was determined by the purposive sampling method, and there were 376 non-financial companies listed on the Indonesian stock exchange (IDX) for the period 2015-2019. Data analysis using panel data regression analysis. The results show that shareholder rights and investor relations (SI), leverage, and firm size significantly affect

Tobin's Q. However, it has an insignificant effect on ROE. Meanwhile, board accountability (BA), audit committee (AC), transparency and disclosure (TD, and ownership and control disclosure (OC) has an insignificant effect on Tobin's Q and ROE. The results of this study indicate that the implementation of good corporate governance can improve potential corporate market value⁶¹.

Previous research has been conducted on financial performance of selected banks. The current study has been conducted to examine the economic sustainability of a sample of six banks in India using CAMEL model during the period 2017-21. Secondary data for the study was gathered from bank annual reports and websites. The collected data was analysed using the CAMEL framework. ICICI Bank, HDFC Bank, SBI Bank, AXIS Bank, PNB Bank and Canara Bank were chosen for analysis. According to the study's overall ranking of the CAMEL analysis, ICICI bank and HDFC bank are the best banks. PNB is the worst performing bank according to the analysis⁶².

A study evaluated the relationship between transportation quality, customer satisfaction and profitability. The partial least squares approach to structural equation modeling is used to examine longitudinal data from 1995-2018 from the US airline industry. The study's findings suggest that low services quality in transportation has adverse effects on customer satisfaction and financial performance, while the impact of customer satisfaction on financial performance in the US Airline transportation industry is mixed. The study found that the impact of customer satisfaction on financial performance is significant in full-service airlines but not in low-cost airlines. Surprisingly, the study found no significant direct relationship between transportation quality and financial performance in the US airline industry⁶³.

The effect of internal controls on working capital (cash and inventories) on SMEs in Imo State, Nigeria was analysed. Descriptive survey design was adopted. A sample of 100

staff of SMEs in Owerri, Imo State was used, and data were sourced through questionnaires administered to the respondents. One-Way Manova was employed to test the hypotheses via SPSS. From the analysis of data sourced from the respondents, it was discovered that internal control system is very important in all areas of working capital management and it should not be taken for granted because of the positive effect it has. Internal control system has significant effect on cash, and inventories. Based on the results, it was recommended that managers of small and medium-sized enterprises should put up an adequate internal control system for handling cash in order to prevent theft, misappropriation, and other potential problems brought on by a lack of management. This will hasten the expansion and growth of the companies⁶⁴.

In a study titled Determinants of Small and Medium Scale Enterprises (SMEs) Growth in Nigeria. This study used the Ordinary Least Square method to investigate the effects of SMEs growth determinants on economic growth in Nigeria for the period 1992:1 to 2019:4. The results of the study indicated that SMEs growth (manufacturing capacity utilization rates) had significant positive effects on the growth of real GDP while financial deepening, monetary policy interest rates, exchange rate regimes and electric power consumption had a significant negative effect on the growth rate of real GDP in Nigeria. The coefficient of financial deepening, commercial banks loans to SMEs, exchange rate regimes, and electric power consumption had the wrong sign. The coefficient of commercial banks' loans to SMEs was insignificant in determining real GDP growth in Nigeria. The result suggests that real output (GDP) will grow in economies where there are high capacity utilization rates, availability of loans or finance, high financial deepening, competitive exchange rate regimes, low-interest rates (cost of borrowing capital) and high electric power consumption⁶⁵.

A study empirically determined the importance of business sustainability the issues that underpin it by emphasizing its relationship with financial performance. A documentary review was carried out that allowed topics development: Business sustainability, Standards related to sustainability, socially responsible funds, sustainability reports, and business sustainability and financial performance. It was found that sustainability has reached a fundamental relevance for financial performance, to such an extent that more and more sustainability indexes have been created, allowing stakeholders to evaluate the sustainable performance of companies and identify the socially responsible investments these companies emit. Corporate sustainability reports have been adopted voluntarily to publicize the sustainable actions carried out by these entities. Finally, it was found that empirical research shows a positive relationship between Business Sustainability and Financial Performance, thus showing the imperative need for companies to achieve financial sustainability⁶⁶.

A study reviewed the systematic understanding between the link between corporate governance system and companies' financial performance from theoretical and practical perspective based on dealing with the concepts, theories and evidence that done in the previous studies in the literature review regarding corporate governance and its mechanisms as internal control system and its impact on firm financial performance. The study admits that corporate governance's mechanisms improve firm financial performance. The present study recommended that the internal controls mechanisms and board features are crucial for reaching good corporate governance⁶⁷.

Decarbonisation and Financial Performance of Energy Companies was assessed in a study. The study included 21 company groups that cover more than 70% of CO2 emissions from coal-fired power plants in the EU. The profitability indicators were calculated based on the publicly available consolidated annual reports of the companies

for 2016 and 2020. Following a reliability test of the indicators, a cluster analysis was carried out. The different reactions allowed us to classify the energy groups into different clusters. The analysed companies were classified into four homogeneous groups: Frontrunner, Up-and-coming, Sacrifice makers, and Stagnating companies. Although a significant relationship could not be found between the change in GHG emissions and the change in profitability position, a multidirectional relationship was identified between the environmental and financial performance of companies⁶⁸.

In a study, data of A-share listed companies in Shanghai and Shenzhen stock markets from 2008 to 2018 were selected as research samples for the analysis of the influencing factors and mechanism of enterprise technological innovation from the dual perspectives of the external economic environment and internal management system based on the use of the fixed-effect model. The result show that government intervention significantly hinders enterprise investment in resources for technological innovation, and less government intervention can improve the innovation investment of enterprise. The intervention of internal control fails to bring institutional advantages; rather, it aggravates the negative effect of government intervention on enterprise technological innovation⁶⁹.

Scholars discovered the effect of CSR on the financial performance of financial institutions in Kenya, as this country lacks a direct association between CSR and corporate financial performance (CFP). We focused on examining the effect of ethical, charitable, and gender mainstreaming CSR activities on the financial performance of financial institutions in Kirinyaga County. A study population of 300 employees working in the financial institutions in Kirinyaga County was included, and a sample of 171 participants was selected using stratified and systematic sampling techniques. A causal research design was adopted, and data were analyzed using SPSS software.

Questionnaires were administered in person to gather primary data. The study found a strong positive relationship between CSR practices and the financial performance of financial institutions and recommends that firms invest more in ethical, charitable, and gender-mainstreaming CSR activities, as such activities positively influence their financial performance⁷⁰.

A study was conducted on greening bank financial innovation for better financial performance, evidence from Ethiopia. The study uses an explanatory research design and quantitative research approach with secondary time series data utilized quarterly over the study period 2013-2020(8 years). More specifically, the study adopts an autoregressive distributed lag (ARDL) model. The finding of the study reveals that; automated teller machines, and branch expansion affects the financial performance negatively in the long run. On the other hand, variables like mobile banking, internet banking, debit cards, prepaid cards, and point of sales terminals have a positive effect on the financial performance of commercial banks in the long run. In the short run, automated teller machine, point of sales terminals, mobile banking, and branch expansion are found to positively affect the performance of commercial banks. However, the variables like internet banking, debit cards, and prepaid cards are found to negatively affect the financial performance of the sector. This study suggests that the sector prioritizes environmentally friendly green financial innovations (mobile banking, internet banking, point of sale machines, and debit cards) in adoption over automated teller machines and branch expansion. As a result, both the industry and the environment will benefit in the long run⁷¹.

A study aimed to determine whether Intellectual Capital (IC) efficiency impacts the financial performance of listed Pakistani and Indian companies between 2010 and 2020. Return on Assets (ROA) and Return on Equity (ROE) are used to calculate financial

performance, and IC is calculated using the modified Value-Added Intellectual Coefficient (MVAIC) model. Regression analysis is performed using the STATA software developed by the South Texas Art Therapy Association. Human Capital (HC), Structural Capital (SC), and Capital Employed (CE) have a significant impact on Pakistani and Indian firms' financial performance. Resource-based theory (RBT) supports these findings. The findings should provide management with a prompt to improve financial performance and emphasize the importance of IC. A rare study has addressed the impact of IC on firm financial performance using the MVAIC model, rather than the VAIC model, in Pakistan and India⁷².

A research was conducted on internal control and enterprise green innovation. The research found that internal control can significantly improve the green innovation level of enterprises, which is mainly reflected in the mandatory disclosure stage of internal control information and the other four elements of internal control, except the control environment. The mechanism test found that internal control can promote green innovation by reducing enterprise risks, alleviating agency conflicts, relieving financing constraints, and improving the rationality of innovation investment. The heterogeneity test found that the promotion effect of internal control on green innovation is more significant in large enterprises and private enterprises; internal control can effectively supervise the maintenance of relationship resources, and relationship resources positively regulate the promotion effect of internal control on green innovation; excessive executive power will weaken the internal control supervision and punishment of executives, and weaken the positive effect between internal control and green innovation; internal control can improve the utilization rate of government subsidies, and government subsidies positively regulate the positive effect of internal control on green innovation. The research conclusions enrich the market-oriented research on the driving factors of

enterprise green innovation, and provide empirical evidence for enhancing the competitiveness of enterprise green innovation and achieving carbon neutrality⁷³.

A study identified the influence of efficiency of the elements of internal control system which are represented by control reports, control environment, risk assessment, information and communications, monitoring and control, and the relationship between internal and external audit on the quality of financial reports in their dimensions (relevance, faithful representation, additional disclosures) in Jordanian companies listed in Amman Stock Exchange in various sectors. To achieve the objectives, descriptive and explanatory methodology was implemented in this study. 223 valid questionnaires were obtained for analysis, after distribution to financial managers and internal audit managers, in addition to external auditors of those companies. The results shows that monitoring reports, information and communications, and the relationship between internal and external audit affected the quality of financial reports in terms of (Relevance and Faithful Representation) in companies listed in Amman Stock Exchange. Based on the results, the study recommends taking corrective actions to address weakness points in various sectors regarding the elements efficiency of internal control system. Moreover, the study recommends working to adopt and activate the technical and technological work effectively, and to ensure the provision of modern devices and advanced software, and the development of the information network⁷⁴.

In a study, the authors measured the performance of Vietnam's banking industry from the previous years of 2015 to 2019 and future years 2020 to 2023. The grey prediction GM (1, 1) model is used in which the data for the input factors such as running cost, deposits, assets, liabilities, and the output factors such as loans, revenue, and profit are calculated. Then, the data envelopment analysis (DEA) Malmquist model is applied to the previous and future years to calculate the relative efficiency index, representing the

performance scores of every commercial bank in Vietnam, and its decomposition into technical and technological efficiency change. The managerial implications of this model's results show the general view of top Vietnam's commercial bank's performance and offer a guideline for decision-makers toward sustainable development. It is recommended that the banks devise strategies towards sustainable development of the lending system to prevent customers from getting funding from some informal capital sources⁷⁵.

A research sought to examine the effect of risk management practices on performance of Small and Medium Scale Enterprises (SMEs). The convenience sampling method was used for the study. The study used a sample size of 285 small and medium scale enterprise businesses for the analysis. The study used primary data obtained through questionnaire administration which was analysed using SPSS 25 and Microsoft Excel 2019. The study used both descriptive and inference analysis to analyse the data. According to the findings, low educational level of respondents helped to conclude that risk management is not widely practiced in SME businesses. Risk management practices are not well practiced in SME business because the SME owners possess low level of knowledge in the areas of identifying, assessing, treating and monitoring key operational risks. The positive relationship between risk management practices and performance is indicative that the proper practice of risk management by SME managers or owners influences performance. The significant relationship between the dependent variable (performance) and independent (risk management practices) provided the conclusion that, the more SME businesses improve on their risk management, the more they improve upon their performance. The study recommends an improvement in risk management knowledge for SME business owners and managers⁷⁶.

A study attempted to scrutinize the impact of public relations, innovation practices, and investment strategies on SMEs' financial performance in the context of Vietnam. Authors employ both quantitative approaches with primary data to explore subjects and gain insightful information. The primary data has been gathered from the survey with business owners, managers, and officers in 202 SMEs. The results indicate that public relations, innovation, and investment practices have a positive association with SMEs' financial performance. The theme of results concludes that public relations are expected in the future virtue to search for the appropriate practices adapting with the digital transformation of media and communication, wherein SMEs ought to have digital literacy and comprehensive knowledge of public relations practices⁷⁷.

In a study titled Financial Structure and Firm's Financial Performance: Empirical Evidence of Financial Sector of Pakistan. The source of data was "Financial statement analysis of the companies in Pakistani Financial Industry". It is an annual publication by state bank of Pakistan", available online at their respective website. The Fixed Effect Regression Model was used in the study after conforming its significance through Hausman specification test (1978) at $\text{Prob} > \text{Chi}^2 = 0.0006$. The nature of data set was short panel while the targeted population was around 182 firms of financial sector. The research used a sample of 140 companies of this sector and excluded the remaining firms due to their deficiency of providing complete financial data for the period of study. The findings of the study revealed that financial structure (equity financing and debt financing) has significantly positive effect on financial structure in overall Pakistani Financial Industry. The other determining factors of financial performance are firm's size and liquidity ratio that significantly affecting the financial performance in this sector⁷⁸.

A study aimed to determine the influence of the role of the internal supervision unit and the application of internal control towards the achievement of good university governance. Respondents in this study were 85 auditors who worked in the Internal Control Unit at State Universities in the Jakarta, Bogor, Depok, Tangerang, and Serang areas. This study uses primary data and questionnaires to obtain information from respondents using the purposive sampling method. Smart PLS version 3 was used in this study to analyze research consisting of descriptive statistics and hypothesis testing. The results of this study indicate that the role of the internal control unit and the implementation of internal controls have a positive and significant effect on achieving good university governance⁷⁹.

A study examined the ownership structure of the company and financial performance, in the context of companies operating in transition. The research focuses is on the indicators of return on capital, return on assets, earnings per share, net profit and indebtedness. The observed business period of the analyzed companies is from 2012 to 2020. Two hypotheses are set. The first claims that there is a statistically significant difference in the performance of state-owned and private companies, while the second hypothesis claims that private companies are more profitable than state-owned ones. The hypotheses are tested using a statistical t-test. The results show that there is a statistically significant difference in the business results of companies depending on ownership structure. The results, also, show that private companies use available resources more efficiently but these companies usually realize lower net profit compare to state-owned companies⁸⁰.

A study assessed the association between globalisation and survival of SMEs in Rivers state, Nigeria. Two dimensions of globalisation (economic globalisation and cultural globalisation) were assessed with two measures of Survival (Situation Awareness and

Innovativeness). The cross-sectional survey was utilized with the aid of copies of a structured questionnaire, self-administered and retrieved from 178 (a response rate of 94%) SMEs in Rivers State. Pearson Product Moment Correlation was used to test the hypotheses. There were significant relationships between the dimensions and the measures⁸¹.

A research evaluated the role of internal control in the reduction of fraud and professional misconduct among SMEs in the Enugu metropolis. This study adopted survey research design. The research made the following major findings: those internal controls are put in place by SMEs, that internal controls are adhered to in SMEs and that the internal controls implemented are effective in curbing fraud and professional misconduct in SMEs. Hence, the research recommend that owners and managers of SMEs should evaluate existing internal control systems and continue to implement good internal controls and ensure that proper financial records are kept and statements are prepared periodically, and small scale enterprises that do not have internal controls should establish such and implement them to curb fraud and professional misconduct and thereby improve efficiency of operations⁸².

Electricity outages and its effect on small and medium scale enterprises (SMEs) in Nigeria were highlighted in a study. The study analysed the hindrances that deficient electricity supply could have on the growth and development of SMEs. Survey method was employed to administer structured questionnaires to 110 SMEs operators in three local government areas of Mainland, Shomolu and Agege in Lagos state, Nigeria. Descriptive statistics was utilised to analyse the collected data. A chi square method was used to test the formulated hypothesis. Findings revealed that electricity outages have significant effects on SMEs in Nigeria. The study recommends among other things that, state and local governments should join hands with federal government in generating

electricity to ensure stable electricity supply; cost-benefit back-up generating plant is also recommended to keep business operative⁸³.

In a study titled Internal Controls Systems, SMEs and Economy of Developing Countries: Case of South Africa. This study attempted to bring a broader understanding and awareness of the relationship between SMEs and internal controls on the economy of the country. Furthermore, this study used secondary data, which is literature from previous peer reviewed research papers and academic books. The study has shown that SMEs using proper internal controls influences SMEs survival, which positively influences the economy of South Africa through risk mitigation and risk prevention. The concern is the perception of SMEs leaders that the quality of internal controls can only be implemented by larger businesses. SMEs can also implement quality internal control systems such as larger business do and improve their performance⁸⁴.

Previous study investigated the financial performance of eleven banks in Botswana for the period 2015 to 2019 using Return on Assets (ROA), Return on Equity (ROE), and Cost-to-Income (C_I) ratio as the financial measures (dependent variables), and fifteen other ratios (independent variables) as the drivers of financial performance. ROA was used to measure the internal-based performance of banks, ROE was used to study and understand the amount of a bank's income that is returned as shareholders' equity, and C_I ratio was used to study and understand the productivity and efficiency of banks. The data were obtained from the financial statements and annual reports of the banks under study. The study employed correlation and multiple regression analysis and it was established that the most significant driver of a bank's ROA and ROE is the "interest income on loans over average total assets" (II_AVG_TA) ratio. However, this ratio was the least significant driver of the C_I ratio. The most significant driver of the C_I ratio was found to be the "interest expense over assets" (IE_A) ratio⁸⁵.

The impact of Corona virus on small and medium scale enterprises in Nigeria was analysed. The outbreak of COVID-19 in Nigeria has virtually affected all facets of life such as: education, social activities, political, governance, and economic dealings. Most business transactions since the outbreak of COVID-19 recorded low sales whereby most SMEs reported decline in the source of income. Corona virus has created negative impact on the overall operations of SMEs in the country. It is due to this negative consequence that, there are a lot of cut downs in the production. It is observed that, many businesses especially Small and Medium Enterprises (SMEs) in Nigeria have collapsed as a result of negative effect of the COVID19 pandemic. There is vulnerability with regard to the business transactions especially SMEs despite the fact that, priority has been given to protection of life and health conditions of the citizens. Policies need to be introduced to profoundly lower production costs for firms, and help firms survive this difficult period, and gradually return to normal business⁸⁶.

A human resource practice in small and medium scale enterprises of KR Nagar was examined. With results is human Resource as statistically proved that there is low level impact of Age factor in SMEs? Statistically proved that there is low level impact of Gender factor in SMEs. Its disclosure level among disclosure factor is below 0.05. The result shows 0.219 as a level of significant has statistically proved that there is low level impact of Number of employee's factor in smes⁸⁷.

A study empirically determined the effect of management accounting practices (MAP) on the performance of SMEs in Nigeria. While overhead cost management practices (OCMP), inventory management practices (IMP), and cash management practices (CMP) are proxies for MAP, return on investment (ROI) is the determinant for performance. The researchers however formulated three specific hypotheses 1-3 and one multiplicative hypothesis 4 from interaction between the proxies for MAP and ROI. Adopting survey

research design through structured questionnaire, the general model for testing hypothesis 4 demonstrated a positive and significant relationship between management accounting practices and performance of SMEs in the country. Specifically, test of hypotheses 2 and 3 were significant by indicating positive nexus between MAP and ROI, while hypothesis 1 revealed insignificant relationship between them. Thus, null hypotheses 2, 3, and 4 were rejected and null hypothesis 1 was accepted. Concluding that the behavioral pattern of ROI is largely influenced by variations in OCMP, IMP, and CMP, the researchers therefore recommended SME-operators in Nigeria to introduce some level of management accounting practices into their business model as a strategy for improving performance⁸⁸.

A study examined the impact of insecurity and government spending on security on Small and Medium Scale Enterprises in Nigeria. To achieve this, a model was formulated to empirically analyze the impact of insecurity and government spending on security on Small and Medium Scale Enterprises in Nigeria using Error Correction Model (ECM) with statistical test of significance. The independent variables were Insecurity Index (INS) and Budgetary Allocations to Defense (BAD) on security while the dependent variable is SMES. The ECM result obtained showed the major findings which are; Budgetary Allocations to Defense (BAD) has positive impact on SMES, with the impact being statistically insignificant. Insecurity Index (INS) has a positive and statistically significant impact on SMES. In the study, the recommendations made include: Government should ensure that security expenditure is properly managed in a manner that it will raise the nation's production capacity and promote infrastructure development⁸⁹ (2021).

Relationship between Intellectual Capital and the sustainability of small and SMEs in Nigeria was assessed. Intellectual Capital (IC) was proxied by knowledge management

(KM) and financial literacy (FL), while sustainability was proxied by the Triple Bottom Line (TBL) goals. A critical review of the available literature revealed that both knowledge management and financial literacy are crucial to the sustainability (SUS) of SMEs. The study further revealed that SMEs operators do not have adequate financial literacy, especially as it relates to risk exposure, which creates a threat to their long-term sustainability. The study recommends, therefore, that SMEs operators should double their efforts on knowledge acquisition and training, especially on financial concepts. Finally, the research proposed a framework that could be used by SMEs to gain sustainability⁹⁰.

A study explored the effect of Small and Medium Scale Enterprises (SMEs) on economic growth in Nigeria using data between 1986 and 2018. Vector Auto regression (VAR) technique was employed in analysing the data collected. The results of the estimation indicated that SMEs output growth rate has a significant positive effect on gross domestic product (GDP) growth rate (a proxy for economic growth). Furthermore, it was found that SMEs contribute 61% of the growth in GDP. Thus, the study concluded that economic growth in Nigeria is driven by SMEs. The study recommended that the Central Bank of Nigeria should ensure that SMEs have increased access to funding at a reduced cost to boost their growth. Also, the federal as well as state governments in Nigeria should ensure that the economy is business/investment friendly for SMEs by adjusting key economic policies such as reduction in tax rate/granting of tax waivers, provision of incentives/grants to SMEs in their domain to help them grow⁹¹.

A research was conducted to analyse the economic and financial performance of Slovenian enterprises, as a European Union (EU) member state case study. The summary statistics for economic and financial indicators and correlation analysis are conducted and the results of the economic and financial indicators are compared using the

parametric paired sample two-tailed t-test that allows comparison between the enterprises in the two financial periods. An increase in the economic and financial indicators is investigated by comparing the enterprises that did receive subsidies with the enterprises that did not receive subsidies in the two financial periods. The empirical results confirm that the value added per employee is the only financial indicator where a positive link is found between the financial indicator and subsidies. The results suggest that subsidies can be important for cash flow into enterprises, but entrepreneurial activities are crucial for favorable economic and financial performance and long-term sustainable growth in a competitive market environment⁹².

A study established the financial factors affecting the financial performance of Philippine MSMEs whose audited financial statements are utilized to extract financial ratios needed for the study. It also aims to determine the factor structure that can explain the variation among these financial factors and to determine the cohesive cluster that can separate these financial factors. It employed multiple linear regression, factor analysis and cluster analysis in order to respectively achieve its objectives. It establishes that debt ratio, asset turnover and gross profit margin have a significant effect on return on assets. It further establishes that there are two significant factor structures, namely “Sustainability” ratios and “Efficiency” ratios, explaining the variation among these financial ratios. It furthermore establishes that there are two cohesive clusters, namely “good” ratios and “poor” ratios, separating these financial ratios. It suggests that MSMEs should remain self-sufficient and self-reliant, without unreasonably depending on debts, hence should adequately afford capital to finance their businesses. Further, they should optimally operate to generate sales by efficiently employing their resources. Furthermore, they should judiciously control costs, without compromising quality of their products and services, in order to increase their margin⁹³.

A study examined the factors which affect the Small and Medium Enterprises (SMEs) instagram use for business and its subsequent impact on financial and non-financial performance. Statistical analysis was performed on the data acquired through a survey questionnaire from 352 Malaysian SME employees. The findings revealed that competency, cost-effectiveness, innovative behavior, and interactivity have a positive influence on instagram use for business. The results also indicated that instagram use for business has a strong positive effect on the financial performance and non-financial performance of SMEs⁹⁴.

A study generally focused on the effect of venture capital on the performance of small and medium scale enterprises in Nigeria. Primary data were collected through the use of structured questionnaire which were distributed to three hundred and seventy-four smes. Purposive sampling method was used to select the respondents while percentages and linear regression were used to analyses the data collected. The results obtained from the analysis showed that venture capital had a significant positive effect on the performance of small and medium scale enterprises in Nigeria⁹⁵.

In a study titled Financial Innovation and the Performance of Small and Medium Scale Enterprises in Nigeria. The study employs autoregressive distributed lag methodology on quarterly data of financial innovation measures. Our findings indicate that financial innovation has a positive and significant effect on SMEs' productivity in Nigeria. In particular, of the seven financial innovation instruments used (Automated Teller Machine, Point of Sales, Web or Internet Banking, Cheques, Nigeria Inter-bank Settlement System Electronic Fund Transfer, Nigeria Inter-Bank Settlement System Instant Payment, and Mobile Money Operations), all but one turned out in both the short run and long run as significant predictors of SMEs' performance in Nigeria. Furthermore,

the Toda-Yamamoto causality test reveals unidirectional causation running from financial innovation instruments to SMEs' performance⁹⁶.

In a research titled Internal Control Systems on Financial Accountability in National Public Secondary Schools in Kenya. The study was carried out in 103 national public secondary schools in Kenya. Survey research design was used on a population of 309 consisting of; 103 principals, 103 bursars, 103 BOM chairs. Purposive and simple random sampling was used to select principals, bursars and BOM chair. Primary data was collected by use of questionnaires, while secondary data was collected through audited financial statements. Reliability of the research instruments was tested through Cronbach's Alpha. Descriptive statistics comprised of frequencies; means, standard deviation and variance. Inferential statistics comprised of; Correlation analysis, ANOVA, regression analysis, testing for normality, autocorrelation and multi Collinearity. The dimensions of internal control systems were found to have a significant joint effect on financial accountability. It was therefore recommended that the government should ensure that BOM have accounting knowledge and should be appointed based on integrity and ethical values. Segregation of duties should be strengthened with clear roles of the principal, bursar, other BOM members, storekeeper and other employees. Authorization of activities should be mandatory. Impromptu checks of ongoing projects and approved expenditure should be frequently done. The government should employ all principals and bursars on contract basis renewable only based on financial accountability. The government should interlink the schools bank accounts to a central accounting information system. The government should ensure through independent checks that the budgets and other financial statements are complete, reliable and correct. There should be frequent external audits by county auditors⁹⁷.

A study examined the influence of risk governance on financial performance of 50 quoted firms in the Nigerian financial sector for the period of five years (2013–2017). Panel data was used to examine how the risk governance variables (Enterprise Risk Management index, Chief Risk Officer Presence, Board Risk Committee size, Board Risk Committee_ activism, and Board Risk Committee independence) affect financial performance (Return on Asset). The study reveals empirically that most of the risk governance variables (ERM_index, CRO_presence, BRC_activism, and BRC_independence) have a significant and positive impact on the performance of the firm with the exception of BRC_size which shows a negative association with the financial performance of the studied firms. The study empirically reveals that strong Chief Risk Officer (CRO) presence, effective board risk committee, and inclusion of independent directors in the risk committee will go far in serving as factors that would improve the performance of firms in today's financial environment⁹⁸.

A research investigated how for the determinants as socio-economic factors influencing on the financial performance of small and medium scale enterprises in Badulla district. Simple random sampling method was applied to select 100 SMEs in Badulla district. The data were collected using structured questionnaires. Univariate and multiple regression analysis were employed in data analysis. Extents of the influence of Socio-Economic factors on SMEs were measured using two groups of variables Social and Economic factors such as Access to Infrastructure, Support of Family Members, Availability of Managerial Experience, Business Information Services (Social factors) and Access to Finance, Government Policy and Regulations, Macro-Economic Indicators (Economic factors). The results suggest that Social factors are found to have high influence on the performance compared to the Economic factors on the performance of small and medium scale enterprises in Badulla District. As personal factors, Age of the owner, investment

level, experience and marital status of the owner are also having influence on the performance of SMEs Badulla District. It is recommended that the government should have attention to improve IT skills of SMEs owners because, of lack of IT skills of owners⁹⁹.

A study sought to determine the types of internal controls and the degree to which SMEs implemented them in the central business district of Harare in Zimbabwe. By completing semi-structured questionnaires, the 135 respondents generated the quantitative data, which was analysed utilising Version 25 of the Statistical Package for the Social Sciences (SPSS) software. The results revealed that the conventional internal controls which are customary in larger business enterprises were either absent or not adequately implemented in the SMEs. A cross-gender comparison suggested that female-led SMEs were more likely to implement internal control systems than their male counterparts¹⁰⁰.

A study examined the effect of globalization on the performance of small and medium scale enterprises in Nigeria. The research design adopted for the study is ex-post facto and the population of this is all the small and medium scale enterprises in Abuja. The population of the study is 72838 and was used as the sample size. Globalization was measured by trade openness and small and medium scale enterprise performance was measured by SMEs output. The study covered a period of 32 years from 1986-2018. The statistical tools adopted in this study were descriptive statistics, correlation analysis, unit root test, co-integration and granger causality test. The analysis was conducted using e-view statistical software and the finding indicate that globalization influence the performance of small and medium scale enterprises in Nigeria. The study suggested that Nigerian government of Nigeria should encourage import and export of small and medium scale products and service across border and they should also place little or no

restriction on SMEs products and services in order to encourage the SMEs output growth in Nigeria¹⁰¹.

A study focused on effect of money banks credits on financial performance of small and medium scale enterprise in Nigeria. The research design adopted for this research is the ex-post facto and descriptive research design, The relevant data for this study have been obtained from the Central Bank of Nigeria statistical bulletin covering the period of 1982-2018. The study revealed that Deposit money banks credits to SMSE have a positive effect on Nigerian economy. The study concluded that the economic reason for credit to small and medium scale enterprises (SMEs) is indisputable as we can observed that small and medium scale enterprises was seen to have progressively become a major factor in economic development of many countries of the world. The study recommended that government should implement policies that guide SMEs in accessing financial assistance from banks and other institutions¹⁰².

In a study titled Internal Control and SMEs' Sustainable Growth: The Moderating Role of Multiple Large Shareholders. Using a sample of SMEs listed in China, the results show that effective internal control significantly promotes SMEs to achieve sustainable growth, and the effect is moderated by multiple large shareholders, suggesting that the role of internal control is more prominent in SMEs with multiple large shareholders. These results are robust to a battery of sensitivity tests. This study extends the literature by providing empirical evidence on the role of internal control in SMEs' sustainable growth¹⁰³.

In a study titled Impact of Microfinance Services on Growth of Micro Small and Medium Scale Enterprises: Empirical Evidence from Micro, Small and Medium Scale Enterprises in Kalutara district. The sample has been derived from Kalutara district and 100 numbers of respondents have been selected through the random sampling method.

Primary data has been collected and administered through a questionnaire. The data were analyzed using descriptive analysis, correlation coefficient analysis, Regression analysis, Baron and Kenny mediator analysis method and Sobel test. The findings revealed the positive relationship between Microfinance services and the growth of MSMEs. Mediator analysis and the Sobel test identified that experience level partially mediates the relationship between the microfinance services and the growth of MSMEs. The study recommends to government to implement different tax policies for this sector, increase the investment on infrastructure in rural areas and this enables MFIs to maintain the lowest rate of interest, increase their outlets in rural areas and to deliver more effective on training programs in order to empower the MSMEs in Sri Lanka to achieve long term sustainability in Sri Lanka¹⁰⁴.

A study sought to examine the effects of strategy and structure on organizational performance using exploratory analysis of data of Remou Oil Nig. Ltd with an interview with management staff. The population is 50 and sample size is based on purposive sampling which are 10. It is discovered that strategy and structure are interdependent variables that firms must always consider when introducing new action or plan. It was also found that there is a positive relationship between structure and strategy that determine firm's performance in terms of net profit. Therefore, if a firm's structure change, strategies will also changes with changing demand and that structure affects strategy and the two variables determine the performance of a firm if properly matched and monitored. The recommendation is that: Remou Oil Nigeria Limited should use both structure and strategy as a source of increasing organizational performance in terms of profit since positive relationship exists between line structure and product differentiation strategy in Remou Oil Nig. Ltd. They should try to combine these variables together to enhance returns in terms of investment, equity, asset and net profit¹⁰⁵.

Research on the influence of internal control quality on the growth of SMEs was conducted. This study focuses on 2085 companies listed on the small and medium-sized board in 2014-2016. Based on theoretical analysis, the influence of internal control quality on the growth of SMEs is determined by means of empirical research, and whether this influence will change due to the nature of property is further explored. The results show that the internal control quality of SMEs has a positive effect on growth, that is, effective and standardized internal control can enhance the growth of SMEs. Moreover, compared with nationalized businesses, the quality of internal control can influence the growth of non-state owned enterprises more significantly¹⁰⁶.

A study examined small and medium scale enterprises and their role in employment generation in Nepal. This study has used regression analysis to investigate relative changes in the position of the Nepalese small and medium scale enterprises (SME's) to the employment between the time period 2046 and 2073 based on secondary data. It has examine the dynamic relationship among the SMEs and employment in Nepal and found to be significant and positive relationship in between SMEs and employment of Nepal. It implies that number of employment was seemed to be mostly influenced by number of SMEs. However it was and still is contributing significant role in employment generation in Nepal¹⁰⁷.

A study assesses the SMEs contribution to the growth of Nigerian economy. The population of 17.3million SMEs and the value represents the aggregates of all the SMEs in Nigeria. The study used time series data which was collected from CBN statistical bulletin, NBS, and SMEDAN. The study period covered 2006-2017 (. The study used different statistical tools ranging from descriptive statistics, correlation analysis, Unit Root Test and Multiple Regressions. The study found that SMEs contributes insignificantly to the Nigerian economy in terms of SMEs productive output, SMEs sales

turnover and an increase in gross domestic product growth rate. The study recommended that SMEs in Nigeria should operate their business by trying to increase their productive output as well as ensuring the increase in sales turnover to see if in the future their efforts will add to an increase in the gross domestic product in Nigeria¹⁰⁸.

A study was carried out to examine Nigerian newspapers' coverage of small and medium scale enterprises, with specific emphasis on prominence, pattern of framing, genre of the story, frequency of the reports and space given to the coverage. Three newspapers; namely: The Guardian, Punch and Daily Trust were selected for the study, which covered a period of 4 months. Content analysis was adopted for the study. Results showed, among others, that the newspapers did not give prominence to SMEs issues. Most of the reports were placed in the inside pages, which accounted for 73% of the stories. Most of the reports were dominated by negative frames and straight news items had 52% of the reports. It was concluded that SMEs issues were not given adequate coverage during the period of study. Thus, it was recommended that Nigerian newspapers should consider SMEs issues weighty enough for prominent, positive and frequent coverage to ensure its growth and promotion in Nigeria¹⁰⁹.

A research work focused on economic diversification of the Nigerian economy through Small and Medium Scale Enterprises (SMEs) over the period 1981 to 2017 using economic growth variables. To drive home this objective, the study formulated a simultaneous equation model using secondary data on GDP (as a measure of economic growth), Total Oil and Non-oil Trade, Bank loans to SMEs, Output of SMEs and Interest and Inflation rates (as control variables). The data were analyzed using Two-Stage Least Squares (2SLS) technique having confirmed that the two equations of the model were over-identified. The results obtained confirmed the relevance of Small and Medium Scale Enterprises in the drive to diversify the Nigerian economy from oil based to non-

oil based. It recommended ways of further improving the SMEs towards ensuring sustained growth of the Nigerian economy especially in this period of dwindling oil prices and climate abnormalities which pose serious hazard to our oil-based economy¹¹⁰.

Factors constraining innovative performance of small and medium enterprises in Adentan Municipality of Ghana were highlighted. The survey method of data collection was used to sample 400 respondents selected to obtain primary data for the study. Descriptive statistics were applied to the quantitative data. The study revealed that uncertainty, and financial and technological related constraints are the major factors constraining the innovative performance of SMEs in the Adentan Municipality. The study also pointed to financial and technical support as possible ways to curb the constraining factors of innovative performance among SMEs. At the same time, SMEs need to promote workers' access to technology to improve innovation processes and support growth by increasing investment in Information Communication Technology (ICT). Deliberate mechanisms to facilitate access to technical and financial support for SMEs by government are recommended¹¹¹.

A study examined the impact of SMEs financing on industrial growth in Africa using panel time-series data from all the 15 ECOWAS countries from 1986 – 2016. In implementing the panel data regression, the study engaged in panel unit root using the LLC, IPM, Fisher-type ADF and PP tests, and co-integration tests using the Kao residual-based and Johansen Fisher combined tests. The study also placed adequate control for any unobserved heterogeneity among the ECOWAS countries, using a well-specified fixed effect in exploiting the time dimension present in the dataset. The result shows that SMEs output significantly affects industrial growth positively while the Deposit Money Banks' credit to SME's do not have significant impact on industrial performance during the review period. The result further reveals that interest rates have a

significant negative impact on industrial growth. Based on these findings, the study recommends that monetary authorities in ECOWAS countries can encourage easy access to finance by making available interest-free loans using microfinance institutions¹¹².

Another study examined the impact of Small and Medium scale Enterprises (SMEs) on economic growth in Nigeria. The study employed secondary data of credit to SMEs and gross domestic product for the period 1997 – 2007 and used Ordinary Least Square regression as method of data analysis. We found that increased credit to SMEs has a positive impact on economic growth if the credit is adequately utilized and recommends that the CBN should establish National Credit Guarantee Scheme for SMEs that will guarantee at least 80% of credit to SMEs in Nigeria¹¹³.

A study explored the importance of the three dimensions of social capital to small and medium scale entrepreneurs in Nigeria, it is a phenomenon that is based on mutual trust, reliability and reciprocity in social networks. This paper highlights the need to promote social capital as a way of improving SMEs performance. This study confirms that social capital has significant and positive effect on the performance of SMEs in Nigeria. The findings confirm the importance of social capital in generating finance and revenue as evident in positive and significant relationships between the three dimensions of social capital and revenue drive¹¹⁴.

2.4 Conceptual Framework

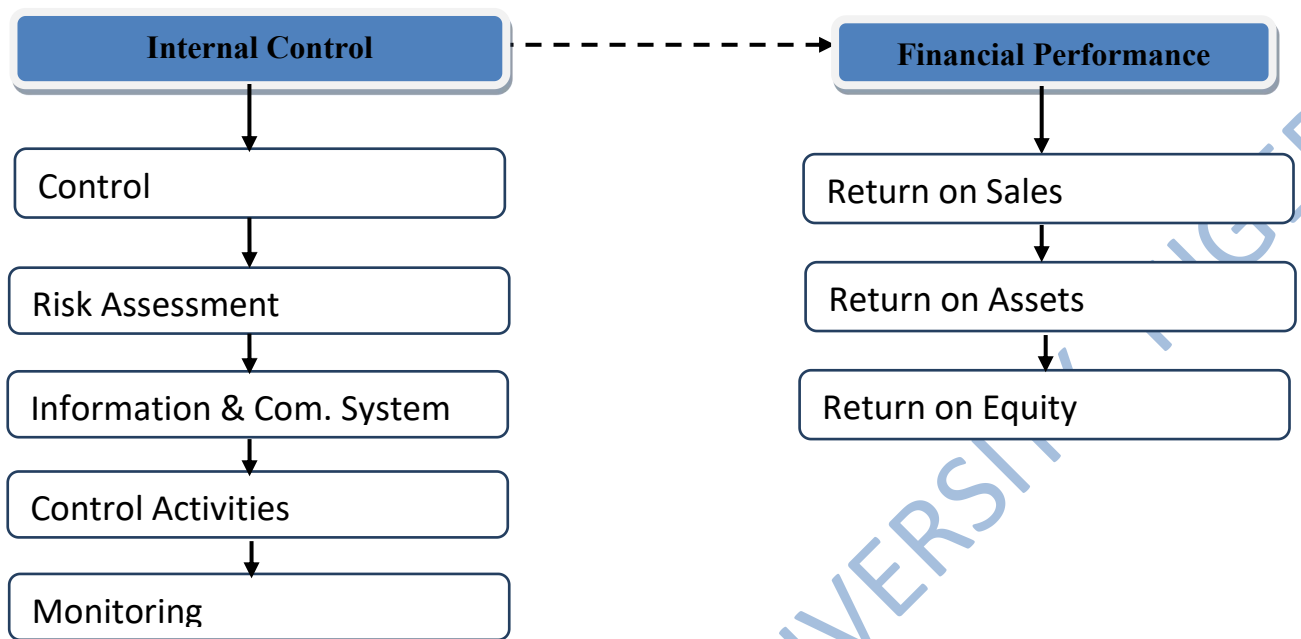


Figure 2.3: Conceptual Model for Internal Control on Financial Performance

Source: Researcher's Computation, 2022

2.5 Summary of Gaps in Literature Reviewed

Internal control is a procedure put in place by management to safeguard asset, promote accountability, increase efficiency and stop fraudulent behaviour. Most of the literature reviewed on internal control focused on working capital of SMEs and the implementation of internal controls in SMEs of developing countries. This study will be different because it examines the effect of internal control on the financial performance of SMEs in Nigeria. A similar study was conducted on the effect of internal control on the financial performance of SMEs however the case study was in China and Zimbabwe. The study also adopted the agency and Contiguous theory to make further analysis into the research.

Endnotes

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Chapter Three

Methodology

This chapter summarizes the methodology and research design utilized in the study and serves as a reference for understanding the researcher's actions throughout data collecting for the study. This chapter therefore gives a comprehensive report on the method adopted to obtain data for this study on the impact of internal control on the financial performance of small and medium enterprises in Kebbi State Nigeria.

3.1 Research Design

The research design is the approach used to conduct the study. The current study utilized a descriptive survey as the primary method of inquiry. The design of survey research includes the gathering and analysis of data from the population under study. This enables the researcher to get the essential information and data directly from a sample of the targeted population's members. Because the researcher had no control over the factors examined in this study, they could not be modified. Primary data was sourced through administration of a well-structured questionnaire using probability sampling technique (Simple Random Sampling) to SMEs in Kebbi State Nigeria.

3.2 Population of the Study

The population of the study was made- up of all SMEs in Kebbi State, Nigeria, as of the end of 2020. This study covered two thousand two hundred (2,200) SMEs in Kebbi State. These consist of C.E.O's, Managers, and Internal control units. These population is for those business with C.E.O,s, Managers, and Internal Control Unit.

3.3 Sample Size and Sampling Technique

Data for this study was obtained quantitatively using random sampling techniques. Random sampling technique was used to ensure that each sample has an equal chance or probability of being chosen. Taro Yamane formula was adopted for the calculation of the sample size and the formula is expressed as:

$$n = \frac{N}{1 + N(e)^2}$$

Where n is the required sample size, N is the total population, e is the margin of error at 5% confidence level. Therefore, the study sample size with the total population of 2200 is calculated as;

$$n = \frac{2200}{1 + 2200(0.05)^2}$$

$$n = \frac{2200}{1 + 2200(0.0025)}$$

$$n = \frac{2200}{1 + 5.5}$$

$$n = \frac{2200}{6.5}$$

$$n = 338.46$$

$$n \approx 338$$

3.4 Research Instrument

Questionnaire is the instrument to be used in gathering data for this study. The questionnaire will be divided into seven sections (A-G). Section A contained question on demographic information of the respondents. Second section (section B) contained questions pertaining to components of control environment. Section C focused on risk management, section D contain questions on information and communication, section E contained questions on control activity, section F focused on monitoring and finally, section G contained questions on financial performance. The questionnaires a closed ended on five Point Likert-Scales as used by and which allows for Responses from respondents: Strongly Agree (SA), Agree (A), Neutral, Disagree (D), and Strongly Disagree (SD)¹. Hence, the questionnaire was administered through three research assistants, the research assistants are trained on how to administer questionnaire.

3.5 Validity of the Instrument

To ensure that the research instrument is valid, it will be properly scrutinized by the project researcher supervisor and an independent expert from the field so as to ensure that the content is well covered and for constructive criticism. To ensure internal validity of the research instruments, a pilot study was conducted to test the reliability of the research instrument. The instrument which is the questionnaire for this study was validated by researcher's supervisor and other lecturers in the Department of Management and Accounting Faculty of Environment, Management and Social Sciences, Lead City University who made corrections. Corrections was effected on the questionnaire for further improvement, after which a clean copy of the instrument was prepared for validation.

3.6 Reliability of Instrument

Reliability of an instrument on the other hand is being able to measure whatever it is to measure over and over again. A pilot study was conducted to test the reliability of the instrument. The questionnaire was subjected to a test using Cronbach alpha 0.70 coefficient. The instrument is said to be reliable if the Cronbach's reliability ≥ 0.70 .

A Cronbach's Alpha result of 0.852 was obtained from the entire questionnaire. It served as the reliability coefficient level of all constructs used in this study to measure the independent and dependent variables. Twenty-nine (29) items were subjected to reliability test. All the items were jointly reliable (0.852). Also, five (5) items of control environment were subjected to reliability test, all the items were reliable (0.775). Five (5) items of risk assessment were subjected to reliability test, all the items were jointly reliable (0.781).

Control activity was tested; five (5) items were subjected to reliability test. All the items were reliable (0.794). Five (5) items of information and communication was tested, all the items were jointly reliable at 0.785. Monitoring was tested, three (3) items were subjected to reliability test, all the items were jointly reliable (0.732). Finally, six (6) items of financial performance were subjected to reliability test, all the items were jointly reliable at 0.769. The result suggested that the items that makeup of each indicator used in measuring the variables in the study was highly reliable.

Table 3.1 Reliability Statistics

Section	No of Items	Cronbach's Alpha Coefficient
Control Environment	5	.775
Risk Assessment	5	.781
Control Activity	5	.794
Information and Communication	5	.785
Monitoring	3	.732
Financial Performance	6	.769
Overall Reliability Coefficient Value	29	.852

Source: Field Survey, 2022

3.7 Administration of Instrument and Method of Data Collection

Three hundred and thirty-eight (338) questionnaires were distributed to respondents along with a cover letter obtained from the school that briefly explained the researcher's identity, the purpose of the survey, the importance of their participation, and assurance of confidentiality. Five research assistants was hired and given a week of training prior to the administration. The purpose of training the assistants was to avoid making unnecessary errors when administering the questionnaire and to explain difficult sections of the questionnaire whenever the need arises. Overall, 338 research questionnaires were administered physically

among the SME's in Kebbi State, Nigeria. The administration of the questionnaire took about one month with repeated visits, and averagely 3 hours was used per day. Respondents were encouraged to return the questionnaire immediately and that their response will be treated with confidentiality to ensure that the result is worth the while. The researcher revisited them and collects the questionnaire through the aid of a research assistant.

3.8 Method of Data Analysis:The data collected by the researcher was quantified and analyzed statistically using descriptive statistics and inferential statistics. The researcher also used ddescriptive method in discussing the data analysed. All these will achieve with the aid of SPSS version 23

Endnotes

- ¹ S. McLeod, *Likert Scale, Simply Psychology*. Available online: <https://www.simplypsychology.orscale.html>
- ² G. E. Oyedokun, *Research Methodology for Management and Social Science*. Aaron and Hur Publishing: Lagos, Nigeria, 2020.
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Chapter Four

Results and Discussion of Findings

This chapter discusses the presentation and analysis of data collected from the various respondents through the use of questionnaire. A total of 338 questionnaires were administered to respondents, out of the questionnaire returned; only 312 of it were found valid to be used for analysis in the study. Thus, the analysis of data in this chapter was based on returned valid copies which indicate a response rate of 92.3% from the respondents. Based on the nature of objectives raised for the study; data obtained from the respondents were subjected to descriptive and inferential analysis. Therefore, the simple frequency counts and percentage were used to descriptively analyze the data while Pearson's correlation coefficient and multiple regression analysis were used to test the five hypotheses formulated for this study. A summary of the major findings of this study is presented in line with the stated objectives.

4.1 Demographic Data Analysis

Table 4.1: Gender of Respondents

	Frequency	Percentage
Valid Male	222	71.2
Female	90	28.8
Total	312	100.0

Source: Field Survey, 2022

From the above Table 4.1, 71.2% (222) of the respondents are male, while 28.8% (90) of the respondents are female. This shows that, majority of the respondents in this study are Male

Table 4.2: Age of Respondent

	Frequency	Percentage
Valid 20-30 Years	120	38.5
31-40 Years	188	60.3
41-50Years	3	0.96
51-60 Years	1	0.3
Total	312	100.0

Source: Field Survey, 2022

Data from the above table 4.2 revealed that 38.5% (120) of the respondents age were within the age range of 20-30years, 60.3% (188) were between 31 to 40 years, 0.96% (3) were between the age range of 41 and 50, while 0.3% (1) of the respondents were within the range 51 and 60 years. This shows that, respondents whose age fall within the range of 31 and 40 years are more in this study.

Table 4.3: Highest Educational Qualification

	Frequency	Percentage
Valid Bachelor's Degree	182	58.3
Master's Degree	123	39.4
PhD	7	2.2

Total	312	100.0
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Source: Field Survey, 2022

From the above Table 4.3, 58.3% (182) of the respondents have Bachelor's degree, 39.4% (123) of the respondents have Master's Degree, while 2.2% (7) respondents have PhD degree. This shows that, majority of the respondents in this study bachelor's degree.

Table 4.4 Respondents Employment Status

	Frequency	Percentage
Valid Full Time	227	72.8
Part Time	85	27.2
Total	312	100.0

Source: Field Survey, 2022

Data from Table 4.4 shows that 72.8% (227) of the respondents are employed full time, while 27.2% (85) of the respondents have a part-time employment. This shows that majority of the respondents have full-time employment.

Table 4.5: Respondents Business Type/Organization

	Frequency	Percentage
Valid Retail	125	40.1
Manufacturing	72	23.1
Skill Services	58	18.6

Catering	57	18.3
Total	312	100.0

Source: Field Survey, 2022

Data from Table 4.5 shows that 40.1% (125) of the respondents have a retail business, 23.1% (72) of the respondents are into manufacturing business, 18.6% (58) of the respondents have skill services, while 18.3% (57) are into catering business. This shows that majority of the respondents have a retail business.

Table 4.6: Respondents Designation (N=312)

	Frequency	Percentage
Valid Internal Control	150	48.1
Manager	125	40.1
C.E.O	37	11.9
Total	312	100.0

Source: Field Survey, 2022

From table 4.6, 48.1% (150) of the respondents are internal control personnels, 40.1% (125) of the respondents are manager, while 11.9% (37) of the respondents are CEO. This shows that majority of the respondents are internal control personnel.

Table 4.7: Respondents Work Experience

	Frequency	Percentage
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Valid	Less than 1 Year	45	14.4
	1-5 years	76	24.4
	6-10 years	121	38.8
	11 and above	70	22.4
	Total	312	100.0

Source: Field Survey, 2022

Data from Table 4.7 shows that 14.4% (45) of the respondents have work experience of less than 1 year, 24.4% (76) of the respondents have work experience of 1-5 years, 38.8% (121) of the respondents have worked for 6-10 years, while 22.4% (70) of the respondents have work experience of 11 years and above. This implies that respondents that have work experience of 6-10 years are more in this study.

4.2 Presentation of Data

4.2.1 Analysis of Research Questions.

Research Question One: How does control Environment enhance financial performance of SMEs in Kebbi State Nigeria?

Table 4.8: Control Environment

S/N	Statement	SA (%)	A (%)	N (%)	D (%)	SD (%)	Total (%)
1	The working environment in my organization is conducive.	54 (17.3)	216 (69.2)	29 (9.3)	13 (4.2)	0 (0)	312 (100)

2	The transactions are executed in accordance with integrity and ethical values/codes.	63	225	14	10	0	312
		(20.2)	(72.1)	(4.5)	(3.2)	(0)	(100)
3	The role and responsibilities are clearly stated for the employee.	61	210	28	13	0	312
		(19.6)	(67.3)	(9.0)	(4.2)	(0)	(100)
4	The staff are regularly trained and equipped with resources to carry out their duties professionally.	60	203	24	19	6	312
		(19.2)	(65.1)	(7.3)	(6.1)	(1.9)	(100)
5	The company has a code of ethical conduct that has been made available to all employees	56	223	16	7	0	312
		(17.9)	(74.7)	(5.1)	(2.2)	(0)	(100)

Source: Field Survey, 2022

Data from table 4.8 shows that 17.3% (54) of the respondents strongly agreed that the working environment in their organization is conducive, 69.2% (216) of the respondents agreed, 4.2% (13) of the respondents disagreed, while 9.3% (29) of the respondents were neutral and none strongly disagreed. Further, 20.2% (63) respondents strongly agreed that transactions are executed in accordance with integrity and ethical values/codes, 72.1% (225) respondents agreed, 3.2% (10) respondent disagreed, none of the respondent strongly

disagreed, while 4.5% (14) respondents are neutral. Also, on the statement “the role and responsibilities are clearly stated for the employee”, 19.6% (61) respondents strongly agreed, 67.3% (210) respondents agreed, 9.0% (28) respondents are neutral, 4.2% (13) respondents disagreed, while none of the respondents strongly disagreed.

Moreover, 19.2% (60) of the respondents strongly agreed that staff are regularly trained and equipped with resources to carry out their duties professionally, 65.1% (203) of respondents agreed, 7.3% (24) of the respondents are neutral, 6.1% (19) of the respondents disagreed and 1.9% (6) of the respondents strongly disagreed. Similarly, 17.9% (56) of the respondents strongly agreed that the company has a code of ethical conduct that has been made available to all employees, 74.7% (223) of the respondents agreed, 2.2% (7) respondents disagreed, while 5.1% (6) respondents are neutral to the statement and none of the respondents strongly disagreed.

Taking the sum of all the responses of the respondents and getting a percentage of each entry, it can be deduced that 18.8% of the respondent strongly agreed to all the statements on control environment, 69% of the respondents agreed, 7.11% of the respondents were neutral, 3.97% disagreed while 0.38% of the respondents strongly disagreed. This implies that majority of the respondents (87.8%) agreed to the statements on components of control environment as regards working environment, integrity and ethical values/codes, role and responsibilities, regular training and code of ethical conduct.

Research Question Two: How can risk assessment enhance the financial performance of SMEs in Kebbi State, Nigeria?

Table 4.9: Risk Management

S/N	Statement	SA	A	N	D	SD	Total
		(%)	(%)	(%)	(%)	(%)	(%)
1	The SMEs identify risks that may affect achievement of the objectives in a timely manner.	87 (27.9)	212 (67.9)	13 (4.2)	0 (0)	0 (0)	312 (100)
2	The SMEs has a criterion for ascertainment of the risks that are most critical to the organization such as opportunity to commit frauds.	73 (23.4)	222 (71.2)	12 (3.8)	5 (1.6)	0 (0)	312 (100)
3	The SMEs have in place mechanism of mitigating risks that may arise during the course of doing business	71 (22.8)	220 (70.5)	21 (6.7)	0 (0)	0 (0)	312 (100)
4	The appropriate actions are taken to improve effectiveness	57 (18.3)	229 (73.4)	9 (2.9)	17 (5.4)	0 (0)	312 (100)
5	The SMEs have a functioning					0	312

internal audit unit to review	78	219	15	0	(0)	(100)
its operations	(25)	(70.2)	(4.8)	(0)		

Source: Field Survey, 2022

Table 4.9 shows different statements as regards components of risk management. From the table, 27.9% (87) respondents strongly agreed that SMEs identify risks that may affect achievement of the objectives in a timely manner, 67.9% (212) respondents agreed, 4.2% (13) are neutral, while none of the respondents disagreed or strongly disagreed. Further, 23.4% (73) respondents strongly agreed that SMEs has a criteria for ascertainment of the risks that are most critical to the organization such as opportunity to commit frauds, 71.2% (222) respondents agreed, 1.6% (5) respondents disagreed, none of the respondents strongly disagreed. However, 3,8% (12) respondents were neutral. Similarly, 22.8% (71) respondents strongly agreed that SMEs have in place mechanism of mitigating risks that may arise during the course of doing business, 70.5% (225) respondents agreed, 6.7% (21) respondents were neutral. None of the respondents disagreed or strongly disagreed.

Additionally, on the statement “The appropriate actions are taken to improve effectiveness”, 18.3% (57) of the respondents strongly agreed to the statements, 74.4% (229) agreed, 5.4% (17) respondents disagree, 2.9% (9) respondents were neutral, while none of the respondent strongly disagreed. Similarly, 25% (78) respondents strongly agreed that SMEs have a functioning internal audit unit to review its operations, 70.2% (219) respondents agreed, 4.8% (15) respondents were neutral, while none of the respondent disagreed or strongly disagreed.

Taking also the sum of all the responses of the respondents and getting a percentage of each entry, it can be deduced that 23.46% of the respondent strongly agreed to all the statements on components of risk management, 70.6% of the respondents agreed, 4.49% of the respondents were neutral, 1.4% disagreed while 0% of the respondents strongly disagreed.

This implies that majority of the respondents (94.06%) agreed to the statements on components of risk management which shows that risk Assessment enhanced financial performance of SMEs.

Research Question Three: In what way Control activities enhance financial performance of SMEs in Kebbi State Nigeria?

Table 4.10: Control Activity

S/N	Statement	SA (%)	A (%)	N (%)	D (%)	SD (%)	Total (%)
1	Controls are in place to check on incurring expenditure in excess of allocated funds.	49 (15.7)	221 (70.8)	32 (10.3)	10 (3.2)	0 (0)	312 (100)
2	There is segregation of duties in my organizations	71 (22.8)	198 (63.5)	32 (10.3)	11 (3.5)	0 (0)	312 (100)
3	The corrective actions are taken to address the weakness	70 (22.4)	216 (69.2)	18 (5.8)	8 (2.6)	0 (0)	312 (100)
4	All transactions are verified before making payments.	54 (17.3)	219 (70.2)	31 (9.9)	8 (2.6)	0 (0)	312 (100)
5	Advices to voluntary resign to staff involved in fraud.	78	219	15	0	0 (0)	312 (100)

Source: Field Survey, 2022

Data from table 4.10 shows that 15.7% (49) respondents strongly agree that controls are in place to check on incurring expenditure in excess of allocated funds, 70.8 (221) respondents agreed, 10.3% (32) respondents are neutral, 3.2% (10) respondents disagreed while none of the respondents strongly disagreed. This implies majority of the respondents agreed that controls are in place to check on incurring expenditure in excess of allocated funds. Further, 22.8% (71) respondents strongly agreed to the statement “there is segregation of duties in my organization”, 63.5% (198) respondents agreed, 10.3% (32) respondents are neutral, 3.5% (11) respondents disagreed, while none of the respondents strongly disagreed. This implies that majority of the respondents agreed to the statement “there is segregation of duties in my organization”. Also, 22.4% (70) respondents strongly agreed that the corrective actions are taken to address the weakness, 69.2% (216) respondents agreed, 5.8% (18) respondent are neutral, 2.6% (8) respondents disagreed. None of the respondents strongly disagreed to the statement. This implies majority of the respondents agreed that the corrective actions are taken to address the weakness.

Similarly, 17.3% (54) respondents strongly agreed that all transactions are verified before making payments, 70.2% (212) respondents agreed, 2.6% (8) respondents disagreed, 9.9% (31) respondents are neutral and none of the respondents strongly disagreed. This implies majority of the respondents agreed that all transactions are verified before making payments.

Additionally, 25% (78) respondents strongly agreed to the statement “Advices to voluntary resign to staff involved in fraud, 70.2% (219) respondents agreed, 4.8% (15) respondents are neutral they neither agreed or disagreed, while none of the respondents disagreed or strongly disagreed. This implies majority of the respondents agreed to the statement “Advices to

voluntary resign to staff involved in fraud”. From the foregoing, it shows that majority of the respondents agreed to all the statements on control activity.

Research Question Four: How does Monitoring put in place enhance the SMEs' financial results in Kebbi State Nigeria?

Table 4.11: Monitoring

S/N	Statement	SA (%)	A (%)	N (%)	D (%)	SD (%)	Total (%)
1	Monitoring determine whether internal control is effective, properly executed and adequately designed.	48 (15.4)	234 (75)	21 (6.7)	9 (2.9)	0 (0)	312 (100)
2	Monitoring able to identify risks that may occur due to some changes within the organization among employees	61 (19.6)	219 (70.2)	18 (5.8)	14 (4.5)	0 (0)	312 (100)
3	Management emphasizes monitoring efforts on internal control and accomplishes.	47 (15.1)	247 (79.2)	13 (4.2)	5 (1.6)	0 (0)	312 (100)

Source: Field Survey, 2022

From the table 4.11 above shows statements on monitoring. 15.4% (48) strongly agreed that monitoring determine whether internal control is effective, properly executed and adequately

designed, 75% (234) respondents agreed, 6.7% (21) respondents are neutral, 2.9% (9) respondents disagreed and none of the respondents strongly disagreed. This implies that majority of the respondents agreed that monitoring determine whether internal control is effective, properly executed and adequately designed. Similarly, 19.6% (61) respondents strongly agreed that monitoring is able to identify risks that may occur due to some changes within the organization among employees, 70.2% (219) agreed to this statement, 5.8% (18) respondents are neutral (neither agree nor disagree), 4.5% (14) respondents disagreed, while none of the respondents strongly disagreed to the statement. This implies that majority of the respondents agreed that monitoring is able to identify risks that may occur due to some changes within the organization among employees.

Additionally, on the statement on “Management emphasizes monitoring efforts on internal control and accomplishes” 15.1% (47) respondents strongly agreed, 79.2% (247) respondents agreed, 1.6% (5) respondents disagreed, 4.2% (respondents) are neutral, while none of the respondents strongly disagreed. This implies that majority of the respondents agreed that management emphasizes monitoring efforts on internal control and accomplishes.

Research Question Five: To what extent can communication and information enhance the financial results of SMEs in Kebbi State Nigeria?

Table 4.12: Information and Communication

S/N	Statement	SA (%)	A (%)	N (%)	D (%)	SD (%)	Total (%)
1	The organization obtained or generate and uses relevant information to support the functioning of other	30 (9.6)	252 (80.8)	12 (3.8)	18 (5.8)	0 (0)	312 (100)

	components of internal control.						
2	The organization internally communicates information including objectives and responsibilities for internal control	51 (16.3)	251 (80.4)	10 (3.2)	0 (0)	0 (0)	312 (100)
3	The organization communicates with external parties regarding matter affecting the functioning of other components of internal control.	46 (14.7)	258 (82.7)	8 (2.6)	0 (0)	0 (0)	312 (100)
4	Organizations obtain information both horizontally and vertically and ensure communication among employees.	97 (31.1)	203 (65.1)	12 (3.8)	0 (0)	0 (0)	312 (100)

Source: Field Survey, 2022

Data from table 4.12 shows that 9.6% (30) of the respondents agreed that the organization obtained or generate and uses relevant information to support the functioning of other components of internal control, 80.8% (252) respondents agreed, 3.8% (12) of the

respondents are neutral, 5.8% (18) respondents disagreed, while none of the respondents strongly disagreed. Further, 16.3% (51) respondents strongly agreed that the organization internally communicates information including objectives and responsibilities for internal control, 80.4% (251) respondents agreed, 3.2% (10) respondents are neutral. None of the respondents disagreed or strongly disagreed. Similarly, 14.7% (46) respondents strongly agreed that the organization communicates with external parties regarding matter affecting the functioning of other components of internal control, 82.7% (258) respondents agreed, 2.6% (8) respondents are neutral while none of the respondents disagreed or strongly disagreed. Additionally, 31.1% (97) respondents strongly agreed that organizations obtain information both horizontally and vertically and ensure communication among employees, 65.1% (203) respondents agreed, 3.8% (12) respondents are neutral. None of the respondents disagreed or strongly disagreed.

Taking the sum of all the responses of the respondents and getting a percentage of each entry, it can be deduced that 17.95% of the respondent strongly agreed to all the statements on information and communication, 77.2% of the respondents agreed, 3.37% of the respondents were neutral, 1.44% disagreed while none of the respondents strongly disagreed. This implies that majority of the respondents (95.2%) agreed to the statements on information and communication.

Table 4.13: Financial Performance

S/N	Statement	SA	A	N	D	SD	Total
		(%)	(%)	(%)	(%)	(%)	(%)
1	My organizations profit has increased.	66	220	20	6	0	312
		(21.2)	(70.5)	(6.4)	(1.9)	(0)	(100)
2	Shareholders return in my organizations has increased.	39	241	32	0	0	312
		(12.5)	(77.2)	(10.3)	(0)	(0)	(100)
3	There are increased source of revenue in the organization.	89	187	36	0	0	312
		(28.5)	(59.9)	(11.5)	(0)	(0)	(100)
4	There has been a consistent patronage of customers to the organizations.	47	248	17	0	0	312
		(15.1)	(79.5)	(5.4)	(0)	(0)	(100)
5	There is an increase in ROA in my organization	104	174	34	0	0	312
		(33.3)	(55.8)	(10.9)	(0)	(0)	(100)
6	There is an increase of ROI in my organization	72	214	26	0	0	312
		(23.1)	(68.6)	(8.3)	(0)	(0)	(100)

Source: Field Survey, 2022

Table 4.13 shows the different statements on financial performance. From the table, 21.2% (66) respondents strongly agreed that organizations profit has increased, 70.5% (220) agreed

to the statement, 6.4% (20) of the respondents are neutral, 1.9% (6) respondents disagreed, while none of the respondents strongly disagreed. This implies that majority of the respondents agreed that their organizations profit has increased. Additionally, 12.5% (39) respondents opined that shareholders return in the organizations has increased as they indicated strongly agree, 77.2% (241) respondents agreed, 10.3% (32) respondents neither agreed nor disagreed. None of the respondents disagreed or strongly disagreed. This implies majority of the respondents agreed that shareholders return in the organizations has increased. Also, 28.5% (89) respondents strongly agreed that there are increased source of revenue in the organization, 59.9% (187) agreed, 11.5% (36) respondents were neutral, none of the respondents disagreed or strongly disagreed. This implies majority of the respondents agreed that there are increased source of revenue in the organization.

Similarly, on the statement “there has been a consistent patronage of customers to the organizations”, 15.1% (47) respondents strongly agreed to the statement, 79.5% (248) respondents agreed, 5.4% (17) respondents were neutral. None of the respondents disagreed or strongly disagreed. This implies majority of the respondents agreed that there has been a consistent patronage of customers to the organization. Also, 33.3% (104) respondents strongly agreed that there is an increase in ROA in their organization, 55.8% (174) respondents agreed, 10.9% (34) respondents were neutral and none of the respondents disagreed or strongly disagreed. Further, 23.1% (72) respondents strongly agreed that there is an increase of ROI in their organization, 68.6% (214) respondents agreed, 8.3% (26) respondents were neutral. None if the respondents disagreed or strongly disagreed. This implies majority of the respondents agreed that there is an increase of ROI in their organization.

4.3 Presentation of Hypotheses

In order to make this work purely scientific, the test of the hypotheses is very necessary. The Pearson's correlation was used to test individual hypothesis while multiple regression analysis was used to test the relationship between the independent variables (control environment, risk assessment, control activities, monitoring and information and communication) and the dependent variable (financial performance) and the major focus is to ascertain the effect of the independent variables on the dependent variables. Thus, in general form, the hypotheses to be tested in this research work are:

Hypothesis One: Control Environment has no significant effect on the financial performance of SMEs in Kebbi State.

Table 4.14: Relationship between Control Environment and Financial Performance

Correlations			
		Control_Envi	Fin_Performance
Control_Envi	Pearson Correlation	1	.278**
	Sig. (2-tailed)		.000
	N	312	312
Fin_Performance	Pearson Correlation	.278**	1
	Sig. (2-tailed)	.000	
	N	312	312

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

Source: Field Survey, 2022

The first objective of the study sought to establish the effect of control environment on financial performance of SMEs in Kebbi State Nigeria. To investigate this, Pearson Correlation was used with a two-tailed test of significance at $P < 0.01$ level. From Table 4.14, using default 5%, the p-value or Sig. value is 0.00 which is less than the p-value. Hence, we reject the null hypothesis and conclude that there is a significant relationship between control environment and financial performance of SMEs in Kebbi State Nigeria. The sample correlation is 0.278 (control environment correlates with financial performance at 0.278) which is positive and shows that the relationship is moderate. The (***) means that Correlation is significant at the $p < 0.01$ level (2-tailed). Hence, the null hypothesis which states that control environment has no significant effect on the financial performance of SMEs in Kebbi State is rejected. This therefore answered the research first objective. This corroborates the findings that control environment have a positive impact on the probability of an SME recording a high operating performance in a work on Internal control systems and operating performance: Evidence from small and medium enterprises (SMEs) in Ondo state¹.

Hypothesis Two: There is no discernible impact of the level of risk evaluation on the financial results of SMEs in Kebbi State, Nigeria

Table 4.15: Relationship between Risk evaluation and Financial Performance

Correlations			
		Fin_Performance	Risk_Ass
Fin_Performance	Pearson Correlation	1	.321**
	Sig. (2-tailed)		.000
	N	312	312

Risk_Ass	Pearson Correlation	.321**	1
	Sig. (2-tailed)	.000	
	N	312	312

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

Source: Field Survey, 2022

Also, the second objective of the study sought to establish the impact of the level of risk evaluation on financial performance of SMEs in Kebbi State Nigeria. Hence, to investigate the relationship between risk evaluation and financial results of SMEs in Kebbi State, Nigeria, Pearson Correlation was also used with a two-tailed test of significance at $P < 0.01$ level. From Table 4.15, using default 5%, the p-value is 0.000 which is less than the p-value. Hence we reject the null hypothesis and conclude that there is a significant relationship between risk evaluation and financial results of SMEs in Kebbi State, Nigeria which answered the second research objective. Similarly, the sample correlation is 0.321 (risk evaluation correlates with financial results at 0.321) which is positive and shows that the relationship is moderate. The (**) means that Correlation is significant at the $p < 0.01$ level (2-tailed). Hence, the null hypothesis which states that there is no discernible impact of the level of Risk evaluation of the financial results of SMEs in Kebbi State, Nigeria is rejected. Hence, it answered the research second objective. This however corroborates the findings that level of risk management component influences financial performance in a work on the effects of internal control on the financial performance of processing firms in Kenya².

Hypothesis Three: The control activities put in place have no major impact on the performance of the economy of SMEs in Kebbi State.

Table 4.16: Relationship between Control Activities and Financial Performance

Correlations

		Fin_Performance	Control_Ac
Fin_Performance	Pearson Correlation	1	.267**
	Sig. (2-tailed)		.000
	N	312	312
Control_Ac	Pearson Correlation	.267**	1
	Sig. (2-tailed)	.000	
	N	312	312

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

Source: Field Survey, 2022

Further, the third objective of the study sought to establish the impact of control activities on financial performance of SMEs in Kebbi State Nigeria. To investigate this relationship, Pearson Correlation was also used with a two-tailed test of significance at $P < 0.01$ level. From Table 4.16, using default 5%, the p-value is 0.000 which is less than the p-value. Hence, we reject the null hypothesis and conclude that there is a significant relationship between control activities and financial performance of SMEs in Kebbi State, Nigeria which answered the third research objective. Similarly, the sample correlation is 0.267 (shows that control activities correlates with financial performance at 0.267) which is positive and shows that the relationship is moderate. The (**) means that Correlation is significant at the $p < 0.01$ level (2-tailed). Hence, the hypothesis which states that control activities put in place have no major impact on the performance of the economy of SMEs in Kebbi State, Nigeria is rejected. This supports the findings that control activity has a positive influence on financial performance in

a study to access the influence of internal control systems on financial performance of Kenya Farmers' association limited³. This however contradicts the findings that there is no relationship between control activities and financial performance on a sample of forty-five banking and finance companies listed on the Colombo Stock Exchange⁴.

Hypothesis Four: The monitoring activities do not improve financial performance of SMEs in Kebbi State Nigeria.

Table 4.17: Relationship between Monitoring and Financial performance

Correlations			
		Fin Performance	Monitoring
Fin Performance	Pearson Correlation	1	.288**
	Sig. (2-tailed)		.000
	N	312	312
Monitoring	Pearson Correlation	.288**	1
	Sig. (2-tailed)	.000	
	N	312	312

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

Source: Field Survey, 2022

Additionally, based on objective four, the study sought to investigate the relationship between monitoring activities and financial performance of SMEs in Kebbi State, Nigeria. Pearson Correlation was used with a two-tailed test of significance at $P < 0.01$ level. From Table 4.17, using default 5%, the p-value is 0.000 which is less than the p-value. Hence, the

null hypothesis is rejected and also conclude that there is a significant relationship between monitoring activities and financial performance of SMEs in Kebbi State, Nigeria. This therefore answered the research fourth objective. Similarly, the sample correlation is 0.288 (monitoring activities correlates with financial performance at 0.288) which is positive and also shows that the relationship is moderate. Hence, the hypothesis which states that the monitoring activities do not improve financial performance of SMEs in Kebbi State Nigeria is rejected. This corroborates the findings that monitoring components proved to have a significant effect on sales in a study on COSO enterprise risks management: small-medium enterprises evidence⁵.

Hypothesis Five: Information and communication do not enhance financial performance of SMEs in Kebbi State Nigeria.

Table 4.18: Relationship between Information and Communication and Financial Performance

		Correlations	
		Fin Performance	Infor_Comm
Fin Performance	Pearson Correlation	1	.333**
	Sig. (2-tailed)		.000
	N	312	312
Infor_Comm	Pearson Correlation	.333**	1
	Sig. (2-tailed)	.000	
	N	312	312

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

Source: Field Survey, 2022

Lastly, objective five sought to find out the correlation between information and communication and financial performance of SMEs in Kebbi State, Nigeria. Pearson Correlation was used with a two-tailed test of significance at $P < 0.01$ level. From Table 4.18 using default 5%, the p-value is 0.000 which is less than the p-value. Hence we reject the null hypothesis and also conclude that there is a significant relationship between information and communication and financial performance of SMEs in Kebbi State, Nigeria. Hence, it answered the research fifth objective. Also, the sample correlation is 0.333 (information and communication correlates with financial performance at 0.333) which is positive and also shows that the relationship is moderate. Hence, the hypothesis which states that information and communications do not enhance financial performance of SMEs in Kebbi State Nigeria is rejected. This finding also supports the work on the effects of internal control on the financial performance of processing firms in Kenya that information and communication enhance financial performance².

Finally, to investigate the combined relationship of all the independent variables (control environment, risk assessment, control activities, monitoring and information and communication) on dependent variable (financial performance), the multiple regression analysis was used.

Table 4.19: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.425 ^a	.181	.167	2.05616

a. Predictors: (Constant), Information_and_comm, Monitoring, Control Activity, Control_Env, Risk_Mgt

Source: Field Survey, 2022

From Table 4.19, the value R Square is 0.181. When multiplied by hundred percent, the value of R Square will be 18.1%. This percentage shows that 18.1% in the variation of financial performance of SME's in Kebbi State, Nigeria is due to the monitoring activities, control activities, information and communication, control environment and risk assessment. Which means that the independent variables explain 18.1% of the variation in the dependent variable? The other 81.9% is explained by other factors outside the model and the error term.

Table 4.20: ANOVA

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	285.683	5	57.137	13.515	.000 ^b
	Residual	1293.702	306	4.228		
	Total	1579.385	311			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Information_and_comm, Monitoring, Control Activity, Control_Env, Risk_Mgt

Source: Field Survey, 2022

From Table 4.20, the p-value is 0.000 which is much less than 0.05 and highly significant since p-value ($0.000 < 0.05$) at 95% confidence level. The F-test rejects the null hypothesis that states none of the independent variables have a significant relationship with financial performance and it can be concluded that there exists variation in financial performance due to control activities, control environment, risk assessment, monitoring and information and communication.

Table 4.21: Coefficients

Coefficients^a					
Model	Unstandardized		Standardized		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	9.667	1.856		5.209	.000
Monitoring	.152	.115	.087	1.319	.019
Control_Env	.082	.052	.089	1.584	.014
Risk_Mgt	.097	.076	.087	1.272	.020
Control Activity	.082	.053	.086	1.548	.012

Information_and_com				5.08	.00
m	.482	.095	.282	8	0

a. Dependent Variable: Financial Performance

Source: Field Survey, 2022

From Table 4.21, the constant is 9.667 which is the estimate of β_0 which is significant at 0.000 and its highly significant. Also, the independent variables (monitoring, control environment, risk management, control activity and information and communication) have a positive relationship with financial performance. In other words, the financial performance is positively influenced by COSO's five components (monitoring, control environment, risk management, control activity and information and communication).

From the standard error of monitoring, control environment, risk management, control activity and information and communication, it is obvious that 0.152, 0.082, 0.097, 0.082 and 0.482 respectively which is lesser than half of the standard errors numerical value of the parameter estimate. Thus, the standard error for COSO's five components (monitoring, control environment, risk management, control activity and information and communication) shows there is a positive relationship between it and financial performance (dependent variable). In other words, the null hypothesis should be rejected because the test is statistically significant. Also the t test value are significant for independent variable (monitoring $P=0.019$, control environment $P=0.014$, risk management $P=0.020$, control activity $P=0.012$ and information and communication $P=0.00$) (internal control $P=0.00$) since they satisfy $P<0.05$.

From Table 4.20, the results revealed that the level of significance was 0.000 ($p<0.05$) this implies that the regression model is significant in predicting the correlation between

internal control and financial performance. Also, R Square in Table 4.19 shows that about 18.1% percent of the total variation of the dependent variable is explained by the independent variables (monitoring, control environment, risk management, control activity and information and communication). Similarly, the computed empirical value of F-test is 13.515 which is significant at $p=0.00$. It is therefore concluded that the F-test is statistically significant. The independent variables (monitoring, control environment, risk management, control activity and information and communication) statistically and significantly predict the dependent variable (financial performance). This therefore accomplished the research aim "To examine the impact of internal control on the financial performance of small and medium enterprises in Kebbi State, Nigeria. Hence, the null hypothesis should be rejected because the test is statistically significant. Therefore, the whole regression is statistically significant.

4.4 Discussion of Findings

This section discussed the significant findings of this study. Based on this study, impact of internal control on the financial performance of Small and Medium Enterprises in Kebbi State Nigeria have been analyzed.

Research question one from Table 4.8 shows that majority of the respondents identified the components of control environment as regards working environment, integrity and ethical values/codes, role and responsibilities, regular training and code of ethical conduct as majority picked strongly agree and agree options of the questionnaire. This study indicated that majority of the respondents agreed that working environment in their organization is conducive and that the role and responsibilities are clearly stated for the employee. Similarly, the study showed that majority of the respondents agreed that staff are regularly trained and

equipped with resources to carry out their duties professionally and the company has a code of ethical conduct that has been made available to all employees.

According to the findings, majority 87.8% of the respondents agreed that control environment positively enhances financial performance of SME's in Kebbi State, while 12.2% of the respondents disagree. This corroborates the study findings that control environment which is a dimension of internal control has a positive influence on the performance of SMEs in a work on the impact of internal control on performance of small and medium-sized enterprises in an emerging economy⁶.

Also, research question two from Table 4.9 indicated shows that majority (95.8%) of the respondents agreed that SMEs identify risks that may affect achievement of the objectives in a timely manner. Also, majority (94.6%) agreed that SMEs has a criteria for ascertainment of the risks that are most critical to the organization such as opportunity to commit frauds, 93.3% of the respondents agreed that SMEs have in place mechanism of mitigating risks that may arise during the course of doing business, 92.7% of the respondents agreed that the appropriate actions are taken to improve effectiveness that majority of the respondents and 95.2% of the respondents agreed that the appropriate actions are taken to improve effectiveness. However, 4.2%, 3.8%, 6.7%, 2.9% and 4.8% respondents are neutral respectively, while only 1.6% respondents disagrees to the statements.

This implies that 94.06% agreed to all the statements on components of risk management which shows that risk assessment enhanced financial performance of SMEs in Kebbi State. This corroborates the findings that there was a positive and significant influence between risk assessment and financial performance, $r(0.616)$; $p\text{-value} < 0.05$ in a study on effect of internal controls on financial performance of small and medium enterprises in Nairobi County⁷.

Research question three from Table 4.10 shows that majority (86.5%) of the respondents agreed that controls are in place to check on incurring expenditure in excess of allocated funds. Also, 86.3% of the respondents agreed to the statement “there is segregation of duties in my organization”. Similarly, 91.6% of the respondents agreed to the statement “that the corrective actions are taken to address the weakness”. Likewise, majority (87.5%) of the respondents agreed that that all transactions are verified before making payments and 90.2% of the respondents agreed that advices to voluntary resign to staff involved in fraud. However, 10.3%, 10.3%, 5.8%, 9.9% and 4.8% respondents are neutral respectively, while only 3.2%, 3.5%, 2.6% disagreed respectively. From the foregoing, it shows that majority of the respondents agreed to all the statements on control activity and implies that control activity influences financial performance.

Further, research question four from Table 4.11 shows that the monitoring put in place by the SME's enhanced financial performance. This was evident as majority of the respondents agreed that monitoring determine whether internal control is effective, properly executed and adequately designed, monitoring is able to identify risks that may occur due to some changes within the organization among employees, management emphasizes monitoring efforts on internal control and accomplishes. This corroborates the findings that monitoring components proved to have a significant effect on sales in a study on COSO enterprise risks management: small-medium enterprises evidence⁵.

Additionally, Table 4.12 from research question five shows that 17.95% of the respondent strongly agreed to all the statements on information and communication, 77.2% of the respondents agreed, 3.37% of the respondents were neutral, 1.44% disagreed while none of the respondents strongly disagreed. This implies that majority of the respondents (95.2%) agreed to the statements on information and communication. Hence, information and communication has an effect on financial performance of SME's in Kebbi State. This also

supports the work COSO enterprise risk management: small-medium enterprises evidence as information and communication components proved to have a significant effect on sales⁵.

Further, to find the relationship between control environment, risk assessment, control activities, monitoring, information and communication and financial performance of SME's in Kebbi State Nigeria, correlation estimate was used. The researcher used Pearson Correlation with a two-tailed test of significance at the $P < 0.01$ level for this work. The Pearson correlation coefficient, denoted as r^2 , is a measure of the strength of a linear association between two variables. The higher the correlation, the closer the connection coefficients approach to -1.0 or 1.0. The closer a correlation coefficient approaches zero, the weaker the correlation between two variables. Take note of the diagonal of ones in tables 4.14, 4.15, 4.16, 4.17 and 4.18; these are perfect correlations between the variables. Because the matrix is symmetrical on both sides of the diagonal, all correlations are presented twice. The number of respondents in the samples is 312 and p-value for the correlations coefficient is .000. Also, from the table, control environment, risk assessment, control activities, monitoring, information and communication correlates with financial performance of SME's in Kebbi State Nigeria at 0.278, 0.321, 0.267, 0.288 and 0.333 which are positive all correlations. This means that control environment, risk assessment, control activities, monitoring, information and communication influences financial performance of SME's in Kebbi State and the relationships was statistically significant at the $p = .001$ level. This therefore answered the research hypothesis "Control Environment has no significant effect on the financial performance of SMEs in Kebbi State, "there is no discernible impact of the level of risk evaluation of the financial results of SMEs in Kebbi State, Nigeria", "control activities put in place have no major impact on the performance of the economy of SMEs in Kebbi State", "monitoring activities do not improve financial performance of SMEs in Kebbi State Nigeria" and "information and communication do not enhance financial performance of SMEs in

Kebbi State Nigeria”. Hence, all the null hypotheses are rejected and therefore answered the research objectives 1, 2, 3, 4 and 5 respectively.

Finally, to find the combined relationship between the independent variables (control environment, risk assessment, control activities, monitoring, information and communication) and the dependent variable (financial performance of SMEs in Kebbi State), multiple regression analysis was used, the variables were tested to ascertain if the identified independent variables have significant effect on the dependent variable in a bid to achieve the research aim. Table 4.20 revealed that the level of significance was 0.000 ($p < 0.05$) this implies that the regression model is significant in predicting the correlation between the independent and the dependent variable. Also, R Square shows that about 18.1% percent of the total variation of the dependent variable is explained by the independent variables (control environment, risk assessment, control activities, monitoring, information and communication). The computed empirical value of F-test is 13.515 which is significant at $p = 0.00$. It is therefore concluded that the F-test is statistically significant. With the test, it was discovered that the identified internal control system with proxies (control environment, risk assessment, control activities, monitoring, information and communication) has substantial effects on financial performance of SME's in Kebbi State, Nigeria. This in turn help generate profits for the organizations from services provided, increase shareholders return, increased source of revenue in the organization, meets monetary responsibilities of staff, thereby growing the SME's, attaining its financial objectives, increased Return on investment (ROI), growing Return on asset (ROA) and increased Profit margin.

This therefore corroborates the findings that SMEs using proper internal controls influences SMEs survival, which positively influences the economy of South Africa through risk mitigation and risk prevention⁶. Also, the study supports the findings of the work on effect of internal control systems on financial performance of distribution companies in Kenya⁸.

However, this study findings opposed the findings that the components of internal control system have no significant impact on the operating performance of SMEs in Ondo State, though the control environment and control activities have a positive impact on the probability of an enterprise recording a high operating performance¹.

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Endnotes

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- ² J. Bett, & F. Memba, *Effects of Internal Control on the Financial Performance of Processing Firms in Kenya: A Case of Menengai Company*. **International Journal of Recent Research in Commerce Economics and Management**, 4(1), 2017, 105-115
- ³ J. Magu, & P. Kibati, *Influence of Internal Control Systems on Financial Performance of Kenya Farmers' Association Limited*. **International Journal of Economics, Commerce and Management**, 4(4), 2016, 783-800.
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- ⁶ T. N. To, & L. A. Tuan, *The Impact of Internal Control on Performance of Small and Medium-sized Enterprises in an Emerging Economy*. **Asia-Pacific Management Accounting Journal**, 16(2), 2021, 367-89.
- ⁷ K. J. Akimana, *Effect of Internal Controls on Financial Performance of Small and Medium Enterprises in Nairobi County* (Doctoral dissertation, United States International University-Africa)
- ⁸ R. Odek, & E. Okoth, *Effect of Internal Control Systems on Financial Performance of Distribution Companies in Kenya*. **Research Journal of Finance and Accounting**, 10(20), 2019, 11-32.

Chapter Five

Conclusion

5.1 Summary of Findings

This study examined the impact of internal control on the financial performance of small and medium enterprises in Kebbi State Nigeria. From the findings of this study, there is a significant relationship between individual internal control components and financial performance of small and medium enterprises in Kebbi state Nigeria. There also exists combined relationship between the internal control components (control environment, risk assessment, control activities, monitoring, information and communication) and financial performance of small and medium enterprises in Kebbi state Nigeria. Moreover, from this study, control environment enhance financial performance of SME in Kebbi State. The study showed that majority of the respondents opined that risk assessment enhanced financial performance of SME's in Kebbi State Nigeria. Likewise, the study revealed that control activities positively financial performance of SME's in Kebbi State Nigeria. Additionally, the study showed that monitoring, communication and information put in place enhanced financial performance of SMEs in Kebbi State Nigeria.

The five objectives of this study are to determine the relationship between the five components of internal control and small and medium scale enterprises (SMEs) in Kebbi State, Nigeria. The COSO framework proposes five components that must be in place for successful internal control and performance enhancement. This study indicated that internal control components portrayed in the COSO integrated theoretical framework had favourable effects on the financial performance of small and medium scale enterprises (SMEs) in Kebbi State, Nigeria.

5.2 Conclusion

Previous theoretical and qualitative studies on internal control systems and financial performance are both supported and contradicted by the results of this study. Based on the findings of the study, it is possible to conclude that the components of internal control (control environment, risk assessment, control activities, monitoring, information and communication) have a positive and significant impact on the financial performance of small and medium-sized enterprises (SMEs) in Kebbi State, Nigeria. Companies, banks, and other regulatory organisations could use the findings to improve their performance, and the findings could serve as theory for further research in the North and across the country.

5.3 Recommendations

In line with the above findings, the study recommends SME's and other businesses or organisations of the importance of regular and timely financial audits to help them detect any gaps in their financial systems and financial performance. The report also suggests that a frequent risk assessment be conducted so that SME management may determine whether or not their goals will be reached. In addition to implementing proper controls in the custody and disposal of assets, the management of a small to medium-scale enterprise (SME) should consider; control activities and information, and communication in order to improve financial performance. In addition, the study suggests that the management of the SME conduct an annual evaluation of the financial reporting process and implement an internal audit system that permits monitoring of operational efficiency. The researcher concludes by recommending that SME leaders take into account the findings of this study regarding the relationship between internal control systems and financial performance, which ultimately impacts organisational success.

5.4 Contribution to Knowledge

This study has filled the gap on internal control and financial performance of SMEs in Kebbi State, Nigeria. Although various studies have been conducted on internal control and financial performance, the research were focused on other geographical zone other than Kebbi State, Nigeria. The main objective of the study was to investigate the impact of the components of internal control on the financial performance of SMEs. From the findings one can easily deduce that the components of internal control greatly and positively influence the financial performance of SMEs.

It is believed that this study has contributed to academics, firms and government and if the recommendations made in this study are judiciously implemented, it will bring about positive growth in SMEs around the world.

5.5 Suggested Areas of Further Research

The following are the suggestions for further research:

- i. In order to develop sufficient empirical literature on the topic, it is recommended that additional research be conducted on the effects of internal controls on the financial performance of various institutions, such as banking, educational, and commercial, in the state and the nation as a whole.
- ii. This study was only carried out in Kebbi State and thus implying that findings are only limited to this SME's in the State.
- iii. Additional study can be conducted by adding variables such as risk culture. Similarly, control variables such as SME size, SME age, etc. can also be considered

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DO NOT COPY: LEAD CITY UNIVERSITY, NIGERIA

Appendix

Lead City University, Ibadan

Department of Management and Accounting

Dear Sir/Madam,

Request To Fill Questionnaire

I am undertaking a research process entitled 'Internal Control and Financial Performance on Small and Medium Scale Enterprise in Kebbi State. I hereby solicit for your cooperation to kindly respond to the following questions. All responses in it will be recorded anonymously and treated confidentially. Moreover, all information provide will be used strictly for academic purpose only. Kindly be as candid as possible in responding to the questions. It is my hope that with your cooperation, the data collected will provide vital information and will aid further research in the area.

It will be highly appreciated if this questionnaire will be complete and returned back to the researcher.

Yours sincerely,

Muhammad, Abubakar Illo

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Section A: Demographic Information

1. Gender:

Male

Female

2. Age:

20 – 30

31 – 40

41 – 50

52 – 60

3. Highest Educational Qualification

Bachelor's Degree

Masters Degree

PhD

4. Employment Status

Full Time

Part Time

5. Business Type/Organisation:

Retail

Manufacturing

Skill Services

Catering

Construction

6. Designation

C.E.O

Manager

Internal Control Unit

7. Work Experience:

- Less than 1 Year
- 1-5 Years
- 6-10 Years
- 11 and above

Section B: Control Environment

Please indicate the extent to which you agree or disagree with the following. You are to assess that on a Likert scale of: **Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D), strongly Disagree (SD)**

S/N	Components of Control Environment	SA	A	N	D	SD
1	The working environment in my organization is conducive.					
2	The transactions are executed in accordance with integrity and ethical values/codes					
3	The role and responsibilities are clearly stated for the employee					
4	The staff are regularly trained and equipped with resources to carry out their duties professionally.					
5	The company has a code of ethical conduct that has been made available to all employees					

Section C: Risk Management

Please indicate the extent to which you agree or disagree with the following. You are to assess that on a Likert scale of: **Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D), strongly Disagree (SD)**

S/N	Components of Risk Management	SA	A	N	D	SD
1	The SMEs identify risks that may affect achievement of the objectives in a timely manner.					
2	The SMEs has a criteria for ascertainment of the risks that are most critical to the organization such as opportunity to commit fraud					
3	The SMEs have in place mechanism of mitigating risks that may arise during the course of doing business					
4	The appropriate actions are taken to improve effectiveness					
5	The SMEs have a functioning internal audit unit to review its operations					
Section D: information and communication		SA	A	N	D	SD
Please indicate the extent to which you agree or disagree with the following. You are to assess that on a Likert scale of: 1=Strongly Disagree; 2=Disagree; 3=Agree; 4=Strongly Agree.						
1	The organization obtained or generate and uses relevant information to support the functioning of other components of internal control					
2	The organization internally communicates information including objectives and responsibilities for internal control					
3	The organization communicates with external parties regarding matter affecting the functioning of other					

	components of internal control					
4	Organizations obtain information both horizontally and vertically and ensure communication among employees					

Section E: Control Activity

Please indicate the extent to which you agree or disagree with the following. You are to assess that on a Likert scale of: **Strongly Agree (SA)**, **Agree (A)**, **Neutral (N)**, **Disagree (D)**, **strongly Disagree (SD)**

S/N	Control Activity	SA	A	N	D	SD
1	The security system identifies and safeguards the SMEs asset					
2	Controls are in place to check on incurring expenditure in excess of allocated funds					
3	There is segregation of duties in my organizations					
4	The corrective actions are taken to address the weakness					
5	All transactions are verified before making payments.					

Section F: Monitoring

Please indicate the extent to which you agree or disagree with the following. You are to assess that on a Likert scale of: **Strongly Agree (SA)**, **Agree (A)**, **Neutral (N)**, **Disagree (D)**, **strongly Disagree (SD)**

S/N	Monitoring	SA	A	N	D	SD

1	Monitoring determine whether internal control is effective, properly executed and adequately designed					
2	Monitoring able to identify risks that may occur due to some changes within the organization among employees					
3	Management emphasizes monitoring efforts on internal control and accomplishes.					

Section G: Financial Performance

Please indicate the extent to which you agree or disagree with the following. You are to assess that on a Likert scale of: **Strongly Agree (SA), Agree (A), Neutral (N),**

Disagree (D), strongly Disagree (SD)

S/N	Financial Performance	SA	A	N	D	SD
1	My organizations profit has increased					
2	Shareholders return in my organizations has increase					
3	There are increased source of revenue in the organization					
4	There has been a consistent patronage of customers to the organization					
5	There is an increase in ROA in my organization					
6	There is an increase of ROI in my organization					

Appendix II

Reliability Statistics

Reliability

Scale: All Variables

Case Processing Summary

	N	%
Cases Valid	312	100.0
Excluded ^a	0	.0
Total	312	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.852	29

Reliability

Scale: All Variables

Case Processing Summary

	N	%
--	---	---

Cases	Valid	312	100.0
	Excluded ^a	0	.0
	Total	312	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.775	5

Reliability

Scale: All Variables

Case Processing Summary

	N	%
Cases		
Valid	312	100.0
Excluded ^a	0	.0
Total	312	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.781	5

Reliability

Scale: All Variables

Case Processing Summary

		N	%
Cases	Valid	312	100.0
	Excluded ^a	0	.0
	Total	312	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.794	5

Reliability

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	312	100.0
	Excluded ^a	0	.0
	Total	312	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.785	5

Reliability

Scale: All Variables

Case Processing Summary

		N	%
Cases	Valid	312	100.0
	Excluded ^a	0	.0
	Total	312	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.732	3

Reliability

Scale: All Variables

Case Processing Summary

		N	%
Cases	Valid	312	100.0
	Excluded ^a	0	.0
	Total	312	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.769	6

Frequencies

Statistics

	Gender of the Organization	Age of the Organization	Highest Educational Qualification	Employment Status	Business Type/Organisation	Designation	Work Experience
N Valid	312	312	312	312	312	312	312
Missing	0	0	0	0	0	0	0

Frequency Table

Gender of the Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	222	71.2	71.2	71.2
Female	90	28.8	28.8	100.0
Total	312	100.0	100.0	

Age of the Respondents

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid 20-30 Years	120	38.5	38.5	38.5
31-40 Years	188	60.3	60.3	98.8

41-50Years	3	0.96	0.96	99.76
51-60 Years	1	0.3	0.3	100.0
Total	312	100.0	100.0	

Highest Educational Qualification

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Bachelor's Degree	182	58.3	58.3	58.3
Masters Degree	123	39.4	39.4	97.8
PhD	7	2.2	2.2	100.0
Total	312	100.0	100.0	

Employment Status

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Full Time	227	72.8	72.8	72.8
	Part Time	85	27.2	27.2	100.0
	Total	312	100.0	100.0	

Business Type/Organisation

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Retail	125	40.1	40.1	40.1
	Manufacturing	72	23.1	23.1	63.1
	Skill Services	58	18.6	18.6	81.7
	Catering	57	18.3	18.3	100.0
	Total	312	100.0	100.0	

Designation

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Internal Control	150	48.1	48.1	48.1
Manager	125	40.1	40.1	88.1
CEO	37	11.9	11.9	100.0
Total	312	100.0	100.0	

Work Experience

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Less than 1 Year	45	14.4	14.4	14.4
1-5 years	76	24.4	24.4	38.8
6-10 years	121	38.8	38.8	77.6
11 and above	70	22.4	22.4	100.0
Total	312	100.0	100.0	

Statistics

		The working environment in my organization is conducive.	The transactions are executed in accordance with integrity and ethical values/codes	The role and responsibilities are clearly stated for the employee	The staff are regularly trained and equipped with resources to carry out their duties professionally	The company has a code of ethical conduct that has been made available to all employees
N	Valid	312	312	312	312	312
	Missing	0	0	0	0	0
Mean		4.00	4.09	4.02	3.94	4.08
Std. Deviation		.659	.606	.673	.827	.561

The working environment in my organization is conducive.

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Disagree	13	4.2	4.2	4.2
Neutral	29	9.3	9.3	13.5

Agree	216	69.2	69.2	82.7
Strongly Agree	54	17.3	17.3	100.0
Total	312	100.0	100.0	

The transactions are executed in accordance with integrity and ethical values/codes

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Disagree	10	3.2	3.2	3.2
Neutral	14	4.5	4.5	7.7
Agree	225	72.1	72.1	79.8
Strongly Agree	63	20.2	20.2	100.0
Total	312	100.0	100.0	

The role and responsibilities are clearly stated for the employee

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Disagree	13	4.2	4.2	4.2
Neutral	28	9.0	9.0	13.1

Agree	210	67.3	67.3	80.4
Strongly Agree	61	19.6	19.6	100.0
Total	312	100.0	100.0	

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Strongly Disagree	6	1.9	1.9	1.9
Disagree	19	6.1	6.1	8.0
Neutral	24	7.7	7.7	15.7
Agree	203	65.1	65.1	80.8
Strongly Agree	60	19.2	19.2	100.0
Total	312	100.0	100.0	

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Disagree	7	2.2	2.2	2.2
Neutral	16	5.1	5.1	7.4

Agree	233	74.7	74.7	82.1
Strongly Agree	56	17.9	17.9	100.0
Total	312	100.0	100.0	

Statistics

		The SMEs identify risks that may affect achievement of the objectives in a timely manner.	The SMEs has a criteria for ascertainment of the risks that are most critical to the organization such as opportunity to commit fraud	The SMEs have in place mechanism of mitigating risks that may arise during the course of doing business	The appropriate actions are taken to improve effectiveness	The SMEs have a functioning internal audit unit to review its operations
N	Valid	312	312	312	312	312
	Missing	0	0	0	0	0
Mean		4.24	4.16	4.16	4.04	4.20

Std. Deviation	.515	.558	.520	.655	.508
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The SMEs identify risks that may affect achievement of the objectives in a timely manner.

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Neutral	13	4.2	4.2	4.2
Agree	212	67.9	67.9	72.1
Strongly Agree	87	27.9	27.9	100.0
Total	312	100.0	100.0	

The SMEs has a criteria for ascertainment of the risks that are most critical to the organization such as opportunity to commit fraud

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Disagree	5	1.6	1.6	1.6
Neutral	12	3.8	3.8	5.4
Agree	222	71.2	71.2	76.6

Strongly Agree	73	23.4	23.4	100.0
Total	312	100.0	100.0	

The SMEs have in place mechanism of mitigating risks that may arise during the course of doing business

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Neutral	21	6.7	6.7	6.7
Agree	220	70.5	70.5	77.2
Strongly Agree	71	22.8	22.8	100.0
Total	312	100.0	100.0	

The appropriate actions are taken to improve effectiveness

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Disagree	17	5.4	5.4	5.4
Neutral	9	2.9	2.9	8.3
Agree	229	73.4	73.4	81.7

Strongly	57	18.3	18.3	100.0
Agree				
Total	312	100.0	100.0	

The SMEs have a functioning internal audit unit to review its operations

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Neutral	15	4.8	4.8	4.8
Agree	219	70.2	70.2	75.0
Strongly Agree	78	25.0	25.0	100.0
Total	312	100.0	100.0	

Statistics

	Controls are in place to check on incurring expenditure in excess of allocated funds	There is segregation of duties in my organizations	The corrective actions are taken to address the weakness	All transactions are verified before making payments.	Advices to voluntary resign to staff involved in fraud
N	Valid	312	312	312	312
	Missing	0	0	0	0

Controls are in place to check on incurring expenditure in excess of allocated funds

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Disagree	10	3.2	3.2	3.2
Neutral	32	10.3	10.3	13.5
Agree	221	70.8	70.8	84.3
Strongly Agree	49	15.7	15.7	100.0
Total	312	100.0	100.0	

There is segregation of duties in my organizations

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	11	3.5	3.5	3.5
Neutral	32	10.3	10.3	13.8
Agree	198	63.5	63.5	77.2
Strongly Agree	71	22.8	22.8	100.0
Total	312	100.0	100.0	

The corrective actions are taken to address the weakness

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	8	2.6	2.6	2.6
Neutral	18	5.8	5.8	8.3
Agree	216	69.2	69.2	77.6
Strongly Agree	70	22.4	22.4	100.0
Total	312	100.0	100.0	

All transactions are verified before making payments.

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Disagree	8	2.6	2.6	2.6
Neutral	31	9.9	9.9	12.5
Agree	219	70.2	70.2	82.7
Strongly Agree	54	17.3	17.3	100.0
Total	312	100.0	100.0	

Advices to voluntary resign to staff involved in fraud

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Disagree	8	2.6	2.6	2.6
Neutral	39	12.5	12.5	15.1
Agree	202	64.7	64.7	79.8
Strongly Agree	63	20.2	20.2	100.0
Total	312	100.0	100.0	

Statistics

		Monitoring determine whether internal control is effective, properly executed and adequately designed	Monitoring able to identify risks that may occur due to some changes within the organization among employees	Management emphasizes monitoring efforts on internal control and accomplishes.
N	Valid	312	312	312
	Missing	0	0	0

Monitoring determine whether internal control is effective, properly executed and adequately designed

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Disagree	9	2.9	2.9	2.9

Neutral	21	6.7	6.7	9.6
Agree	234	75.0	75.0	84.6
Strongly Agree	48	15.4	15.4	100.0
Total	312	100.0	100.0	

Monitoring able to identify risks that may occur due to some changes within the organization among employees

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Disagree	14	4.5	4.5	4.5
Neutral	18	5.8	5.8	10.3
Agree	219	70.2	70.2	80.4
Strongly Agree	61	19.6	19.6	100.0
Total	312	100.0	100.0	

Management emphasizes monitoring efforts on internal control and accomplishes.

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Disagree	5	1.6	1.6	1.6
Neutral	13	4.2	4.2	5.8
Agree	247	79.2	79.2	84.9
Strongly Agree	47	15.1	15.1	100.0
Total	312	100.0	100.0	

Statistics

	My organizations profit has increased	Shareholders return in my organizations has increase	There are increased source of revenue in the organization	There has been a consistent patronage of customers to the organization	There is an increase in ROA in my organization	There is an increase of ROI in my organization
Valid	312	312	312	312	312	312
Missing	0	0	0	0	0	0

My organizations profit has increased

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Disagree	6	1.9	1.9	1.9
Neutral	20	6.4	6.4	8.3
Agree	220	70.5	70.5	78.8
Strongly Agree	66	21.2	21.2	100.0
Total	312	100.0	100.0	

Shareholders return in my organizations has increase

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Neutral	32	10.3	10.3	10.3
Agree	241	77.2	77.2	87.5
Strongly Agree	39	12.5	12.5	100.0
Total	312	100.0	100.0	

There are increased source of revenue in the organization

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Neutral	36	11.5	11.5	11.5
Agree	187	59.9	59.9	71.5
Strongly Agree	89	28.5	28.5	100.0
Total	312	100.0	100.0	

There has been a consistent patronage of customers to the organization

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Neutral	17	5.4	5.4	5.4
Agree	248	79.5	79.5	84.9
Strongly Agree	47	15.1	15.1	100.0
Total	312	100.0	100.0	

There is an increase in ROA in my organization

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Neutral	34	10.9	10.9	10.9
Agree	174	55.8	55.8	66.7
Strongly Agree	104	33.3	33.3	100.0
Total	312	100.0	100.0	

There is an increase of ROI in my organization

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid 3	26	8.3	8.3	8.3
4	214	68.6	68.6	76.9
5	72	23.1	23.1	100.0
Total	312	100.0	100.0	

Statistics

		The organization obtained or generate and uses relevant information to support the functioning of other components of internal control	The organization internally communicate s information including objectives and responsibilities for internal control	The organization communicate s with external parties regarding matter affecting the functioning of other components of internal control	Organizations obtain information both horizontally and vertically and ensure communication among employees	Organizations obtain information both horizontally and vertically
N	Valid	312	312	312	312	312
	Missing	0	0	0	0	0

The organization obtained or generate and uses relevant information to support the functioning of other components of internal control

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Disagree	18	5.8	5.8	5.8

Neutral	12	3.8	3.8	9.6
Agree	252	80.8	80.8	90.4
Strongly Agree	30	9.6	9.6	100.0
Total	312	100.0	100.0	

The organization internally communicates information including objectives and responsibilities for internal control

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Neutral	10	3.2	3.2	3.2
Agree	251	80.4	80.4	83.7
Strongly Agree	51	16.3	16.3	100.0
Total	312	100.0	100.0	

The organization communicates with external parties regarding matter affecting the functioning of other components of internal control

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Neutral	8	2.6	2.6	2.6
Agree	258	82.7	82.7	85.3
Strongly Agree	46	14.7	14.7	100.0
Total	312	100.0	100.0	

Organizations obtain information both horizontally and vertically and ensure communication among employees

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Neutral	12	3.8	3.8	3.8
Agree	203	65.1	65.1	68.9
Strongly Agree	97	31.1	31.1	100.0
Total	312	100.0	100.0	

Organizations obtain information both horizontally and vertically

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid Neutral	7	2.2	2.2	2.2
Agree	261	83.7	83.7	85.9
Strongly Agree	44	14.1	14.1	100.0
Total	312	100.0	100.0	

Correlations

		Control_Envi	Fin_Performance
Control_Envi	Pearson Correlation	1	.278**
	Sig. (2-tailed)		.000
	N	237	237
Fin_Performance	Pearson Correlation	.278**	1
	Sig. (2-tailed)	.000	
	N	237	237

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

Correlations

		Fin_Performance	Risk_Asse
Fin_Performance	Pearson Correlation	1	.321**
	Sig. (2-tailed)		.000
	N	237	237
Risk_Asse	Pearson Correlation	.321**	1
	Sig. (2-tailed)	.000	
	N	237	237

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

Correlations

		Fin_Performance	Control_Ac
Fin_Performance	Pearson Correlation	1	.267**
	Sig. (2-tailed)		.000
	N	237	237
Control_Ac	Pearson Correlation	.267**	1
	Sig. (2-tailed)	.000	
	N	237	237

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

Correlations

		Fin_Performance	Infor_Comm
Fin_Performance	Pearson Correlation	1	.333**
	Sig. (2-tailed)		.000
	N	237	237
Infor_Comm	Pearson Correlation	.333**	1
	Sig. (2-tailed)	.000	
	N	237	237

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

Correlations

			Monitoring
Fin_Performance	Pearson Correlation	1	.288**
	Sig. (2-tailed)		.000
	N	237	237
Monitoring	Pearson Correlation	.288**	1
	Sig. (2-tailed)	.000	

N	237	312
---	-----	-----

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

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Information_and_comm, Monitoring, Control_Activity, Control_Env, Risk_Mgt ^b		Enter

a. Dependent Variable: Financial_Performance

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.425 ^a	.181	.167	2.05616

a. Predictors: (Constant), Information_and_comm, Monitoring, Control_Activity, Control_Env, Risk_Mgt

ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.

1	Regression	285.683	5	57.137	13.515	.000 ^b
	Residual	1293.702	306	4.228		
	Total	1579.385	311			

a. Dependent Variable: Financial_Performance

b. Predictors: (Constant), Information_and_comm, Monitoring, Control_Activity, Control_Env, Risk_Mgt

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	9.667	1.856		5.209	.000
Monitoring	.152	.115	.087	1.319	.019
Control_Env	.082	.052	.089	1.584	.014
Risk_Mgt	.097	.076	.087	1.272	.020
Control_Activity	.082	.053	.086	1.548	.012
Information_and_comm	.482	.095	.282	5.088	.000

a. Dependent Variable: Financial_Performance

Biodata

A. Personal Data

Full Name: Abubakar Illo Muhammad
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E-mail: muhdabuillo@gmail.com
Phone No: +2348031511905
Date of Birth: January 09, 1986
Place of Birth: Birnin Kebbi L.G Kebbi State
Nationality: Nigeria
Next of Kin: Dr Usman Muhammad Illo
Turai Yar, adua General Hospital Zauro, Kebbi State

B. Educational Background

Educational institutions Attended with Dates and Qualifications

- Msc. In Accounting-lead city university, Ibadan (in view)
- Bsc Accounting- Usman Danfodiyo University Sokoto 2011
- ND in Accounting, Waziri Umaru Federal Polytechnic
Birnin Kebbi 2007
- S.S.C.E- Government Unity Secondary School,
Ringim, Jigawa State. 2005

C. Working Experience with Dates

- Waziri Umaru Federal Polytechnic Birnin Kebbi,
Kebbi State Sept 2016 - Till Date
- Kebbi State Polytechnic Dakin Gari. Aug 2015-Sept2016

- Sir Ahmadu Bello International Airport Birnin Kebbi. Jun 2014 – Jul 2015
- Local Government Secretariat Suleja, Niger State
(NYSC) Nov 2012 – Nov 2013

D. Publications

- Muhammad A. I.** (2021) Employees Motivation and Performance in tertiary institutions, Journal of Economics and Allied Research, University of Nigeria, Nsukka

Signature

Date

University Compliance Certification

This is to certify that the thesis by Abubakar Illo Muhammad with Matric Number LCU/PG/001688 in the Department of Management and Accounting, Faculty of Environment, Management and Social Sciences, Lead City University, is in full compliance with the approved University format and style.

Signature

Date

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